

Date: 8 June 2017
On Behalf of: First Property Group plc ("First Property", "the Company" or "the Group")
Embargoed: 0700hrs

First Property Group plc
Preliminary Results for the twelve months to 31 March 2017

First Property Group plc (AIM: FPO), the property fund manager and investor with operations in the United Kingdom and Central Europe, today announces its preliminary results for the twelve months ended 31 March 2017.

Financial Highlights:

- Profit before tax up 24% to a record £9.14 million;
- Total assets under management up 35% to £477 million (2016: £353 million), third party assets under management up 60% to £313 million;
- Annualised fund management fee income at year end up 46% to £2.45 million and rising (2016: £1.68 million);
- Group cash balances increased to £15.95 million (2016: £8.98 million);
- Final dividend increased by 3.1% to 1.15 pence per share (2016: 1.115 pence per share).

Operational Highlights:

- Ranked No.1 versus MSCI's Central & Eastern Europe (CEE) Benchmark over the eleven years to 31 December 2016;
- UK Pension Property Portfolio LP ranked "Best Small Specialist Fund" at the MSCI/IPF Awards over the three years to 31 December 2016;
- Two new funds established (with aggregate equity commitments of £21 million) and the Shipbuilding Industries Pension Scheme (SIPS) fund enlarged from £125 million to £170 million.

Financial Summary:

	Unaudited year to 31 March 2017	Audited year to 31 March 2016	Percentage change
Income Statement:			
Revenue	£23.66m	£21.96m	+7.7%
Statutory profit before tax	£9.14m	£7.35m	+24.4%
Diluted earnings per share	6.61p	4.28p	+54.4%
Total dividend per share	1.55p	1.50p	+3.3%
Average £/€ rate	0.841	0.733	+14.7%
Balance Sheet at year end:			
Net assets*	£43.43m	£34.09m	+27.4%
Net assets per share	34.84p	27.75p	+25.5%
Adjusted net assets per share (EPRA basis)	47.64p	43.01p	+10.8%
Cash balances	£15.95m	£8.98m	+77.6%
Year end £/€ rate	0.855	0.793	+7.8%
Group Direct Property Portfolio at year end: (excludes the Group's non-controlling interests in eight other FPAM managed funds)			
Book value	£143.52m	£134.53m	+6.7%
Market value	£164.48m	£156.92m	+4.8%
Gross debt (non-recourse to Group)	£117.54m	£114.82m	+2.4%
LTV	71.46%	73.17%	-1.7%
Total Assets Under Management:			
	£477m	£353m	
Poland	45.4%	51.5%	
Romania	3.2%	4.7%	
United Kingdom	51.4%	43.8%	

* Including non-controlling interests in the net asset values of Fprop Opportunities plc and Corp Sp zo o..

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

"This has been a record year for First Property with profits up by a quarter. Furthermore, third party funds under management increased by 60% in value and we have additional mandates yet to be invested.

The markets in which we operate are generally buoyant. In the UK in particular I believe the decision to leave the EU will create opportunities on which we, as a niche fund manager, will be well placed to capitalise. The establishment of our new UK Special Opportunities Fund in January is an example of this, and a reflection of our confidence in the UK market and the returns available to be earned."

A video recording and investor presentation to accompany these results can be accessed on the Company's website, www.fprop.com.

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Notes to Investors and Editors:

First Property Group plc is an award winning property fund manager and investor with operations in the United Kingdom and Central Europe. Around one third of the shares in the Company are owned by management and their families.

Its focus is on higher yielding commercial property with sustainable cash flows. The company is flexible and takes an active approach to asset management. Its earnings are derived from:

- Fund management - via its FCA regulated and AIFMD approved subsidiary, First Property Asset Management Ltd (FPAM), which earns fees from investing for third parties in property. FPAM currently manages eleven funds which are invested across the United Kingdom, Poland and Romania. FPAM funds rank No.1 versus MSCI's Central & Eastern Europe (CEE) universe for the eleven years from the commencement of its operations in Poland in 2005 to 31 December 2016, and for the annualised periods from 2005 to the end of each of the years between 31 December 2008 and 31 December 2016. In addition, FPAM's UK Pension Property Portfolio (UK PPP) was awarded best "Small Specialist Fund" by MSCI at its UK Property Investment Awards 2017. FPAM was also one of ten fund managers, out of a pool of 95, to be awarded a Data Quality Award by MSCI.
- Group Properties - principal investments by the Group, to earn a return on its own capital, usually in partnership with third parties. Investments include ten directly held properties in Poland and Romania (including five held by Fprop Opportunities plc [FOP], in which the Group is currently the majority shareholder), and interests in eight other funds managed by FPAM.

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

CHIEF EXECUTIVE'S STATEMENT

Performance

I am pleased to report the final results for the twelve months ended 31 March 2017.

Revenue earned by the Group increased to £23.66 million (2016: £21.96 million) contributing to a 24% increase in profit before tax of £9.14 million (2016: £7.35 million), a new record for the Group. The results benefitted from a stronger Euro which was, on average, 14.7% higher against Sterling at £0.841/€1 (2016: £0.733/€1) increasing profit before tax by some £1.39 million than if on a constant currency basis.

Diluted earnings per share increased by 54.4% to 6.61 pence (2016: 4.28 pence).

The Group ended the period with reported net assets up by 27.4% to £43.43 million (2016: £34.09 million). It is the accounting policy of the Group to carry its directly held 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, stood at £56.55 million (2016: £51.03 million).

Dividend

The Directors have resolved to increase the final dividend to 1.15 pence per share (2016: 1.115 pence per share), an increase of 3.1%, which together with the interim dividend of 0.40 pence per share (2016: 0.385 pence per share) equates to a dividend for the year of 1.55 pence per share (2016: 1.50 pence per share).

The proposed final dividend will be paid on 29 September 2017 to shareholders on the register at 1 September 2017, and is subject to shareholder approval at the forthcoming annual general meeting.

REVIEW OF OPERATIONS

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

As at 31 March 2017 aggregate assets under management, calculated by reference to independent third party valuations, stood at £477 million (2016: £353 million). Of this, £313 million (2016: £196 million) was managed on behalf of third party clients, an increase of 60% from the prior year. Since the year end a further £5 million has been invested in funds managed on behalf of third parties, with £22 million of equity commitments still available for investment.

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

	Funds managed for third parties (including funds in which the Group is a minority shareholder)				Group Properties (including FOP)		Totals	
	UK £m.	CEE £m.	Total £m.	No. of prop's	All CEE £m.	No. of prop's	AUM £m.	No. of prop's
As at 1 April 2016	154.7	41.5	196.2	50	156.9	11	353.1	61
Purchases	96.2	-	96.2	12	-	-	96.2	12
Sales	-	-	-	-	(3.4)	(1)	(3.4)	(1)
New fund mandates	-	21.6	21.6	1	-	-	21.6	1
Property Depreciation	-	-	-	-	(1.9)	-	(1.9)	-
Property Revaluation	(5.6)	1.4	(4.2)	-	1.1	-	(3.1)	-
FX Revaluation	-	3.2	3.2	-	11.8	-	15.0	-
As at 31 March 2017	245.3	67.7	313.0	63	164.5	10	477.5	73

Fund management fees are levied monthly by FPAM by reference to the value of funds under management excluding cash and cash commitments. The effect of any increase (or decrease) in fund management fee income associated with increased (or decreased) funds under management is not felt

in full until the financial year following draw down (or sale), because of the timing of draw down (or sale) during the year.

Revenue earned by this division amounted to £2.05 million (2016: £2.90 million), resulting in a profit before unallocated central overheads and tax of £404,000 (2016: £1.38 million). The decline in revenue and profit earned by this division is explained by an absence of performance fees (2016: £1.13 million).

At the year end FPAM's fund management fee revenue, excluding performance fees was being earned at an annualised rate of £2.45 million (2016: £1.68 million), an increase of some 46% from the prior year. The corresponding weighted average unexpired fund management contract term at the year end was 6 years, 5 months (2016: 6 years, 6 months). We expect fund management fee revenue to increase as we continue to invest fund management mandates.

First Property Asset Management Ltd (FPAM) now manages eleven (2016: nine) property investment funds, following the establishment of two new funds during the year, and the enlargement of one existing fund. A brief synopsis of the value of assets and maturity of each of these funds is set out below:

Fund	Country of investment	Fund expiry	Assets under management at market value at 31 March 2017	% of total assets under management	Assets under management at market value at 31 March 2016
			£m.		£m.
SAM & DHOW	UK	Rolling	*		*
RPT	Poland	Aug 2020	6.88	1.44%	6.83
5PT	Poland	Dec 2022	8.46	1.77%	7.77
UKPPP	UK	Feb 2022	93.13	19.50%	94.93
PDR	UK	May 2018	-	-	-
			(commitment of £42m)		
SIPS	UK	Jan 2025	152.15	31.87%	59.80
			(commitment of £170m)		
FRS	Romania	Jan 2026	10.08	2.11%	8.17
FGC	Poland	Mar 2026	20.66	4.33%	18.68
SPEC OPPTS	UK	Jan 2027	-	-	-
			(commitment of £15m)		
FKR	Poland	Mar 2027	21.64	4.53%	-
Sub Total			313.00	65.55%	196.18
FOP	Poland	Oct 2020	68.52	14.35%	61.46
GRP PROPS	Poland & Romania	n/a	95.96	20.10%	95.47
Sub Total			164.48	34.45%	156.93
Total			477.48	100.00%	353.11

* Not subject to recent revaluation

Independent Fund Performance Analysis:

Our investments in Poland and Romania once again ranked No.1 versus MSCI's Central & Eastern Europe (CEE) Benchmark, now for the eleven years from the commencement of our operations in Poland in 2005 to 31 December 2016. In the United Kingdom, our UK Pension Property Portfolio LP was ranked Best Small Specialist Fund over the three years to 31 December 2016 at the MSCI/ IPF Awards. FPAM was also one of ten fund managers, out of a pool of 95, to be awarded a Data Quality Award by MSCI.

Other accolades include being awarded "Best fund manager" by Alternative Investment Awards, and being shortlisted for awards by Pensions Age, European Pensions, Property Week and Property Investor Europe. In addition, I was nominated for the second year running as "Best CEO Capital Allocator (UK)" at The Value Investor Awards. Also for the second time, the Group was listed as one of "1000 Companies to inspire Britain" in 2017.

GROUP PROPERTIES

Group Properties comprised ten (2016: eleven) commercial properties held directly by the Group (including five held by FOP, in which the Group is a 69.2% shareholder), and non-controlling interests in eight of the eleven funds and joint ventures managed by FPAM, as set out in the tables below. It is the Group's policy to carry its direct properties and interest in associates at the lower of cost or market value for accounting purposes and to recognise dividends when received.

1. Directly held Properties (including five held by FOP) at 31 March 2017:

Property / Country	No. of properties	Book value	Market value	Contribution to Group profit before tax - year to 31 March 2017	Contribution to Group profit before tax - year to 31 March 2016
		£m.	£m.	£m.	£m.
Poland	3	79.2	90.7	6.0	5.7
Romania	2	4.2	5.3	0.9	0.9
FOP	5	60.1	68.5	3.4	3.3
Total	10	143.5	164.5	10.3	9.9

2. Non-controlling interests in funds and joint ventures managed by FPAM at 31 March 2017:

Fund	% owned by First Property Group	Book value of First Property's share in fund	Current market value of holdings	Group's share of pre-tax profits earned by fund 31 March 2017	Group's share of pre-tax profits earned by fund 31 March 2016
		£'000	£'000	£'000	£'000
Interest in associates					
5PT	37.8%	608	1,058	129	121
RPT	28.6%	192	233	45	20
FRS	24.1%	750	1,030	125	12
FGC	28.2%	1,678	1,827	220	17
FKR*	18.1%	1,119	1,119	-	-
Share of results in associates		4,347	5,267	519	170

*shares allotted but issued post year end.

Investments

UKPPP	0.9%	884	884	60	60
PDR	4.9%	13	13	-	163
SPEC OPPTS	4.8%	-	-	-	-
Sub Total		897	897	60	223
Total		5,244	6,164	579	393

Revenue from Group Properties, including FOP, amounted to £21.62 million (2016: £19.06 million), generating a profit before unallocated central overheads and tax of £11.53 million (2016: £8.85 million) and representing 96.6% (2016: 86.5%) of Group profit before unallocated central overheads and tax. The increase in underlying revenue and profit before tax prior to the deduction of unallocated central overhead costs was primarily attributable to the strengthening of the Euro versus Sterling, but also to the full year contribution from the two investments made in the second half of the previous financial year in Fprop Romanian Supermarkets Ltd ("FRS") and Fprop Galeria Corso Ltd ("FGC").

The contribution to Group profit before tax prior to the deduction of unallocated central overheads by the ten directly held properties is detailed below:

	Year to 31 March 2017 €m.	Year to 31 March 2016 €m.
Net operating income (NOI)	19.47	19.74
Interest expense on bank loans / finance leases	(3.42)	(3.59)
NOI after interest expense	16.05	16.15
Current tax	(1.40)	(1.25)
Debt amortisation	(7.20)	(7.11)
Capital expenditure	(2.47)	(1.94)
Free cash	4.98	5.85
Market value of properties	€192.29	€197.92
Average yield on market value	9.45%	9.97%
Bank loans/ finance leases outstanding	€137.41	€144.82
Loan to value (LTV)	71.46%	73.17%
Weighted average unexpired lease term (WAULT)	3yrs, 7mths	4 yrs, 1 mth
Vacancy rate	2.2%	2.4%

The loans secured against these properties are each held in separate non-recourse special purpose vehicles. In order to mitigate potential interest rate rises we have fixed the interest rate on a proportion of these loans. A one percentage point increase from current market interest rates would increase the annual interest bill by £825,000 per annum (2016: £663,000). The current weighted average borrowing cost is 2.35% (2016: 2.47%).

During the year we sold one Group Property, a warehouse in Ploiesti, Romania, resulting in a profit of £890,000, thereby reducing the number of properties held directly by the Group to ten.

Fprop Opportunities plc ("FOP"):

The contribution by FOP to Group profit before tax amounted to £2.26 million (2016: £2.46 million), a level impacted by some £219,000 of fair value impairment (2016: credit of £462,000), a non cash item. FOP is earning a pre-tax return on equity invested from rent alone in the region of 15.5% per annum; a level which we expect will increase following completion of the extension at Galeria Ostrowiec, and the subsequent sale or refinancing of this asset. The gallery's extension, which is 95% pre-let, is scheduled for completion on 30 September 2017, and is forecast, once fully let, to increase the net operating income of this investment from €2.17 million per annum to €2.75 million per annum.

As reported at our interim results, we have begun to sell the shares held by the Group in FOP because it is not the Group's business model to be a controlling shareholder in funds managed by it, and to simplify the Group's structure. Sales of shares in FOP during the year amounted to £1.64 million, representing 7.9% of FOP's issued share capital and resulting in a capital profit for the Group of £552,000.

The Group's shareholding in FOP at the year end represented 69.2% (2016: 76.2%) of the issued share capital in FOP. It is our intention to continue to sell the Group's shares in FOP until its shareholding reaches some 25-30%.

Associates and Investments:

The contribution to Group profit before tax prior to the deduction of unallocated central overheads from our eight minority shareholdings in funds managed by FPAM increased by 47% to £579,000 (2016: £393,000). This contribution represents 5% of the contribution by Group Properties and should increase as we benefit from a full period contribution from our co-investment in the two new funds, Fprop UK Special Opportunities LP ("SPEC OPPS") and Fprop Krakow Ltd ("FKR"), which were established in the second half of the year.

Commercial Property Markets Outlook

Poland:

GDP growth in Poland, which is forecast at 3.2% in 2017 and 3.4% in 2018, continues to exceed that of most other EU member states, as it has done since its entry into the EU. Inflation turned positive in November 2016 and is now running in excess of 2% on an annualised basis.

This continued economic growth has resulted in a property development boom over the last few years and in turn rents coming under pressure, especially in the office sector.

Investor demand for commercial property has been steadily increasing since the credit crunch (turnover in 2016 is estimated at some €4.5 billion) with the yields available on good secondary property, of the sort we favour, remaining attractive at around 7.5% plus per annum.

We have appointed Del Chandler as senior adviser to our Warsaw office. Del has a longstanding broad experience of property deal making and financing in Central Europe, with a career in the region spanning over twenty five years. He was most recently managing director of the Central European real estate financing business of ING and then head of capital markets at BNP Paribas in Warsaw.

Romania:

GDP growth in Romania has rebounded over the past couple of years and is once again expected to exceed 4% in 2017. Inflation turned positive in January 2017 and is now running at in excess of 1% on an annualised basis.

As a result of the improved economic outlook, new development is beginning to pick up, but the take-up rate is, at least at the moment, matching this increased supply.

In the secondary market a mismatch persists in pricing expectations between buyers and sellers, mainly due to the higher debt finance costs and amortisation rates prevalent in Romania. This has made making new investment a challenging task. Nevertheless, we remain keen on investing in Romania and recently appointed Catalin Ana to head up our operations in the country.

United Kingdom:

GDP growth in the UK remained robust in the aftermath of the vote for Brexit in June 2016. It has slowed in the first quarter of 2017 but the forecast rate for the year is still a respectable 1.5%. Commercial property values fell in the second half of 2016, in particular for properties with shorter leases, or requiring asset management, or those located in Scotland, due to heightened political fears. The Group took immediate advantage of this nervousness by increasing the size of the mandate awarded to it by the Shipbuilding Industries Pension Scheme from £125 million to £170 million, most of which was invested in supermarkets and retail warehousing.

Values have now stabilised and there are some signs that they may increase in due course as a result of the healthy occupier market and loose monetary policy.

We therefore remain bullish about the prospects of the UK commercial property market.

CURRENT TRADING AND PROSPECTS

This has been a record year for First Property with profits up by a quarter. Furthermore, third party funds under management increased by 60% in value and we have additional mandates yet to be invested.

The markets in which we operate are generally buoyant. In the UK in particular I believe the decision to leave the EU will create opportunities on which we, as a niche fund manager, will be well placed to capitalise. The establishment of our new UK Special Opportunities Fund in January is an example of this, and a reflection of our confidence in the UK market and the returns available to be earned.

Ben Habib
Chief Executive
8 June 2017

FINANCE DIRECTOR'S REVIEW

The financial year ending 31 March 2017, was a record one for the Group which saw profit before tax advancing 24.4% to £9.14m and net assets (with assets held at the lower of cost or value) increasing by 27.4% to £43.43m. The results were aided by a strong Euro and improved underlying performances from both trading divisions. The quality of earnings has continued to improve with 100.0% (2016: 94.8%) of top line revenue being of a recurring nature.

It is also noteworthy that, the annualised growth in adjusted net assets together with dividends paid to shareholders over the last five years equates to some 24.9% per annum.

INCOME STATEMENT

Revenue and gross profit

A review of the revenue and profits earned by our two trading divisions is included within the Chief Executive's Statement.

Operating expenses

Operating expenses decreased by 2.3% to £8.2m (2016: £8.4m) despite increases in staff related costs and an unfavourable exchange rate for costs, but benefited from the reversal of certain previously charged bad debts and a reduced charge for other provisions.

Capital profit on sale of shares in FOP and sale of an investment property

A capital profit of £552,000 (2016: nil) was made from the sale of some of the Group's shares in FOP, reducing the Group's holding from 76.2% to 69.2%.

In addition, a capital profit of £890,000 (2016: nil) was made on the sale of an investment property, a warehouse located in Ploiesti, Romania. Consideration for this sale is payable by quarterly instalments over the next six years, and the debtor as stated, has been discounted to reflect its current value.

Fair value adjustment on properties

The charge of £219,000 (2016: credit £462,000), relates to the reduction in fair value below the original cost of one property located in Poland and owned by FOP.

Financing costs

The current weighted average of the Group's borrowing costs is 2.35% per annum, a level in line with previous years as the Group continues to benefit from the low interest rate environment in the Euro zone. All bank loans and finance leases are denominated in Euro. Of these Euro borrowings, 39% at year end were subject to a fixed interest rate.

Current tax

The current tax charge of £1.15m is in line with previous years and was incurred entirely in Poland and Romania where the mainstream tax rates are 19% and 16% respectively. No UK corporation tax was incurred in the UK where brought forward tax losses of £4.5m remain available for utilisation.

Deferred tax

A deferred tax credit of £608,000 (2016: charge of £484,000) has arisen primarily due to a reduction in the value of two Group properties, which has created a higher deferred tax asset.

Earnings per share

Basic earnings per share increased by 54.5% to 6.75p per share (2016: 4.37p per share), a much larger increase than the 24.4% increase in profit before tax. This was due to the deferred tax credit of £608,000 mentioned above, which resulted in a much lower overall tax charge.

Dividends

The total proposed dividend for the year of 1.55p (2016: 1.50p), or £1.8 million in aggregate will be the fourth consecutive year of dividend growth.

BALANCE SHEET AND CASHFLOW

Investment properties

Investment properties owned by the Group, and indirectly via FOP are stated at cost less depreciation and accumulated impairment losses. The properties were valued by CBRE, Polish Properties and BNP Paribas at the Group's financial year end at €168.66 million (2016: €177.73 million).

The reduction in fair value in Euro terms noted above includes a reduction of €5.1 million in the value of Oxford Tower, Warsaw due to an expected lease expiry in February 2018, a depreciation charge of €1.97m in respect of the property located in Gdynia and the disposal of the warehouse in Ploiesti, Romania.

The reduction in value of Oxford Tower is expected to reverse once the pending lease expiry has been resolved.

Capital expenditure

Capital expenditure of £1.99m on investment properties comprised development expenditure of £1.6m on the enlargement of the shopping centre in Ostrowiec owned by FOP. Property held within stock incurred £0.13m of capital expenditure relating to ongoing refurbishment and modernisation.

Cash, cash flow and liquidity

Group cash balances stood at £15.95 million (2016: £8.98 million) at the year end, after the deduction for capital expenditure of £2.12 million, bank loan repayments of £6.08 million and dividend payments of £1.8 million. Of the Group's cash, £4.37 million (2016: £4.76 million) was held by Fprop Opportunities plc (FOP, 69.2% owned by the Group) and £595,000 (2016: £635,000) was held by Corp Sp. z o.o. (the property management company for Blue Tower in Warsaw, 90% owned by the Group).

The prior year's figure for cash balances of £8.98 million was reduced as a result of a bridging loan of €6.5 million (£5.15m) made by the Group to Fprop Romanian Supermarkets Limited, an associated company. This loan was repaid in May 2016.

Borrowings

There have been no new bank loans drawn, or refinancings during the year, resulting in overall bank borrowings being reduced by £6.08 million through scheduled loan repayments. All Loan-To-Value covenants have been respected.

Key performance indicators (KPI's)

The Group monitors its performance through the following key indicators:

	2017	2016
Group:		
Cash levels	£15.95m	£8.98m
Adjusted net asset value per share	47.64p	43.01p
Recurring revenue	100%	94.8%
Fund Management Division:		
Asset under management	£477m	£353m
Weighted average fund length	6yrs 5mths	6yrs 6mths
Group Properties:		
Weighted average lease length	3yrs 7mths	4yrs 1mth

Non-controlling interests

As previously mentioned in this review the sale of the Group's shares in FOP has increased the non-controlling interest in FOP from 23.8% to 30.8%. The other non-controlling interest in CORP of 10% has remained at this level throughout the year.

George Digby
Group Finance Director
8 June 2017

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 (unaudited) Total results £'000	Year ended 31 March 2016 (audited) Total results £'000
Revenue	3	23,663	21,955
Cost of sales		(5,065)	(4,255)
Gross profit		18,598	17,700
Profit on sale of a property		890	-
Profit on the sale of 'FOP' shares		552	-
Fair value adjustment to investment properties		(219)	462
Operating expenses		(8,207)	(8,404)
Operating profit		11,614	9,758
Share of results in associates	9	519	170
Distribution income		60	223
Interest income	4	135	126
Interest expense	4	(3,191)	(2,931)
Profit before tax		9,137	7,346
Tax charge	5	(547)	(1,687)
Profit for the year		8,590	5,659
Attributable to:			
Owners of the parent		7,833	5,008
Non-controlling interests		757	651
		8,590	5,659
Earnings per share:			
Basic	6	6.75p	4.37p
Diluted	6	6.61p	4.28p

All operations are continuing.

**CONSOLIDATED SEPARATE STATEMENT
OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2017**

	Year ended 31 March 2017 (unaudited) Total results £'000	Year ended 31 March 2016 (audited) Total results £'000
Profit for the year	8,590	5,659
Other comprehensive income		
Exchange differences on retranslation of foreign subsidiaries	2,008	(1,346)
Revaluation of available-for-sale financial assets	(29)	11
Taxation	-	-
Total comprehensive income for the year	10,569	4,324
Total comprehensive income for the year attributable to:		
Owners of the parent	9,974	3,486
Non-controlling interests	595	838
	10,569	4,324

CONSOLIDATED BALANCE SHEET
As at 31 March 2017

	Notes	As at 31 March 2017 (unaudited) £'000	As at 31 March 2016 (audited) £'000
Non-current assets			
Goodwill	7	153	153
Investment properties	8	128,428	120,718
Property, plant and equipment		97	186
Interest in associates	9a)	4,347	3,044
Other financial assets	9b)	897	914
Other receivables	11	2,108	186
Deferred tax assets	13	4,341	3,016
Total non-current assets		140,371	128,217
Current assets			
Inventories – land and buildings	10	15,115	13,894
Current tax assets		160	56
Trade and other receivables	11	4,890	10,128
Cash and cash equivalents		15,946	8,975
Total current assets		36,111	33,053
Current liabilities			
Trade and other payables	12	(9,848)	(7,938)
Financial liabilities	14	(19,641)	(7,668)
Current tax liabilities		(314)	(200)
Total current liabilities		(29,803)	(15,806)
Net current assets		6,308	17,247
Total assets less current liabilities		146,679	145,464
Non-current liabilities:			
Financial liabilities	14	(100,043)	(108,992)
Deferred tax liabilities	13	(3,208)	(2,382)
Net assets		43,428	34,090
Equity			
Called up share capital		1,166	1,166
Share premium		5,781	5,773
Foreign exchange translation reserve		19	(2,151)
Investment revaluation reserve		(67)	(38)
Share-based payment reserve		203	203
Retained earnings		33,311	27,231
Equity attributable to the owners of the parent		40,413	32,184
Non-controlling interests		3,015	1,906
Total equity		43,428	34,090
Net assets per share	6	34.84p	27.75p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2017

Group	Share capital	Share premium	Share-based payment reserve	Foreign exchange translation reserve	Purchase of own shares	Investment revaluation reserve	Retained earnings	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	1,166	5,773	203	(2,151)	(103)	(38)	27,334	1,906	34,090
Profit for the period	-	-	-	-	-	-	8,590	-	8,590
Fair value (or revaluation) gains on available-for-sale financial assets to profit or loss	-	-	-	-	-	(29)	-	-	(29)
Change in proportion held by NCI	-	-	-	-	-	-	-	556	556
Movement on foreign exchange	-	-	-	2,170	-	-	-	(162)	2,008
Sale of treasury shares	-	8	-	-	4	-	-	-	12
New shares issued	-	-	-	-	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	(757)	757	-
Dividends paid	-	-	-	-	-	-	(1,757)	(42)	(1,799)
At 31 March 2017	1,166	5,781	203	19	(99)	(67)	33,410	3,015	43,428
At 1 April 2015	1,149	5,505	203	(618)	(173)	(49)	23,908	1,094	31,019
Profit for the period	-	-	-	-	-	-	5,659	-	5,659
Fair value (or revaluation) gains on available-for-sale financial assets to profit or loss	-	-	-	-	-	11	-	-	11
Movement on foreign exchange	-	-	-	(1,533)	-	-	-	187	(1,346)
Sale of treasury shares	-	10	-	-	70	-	-	-	80
New shares issued	17	258	-	-	-	-	-	-	275
Non-controlling interests	-	-	-	-	-	-	(651)	651	-
Dividends paid	-	-	-	-	-	-	(1,582)	(26)	(1,608)
At 31 March 2016	1,166	5,773	203	(2,151)	(103)	(38)	27,334	1,906	34,090

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2017

	2017 Group £'000	2016 Group £'000
Cash flows from operating activities		
Operating profit	11,614	9,758
Adjustments for:		
Depreciation of investment property and property, plant & equipment	1,960	1,704
Profit on the sale of an investment property	(890)	-
Profit on the sale of FOP shares	(552)	-
Fair value adjustment on investment properties	219	(462)
(Increase)/ decrease in inventories	(130)	(291)
Decrease/ (increase) in trade and other receivables	305	903
Increase/ (decrease) in trade and other payables	1,637	(356)
Other non-cash adjustments	615	460
Cash generated from operations	14,778	11,716
Taxes paid	(1,156)	(922)
Net cash flow from operating activities	13,622	10,794
Cash flow from/ (used in) investing activities		
Capital expenditure on investment properties	(1,990)	(1,216)
Proceeds from partial disposal of available-for-sale assets	239	628
Purchase of property, plant & equipment	(26)	(197)
Consideration from the sale of 'FOP' shares	1,108	-
Investment in shares of new associates	(1,119)	(2,293)
Interest received	135	126
Dividends from associates	96	90
Distributions received	64	223
Net cash flow used in investing activities	(1,493)	(2,639)
Cash flow from/ (used in) financing activities		
Net repayment of shareholder loan in subsidiary	(227)	(95)
Proceeds from bank loan	-	8,993
Repayment of bank loans	(3,125)	(9,341)
Repayment from the sale of FOP shareholder loan	534	-
Repayment of a short term loan to an associate	5,083	(4,729)
Repayment of finance lease	(2,950)	(2,446)
Sale of shares held in treasury	12	80
Proceeds from the issue of share capital	-	275
Interest paid	(3,100)	(2,825)
Dividends paid	(1,757)	(1,582)
Dividends paid to non-controlling interests	(42)	(26)
Net cash flow used in financing activities	(5,572)	(11,696)
Net increase/ (decrease) in cash and cash equivalents	6,557	(3,541)
Cash and cash equivalents at the beginning of the year	8,975	12,240
Currency translation gains on cash and cash equivalents	414	276
Cash and cash equivalents at the year end	15,946	8,975

1. Basis of preparation

These preliminary financial statements have not been audited and are derived from the statutory accounts within the meaning of section 434 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies that will be applied in the Group's annual financial statements for the year ended 31 March 2017. These are consistent with the policies applied for the year ended 31 March 2016. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union (EU). Whilst the financial information included in this preliminary statement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to fully comply with IFRS. The comparative figures for the financial year ended 31 March 2016 are not the statutory accounts for the financial year but are derived from those accounts prepared under IFRS which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These preliminary financial statements were approved by the Board of Directors on 7 June 2017.

2. Revenue

Revenue from continuing operations consists of revenue arising in the United Kingdom 7% (2016: 10%), Poland 85% (2016: 82%) and Romania 8% (2016: 8%). All revenue relates solely to the Group's principal activities.

3. Segment reporting 2017

	Fund Management Division	Group Properties Division			Total
	Property fund management	Group properties and other co-investments	Group fund properties "FOP"	Unallocated central overheads	
	£'000	£'000	£'000	£'000	£'000
Total revenue	2,046	14,629	6,988	-	23,663
Depreciation and amortisation	(41)	(1,786)	(133)	-	(1,960)
Operating profit	404	10,192	3,866	(2,848)	11,614
Share of results in associates	-	519	-	-	519
Distribution income	-	60	-	-	60
Interest income	-	37	48	50	135
Interest payable	-	(1,535)	(1,656)	-	(3,191)
Profit/ (loss) before tax	404	9,273	2,258	(2,798)	9,137

Analysed as:					
Underlying profit/(loss) before tax before adjusting for the following items:	907	9,993	2,791	(857)	12,834
Fair value adjustment to investment properties	-	-	(219)	-	(219)
Sale of 'FOP' shares	-	552	-	-	552
Sale of property	-	890	-	-	890
Depreciation	-	(1,662)	-	-	(1,662)
Provision	-	-	-	(44)	(44)
Performance and related fees	-	-	-	-	-
Staff incentives	(503)	(172)	(173)	(1,922)	(2,770)
Realised foreign currency loss	-	(328)	(141)	25	(444)
Total	404	9,273	2,258	(2,798)	9,137

Assets - Group	792	95,923	67,026	8,394	172,135
Share of net assets of associates	-	4,655	-	(308)	4,347
Liabilities	(189)	(79,817)	(50,652)	(2,396)	(133,054)
Net assets	603	20,761	16,374	5,690	43,428

Additions to non-current assets					
Property, plant and equipment	26	-	-	-	26
Investment properties	-	325	1,665	-	1,990
Interest in associates	-	1,119	-	-	1,119

Segment reporting 2016

	Fund Management Division	Group Properties Division			
	Property fund management	Group properties and other co-investments	Group fund properties "FOP"	Unallocated central overheads	Total
	£'000	£'000	£'000	£'000	£'000
Total revenue	2,895	12,894	6,166	-	21,955
Depreciation and amortisation	(31)	(1,535)	(138)	-	(1,704)
Operating profit	1,384	7,316	3,962	(2,904)	9,758
Share of results in associates	-	170	-	-	170
Distribution income	-	223	-	-	223
Interest income	-	101	5	20	126
Interest payable	-	(1,424)	(1,507)	-	(2,931)
Profit/ (loss) before tax	1,384	6,386	2,460	(2,884)	7,346

Analysed as:					
Underlying profit/(loss) before tax before adjusting for the following items:	783	8,268	2,321	(899)	10,473
Fair value adjustment to investment properties	-	-	462	-	462
Depreciation	-	(1,450)	-	-	(1,450)
Provision	(49)	(17)	(17)	(663)	(746)
Performance and related fees	1,131	-	-	-	1,131
Staff incentives	(481)	(169)	(164)	(1,610)	(2,424)
Realised foreign currency loss	-	(246)	(142)	288	(100)
Total	1,384	6,386	2,460	(2,884)	7,346

Assets - Group	497	88,670	62,283	6,776	158,226
Share of net assets of associates	-	3,352	-	(308)	3,044
Liabilities	(249)	(76,454)	(48,132)	(2,345)	(127,180)
Net assets	248	15,568	14,151	4,123	34,090

Additions to non-current assets					
Property, plant and equipment	197	-	-	-	197
Investment properties	-	968	248	-	1,216
Interest in associates	-	2,293	-	-	2,293

4. Interest income

	2017 Group £'000	2016 Group £'000
Interest income - bank deposits	35	36
Interest income - other	100	90
Total interest income	135	126

	2017 Group £'000	2016 Group £'000
Interest expense - property loans	(2,192)	(2,254)
Interest expense - bank and other	(160)	(106)
Finance charges on finance leases	(839)	(571)
Total interest expense	(3,191)	(2,931)

5. Tax expense

	2017 £'000	2016 £'000
Analysis of tax charge for the year		
Current tax	(1,155)	(1,203)
Deferred tax	608	(484)
Total tax charge for the year	(547)	(1,687)

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

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

A deferred tax credit of £608,000 (2016: charge of £484,000) has arisen primarily due to a reduction in the value of two Group Properties, which has created a higher deferred tax asset.

6. Earnings/ NAV per share

	2017	2016
Basic earnings per share	6.75p	4.37p
Diluted earnings per share	6.61p	4.28p
	£'000	£'000
Basic earnings	7,833	5,008
Diluted earnings assuming full dilution	7,841	5,016

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

	2017 Number	2016 Number
Weighted average number of Ordinary shares in issue (used for basic earnings per share calculation)	115,975,959	114,543,523
Number of share options	2,700,000	2,700,000
Total number of Ordinary shares used in the diluted earnings per share calculation	118,675,959	117,243,523

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

	2017 £'000	2016 £'000
Basic earnings per share		
Basic earnings	7,833	5,008

Diluted earnings per share		
Basic earnings	7,833	5,008
Notional interest on share options assumed to be exercised	8	8
Diluted earnings	7,841	5,016

	2017	2016
Net assets per share	34.84p	27.75p
Adjusted net assets per share	47.64p	43.01p

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

For net assets per share	£'000	£'000
Net assets excluding non-controlling interests	40,413	32,184

	£'000	£'000
For adjusted net assets per share		
Net assets excluding non-controlling interests	40,413	32,184
Investment properties at fair value net of deferred tax	10,740	16,338
Inventories at fair value net of deferred tax	4,128	1,795
Other items	1,267	716
Total	56,548	51,033

	Number	Number
Number of shares in issue at year end	115,992,699	115,967,111

	Number	Number
Number of shares in issue at year end	115,992,699	115,967,111
Number of share options assumed to be exercised	2,700,000	2,700,000
Total	118,692,699	118,667,111

7. Goodwill

	2017	2016
	Group	Group
	£'000	£'000
At 1 April	153	153
At 31 March	153	153

The Directors have carried out an annual impairment test and concluded that no impairment write down is necessary because the estimated recoverable amount was higher than the value stated.

8. Investment properties

	2017	2016
	Group	Group
	£'000	£'000
Investment properties		
At 1 April	120,718	114,262
Capital expenditure	1,990	1,216
Disposal	(1,711)	-
Depreciation	(1,891)	(1,654)
Fair value adjustment	(219)	462
Foreign exchange translation	9,541	6,432
At 31 March	128,428	120,718

Investment properties owned by the Group, and indirectly via FOP are stated at cost less depreciation and accumulated impairment losses. The properties were valued by CBRE, Polish Properties and BNP Paribas at the Group's financial year end at €168.66 million (2016: €177.73 million), the Sterling equivalent at closing foreign exchange rates being £144.26 million (2016: £140.91 million).

The decrease in fair value in Euro terms noted above includes a reduction of €5.1 million in the value of Oxford Tower, Warsaw due to an expected lease expiry in February 2018, a depreciation charge of €1.97 million in respect of the property located in Gdynia, and the disposal of the warehouse in Ploiesti, Romania.

The reduction in value of Oxford Tower is expected to reverse once the pending lease expiry has been resolved.

On acquisition of the Gdynia Podolska property the Directors took the decision to depreciate the property over the lease term. In the Director's opinion the property's estimated residual value at the end of the period of ownership will be lower than the carrying value. No other property has been depreciated as the estimated residual value is expected to be higher than the carrying value.

9. Investment in associates and other financial assets and investments

The Group has the following investments:

	2017 Group £'000	2016 Group £'000
a) Associates		
At 1 April	3,044	671
Additions	1,119	2,293
Disposals	(239)	-
Share of associates profit after tax	519	170
Dividends received	(96)	(90)
At 31 March	4,347	3,044

The Group's investments in associated companies is held at cost plus its share of post-acquisition profits assuming the adoption of the cost model for accounting for investment properties under IAS40 and comprises the following:

	2017 Group £'000	2016 Group £'000
Investments in associates		
5 th Property Trading Ltd	916	871
Regional Property Trading Ltd	192	159
Fprop Romanian Supermarkets Ltd	750	737
Fprop Galeria Corso Ltd	1,678	1,585
Fprop Krakow Ltd	1,119	-
	4,655	3,352
Less: Share of profit after tax withheld on sale of property to 5 th Property Trading Ltd in 2007	(308)	(308)
	4,347	3,044

If the Group had adopted the alternative fair value model for accounting for investment properties, the carrying value of the investment in associates would have increased to £5.27 million (2016: £3.55 million).

	2017 Group £'000	2016 Group £'000
b) Other financial assets and investments		
At 1 April	914	1,531
Additions	12	-
Disposals	-	(628)
(Decrease)/ increase in fair value during the year	(29)	11
At 31 March	897	914

The Group holds two unlisted investments in funds managed by it. Both are held at fair value. All of the assets have been classified as available for sale. In the Directors' view the fair value has been estimated to be not materially different from their carrying value. Fair value has been arrived at by applying the Group's percentage holding in the investments of the fair value of their net assets.

10. Inventories – land and buildings

	2017 Group £'000	2016 Group £'000
Group properties for resale at cost		
At 1 April	13,894	12,639
Capital expenditure	130	291
Foreign exchange translation	1,091	964
At 31 March	15,115	13,894

The Group's total interest in Blue Tower (an office block in Warsaw) is 48.2% of the building. The fair value of this interest is £20.21 million (€23.63 million) up from £16.01 million (€20.19 million) in 2016 but is stated at cost as above.

11. Trade and other receivables

	2017 Group £'000	2016 Group £'000
Current assets		
Trade receivables	2,003	2,589
Less provision for impairment of receivables	(626)	(905)
Trade receivables net	1,377	1,684
Other receivables	2,435	7,554
Prepayments and accrued income	1,078	890
	4,890	10,128

In 2016, other receivables included a short term loan to an associate for €6.5m (£5.15m) which was repaid after the year end in May 2016.

Non-current assets		
Other receivables	2,108	186

In 2017, other receivables include a balance of £2.02m relating to the deferred consideration from the sale of an investment property located in Romania, which is receivable after one year. This has been discounted to reflect its current value.

12. Trade and other payables

	2017 Group £'000	2016 Group £'000
Current liabilities		
Trade payables	2,941	2,189
Other taxation and social security	799	575
Other payables and accruals	5,275	5,163
Deferred income	833	11
	9,848	7,938

13. Deferred tax

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

	2017	2017	2017	2016	2016	2016
	Group net assets £'000	Group assets £'000	Group liabilities £'000	Group net assets £'000	Group assets £'000	Group liabilities £'000
Accrued interest payable	(1,114)	457	(1,571)	(1,456)	151	(1,607)
Accrued income	(4)	-	(4)	(108)	9	(117)
Foreign bank loan	1,945	2,086	(141)	2,199	2,255	(56)
Investment properties and inventories	203	1,473	(1,270)	(393)	209	(602)
Other temporary differences	103	325	(222)	392	392	-
	1,133	4,341	(3,208)	634	3,016	(2,382)

14. Financial liabilities

	2017 Group £'000	2016 Group £'000
Current liabilities		
Loans repayable by subsidiary (FOP) to third party shareholders	2,148	1,841
Bank loan	3,180	3,014
Finance leases	14,313	2,813
	19,641	7,668
Non-current liabilities		
Bank loans	63,850	62,038
Finance leases	36,193	46,954
	100,043	108,992
	2017 Group £'000	2016 Group £'000
Total obligations under bank loans and finance leases		
Repayable within one year	19,642	7,668
Repayable within one and five years	65,725	93,150
Repayable after five years	34,317	15,842
	119,684	116,660

Loans repayable by FOP to third party shareholders are unsecured and repayable on demand.

Eight bank loans and three finance leases all denominated in Euros totalling £117.54 million (2016: £114.82 million) included within financial liabilities are secured against investment properties owned by the Group and Fprop Opportunities plc (FOP) and the property owned by the Group shown under inventories. These bank loans and finance leases are otherwise non-recourse to the Group's assets.

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