

Date: 26 November 2015  
 On behalf of: First Property Group plc (“First Property” or “the Group”)  
 Embargoed: 0700hrs

## First Property Group plc Interim Results for the six months to 30 September 2015

First Property Group plc (AIM: FPO), the property fund manager and investor, today announces its interim results for the six months to 30 September 2015.

### Financial Highlights:

	<b>Unaudited Six months to 30 September 2015</b>	Unaudited Six months to 30 September 2014	Percentage change	Audited Year to 31 March 2015
<b>Income Statement:</b>				
Statutory profit before tax	<b>£5.93m</b>	£5.42m	+9.4%	£8.08m
Diluted earnings per share	<b>4.13p</b>	4.07p	+1.5%	6.93p
Dividend per share	<b>0.385p</b>	0.35p	+10.0%	1.35p
Average € / £ rate used	<b>1.386</b>	1.250	-10.9%	1.285
<b>Balance Sheet at period end:</b>				
Net assets	<b>£32.06m</b>	£26.62m		£31.02m
Net assets per share	<b>27.14p</b>	22.72p		26.30p
Adjusted net assets per share*	<b>40.29p</b>	26.15p		35.75p
Cash Balances	<b>£14.20m</b>	£12.05m		£12.24m
Period-end € / £ rate	<b>1.357</b>	1.283		1.382
<b>Group Property Portfolio at period end:</b>				
Group Properties** at book value	<b>£125.9m</b>	£63.1m		£126.9m
Group Properties** at market value	<b>£145.3m</b>	£72.5m		£142.0m
Gross Debt secured against Group Properties	<b>£108.3m</b>	£50.7m		£107.8m
LTV%	<b>74.5%</b>	69.9%		75.9%
<b>Total assets under management:</b>				
Poland	<b>53.8%</b>	66.9%		64.7%
United Kingdom	<b>43.6%</b>	30.5%		33.1%
Romania	<b>2.6%</b>	2.6%		2.2%

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

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

### Operational Highlights and Explanatory Notes:

- Interim dividend increased by 10% to 0.385 pence per share.
- The contribution to Group profit before tax and unallocated central overhead costs from Group Properties increased to £5.22 million (2014: £2.97 million) largely due to the contribution made by the properties acquired in Poland and Romania by the Group and FOP between July and December 2014.

- The contribution to Group profit before tax and unallocated central overhead costs from fund management decreased to £1.19 million (2014: £2.90 million) due to both reduced performance fees earned by Fprop PDR and the expiry of our fund management contract with USS. Fund management fee income, excluding performance fees, is currently being earned at the rate of some £1.3 million per annum but should grow from here as we continue to invest the SIPS mandate and as we win new contracts.
- Excluding the fair value adjustment, the impact of a weaker Euro versus Sterling resulted in profit before tax being c£512,000 lower.

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.*

*"We are now reaping the rewards of the investments made by Fprop Opportunities plc and ourselves over the last two years, which contributed some £5.2 million to Group profit before tax in the first half.*

*"We intend to continue to invest in high income generating property, most likely in Poland and ideally in partnerships with third parties. We are currently working on several such opportunities.*

*"The visibility of our earnings into 2016 and beyond is good and I look to the future with confidence."*

**A briefing for analysts will be held at 10:30hrs today at the headquarters of First Property Group plc, 32 St James's Street, London, SW1A 1HD. Participants can also attend by telephone on +44 (20) 7984 7578 (pin 617692). 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 audio call will subsequently be posted on the company website, [www.fprop.com](http://www.fprop.com).**

**For further information please contact:**

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**Notes to Investors and Editors:**

First Property Group plc is a property fund manager and investor with operations in the United Kingdom and Central Europe. Its earnings are derived from:

- Fund management - via its FCA regulated and AIFMD approved subsidiary, First Property Asset Management Ltd (FPAM), which earns fees from investing for third parties in property:
  - 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 have ranked No.1 versus the Investment Property Databank (IPD) Central & Eastern Europe (CEE) universe for the annualised periods from the commencement of its operations in Poland in 2005 to the end of each of the years between 31 December 2008 and 31 December 2014.

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

## **CHIEF EXECUTIVE'S STATEMENT**

### **Financial Results**

I am pleased to report interim results for the six months ended 30 September 2015.

Revenue earned by the Group amounted to £10.95 million (2014: £7.79 million) yielding a profit before tax of £5.93 million (2014: £5.42 million). The increase in revenue and profit before tax is largely attributable to the contribution made to earnings by Group Properties, which benefitted from a full contribution during the period from the six properties it acquired in Poland and Romania between July and December 2014.

Diluted earnings per share were 4.13 pence (2014: 4.07 pence).

The Group ended the period with net assets of £32.06 million (2014: £26.62 million). Its cash balance was £14.20 million (2014: £12.05 million), of which £3.26 million (2014: £4.28 million) was held by Fprop Opportunities plc (76.2% owned by the Group) and £461,000 (2014: £481,000) was held by Corp Sp z o.o. (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 10% to 0.385 pence per share (2014: 0.35 pence per share) which will be paid on 31 December 2015 to shareholders on the register at 4 December 2015, with an ex-dividend date of 3 December 2015.

### **Review of Operations:**

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

As at 30 September 2015 aggregate assets under management, calculated by reference to independent third party property valuations, stood at £283 million (2014: £333 million), including some £145.3 million (2014: £72.5 million) of properties held by the Group and FOP. Of these 53.8% were located in Poland, 43.6% in the UK and 2.6% in Romania. Fees are levied by FPAM by reference to the value of funds under management excluding cash.

Revenue earned by this division reduced to £1.85 million (2014: £3.55 million), resulting in a profit before tax and unallocated central overhead costs of £1.19 million (2014: £2.90 million). This represents 18.5% (2014: 49.4%) of Group profit before tax and unallocated central overhead costs. The reduction in revenue and profit before tax of this division is attributable to a reduction in performance fees earned by Fprop PDR with £0.86 million earned during the period (2014: £1.9 million), and the wind down and subsequent expiry in August of our fund management contract with USS, which yielded £301,000 in fee income during the period (2014: £908,000).

A synopsis of each of the funds managed by the Group as at 30 September 2015 is set out below:

Fund	Country of investment	Established	Fund expiry	Assets under management at market value at 30 September 2015	% of total assets under management	Assets under management at market value at 30 September 2014
SAM Property Company Ltd (SAM)	UK	Aug 2004	Rolling	*	*	*
Regional Property Trading Ltd (RPT)	Poland	Aug 2004	Aug 2020	£6.3m	2.2%	£6.7m
5 <sup>th</sup> Property Trading Ltd (5PT)	Poland	Dec 2004	Dec 2017	£7.8m	2.8%	£8.5m
USS Fprop Managed Property Portfolio LP	Poland	Aug 2005	Aug 2015	Nil	-	£140.7m
UK Pension Property Portfolio LP (UK PPP)	UK	Feb 2010	Feb 2017	£95.1m	33.7%	£93.4m
Fprop PDR LP	UK	Oct 2013	May 2018	Nil (commitment of £42m)	-	£11.2m
SIPS Property Nominee Ltd	UK	Jan 2015	Jan 2025	£28.0m (commitment of £125m)	9.9%	Nil
<b>Sub Total</b>				<b>£137.2m</b>	<b>48.6%</b>	<b>£260.5m</b>
Fprop Opportunities plc (FOP) Group Properties (excluding FOP)	Poland	Oct 2010	Oct 2020	£55.5m	19.6%	£48.8m
	Poland & Romania	n/a	n/a	£89.8m	31.8%	£23.7m
<b>Sub Total</b>				<b>£145.3m</b>	<b>51.4%</b>	<b>£72.5m</b>
<b>Total</b>				<b>£282.5m</b>	<b>100%</b>	<b>£333.0m</b>

\* Not subject to recent revaluation

Fprop PDR completed the sale of its last remaining property in July, resulting in the Group earning a performance fee of £1.87 million, of which £0.86 million was recognised during the period (2014: £1.9 million), with the balance having already been recognised in the prior period. This fund ceased making new investments in 2014.

We are making reasonable progress in investing the new SIPS mandate, awarded to us in January. At 30 September the value of the properties acquired stood at £28 million. Since the period end we have exchanged contracts and completed the purchase of a further £11 million of commercial property on its behalf, and we have a further £32 million of property under offer.

Fund management fee income, excluding performance fees, is currently being earned at a rate of some £1.3 million per annum. We expect this rate to increase as we continue to invest the SIPS fund and win more fund management contracts.

### Group Properties

Group Properties comprise eleven commercial properties held by the Group, including five held by FOP (in which the Group is a 76.2% shareholder), and non-controlling interests in four of the seven funds managed by FPAM, as set out in the tables below. 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.

#### Directly Held Properties at 30 September 2015:

Property / Country	No. of properties	Book value	Market value	Contribution to Group profit before tax period to 30 September 2015	Contribution to Group profit before tax period to 30 September 2014
Poland	3	£69.9m	£82.4m	£2.79m	£0.72m
Romania	3	£5.2m	£7.4m	£0.45m	£1.31m*
FOP (Poland – consolidated undertaking).	5	£50.8m	£55.5m	£1.72m	£0.80m
<b>Total</b>	<b>11</b>	<b>£125.9m</b>	<b>£145.3m</b>	<b>£4.96m</b>	<b>£2.83m</b>

\* Includes £1.123m of negative goodwill arising from the refinancing of the subsidiary.

#### Non-controlling interests in funds managed by FPAM at 30 September 2015:

Fund	% owned by First Property Group	Book value of First Property's share in fund	Current market value of holdings	Group's share of pre-tax profits earned by fund 30 September 2015	Group's share of pre-tax profits earned by fund 30 September 2014
<b>Interest in associates</b>					
5 <sup>th</sup> Property Trading Ltd (5PT)	37.8%	£530,000	£1,038,000	£59,000	£81,000
Regional Property Trading Ltd (RPT)	28.6%	£145,000	£193,000	£6,000	£26,000
<b>Share of results in associates</b>		<b>£675,000</b>	<b>£1,231,000</b>	<b>£65,000</b>	<b>£107,000</b>
<b>Investments</b>					
UK Pension Property Portfolio LP (UK PPP)	0.9%	£903,000	£903,000	£29,000	£30,000
Fprop PDR LP	5%	£13,000	£13,000	£163,000	Nil
<b>Sub Total</b>		<b>£916,000</b>	<b>£916,000</b>	<b>£192,000</b>	<b>£30,000</b>
<b>Total</b>		<b>£1,591,000</b>	<b>£2,147,000</b>	<b>£257,000</b>	<b>£137,000</b>

Revenue from Group Properties amounted to £9.10 million (2014: £4.24 million), generating a profit before tax and unallocated central overhead costs of £5.22 million (2014: £2.97 million).

This represents 81.5% (2014: 50.6%) of Group profit before tax and unallocated central overhead costs.

The increase in profit before tax earned by Group Properties resulted mainly from a full period contribution from the six properties acquired by the Group and FOP in Poland and Romania between July and December 2014, which amounted to £2.69 million (2014: £162,000).

## **Commercial Property Markets Outlook**

### **Poland:**

GDP growth in Poland is forecast to be 3.5% in both 2015 and 2016.

In October's general election, the incumbent Civic Platform Party (PO) was ousted by the conservative (but apparently less business friendly) Law and Justice Party (PiS), to form Poland's first non-coalition government since the fall of Communism. It has pledged to use all available monetary and fiscal policy tools to boost GDP growth towards 5%-6% per annum but has suggested the introduction of new taxes on retailers and banks. It is also expected to cut interest rates by 0.5% to 1% in the first quarter of 2016.

The Polish Zloty/Euro exchange rate remains relatively stable at around PLN 4.1-4.3, as it has been for several years. However, the Sterling/Euro rate has weakened by some 20 per cent since 2013.

Rents for offices in Warsaw have fallen in recent years due to the large development pipeline but appear to have now stabilised. Rents and occupancy levels for other asset classes remain broadly stable.

Investment demand is mainly from German, US and UK investors and is focused on prime properties of large lot sizes. The transaction volume for 2015 is expected to exceed €3 billion, a level similar to that of 2014.

### **United Kingdom:**

GDP is now 5.9% above the pre-crisis peak reached in the first quarter of 2008 and the rate of GDP growth is forecast to average 2-3% over the next couple of years.

The growth in the economy is likely to continue the trend of increased occupational demand and increasing rents.

Investor demand remains buoyant, although there is a growing market expectation that yield stabilisation is approaching, with future gains expected from rental growth. According to IPD the average net initial yield for all commercial property is now back to its 2007 peak of 4.9%, with the implied equivalent yield (after taking into account reversionary rent levels) at 5.9%.

The temporary extension to Permitted Development Rights for the automatic conversion of offices to residential use has been made permanent, although we still await details of the terms on which this extension has taken place.

## **Current Trading and Prospects**

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

We are now reaping the rewards of the investments made by Fprop Opportunities plc and ourselves over the last two years, which contributed some £5.2 million to Group profit before tax in the first half.

We intend to continue to invest in high income generating property, most likely in Poland and ideally in partnership with third parties. We are currently working on several such opportunities.

The visibility of our earnings into 2016 and beyond is good and I look to the future with confidence.

**Ben Habib**  
**Chief Executive**  
26 November 2015

## CONDENSED CONSOLIDATED INCOME STATEMENT

### for the six months to 30 September 2015

	Notes	<b>Six months to 30 Sept 2015 (unaudited)</b>	Six months to 30 Sept 2014 (unaudited)	Year to 31 March 2015 (audited)
		<b>Total results £'000</b>	Total results £'000	Total results £'000
<b>Revenue</b>	2	<b>10,947</b>	7,785	18,523
<b>Cost of sales</b>		<b>(1,773)</b>	(910)	(3,156)
<b>Gross profit</b>		<b>9,174</b>	6,875	15,367
Recognition of negative goodwill on refinancing of subsidiary		-	1,123	1,123
Recognition of negative goodwill on the acquisition of subsidiaries		-	-	716
Fair value adjustment to investment properties		<b>556</b>	(89)	(876)
<b>Operating expenses</b>		<b>(2,609)</b>	(1,726)	(6,925)
<b>Operating profit</b>	2	<b>7,121</b>	6,183	9,405
Share of results in associates		<b>65</b>	107	185
Distribution income		<b>192</b>	30	694
Interest income		<b>69</b>	35	145
Interest expense		<b>(1,518)</b>	(934)	(2,346)
<b>Profit before tax</b>	2	<b>5,929</b>	5,421	8,083
Tax credit /(charge)	3	<b>(661)</b>	(433)	328
<b>Profit for the period</b>		<b>5,268</b>	4,988	8,411
<b>Attributable to:</b>				
<b>Owners of the parent</b>		<b>4,888</b>	4,792	8,172
<b>Non-controlling interest</b>		<b>380</b>	196	239
		<b>5,268</b>	4,988	8,411
<b>Earnings per Ordinary 1p share</b>				
<b>-basic</b>	4	<b>4.28p</b>	4.24p	7.21p
<b>-diluted</b>	4	<b>4.13p</b>	4.07p	6.93p



**CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
for the six months to 30 September 2015**

Notes	<b>Six months to 30 Sept 2015 unaudited</b>	Six months to 30 Sept 2014 unaudited	Year to 31 March 2015 audited
	<b>£'000</b>	£'000	£'000
<b>Profit for the period</b>	<b>5,268</b>	4,988	8,411
<b>Other comprehensive income</b>			
Exchange difference on retranslation of foreign subsidiaries	<b>(3,161)</b>	(1,091)	272
Revaluation of available-for-sale financial assets	<b>13</b>	43	37
Taxation	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,120</b>	3,940	8,720
<b>Total comprehensive income for the period:</b>			
<b>Owners of the parent</b>	<b>2,130</b>	4,007	8,505
<b>Non-controlling interest</b>	<b>(10)</b>	(67)	215
	<b>2,120</b>	3,940	8,720

## CONDENSED CONSOLIDATED BALANCE SHEET as at 30 September 2015

	Notes	As at 30 Sept 2015 (unaudited) £'000	As at 30 Sept 2014 (unaudited) £'000	As at 31 March 2015 (audited) £'000
<b>Non-current assets</b>				
Goodwill		153	153	153
Investment properties	5	112,956	51,026	114,262
Property, plant and equipment		162	53	43
Interest in associates	6a	675	707	671
Other financial assets	6b	916	2,400	1,531
Other receivables	7	228	349	283
Deferred tax assets		4,100	846	3,803
<b>Total non-current assets</b>		<b>119,190</b>	<b>55,534</b>	<b>120,746</b>
<b>Current assets</b>				
Inventories – land and buildings		12,958	12,170	12,639
Current tax assets		52	55	236
Trade and other receivables	7	5,378	3,565	5,744
Cash and cash equivalents		14,202	12,048	12,240
<b>Total current assets</b>		<b>32,590</b>	<b>27,838</b>	<b>30,859</b>
<b>Current liabilities</b>				
Trade and other payables	8	(6,398)	(2,894)	(8,134)
Financial liabilities	9	(6,101)	(2,172)	(11,788)
Current tax liabilities		(162)	(242)	(108)
<b>Total current liabilities</b>		<b>(12,661)</b>	<b>(5,308)</b>	<b>(20,030)</b>
<b>Net current assets</b>		<b>19,929</b>	<b>22,530</b>	<b>10,829</b>
<b>Total assets less current liabilities</b>		<b>139,119</b>	<b>78,064</b>	<b>131,575</b>
<b>Non-current liabilities</b>				
Financial liabilities	9	(104,061)	(50,486)	(97,925)
Deferred tax liabilities		(3,003)	(962)	(2,631)
<b>Net assets</b>		<b>32,055</b>	<b>26,616</b>	<b>31,019</b>
<b>Equity</b>				
Called up share capital		1,149	1,149	1,149
Share premium		5,508	5,503	5,505
Foreign Exchange Translation Reserve		(3,389)	(1,742)	(618)
Investment revaluation reserve		(36)	(43)	(49)
Share-based payment reserve		218	218	203
Retained earnings		27,547	20,718	23,735
Equity attributable to the owners of the parent		30,997	25,803	29,925
Non-controlling interest		1,058	813	1,094
<b>Total equity</b>		<b>32,055</b>	<b>26,616</b>	<b>31,019</b>
<b>Net assets per share</b>	4	<b>27.14p</b>	<b>22.72p</b>	<b>26.30p</b>

**CONDENSED CONSOLIDATED STATEMENT OF  
CHANGES IN EQUITY  
for the six months to 30 September 2015**

	Share capital	Share premium	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Purchase /Sale of own Shares	Investment Revaluation Reserve	Retained Earnings	Non- controlling Interest	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>At 1 April 2014</b>	<b>1,149</b>	<b>5,498</b>	<b>203</b>	<b>(914)</b>	<b>(310)</b>	<b>(86)</b>	<b>17,027</b>	<b>895</b>	<b>23,462</b>
Profit for the period	-	-	-	(828)	-	-	4,988	(263)	3,897
Fair value (or revaluation) gains on available- for-sale financial assets to profit or loss	-	-	-	-	-	43	-	-	43
Share based payments	-	-	15	-	-	-	-	-	15
Non-controlling interest	-	-	-	-	-	-	(196)	196	-
Treasury shares	-	5	-	-	101	-	-	-	106
Dividends paid	-	-	-	-	-	-	(892)	(15)	(907)
<b>At 30 Sept 2014</b>	<b>1,149</b>	<b>5,503</b>	<b>218</b>	<b>(1,742)</b>	<b>(209)</b>	<b>(43)</b>	<b>20,927</b>	<b>813</b>	<b>26,616</b>
Profit for the period	-	-	-	828	-	-	3,423	263	4,514
Fair value (or revaluation) gains on available- for-sale financial assets to profit or loss	-	-	-	-	-	(6)	-	-	(6)
Movement on foreign exchange	-	-	-	296	-	-	-	(24)	272
Share based payments	-	-	(15)	-	-	-	-	-	(15)
Non-controlling interest	-	-	-	-	-	-	(43)	43	-
Treasury Shares	-	2	-	-	36	-	-	-	38
Dividends paid	-	-	-	-	-	-	(399)	(1)	(400)
<b>At 1 April 2015</b>	<b>1,149</b>	<b>5,505</b>	<b>203</b>	<b>(618)</b>	<b>(173)</b>	<b>(49)</b>	<b>23,908</b>	<b>1,094</b>	<b>31,019</b>
Profit for the period	-	-	-	-	-	-	5,268	-	5,268
Fair value (or revaluation) gains on available- for-sale financial assets to profit or loss	-	-	-	-	-	13	-	-	13
Movement on foreign exchange	-	-	-	(2,771)	-	-	-	(390)	(3,161)
Share based payments	-	-	15	-	-	-	-	-	15
Non-controlling interest	-	-	-	-	-	-	(380)	380	-
Treasury shares	-	3	-	-	66	-	-	-	69
Dividends paid	-	-	-	-	-	-	(1,142)	(26)	(1,168)
<b>At 30 Sept 2015</b>	<b>1,149</b>	<b>5,508</b>	<b>218</b>	<b>(3,389)</b>	<b>(107)</b>	<b>(36)</b>	<b>27,654</b>	<b>1,058</b>	<b>32,055</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT for the six months to 30 September 2015

	Six months to 30 Sept 2015 (unaudited) £'000	Six months to 30 Sept 2014 (unaudited) £'000	Year to 31 March 2015 (audited) £'000
<b>Cash flows from operating activities</b>	Notes		
Operating profit	7,121	6,183	9,405
Adjustments for:			
Depreciation of investment property, and property, plant & equipment	815	17	384
Fair value adjustment to investment properties	(556)	89	876
Negative goodwill	-	(1,123)	(1,839)
Share based payments	15	15	-
(Increase)/decrease in inventories	(141)	(70)	(258)
(Increase)/decrease in trade and other receivables	307	664	(486)
Increase/(decrease) in trade and other payables	(1,230)	(2,406)	577
Other non-cash adjustments	43	26	84
<b>Cash generated from operations</b>	<b>6,374</b>	<b>3,395</b>	<b>8,743</b>
Income taxes paid	(357)	(322)	(826)
<b>Net cash flow from operating activities</b>	<b>6,017</b>	<b>3,073</b>	<b>7,917</b>
<b>Cash flow from investing activities</b>			
Purchase of investments	-	(651)	(353)
Capital expenditure on investment properties	(1,009)	(38)	(383)
Proceeds from partial disposal of available-for-sale assets	627	-	565
Purchase of property, plant and equipment	(125)	(6)	(14)
Cash paid on control/acquisition of new subsidiaries	-	(218)	(4,638)
Cash and cash equivalents received on control/acquisition of new subsidiaries	-	437	3,055
Dividends from associates	62	75	189
Distributions received	192	30	694
Interest received	69	35	145
<b>Net cash flow from /(used in) investing activities</b>	<b>(184)</b>	<b>(336)</b>	<b>(740)</b>
<b>Cash flow from financing activities</b>			
Net repayment of shareholder loans in subsidiaries	(48)	(245)	(293)
Interest paid	(1,462)	(905)	(2,266)
Proceeds from bank loan	7,813	3,491	3,547
Repayment of finance lease/bank loans	(9,015)	(3,357)	(5,776)
Sale of shares held in Treasury	69	106	144
Dividends paid	(1,142)	(892)	(1,291)
Dividends paid to non-controlling interest	(26)	(15)	(16)
<b>Net cash flow (used in) financing activities of continuing operations</b>	<b>(3,811)</b>	<b>(1,817)</b>	<b>(5,951)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,022</b>	<b>920</b>	<b>1,226</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>12,240</b>	<b>11,279</b>	<b>11,279</b>
<b>Currency translation gains/(losses) on cash and cash equivalents</b>	<b>(60)</b>	<b>(151)</b>	<b>(265)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>14,202</b>	<b>12,048</b>	<b>12,240</b>

# NOTES TO THE CONDENSED CONSOLIDATED RESULTS

## for the six months ended 30 September 2015

### 1. Basis of Preparation

- These interim condensed consolidated financial statements for the six months ended 30 September 2015 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 2015 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 2015 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 2015.

## 2. Segmental Analysis

### Segment reporting six months to 30 September 2015

The parent holding company costs and related listing costs are shown separately under unallocated central costs.

	Property fund management	Group properties	Group fund properties ("FOP")	Unallocated central overheads	TOTAL
	£'000	£'000	£000	£'000	£'000
<b>External revenue</b>	1,845	6,099	3,003	-	<b>10,947</b>
	1,845	6,099	3,003	-	<b>10,947</b>
Depreciation and amortisation	(13)	(747)	(55)	-	<b>(815)</b>
<b>Operating profit</b>					
Existing operations	1,188	3,952	2,471	(490)	<b>7,121</b>
Share of results in associates	-	65	-	-	<b>65</b>
Dividend income	-	192	-	-	<b>192</b>
Interest income	-	14	45	10	<b>69</b>
Interest expense	-	(721)	(797)	-	<b>(1,518)</b>
<b>Profit/(loss) before tax</b>	<b>1,188</b>	<b>3,502</b>	<b>1,719</b>	<b>(480)</b>	<b>5,929</b>
Analysed as:					
Before performance fees and related items:	324	4,324	1,242	(480)	<b>5,410</b>
Performance fees	864	-	-	-	<b>864</b>
Realised foreign currency loss	-	(105)	(79)	-	<b>(184)</b>
Depreciation	-	(717)	-	-	<b>(717)</b>
Fair value adjustments to investment properties	-	-	556	-	<b>556</b>
Staff incentives	-	-	-	-	<b>-</b>
<b>Profit/(loss) before tax</b>	<b>1,188</b>	<b>3,502</b>	<b>1,719</b>	<b>(480)</b>	<b>5,929</b>

Revenue for the six months to 30 September 2015 from continuing operations consists of revenue arising in the United Kingdom 14% (2014: 34%) and Central and Eastern Europe 86% (2014: 66%) and all relates solely to the Group's principal activities.

## Segment reporting six months to 30 September 2014

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

## Segment reporting year to 31 March 2015

	Property fund management	Group properties	Group fund properties ("FOP")	Unallocated central overheads	TOTAL
	£'000	£'000	£'000	£'000	£'000
<b>External revenue</b>					
-Existing operations	6,140	2,968	5,217	-	<b>14,325</b>
-Sale of inventory	-	-	-	-	-
-Business acquisitions	-	3,479	719	-	<b>4,198</b>
<b>Total</b>	<b>6,140</b>	<b>6,447</b>	<b>5,936</b>	<b>-</b>	<b>18,523</b>
Depreciation and amortisation	(18)	(360)	(6)	-	<b>(384)</b>
<b>Operating profit</b>	<b>4,435</b>	<b>5,454</b>	<b>2,454</b>	<b>(2,938)</b>	<b>9,405</b>
Share of results in associates	-	185	-	-	<b>185</b>
Distribution income	-	694	-	-	<b>694</b>
Interest income	-	36	89	20	<b>145</b>
Interest expense	-	(730)	(1,616)	-	<b>(2,346)</b>
<b>Profit/(loss) before tax</b>	<b>4,435</b>	<b>5,639</b>	<b>927</b>	<b>(2,918)</b>	<b>8,083</b>
<b>Analysed as:</b>					
Before performance fees and related items	1,605	4,489	2,272	(963)	<b>7,403</b>
Recognition of negative goodwill on refinancing of subsidiary	-	1,123	-	-	<b>1,123</b>
Recognition of negative goodwill on acquisition of subsidiaries	-	716	-	-	<b>716</b>
Fair value adjustment to investment properties	-	-	(876)	-	<b>(876)</b>
Depreciation	-	(357)	-	-	<b>(357)</b>
Performance fees	3,365	-	-	-	<b>3,365</b>
Staff incentives	(535)	(194)	(184)	(1,955)	<b>(2,868)</b>
Realised foreign currency gain/(loss)	-	(138)	(285)	-	<b>(423)</b>
<b>Profit/(loss) before tax</b>	<b>4,435</b>	<b>5,639</b>	<b>927</b>	<b>(2,918)</b>	<b>8,083</b>
Assets - Group	1,633	84,478	58,522	6,301	<b>150,934</b>
Share of net assets of associates	-	979	-	(308)	<b>671</b>
Liabilities	(289)	(72,437)	(45,666)	(2,194)	<b>(120,586)</b>
<b>Net Assets</b>	<b>1,344</b>	<b>13,020</b>	<b>12,856</b>	<b>3,799</b>	<b>31,019</b>

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 credit / (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 2015	Sept 2014	March 2015
Current tax	(588)	(339)	(525)
Deferred tax	(73)	(94)	853
<b>Total</b>	<b>(661)</b>	<b>(433)</b>	<b>328</b>

### 4. Earnings/NAV per 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 2015	Six months ended 30 Sept 2014	Year ended 31 March 2015
Basic - pence per Share	4.28p	4.24p	7.21p
Diluted - pence per Share	4.13p	4.07p	6.93p

	Number	Number	Number
Weighted average number of ordinary shares in issue for basic	114,177,240	112,953,380	113,348,847
Share options	4,450,000	5,050,000	4,850,000
<b>Total for diluted</b>	<b>118,627,240</b>	<b>118,003,380</b>	<b>118,198,847</b>
	£'000	£'000	£'000
Basic earnings	4,888	4,792	8,172
Diluted earnings assuming full dilution	4,895	4,807	8,187

	Six months ended 30 Sept 2015	Six months ended 30 Sept 2014	Year ended 31 March 2015
<b>Net assets per share</b>	<b>27.14p</b>	22.72p	26.30p
<b>Adjusted net assets per share</b>	<b>40.29p</b>	26.15p	35.75p

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

	Number	Number	Number
Number of shares in issue at period end	114,192,541	113,569,360	113,792,541
	£'000	£'000	£'000
Net assets excluding non-controlling interest	30,997	25,803	29,925
<b>Adjusted net assets per share</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Number of shares in issue at period end	114,192,541	113,569,360	113,792,541
Number of share options assumed to be exercised	4,450,000	5,050,000	4,850,000
<b>Total</b>	<b>118,642,541</b>	<b>118,619,360</b>	<b>118,642,541</b>

<b>Adjusted net assets per share</b>	<b>£'000</b>	£'000	£'000
Net assets excluding non-controlling interest	<b>30,997</b>	25,803	29,925
Adjustments for market value of assets less deferred tax	<b>15,801</b>	5,010	12,267
Other adjustments	<b>999</b>	207	221
<b>Total</b>	<b>47,797</b>	31,020	42,413

## 5. Investment Properties

	<b>Six months ended 30 Sept 2015</b>	Six months ended 30 Sept 2014	Year ended 31 March 2015
	<b>£'000</b>	£'000	£'000
1 April	<b>114,262</b>	48,759	48,759
Business acquisitions	-	5,547	75,390
Capital expenditure	<b>1,009</b>	38	383
Depreciation	<b>(786)</b>	-	(357)
Fair value adjustment	<b>556</b>	(89)	(876)
Foreign exchange translation	<b>(2,085)</b>	(3,229)	(9,037)
End of period	<b>112,956</b>	51,026	114,262

## 6. Interest in Associates and Other Financial Assets

	<b>Six months ended 30 Sept 2015</b>	Six months ended 30 Sept 2014	Year ended 31 March 2015
	<b>£'000</b>	£'000	£'000
<b>a) Associated undertakings</b>			
Cost of investment at beginning of period	<b>671</b>	675	675
Disposals	-	-	-
Share of associates profit after tax	<b>66</b>	107	185
Dividends received	<b>(62)</b>	(75)	(189)
Cost of investment at end of period	<b>675</b>	707	671
<b>Investments in Associated undertakings</b>			
5 <sup>th</sup> Property Trading Ltd	<b>838</b>	868	827
Regional Property Trading Ltd	<b>145</b>	147	152
	<b>983</b>	1,015	979
Less: Group share of profit after tax withheld on sale of property to an associate in 2007	<b>(308)</b>	(308)	(308)
Cost of investment at end of period	<b>675</b>	707	671
<b>b) Other financial assets and investments</b>			
Cost of investment at beginning of period	<b>1,531</b>	1,706	1,706
Additions	-	651	353
Business acquisitions	-	-	-
Disposal	<b>(627)</b>	-	(565)
Net increase in fair value	<b>12</b>	43	37
Cost of investment at end of period	<b>916</b>	2,400	1,531

## 7. Trade and Other Receivables

	<b>Six months ended 30 Sept 2015</b>	Six months ended 30 Sept 2014	Year ended 31 March 2015
	<b>£'000</b>	£'000	£'000
<b>Current assets</b>			
Trade receivables	<b>1,756</b>	1,088	1,655
Other receivables	<b>2,971</b>	2,140	3,147

Prepayments and accrued income	651	337	942
	<b>5,378</b>	3,565	5,744
<b>Non-current assets</b>	<b>228</b>	349	283

## 8. Trade and Other Payables

	Six months ended 30 Sept 2015	Six months ended 30 Sept 2014	Year ended 31 March 2015
	£'000	£'000	£'000
Trade payables	2,144	461	2,605
Other taxation and social security	1,336	286	580
Other payables and accruals	2,907	2,147	4,938
Deferred income	11	-	11
	<b>6,398</b>	2,894	8,134

## 9. Financial Liabilities

	Six months ended 30 Sept 2015	Six months ended 30 Sept 2014	Year ended 31 March 2015
	£'000	£'000	£'000
<b>a) Current liabilities</b>			
Bank loans	3,426	1,644	9,382
Finance leases	2,675	528	2,406
	<b>6,101</b>	2,172	11,788
<b>b) Non-current liabilities</b>			
Loans repayable by subsidiary (FOP) to third party shareholders	1,888	1,984	1,936
Bank loans	57,413	36,828	50,610
Finance leases	44,760	11,674	45,379
	<b>104,061</b>	50,486	97,925
<b>c) Total obligations under financial liabilities</b>			
Less than one year	6,101	2,172	11,788
Between two and five years	67,584	39,647	57,928
Later than five years	36,477	10,839	39,997
	<b>110,162</b>	52,658	109,713

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

Eight bank loans and three finance leases (all denominated in Euros) totalling £108,274,000 (31 March 2015: £107,777,000) included within financial liabilities are secured against investment properties owned by the Group and Fprop Opportunities plc (FOP), and one property owned by the Group shown under inventories. These bank loans and finance leases are otherwise non-recourse to the Group's assets.

The interim results are being circulated to all shareholders and can be downloaded from the company's web site ([www.fprop.com](http://www.fprop.com)). Further copies can be obtained from the registered office at 32 St James's Street, London SW1A 1HD.