



Fprop plc

First Property Group plc

Interim Report

30 September 2014

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Highlights

for the six months to 30 September 2014

Financial Highlights

	Unaudited Six months to 30 Sept 2014	Unaudited Six months to 30 Sept 2013	Percentage change	Audited Year to 31 March 2014
Profit before tax	£5.42m	£1.91m	+184%	£6.60m
Diluted earnings per share	4.07p	1.27p	+220%	4.53p
Dividend per share	0.35p	0.33p	+6%	1.12p
Profit before tax and central overheads by segment:				
Property fund management (FPAM)	£2.90m	£1.41m	+106%	£2.63m
Group Properties (incl FOP)	£2.97m	£0.89m	+234%	£6.32m
Average €/£ rate in the period	1.250	1.171	-7%	1.188
Period-end €/£ rate	1.283	1.196	-7%	1.210
Net assets	£26.62m	£19.45m	+37%	£23.46m
Cash balances	£12.05m	£10.60m	+14%	£11.28m
Gross debt	£52.66m	£25.11m	+126%	£51.56m
Assets under management	£309m	£338m	-9%	£341m
Poland	66%	71%		67%
UK	34%	26%		30%
Romania	—	3%		3%

Explanatory Notes and Highlights:

- The impact of a weaker Euro versus Sterling during the period compared to the same period last year resulted in profit before tax being c£177,000 lower than it would otherwise have been.
- The increase in profit before tax to £5.42 million (2013: £1.91 million) was largely attributable to the contribution made to earnings by:
 - Fund Management:

The performance fee earned by the Group of £1.9 million (2013: nil) on profits made by Fprop PDR. Fprop PDR sold six properties during the period with a total value of £28.2 million and earned a net profit, after the deduction of the Group's performance fee, of £7.7 million for its investors.
 - Group Properties:
 - i. The two investments made by FOP in the second half of last year resulted in a contribution to the Group's profit before tax during the period of £585,000 (2013: nil).
 - ii. The increase in the Group's interest in Blue Tower from 28.5% to 48.2% in the second half of last year resulted in an increased contribution to the Group's profit before tax during the period of £741,000 (2013: £566,000).
 - iii. The purchase and subsequent refinancing by the Group of three properties in Romania made a contribution to the Group's profit before tax during the period of £1.26 million (2013: nil). It should be noted that of the £1.26 million, £1.12 million

Highlights continued

for the six months to 30 September 2014

represents a non-cash item on the recognition of negative goodwill created by the refinancing of the bank loan secured on the properties.

- Interim dividend increased by 6% to 0.35 pence per share (2013: 0.33 pence per share).

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

"I am very pleased by the continued good progress made by the Group.

"The investments made by Fprop Opportunities plc and ourselves last year have made a material contribution to the Group's earnings in the first half and we expect this to continue. In addition, Fprop PDR has delivered some excellent trading profits for its investors and the Group.

"The opportunities available to Fprop PDR are not as plentiful as they were last and earlier this year but we expect it to continue to earn trading profits from its activities.

"Our balance sheet is strong, the visibility of our earnings into 2015 and beyond is continually improving and I look to the future with confidence."

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Notes to Investors and Editors:

First Property Group plc is a property fund manager with operations in the United Kingdom and Central Europe. The investment performance of its funds under management is ranked No.1 versus the Investment Property Databank (IPD) universe for Central & Eastern Europe (CEE) over the eight years to 31 December 2013, having previously ranked No.1 versus the IPD CEE universe over the three, four, five, six and seven years to 31 December 2008, 2009, 2010, 2011 and 2012 respectively.

The business model of First Property Group is to:

- Raise and manage third party funds to invest in property;
- Co-invest in these funds and thereby earn a return on its own capital invested; and
- Earn fees for the management of these funds. Fees earned are typically a function of the value of assets under management as well as the performance of the funds.

Further information about the Company can be found at: www.fprop.com.

Chief Executive's Statement

Financial Results

I am pleased to report interim results for the six months ended 30 September 2014.

Revenue earned by the Group amounted to £7.79 million (2013: £4.27 million) yielding a profit before tax of £5.42 million (2013: £1.91 million). The increase in revenue and profit before tax is mainly attributable to the contribution made to earnings by:

- Fund Management:
 - The performance fee of some £1.9 million (2013: nil) on profits made by Fprop PDR.
- Group Properties:
 - The two investments made by Fprop Opportunities plc (FOP) in the second half of last year resulted in a contribution to the Group's profit before tax during the period of £585,000 (2013: nil).
 - The increase in the Group's interest in Blue Tower from 28.5% to 48.2% in the second half of last year resulted in an increased contribution to the Group's profit before tax during the period of £741,000 (2013: £566,000).
 - The purchase and subsequent refinancing by the Group of three properties in Romania made a contribution to the Group's profit before tax during the period of £1.26 million (2013: nil). It should be noted that of this, £1.12 million represents a non-cash item on the recognition of negative goodwill created by the refinancing of the bank loan secured on the properties.

Diluted earnings per share were 4.07 pence (2013: 1.27 pence).

The Group ended the period with net assets of £26.62 million (2013: £19.45 million). Its cash balance was £12.05 million (2013: £10.60 million), of which £4.28 million (2013: £8.51 million) was held by Fprop Opportunities plc (76.2% owned by the Group) and £481,000 (2013: £539,000) 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 increase the interim dividend by 6% to 0.35 pence per share (2013: 0.33 pence per share) which will be paid on 15 January 2015 to shareholders on the register at 19 December 2014, with an ex-dividend date of 18 December 2014.

Review of Operations

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

As at 30 September 2014 assets under management were valued at £309 million (2013: £338 million). Of these, 66% were located in Poland and 34% in the UK. There were ten property sales and three property purchases made by funds under management during the period. The reduction in the value of assets under management is primarily attributable to the value of properties sold exceeding the value of properties purchased.

Revenue earned by this division increased by 82% to £3.55 million (2013: £2.02 million), resulting in a profit before tax and unallocated central overhead costs of £2.90 million (2013: £1.41 million). This represents 49.4% (2013: 61.3%) of Group profit before tax and unallocated central overhead costs. The increase in profit before tax of this division is largely attributable to

the performance fee earned by the Group of £1.9 million, on profits made by Fprop PDR. The performance fee was received after the period end but is recognised in these accounts.

Fprop PDR acquired two properties with a total value of £11.2 million during the period and sold six properties with a total value of £28.2 million. The net profit earned for its investors from these sales, after the deduction of the performance fee, amounted to £7.7 million, representing an ungeared IRR of 46.8%.

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

Fund	Country of investment	Established	Fund expiry	£ Assets under management	% of total assets under management
SAM Property Company Ltd (SAM)	UK	August 2004	Rolling	*	*
Regional Property Trading Ltd (RPT)	Poland	August 2004	August 2015	£6.7m	2.2%
5th Property Trading Ltd (5PT)	Poland	December 2004	December 2017	£8.5m	2.8%
USS Fprop Managed Property Portfolio LP	Poland	August 2005	August 2015	£145.8m	47.1%
UK Pension Property Portfolio LP (UK PPP)	UK	February 2010	February 2017	£93.4m	30.2%
Fprop Opportunities plc (FOP)	Poland	October 2010	October 2020	£43.7m	14.1%
Fprop PDR LP	UK	October 2013	May 2018	£11.2m	3.6%
Total				£309.3m	100%

* Not subject to recent revaluation

The expiry of our fund management contract with USS in August 2015 is now less than a year away. This fund has so far sold seven properties, which have been acquired either by the Group or funds managed by FPAM. The anticipated earnings derived from these purchases should materially mitigate the decline in fee income the Group will experience when this fund management mandate comes to an end next year. Further sales by this fund are expected this and next year. Recurring annual fund management fee income has declined year on year by some £1.1 million per annum, caused largely by property disposals by the USS fund, but also by a weaker Euro and lower Polish property values.

UK PPP, which is fully invested in 21 recessionary-resilient UK properties, continues to generate an ungeared dividend yield of some 6.3% per annum. Capital values of the properties held by UK PPP have risen during the course of this year as the market for secondary property recovers. We expect this trend to continue. The portfolio of properties, which was assembled after the onset of the credit crunch, has an occupancy ratio of 98.9% and a weighted average unexpired lease term of over nine years.

FOP is invested in five Polish properties which are generating an aggregate annualised rate of return on equity in excess of 30% per annum.

Chief Executive's Statement continued

Group Properties

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

Profit before tax and unallocated central overhead costs from Group Properties, including FOP (in which the Group is a 76.2% shareholder), was £2.97 million (2013: £0.89 million). This represents 50.6% (2013: 38.7%) of Group profit before tax and unallocated central overhead costs.

The increase in profit before tax earned by Group Properties resulted mainly from:

- The two investments made by FOP in the second half of last year which contributed £585,000 (2013: nil).
- The increase in the Group's interest in Blue Tower from 28.5% to 48.2% in the second half of last year which contributed £741,000 (2013: £566,000).
- The purchase and subsequent refinancing by the Group of three properties in Romania which made a contribution of £1.26 million (2013: nil). It should be noted that, of the £1.26 million, £1.12 million represents a non-cash item on the recognition of negative goodwill created by the refinancing of the bank loan secured on the properties.

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

Fund	% owned by Group	Book value of Group's share in fund	Current market value of holdings	Group's share of earnings by fund
Investments				
UK Pension Property Portfolio LP (UK PPP)	0.9%	£900,000	£900,000	£30,000
Fprop PDR LP	5%	£1.2m	£1.2m	£nil
Interest in associates				
5th Property Trading Ltd (5PT)	37.8%	£868,000	£1.21m	£81,000
Regional Property Trading Ltd (RPT)	28.6%	£147,000	£214,000	£26,000
Share of results in associates				£107,000
Consolidated undertaking				
Fprop Opportunities plc (FOP)	76.2%	£7.1m	£10.9m	£607,000

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 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, and to recognise dividends when received.

FOP's revenue and profit before tax for the half year to 30 September 2014 amounted to £2.65 million (2013: £1.05 million) and £796,000 (2013: £466,000) respectively, and the Group's 76.2% share of profit before tax amounted to £607,000 (2013: £355,000).

FOP's most recent investment was made on 19 September, when it acquired an office block in Warsaw valued at some €12 million, for an initial consideration of £294,000. The property is currently being refinanced following which FOP will be fully invested. We expect it to

contribute some €450,000 (£355,000) to FOP's profit before tax during the second half of the year, of which the Group's share would amount to some €340,000 (£270,000).

Our shareholdings in our two other Polish funds, 5th Property Trading and Regional Property Trading, contributed £107,000 (2013: £96,000) to the Group's profit before tax.

Our co-investment in UK PPP contributed £30,000 (2013: £30,300) of dividend income to the Group and is accounted for as a separate line item in our Income Statement.

Our co-investment in Fprop PDR earned a dividend after the period end of £390,000, which will be accounted for in the results for the year to March 2015.

Commercial Property Markets Outlook

Poland:

Poland's economic success continues despite headwinds from the rest of Europe and Ukraine. Growth in GDP for 2014 is expected to be some 3% and is forecast to grow by a similar amount in 2015, building on its cumulative growth since 2009 of some 16%. This compares to a contraction in GDP across the Euro zone over the same period of -1.2%. Inflation is close to nil and the reference interest rate stands at 2% (following a recent 0.5% cut). The Polish Zloty/Euro exchange rate has been relatively stable at around PLN 4.1-4.3 for a number of years.

Occupational demand for commercial property has risen but so too has new supply across all property sectors. The rate of increase in supply is exceeding the rate of take-up and vacancy rates are forecast to rise, in particular for offices in Warsaw and regional shopping centres.

Investment demand is mainly from German, US and UK investors and is for prime properties of large lot sizes. The transaction volume for 2014 is expected to exceed €3 billion, similar to 2013, itself the highest volume since 2006.

Our investment focus remains on properties which international investors are not focused on and from which we can earn high rates of income return from rent alone.

United Kingdom:

The rate of GDP growth in the UK would appear to be moderating but it is still growing faster than most of Europe and at a faster rate than was expected a year ago. The growth rate for 2014 is expected to be around 3%, dropping to 2.7% in 2015.

Occupational demand has increased across all property sectors and rental growth is beginning to materialise, albeit from multi-year lows.

The weight of money in the investment market has resulted in rising values across all property sectors. Total returns have now exceeded the long term average for five consecutive quarters, a trend which we expect to continue but which makes us wary.

House prices have risen in all regions but price increases generally appear to have stalled, with some commentators suggesting price falls next year, in part due to the introduction of stricter mortgage lending criteria. However, the number of new housing starts, running at some 138,000 in the year to June 2014 (up by some 20% over the prior year), is still insufficient to address the structural imbalance between supply and demand, in particular in the south of England.

Chief Executive's Statement continued

Current Trading and Prospects

I am very pleased by the continued good progress made by the Group.

The investments made by FOP and ourselves last year have made a material contribution to the Group's earnings in the first half and we expect this to continue. In addition, Fprop PDR has delivered some excellent trading profits for its investors and the Group.

The opportunities available to Fprop PDR are not as plentiful as they were last and earlier this year but we expect it to continue to earn trading profits from its activities.

Our balance sheet is strong, the visibility of our earnings into 2015 and beyond is continually improving and I look to the future with confidence.

Ben Habib
Chief Executive

25 November 2014

Condensed Consolidated Income Statement

for the six months to 30 September 2014

		Six months to 30 Sept 2014 (unaudited)	Six months to 30 Sept 2013 (unaudited)	Year to 31 March 2014 (audited)
	Notes	Total results £'000	Total results £'000	Total results £'000
Revenue	2	7,785	4,272	18,045
Cost of sales		(910)	(656)	(5,800)
Gross profit		6,875	3,616	12,245
Recognition of negative goodwill on refinancing of subsidiary	6	1,123	–	–
Fair value adjustment to investment properties		(89)	–	–
Operating expenses		(1,726)	(1,468)	(5,019)
Operating profit	2	6,183	2,148	7,226
Share of results in associates		107	96	190
Dividend income		30	30	63
Reclassification of gains previously recognised as equity		–	–	35
Loss on disposal of assets held for resale		–	–	(7)
Interest income		35	56	148
Interest expense		(934)	(419)	(1,057)
Profit on ordinary activities before tax	2	5,421	1,911	6,598
Tax expense	3	(433)	(270)	(962)
Profit for the period		4,988	1,641	5,636
Attributable to:				
Owners of the parent		4,792	1,492	5,281
Non-controlling interest		196	149	355
		4,988	1,641	5,636
Earnings per Ordinary 1p share				
– basic	4	4.24p	1.34p	4.75p
– diluted	4	4.07p	1.27p	4.53p

Condensed Consolidated Statement of Comprehensive Income

for the six months to 30 September 2014

	Six months to 30 Sept 2014 unaudited £'000	Six months to 30 Sept 2013 unaudited £'000	Year to 31 March 2014 audited £'000
Profit for the period	4,988	1,641	5,636
Other comprehensive income			
Exchange differences on retranslation of foreign subsidiaries	(1,091)	(376)	(128)
Revaluation of available-for-sale financial assets	43	7	–
Reclassification of fair value gains on available for sale assets to profit or loss	–	–	(35)
Taxation	–	–	–
Total comprehensive income for the year	3,940	1,272	5,473
Total comprehensive income for the year attributable to:			
Owners of the parent	4,007	1,405	5,327
Non-controlling interest	(67)	(133)	146
	3,940	1,272	5,473

Condensed Consolidated Balance Sheet

as at 30 September 2014

	Notes	As at 30 Sept 2014 (unaudited) £'000	As at 30 Sept 2013 (unaudited) £'000	As at 31 March 2014 (audited) £'000
Non-current assets				
Goodwill		153	114	153
Investment properties	5	51,026	19,880	48,759
Property, plant and equipment		53	25	65
Interest in associates	7a	707	686	675
Other receivables	8	349	426	400
Other financial assets	7b	2,400	870	1,706
Deferred tax assets		846	229	839
Total non-current assets		55,534	22,230	52,597
Current assets				
Inventories – land and buildings		12,170	11,582	12,304
Current tax assets		55	–	76
Trade and other receivables	8	3,565	1,433	4,135
Cash and cash equivalents		12,048	10,599	11,279
Total current assets		27,838	23,614	27,794
Current liabilities				
Trade and other payables	9	(2,894)	(1,270)	(4,224)
Financial liabilities	10a	(2,172)	(3,305)	(4,349)
Current tax liabilities		(242)	(10)	(247)
Total current liabilities		(5,308)	(4,585)	(8,820)
Net current assets		22,530	19,029	18,974
Total assets less current liabilities		78,064	41,259	71,571
Non-current liabilities				
Financial liabilities	10b	(50,486)	(21,808)	(47,212)
Deferred tax liabilities		(962)	–	(897)
Net assets		26,616	19,451	23,462
Equity				
Called up share capital		1,149	1,149	1,149
Share premium		5,503	5,493	5,498
Foreign exchange translation reserve		(1,742)	(1,089)	(914)
Share-based payment reserve		218	218	203
Investment revaluation reserve		(43)	(44)	(86)
Retained earnings		20,718	13,006	16,717
Issued capital and reserves attributable to the owners of the parent		25,803	18,733	22,567
Non-controlling interest		813	718	895
Total equity		26,616	19,451	23,462

Condensed Consolidated Statement of Changes in Equity

for the six months to 30 September 2014

	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
At 1 April 2013	1,149	5,492	203	(995)	(603)	(51)	12,947	401	18,543
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
Non-controlling interest	-	-	-	-	-	-	(149)	149	-
Increase in non-controlling interest	-	-	-	-	-	-	-	507	507
Treasury shares	-	1	-	-	4	-	-	-	5
Dividends paid	-	-	-	-	-	-	(834)	(57)	(891)
At 30 Sept 2013	1,149	5,493	218	(1,089)	(599)	(44)	13,605	718	19,451
Total comprehensive income for the period	-	-	-	175	-	-	3,995	73	4,243
Net decrease in fair value of available for sale financial assets	-	-	-	-	-	(42)	-	-	(42)
Non-controlling interest	-	-	-	-	-	-	(206)	206	-
Decrease in non-controlling interest	-	-	-	-	-	-	-	(63)	(63)
Treasury shares	-	5	-	-	289	-	-	-	294
Share based payments	-	-	(15)	-	-	-	-	-	(15)
Dividends paid	-	-	-	-	-	-	(367)	(39)	(406)
At 1 April 2014	1,149	5,498	203	(914)	(310)	(86)	17,027	895	23,462
Total comprehensive income for the period	-	-	-	(828)	-	-	4,988	(263)	3,897
Net decrease in fair value of available for sale financial assets	-	-	-	-	-	43	-	-	43
Share based payments	-	-	15	-	-	-	-	-	15
Non-controlling interest	-	-	-	-	-	-	(196)	196	-
Treasury shares	-	5	-	-	101	-	-	-	106
Dividends paid	-	-	-	-	-	-	(892)	(15)	(907)
At 30 Sept 2014	1,149	5,503	218	(1,742)	(209)	(43)	20,927	813	26,616

Condensed Consolidated Cash Flow Statement

for the six months to 30 September 2014

	Notes	Six months to 30 Sept 2014 (unaudited) £'000	Six months to 30 Sept 2013 (unaudited) £'000	Year to 31 March 2014 (audited) £'000
Cash flows from operating activities				
Operating profit		6,183	2,148	7,226
Adjustments for:				
Depreciation of property, plant and equipment		17	17	31
Share based payments		15	15	–
Recognition of negative goodwill on refinancing of subsidiary	6	(1,123)	–	–
Fair value adjustment to investment properties		89	–	–
(Increase)/decrease in inventories		(70)	(3,483)	(4,474)
(Increase)/decrease in trade and other receivables		664	(269)	(2,604)
Increase/(decrease) in trade and other payables		(2,406)	(719)	1,547
Other non-cash adjustments		26	–	203
Cash generated from operations		3,395	(2,291)	1,929
Income taxes paid		(322)	(233)	(552)
Net cash flow from/(used in) operating activities of continuing operations		3,073	(2,524)	1,377
Net cash flow from operating activities		3,073	(2,524)	1,377
Cash flow from investing activities				
Purchase of investments		(651)	–	(849)
Capital expenditure on investment properties		(38)	–	–
Proceeds from sale of investments		–	28	28
Proceeds from sale of property, plant and equipment		–	–	(46)
Proceeds from sale of shares in associates		–	–	23
Purchase of investment properties		–	–	(555)
Purchase of property, plant and equipment		(6)	(6)	(60)
Cash paid on control/acquisition of new subsidiaries	6	(218)	–	(4,415)
Cash and cash equivalents received on control/acquisition of new subsidiaries	6	437	–	786
Purchase of non-controlling interest		–	–	(126)
Dividends from associates		75	25	107
Dividends received		30	30	63
Interest received		35	56	148
Net cash flow from/(used in) investing activities		(336)	133	(4,896)
Cash flow from financing activities				
Proceeds from issue of shares		–	1	–
Proceeds from issue of shares to non-controlling interest		–	507	507
Proceeds/(net payment) from shareholder loans in subsidiaries		(245)	1,154	1,099
Interest paid		(905)	(419)	(1,029)
Proceeds from bank loan		3,491	–	3,136
Repayment of finance lease/bank loans		(3,357)	(294)	(850)
Sale of shares held in Treasury		106	4	299
Dividends paid		(892)	(834)	(1,201)
Dividends paid to non-controlling interest		(15)	(57)	(96)
Net cash flow from financing activities of continuing operations		(1,817)	62	1,865
Net increase/(decrease) in cash and cash equivalents		920	(2,329)	(1,654)
Cash and cash equivalents at the beginning of period		11,279	12,979	12,979
Currency translation gains/(losses) on cash and cash equivalents		(151)	(51)	(46)
Cash and cash equivalents at the end of the period		12,048	10,599	11,279

Notes to the Condensed Consolidated Results

for the six months ended 30 September 2014

1. Basis of Preparation

- These interim condensed consolidated financial statements for the six months ended 30 September 2014 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 2014 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 2014 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 25 November 2014.

2. Segmental Analysis

Segment reporting six months to 30 September 2014

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.

	Property fund management £'000	Group properties £'000	Group fund properties ("FOP") £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue	3,550	1,582	2,653	–	7,785
	3,550	1,582	2,653	–	7,785
Depreciation and amortisation	(14)	(3)	–	–	(17)
Operating profit					
– existing operations	2,903	2,218	1,525	(463)	6,183
– share of results in associates	–	107	–	–	107
– dividend income	–	30	–	–	30
– interest income	–	7	13	15	35
– interest expense	–	(192)	(742)	–	(934)
Profit before tax	2,903	2,170	796	(448)	5,421
Analysed as:					
Before performance fees and related items:	792	1,047	1,085	(448)	2,476
Performance fees	2,111	–	–	–	2,111
Realised foreign currency loss	–	–	(200)	–	(200)
Recognition of negative goodwill on refinancing of subsidiary	–	1,123	–	–	1,123
Fair value adjustments to investment properties	–	–	(89)	–	(89)
Staff incentives	–	–	–	–	–
Profit before tax	2,903	2,170	796	(448)	5,421

2. Segmental Analysis continued

Revenue for the six months to 30 September 2014 from continuing operations consists of revenue arising in the United Kingdom 34% (2013: 13%) and Central and Eastern Europe 66% (2013: 87%) and all relates solely to the Group's principal activities.

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
External revenue					
– existing operations	2,021	1,204	1,047	–	4,272
– sale of inventory	–	–	–	–	–
	2,021	1,204	1,047	–	4,272
Depreciation and amortisation	(14)	(3)	–	–	(17)
Operating profit					
– existing operations	1,407	388	763	(410)	2,148
– share of results in associates	–	96	–	–	96
– dividend income	–	30	–	–	30
– interest income	–	12	17	27	56
– interest expense	–	(105)	(314)	–	(419)
Profit before tax	1,407	421	466	(383)	1,911
Analysed as:					
Before performance fees and related items:	1,407	421	466	(383)	1,911
Performance fees	–	–	–	–	–
Realised foreign currency gain	–	–	–	–	–
Staff incentives	–	–	–	–	–
Profit before tax	1,407	421	466	(383)	1,911

Notes to the Condensed Consolidated Results

continued

for the six months ended 30 September 2014

2. Segmental Analysis continued

Segment reporting year to 31 March 2014

	Property fund management £'000	Group properties £'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
	4,268	10,490	3,287	–	18,045
Depreciation and amortisation	(21)	(7)	(3)	–	(31)
Operating profit					
– existing operations	2,630	5,010	1,388	(2,413)	6,615
– business acquisitions	–	–	611	–	611
Total	2,630	5,010	1,999	(2,413)	7,226
– 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 expense	–	(251)	(806)	–	(1,057)
Profit before tax	2,630	5,088	1,233	(2,353)	6,598
Analysed as:					
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	–	–	–	–	–
Profit before tax	2,630	5,088	1,233	(2,353)	6,598
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

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 2014 £'000	Sept 2013 £'000	March 2014 £'000
Current tax	339	281	761
Deferred tax	94	(11)	201
Total	433	270	962

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 2014	Six months ended 30 Sept 2013	Year ended 31 March 2014
Basic – pence per share	4.24p	1.34p	4.75p
Diluted – pence per share	4.07p	1.27p	4.53p

	Number	Number	Number
Weighted average number of Ordinary Shares in issue for basic	112,953,380	111,158,205	111,265,093
Share options	5,050,000	7,500,000	5,750,000
Total for diluted	118,003,380	118,658,205	117,015,093

	£'000	£'000	£'000
Basic earnings	4,792	1,492	5,281
Diluted earnings assuming full dilution at closing share price	4,807	1,503	5,298

5. Investment Properties

	Six months ended 30 Sept 2014 £'000	Six months ended 30 Sept 2013 £'000	Year ended 31 March 2014 £'000
1 April	48,759	20,349	20,349
Business acquisitions	5,547	–	28,116
Purchase additions	–	–	555
Capital expenditure	38	–	46
Foreign exchange translation	(3,229)	(469)	(307)
Fair value adjustment	(89)	–	–
End of period	51,026	19,880	48,759

Notes to the Condensed Consolidated Results

continued

for the six months ended 30 September 2014

6. Business Acquisition

The fair value of the net assets of Felix Development S.R.L. when the Group took control of it on 27 July 2014, were as follows:

	£'000
Cash	437
Investment properties located in Romania	5,547
Trade and other receivables	102
Trade payables and deferred income	(369)
Tax liabilities	(53)
Financial liabilities	(3,566)
Tenant deposits	(440)
Negative goodwill on refinancing of subsidiary	(1,123)
Total purchase price paid	535
Cash consideration paid	(218)
Deferred cash consideration	(317)
	(535)
Cash and cash equivalents acquired on control of subsidiary	437
Net cash and cash equivalents acquired	(98)

7. Interest in Associates and Other Financial Assets

	Six months ended 30 Sept 2014 £'000	Six months ended 30 Sept 2013 £'000	Year ended 31 March 2014 £'000
a) Associated undertakings			
Cost of investment at beginning of period	675	615	615
Disposals	–	–	(23)
Share of accumulated post tax profit	107	96	190
Dividends received	(75)	(25)	(107)
Cost of investment at end of period	707	686	675
Investments in Associated undertakings			
5th Property Trading Ltd	868	763	863
Regional Property Trading Ltd	147	231	120
	1,015	994	983
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	707	686	675
b) Other financial assets and investments			
Cost of investment at beginning of period	1,706	892	892
Additions	651	–	–
Business acquisitions	–	–	849
Disposal	–	(25)	(35)
Impairment credit/(charge)	43	3	–
Cost of investment at end of period	2,400	870	1,706

8. Trade and Other Receivables

	Six months ended 30 Sept 2014 £'000	Six months ended 30 Sept 2013 £'000	Year ended 31 March 2014 £'000
Current assets			
Trade receivables	1,088	1,015	3,305
Other receivables	2,140	97	502
Prepayments and accrued income	337	321	328
	3,565	1,433	4,135
Non-current assets	349	426	400

9. Trade and Other Payables

	Six months ended 30 Sept 2014 £'000	Six months ended 30 Sept 2013 £'000	Year ended 31 March 2014 £'000
Trade payables	461	389	1,139
Other taxation and social security	286	227	289
Other payables and accruals	2,147	637	2,780
Deferred income	–	17	16
	2,894	1,270	4,224

10. Financial Liabilities

	Six months ended 30 Sept 2014 £'000	Six months ended 30 Sept 2013 £'000	Year ended 31 March 2014 £'000
a) Current liabilities			
Finance lease	528	444	509
Foreign bank loans	1,644	2,861	3,840
	2,172	3,305	4,349
b) Non-current liabilities			
Loans repayable by subsidiary (FOP) to third party shareholders	1,984	2,284	2,229
Finance lease	11,674	13,095	12,661
Foreign bank loans	36,828	6,429	32,322
	50,486	21,808	47,212
c) Total obligations under financial liabilities			
Repayable within one year	2,172	3,305	4,349
Repayable within one and five years	39,647	19,524	35,106
Repayable after five years	10,839	2,284	12,106
	52,658	25,113	51,561

10. Financial Liabilities continued

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

Six bank loans and one finance lease (all denominated in foreign currencies) totalling £50.67 million (31 March 2014: £22.83 million) included within financial liabilities are secured against four investment properties owned by Fprop Opportunities plc (FOP), three investment properties owned by the Group and the one 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 web site (www.fprop.com). Further copies can be obtained from the registered office at 35 Old Queen Street, London SW1H, 9JA.



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