

FINAL RESULTS - 2014 - Final

Date: 3 June 2014
On Behalf of: First Property Group plc ("First Property", "the Company" or "the Group")
Embargoed: 0700hrs

First Property Group plc Preliminary Results for the twelve months to 31 March 2014

First Property Group plc (AIM: FPO), the commercial property fund management group, today announces its preliminary results for the 12 months ended 31 March 2014.

Financial highlights:

	Unaudited Year to 31 March 2014	Audited Year to 31 March 2013	Percentage change
Profit before tax	£6.60m	£3.54m	+86%
Diluted earnings per share	4.53p	2.18p	+108%
Total dividend	1.12p	1.08p	+4%
Profit before tax and unallocated central overheads by segment:			
Property fund management (FPAM)	£2.63m	£2.84m	-7%
Group Properties (incl FOP)	£6.32m	£2.07m	+205%
Average €/£ rate used	1.188	1.226	+3%
Year-end €/£ rate used	1.210	1.183	-2%
Net assets	£23.46m	£18.54m	+27%
Cash Balances	£11.28m	£12.98m	-13%
Assets under management	£341m	£353m	-3%
Poland	67%	71%	
UK	30%	26%	
Romania	3%	3%	

Operational highlights:

- Return to development activity in the UK generating a non-recurring contribution to earnings of some £3.8 million;
- New fund, Fprop PDR, established October 2013 with total commitments of some £41 million, to undertake office to residential conversions. £22 million worth of offices acquired so far, which should earn development profits in due course;
- Resumption of investment by FOP in income-producing commercial property in Poland (totalling some €35 million during the year);
- Reduction in cash balances by £1.7 million from £12.98 million to £11.28 million principally as a result of £7.5 million of investments made by the Group in FOP, Blue Tower, and our new fund Fprop PDR;
- Funds under management in Central and Eastern Europe once again rated by Investment Property Databank (IPD) as the best performing versus the IPD Central & Eastern European universe, now for the eight years to 31 December 2013.

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

"The financial year just ended saw the Group return to development activity in the UK and resume investment in income-producing commercial property in Poland. The combined effect of these activities resulted in an 86% increase in profit before tax for the year.

"Whilst the large one-off profits we made on our investments in Woking and Bracknell are impressive achievements that would not be easy to repeat, I am confident that Fprop PDR's development activities should yield healthy profits in the current year. I also expect FOP to continue its investment activities in Poland, which should further enhance earnings.

"The very significant headwinds the property industry has experienced over the last few years seem to have abated, with economic growth becoming established in the UK and continuing in Poland. I therefore look to the future with continued optimism."

FINAL RESULTS - 2014 - Final

A briefing for analysts will be held at 09.30hrs today at the Group's headquarters, 35 Old Queen Street, London, SW1H 9JA. A conference call facility will also be available on +44 (20) 3139 4830 (PIN number 12852054#). A copy of the accompanying investor presentation can be accessed simultaneously at:

<https://www.anywhereconference.com/?UserAudioMode=DATA&Name=&Conference=131646845&PIN=12852054>

A recorded copy of the call will subsequently be posted on the Company website, www.fprop.com.

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Notes to investors and editors:

First Property Group plc is a co-investing direct property fund manager with operations in the United Kingdom and Central Europe. Its business model is to:

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

The investment performance of its funds under management in Poland and in Central Europe 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 & 2012 respectively.

FINAL RESULTS - 2014 - Final

CHIEF EXECUTIVE'S STATEMENT

Financial results

I am pleased to report final results for the twelve months ended 31 March 2014.

Revenue earned by the Group increased to £18.05 million (2013: £10.64 million) yielding an 86% increase in profit before tax of £6.60 million (2013: £3.54 million). The increase in profit before tax is principally attributable to the Group's return to development in the United Kingdom, and in particular its investment in and subsequent sale of two office buildings in Woking and Bracknell, which contributed £3.80 million to earnings. Diluted earnings per share were 4.53 pence (2013: 2.18 pence), an increase of 108%.

The Group ended the period with net assets of £23.46 million (2013: £18.54 million).

Group cash balances stood at £11.28 million (2013: £12.98 million), of which £4.14 million (2013: £4.76 million) was held by Fprop Opportunities plc (FOP), which is 76.2% owned by the Group and £528,000 (2013: £642,000) was held by Corp SA (90% owned by the Group), the property management company for Blue Tower in Warsaw.

The reduction in cash balances by some £1.7 million from £12.98 million to £11.28 million was principally caused by some £7.5 million of investments made by the Group during the year in FOP, Blue Tower, and our new fund Fprop PDR LP.

Dividend

The Directors have resolved to recommend increasing the final dividend to 0.79 pence (2013: 0.75 pence), which together with the interim dividend of 0.33 pence (2013: 0.33 pence) equates to a dividend for the year of 1.12 pence (2013: 1.08 pence), an increase of 3.7% from the prior year. The final dividend, if approved, will be paid on 25 September 2014 to shareholders on the register at 22 August 2014.

Review of operations

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

As of 31 March 2014 aggregate assets under management were £341 million (2013: £353 million). Of these, 30% were located in the UK and 67% in Poland.

Revenue earned by this division amounted to £4.27 million (2013: £4.02 million), resulting in a profit before tax of £2.63 million (2013: £2.84 million) and representing 29.4% (2013: 58%) of Group profit before tax and unallocated central overheads.

FINAL RESULTS - 2014 - Final

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

Fund	Established	Fund Life	Assets under management	% of total assets under management
SAM Property Company Ltd (SAM)	August 2004	Rolling	*	*
Regional Property Trading Ltd (RPT)	August 2004	5 years to August 2009, extended to August 2012 then August 2015	£7.1m	2.1%
5 th Property Trading Ltd (5PT)	December 2004	7 years to December 2011, extended to December 2014	£9.0m	2.6%
USS Fprop Managed Property Portfolio LP	August 2005	10 years to August 2015	£160.5m	47.1%
UK Pension Property Portfolio LP (UK PPP)	February 2010	7 years to February 2017	£90.5m	26.5%
Fprop Opportunities plc (FOP)	October 2010	10 years to October 2020	£62.0m	18.2%
Fprop PDR LP	October 2013	5 years to May 2018	£11.8m*	3.5%
Total			£340.9m	100%

*Not subject to recent revaluation

Our largest fund under management, USS Fprop Managed Portfolio, expires in August 2015 and is therefore in the process of disposing of its assets. We expect to more than make up for the reduced fee income which will result from these disposals by returns earned from new investments made by FOP and Fprop PDR (see below).

UK PPP is invested in a well-let portfolio of good secondary commercial property, a segment of the market which was out of favour during the fund's investment period but which is now experiencing an increase in investor interest. The fund's investors have benefitted from a dividend yield on their investment of some 6.5% per annum and, with renewed investor interest in the type of properties owned by the fund, we also expect capital gains to be earned in due course. The fund is fully invested.

Fprop Opportunities plc (FOP) raised an additional £3.71 million in April 2013, including a subscription of £2 million by the Group. It made two new investments during the year with a value of some €35 million (£28 million), more than doubling its assets under management. At 31 March FOP held £4.14 million of un-invested cash. We expect FOP to make further investments in the current financial year.

Fprop PDR LP was established in October 2013 with some £41 million in commitments, including £2 million by the Group. Its investment strategy is to invest in vacant or short-lease office buildings in the UK with a view to converting these to residential use. To date the partnership has acquired seven properties at a total cost of some £22 million. It currently has one further property under offer at some £8 million. The Group receives no fee income from Fprop PDR but is entitled to 20% of all profits earned by it, subject to claw back in the event of subsequent losses.

Our funds under management in Central and Eastern Europe have once again been ranked by Investment Property Databank (IPD) as the best performing against the IPD Central & Eastern European universe, now for the eight years to 31 December 2013.

FINAL RESULTS - 2014 - Final

Group Properties

The Group's only direct property holding is a 48.2% interest in an office building, Blue Tower, located in Warsaw's central business district. During the year under review it did also comprise two office buildings in the UK (in Woking and Bracknell), both of which were acquired and sold during the period (as set out below).

Property	Acquired date	Group share	Book value/ purchase price	Market value	Sales price	Group profit before deducting central overheads
Blue Tower, Warsaw	2008 & 2013	48.2%	£12.8m	£16.2m	n/a	£1.26m
Westminster Court, Woking	2013	100%	£2.4m	-	£6.0m	£3.1m
Edenfield, Bracknell	2013	100%	£1.0m	-	£2.05m	£0.77m
Total					£8.05m	£5.13m

The Group's indirect property holdings comprise shares in five of the seven funds managed by FPAM (as set out in the table below). Our interests in these funds are accounted for, in the case of UK PPP LP and Fprop PDR LP 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 pre-tax profit earned by fund
Investments				
UK Pension Property Portfolio LP (UK PPP)	0.9%	£857,000	£847,000	£63,000 ¹
Fprop PDR LP	4.9%	£849,000	£849,000	nil
Interest in associates				
5 th Property Trading Ltd (5PT)	37.8%	£863,000	£1,273,000	£198,000
Regional Property Trading Ltd (RPT)	25.8%	£120,000	£177,000	(£8,000) ²
Share of results in associates		£983,000		£190,000
Consolidated undertaking				
Fprop Opportunities plc (FOP)	76.2%	£7,937,000	£12,920,000	£940,000 ³
Total		£10,626,000	£16,066,000	£1,193,000

¹ represents dividend received;

² loss caused by a foreign currency exchange loss arising on the refinancing of the fund;

³ after the deduction of non-controlling interest.

FINAL RESULTS - 2014 - Final

Revenue from Group Properties, including FOP, was £13.78 million (2013: £4.3 million), generating a profit before tax of £6.32 million (2013: £2.07 million), an increase of some 205% from last year and representing 70.6% of Group profit before central overhead costs. The increase in profit was principally attributable to the investment in and subsequent sale of two office blocks in Woking and Bracknell, from which we earned an aggregate contribution of some £3.8 million.

Our initial 28.5% interest in Blue Tower was acquired by the Group in December 2008 for £8.3 million and in November 2013 we increased our shareholding to 48.2%, at an additional cost of £4.5 million. Our initial 28.5% interest was valued in February 2014 at £11.74 million. The combined investment contributed £1.26 million to pre-tax profit during the year to 31 March 2014 (2013: £0.96 million), including a partial contribution from the additional investment made in the second half of the year. Our investment in this property has proven to be an excellent one and it is our intention to acquire a greater interest in the building if the opportunity should arise.

Our investment in July 2013 in two office buildings in Woking and in Bracknell, and their subsequent sales in December 2013 and February 2014 contributed some £3.8 million to earnings. This contribution to earnings is non-recurring but we expect to continue to earn development profits from our co-investment in Fprop PDR LP.

The results of FOP, which is 76.2% owned by the Group, are consolidated in these accounts. FOP's revenue and profit before tax for the year to 31 March 2014 amounted to £3.29 million (2013: £2.14 million) and £1.23 million (2013: £1.00 million) respectively, whereas the Group's 76.2% share of these amounted to £2.50 million (2013: £1.77 million) and £0.94 million (2013: £0.84 million) respectively. FOP made two new investments during the year from which we expect to earn rates of return on equity exceeding 30% and 50% per annum respectively, but only benefitted from a partial contribution to its earnings from these two investments because they were made in the second half of the year.

Our shareholdings in our two other Polish funds, 5th Property Trading Ltd and Regional Property Trading Ltd, contributed £190,000 (2013: £145,000) to the Group's profit before tax. The Group's share of the loss in Regional Property Trading Ltd of £8,000 was caused by a foreign currency exchange loss arising on the refinancing of the fund. 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 LP contributed £63,000 (2013: £58,000) 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 LP did not yield a dividend as it is still in its investment phase.

Fund raising

In October 2013 we raised some £41 million in commitments, principally from clients of a leading global investment business, to establish a new investment partnership, Fprop PDR LP, referred to earlier in this report. The Group committed £2 million to the partnership.

In April 2013 FOP raised an additional £3.71 million, including a subscription of £2 million by the Group. We expect to complete investing the remaining equity in FOP during the current financial year.

Commercial property markets outlook

Economic growth has returned to almost all countries in the euro zone but government balance sheets remain weighed down by debt and the threat of deflation persists. We therefore expect continued low interest rates, albeit probably not as low as at present, for the foreseeable future.

Poland:

GDP growth in 2013 slowed to some 1.6%, but is forecast to grow by 3% in 2014 and 3.1% in 2015. The PLN reference interest rate remains at 2.5%, reduced from 4.75% in November 2012, but inflation is beginning to pick up, although is still some way off the central bank target of 2.5% per annum (forecast 1.4% in 2014 and 2% in 2015). Confidence is high as evidenced by consistent monthly PMI readings in excess of 50 and consumer spending is rebounding. Poland's inevitable path to convergence with developed Europe continues.

Turnover in the Polish commercial property investment market totalled some €3 billion in 2013, a 10% increase from 2012 and a substantial recovery from its low of €600 million in 2009, although still some way off its previous high in 2006 of €5.2 billion. Turnover remains dominated by international investors, who accounted for in excess of 90% of transactions in 2013, and who retain their preference for large prime lots. Prime yields narrowed over the year by some 25bp to c6% but yields for good secondary property, of the sort we favour, have largely yet to recover from their credit crunch lows. Banks are well capitalised and willing to lend, in particular against smaller lot sizes. This, coupled with Poland's faster

FINAL RESULTS - 2014 - Final

rate of economic growth and the higher yields available in its investment property market, should result in Polish commercial property continuing to deliver attractive rates of return.

United Kingdom:

The UK's growth in GDP in 2013 recovered substantially to 1.9% and forecasts for 2014 and 2015 have been subject to several upgrades, currently to around 2.9% for 2014 and 2.5% for 2015.

Turnover in the UK commercial property investment market in 2013 rose to some £53.4 billion, a six-year high. Notably, investor demand has finally returned for good secondary commercial property of the sort we have acquired for UK PPP. Consequently the gap in values between Central London and the rest of the UK is now beginning to narrow.

Meanwhile residential property prices are rising strongly on the back of increased consumer confidence, boosted by government measures such as the Funding for Lending and Help to Buy schemes. Our investment strategy to convert redundant offices to residential use is well supported by these measures.

Current Trading and Prospects

The financial year just ended saw the Group return to development activity in the UK and resume investment in income-producing commercial property in Poland. The combined effect of these activities resulted in an 86% increase in profit before tax for the year.

Whilst the large one-off profits we made on our investments in Woking and Bracknell are impressive achievements that would not be easy to repeat, I am confident that Fprop PDR's development activities should yield healthy profits in the current year. I also expect FOP to continue its investment activities in Poland, which should further enhance earnings.

The very significant headwinds the property industry has experienced over the last few years seem to have abated, with economic growth becoming established in the UK and continuing in Poland. I therefore look to the future with continued optimism.

Ben Habib
Chief Executive

3 June 2014

FINAL RESULTS - 2014 - Final

**CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2014**

	Notes	Year ended 31 March 2014 (unaudited) Total results £'000	Year ended 31 March 2013 (audited) Total results £'000
Continuing operations			
Revenue - existing operations		17,004	10,636
- business acquisitions		1,041	-
		18,045	10,636
Cost of sales		(5,800)	(3,244)
Gross profit		12,245	7,392
Operating expenses		(5,019)	(3,421)
Operating profit		7,226	3,971
Share of results in associates		190	145
Dividend income		63	64
Re-classification of profit		35	-
Loss on disposal of asset held for resale		(7)	-
Interest income		148	182
Interest expense		(1,057)	(819)
Profit on ordinary activities before taxation		6,598	3,543
Tax expense	5	(962)	(762)
Profit for the year from continuing operations		5,636	2,781
Continuing operations:			
Profit for the year		5,636	2,781
Attributable to:			
Owners of the parent		5,281	2,568
Non-controlling interest		355	213
		5,636	2,781
Earnings per share:			
Basic			
-from continuing operations	6	4.75p	2.31p
Diluted			
-from continuing operations	6	4.53p	2.18p

FINAL RESULTS - 2014 - Final

CONSOLIDATED SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME for the year ended 31 March 2014

	Year ended 31 March 2014 (unaudited) Total results £'000	Year ended 31 March 2013 (audited) Total results £'000
Profit for the year	5,636	2,781
Other comprehensive income		
Exchange differences on retranslation of foreign subsidiaries	(128)	(291)
Re-classification of profit	(35)	-
Revaluation of available-for-sale financial assets	-	(51)
Taxation	-	-
Total comprehensive income for the year	5,473	2,439
Total comprehensive income for the year attributable to:		
Owners of the parent	5,327	2,237
Non-controlling interests	146	202
	5,473	2,439

FINAL RESULTS - 2014 - Final

CONSOLIDATED BALANCE SHEETS
As at 31 March 2014

	Notes	As at 31 March 2014 (unaudited) £'000	As at 31 March 2013 (audited) £'000
Non-current assets			
Goodwill	7	153	114
Investment properties	8	48,759	20,349
Property, plant and equipment		65	36
Interest in associates	9 (a)	675	615
Other financial assets	9 (b)	1,706	892
Other receivables	11	400	436
Deferred tax assets		839	173
Total non-current assets		52,597	22,615
Current assets			
Inventories – land and buildings	10	12,304	8,591
Current tax assets		76	38
Trade and other receivables	11	4,135	1,212
Cash and cash equivalents		11,279	12,979
Total current assets		27,794	22,820
Current liabilities			
Trade and other payables	12	(4,224)	(2,011)
Financial liabilities	13	(4,349)	(637)
Current tax liabilities		(247)	-
Total current liabilities		(8,820)	(2,648)
Net current assets		18,974	20,172
Total assets less current liabilities		71,571	42,787
Non-current liabilities:			
Deferred tax liabilities		(897)	-
Financial liabilities	13	(47,212)	(24,244)
Net assets		23,462	18,543
Equity			
Called up share capital		1,149	1,149
Share premium		5,498	5,492
Foreign exchange translation reserve		(914)	(995)
Revaluation reserve		(86)	(51)
Share-based payment reserve		203	203
Retained earnings		16,717	12,344
Equity attributable to the owners of the parent		22,567	18,142
Non-controlling interest		895	401
Total equity		23,462	18,543

FINAL RESULTS - 2014 - Final

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2014

Group	Share capital	Share premium	Share-based payment reserve	Foreign exchange translation reserve	Purchase of own shares	Investment revaluation reserve	Retained earnings	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2013	1,149	5,492	203	(995)	(603)	(51)	12,947	401	18,543
Profit for the period	-	-	-	-	-	-	5,636	-	5,636
Net change in available for sale financial assets	-	-	-	-	-	(35)	-	-	(35)
Movement on foreign exchange	-	-	-	81	-	-	-	(209)	(128)
Sale of treasury shares	-	6	-	-	293	-	-	-	299
Non-controlling interest	-	-	-	-	-	-	(355)	355	-
Decrease in non-controlling interest (acquisition of CORP)	-	-	-	-	-	-	-	(63)	(63)
Increase in non-controlling interest (FOP)	-	-	-	-	-	-	-	507	507
Dividends paid	-	-	-	-	-	-	(1,201)	(96)	(1,297)
At 31 March 2014	1,149	5,498	203	(914)	(310)	(86)	17,027	895	23,462
At 1 April 2012	1,149	5,491	195	(715)	(612)	-	11,579	268	17,355
Profit for the period	-	-	-	-	-	-	2,781	-	2,781
Decrease in fair value of available for sale financial assets	-	-	-	-	-	(51)	-	-	(51)
Movement on foreign exchange	-	-	-	(280)	-	-	-	(11)	(291)
Sale of treasury shares	-	1	-	-	9	-	-	-	10
Issue of share options	-	-	8	-	-	-	-	-	8
Non-controlling interest	-	-	-	-	-	-	(213)	213	-
Dividends paid	-	-	-	-	-	-	(1,200)	(69)	(1,269)
At 31 March 2013	1,149	5,492	203	(995)	(603)	(51)	12,947	401	18,543

FINAL RESULTS - 2014 - Final

**CONSOLIDATED CASH FLOW STATEMENTS
for the year ended 31 March 2014**

	Notes	2014 Group £'000	2013 Group £'000
Cash flows from operating activities			
Operating profit		7,226	3,971
Adjustments for:			
Depreciation of property, plant & equipment		31	41
(Profit)/loss on sale of associates		-	-
Share based payments		-	8
(Increase)/decrease in inventories		(4,474)	2,152
(Increase)/decrease in trade and other receivables		(2,604)	47
Increase/(decrease) in trade and other payables		1,547	(160)
Other non-cash adjustments		203	-
Cash generated from operations		1,929	6,059
Taxes paid		(552)	(619)
Net cash flow from operating activities		1,377	5,440
Cash flow from/(used in) investing activities			
Purchase of investments		(849)	(40)
Proceeds from sale of property, plant & equipment		-	1
Proceeds from sale of financial assets		28	-
Capital expenditure investment properties		(46)	6
Proceeds from sale of shares in associates		23	-
Cash paid on acquisitions of new subsidiaries	4	(4,415)	-
Cash and cash equivalents received on acquisitions of new subsidiaries	4	786	-
Purchase of non-controlling interest		(126)	-
Purchase of investment property		(555)	-
Purchase of property, plant & equipment		(60)	(10)
Interest received		148	182
Dividends from associates		107	29
Dividends received		63	64
Net cash flow from investing activities		(4,896)	232
Cash flow (used in)/from financing activities			
Proceeds from issue of shares to non-controlling interest		507	-
Proceeds from non-controlling interest shareholder loan in subsidiary		1,206	-
Repayment of shareholder loan in subsidiary		(107)	(66)
Proceeds from bank loan		3,136	-
Repayment of bank loan		(387)	(95)
Repayment of finance lease		(463)	(454)
Sale of shares held in Treasury		299	10
Interest paid		(1,029)	(819)
Dividends paid		(1,201)	(1,200)
Dividends paid to non-controlling interest		(96)	(69)
Net cash flow (used in)/from financing activities		1,865	(2,693)
Net increase in cash and cash equivalents		(1,654)	2,979
Cash and cash equivalents at the beginning of the year		12,979	9,975
Currency translation gains/(losses) on cash and cash equivalents		(46)	25
Cash and cash equivalents at the year-end		11,279	12,979

FINAL RESULTS - 2014 - Final

1. Basis of preparation

- These preliminary financial statements have not been audited and are derived from the statutory accounts within the meaning of section 434 of the Companies Act 2006. They have been prepared in accordance with the Group's accounting policies that will be applied in the Group's annual financial statements for the year ended 31 March 2014. These are consistent with the policies applied for the year ended 31 March 2013. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted by the European Union (EU). Whilst the financial information included in this preliminary statement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to fully comply with IFRS. The comparative figures for the financial year ended 31 March 2013 are not the statutory accounts for the financial year but are derived from those accounts prepared under IFRS which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include references to any matter to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.
- These preliminary financial statements were approved by the Board of Directors on 2 June 2014.

2. Revenue

Revenue from continuing operations consists of revenue arising in the United Kingdom 53% (2013: 10%) and Poland 47% (2013: 90%), and all relates solely to the Group's principal activities.

FINAL RESULTS - 2014 - Final

3. Segment reporting 2014

	Property fund management	Group properties and other co- investments	Group fund properties "FOP"	Unallocated central overheads	Total
	£'000	£'000	£'000	£'000	£'000
External revenue					
– Existing operations	4,268	2,440	2,246	-	8,954
– Sale of inventory	-	8,050	-	-	8,050
– Business acquisitions	-	-	1,041	-	1,041
Total	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 payable	-	(251)	(806)	-	(1,057)
Profit/(loss) 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	-	-	-	-	-
Total	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
Additions to non-current assets					
Property, plant and equipment	41	19	-	-	60
Investment properties	-	-	28,717	-	28,717
Investments	-	849	-	-	849
Interest in associates	-	-	-	-	-

FINAL RESULTS - 2014 - Final

Segment reporting 2013

	Property fund management £'000	Group properties and other co- investments £'000	Group fund properties "FOP" £'000	Unallocated central overheads £'000	Total £'000
External revenue					
– Existing operations	4022	2,167	2,138	-	8,327
– Sale of inventory	-	2,309	-	-	2,309
– Business acquisitions	-	-	-	-	-
Total	4,022	4,476	2,138	-	10,636
Depreciation and amortisation	(29)	(12)	-	-	(41)
Operating Profit					
– Existing operations	2,841	1,024	1,564	(1,458)	3,971
– Business acquisitions	-	-	-	-	-
Share of results in associates	-	145	-	-	145
Dividend income	-	64	-	-	64
Interest income	-	27	60	95	182
Interest payable	-	(198)	(621)	-	(819)
Profit/(loss) before tax	2,841	1,062	1,003	(1,363)	3,543
Analysed as:					
Before performance fees and related items	2,987	1,104	1,022	(795)	4,318
Performance fees	-	-	-	-	-
Staff incentives	(146)	(42)	(19)	(568)	(775)
Realised foreign currency gain	-	-	-	-	-
Total	2,841	1,062	1,003	(1,363)	3,543
Assets - Group	576	10,634	25,969	7,641	44,820
Assets- associates	-	923	-	(308)	615
Liabilities	(387)	(7,669)	(18,177)	(659)	(26,892)
Net assets	189	3,888	7,792	6,674	18,543
Additions to non-current assets					
Property, plant and equipment	7	3	-	-	10
Investment properties	-	-	6	-	6
Investments	-	40	-	-	40
Interest in associates	-	145	-	-	145

Fprop Opportunities plc (FOP) a pan European fund was launched in October 2010. The Group owned 76.2% of this fund as at 31 March 2014. Management concluded that it does not suit the criteria for existing segments and that, for clarity, it should be reported as a separate segment.

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

The geographic location of non-current assets is UK £2,424,000 (2013: £1,526,000) and Poland £48,934,000 (2013: £20,480,000).

FINAL RESULTS - 2014 - Final

4. Business acquisitions

The Group's subsidiary Fprop Opportunities plc (FOP) made two acquisitions during the year. On 30 November 2013 it acquired all the share capital in USS Fprop Poland (2) Sp. z. o. o (USS 2), for €1.00 million (£832,000). USS 2's main asset is an office block in Lublin, South East Poland.

On 6 February 2014 FOP acquired all the share capital in USS Fprop Poland (4) Sp. z. o. o (USS 4) for €4.43 million (£3,583,000). USS4's main asset is a shopping centre in Ostrowiec, South East Poland. Both acquisitions were at fair value and generated no goodwill.

	USS 2	USS 4	31 March 2014
	£'000	£'000	£'000
Acquisitions of USS2 and USS4 net assets acquired at fair value			
Cash	336	450	786
Trade and other receivables	139	194	333
Investment property	10,597	17,519	28,116
Trade payables	(221)	(344)	(565)
Tax liabilities	(37)	(9)	(46)
Financial liabilities	(9,884)	(14,218)	(24,102)
Tenant deposits	(99)	(50)	(149)
Fair value of goodwill	-	-	-
Foreign exchange reserve	1	(54)	(53)
Total purchase price paid in cash	832	3,583	4,415
Cash paid on acquisitions	832	3,583	4,415
Cash and cash equivalents acquired on purchases	(336)	(450)	(786)
Acquisitions net of cash and cash equivalents acquired	496	3,133	3,629

5. Tax expense

	2014	2013
	£'000	£'000
Analysis of tax charge for the year		
Current tax	761	634
Deferred tax	201	128
Total tax charge for the year	962	762

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

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

As a result of the above the effective tax rate payable by the Group decreased to 15% (2013: 21%).

6. Earnings per share

	2014	2013
Basic earnings per share	4.75p	2.31p
Diluted earnings per share	4.53p	2.18p
	£'000	£'000
Basic earnings	5,281	2,568
Diluted earnings assuming full dilution	5,298	2,592

FINAL RESULTS - 2014 - Final

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

	2014	2013
	Number	Number
Weighted average number of ordinary shares in issue (used for basic earnings per share calculation)	111,265,093	111,119,031
Number of share options assumed to be exercised	5,750,000	7,500,000
Total number of ordinary shares used in the diluted earnings per share calculation	117,015,093	118,619,031

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

	2014	2013
	£'000	£'000
Basic earnings per share		
Basic earnings	5,281	2,568
Diluted earnings per share		
Basic earnings	5,281	2,568
Notional interest on share options assumed to be exercised	17	24
Diluted earnings	5,298	2,592

7. Goodwill

	2014	2013
	Group	Group
	£'000	£'000
At 1 April	114	114
Additions	39	-
At 31 March	153	114

The addition relates to the purchase of the additional 22.3% in CORP Sp. z. o. o. the management company of the Blue Tower; bringing the Group's interest to 90%, and reducing the non-controlling interest from 32.31% to 10%. The amount represents the excess paid above the percentage share relating to the fair value of net assets.

8. Investment properties

Investment properties indirectly owned by the Group, via FOP are stated at cost. The properties were valued by CBRE at the Group's financial year-end at €63.96 million (2013: €26.10 million), the Sterling equivalent at closing foreign exchange rates being £52.88 million (2013: £22.10 million). The properties have not been depreciated as in the directors' opinion the properties' estimated residual value at the end of the period of ownership should be higher than the carrying value.

	2014	2013
	Group	Group
	£'000	£'000
Investment properties		
At 1 April	20,349	20,161
Business acquisitions	28,116	-
Purchase additions	555	-
Capital expenditure	46	7
Foreign exchange translation	(307)	181
At 31 March	48,759	20,349

FINAL RESULTS - 2014 - Final

9. Investment in associates and other financial assets

The Group has the following investments:

	2014 Group £'000	2013 Group £'000
a) Associates		
At 1 April	615	499
Disposals	(23)	-
Share of associates profit after tax	190	145
Dividends received	(107)	(29)
At 31 March	675	615

The Group's investments in associated companies is held at cost plus its share of post-acquisition profits assuming the adoption of the cost model for accounting for investment properties under IAS40 and comprises the following:

	2014 Group £'000	2013 Group £'000
Investments in associates		
5 th Property Trading Ltd	863	686
Regional Property Trading Ltd	120	237
	983	923
Less: Share of profit after tax withheld on sale of property to associate in 2007	(308)	(308)
	675	615

If the Group had adopted the alternative fair value model for accounting for investment properties, the carrying value of the investment in associates would have increased by £775,000 (2013: £861,000) to £1,450,000 (2013: £1,476,000).

	2014 Group £'000	2013 Group £'000
b) Other financial assets and investments		
At 1 April	892	903
Additions	849	40
Disposals	(35)	-
Decrease in fair value during the year	-	(51)
At 31 March	1,706	892

The Group holds two unlisted investments in funds managed by it. Both are held at fair value. All of the assets have been classified as available for sale. In the directors' view the fair value has been estimated to be not materially different from their carrying value. Fair value has been arrived at by applying the Group's percentage holding in the investments of the fair value of their net assets.

The addition in investments is in respect of the Group's 4.9% interest in Fprop PDR LP, a new fund established during the year.

10. Inventories – land and buildings

	2014 Group £'000	2013 Group £'000
Directly held Group properties for resale at cost		
At 1 April	8,591	10,714
Purchases	4,428	-
Capital expenditure	46	44
Disposals	-	(2,426)
Foreign exchange translation	(761)	259
At 31 March	12,304	8,591

Additions refers to the purchase of a further 20% interest in Blue Tower, located in Warsaw, Poland bringing the Group's total interest in the property to 48.2% and has a fair value of £16.21 million (2013: £12.85 million).

The disposal in 2012/13 refers to the sale of Bacha, a property located in Warsaw, Poland.

FINAL RESULTS - 2014 - Final

11. Trade and other receivables

	2014	2013
	Group	Group
	£'000	£'000
Current assets		
Trade receivables	3,305	917
Other receivables	502	66
Prepayments and accrued income	328	229
	4,135	1,212
Non-current assets		
Other receivables	400	436

12. Trade and other payables

	2014	2013
	Group	Group
	£'000	£'000
Current liabilities		
Trade payables	1,139	568
Other taxation and social security	289	271
Other payables and accruals	2,780	1,155
Deferred income	16	17
	4,224	2,011

13. Financial liabilities

	2014	2013
	£'000	£'000
Current liabilities		
Bank loan	3,840	151
Finance lease	509	486
	4,349	637
Non-current liabilities		
Loans repayable by subsidiary (FOP) to third party shareholders	2,229	1,130
Bank loans	32,322	9,659
Finance lease	12,661	13,455
	47,212	24,244
	2014	2013
	£'000	£'000
Total obligations under bank loans and finance leases		
Repayable within one year	4,349	637
Repayable within one and five years	35,106	23,114
Repayable after five years	12,106	1,130
	51,561	24,881

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

Four bank loans and one finance lease (all denominated in foreign currencies) totalling £49,332,000 (2013: £23,751,000) 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 preliminary results are being circulated to all shareholders and can be downloaded from the Company's web-site (www.fprop.com). Further copies can be obtained from the registered office at 35 Old Queen Street, London, SW1H 9JA.