

# FINAL RESULTS – 2015

Date: 11 June 2015  
 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 2015

First Property Group plc (AIM: FPO), the property fund manager and investor, today announces its preliminary results for the twelve months ended 31 March 2015.

### Financial highlights:

	Unaudited Year to 31 March 2015	Audited Year to 31 March 2014	Percentage change
Profit before tax	£8.08m	£6.60m	+22.4%
Diluted earnings per share	6.93p	4.53p	+53.0%
Total dividend per share	1.35p	1.12p	+20.5%
Profit before unallocated central overheads and tax by segment:			
Property fund management (FPAM)	£4.44m	£2.63m	+68.8%
Group Properties*	£6.57m	£6.32m	+4.0%
Average €/£ rate used	1.285	1.188	-8.2%
Net assets	£31.02m	£23.46m	+32.2%
Cash Balances	£12.24m	£11.28m	+8.5%
Group Properties* at market value	£142.04m	£69.08m	
Group Properties* at book value	£126.90m	£61.06m	
Gross Debt secured against Group Properties	£107.78m	£49.33m	
LTV %	75.89%	71.41%	
Net assets per share	26.30p	20.00p	+31.5%
Adjusted net assets per share**	35.75p	24.80p	+44.2%
Year-end €/£ rate used	1.382	1.210	-14.2%
Assets under management (including Group Properties)	£327m	£357m	-8.4%
Poland	65%	69%	
UK	33%	28%	
Romania	2%	3%	

\* Excludes the Group’s non-controlling interests in four other FPAM managed funds.

\*\* Calculated according to EPRA triple net valuation methodology, which includes fair values of i) financial instruments ii) debt and iii) deferred taxes.

### Operational Highlights (and explanatory notes):

- The increase in profit before tax to £8.08 million (2014: £6.60 million) was largely attributable to the contribution made to earnings by:
  - Fund Management - The performance fee earned by the Group of £3.2 million (2014: nil) on profits realised by Fprop PDR.
  - Group Properties:
    - The purchase by the Group and FOP of six properties in Poland and Romania during the year which made a contribution to the Group’s profit before unallocated overheads and tax of £2.27 million (2014: nil). These acquisitions also resulted in £1.84 million of negative goodwill, a non-cash item which has been credited to the Income Statement; and

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- ii. The full year contribution to profit before unallocated overheads and tax from the additional properties purchased by the Group and FOP in the previous year of £1.83 million (2014: £676,000).
- Final dividend increased to 1 penny per share (2014: 0.79 pence per share), an increase of 27%, which together with the interim dividend of 0.35 pence (2014: 0.33 pence) equates to a dividend for the year of 1.35 pence per share (2014: 1.12 pence per share).
- New fund established in January 2015 on behalf of Shipbuilding Industry Pension Scheme (SIPS) with a commitment of £125 million for an initial term of ten years targeting investments in the United Kingdom. The Group's UK efforts are now concentrated on investing this.
- Funds under management in Central and Eastern Europe (CEE) once again rated by Investment Property Databank (IPD) as the best performing versus the IPD CEE universe, now for the annualised periods from 2005 to the end of each of the years between 31 December 2008 and 31 December 2014.
- The impact of a weaker Euro versus Sterling during the year resulted in profit before tax being some £258,000 lower than it would otherwise have been.

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

"The financial year just ended has been transformational for the Group principally because of the six investments made by it and FOP in Poland and Romania, which should yield recurring profit before unallocated overheads and tax of just over £6 million per annum. These earnings will more than replace the fee income we used to earn from the USS fund which expires in August 2015 and which at its peak amounted to some £3 million per annum.

"The Group's future earnings are substantially underpinned, its balance sheet is strong, the economies in which we operate are growing, we have investment mandates which will result in the Group's earnings growing and we are working on new interesting transactions. I therefore look to the future with excitement and confidence."

**A briefing for analysts will be held at 10.00hrs today at the Group's headquarters, 35 Old Queen Street, London, SW1H 9JA. A conference call facility will also be available on +44 (20) 7984 7578, passcode: 540877. A copy of the accompanying investor presentation can be accessed simultaneously at <http://www.fprop.com/plc-results/81/88/>. A recorded copy of the call will subsequently be posted on the Company website, [www.fprop.com](http://www.fprop.com).**

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### **Notes to investors and editors:**

First Property Group plc is a property fund manager and investor with operations in the United Kingdom and Central Europe. 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 in the UK and Central Europe;
- Group Properties – principal investments by the Group, currently comprising:
  - Six directly owned properties in Poland and Romania;

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- Five properties in Poland held by Fprop Opportunities plc (FOP), an FPAM managed fund in which the Group is a 76.2% shareholder;
- Non-controlling interests in four other funds managed by FPAM.

FPAM funds have ranked No.1 versus the Investment Property Databank (IPD) Central & Eastern Europe (CEE) universe for the annualised periods from the commencement of its operations in Poland in 2005 to the end of each of the years between 31 December 2008 and 31 December 2014.

First Property Asset Management Limited is authorised and regulated by the Financial Conduct Authority. Further information about the Company and its products can be found at: [www.fprop.com](http://www.fprop.com).

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## CHIEF EXECUTIVE'S STATEMENT

### Financial results

I am pleased to report final results for the twelve months ended 31 March 2015.

Revenue earned by the Group increased to £18.52 million (2014: £18.05 million) yielding a profit before tax of £8.08 million (2014: £6.60 million). The increase in profit before tax is principally attributable to the contribution to earnings made by:

- Fund Management - the performance fee earned by the Group of £3.2 million (2014: nil) on profits realised by Fprop PDR.
- Group Properties:
  - i. The purchase by the Group and FOP of six properties in Poland and Romania during the year which made a contribution to the Group's profit before unallocated overheads and tax of £2.27 million (2014: nil). These acquisitions also resulted in £1.84 million of negative goodwill, a non-cash item which has been credited to the Income Statement; and
  - ii. The full year contribution to profit before unallocated overheads and tax from the additional properties purchased by the Group and FOP in the previous year of £1.83 million (2014: £676,000).

Diluted earnings per share were 6.93 pence (2014: 4.53 pence).

The Group ended the period with net assets of £31.02 million (2014: £23.46 million).

Its cash balances increased to £12.24 million (2014: £11.28 million) despite having made some £80 million of new, leveraged property investments. Of this cash, £3.26 million (2014: £4.14 million) was held by Fprop Opportunities plc (FOP), which is 76.2% owned by the Group and £573,000 (2014: £528,000) was held by Corp SA (90% owned by the Group), the property management company for Blue Tower in Warsaw.

### Dividend

The Directors have resolved to recommend increasing the final dividend to 1 penny per share (2014: 0.79 pence per share), an increase of 27%, which together with the interim dividend of 0.35 pence per share (2014: 0.33 pence per share) equates to a dividend for the year of 1.35 pence per share (2014: 1.12 pence per share). The substantial increase in the final dividend results from the material increase in the Group's underlying recurring earnings and the Directors' confidence in the sustainability of these.

The proposed final dividend will be paid on 30 September 2015 to shareholders on the register at 21 August 2015, and is subject to shareholder approval at the forth coming annual general meeting.

## REVIEW OF OPERATIONS

### Key Points

The annualised earnings before unallocated overheads and tax of just over £6 million which the Group expects to earn from the six properties acquired by it and FOP during the year, more than replaces the fee income we used to earn from the USS fund which expires in August 2015 and which, at its peak, amounted to some £3 million per annum.

When the earnings from the six new property investments are combined with the Group and FOP's existing investments, the annualised recurring contribution to the Group's profit before unallocated overheads and tax will amount to some £9.5 million.

Our development activity in the United Kingdom, via Fprop PDR, made a contribution to the Group of £3.86 million and yielded investors in that fund a total return of £16.6 million on equity deployed of £30.35 million, translating into a net return on equity of 53% and an IRR of 98% per annum. Fprop PDR is likely to make a further contribution to profit before unallocated central overheads and tax of some £1 million for the year to 31 March 2016, resulting from transactions concluded last year. However, the Permitted Development Rights legislation is due to expire in May 2016 and we do not therefore expect any further transactions to be undertaken by Fprop PDR, unless the legislation is extended in some way.

The Group's UK efforts are now concentrated on investing the £125 million fund management mandate awarded to us by SIPS.

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

As at 31 March 2015 aggregate assets under management, calculated by reference to independent third party valuations, stood at £327 million (2014: £357 million), including some £142 million (2014: £69 million) of properties held by the Group. Of these, 33% were located in the UK, 65% in Poland and 2% in Romania. With the exception of Fprop PDR, fees are levied by FPAM by reference to funds under management excluding cash and cash commitments.

Revenue earned by this division amounted to £6.14 million (2014: £4.27 million), resulting in a profit before unallocated central overheads and tax of £4.44 million (2014: £2.63 million) and representing 40% (2014: 29%) of Group profit before unallocated central overheads and tax.

Revenue from the USS fund reduced to £1.54 million (2014: £2.5 million) as a result of disposals by the fund. Following the expiry of the USS fund management contract FPAM's fund management fee income, excluding performance fees, will amount to some £1.35 million per annum.

First Property Asset Management Ltd (FPAM) now manages eight closed-end funds, having established one new fund during the year under review. A brief synopsis of the value of assets and maturity of each of these funds is set out below:

<b>Fund</b>	<b>Country of investment</b>	<b>Established</b>	<b>Fund Expiry</b>	<b>Assets under management at market value</b>	<b>% of total assets under management</b>
SAM Property Company Ltd (SAM)	UK	Aug-2004	Rolling	*	*
Regional Property Trading Ltd (RPT)	Poland	Aug-2004	Aug-2020	£6.21m	1.9%
5 <sup>th</sup> Property Trading Ltd (5PT)	Poland	Dec-2004	Dec-2017	£7.68m	2.4%
USS Fprop Managed Property Portfolio LP	Poland	Aug-2005	Aug-2015	£62.91m	19.2%
UK Pension Property Portfolio LP (UK PPP)	UK	Feb-2010	Feb-2017	£94.35m	28.8%
Fprop PDR LP	UK	Oct-2013	May-2018	£3.61 m* (commitment of £42m)	1.1%
SIPS Property Nominee Ltd	UK	Jan-2015	Jan-2025	£10.33m (commitment of £125m)	3.2%
<b>Sub total</b>				<b>£185.09m</b>	<b>56.6%</b>
Fprop Opportunities plc (FOP)	Poland	Oct-2010	Oct-2020	£54.44m	16.6%
Group Properties (excluding FOP)	Poland & Romania	n/a	n/a	£87.60m	26.8%
<b>Sub total</b>				<b>£142.04m</b>	<b>43.4%</b>
<b>Total</b>				<b>£327.13m</b>	<b>100%</b>

\*Not subject to recent revaluation

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### Independent fund performance analysis:

Our investments in Central and Eastern Europe (CEE) have once again been ranked No.1 by Investment Property Databank (IPD) against the IPD CEE universe, now for the annualised periods from the commencement of FPAM's operations in Poland in 2005 to the end of each of the years between 31 December 2008 and 31 December 2014.

### New business:

Poland – we are in preliminary discussions with potential investors to establish a new fund targeting minimum rates of return on equity invested of 15% per annum.

### TOTAL GROUP PROPERTIES

The Group increased its property holdings (including those held by FOP) from five to eleven during the year under review, as set out below:

Property	No. of properties	Book value	Market value	Contribution to Group profit before tax and overheads
<b>Continuing</b>				
Blue Tower	1	£12.64m	£14.18m	£1,461,000
FOP	4	£42.76m	£45.76m	£1,135,000
<b>Sub total</b>	<b>5</b>	<b>£55.40m</b>	<b>£59.94m</b>	<b>£2,596,000</b>
<b>New investments during the year</b>				
Poland	2	£58.00m	£66.19m	£1,263,000 <sup>1</sup>
Romania	3	£5.08m	£7.23m	£634,000 <sup>2</sup>
FOP	1	£8.42m	£8.68m	£369,000 <sup>3</sup>
<b>Sub total</b>	<b>6</b>	<b>£71.50m</b>	<b>£82.10m</b>	<b>£2,266,000</b>
<b>Total</b>	<b>11</b>	<b>£126.90m</b>	<b>£142.04m</b>	<b>£4,862,000</b>

<sup>1</sup> The contribution to Group profit from its two new property investments in Poland was for the period from 15 December 2014 to 31 March 2015.

<sup>2</sup> The contribution to Group profit from its three new property investments in Romania was for the period from 27 July 2014 to 31 March 2015.

<sup>3</sup> The contribution to FOP's profit (which is consolidated into the accounts of the Group) from its one new property investment in Poland was for the period from 19 September 2014 to 31 March 2015.

It is the Group's policy to carry its investments at the lower of cost or market value for accounting purposes.

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### Other Property Interests:

Group Properties also comprises non-controlling interests in four other funds managed by FPAM, as set out in the table below.

### Non controlling interest in funds managed by FPAM at 31 March 2015:

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 profit earned by fund FY2015
<b>Investments</b>				
UK Pension Property Portfolio LP (UK PPP)	0.9%	£893,000	£893,000	£64,000
Fprop PDR LP	4.9%	£638,000	£638,000	£630,000
<b>Interest in associates</b>				
5 <sup>th</sup> Property Trading Ltd (5PT)	37.8%	£519,000	£998,000	£153,000
Regional Property Trading Ltd (RPT)	25.8%	£152,000	£177,000	£32,000
<b>Share of results in associates</b>		<b>£671,000</b>	<b>£1,175,000</b>	<b>£185,000</b>
<b>Total</b>		<b>£2,202,000</b>	<b>£2,706,000</b>	<b>£879,000</b>

Revenue from Group Properties, including FOP, amounted to £12.38 million (2014: £13.78 million), generating a profit before unallocated central overheads and tax of £6.57 million (2014: £6.32 million) and representing 60% (2014: 71%) of Group profit before unallocated central overheads and tax.

The reduction in revenue was attributable to the Group ceasing its development activities in the UK, which were instead carried out by Fprop PDR.

The increase in profit before unallocated central overheads and tax was attributable to:

- i. The purchase by the Group and FOP of six properties in Poland and Romania during the year which made a contribution to the Group's profit before unallocated overheads and tax of £2.27 million (2014: nil). These acquisitions also resulted in £1.84 million of negative goodwill, a non-cash item which has been credited to the Income Statement; and
- ii. The full year contribution to profit before unallocated overheads and tax from the additional properties purchased by the Group and FOP in the previous year of £1.83 million (2014: £676,000).

### Commercial property markets outlook

Poland:

GDP growth in Poland, Europe's sixth largest economy, accelerated to 3.4% in 2014 and is forecast to grow by the same amount in 2015 and 2016. Rent levels for commercial property are generally sustainable, subject to location. Capital values remain largely unchanged from their credit crunch lows and yield some 2-3% more than equivalent property in Western Europe. In addition, Poland's banking sector is well capitalised and keen to lend against property at record low interest rates.

Poland is a tangential beneficiary of the quantitative easing taking place in the euro zone, which has boosted economic activity in Germany and by association Poland; some 40% of Poland's trade is with Germany. QE has also, amongst other things, suppressed euro interest rates and the value of the euro (the currency in which most Polish commercial property transacts and in which rents are paid),

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translating into reduced capital values for non-euro based investors. Given this confluence of circumstances, we believe the business case for property investment in Poland to be highly compelling.

United Kingdom:

The UK was the fastest growing major advanced economy in 2014, growing at 2.8%, and is forecast by the OBR to grow by 2.5% in 2015. Consumer confidence is at a twelve year high and occupier demand for commercial property is growing across the board. This is slowly manifesting itself in increasing property values and rising rents. Investment demand, including from international investors, continues to spread into the regions.

We expect the newly elected Government to continue its efforts to loosen the planning system to enable higher rates of new development. We shall be looking out in particular for any news of its intention to extend Permitted Development Rights (PDR) beyond its current scheduled expiry in May 2016.

### **Current Trading and Prospects**

The financial year just ended has been transformational for the Group principally because of the six investments made by it and FOP in Poland and Romania, which should yield recurring profit before unallocated overheads and tax of just over £6 million per annum. These earnings will more than replace the fee income we used to earn from the USS fund which expires in August 2015 and which at its peak amounted to some £3 million per annum.

The Group's future earnings are substantially underpinned, its balance sheet is strong, the economies in which we operate are growing, we have investment mandates which will result in the Group's earnings growing and we are working on new interesting transactions. I therefore look to the future with excitement and confidence.

**Ben Habib**  
**Chief Executive**  
**11 June 2015**



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## CONSOLIDATED INCOME STATEMENT for the year ended 31 March 2015

	Notes	Year ended 31 March 2015 (unaudited) Total results £'000	Year ended 31 March 2014 (audited) Total results £'000
<b>Revenue - existing operations</b>		<b>14,325</b>	17,004
<b>- business acquisitions</b>		<b>4,198</b>	1,041
		<b>18,523</b>	18,045
<b>Cost of sales</b>		<b>(3,156)</b>	(5,800)
<b>Gross profit</b>		<b>15,367</b>	12,245
Recognition of negative goodwill on refinancing of subsidiary		1,123	-
Recognition of negative goodwill on acquisition of subsidiaries		716	-
Fair value adjustment to investment properties		(876)	-
Operating expenses		(6,925)	(5,019)
<b>Operating profit</b>		<b>9,405</b>	7,226
Share of results in associates		185	190
Distribution income		694	63
Re-classification of profit		-	35
Loss on disposal of asset held for resale		-	(7)
Interest income		145	148
Interest expense		(2,346)	(1,057)
<b>Profit before tax</b>		<b>8,083</b>	6,598
Tax credit/(charge)	5	328	(962)
<b>Profit for the year</b>		<b>8,411</b>	5,636
<b>Attributable to:</b>			
<b>Owners of the parent</b>		<b>8,172</b>	5,281
<b>Non-controlling interest</b>		<b>239</b>	355
		<b>8,411</b>	5,636
<b>Earnings per share:</b>			
<b>Basic</b>	6	7.21p	4.75p
<b>Diluted</b>	6	6.93p	4.53p

All operations are continuing.

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### CONSOLIDATED SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 31 March 2015

	Year ended 31 March 2015 (unaudited) Total results £'000	Year ended 31 March 2014 (audited) Total results £'000
<b>Profit for the year</b>	<b>8,411</b>	<b>5,636</b>
<b>Other comprehensive income</b>		
Exchange differences on retranslation of foreign subsidiaries	272	(128)
Re-classification of profit	-	(35)
Revaluation of available-for-sale financial assets	37	-
Taxation	-	-
<b>Total comprehensive income for the year</b>	<b>8,720</b>	<b>5,473</b>
<b>Total comprehensive income for the year attributable to:</b>		
<b>Owners of the parent</b>	<b>8,505</b>	<b>5,327</b>
<b>Non-controlling interest</b>	<b>215</b>	<b>146</b>
	<b>8,720</b>	<b>5,473</b>

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## CONSOLIDATED BALANCE SHEETS As at 31 March 2015

	Notes	As at 31 March 2015 (unaudited) £'000	As at 31 March 2014 (audited) £'000
<b>Non-current assets</b>			
Goodwill	7	153	153
Investment properties	8	114,262	48,759
Property, plant and equipment		43	65
Interest in associates	9 (a)	671	675
Other financial assets	9 (b)	1,531	1,706
Other receivables	11	283	400
Deferred tax assets		3,803	839
<b>Total non-current assets</b>		<b>120,746</b>	<b>52,597</b>
<b>Current assets</b>			
Inventories – land and buildings	10	12,639	12,304
Current tax assets		236	76
Trade and other receivables	11	5,744	4,135
Cash and cash equivalents		12,240	11,279
<b>Total current assets</b>		<b>30,859</b>	<b>27,794</b>
<b>Current liabilities</b>			
Trade and other payables	12	(8,134)	(4,224)
Financial liabilities	13	(11,788)	(4,349)
Current tax liabilities		(108)	(247)
<b>Total current liabilities</b>		<b>(20,030)</b>	<b>(8,820)</b>
<b>Net current assets</b>		<b>10,829</b>	<b>18,974</b>
<b>Total assets less current liabilities</b>		<b>131,575</b>	<b>71,571</b>
<b>Non-current liabilities:</b>			
Deferred tax liabilities		(2,631)	(897)
Financial liabilities	13	(97,925)	(47,212)
<b>Net assets</b>		<b>31,019</b>	<b>23,462</b>
<b>Equity</b>			
Called up share capital		1,149	1,149
Share premium		5,505	5,498
Foreign exchange translation reserve		(618)	(914)
Revaluation reserve		(49)	(86)
Share-based payment reserve		203	203
Retained earnings		23,735	16,717
<b>Equity attributable to the owners of the parent</b>		<b>29,925</b>	<b>22,567</b>
Non-controlling interest		1,094	895
<b>Total equity</b>		<b>31,019</b>	<b>23,462</b>

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2015

Group	Share capital	Share premium	Share-based payment reserve	Foreign exchange translation reserve	Purchase of own shares	Investment revaluation reserve	Retained earnings	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	1,149	5,498	203	(914)	(310)	(86)	17,027	895	23,462
Profit for the period	-	-	-	-	-	-	8,411	-	8,411
Net change in available for sale financial assets	-	-	-	-	-	37	-	-	37
Movement on foreign exchange	-	-	-	296	-	-	-	(24)	272
Sale of treasury shares	-	7	-	-	137	-	-	-	144
Non-controlling interest	-	-	-	-	-	-	(239)	239	-
Dividends paid	-	-	-	-	-	-	(1,291)	(16)	(1,307)
<b>At 31 March 2015</b>	<b>1,149</b>	<b>5,505</b>	<b>203</b>	<b>(618)</b>	<b>(173)</b>	<b>(49)</b>	<b>23,908</b>	<b>1,094</b>	<b>31,019</b>
At 1 April 2013	1,149	5,492	203	(995)	(603)	(51)	12,947	401	18,543
Profit for the period	-	-	-	-	-	-	5,636	-	5,636
Net change in available for sale financial assets	-	-	-	-	-	(35)	-	-	(35)
Movement on foreign exchange	-	-	-	81	-	-	-	(209)	(128)
Sale of treasury shares	-	6	-	-	293	-	-	-	299
Non-controlling interest	-	-	-	-	-	-	(355)	355	-
Decrease in non-controlling interest (acquisition of CORP)	-	-	-	-	-	-	-	(63)	(63)
Increase in non-controlling interest (FOP)	-	-	-	-	-	-	-	507	507
Dividends paid	-	-	-	-	-	-	(1,201)	(96)	(1,297)
<b>At 31 March 2014</b>	<b>1,149</b>	<b>5,498</b>	<b>203</b>	<b>(914)</b>	<b>(310)</b>	<b>(86)</b>	<b>17,027</b>	<b>895</b>	<b>23,462</b>

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## CONSOLIDATED CASH FLOW STATEMENTS for the year ended 31 March 2015

	Notes	2015 Group £'000	2014 Group £'000
<b>Cash flows from operating activities</b>			
Operating profit		9,405	7,226
Adjustments for:			
Depreciation of investment property, plant & equipment		387	31
Fair value adjustment on investment properties		876	-
Negative goodwill		(1,839)	-
Share based payments		-	-
(Increase)/decrease in inventories		(258)	(4,474)
(Increase)/decrease in trade and other receivables		(486)	(2,604)
Increase/(decrease) in trade and other payables		577	1,547
Other non-cash adjustments		81	203
<b>Cash generated from operations</b>		<b>8,743</b>	<b>1,929</b>
Taxes paid		(826)	(552)
<b>Net cash flow from operating activities</b>		<b>7,917</b>	<b>1,377</b>
<b>Cash flow from/(used in) investing activities</b>			
Purchase of investments		(353)	(849)
Proceeds from investments		565	-
Proceeds from sale of financial assets		-	28
Capital expenditure investment properties		(383)	(46)
Proceeds from sale of shares in associates		-	23
Cash paid on acquisitions of new subsidiaries	4	(4,638)	(4,415)
Cash and cash equivalents received on acquisitions of new subsidiaries	4	3,055	786
Purchase of non-controlling interest		-	(126)
Purchase of investment property		-	(555)
Purchase of property, plant & equipment		(14)	(60)
Interest received		145	148
Dividends from associates		189	107
Distributions received		694	63
<b>Net cash flow from investing activities</b>		<b>(740)</b>	<b>(4,896)</b>
<b>Cash flow (used in)/from financing activities</b>			
Proceeds from issue of shares to non-controlling interest		-	507
Proceeds from non-controlling interest shareholder loan in subsidiary		-	1,206
Repayment of shareholder loan in subsidiary		(293)	(107)
Proceeds from bank loan		3,547	3,136
Repayment of bank loan		(4,574)	(387)
Repayment of finance lease		(1,202)	(463)
Sale of shares held in Treasury		144	299
Interest paid		(2,266)	(1,029)
Dividends paid		(1,291)	(1,201)
Dividends paid to non-controlling interest		(16)	(96)
<b>Net cash flow (used in)/from financing activities</b>		<b>(5,951)</b>	<b>1,865</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,226</b>	<b>(1,654)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>11,279</b>	<b>12,979</b>
<b>Currency translation gains/(losses) on cash and cash equivalents</b>		<b>(265)</b>	<b>(46)</b>
<b>Cash and cash equivalents at the year-end</b>		<b>12,240</b>	<b>11,279</b>

# FINAL RESULTS – 2015

## 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 2015. These are consistent with the policies applied for the year ended 31 March 2014. 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 2014 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 10 June 2015.

## 2. Revenue

Revenue from continuing operations consists of revenue arising in the United Kingdom 20% (2014: 53%), Poland 74% (2014: 47%) and Romania 6% (2014: nil). All revenue relates solely to the Group's principal activities.

# FINAL RESULTS – 2015

## 3. Segment reporting 2015

	Property fund management £'000	Group properties and other co- investments £'000	Group fund properties "FOP" £'000	Unallocated central overheads £'000	<b>Total</b> £'000
External revenue					
– Existing operations	6,140	2,968	5,217	-	<b>14,325</b>
– Sale of inventory	-	-	-	-	-
– Business acquisitions	-	3,479	719	-	<b>4,198</b>
<b>Total</b>	<b>6,140</b>	<b>6,447</b>	<b>5,936</b>	<b>-</b>	<b>18,523</b>
Depreciation and amortisation	18	363	6	-	<b>387</b>
<b>Operating Profit</b>	<b>4,435</b>	<b>5,454</b>	<b>2,454</b>	<b>(2,938)</b>	<b>9,405</b>
Share of results in associates	-	185	-	-	<b>185</b>
Distribution income	-	694	-	-	<b>694</b>
Interest income	-	36	89	20	<b>145</b>
Interest payable	-	(730)	(1,616)	-	<b>(2,346)</b>
<b>Profit/(loss) before tax</b>	<b>4,435</b>	<b>5,639</b>	<b>927</b>	<b>(2,918)</b>	<b>8,083</b>
<b>Analysed as:</b>					
Before performance fees and related items	1,605	4,489	2,272	(963)	<b>7,403</b>
Negative goodwill Felix	-	1,123	-	-	<b>1,123</b>
Negative goodwill Gdynia Podolska and Corktree	-	716	-	-	<b>716</b>
Fair value adjustment	-	-	(876)	-	<b>(876)</b>
Depreciation	-	(357)	-	-	<b>(357)</b>
Performance fees	3,365	-	-	-	<b>3,365</b>
Staff incentives	(535)	(194)	(184)	(1,955)	<b>(2,868)</b>
Realised foreign currency gain	-	(138)	(285)	-	<b>(423)</b>
<b>Total</b>	<b>4,435</b>	<b>5,639</b>	<b>927</b>	<b>(2,918)</b>	<b>8,083</b>
Assets - Group	1,633	84,478	58,522	6,301	<b>150,934</b>
Assets- associates	-	979	-	(308)	<b>671</b>
Liabilities	(289)	(72,437)	(45,666)	(2,194)	<b>(120,586)</b>
Net assets	1,344	13,020	12,856	3,799	<b>31,019</b>
<b>Additions to non-current assets</b>					
Property, plant and equipment	14	-	-	-	<b>14</b>
Investment properties	-	66,909	8,864	-	<b>75,773</b>
Investments	-	353	-	-	<b>353</b>
Interest in associates	-	-	-	-	<b>-</b>

# FINAL RESULTS – 2015

## Segment reporting 2014

	Property fund management £'000	Group properties and other co- investments £'000	Group fund properties "FOP" £'000	Unallocated central overheads £'000	Total £'000
External revenue					
– Existing operations	4,268	2,440	2,246	-	8,954
– Sale of inventory	-	8,050	-	-	8,050
– Business acquisitions	-	-	1,041	-	1,041
<b>Total</b>	<b>4,268</b>	<b>10,490</b>	<b>3,287</b>	<b>-</b>	<b>18,045</b>
Depreciation and amortisation	(21)	(7)	(3)	-	(31)
<b>Operating Profit</b>					
– Existing operations	2,630	5,010	1,388	(2,413)	6,615
– Business acquisitions	-	-	611	-	611
<b>Total</b>	<b>2,630</b>	<b>5,010</b>	<b>1,999</b>	<b>(2,413)</b>	<b>7,226</b>
Share of results in associates	-	190	-	-	190
Profit on disposal of asset held for resale	-	-	-	28	28
Dividend income	-	63	-	-	63
Interest income	-	76	40	32	148
Interest payable	-	(251)	(806)	-	(1,057)
<b>Profit/(loss) before tax</b>	<b>2,630</b>	<b>5,088</b>	<b>1,233</b>	<b>(2,353)</b>	<b>6,598</b>
<b>Analysed as:</b>					
Before performance fees and related items	2,592	5,157	1,288	(830)	8,207
Performance fees	451	-	-	-	451
Staff incentives	(413)	(69)	(55)	(1,523)	(2,060)
Realised foreign currency gain	-	-	-	-	-
<b>Total</b>	<b>2,630</b>	<b>5,088</b>	<b>1,233</b>	<b>(2,353)</b>	<b>6,598</b>
Assets - Group	1,241	16,983	54,890	6,602	79,716
Assets- associates	-	983	-	(308)	675
Liabilities	(884)	(10,935)	(43,587)	(1,523)	(56,929)
Net assets	357	7,031	11,303	4,771	23,462
<b>Additions to non-current assets</b>					
Property, plant and equipment	41	19	-	-	60
Investment properties	-	-	28,717	-	28,717
Investments	-	849	-	-	849
Interest in associates	-	-	-	-	-

Interest income from the cash that is 100% controlled is not allocated to a separate segment, because cash is managed centrally, and is netted off against unallocated central overheads. Head office costs and overheads that are common to all segments are shown separately under unallocated central overheads. Assets, liabilities and costs which relate to Group central activities have not been allocated to business segments.

The geographic location of physical non-current assets is UK £2,229,000 (2014: £2,424,000), Poland £109,568,000 (2014: £48,934,000) and Romania £5,080,000 (2014: £Nil).



## FINAL RESULTS – 2015

### 4. Business acquisitions

The Group directly made three acquisitions:

- On 27 July 2014 the Group took control of Felix Development SRL. Felix owns three properties located in Romania; and
- On 15 December 2014 the Group acquired a beneficial interest in the entire issued share capital in Corktree Sp z.o.o and Gdynia Podolska Sp. z.o.o. for €2.65m and €2.25m respectively. Both Corktree's and Gdynia Podolska's main assets are office buildings in Poland.

The Group's subsidiary Fprop Opportunities plc (FOP) made one further acquisition during the year. On 19 September 2014 it acquired all the share capital in Zinga Poland Sp. z.o.o for €378,000. Zinga's main asset is an office block in Warsaw, Central Poland.

Following all four purchases a total of £1.84m of negative goodwill was generated.

	Felix £'000	Zinga £'000	Gdynia Podolska £'000	Corktree £'000	31 March 2015 £'000
<b>Acquisitions of net assets acquired at fair value</b>					
Cash	437	310	1,501	807	3,055
Trade and other receivables	102	438	1,029	1,048	2,617
Share in subsidiary	-	-	-	19	19
Investment property	5,547	8,846	33,137	27,860	75,390
Trade and other payables	(369)	(204)	(389)	(972)	(1,934)
Tax liabilities	(53)	(52)	(52)	99	(58)
Financial liabilities	(3,566)	(9,013)	(32,204)	(26,401)	(71,184)
Tenant deposits	(440)	(29)	(885)	(74)	(1,428)
Fair value of goodwill	(1,123)	(2)	(392)	(322)	(1,839)
Foreign exchange reserve	-	-	-	-	-
Total purchase price paid in cash	535	294	1,745	2,064	4,638
Cash paid on acquisitions	(535)	(294)	(1,745)	(2,064)	(4,638)
Cash and cash equivalents acquired on purchases	437	310	1,501	807	3,055
Acquisitions net of cash and cash equivalents acquired	(98)	16	(244)	(1,257)	(1,583)

### 5. Tax expense

	2015 £'000	2014 £'000
<b>Analysis of tax charge for the year</b>		
Current tax	(525)	(761)
Deferred tax	853	(201)
Total tax charge for the year	328	(962)

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

Brought forward tax losses, have been utilised and partially offset against profits arising in the UK. These tax losses were not previously recognised as a deferred tax asset due to insufficient foreseeable taxable income being earned in the UK.

As a result of the above the effective tax rate for the Group is -4.1% (2014:15%).

The deferred tax credit is largely attributable to the acquisitions of Corktree and Gdynia Podolska during the year. This has been created as a result of the nil value paid for the deferred tax asset on acquisition. The deferred tax asset has been restricted to two years worth of profits.

## FINAL RESULTS – 2015

### 6. Earnings/NAV per share

	2015	2014
Basic earnings per share	7.21p	4.75p
Diluted earnings per share	6.93p	4.53p
	£'000	£'000
Basic earnings	8,172	5,281
Diluted earnings assuming full dilution	8,187	5,298

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

	2015 Number	2014 Number
Weighted average number of Ordinary shares in issue (used for basic earnings per share calculation)	113,348,847	111,265,093
Number of share options assumed to be exercised	4,850,000	5,750,000
Total number of ordinary shares used in the diluted earnings per share calculation	118,198,847	117,015,093

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

	2015 £'000	2014 £'000
<b>Basic earnings per share</b>		
Basic earnings	8,172	5,281
<b>Diluted earnings per share</b>		
Basic earnings	8,172	5,281
Notional interest on share options assumed to be exercised	15	17
Diluted earnings	8,187	5,298

	2015	2014
<b>Net assets per share</b>	26.30p	20.00p
<b>Adjusted Net assets per share</b>	35.75p	24.80p

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

<b>Net assets per share</b>	Number	Number
Number of shares in issue at year end	113,792,541	112,952,158
	£'000	£'000
Net assets excluding non controlling interest	29,925	22,567
<b>Adjusted net assets per share</b>	Number	Number
Number of shares in issue at year end	113,792,541	112,952,158
Number of share options assumed to be exercised	4,850,000	5,750,000
<b>Total</b>	118,642,541	118,702,158
<b>Adjusted net assets per share</b>	£'000	£'000
Net assets excluding non controlling interest	29,925	22,567
Adjustments for market value of assets and debt	12,488	6,869
<b>Total</b>	42,413	29,436

## FINAL RESULTS – 2015

### 7. Goodwill

	<b>2015 Group £'000</b>	<b>2014 Group £'000</b>
At 1 April	<b>153</b>	114
Additions	-	39
At 31 March	<b>153</b>	153

### 8. 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 €176.73 million (2014: €63.96 million), the Sterling equivalent at closing foreign exchange rates being £127.86 million (2014: £52.88 million). On acquisition of the Gdynia Podolska property during the year 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.

	<b>2015 Group £'000</b>	<b>2014 Group £'000</b>
<b>Investment properties</b>		
At 1 April	<b>48,759</b>	20,349
Business acquisitions	<b>75,390</b>	28,116
Capital expenditure	<b>383</b>	46
Purchase additions	-	555
Depreciation	<b>(357)</b>	-
Fair value adjustment	<b>(876)</b>	-
Foreign exchange translation	<b>(9,037)</b>	(307)
At 31 March	<b>114,262</b>	48,759

## FINAL RESULTS – 2015

### 9. Investment in associates and other financial assets

The Group has the following investments:

	2015 Group £'000	2014 Group £'000
<b>a) Associates</b>		
At 1 April	675	615
Disposals	-	(23)
Share of associates profit after tax	185	190
Dividends received	(189)	(107)
At 31 March	671	675

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:

	2015 Group £'000	2014 Group £'000
<b>Investments in associates</b>		
5 <sup>th</sup> Property Trading Ltd	827	863
Regional Property Trading Ltd	152	120
	979	983
Less: Share of profit after tax withheld on sale of property to 5 <sup>th</sup> Property Trading Ltd in 2007	(308)	(308)
	671	675

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 by £504,000 (2014: £775,000) to £1,175,000 (2014: £1,450,000).

	2015 Group £'000	2014 Group £'000
<b>b) Other financial assets and investments</b>		
At 1 April	1,706	892
Additions	353	849
Disposals	(565)	(35)
Increase in fair value during the year	37	-
At 31 March	1,531	1,706

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

	2015 Group £'000	2014 Group £'000
<b>Group properties for resale at cost</b>		
At 1 April	12,304	8,591
Purchases	-	4,428
Capital expenditure	258	46
Disposals	-	-
Foreign exchange translation	77	(761)
At 31 March	12,639	12,304

## FINAL RESULTS – 2015

### 11. Trade and other receivables

	2015 Group £'000	2014 Group £'000
<b>Current assets</b>		
Trade receivables	1,655	3,305
Other receivables	3,147	502
Prepayments and accrued income	942	328
	<b>5,744</b>	<b>4,135</b>
<b>Non-current assets</b>		
Other receivables	283	400

### 12. Trade and other payables

	2015 Group £'000	2014 Group £'000
<b>Current liabilities</b>		
Trade payables	2,605	1,139
Other taxation and social security	580	289
Other payables and accruals	4,938	2,780
Deferred income	11	16
	<b>8,134</b>	<b>4,224</b>

### 13. Financial liabilities

	2015 £'000	2014 £'000
<b>Current liabilities</b>		
Bank loan	9,382	3,840
Finance leases	2,406	509
	<b>11,788</b>	<b>4,349</b>
<b>Non-current liabilities</b>		
Loans repayable by subsidiary (FOP) to third party shareholders	1,936	2,229
Bank loans	50,610	32,322
Finance leases	45,379	12,661
	<b>97,925</b>	<b>47,212</b>
	<b>2015 £'000</b>	<b>2014 £'000</b>
<b>Total obligations under bank loans and finance leases</b>		
Repayable within one year	11,788	4,349
Repayable within one and five years	57,928	35,106
Repayable after five years	39,997	12,106
	<b>109,713</b>	<b>51,561</b>

Loans repayable by FOP to third party shareholders are repayable in October 2020.

Seven bank loans and three finance leases (all denominated in foreign currencies) totalling £107,777,000 (2014: £49,332,000) 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](http://www.fprop.com)). Further copies can be obtained from the registered office at 35 Old Queen Street, London, SW1H 9JA.