



**Fprop plc**

**First Property Group plc**

Interim Report  
30 September

**2013**

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# Highlights

for the six months to 30 September 2013

## Financial Highlights

	Unaudited Six months to 30 Sept 2013	Unaudited Six months to 30 Sept 2012	Percentage change	Audited Year to 31 March 2013
Profit before tax	<sup>1</sup> £1.91m	£2.21m	-13.6%	£3.54m
Diluted earnings per share	<b>1.27p</b>	1.46p	-13.0%	2.18p
Total dividend	<b>0.33p</b>	0.33p	–	1.08p
<b>Profit before tax and central overheads by segment:</b>				
Property fund management (FPAM)	<b>£1.41m</b>	£1.46m	-3.4%	£2.84m
Group Properties (incl FOP)	<b>£0.89m</b>	£1.17m	-23.9%	£2.07m
Average €/£ rate in the period	<b>1.171</b>	1.249	+6.2%	1.226
Period-end €/£ rate	<b>1.196</b>	1.255	+4.7%	1.183
Net assets	<b>£19.45m</b>	£17.84m	+9.0%	£18.54m
Cash balances	<b>£10.60m</b>	£11.77m	-10.0%	£12.98m
Gross debt	<b>£25.11m</b>	£23.80m	+5.5%	£24.88m
Assets under management	<sup>2</sup> <b>£338m</b>	£347m	-2.6%	£353m
Poland	<b>71%</b>	69%		71%
UK	<b>26%</b>	28%		26%
Romania	<b>3%</b>	3%		3%

1 Impact of foreign currency translation on profit before tax: increase of £112,000 compared to the same period in 2012.

2 Impact of foreign currency translation on assets under management: decrease of £5.0 million since March 2013.

The decrease in profit before tax reflects the lost income and profit on sale from the disposal of the Group's own property in Mokotow, Warsaw, on 6 September 2012, amounting to £255,000 in total.

## Highlights continued

for the six months to 30 September 2013

### Operational Highlights:

- Continued good income generation of FPAM's properties under management. The total pre-tax income return on equity invested in our funds under management in Poland was 26.1% (2012: 21.1%) on an annualised basis. The total pre-tax income return on equity invested in our funds under management in the UK, which are ungeared, was 6.3% (2012: 6.5%) on an annualised basis.
- Acquisition by the Group of two office properties in Bracknell and Woking for a total consideration of £3.4 million, announced in July 2013. Subsequent grant of planning consent for their conversion to residential use, materially enhancing their value. This increase in value has yet to be recognised.

### Recent Developments:

- The establishment of a five year partnership with a global investment firm to invest £12 million of equity (with the intention of increasing this to £40 million) in offices in the UK with a view to converting these to residential use. The Group has agreed to invest 5% or up to £2 million in this partnership.
- Increased interest in Blue Tower by 19.7% from 28.5% to 48.2% and increased shareholding in the management company which controls it, CORP S.A., from 68% to 90%.

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

*"This has been a busy period for the Group, during which significant progress has been made. Whilst the benefit of securing planning consent for the conversion to residential use of the two office properties we acquired in the UK on behalf of the Group during the period, as well as increasing our investment in Blue Tower in Warsaw, are not recognised in these results, the positive impact of these important steps should be reflected in the full year results.*

*The new partnership established in order to acquire and convert office blocks to residential use should also bear fruit for us over the coming years.*

*Fprop Opportunities plc has significant cash reserves which we hope to invest during the remainder of this year and next, in high income generating Polish property.*

*Given the above, I look forward to 2014 and 2015 with optimism."*

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# Chief Executive's Statement

## Financial results

I am pleased to report interim results for the six months ended 30 September 2013.

Revenue earned by the Group amounted to £4.27 million (2012: £6.55 million) yielding a profit before tax of £1.91 million (2012: £2.21 million). The reduction in revenue and profit before tax is largely attributable to the sale last year, on 6 September 2012, of our office block in Mokotow, Warsaw, for £2.3 million, which contributed an aggregate of £255,000 to profit before tax in the comparative period, earned from net rental income and the profit on its disposal. Operating costs increased slightly and earnings derived from interest earned on the Group's cash balances reduced during the period under review.

Diluted earnings per share were 1.27 pence (2012: 1.46 pence).

The Group ended the period with net assets of £19.45 million (2012: £17.84 million). Its cash balance was £10.60 million (2012: £11.77 million), of which £8.51 million (2012: £4.76 million) was held by Fprop Opportunities plc (76.2% owned by the Group) and £539,000 (2012: £642,000) was held by Corp SA (68% owned by the Group at 30 September), the property management company for Blue Tower in Warsaw.

## Dividend

The Directors have resolved to maintain the interim dividend at 0.33 pence (2012: 0.33 pence) which will be paid on 17 January 2014 to shareholders on the register at 20 December 2013, with an ex-dividend date of 18 December 2013.

## Review of operations

### Property Fund Management (First Property Asset Management Ltd or FPAM)

As at 30 September 2013 assets under management were valued at £338 million (2012: £347 million). Of these, 26% were located in the UK and 71% in Poland. There was one sale and no purchases of properties made by funds under management.

Revenue earned by this division remained broadly stable at £2.02 million (2012: £2.0 million), resulting in a profit before tax and unallocated central overhead costs of £1.41 million (2012: £1.46 million). This represents 61.3% (2012: 55%) of Group profit before tax and unallocated central overhead costs. The reduction in profit before tax of this division is largely attributable to an increase in operating costs both in the UK and in Poland.

A synopsis of each of the funds managed by the Group is set out below:

Fund	Established	Fund Expiry	Assets under management	% of total assets under management
SAM Property Company Ltd (SAM)	August 2004	Rolling	*	*
Regional Property Trading Ltd (RPT)	August 2004	August 2015	£7.2m	2.1%
5th Property Trading Ltd (5PT)	December 2004	December 2014	£9.0m	2.7%
USS Fprop Managed Property Portfolio LP	August 2005	August 2015	£211.5m	62.7%
UK Pension Property Portfolio LP (UK PPP)	February 2010	February 2017	£88.5m	26.2%
Fprop Opportunities plc (FOP)	October 2010	October 2020	£21.4m	6.3%
<b>Total</b>			<b>£337.6m</b>	<b>100%</b>
Fprop PDR LP	October 2013	May 2018	£12m committed at first close	0%

\* Not subject to recent revaluation

Discussions continue regarding the expiry in August 2015 of the USS Fprop Managed Property Portfolio, our largest fund under management. Irrespective of the outcome of these discussions, we expect to be able to mitigate the effect of any reduction in fee income from this fund by investing the Group's and FOP's cash balances and by investing new funds raised from third parties.

UK PPP, an ungeared fund investing in recessionary resilient UK property, is generating a dividend yield of some 6.3% per annum. It owns a portfolio of 21 properties acquired since 2010, 42% of which benefit from rent levels established post the onset of the credit crunch. It has an occupancy ratio of 99.4% and a weighted average unexpired lease term of 10.2 years.

Given the resurgence of growth in the value of residential property and the deregulation of planning policies for the conversion of offices to residential use, we established a new partnership with a leading global investment firm, to acquire office properties with a view to converting these to residential use. The partnership has initially raised £12 million in equity with the intention of increasing this to some £40 million in the near future. The Group has undertaken to invest 5%, up to a maximum of £2 million, of the sums raised by the partnership.

## Chief Executive's Statement continued

Fprop Opportunities plc (FOP) has some £8.51 million of cash available for new investments, following the raising of an additional £3.7 million on 30 April 2013 (including a subscription by the Group of £2 million). Its existing two investments are generating rates of return on equity in excess of 25% per annum and we are in negotiations to acquire further similarly high yielding investments.

### Group Properties

Group Properties comprises three commercial properties held directly by the Group and shareholdings at the period end in four of the six funds managed by FPAM.

Revenue from Group Properties, including FOP, was lower by some 50% at £2.25 million (2012: £4.6 million), because the comparative figure for 2012 included the sale, on 6 September 2012, of the office block in Mokotow, Warsaw, for £2.3 million. The absence of the net rental income this property generated and the profit earned on its disposal, together totalling £255,000 during the comparative period in 2012, resulted in a reduced profit before tax and unallocated central overhead costs of £887,000 (2012: £1.17 million). This represents 38.7% (2012: 44.6%) of Group profit before tax and unallocated central overhead costs.

The three commercial properties held directly by the Group included a 28.5% share in Blue Tower in Warsaw's central business district and two office properties in Woking and in Bracknell, both acquired during the period.

Our initial interest in Blue Tower was acquired in December 2008 for £8.3 million and is now valued at some £12.85 million. The investment contributed £566,000 to profit before tax and unallocated central overhead costs, equating to an annualised return on equity invested of 49%.

The two office properties located in the UK were both acquired during the period for a total cash consideration of some £3.4 million with the intention of obtaining planning consent for their conversion to residential use. Planning consent has now been obtained, materially enhancing their value. It is our intention to sell these properties.

Our interests in FPAM's managed funds are accounted for, in the case of UK PPP as "dividend income", in the cases of 5th Property Trading Ltd and Regional Property Trading Ltd as "shares in associates", and in the case of Fprop Opportunities plc (FOP), on a consolidated basis because of the Group's majority shareholding. It is the Group's policy to carry its investments at the lower of cost or market value for accounting purposes.



## Co-investments in FPAM managed funds at the year-end:

Fund	% owned by First Property Group	Book value of First Property's share in fund	Current market value of holdings	Group's share of earnings by fund	Return on equity invested <sup>1</sup>
Investments					
UK Pension Property Portfolio LP (UK PPP)	0.9%	£870,000	£870,000	£30,300 <sup>2</sup>	6.3% p.a.
Interest in associates					
5th Property Trading Ltd (5PT)	37.8%	£763,000	£1.18m	£76,000	13.2% p.a.
Regional Property Trading Ltd (RPT)	28.6%	£231,000	£264,000	£20,000	16.4% p.a.
Share of results in associates				£96,000	
Consolidated undertaking					
Fprop Opportunities plc (FOP)	76.2%	£8.11m	£10.51m	£355,000 <sup>3</sup>	8.1% p.a.
Total		£9.97m	£12.82m	£481,300	N/A

1 pre-tax income return divided by the amount of equity invested.

2 represents dividend received.

3 after deducting non-controlling interest.

The results of FOP, of which 76.2% is owned by the Group, are consolidated in these accounts. FOP's revenue and profit before tax for the half year to 30 September 2013 amounted to £1.05 million (2012: £1.1 million) and £466,000 (2012: £496,000) respectively, and the Group's 76.2% (2012: 84.1%) share of profit before tax amounted to £355,000 (2012: £417,136).

Our shareholdings in our two other Polish funds, 5th Property Trading and Regional Property Trading, contributed £96,000 (2012: £85,000) to the Group's profit before tax. We do not have a controlling interest in these funds and they are accounted for as "shares in associates".

Our co-investment in UK PPP contributed £30,300 (2012: £28,000) of dividend income to the Group and is accounted for as a separate line item in our Income Statement.

## Commercial property markets outlook

### Poland:

GDP growth in Poland is expected to trough in 2013 at 1.3% (IMF), down from 1.9% (actual) in 2012, but forecasts are being revised up for 2014 (to circa 2.4%) as recovery takes hold.

Demand for commercial property is still mainly limited to large prime offices in Warsaw's central business district and large prime shopping centres in Warsaw and the other major conurbations. Transaction volumes for 2013, which have been dominated by German open-ended funds and pan European opportunity funds, are expected to reach some €3 billion, exceeding the 2012 level of €2.6 billion. Liquidity has not yet returned to higher yielding commercial property of lot sizes sub €50 million, which we typically favour.

## Chief Executive's Statement continued

### United Kingdom:

The rate of GDP growth in the UK is expected to increase, aided by a combination of Government policies to boost the housing market, and continued accommodative monetary policy. GDP growth for 2013 is expected to be some 1.4% and some 2.2% in 2014, a material improvement from the anaemic levels of the last few years.

Demand for commercial property has spread out to the regions and values have increased as a result. The banking market is also improving with margins reducing and loan to value limits increasing albeit mainly for prime and very good secondary property. The occupier market is not recovering at the same pace as the capital markets and so we consider our strategy of continuing to focus on well let regional property to be sensible. Notwithstanding the recent increases in values, secondary property is still generally some way off the highs established in 2007.

The residential market has begun to rise in value across the UK, especially in the South of England, as the Government's Help to Buy scheme is implemented. We expect this trend to continue for the next two or three years.

### Current trading and prospects

This has been a busy period for the Group, during which significant progress has been made. Whilst the benefit of securing planning consent for the conversion to residential use of the two office properties we acquired in the UK on behalf of the Group during the period, as well as increasing our investment in Blue Tower in Warsaw, are not recognised in these results, the positive impact of these important steps should be reflected in the full year results.

The new partnership established in order to acquire and convert office blocks to residential use should also bear fruit for us over the forthcoming years.

Fprop Opportunities plc has significant cash reserves which we hope to invest during the remainder of this year and next, in high income generating Polish property.

Given the above I look forward to 2014 and 2015 with optimism.

**Ben Habib**  
**Chief Executive**

27 November 2013

## Condensed Consolidated Income Statement

for the six months to 30 September 2013

		Six months to 30 Sept 2013 (unaudited)	Six months to 30 Sept 2012 (unaudited)	Year to 31 March 2013 (audited)
	Notes	Total results £'000	Total results £'000	Total results £'000
<b>Revenue</b>	2	<b>4,272</b>	6,553	10,636
<b>Cost of sales</b>		<b>(656)</b>	(2,803)	(3,244)
<b>Gross profit</b>		<b>3,616</b>	3,750	7,392
<b>Operating expenses</b>		<b>(1,468)</b>	(1,354)	(3,421)
<b>Operating profit</b>	2	<b>2,148</b>	2,396	3,971
Share of results in associates		96	85	145
Dividend income		30	28	64
Interest income		56	98	182
Interest expense		(419)	(400)	(819)
<b>Profit on ordinary activities before tax</b>	2	<b>1,911</b>	2,207	3,543
Tax expense	3	(270)	(391)	(762)
<b>Profit for the period</b>		<b>1,641</b>	1,816	2,781
<b>Attributable to:</b>				
<b>Owners of the parent</b>		<b>1,492</b>	1,708	2,568
<b>Non-controlling interest</b>		<b>149</b>	108	213
		<b>1,641</b>	1,816	2,781
<b>Earnings per Ordinary 1p Share</b>				
– basic continuing operations	4	<b>1.34p</b>	1.54p	2.31p
– diluted continuing operations	4	<b>1.27p</b>	1.46p	2.18p

# Condensed Consolidated Statement of Comprehensive Income

for the six months to 30 September 2013

	Six months to 30 Sept 2013 unaudited £'000	Six months to 30 Sept 2012 unaudited £'000	Year to 31 March 2013 audited £'000
<b>Profit for the period</b>	<b>1,641</b>	<b>1,816</b>	<b>2,781</b>
<b>Other comprehensive income</b>			
Exchange differences on retranslation of foreign subsidiaries	(376)	(449)	(291)
Revaluation of available-for-sale financial assets	7	–	(51)
Taxation	–	–	–
<b>Total comprehensive income for the year</b>	<b>1,272</b>	<b>1,367</b>	<b>2,439</b>
<b>Total comprehensive income for the year:</b>			
<b>Owners of the parent</b>	<b>1,405</b>	<b>1,325</b>	<b>2,237</b>
<b>Non-controlling interest</b>	<b>(133)</b>	<b>42</b>	<b>202</b>
	<b>1,272</b>	<b>1,367</b>	<b>2,439</b>

# Condensed Consolidated Balance Sheet

as at 30 September 2013

	Notes	As at 30 Sept 2013 (unaudited) £'000	As at 30 Sept 2012 (unaudited) £'000	As at 31 March 2013 (audited) £'000
<b>Non-current assets</b>				
Goodwill		114	114	114
Investment properties		19,880	19,404	20,349
Property, plant and equipment		25	53	36
Interest in associates	5a	686	566	615
Other receivables	6	426	411	436
Other financial assets	5b	870	942	892
Deferred tax assets		229	284	173
<b>Total non-current assets</b>		<b>22,230</b>	<b>21,774</b>	<b>22,615</b>
<b>Current assets</b>				
Inventories – land and buildings		11,582	8,049	8,591
Current tax assets		–	–	38
Trade and other receivables	6	1,433	1,161	1,212
Cash and cash equivalents		10,599	11,772	12,979
<b>Total current assets</b>		<b>23,614</b>	<b>20,982</b>	<b>22,820</b>
<b>Current liabilities</b>				
Trade and other payables	7	(1,270)	(1,047)	(2,011)
Financial liabilities	8a	(3,305)	(546)	(637)
Current tax liabilities		(10)	(73)	–
<b>Total current liabilities</b>		<b>(4,585)</b>	<b>(1,666)</b>	<b>(2,648)</b>
<b>Net current assets</b>		<b>19,029</b>	<b>19,316</b>	<b>20,172</b>
<b>Total assets less current liabilities</b>		<b>41,259</b>	<b>41,090</b>	<b>42,787</b>
<b>Non-current liabilities</b>				
Financial liabilities	8b	(21,808)	(23,250)	(24,244)
<b>Net assets</b>		<b>19,451</b>	<b>17,840</b>	<b>18,543</b>
<b>Equity</b>				
Called up share capital		1,149	1,149	1,149
Share premium		5,493	5,491	5,492
Foreign exchange translation reserve		(1,089)	(1,098)	(995)
Share-based payment reserve		218	210	203
Investment revaluation reserve		(44)	–	(51)
Retained earnings		13,006	11,847	12,344
<b>Issued capital and reserves attributable to the owners of the parent</b>		<b>18,733</b>	<b>17,599</b>	<b>18,142</b>
Non-controlling interest		718	241	401
<b>Total equity</b>		<b>19,451</b>	<b>17,840</b>	<b>18,543</b>

# Condensed Consolidated Statement of Changes in Equity

for the six months to 30 September 2013

	Share capital £'000	Share premium £'000	Share based payment reserve £'000	Foreign exchange translation reserve £'000	Purchase/sale of own shares £'000	Investment revaluation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	TOTAL
<b>At 1 April 2012</b>	<b>1,149</b>	<b>5,491</b>	<b>195</b>	<b>(715)</b>	<b>(612)</b>	<b>—</b>	<b>11,579</b>	<b>268</b>	<b>17,355</b>
Issue of new shares	—	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	(383)	—	—	1,816	(66)	1,367
Share based payments	—	—	15	—	—	—	—	—	15
Non-controlling interest	—	—	—	—	—	—	(108)	108	—
Treasury Shares	—	—	—	—	5	—	—	—	5
Dividends Paid	—	—	—	—	—	—	(833)	(69)	(902)
<b>At 30 Sept 2012</b>	<b>1,149</b>	<b>5,491</b>	<b>210</b>	<b>(1,098)</b>	<b>(607)</b>	<b>—</b>	<b>12,454</b>	<b>241</b>	<b>17,840</b>
Issue of new shares	—	—	—	—	—	—	—	—	—
Net decrease in fair value of available for sale financial assets	—	—	—	—	—	(51)	—	—	(51)
Total comprehensive income for the period	—	—	—	103	—	—	965	55	1,123
Non-controlling interest	—	—	—	—	—	—	(105)	105	—
Treasury Shares	—	1	—	—	4	—	—	—	5
Share based payments	—	—	(7)	—	—	—	—	—	(7)
Dividends Paid	—	—	—	—	—	—	(367)	—	(367)
<b>At 1 April 2013</b>	<b>1,149</b>	<b>5,492</b>	<b>203</b>	<b>(995)</b>	<b>(603)</b>	<b>(51)</b>	<b>12,947</b>	<b>401</b>	<b>18,543</b>
Total comprehensive income for the period	—	—	—	94	—	—	1,641	(282)	1,265
Net decrease in fair value of available for sale financial assets	—	—	—	—	—	7	—	—	7
Share based payments	—	—	15	—	—	—	—	—	15
Increase in non-controlling interest	—	—	—	—	—	—	—	507	507
Non-controlling interest	—	—	—	—	—	—	(149)	149	—
Treasury shares	—	1	—	—	4	—	—	—	5
Dividends paid	—	—	—	—	—	—	(834)	(57)	(891)
<b>At 30 Sept 2013</b>	<b>1,149</b>	<b>5,493</b>	<b>218</b>	<b>(1,089)</b>	<b>(599)</b>	<b>(44)</b>	<b>13,605</b>	<b>718</b>	<b>19,451</b>

# Condensed Consolidated Cash Flow Statement

for the six months to 30 September 2013

	Six months to 30 Sept 2013 (unaudited) £'000	Six months to 30 Sept 2012 (unaudited) £'000	12 months to 31 March 2013 (audited) £'000
<b>Cash flows from operating activities</b>			
Operating profit	2,148	2,396	3,971
Adjustments for:			
Depreciation of property, plant and equipment	17	21	41
Share based payments	15	15	8
(Increase)/decrease in inventories	(3,483)	2,274	2,152
(Increase)/decrease in trade and other receivables	(269)	60	47
Increase/(decrease) in trade and other payables	(719)	(1,040)	(160)
<b>Cash generated from operations</b>	<b>(2,291)</b>	<b>3,726</b>	<b>6,059</b>
Income taxes paid	(233)	(319)	(619)
Net cash flow from/(used in) operating activities of continuing operations	<b>(2,524)</b>	<b>3,407</b>	<b>5,440</b>
<b>Net cash flow from operating activities</b>	<b>(2,524)</b>	<b>3,407</b>	<b>5,440</b>
<b>Cash flow from investing activities</b>			
Purchase of investments	–	(39)	(40)
Proceeds from sale of investments	28	–	–
Proceeds from sale of property, plant and equipment	–	–	1
Purchase of investments properties	–	–	6
Purchase of property, plant and equipment	(6)	(6)	(10)
Dividends from associates	25	17	29
Dividends received	30	28	64
Interest received	56	98	182
<b>Net cash flow from /(used in) investing activities</b>	<b>133</b>	<b>98</b>	<b>232</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares	1	–	1
Proceeds from issue of shares to non-controlling interest	507	–	–
Proceeds (net) from shareholder loans in subsidiaries	1,154	(32)	(66)
Interest paid	(419)	(400)	(819)
Proceeds from finance lease	–	–	(454)
Repayment of finance lease/bank loans	(294)	(266)	(95)
Sale of shares held in Treasury	4	5	9
Dividends paid	(834)	(833)	(1,200)
Dividends paid to non-controlling interest	(57)	(69)	(69)
<b>Net cash flow from financing activities of continuing operations</b>	<b>62</b>	<b>(1,595)</b>	<b>(2,693)</b>
<b>Net increase/(used in) in cash and cash equivalents</b>	<b>(2,329)</b>	<b>1,910</b>	<b>2,979</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>12,979</b>	<b>9,975</b>	<b>9,975</b>
<b>Currency translation gains/(losses) on cash and cash equivalents</b>	<b>(51)</b>	<b>(113)</b>	<b>25</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>10,599</b>	<b>11,772</b>	<b>12,979</b>

# Notes to the Condensed Consolidated Results

for the six months ended 30 September 2013

## 1. Basis of preparation

- These interim condensed consolidated financial statements for the six months ended 30 September 2013 have not been audited or reviewed and do not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies as set out in the Group's latest annual financial statements for the year ended 31 March 2013 and are in compliance with IAS 34 "Interim Financial Reporting". 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).
- The comparative figures for the financial year ended 31 March 2013 are not the statutory accounts for the financial year but are abridged 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 interim financial statements were approved by a committee of the Board on 26 November 2013.

## 2. Segmental Analysis

### Segment Reporting six months to 30 September 2013

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Unallocated central overheads £'000	TOTAL £'000
<b>External revenue</b>					
– existing operations	2,021	1,204	1,047	–	<b>4,272</b>
– sale of inventory (property)	–	–	–	–	<b>–</b>
	<b>2,021</b>	<b>1,204</b>	<b>1,047</b>	<b>–</b>	<b>4,272</b>
Depreciation and amortisation	(14)	(3)	–	–	<b>(17)</b>
<b>Operating profit</b>					
– existing operations	1,407	388	763	(410)	<b>2,148</b>
– interest payable	–	(105)	(314)	–	<b>(419)</b>
– interest receivable	–	12	17	27	<b>56</b>
– dividend income	–	30	–	–	<b>30</b>
– share of results in associates	–	96	–	–	<b>96</b>
<b>Profit before tax</b>	<b>1,407</b>	<b>421</b>	<b>466</b>	<b>(383)</b>	<b>1,911</b>
Analysed as:					
Before performance fees and related items:	1,407	421	466	(383)	<b>1,911</b>
Performance fees	–	–	–	–	<b>–</b>
Realised foreign currency gain	–	–	–	–	<b>–</b>
Staff incentives	–	–	–	–	<b>–</b>
<b>Profit before tax</b>	<b>1,407</b>	<b>421</b>	<b>466</b>	<b>(383)</b>	<b>1,911</b>



## 2. Segmental Analysis continued

Revenue for the six months to 30 September 2013 from continuing operations consists of revenue arising in the United Kingdom 13% (2012: 7%) and Central and Eastern Europe 87% (2012: 93%) and all relates solely to the Group's principal activities.

### Segment Reporting six months to 30 September 2012

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Unallocated central overheads £'000	TOTAL £'000
<b>External revenue</b>					
– existing operations	2,003	1,143	1,098	–	<b>4,244</b>
– sale of inventory (property)	–	2,309	–	–	<b>2,309</b>
	<b>2,003</b>	<b>3,452</b>	<b>1,098</b>	<b>–</b>	<b>6,553</b>
Depreciation and amortisation	(17)	(4)	–	–	<b>(21)</b>
<b>Operating profit –</b>					
– existing operations	1,455	646	769	(474)	<b>2,396</b>
– interest payable)	–	(93)	(307)	–	<b>(400)</b>
– interest receivable	–	10	34	54	<b>98</b>
– dividend income	–	28	–	–	<b>28</b>
– share of results in associates	–	85	–	–	<b>85</b>
<b>Profit before tax</b>	<b>1,455</b>	<b>676</b>	<b>496</b>	<b>(420)</b>	<b>2,207</b>
Analysed as:					
Before performance fees and related items:	1,455	676	496	(420)	<b>2,207</b>
Performance fees	–	–	–	–	<b>–</b>
Realised foreign currency gain	–	–	–	–	<b>–</b>
Staff incentives	–	–	–	–	<b>–</b>
<b>Profit before tax</b>	<b>1,455</b>	<b>676</b>	<b>496</b>	<b>(420)</b>	<b>2,207</b>

Revenue from sale of inventories relates to the sale of Mokotow, Bacha, an office block in Warsaw, owned by the Group since November 2007.

# Notes to the Condensed Consolidated Results

## continued

for the six months ended 30 September 2013

### 2. Segmental Analysis continued

Segment Reporting twelve months to 31 March 2013

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Unallocated central overheads £'000	TOTAL £'000
<b>External revenue</b>					
– existing operations	4,022	2,167	2,138	–	<b>8,327</b>
Sale of inventory	–	2,309	–	–	<b>2,309</b>
	<b>4,022</b>	<b>4,476</b>	<b>2,138</b>	<b>–</b>	<b>10,636</b>
Depreciation and amortisation	(29)	(12)	–	–	<b>(41)</b>
<b>Operating profit</b>					
– existing operations	2,841	1,024	1,564	(1,458)	<b>3,971</b>
– interest payable	–	(198)	(621)	–	<b>(819)</b>
– interest receivable	–	27	60	95	<b>182</b>
– dividend income	–	64	–	–	<b>64</b>
– share of results in associates	–	145	–	–	<b>145</b>
<b>Profit before tax</b>	<b>2,841</b>	<b>1,062</b>	<b>1,003</b>	<b>(1,363)</b>	<b>3,543</b>
Analysed as:–					
Before performance fees and related items:	2,987	1,104	1,022	(795)	<b>4,318</b>
Performance fees	–	–	–	–	<b>–</b>
Realised foreign currency gain	–	–	–	–	<b>–</b>
Staff incentives	(146)	(42)	(19)	(568)	<b>(775)</b>
<b>Profit before tax</b>	<b>2,841</b>	<b>1,062</b>	<b>1,003</b>	<b>(1,363)</b>	<b>3,543</b>
Assets – Group	576	10,634	25,969	7,641	<b>44,820</b>
Assets – associates	–	923	–	(308)	<b>615</b>
Liabilities	(387)	(7,669)	(18,177)	(659)	<b>(26,892)</b>
<b>Net assets</b>	<b>189</b>	<b>3,888</b>	<b>7,792</b>	<b>6,674</b>	<b>18,543</b>

The parent holding company costs and related listing costs are shown separately under unallocated central costs. Assets, liabilities and costs that relate to Group central activities (including free cash) have not been allocated to business segments.

### 3. Tax expense

The tax charge is based on a combination of actual current and deferred tax charged at an effective rate that is expected to apply to the profits for the full year.

	Sept 2013	Sept 2012	March 2013
Current tax	281	341	634
Deferred tax	(11)	50	128
<b>Total</b>	<b>270</b>	<b>391</b>	<b>762</b>

### 4. Earnings per Ordinary Share

The basic earnings per Ordinary Share is calculated on the profit on ordinary activities after taxation and after non-controlling interests on the weighted average number of Ordinary Shares in issue, during the period.

Figures in the table below have been used in the calculations.

	Six months ended 30 Sept 2013	Six months ended 30 Sept 2012	12 months ended 31 March 2013
Basic	1.34p	1.54p	2.31p
Diluted	1.27p	1.46p	2.18p

	Number	Number	Number
Weighted average number of Ordinary Shares in issue for basic	111,158,205	111,098,740	111,119,031
Share options	7,500,000	6,500,000	7,500,000
<b>Total for diluted</b>	<b>118,658,205</b>	<b>117,598,740</b>	<b>118,619,031</b>

	£'000	£'000	£'000
Basic earnings	1,492	1,708	2,568
Diluted earnings assuming full dilution at closing share price	1,503	1,718	2,592

# Notes to the Condensed Consolidated Results

## continued

for the six months ended 30 September 2013

### 5. Interest in associates and other financial assets

	Six months ended 30 Sept 2013 £'000	Six months ended 30 Sept 2012 £'000	12 months 31 March 2013 £'000
<b>a) Associated undertakings</b>			
Cost of investment at beginning of period	615	499	499
Share of accumulated post tax profit	96	85	145
Dividends received	(25)	(18)	(29)
Cost of investment at end of period	686	566	615
<b>Investments in Associated undertakings</b>			
5th Property Trading Ltd	763	657	686
Regional Property Trading Ltd	231	217	237
	994	874	923
Less: share of profit withheld after tax on sale of property to associate in 2007	(308)	(308)	(308)
Cost of investment at end of period	686	566	615
<b>b) Other financial assets and investments</b>			
Cost of investment at beginning of period	892	903	903
Additions	–	39	40
Disposal	(25)	–	–
Impairment (charge)/credit	3	–	(51)
Cost of investment at end of period	870	942	892

### 6. Trade and other receivables

	Six months ended 30 Sept 2013 £'000	Six months ended 30 Sept 2012 £'000	12 months 31 March 2013 £'000
<b>Current assets</b>			
Trade receivables	1,015	786	917
Amounts due from undertakings in which the company has a participation interest	–	–	–
Other receivables	97	92	66
Prepayments and accrued income	321	283	229
	1,433	1,161	1,212
<b>Non-current assets</b>	426	411	436

## 7. Trade and other payables

	Six months ended 30 Sept 2013 £'000	Six months ended 30 Sept 2012 £'000	12 months 31 March 2013 £'000
Trade payables	389	310	568
Other taxation and social security	227	257	271
Other payables and accruals	637	463	1,155
Deferred income	17	17	17
	<b>1,270</b>	<b>1,047</b>	<b>2,011</b>

## 8. Financial liabilities

	Six months ended 30 Sept 2013 £'000	Six months ended 30 Sept 2012 £'000	12 months 31 March 2013 £'000
<b>a) Current liabilities</b>			
Finance lease	444	451	486
Foreign bank loans	2,861	95	151
	<b>3,305</b>	<b>546</b>	<b>637</b>
<b>b) Non-current liabilities</b>			
Loans repayable by subsidiary (FOP) to third party shareholders	2,284	1,164	1,130
Finance lease	13,095	12,906	13,455
Foreign bank loans	6,429	9,180	9,659
	<b>21,808</b>	<b>23,250</b>	<b>24,244</b>
<b>c) Total obligations under financial liabilities</b>			
Repayable within one year	3,305	546	637
Repayable within one and five years	19,524	11,429	23,114
Repayable after five years	2,284	11,821	1,130
	<b>25,113</b>	<b>23,796</b>	<b>24,881</b>

Loans repayable by FOP to third party shareholders are unsecured and repayable in August 2020.

Two bank loans and one finance lease (all denominated in foreign currencies) totalling £22.83 million (31 March 2013: £22.63 million) included within financial liabilities are secured against investment properties owned by Fprop Opportunities plc (FOP) and the property owned by the Group shown under inventories.

The interim results are being circulated to all shareholders and can be downloaded from the company's website ([www.fprop.com](http://www.fprop.com)). Further copies can be obtained from the registered office at 35 Old Queen Street, London SW1H 9JA.

## **Notes**



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