

Date: 9 June 2016
 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 2016

First Property Group plc (AIM: FPO), the property fund manager and investor, today announces its preliminary results for the twelve months ended 31 March 2016.

Financial Summary:

	Unaudited year to 31 March 2016	Audited year to 31 March 2015	Percentage change
Income Statement:			
Revenue	£21.96m	£18.52m	+18.6%
Statutory profit before tax	£7.35m	£8.08m	-9.0%
Non-recurring income	£1.29m	£3.99m	
Diluted earnings per share	4.28p	6.93p	-38.2%
Total dividend per share	1.50p	1.35p	+11.1%
Average € / £ rate	1.363	1.285	-6.1%
Balance Sheet at year-end:			
Net assets	£34.09m	£31.02m	+9.9%
Net assets per share	27.75p	26.30p	+5.5%
Adjusted net assets per share*	43.01p	35.75p	+20.3%
Cash balances	£8.98m	£12.24m	-26.6%
Period-end € / £ rate	1.261	1.382	+8.8%
Group Direct Property Portfolio at year-end: (excludes the Group's non-controlling interests in six other FPAM managed funds)			
Book value	£134.53m	£126.90m	+6.0%
Market value	£156.92m	£142.04m	+10.5%
Gross debt (non-recourse to Group)	£114.82m	£107.78m	+6.5%
LTV%	73.17%	75.88%	
Total Assets Under Management:			
	£353m	£327m	+8.0%
Poland	51%	65%	
United Kingdom	44%	33%	
Romania	5%	2%	

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

Highlights:

- Total assets under management grew by 8% to £353 million, despite major fund expiry;
- UK PPP fund life extended by five years to February 2022;
- Two new investment companies established which invested €24.08 million in a shopping centre in Swinoujście, in Poland and €10.31 million in nine Lidl supermarkets in Romania respectively;
- Good cash generation – Group cash balances decreased by £3.26 million but would have increased by some 15.4% to £14.13 million had the loan of €6.5 million (£5.15 million) made to Fprop Romanian Supermarkets Ltd been included. This loan was repaid after the year-end;

- Improved earnings visibility – 94.8% of revenue now of a recurring nature (2015: 81.8%);
- Total annualised fund management fees of £1.68 million at the year-end (2015: £1.35 million), with a weighted average unexpired fund management contract term of 6 years, 6 months (2015: 2 years, 10 months);
- Final dividend increased to 1.115 pence per share (2015: 1 penny per share), an increase of 11.5%, which together with the interim dividend of 0.385 pence per share (2015: 0.35 pence per share) equates to a dividend for the year of 1.50 pence per share (2015: 1.35 pence per share);
- The impact of a weaker Euro versus Sterling during the year resulted in profit before tax being some £671,000 lower than if translated at last year's rate;
- Funds under management once again ranked No.1 versus MSCI's Investment Property Databank (IPD) Central & Eastern Europe (CEE) Benchmark, now for the ten years from 2005 to 31 December 2015, and for the annualised periods from 2005 to the end of each of the years between 31 December 2008 and 31 December 2015.

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

The Group is trading well across the board and the number and value of assets under management is increasing.

In the financial year just ended the Group benefitted from a full year of contributions from the investments made by it and Fprop Opportunities plc in the previous financial year, all of which have yielded income at or above our expectations at the time of their purchase and are, without exception, valued at levels exceeding their acquisition prices. The recurring nature of these earnings should enable us to build on the impressive increase in adjusted net assets, which together with dividend payments has averaged 21% per annum since 1 April 2008, the onset of the credit crunch.

The markets in which we operate are generally buoyant and offer interesting investment opportunities which we hope to capitalise on in due course.

A briefing for analysts will be held at 10.30hrs today at the Group's headquarters, 32 St James's Street, London, SW1A 1HD. A conference call facility will also be available on +44 (20) 3364 5721, passcode: 811985. 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.

For further information please contact:

First Property Group plc

Ben Habib (Chief Executive Officer)
George Digby (Group Finance Director)
Jeremy Barkes (Director, Business Development)

Tel: +44 (20) 7340 0270

www.fprop.com
investor.relations@fprop.com

Arden Partners (NOMAD & Broker)

Chris Hardie (Director, Corporate Finance)
Ben Cryer (Corporate Finance)

Tel: +44 (20) 7614 5900

Redleaf Communications (PR)

Henry Columbine / Rebecca Sanders-Hewett /
Susie Hudson

Tel: +44 (20) 7382 4747

firstproperty@redleafpr.com

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 on behalf of third parties in property;
 - Management fees are levied by reference to the value of properties under management;

- Performance fees are levied where appropriate, usually payable upon realisation of profits above an agreed hurdle.
- Group Properties – principal investments by the Group to earn a return on its own capital, usually in partnership with third parties.

FPAM funds rank No.1 versus MSCI's Investment Property Databank (IPD) Central & Eastern Europe (CEE) Benchmark for the ten years from the commencement of its operations in Poland in 2005 to 31 December 2015, and for the annualised periods from 2005 to the end of each of the years between 31 December 2008 and 31 December 2015.

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.

CHIEF EXECUTIVE'S STATEMENT

Financial Results

I am pleased to report final results for the twelve months ended 31 March 2016.

Revenue earned by the Group increased to £21.96 million (2015: £18.52 million) yielding a profit before tax of £7.35 million (2015: £8.08 million). The decrease in profit before tax is principally attributable to the reduction in the contribution made by Fprop PDR which has now wound down its activities. This reduction was, to a material extent, offset by the increased contribution made by Group Properties.

Diluted earnings per share were 4.28 pence (2015: 6.93 pence), the decrease being principally due to a one off deferred tax credit of £992,000 relating to acquisitions in 2015.

The Group ended the period with reported net assets of £34.09 million (2015: £31.02 million). It is the accounting policy of the Group to carry its direct 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 £51.03 million (2015: £42.41 million). The increase in net assets is attributable mainly to higher property values and a stronger Euro versus Sterling at the year-end.

Group cash balances stood at £8.98 million (2015: £12.24 million) at the year-end but would have been some £14.13 million had the loan of €6.5 million (£5.15 million) made to Fprop Romanian Supermarkets Ltd been included. This loan was repaid after the year-end. Of the cash balances at year-end, £4.76 million (2015: £3.26 million) was held by Fprop Opportunities plc (FOP, 76.2% owned by the Group) and £635,000 (2015: £573,000) was held by Corp Sp. z o.o. (the property management company for Blue Tower in Warsaw, 90% owned by the Group).

Dividend

The Directors have resolved to recommend increasing the final dividend to 1.115 pence per share (2015: 1 penny per share), an increase of 11.5%, which together with the interim dividend of 0.385 pence per share (2015: 0.35 pence per share) equates to a dividend for the year of 1.50 pence per share (2015: 1.35 pence per share).

The proposed final dividend will be paid on 30 September 2016 to shareholders on the register at 2 September 2016, and is subject to shareholder approval at the forth coming annual general meeting.

REVIEW OF OPERATIONS

Key Points

The year just ended marked a period of financial consolidation for the Group during which the visibility of its earnings has increased, with some 94.8% (2015: 81.8%) of revenue now of a recurring nature. This increase in the level of recurring earnings is primarily the result of a full year of contributions from the investments made by the Group and Fprop Opportunities plc (FOP).

The average € / £ rate during the year was 6.1% lower at €1.363 (2015: €1.285). This resulted in Group profit before tax being £671,000 lower than if translated at last year's rate.

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

As at 31 March 2016 aggregate assets under management, calculated by reference to independent third party valuations, stood at £353 million (2015: £327 million), including some £156 million (2015: £142 million) of properties owned directly by the Group. Of these, 51% (2015: 65%) were located in Poland, 44% (2015: 33%) in the UK, and 5% (2015: 2%) in Romania.

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 2015	108.3	76.8	185.1	44	142.0	11	327.1	55
Purchases	49.1	-	49.1	10	-	-	49.1	10
Sales	(3.6)	-	(3.6)	(1)	-	-	(3.6)	(1)
New fund mandates	-	26.9	26.9	10	-	-	26.9	10
Expiring fund mandate	-	(62.9)	(62.9)	(13)	-	-	(62.9)	(13)
Property Depreciation	-	-	-	-	(1.5)	-	(1.5)	-
Property Revaluation	0.9	(0.6)	0.3	-	2.8	-	3.1	-
FX Revaluation	-	1.3	1.3	-	13.6	-	14.9	-
As at 31 March 2016	154.7	41.5	196.2	50	156.9	11	353.1	61

Fund management fees are levied monthly by FPAM by reference to the value of funds under management excluding cash and cash commitments, with the exception of Fprop PDR (which levies performance fees on realised profits only).

Revenue earned by this division amounted to £2.90 million (2015: £6.14 million), resulting in a profit before unallocated central overheads and tax of £1.38 million (2015: £4.44 million) and representing 14% (2015: 40%) of Group profit before unallocated central overheads and tax.

The decline in revenue was principally the result of lower fees earned from the following funds:

1. Fprop PDR – from which we earned performance fees of £0.9 million (2015: £3.37 million). We have sold all eight investments made by this fund and we do not expect to earn further fees from it.
2. USS Fprop Managed Property Portfolio – from which we earned fees of £301,000 (2015: £1.54 million) prior to the expiry of the fund management contract in August 2015.

At the year-end FPAM's fund management fee income, excluding performance fees, was being earned at an annualised rate of £1.68 million (2015: £1.35 million), with a weighted average unexpired fund management contract term of 6 years, 6 months (2015: 2 years, 10 months).

First Property Asset Management Ltd (FPAM) now manages nine (2015: eight) closed-end funds and joint venture investments. A brief synopsis of the value of assets and maturity of each of these vehicles is set out below:

Fund	Country of investment	Fund expiry	Assets under management at market value at 31 March 2016	% of total assets under management	Assets under management at market value at 31 March 2015
			£m.		£m.
Sam Property Company Ltd (SAM)	UK	Rolling	*	*	*
Regional Property Trading Ltd (RPT)	Poland	Aug 2020	6.83	1.9%	6.21
5 th Property Trading Ltd (5PT)	Poland	Dec 2017	7.77	2.2%	7.68
UK Pension Property Portfolio LP (UK PPP)	UK	Feb 2022	94.93	27.0%	94.35
Fprop PDR LP	UK	May 2018	-	-	3.61
			(commitment of £42m)		
SIPS Property Nominee Ltd	UK	Jan 2025	59.80	16.9%	10.33
			(commitment of £125m)		
NEW – Fprop Romanian Supermarkets Ltd	Romania	Jan 2026	8.17	2.3%	-
NEW – Fprop Galeria Corso Ltd	Poland	Mar 2026	18.68	5.3%	-
EXPIRING – USS Contract	Poland	Aug 2015	-	-	62.9
Sub Total			196.18	55.6%	185.08
Fprop Opportunities plc (FOP)	Poland	Oct 2020	61.46	17.4%	54.44
Group properties (excluding FOP)	Poland & Romania	n/a	95.47	27.0%	87.6
Sub Total			156.93	44.4%	142.04
Total			353.11	100%	327.12

* Not subject to recent revaluation

Independent Fund Performance Analysis:

Our investments in Poland and Romania once again ranked No.1 against MSCI's Investment Property Databank (IPD) Central & Eastern Europe (CEE) Benchmark, now for the ten years from the commencement of our operations in Poland in 2005 to 31 December 2015, and for the annualised periods from 2005 to the end of each of the years between 31 December 2008 and 31 December 2015.

We were also:

- awarded “Best fund manager” by Alternative Investment Awards and by Acquisition International; and
- shortlisted for awards by Pensions Age, Property Week and Property Investor Europe.

GROUP PROPERTIES

Group Properties comprise eleven commercial properties held directly by the Group (including five held by FOP (in which the Group is a 76.2% shareholder), and non-controlling interests in six of the nine 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 at 31 March 2016:

Property / Country	No. of properties	Book value	Market value	Contribution to Group profit before tax - year to 31 March 2016	Contribution to Group profit before tax - year to 31 March 2015
		£m.	£m.	£m.	£m.
Poland	3	74.6	86.9	5.7	2.7
Romania	3	5.5	8.5	0.9	0.6
FOP (Poland – consolidated undertaking).	5	54.4	61.5	3.3	1.5
Total	11	134.5	156.9	9.9	4.8

2. Non-controlling interests in funds and joint ventures managed by FPAM at 31 March 2016:

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 2016	Group's share of pre-tax profits earned by fund 31 March 2015
		£'000	£'000	£'000	£'000
Interest in associates					
5 th Property Trading Ltd (5PT)	37.8%	563	923	121	153
Regional Property Trading Ltd (RPT)	28.6%	159	219	20	32
Fprop Romanian Supermarkets Ltd	24.1%	737	802	12	Nil
Fprop Galeria Corso Ltd	28.2%	1,585	1,607	17	Nil
Share of results in associates		3,044	3,551	170	185
Investments					
UK Pension Property Portfolio LP (UK PPP)	0.9%	900	900	60	64
Fprop PDR LP	4.9%	13	13	163	630
Sub Total		913	913	223	694
Total		3,957	4,464	393	879

Revenue from Group Properties, including FOP, amounted to £19.06 million (2015: £12.38 million), generating a profit before unallocated central overheads and tax of £8.85 million (2015: £6.57 million) and representing 87% (2015: 60%) of Group profit before unallocated central overheads and tax. The increase in revenue and profit before tax prior to the deduction of unallocated central overhead costs was primarily attributable to a full year of income from investments made by the Group and FOP.

The contribution to Group earnings by the eleven directly held properties is detailed below:

	Year to 31 March 2016 €m.	Year to 31 March 2015 €m.
Net operating income (NOI)	19.74	11.08
Interest expense on bank loans / finance leases	(3.59)	(2.70)
NOI after interest expense	16.15	8.38
Current tax	(1.25)	(0.56)
Debt amortisation	(7.11)	(4.14)
Capital expenditure	(1.94)	(0.71)
Free cash	5.85	2.97
Market value of properties	€197.92	€196.33
Average yield on market value	9.97%	5.64%*
Bank loans/ finance leases outstanding	€144.82	€148.97
Loan to value (LTV)	73.17%	75.88%
Weighted average unexpired lease term (WAULT)	4 yrs, 1 mth	4 yrs, 9mths
Vacancy rate	2.4%	4.1%

* reflects partial contributions to NOI from the six acquisitions not held for the full year.

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 the loans. A one percentage point increase from current market interest rates would increase the annual interest bill by £663,000 per annum. The current weighted average borrowing cost is 2.96% (2015: 3.10%)

The income return from our six minority shareholdings in funds managed by FPAM contributed £393,000 to Group profit before tax prior to the deduction of unallocated central overheads, representing 3.8% of the contribution by Group Properties. This should increase as we benefit from a full period contribution from the two new investments in Fprop Romanian Supermarkets Ltd and Fprop Galeria Corso Ltd, which were established in the second half of the year.

Commercial property markets outlook

Poland:

GDP is forecast to grow by 3.9% in 2016 and 3.5% in 2017, maintaining its status as one of Europe's fastest growing economies. Inflation is beginning to trend upwards and is expected to turn positive later this year. Government debt as a percentage of GDP remains relatively low at some 52%.

The election of a new populist government in October 2015 has, however, resulted in increased fiscal risks which have led to increased volatility in the price of Polish government bonds and the Zloty and the downgrading of the country's credit rating by S&P from A- to BBB+.

Rent levels for office property in Warsaw and other main cities have generally softened over the past couple of years, as the pace of new development has increased. Capital values for prime property have increased but for good secondary property, of the sort we favour, values remain largely unchanged from their credit crunch lows, yielding some 2% per annum more than equivalent property in Western Europe. Transaction volumes in 2016 are expected to exceed the €4 billion recorded in 2015, which was the second highest year on record in Poland and the highest since the onset of the credit crunch.

Romania:

GDP is forecast to grow by 4.2% in 2016 and 3.7% in 2017, as the economy recovers from the credit crunch. Average net wages grew by some 20% in 2015 and private consumption is accelerating, aided by cuts in VAT from 24% to 20%, and from 24% to 9% on food sales. Inflation is not expected to turn positive until 2017. Government debt as a percentage of GDP is low at 38%, the fifth lowest in the EU. Anti-corruption measures are being implemented with zeal – in 2015 the former Prime Minister Victor Ponta was forced to resign, five other ministers were indicted, as were twenty one members of the combined Houses of Parliament, and the Bucharest Mayor.

Such an economic and political backdrop should provide a favourable environment for property investment.

Occupier demand for commercial property is improving as the economy recovers and rent levels are broadly stable, subject to location. Transaction data in the investment market is thin but rising. Generally the mismatch between buyer and seller expectations which has been prevalent through the credit crunch still persists. However the banking market is improving and commercial property investment volumes in 2016 are expected to exceed those of 2015.

United Kingdom:

GDP growth slowed to 2.1% per annum in the first quarter and is forecast to grow at just over 2% per annum for the next few years, a figure which could be higher but for the continued scale of fiscal tightening required to eliminate the budget deficit. Occupier demand for commercial property continues to gradually improve, particularly in the South East. Yields for well let investment property are at post credit crunch lows and we are of the view that in general there is little room for further yield compression, but rather that future gains are more likely to come from rental growth. Transaction levels for investment property have declined in recent months. Attractive investment opportunities are hard to find and tend to require active management in order to add value.

CURRENT TRADING AND PROSPECTS

The Group is trading well across the board and the number and value of assets under management is increasing.

In the financial year just ended the Group benefitted from a full year of contributions from the investments made by it and Fprop Opportunities plc in the previous financial year, all of which have yielded income at or above our expectations at the time of their purchase and are, without exception, valued at levels exceeding their acquisition prices. The recurring nature of these earnings should enable us to build on the impressive increase in adjusted net assets, which together with dividend payments has averaged 21% per annum since 1 April 2008, the onset of the credit crunch.

The markets in which we operate are generally buoyant and offering interesting investment opportunities which we hope to capitalise on in due course.

Ben Habib
Chief Executive
9 June 2016

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 (unaudited) Total results £'000	Year ended 31 March 2015 (audited) Total results £'000
Revenue - existing operations		21,955	14,325
- business acquisitions		-	4,198
		21,955	18,523
Cost of sales		(4,255)	(3,156)
Gross profit		17,700	15,367
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		462	(876)
Operating expenses		(8,404)	(6,925)
Operating profit		9,758	9,405
Share of results in associates		170	185
Distribution income		223	694
Interest income	4	126	145
Interest expense	4	(2,931)	(2,346)
Profit before tax		7,346	8,083
Tax (charge)/ credit	5	(1,687)	328
Profit for the year		5,659	8,411
Attributable to:			
Owners of the parent		5,008	8,172
Non-controlling interest		651	239
		5,659	8,411
Earnings per share:			
Basic	6	4.37p	7.21p
Diluted	6	4.28p	6.93p

All operations are continuing.

**CONSOLIDATED SEPARATE STATEMENT
OF OTHER COMPREHENSIVE INCOME
for the year ended 31 March 2016**

	Year ended 31 March 2016 (unaudited) Total results £'000	Year ended 31 March 2015 (audited) Total results £'000
Profit for the year	5,659	8,411
Other comprehensive income		
Exchange differences on retranslation of foreign subsidiaries	(1,346)	272
Revaluation of available-for-sale financial assets	11	37
Taxation	-	-
Total comprehensive income for the year	4,324	8,720
Total comprehensive income for the year attributable to:		
Owners of the parent	3,486	8,505
Non-controlling interest	838	215
	4,324	8,720

CONSOLIDATED BALANCE SHEET
As at 31 March 2016

	Notes	As at 31 March 2016 (unaudited) £'000	As at 31 March 2015 (audited) £'000
Non-current assets			
Goodwill	7	153	153
Investment properties	8	120,718	114,262
Property, plant and equipment		186	43
Interest in associates	9(a)	3,044	671
Other financial assets	9(b)	914	1,531
Other receivables	11	186	283
Deferred tax assets		3,016	3,803
Total non-current assets		128,217	120,746
Current assets			
Inventories – land and buildings	10	13,894	12,639
Current tax assets		56	236
Trade and other receivables	11	10,128	5,744
Cash and cash equivalents		8,975	12,240
Total current assets		33,053	30,859
Current liabilities			
Trade and other payables	12	(7,938)	(8,134)
Financial liabilities	13	(7,668)	(11,788)
Current tax liabilities		(200)	(108)
Total current liabilities		(15,806)	(20,030)
Net current assets		17,247	10,829
Total assets less current liabilities		145,464	131,575
Non-current liabilities:			
Financial liabilities	13	(108,992)	(97,925)
Deferred tax liabilities		(2,382)	(2,631)
Net assets		34,090	31,019
Equity			
Called up share capital		1,166	1,149
Share premium		5,773	5,505
Foreign exchange translation reserve		(2,151)	(618)
Revaluation reserve		(38)	(49)
Share-based payment reserve		203	203
Retained earnings		27,231	23,735
Equity attributable to the owners of the parent		32,184	29,925
Non-controlling interest		1,906	1,094
Total equity		34,090	31,019
Net assets per share	6	27.75p	26.30p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016

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 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 interest	-	-	-	-	-	-	(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
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
Fair value (or revaluation) gains on available-for-sale financial assets to profit or loss	-	-	-	-	-	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)
At 31 March 2015	1,149	5,505	203	(618)	(173)	(49)	23,908	1,094	31,019

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2016

	Notes	2016 Group £'000	2015 Group £'000
Cash flows from operating activities			
Operating profit		9,758	9,405
Adjustments for:			
Depreciation of investment property and property plant & equipment		1,704	384
Fair value adjustment on investment properties		(462)	876
Negative goodwill		-	(1,839)
(Increase)/decrease in inventories		(291)	(258)
Decrease/(increase) in trade and other receivables		903	(486)
Increase/(decrease) in trade and other payables		(356)	577
Other non-cash adjustments		460	84
Cash generated from operations		11,716	8,743
Taxes paid		(922)	(826)
Net cash flow from operating activities		10,794	7,917
Cash flow from/ (used in) investing activities			
Purchase of investments	9(b)	-	(353)
Capital expenditure on investment properties	8	(1,216)	(383)
Proceeds from partial disposal of available-for-sale assets	9(b)	628	565
Purchase of property, plant & equipment		(197)	(14)
Cash paid on control/ acquisitions of new subsidiaries		-	(4,638)
Cash and cash equivalents received on control/ acquisitions of new subsidiaries		-	3,055
Investment in shares of new associates	9(a)	(2,293)	-
Interest received	4	126	145
Dividends from associates	9(a)	90	189
Distributions received		223	694
Net cash flow from/ (used in) investing activities		(2,639)	(740)
Cash flow from/ (used in) financing activities			
Net repayment of shareholder loan in subsidiary		(95)	(293)
Proceeds from bank loan		8,993	3,547
Repayment of bank loans		(9,341)	(4,574)
Short term loan to an associate		(4,729)	-
Repayment of finance lease		(2,446)	(1,202)
Sale of shares held in treasury		80	144
Proceeds from the issue of share capital		275	-
Interest paid		(2,825)	(2,266)
Dividends paid		(1,582)	(1,291)
Dividends paid to non-controlling interest		(26)	(16)
Net cash flow from/ (used in) financing activities		(11,696)	(5,951)
Net (decrease)/ increase in cash and cash equivalents		(3,541)	1,226
Cash and cash equivalents at the beginning of the year		12,240	11,279
Currency translation gains/ (losses) on cash and cash equivalents		276	(265)
Cash and cash equivalents at the year-end		8,975	12,240

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 2016. These are consistent with the policies applied for the year ended 31 March 2015. 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 2015 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 8 June 2016.

2. Revenue

Revenue from continuing operations consists of revenue arising in the United Kingdom 10% (2015: 20%), Poland 82% (2015: 74%) and Romania 8% (2015: 6%). All revenue relates solely to the Group's principal activities.

3. Segment reporting 2016

	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:					
Before performance fees and related 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
Inventories	-	291	-	-	291
Investments	-	-	-	-	-
Interest in associates	-	2,293	-	-	2,293

Segment reporting 2015-

	Property fund management	Group properties and other co-investments	Group fund properties "FOP"	Unallocated central overheads	Total
	£'000	£'000	£'000	£'000	£'000
External revenue					
– Existing operations	6,140	2,968	5,217	-	14,325
– Sale of inventory	-	-	-	-	-
– Business acquisitions	-	3,479	719	-	4,198
Total	6,140	6,447	5,936	-	18,523
Depreciation and amortisation	(18)	(360)	(6)	-	(384)
Operating profit	4,435	5,454	2,454	(2,938)	9,405
Share of results in associates	-	185	-	-	185
Distribution income	-	694	-	-	694
Interest income	-	36	89	20	145
Interest payable	-	(730)	(1,616)	-	(2,346)
Profit/ (loss) before tax	4,435	5,639	927	(2,918)	8,083

Analysed as:					
Before performance fees and related items	1,605	4,489	2,272	(963)	7,403
Negative goodwill on refinancing of subsidiary	-	1,123	-	-	1,123
Negative goodwill on acquisition of subsidiaries	-	716	-	-	716
Fair value adjustment to investment properties	-	-	(876)	-	(876)
Depreciation	-	(357)	-	-	(357)
Performance fees	3,365	-	-	-	3,365
Staff incentives	(535)	(194)	(184)	(1,955)	(2,868)
Realised foreign currency loss	-	(138)	(285)	-	(423)
Total	4,435	5,639	927	(2,918)	8,083

Assets - Group	1,633	84,478	58,522	6,301	150,934
Share of net assets of associates	-	979	-	(308)	671
Liabilities	(289)	(72,437)	(45,666)	(2,194)	(120,586)
Net assets	1,344	13,020	12,856	3,799	31,019

Additions to non-current assets					
Property, plant and equipment	8	-	-	-	8
Investment properties	-	66,909	8,864	-	75,773
Inventories	-	258	-	-	258
Investments	-	353	-	-	353
Interest in associates	-	-	-	-	-

4. Interest income

	2016	2015
	Group	Group
	£'000	£'000
Interest income – bank deposits	36	63
Interest income - other	90	82
Total interest income	126	145

	2016	2015
	Group	Group
	£'000	£'000
Interest expense – property loans	(2,254)	(1,730)
Interest expense – bank and other	(106)	(80)
Finance charges on finance leases	(571)	(536)
Total interest expense	(2,931)	(2,346)

5. Tax expense

	2016	2015
	£'000	£'000
Analysis of tax charge for the year		
Current tax	(1,203)	(525)
Deferred tax	(484)	853
Total tax charge for the year	(1,687)	328

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. As a result of this treatment the effective tax rate for the Group has increased to 23% (2015: -4.1%), which is higher than both the main stream corporation tax rates of 19% in Poland and 16% in Romania.

The deferred tax credit in the prior year was largely attributable to three acquisitions made during that year, amounting to £992,000. This was 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.

6. Earnings/ NAV per share

	2016	2015
Basic earnings per share	4.37p	7.21p
Diluted earnings per share	4.28p	6.93p
	£'000	£'000
Basic earnings	5,008	8,172
Diluted earnings assuming full dilution	5,016	8,187

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

	2016	2015
	Number	Number
Weighted average number of Ordinary shares in issue (used for basic earnings per share calculation)	114,543,523	113,348,847
Number of share options	2,700,000	4,850,000
Total number of Ordinary shares used in the diluted earnings per share calculation	117,243,523	118,198,847

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

	2016 £'000	2015 £'000
Basic earnings per share		
Basic earnings	5,008	8,172
Diluted earnings per share		
Basic earnings	5,008	8,172
Notional interest on share options assumed to be exercised	8	15
Diluted earnings	5,016	8,187

	2016	2015
Net assets per share	27.75p	26.30p
Adjusted net assets per share	43.01p	35.75p

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

Net assets per share	Number	Number
Number of shares in issue at year-end	115,967,111	113,792,541
Net assets per share	£'000	£'000
Net assets excluding non controlling interest	32,184	29,925

	Number	Number
Adjusted net assets per share		
Number of shares in issue at year-end	115,967,111	113,792,541
Number of share options assumed to be exercised	2,700,000	4,850,000
Total	118,667,111	118,642,541

	£'000	£'000
Adjusted net assets per share		
Net assets excluding non controlling interest	32,184	29,925
Investment properties at fair value net of deferred tax	16,338	11,018
Inventories at fair value net of deferred tax	1,795	1,248
Other items	716	222
Total	51,033	42,413

7. Goodwill

	2016 Group £'000	2015 Group £'000
At 1 April	153	153
Additions	-	-
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

	2016	2015
	Group	Group
	£'000	£'000
Investment properties		
At 1 April	114,262	48,759
Business acquisitions	-	75,390
Capital expenditure	1,216	383
Depreciation	(1,654)	(357)
Fair value adjustment	462	(876)
Foreign exchange translation	6,432	(9,037)
At 31 March	120,718	114,262

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 €177.73 million (2015: €176.73 million), the Sterling equivalent at closing foreign exchange rates being £140.91 million (2015: £127.86 million). 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:

	2016 Group £'000	2015 Group £'000
a) Associates		
At 1 April	671	675
Additions	2,293	-
Disposals	-	-
Share of associates profit after tax	170	185
Dividends received	(90)	(189)
At 31 March	3,044	671

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:

	2016 Group £'000	2015 Group £'000
Investments in associates		
5 th Property Trading Ltd	871	827
Regional Property Trading Ltd	159	152
Fprop Romanian Supermarkets Ltd	737	-
Fprop Galeria Corso Ltd	1,585	-
	3,352	979
Less: Share of profit after tax withheld on sale of property to 5 th Property Trading Ltd in 2007	(308)	(308)
	3,044	671

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 £3,551,159 (2015: £1,175,000).

	2016 Group £'000	2015 Group £'000
b) Other financial assets and investments		
At 1 April	1,531	1,706
Additions	-	353
Disposals	(628)	(565)
Increase in fair value during the year	11	37
At 31 March	914	1,531

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

	2016 Group £'000	2015 Group £'000
Group properties for resale at cost		
At 1 April	12,639	12,304
Purchases	-	-
Capital expenditure	291	258
Disposals	-	-
Foreign exchange translation	964	77
At 31 March	13,894	12,639

The Group's total interest in Blue Tower (an office block in Warsaw) is 48.2% with a fair value of £16.01 million (2015: £14.18 million), and is shown at cost under inventories.

11. Trade and other receivables

	2016 Group £'000	2015 Group £'000
Current assets		
Trade receivables	2,589	2,304
Less provision for impairment of receivables	(905)	(649)
Trade receivables net	1,684	1,655
Other receivables	7,554	3,147
Prepayments and accrued income	890	942
	10,128	5,744

Other receivables include 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	186	283

12. Trade and other payables

	2016 Group £'000	2015 Group £'000
Current liabilities		
Trade payables	2,189	2,605
Other taxation and social security	575	580
Other payables and accruals	5,163	4,938
Deferred income	11	11
	7,938	8,134

13. Financial liabilities

	2016 Group £'000	2015 Group £'000
Current liabilities		
Loans repayable by subsidiary (FOP) to third party shareholders	1,841	-
Bank loan	3,014	9,382
Finance leases	2,813	2,406
	7,668	11,788

Non-current liabilities		
Loans repayable by subsidiary (FOP) to third party shareholders	-	1,936
Bank loans	62,038	50,610
Finance leases	46,954	45,379
	108,992	97,925

	2016 Group £'000	2015 Group £'000
Total obligations under bank loans and finance leases		
Repayable within one year	7,668	11,788
Repayable within one and five years	93,150	57,928
Repayable after five years	15,842	39,997
	116,660	109,713

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 £114,819,000 (2015: £107,777,000) 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). Further copies can be obtained from the registered office at 32 St James's Street, London, SW1A 1HD.