Fprop plc

First Property Group plc

Annual Report and Accounts 2016

First Property Group plc
is a property fund manager and investor with operations in the United Kingdom and Central Europe (mainly Poland).

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

Ben Habib
Group Chief Executive

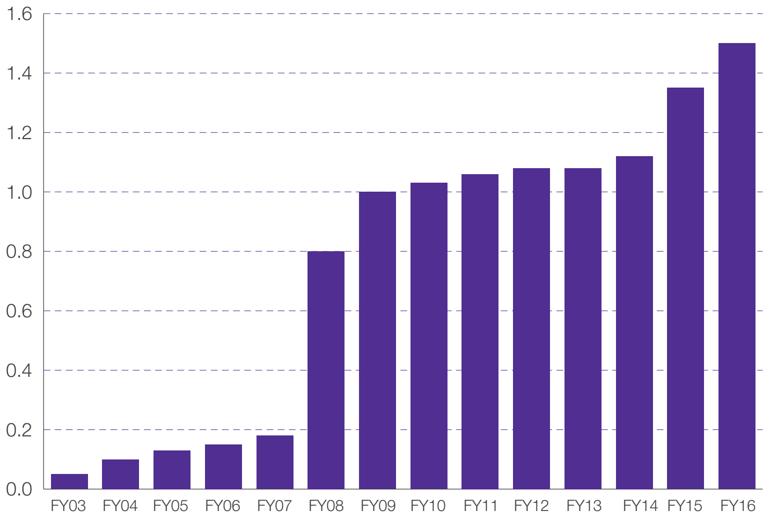
IPD® Measured Fund

MSCI

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

Dividend per share

Pence per share



Contents

Highlights 2016

Revenue	Diluted earnings per share	Net assets per share
£21.96m	4.28p	27.75p
↑ 18.6%	↓ 38.2%	↑ 5.5%

Profit before tax	Total dividend per share	Adjusted net assets per share*
£7.35m	1.50p	43.01p
↓ 9.0%	↑ 11.1%	↑ 20.3%

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

Operational highlights

- Total assets under management grew by 8% to £353 million, despite major fund expiry;
- UK PPP fund life extended by five years to February 2022;
- Two new investment companies established which invested €24.08 million in a shopping centre in Swinoujście, in Poland and €10.31 million in nine Lidl supermarkets in Romania respectively;
- Good cash generation – Group cash balances decreased by £3.26 million but would have increased by some 15.4% to £14.13 million had the loan of €6.5 million (£5.15 million) made to Fprop Romanian Supermarkets Ltd been included. This loan was repaid after the year end;
- Improved earnings visibility – 94.8% of revenue now of a recurring nature (2015: 81.8%);
- Total annualised fund management fees of £1.68 million at the year end (2015: £1.35 million), with a weighted average unexpired fund management contract term of 6 years, 6 months (2015: 2 years, 10 months);
- Final dividend increased to 1.115 pence per share (2015: 1 penny per share), an increase of 11.5%, which together with the interim dividend of 0.385 pence per share (2015: 0.35 pence per share) equates to a dividend for the year of 1.50 pence per share (2015: 1.35 pence per share);
- The impact of a weaker Euro versus Sterling during the year resulted in profit before tax being some £671,000 lower than if translated at last year's rate;
- Funds under management once again ranked No.1 versus MSCI's Investment Property Databank (IPD) Central & Eastern Europe (CEE) Benchmark, now for the ten years from 2005 to 31 December 2015, and for the annualised periods from 2005 to the end of each of the years between 31 December 2008 and 31 December 2015.

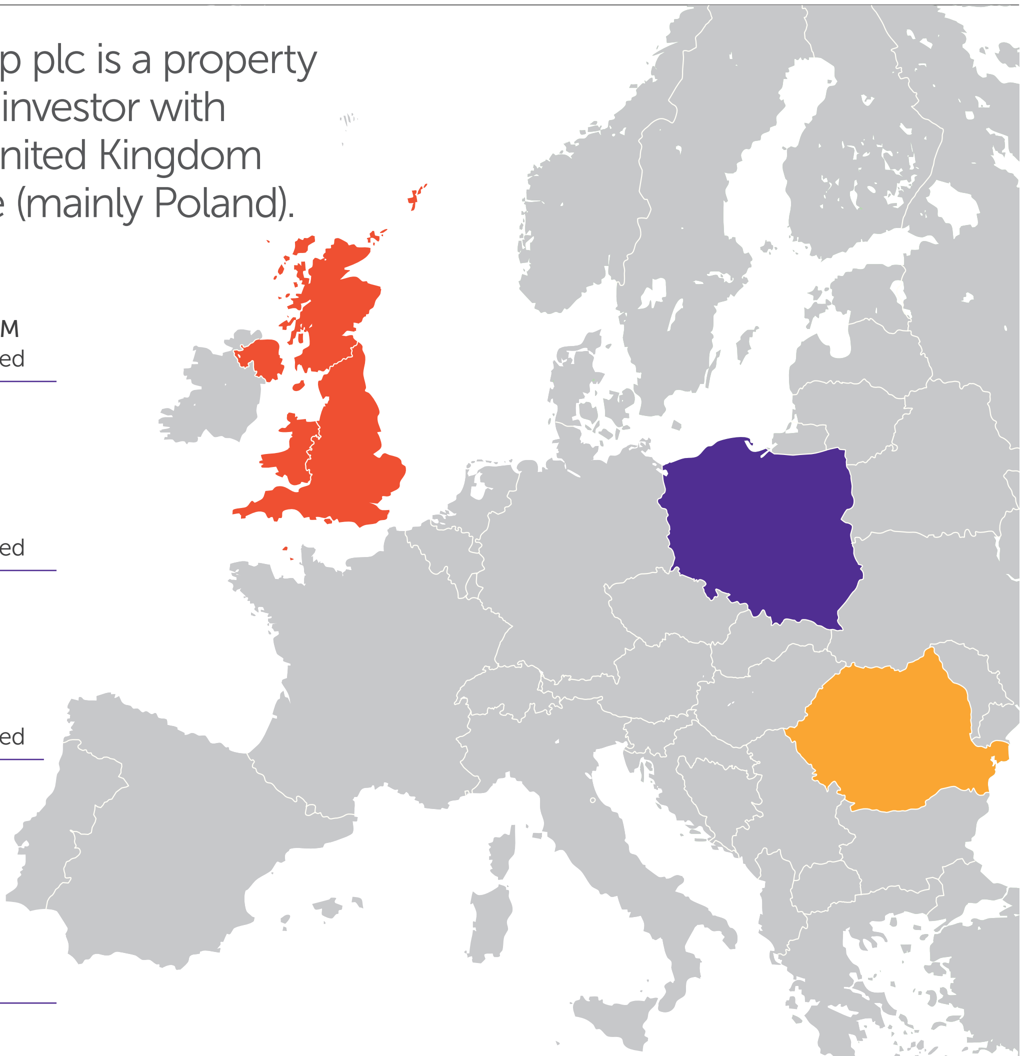
Oxford Tower, reception, Central Warsaw. (Group Properties)

Blue Tower, foyer, Central Warsaw. (Group Properties)

View from First Property Poland office – Blue Tower, Central Warsaw. (Group Properties)

First Property Group at a Glance

First Property Group plc is a property fund manager and investor with operations in the United Kingdom and Central Europe (mainly Poland).



33 UNITED KINGDOM
Properties Managed

£155m ASSET VALUE

16 POLAND
Properties Managed

£180m ASSET VALUE

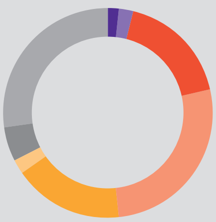
12 ROMANIA
Properties Managed

£18m ASSET VALUE

£353m
GROSS ASSET VALUE

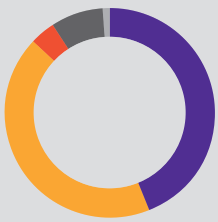
Analysis of First Property Asset Management Ltd (FPAM), funds under management

Segmental Analysis – By Fund



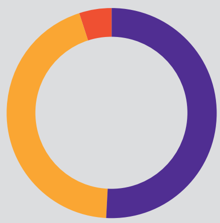
- RPT 1.9%
- 5PT 2.2%
- FOP 17.4%
- UK PPP LP 27.0%
- PDR 0.0%
- SIPS 16.9%
- FRS 2.3%
- FGC 5.3%
- Group Properties 27.0%

Segmental Analysis – By Investor Category



- Fprop 44%
- Pension Funds 43%
- Family Offices 4%
- HNW Investors 8%
- Endowments 1%

Segmental Analysis – By Geography



- Poland 51%
- UK 44%
- Romania 5%

Our Business Model

Fprop plc
First Property Group plc

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.

14% of profit before tax and unallocated central overheads (2015: 40%)

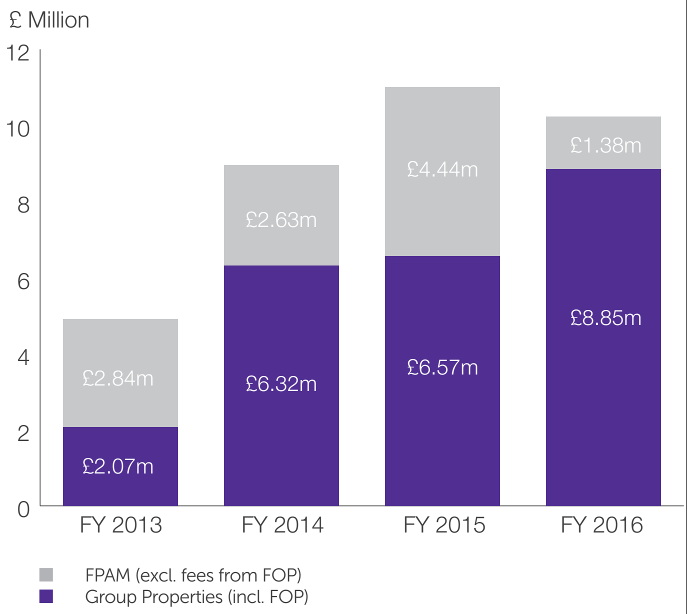
Group Properties

Principal investments by the Group to earn a return on its own capital, usually in partnership with third parties.

86% of profit before tax and unallocated central overheads (2015:60%)

Profit before tax by segment

(prior to deduction of unallocated central overheads)



Our investment philosophy

- When buying for income, sustainability of income is a priority.
- Property is illiquid:
  - This illiquidity can be mitigated by rental income – liquidity through income.
  - Over the long term it is income and not capital value movements which largely determine total investment property returns (IPD: income contributed 95% of total returns over the 10 years to 31 December 2015 and 67% over the 35 years to 31 December 2015).
- Capital preservation:
  - Capital is better protected if investments yield a high income. Income dampens capital value volatility.
- A fundamental approach to investing:
  - Consensus may chase a particular investment theme but that does not justify it.
- Flexibility in the light of market changes:
  - Largely exited the UK commercial property market in 2005, re-entered in 2009. We act dynamically.
  - Reversed asset management policy of waiting until lease expiry to renew leases following onset of the credit crunch in 2008.
  - Recommenced development activity in the UK in May 2013 in response to government legislation relaxing the planning regime, coupled with market buoyancy.
- An active approach to asset management (where possible):
  - Drive income and in turn capital values by hands-on property management, relying as much as is possible on internal resources.
- Thinking from first principles.

Chief Executive's Statement

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

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

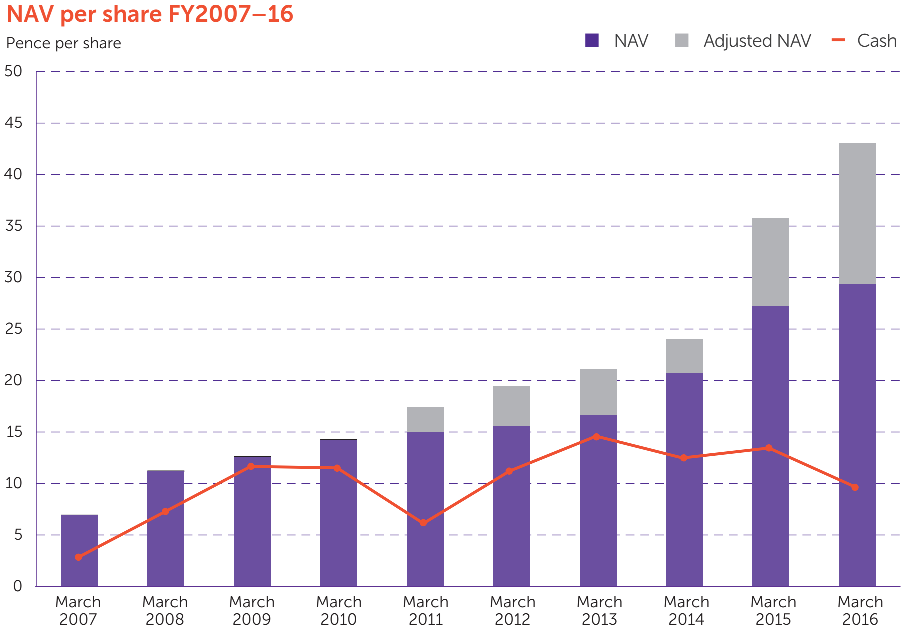
Diluted earnings per share were 4.28 pence (2015: 6.93 pence), the decrease being principally due to a one off deferred tax credit of £992,000 relating to acquisitions in 2015.

The Group ended the period with reported net assets of £34.09 million (2015: £31.02 million). It is the accounting policy of the Group to carry its direct properties and interests in associates at the lower of cost or market value. The net assets of the Group when adjusted to their market value less any deferred tax liabilities, stood at £51.03 million (2015: £42.41 million). The increase in net assets is attributable mainly to higher property values and a stronger Euro versus Sterling at the year end.

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

"The Group is trading well across the board and the number and value of assets under management is increasing. The markets in which we operate are generally buoyant and offer interesting investment opportunities which we hope to capitalise on in due course."

NAV per share FY2007–16



Case Study

Recent investment on behalf of Shipbuilding Industries Pension Scheme (SIPS)

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

The proposed final dividend will be paid on 30 September 2016 to shareholders on the register at 2 September 2016, and is subject to shareholder approval at the forthcoming Annual General Meeting.

Ben Habib
Group Chief Executive

- Retail warehouse in Greater Manchester;
- Let to Wickes Building Supplies Limited (credit rating: D&B 5A1);
- Long lease (20 years unexpired);
- Attractive net initial yield of 7% per annum;
- Strong performing store and limited local competition;
- Alternative use potential – the site benefits from Open A1 Planning consent, including for the sale of food.

Review of Operations

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

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

Property fund management (First Property Asset Management Ltd or FPAM)
As at 31 March 2016 aggregate assets under management, calculated by reference to independent third party valuations, stood at £353 million (2015: £327 million), including some £157 million (2015: £142 million) of properties owned directly by the Group. Of these, 51% (2015: 65%) were located in Poland, 44% (2015: 33%) in the UK, and 5% (2015: 2%) in Romania.

The reconciliation of movement in funds under management during the year is shown on page 7.

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

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

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

- Fprop PDR – from which we earned performance fees of £0.9 million (2015: £3.37 million). We have sold all eight investments made by this fund and we do not expect to earn further fees from it.

- USS Fprop Managed Property Portfolio – from which we earned fees of £301,000 (2015: £1.54 million) prior to the expiry of the fund management contract in August 2015.

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

FPAM now manages nine (2015: eight) closed-end funds and joint venture investments. A brief synopsis of the value of assets and maturity of each of these vehicles is set out on page 7.

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

We were also:
- awarded "Best fund manager" by Alternative Investment Awards and by Acquisition International; and

- shortlisted for awards by Pensions Age, Property Week and Property Investor Europe.

Blue Tower, foyer, Central Warsaw.
(Group Properties)

FPAM profit before tax and unallocated central overheads

£1.38m

Group Properties profit before tax and unallocated central overheads

£8.85m

Reconciliation of movement in funds under management FY2016

	Funds managed for third parties (including funds in which the Group is a minority shareholder)				Group Properties (including FOP)		Totals	
	UK £m	CEE £m	Total £m	No. of prop's	All CEE £m	No. of prop's	AUM £m	No. of prop's
As at 1 April 2015	**108.3**	**76.8**	**185.1**	**44**	**142.0**	**11**	**327.1**	**55**
Purchases	49.1	–	49.1	10	–	–	49.1	10
Sales	(3.6)	–	(3.6)	(1)	–	–	(3.6)	(1)
New fund mandates	–	26.9	26.9	10	–	–	26.9	10
Expiring fund mandate	–	(62.9)	(62.9)	(13)	–	–	(62.9)	(13)
Property Depreciation	–	–	–	–	(1.5)	–	(1.5)	–
Property Revaluation	0.9	(0.6)	0.3	–	2.8	–	3.1	–
FX Revaluation	–	1.3	1.3	–	13.6	–	14.9	–
As at 31 March 2016	**154.7**	**41.5**	**196.2**	**50**	**156.9**	**11**	**353.1**	**61**

Funds under management at 31 March 2016

Fund	Country of investment	Fund expiry	Assets under management at market value at 31 March 2016 £m	% of total assets under management	Assets under management at market value at 31 March 2015 £m
SAM Property Company Ltd (SAM)	UK	Rolling	*	*	*
Regional Property Trading Ltd (RPT)	Poland	Aug 2020	6.83	1.9%	6.21
5th Property Trading Ltd (5PT)	Poland	Dec 2017	7.77	2.2%	7.68
UK Pension Property Portfolio LP (UK PPP)	UK	Feb 2022	94.93	27.0%	94.35
Fprop PDR LP	UK	May 2018	– (commitment of £42m)	–	3.61
SIPS Property Nominee Ltd	UK	Jan 2025	59.80 (commitment of £125m)	16.9%	10.33
NEW – Fprop Romanian Supermarkets Ltd	Romania	Jan 2026	8.17	2.3%	–
NEW – Fprop Galeria Corso Ltd	Poland	Mar 2026	18.68	5.3%	–
EXPIRED – USS Contract	Poland	Aug 2015	–	–	62.90
Sub Total			**196.18**	**55.6%**	**185.08**
Fprop Opportunities plc (FOP)	Poland	Oct 2020	61.46	17.4%	54.44
Group Properties (excluding FOP)	Poland & Romania	n/a	95.47	27.0%	87.60
Sub Total			**156.93**	**44.4%**	**142.04**
Total			**353.11**	**100%**	**327.12**

* Not subject to recent revaluation.

Review of Operations continued

Group Properties

Group Properties comprise eleven commercial properties held directly by the Group (including five held by FOP in which the Group is a 76.2% shareholder), and non-controlling interests in six of the nine funds and joint ventures managed by FPAM, as set out in the tables below. It is the Group's policy to carry its direct properties and interest in associates at the lower of cost or market value for accounting purposes and to recognise dividends when received.

Revenue from Group Properties, including FOP, amounted to £19.06 million (2015: £12.38 million), generating a profit before unallocated central overheads and tax of £8.85 million (2015: £6.57 million) and representing 86% (2015: 60%) of Group profit before unallocated central overheads and tax. The increase in revenue and profit before tax prior to the deduction of unallocated central overhead costs was primarily attributable to a full year of income from investments made by the Group and FOP.

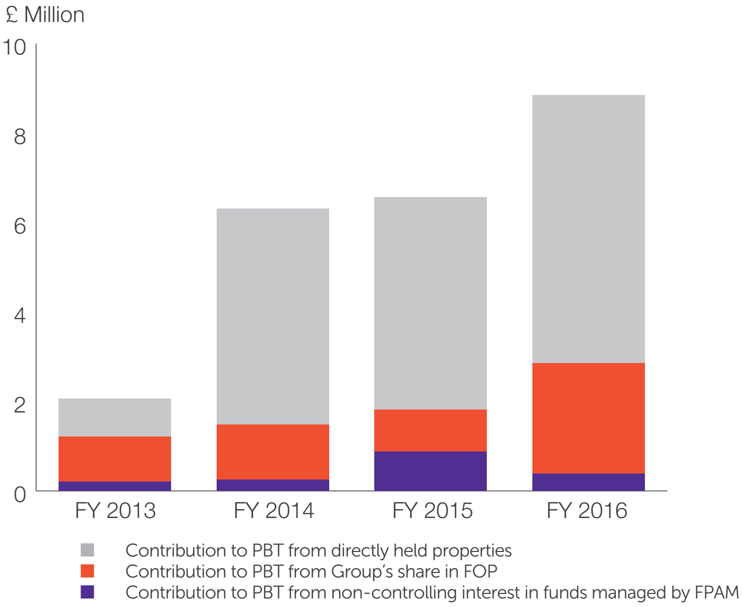
The contribution to Group earnings by the eleven directly held properties is detailed on page 9.

The loans secured against these properties are each held in separate non-recourse special purpose vehicles.

In order to mitigate potential interest rate rises we have fixed the interest rate on a proportion of the loans. A one percentage point increase from current market interest rates would increase the annual interest bill by £663,000 per annum. The current weighted average borrowing cost is 2.96% (2015: 3.10%).

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

Group Properties: Contributions to profit before tax



First Property timeline

Feb 2010
FPAM's 8th fund established with equity commitments of £105 million from three pension fund clients of Stamford Associates Ltd, the international investment consultancy, plus £1 million co-investment by the Group, to invest in UK commercial property.

Oct 2010
FPAM's 9th fund established – Fprop Opportunities plc (FOP) – to invest in high yielding commercial property in Poland.

May 2013
Returned to development activity in the UK.

Jul 2013
Investment by the Group (directly) in two largely vacant office properties in SE England (Bracknell & Woking) for £3.4 million. Subsequently sold for £8 million in Dec 2013 and Feb 2014.

Oct 2013
FPAM's 10th fund established with equity commitments of £41 million from clients of a leading global investment business, including £2 million co-investment by the Group, to invest in office buildings in the UK with a view to converting these to residential use.

Nov 2013
Increased the Group's shareholding in Blue Tower, Warsaw to 48.2% and in the tower's management Company to 90%.

Mar 2014
FPAM compliant with Alternative Investment Fund Managers Directive (AIFMD).

Jan 2015
FPAM's 11th fund established with a minimum commitment of £125 million for an initial term of 10 years with an existing pension fund client, Shipbuilding Industries Pension Scheme (SIPS), to invest in UK property.

Apr 2016
Performance data for 2015 released by IPD: FPAM funds rank No.1 versus MSCI's Investment Property Databank (IPD) Central & Eastern European (CEE) Benchmark for the ten years from the commencement of its operations in Poland in 2005 to 31 December 2015, and for the annualised periods from 2005 to the end of each of the years between 31 December 2008 and 31 December 2015.

Directly held properties at 31 March 2016:

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

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

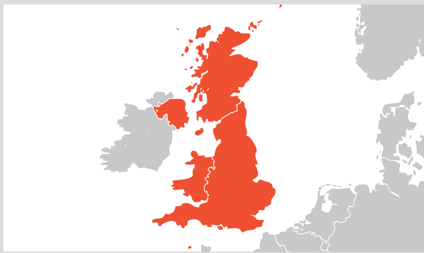
Fund	% owned by First Property Group	Book value of First Property's share in fund £'000	Current market value of holdings £'000	Group's share of pre-tax profits earned by fund 31 March 2016 £'000	Group's share of pre-tax profits earned by fund 31 March 2015 £'000
Interest in associates					
5th Property Trading Ltd (5PT)	37.8%	563	923	121	153
Regional Property Trading Ltd (RPT)	28.6%	159	219	20	32
Fprop Romanian Supermarkets Ltd (FRS)	24.1%	737	802	12	Nil
Fprop Galeria Corso Ltd (FGC)	28.2%	1,585	1,607	17	Nil
Share of results in associates		**3,044**	**3,551**	**170**	**185**
Investments					
UK Pension Property Portfolio LP (UK PPP)	0.9%	901	901	60	64
Fprop PDR LP	4.9%	13	13	163	630
Sub Total		**914**	**914**	**223**	**694**
Total		**3,958**	**4,465**	**393**	**879**

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

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

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

Commercial property markets outlook



Poland

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

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

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

Romania

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

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

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

United Kingdom

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

Case Study

(Directly held investment by Group Properties)
Blue Tower,
Warsaw's Central Business District

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

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

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

Ben Habib
Group Chief Executive
9 June 2016

At purchase:

- Rents c25% below market and denominated in mixture of €, $ & PLN;
- Weighted Average Unexpired Lease Term (WAULT) c.2 years;
- Subject to high service charge (c.1.5x market) levied by tied management Company (Corp Sp. z o.o.).

Business plan:

- Income – increase rents and reduce operating costs;
- Capital – increase value by:
  - extending leases and simplifying their FX denomination;
  - incrementally acquiring the balance of both building/Corp Sp. z o.o.

Execution:

- Dec 2009 – gained control of Corp Sp. z o.o. – enabling us to substantially cut costs;
- By end 2010 – increased Net Operating Income (NOI) by 20%;
- Dec 2013 – increased our shareholding in building to 48%/ Corp Sp. z o.o. to 90%;
- Potential to develop the ground floor retail space.

Holding for:

- High ROE (c50% per annum);
- Capital gain from development of retail space on ground floor.

Board of Directors

Ben Habib MA (Cantab)

Group Chief Executive Officer

Ben founded and is CEO of First Property Group plc, an award winning commercial property fund manager with operations in the United Kingdom and Central Europe.

Prior to setting up First Property, Ben was Managing Director of a private property development Company, JKL Property Ltd, from 1994–2000. He started his career in corporate finance in 1987 at Shearson Lehman Brothers. He moved in 1989 to PWS Holdings plc, a FTSE 350 Lloyds reinsurance broker, to be its Finance Director.

He was educated at Rugby School and Cambridge University.

George Digby ACA BA (Hons)

Group Finance Director & Company Secretary

George joined Fprop in 2003 following a five year period of running a private accountancy consultancy. Between 1989 and 1998 he was FD of Fired Earth plc, overseeing its listing on the London Stock Exchange, a tripling of its turnover, and a doubling of its pre-tax profits. He qualified with Price Waterhouse in 1981, followed by positions with Collins Publishers and Nikon UK Ltd.

At Fprop he has overseen a rapid expansion of the fund management division, particularly from 2005, including the development of the Polish operations. He now oversees the financial accounting and reporting for 41 separate Group and underlying fund companies, incorporated both in the UK and Europe.

Alasdair Locke MA (Oxon)
Non-Executive Chairman

Alasdair began his career in banking. In 1982 he established a Singapore-based business providing finance for and investing in shipping and offshore oil service companies, which was subsequently acquired by Henry Ansbacher & Co Ltd.

On his return to the UK he established Abbot Group plc in 1990, which he took public in 1995. Upon its sale to private equity in 2008 Abbot Group was one of the leading oil drilling, engineering and contracting businesses in the world, with approximately 8,000 employees in over 20 countries and an annual turnover of cUS$1.8 billion. The equity value of the disposal was in excess of £900 million.

Alasdair maintains a wide portfolio of business interests including insurance, retailing and petroleum. He is also Chairman of Argenta Holdings plc, an unlisted holding Company which trades in Lloyds of London and Non-Executive Chairman of Hardy Oil & Gas plc.

Peter Moon BSc (Econ)
Independent Non-Executive Director

Peter retired as Chief Investment Officer of Universities Superannuation Scheme (USS) in 2009 following a career steeped in the UK investment management industry. Aside from his 17 year tenure at USS, he was a member of the National Association of Pension Funds (NAPF) Investment Committee from 1990-1995, and adviser to Lincolnshire County Council, Middlesbrough Borough Council and the London Pension Authority. Earlier roles included Chief Investment Officer with British Airways Pensions and investment management positions at National Provident Institution, Slater Walker and the Central Board of Finance of the Church of England.

Peter is also non-executive Chairman of Scottish American Investment Company plc, Bell Potter (UK) Limited and the senior Non-Executive Director at Gresham House plc and a Non-Executive Director of JP Morgan Asian Investment Trust plc. He is a former Non-Executive Director of MBNA Europe and former non-executive Chairman of Arden Partners plc.

Directors' Report
for the year ended 31 March 2016

The Directors present their report and the audited financial statements for the year ended 31 March 2016.

Principal activities and review of the business
The principal activity of the Group is a property fund manager and investor with operations in the United Kingdom and Central Europe (mainly in Poland).

The Consolidated Income Statement is set out on page 19.

A summary of likely future developments in the business of the Group is included in the Chief Executive's Statement.

Results and dividends
The Group made a total profit before taxation of £7.35 million (2015: £8.08 million). The retained profit was £3.50 million (2015: £7.02 million) after dividend, non-controlling interest and sale of treasury shares, but before increase in the fair value of available-for-sale financial assets, and will be retained by the Group. The Directors recommend the payment of a final dividend of 1.115 pence per share (2015: 1 penny) payable on 30 September 2016 to shareholders on the register at 2 September 2016, making a total for the year of 1.50 pence per share (2015: 1.35 pence per share).

Diluted earnings per share decreased to 4.28 pence from 6.93 pence on the same basis.

The Group held cash of £8.98 million at 31 March 2016 (2015: £12.24 million) and bank borrowings of £114.82 million (2015: £107.78 million). Net assets increased to £34.09 million (2015: £31.02 million).

Employees
First Property Group employed 45 staff in total at 31 March 2016 (2015: 47); of these, 30 employees were based in Poland in the Group's Warsaw office providing essential service support to the properties located in Poland which it manages. The Group's policy is to consult and discuss with employees, through regular meetings with subsidiary Company management, matters likely to affect employees' interests.

Compliance and regulations
First Property Group has one subsidiary, First Property Asset Management Limited, which is Authorised and Regulated by the Financial Conduct Authority (FCA). First Property Asset Management Limited is a provider of property fund management services to various property funds.

Risk management
The Company's financial risk management objectives and policies are outlined in the Strategic report and detailed in note 25 to the accounts.

Corporate governance
The Directors are committed to maintaining high standards of corporate governance and, in so far as is practicable and appropriate given First Property Group's size and nature, seek to comply with the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies. The Directors have implemented such corporate governance procedures and established such Committees of the Board, including Audit and Remuneration Committees, as they believe are required for the Board to comply with the terms of the Corporate Governance Code, in so far as is appropriate for a Company of its size.

The Directors have also established financial controls and reporting procedures which are considered appropriate given the size and structure of First Property Group. These are reviewed periodically.

Share capital
At 31 March 2016, the Company's share capital comprised 116,601,115 Ordinary Shares of 1 penny each, including 634,004 shares held in treasury. Each share ranks equally with the others, including as to the rights to receive dividends and vote (except that no votes are cast or dividends paid in respect of shares held in treasury). Except as set out in the Articles, there are no restrictions on the transfer of the Company's securities.

During the financial year ended 31 March 2016, the following share issues and share transfers from treasury were made:

On 7 April 2015 the Company sold 400,000 of its own Ordinary Shares held in treasury in order to satisfy an exercise of share options which had been issued at a strike price of 17.25 pence per share. This reduced the number of shares in treasury to 658,574 and the profit on sale of £3,743 was credited to share premium.

On 6 October 2015 the Company sold 13,371 of its own Ordinary Shares held in treasury at a price of 41.13 pence per ordinary share, thereby reducing the number of shares held in treasury to 645,203.

On 29 January 2016 the Company sold 11,199 of its own Ordinary Shares held in treasury at a price of 49.11 pence per ordinary share, thereby reducing the number of shares held in treasury to 634,004.

The profit on the above two sales of treasury shares of £6,992 has been credited to the share premium account.

On 29 January 2016, 1,750,000 Ordinary Shares were issued at a price of 15.75 pence to satisfy the exercise of options over 1,750,000 Ordinary Shares at a strike price of 15.75 pence per share, totalling £275,625.

The number of voting shares in issue at 31 March 2016 was 115,967,111 Ordinary Shares, after excluding 634,004 shares held in treasury. No share options were issued during the year. Details of share options outstanding are set out in Note 22 on pages 43 and 44.

Directors and their interests

Directors are appointed and retire in accordance with the Articles. In particular, each Director is to retire from office at the third Annual General Meeting after the meeting at which he or she was appointed. Any Director who so retires may stand to be re-elected at that Annual General Meeting. Any Director who retires at an Annual General Meeting shall be deemed to have been re-elected at that meeting, unless (i) a Director is appointed by the Company in their place; (ii) it is expressly resolved not to fill the vacated office; or (iii) a resolution for that Director's re-election has been put to the meeting and lost.

The Directors are listed below:

The beneficial interests of the Directors in the share capital of the Company at 1 April 2015, 31 March 2016 and 14 July 2016, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act, were as follows:

	Ordinary Shares of 1 pence			Option over Ordinary Shares of 1 pence		
	14/7/2016	31/3/2016	1/4/2015	14/7/2016	31/3/2016	1/4/2015
A J D Locke	8,571,990	8,571,990	8,571,990	–	–	–
P Moon	396,584	396,584	372,014	–	–	–
B N Habib	16,700,000	16,700,000	16,700,000	–	–	500,000
G R W Digby	620,000	620,000	270,000	–	–	1,000,000

1,500,000 share options were granted on 16 June 2006 at an exercise price of 15.75 pence per ordinary share; of these 634,920 share options were granted under the Enterprise Management Incentive arrangements and 865,080 share options were granted as Unapproved Share Options. These share options were exercised on 29 January 2016, as detailed above.

The market price of the Company's Ordinary Shares at the end of the financial year was 48.00 pence and the range of market prices during the year was between 35.75 pence and 55.00 pence.

Non-current assets

Details of intangible and tangible non-current assets and capital expenditure are shown in Notes 12-16 of the financial statements on pages 35 to 40.

Differences between the market and book value of interests in land held as non-current assets is contained in the Review of Operations on page 9.

Substantial shareholdings

At 14 July 2016 the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules Sourcebook published by the Financial Conduct Authority that the following persons had substantial interests in the voting rights of the Company

	Number of Ordinary Shares of 1 pence*	Percentage of issued Ordinary Shares of 1 pence held %
B N Habib	16,700,000	14.4
New Pistoia Income Ltd	15,090,000	13.0
J C Kottler	12,206,783	10.5
Universities Superannuation Scheme Ltd	9,550,000	8.2
A J D Locke	8,571,990	7.1

* Number of Ordinary Shares in respect of which voting rights held.

Creditor payment policy

The Group's current policy is to settle its liabilities to creditors within agreed credit periods whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The Group does not have a universal standard or code which deals specifically with the payment of suppliers.

The Company's average creditor period at 31 March 2016 was 29 days (2015: 33 days).

Health and safety at work

The well-being of the employees is given the highest priority throughout the Group and it is the Group's policy not only to comply with Health & Safety measures, as required by law, but to act positively to prevent injury and ill health, and damage to the environment arising from its operations.

Directors' Report continued
for the year ended 31 March 2016

Annual General Meeting
The notice convening the Annual General Meeting to be held on Thursday 22 September 2016, which can be found on pages 50 and 51, contains special resolutions empowering the Directors to:

1. Allot relevant securities pursuant to the authority provided by Resolution 7 up to a maximum nominal amount of £386,518 (representing 33.33% of the issued ordinary share capital of the Company, less the number of Ordinary Shares held in treasury) outside the pre-emption provisions contained in the Companies Act 2006 and the Articles, provided that such securities shall only be:

    (i) issued or transferred from treasury in connection with a rights offer (Resolution 8(a)); or

    (ii) issued or transferred from treasury otherwise than in connection with a rights issue where the aggregate nominal value of all Ordinary Shares so issued or transferred does not exceed £231,932 (representing 20% of the issued ordinary share capital of the Company, less the number of Ordinary Shares held in treasury) (Resolution 8(b)).

Given the growth stage of the Company and the Group, the resolution being proposed is a means of ensuring that the Directors have the ability to take advantage of opportunities becoming available, rapidly and without undue transaction costs.

2. Purchase of up to 10% of its own issued Ordinary Shares of 1 pence each (Resolution 9).

The Directors now propose that the Company be authorised to purchase a maximum of 11,596,711 Ordinary Shares of 1 pence each (representing just under 10% of the Company's issued ordinary share capital as at 14 July 2016) within the limits described in Resolution 8 contained in the notice of the Annual General Meeting. It is intended that purchases will only be made on the AIM of The London Stock Exchange. This should not be taken to imply that Ordinary Shares will be purchased. The Directors will only exercise the authority to purchase the Company's own Ordinary Shares if to do so would be in the best interests of its shareholders generally.

The Ordinary Shares acquired in this way would either be cancelled with a resultant reduction in the number of Ordinary Shares in issue, or the Directors may elect to hold them in treasury pursuant to the relevant provisions in the Companies Act 2006.

Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under a Company's employees' share scheme. Once held in treasury, a company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Furthermore, no dividend or other distribution of a Company's assets may be made to the Company in respect of the treasury shares.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report and the financial statements in accordance with applicable laws and regulations. The Directors are required by UK Company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit and loss of the Group for that period having regard to the commercial substance of transactions. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The Directors confirm that suitable accounting policies have been used and applied consistently, except as discussed in note 1 on page 25 in order to adopt new accounting standards, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 March 2016. The Directors also confirm that applicable accounting standards have been followed, that the financial statements have been prepared on a going concern basis and that the integrity of the Group's website has been maintained.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the Company's financial position and enable them to ensure compliance with the Companies Act 2006, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information published on the Internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements. UK legislation governing the preparation and dissemination of financial segments may therefore differ from that in other jurisdictions.

Statement of disclosure to the Auditor
After due enquiry the Board hereby confirms that each Director has taken the steps they ought to have taken as a Director to acquaint themselves with any relevant audit information and that all such information has been communicated to the auditors. So far as each Director is aware, there is no information which would be needed by the Company's auditors in connection with preparing their audit report of which the auditors are not aware.

By order of the Board

George R W Digby
Company Secretary

17 August 2016

Strategic Report
for the year ended 31 March 2016

Review of the business
This business review is contained in both the Chief Executive's Statement on pages 4 and 5 and the Directors' report, including comments on the position of the Group at the end of the financial period. The Key Performance Indicators and Principal Risks and Uncertainties laid out in note 25 on pages 44 to 48 also form part of this review.

Key performance indicators
There are six main key performance indicators for the Group, all of which are financial:
- Assets under management;
- Cash levels;
- Adjusted net asset value per share;
- Recurring revenue;
- Profit before tax;
- Earnings per share.

These key performance indicators and the segmental performance on revenue, overheads and operating margins are reviewed in the Chief Executive's Statement.

Risk identification and management
The identification, control and monitoring of risks facing the business remain management priorities and steps continue to be taken to improve further our risk management procedures.

Economic risk
There are four main economic risks that could affect the Group's performance:
- A major slowdown in the economies of the UK and Poland;
- A major weakening in the Euro and Polish Zloty;
- An extended period of interest rate tightening in the EU; and
- A slump in UK and Polish commercial property values.

The Group has, where possible, implemented actions to mitigate some of the effects of these risks. A detailed review of the Group's performance, financial results, future development and prospects is contained within the Chief Executive's Statement, under the Review of Operations.

Financial risk management
The Group's operations expose it to a variety of financial risks that include the effects of changes in interest rate risk, liquidity risk, debt market prices, and foreign exchange risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and these are outlined in Note 25 to the accounts.

Independent Auditor's Report

to the Members of First Property Group plc

We have audited the financial statements of First Property Group plc for the year ended 31 March 2016 which comprise the Group and Parent Company Balance Sheet, the Group Income Statement, the Group Statement of Other Comprehensive Income, the Group and the Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chief Executive's Report, the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Rodney Style ACA (Senior Statutory Auditor)
For and on behalf of Haines Watts
Chartered Accountants and Statutory Auditors
Oxford

17 August 2016

Consolidated Income Statement

for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 Total results £'000	Year ended 31 March 2015 Total results £'000
Revenue			
– existing operations		**21,955**	14,325
– business acquisitions		**–**	4,198
		21,955	18,523
Cost of sales		**(4,255)**	(3,156)
Gross profit		**17,700**	15,367
Recognition of negative goodwill on refinancing of subsidiary		**–**	1,123
Recognition of negative goodwill on acquisition of subsidiaries		**–**	716
Reversal of impairment loss/(impairment loss) to investment properties		**462**	(876)
Operating expenses		**(8,404)**	(6,925)
Operating profit		**9,758**	9,405
Share of results in associates		**170**	185
Distribution income		**223**	694
Interest income	4	**126**	145
Interest expense	4	**(2,931)**	(2,346)
Profit before tax		**7,346**	8,083
Tax (charge)/credit	8	**(1,687)**	328
Profit for the year		**5,659**	8,411
Attributable to:			
Owners of the parent		**5,008**	8,172
Non-controlling interest		**651**	239
		5,659	8,411
Earnings per share:			
Basic	11	**4.37p**	7.21p
Diluted	11	**4.28p**	6.93p

Consolidated Separate Statement of other Comprehensive Income
for the year ended 31 March 2016

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

All operations are continuing.

Company income statement
The Company is taking advantage of the exemption in s.408 of The Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

Balance Sheets
as at 31 March 2016

	Notes	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Non-current assets					
Goodwill	13	**153**	**–**	153	–
Investment properties	12	**120,718**	**–**	114,262	–
Property, plant and equipment	14	**186**	**–**	43	–
Investments in Group undertakings	15	**–**	**3,192**	–	3,192
Interest in associates	16	**3,044**	**2,394**	671	101
Other financial assets	16	**914**	**914**	1,531	1,531
Other receivables	18	**186**	**11,005**	283	10,649
Deferred tax assets	21	**3,016**	**–**	3,803	–
Total non-current assets		**128,217**	**17,505**	120,746	15,473
Current assets					
Inventories – land and buildings	17	**13,894**	**–**	12,639	–
Current tax assets		**56**	**–**	236	–
Trade and other receivables	18	**10,128**	**5,593**	5,744	1,662
Cash and cash equivalents		**8,975**	**883**	12,240	5,667
Total current assets		**33,053**	**6,476**	30,859	7,329
Current liabilities					
Trade and other payables	19	**(7,938)**	**(5,592)**	(8,134)	(5,732)
Financial liabilities	20	**(7,668)**	**–**	(11,788)	–
Current tax liabilities		**(200)**	**–**	(108)	–
Total current liabilities		**(15,806)**	**(5,592)**	(20,030)	(5,732)
Net current assets		**17,247**	**884**	10,829	1,597
Total assets less current liabilities		**145,464**	**18,389**	131,575	17,070
Non-current liabilities					
Financial liabilities	20	**(108,992)**	**–**	(97,925)	–
Deferred tax liabilities	21	**(2,382)**	**–**	(2,631)	–
Net assets		**34,090**	**18,389**	31,019	17,070
Equity					
Called up share capital	22	**1,166**	**1,166**	1,149	1,149
Share premium		**5,773**	**5,773**	5,505	5,505
Foreign exchange translation reserve		**(2,151)**	**–**	(618)	–
Investment revaluation reserve		**(38)**	**(38)**	(49)	(49)
Share-based payment reserve		**203**	**203**	203	203
Retained earnings		**27,231**	**11,285**	23,735	10,262
Equity attributable to the owners of the parent		**32,184**	**18,389**	29,925	17,070
Non-controlling interest		**1,906**	**–**	1,094	–
Total equity		**34,090**	**18,389**	31,019	17,070
Net assets per share	11	**27.75p**		26.30p	

The financial statements were approved and authorised for issue by the Board of Directors on 17 August 2016 and were signed on its behalf by:

George Digby
Group Finance Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2016

Group	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Foreign exchange translation reserve £'000	Purchase of own shares £'000	Investment revaluation reserve £'000	Retained earnings £'000	Non-controlling interest £'000	Total £'000
At 1 April 2015	1,149	5,505	203	(618)	(173)	(49)	23,908	1,094	31,019
Profit for the period	–	–	–	–	–	–	5,659	–	5,659
Fair value (or revaluation) gains on available-for-sale assets	–	–	–	–	–	11	–	–	11
Movement on foreign exchange	–	–	–	(1,533)	–	–	–	187	(1,346)
Sale of treasury shares	–	10	–	–	70	–	–	–	80
New shares issued	17	258	–	–	–	–	–	–	275
Non-controlling interest	–	–	–	–	–	–	(651)	651	–
Dividends paid	–	–	–	–	–	–	(1,582)	(26)	(1,608)
At 31 March 2016	**1,166**	**5,773**	**203**	**(2,151)**	**(103)**	**(38)**	**27,334**	**1,906**	**34,090**
At 1 April 2014	1,149	5,498	203	(914)	(310)	(86)	17,027	895	23,462
Profit for the period	–	–	–	–	–	–	8,411	–	8,411
Fair value (or revaluation) gains on available-for-sale assets	–	–	–	–	–	37	–	–	37
Movement on foreign exchange	–	–	–	296	–	–	–	(24)	272
Sale of treasury shares	–	7	–	–	137	–	–	–	144
Non-controlling interest	–	–	–	–	–	–	(239)	239	–
Dividends paid	–	–	–	–	–	–	(1,291)	(16)	(1,307)
At 31 March 2015	**1,149**	**5,505**	**203**	**(618)**	**(173)**	**(49)**	**23,908**	**1,094**	**31,019**

Company Statement of Changes in Equity
for the year ended 31 March 2016

Company	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Investment revaluation reserve £'000	Purchase of own shares £'000	Retained earnings £'000	Total £'000
At 1 April 2015	1,149	5,505	203	(49)	(173)	10,435	17,070
Profit for the period	–	–	–	–	–	2,535	2,535
Fair value (or revaluation) gains on available-for-sale assets	–	–	–	11	–	–	11
Sale of treasury shares	–	10	–	–	70	–	80
New shares issued	17	258	–	–	–	–	275
Dividend paid	–	–	–	–	–	(1,582)	(1,582)
At 31 March 2016	**1,166**	**5,773**	**203**	**(38)**	**(103)**	**11,388**	**18,389**
At 1 April 2014	1,149	5,498	203	(86)	(310)	9,038	15,492
Profit for the period	–	–	–	–	–	2,688	2,688
Fair value (or revaluation) gains on available-for-sale assets	–	–	–	37	–	–	37
Sale of treasury shares	–	7	–	–	137	–	144
Dividend paid	–	–	–	–	–	(1,291)	(1,291)
At 31 March 2015	**1,149**	**5,505**	**203**	**(49)**	**(173)**	**10,435**	**17,070**

Foreign exchange translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign Group companies. This reserve is not distributable.

Share-based payment reserve
The Group grants certain of its employees rights to its equity instruments as part of its share-based payment incentive plans. The value of these rights has been charged to the income statement and has been credited to the share-based payment reserve (which is a distributable reserve).

Purchase of own Ordinary Shares
The cost of the Company's Ordinary Shares purchased by the Company for treasury purposes is held in this reserve. The reserve is non distributable.

Investment revaluation reserve
The change in fair value of the Group's available-for-sale financial assets is held in this reserve, and is non distributable.

Consolidated Cash Flow Statements

for the year ended 31 March 2016

	Notes	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Cash flows from/(used in) operating activities					
Operating profit/(loss):		**9,758**	**(1,740)**	9,405	(419)
Adjustments for:					
Depreciation of investment property, and property, plant & equipment	12&14	**1,704**	**–**	384	–
Reversal of impairment loss/(impairment loss) to investment properties		**(462)**	**–**	876	–
Negative goodwill		**–**	**–**	(1,839)	–
(Increase)/decrease in inventories		**(291)**	**–**	(258)	–
Decrease/(increase) in trade and other receivables		**903**	**863**	(486)	2,779
(Decrease)/increase in trade and other payables		**(356)**	**(170)**	577	(720)
Other non-cash adjustments		**460**	**–**	84	–
Cash generated from/(used in) operations		**11,716**	**(1,047)**	8,743	1,640
Taxes paid		**(922)**	**(19)**	(826)	(19)
Net cash flow from/(used in) operating activities		**10,794**	**(1,066)**	7,917	1,621
Cash flow (used in)/from investing activities					
Purchase of investments	16b)	**–**	**–**	(353)	(353)
Proceeds from disposal of available-for-sale assets	16b)	**628**	**628**	565	565
Capital expenditure on investment properties		**(1,216)**	**–**	(383)	–
Cash paid on acquisitions of new subsidiaries		**–**	**–**	(4,638)	–
Cash and cash equivalents received on acquisitions of new subsidiaries		**–**	**–**	3,055	–
Purchase of property, plant & equipment		**(197)**	**–**	(14)	–
Investment in shares of new associates		**(2,293)**	**(2,293)**	–	–
Interest received		**126**	**231**	145	145
Dividends from associates	16a)	**90**	**90**	189	189
Distributions received		**223**	**3,580**	694	2,826
Net cash flow (used in)/from investing activities		**(2,639)**	**2,236**	(740)	3,372
Cash flow (used in)/from financing activities					
Repayment of shareholder loan in subsidiary		**(95)**	**–**	(293)	–
Proceeds from bank loan		**8,993**	**–**	3,547	–
Repayment of bank loan		**(9,341)**	**–**	(4,574)	–
Short-term loan to an associate		**(4,729)**	**(4,729)**	–	–
Repayment of finance lease		**(2,446)**	**–**	(1,202)	–
Sale of shares held in Treasury		**80**	**80**	144	144
Proceeds from the issue of share capital		**275**	**275**	–	–
Interest paid		**(2,825)**	**(5)**	(2,266)	(34)
Dividends paid		**(1,582)**	**(1,582)**	(1,291)	(1,291)
Dividends paid to non-controlling interest		**(26)**	**–**	(16)	–
Net cash flow (used in)/from financing activities		**(11,696)**	**(5,961)**	(5,951)	(1,181)
Net (decrease)/increase in cash and cash equivalents		**(3,541)**	**(4,791)**	1,226	3,812
Cash and cash equivalents at the beginning of the year		**12,240**	**5,667**	11,279	1,855
Currency translation gains/(losses) on cash and cash equivalents		**276**	**7**	(265)	–
Cash and cash equivalents at the end of the year		**8,975**	**883**	12,240	5,667

Notes to the Financial Statements

for the year ended 31 March 2016

1. Basis of preparation and presentation of financial statements

The financial statements for both the Group and Parent Company have been prepared in accordance with applicable International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRIC) Interpretations as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis, except for items carried at fair value in accordance with IAS 39. These financial statements are presented in Sterling since that is the currency in which the Group and Parent Company transact a substantial part of their business and it is the currency considered most convenient for shareholders. Different functional currencies are used in the Group and these are set out in Note 25 on page 45.

Standards and interpretations effective in the current period

The following standards and interpretations have been applied for the first time in these financial statements. None of them have had material impact on these financial statements.

- IFRIC 21 levies
- Amendments to IAS 19 Defined benefit plans: Employee Contributions
- Annual improvements to IFRS 2010-2012
- Annual improvements to IFRS 2011-2013.

New standards and interpretations

As of the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 14 Regulatory deferral accounts (effective for p/c on or after 1 January 2016)
- Amendments to IAS 16 and IAS 38 Acceptable methods of depreciation (effective for p/c on or after 1 January 2016)
- Amendments to IAS 11 Accounting for acquisitions in joint operations (effective for p/c on or after 1 January 2016)
- Amendments to IAS 16 and IAS 41 Bearer plants (effective for p/c on or after 1 January 2016)
- Amendments to IAS 27 Equity method in separate financial statements (effective for p/c on or after 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment entities: Applying the consolidation exemption (effective for p/c on or after 1 January 2016)
- Amendments to IAS 1 Disclosure initiative (effective for p/c on or after 1 January 2016)
- Annual improvements to IFRS 2012-2014 (effective for p/c on or after 1 January 2016)
- Amendments to IAS 12 Recognition of deferred tax assets for unrealised losses (effective for p/c on or after 1 January 2017)
- IFRS 15 Revenue from contracts with customers (effective for p/c on or after 1 January 2018)
- IFRS 9 Financial instruments (effective for p/c on or after 1 January 2018)
- Amendment to IFRS 2 Classification and measurement of share-based payment transactions (effective for p/c on or after 1 January 2018)
- With the exception of IFRS 16 Leases (effective for p/c on or after 1 January 2019). The Directors will evaluate the impact of the potential impact of IFRS 16 over the coming months.

Some of these standards and amendments have not yet been endorsed by the EU which may cause their effectives dates to change.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group. The Group does not intend to apply any of these pronouncements early.

2. Significant accounting policies

The principal accounting policies set out below have, unless otherwise stated, been applied consistently by the Group and the Company to each period presented in these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings which it controls, made up to 31 March 2016. Intra-Group balances, sales and profits are eliminated fully on consolidation.

There are three consolidated subsidiaries within the Group with non coterminous accounting year ends. These companies have 31 December accounting year ends and for consolidation purposes the accounts are extracted from the audited figures for the year to 31 December 2015 and the management accounts for the three month period to 31 March 2016.

On acquisition of a subsidiary of business, all of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiary undertakings have been included from the dates of acquisition and up to the dates of disposal, being the dates that control passes.

Notes to the Financial Statements continued

for the year ended 31 March 2016

2. Significant accounting policies continued

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with adopted IFRS's requires management to make judgments, estimates and assumptions that affect the application of policies on reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on experience and other relevant factors, but will seldom equal the subsequent actual results. Key judgments management have made are contained in the accounting policies and Notes to the Financial Statements, being:

- Impairment review of investments and goodwill;
- Estimation of residual values of investment property;
- Estimation of fair value of other investments;
- Valuation of share-based payments;
- Recognition of deferred tax liabilities;
- Recoverability of deferred tax assets;
- Reviewing contracts for percentage of completion; and
- Estimation of accrued income, provisions and costs.

The Directors have evaluated these estimates and judgments that have been made thereon and concluded that there is no significant risk of them causing a material adjustment to their carrying values within the next financial year.

Goodwill

Goodwill is stated at cost less, where appropriate, impairment in value. Under IFRS 3, para 55, annual impairment tests are mandatory for goodwill and, as such, have been carried out. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired.

Investments in subsidiaries

In the Company Balance Sheet investments in subsidiaries are held at cost less adequate provisions, where necessary, for impairments to value.

Investments in associates

The Group's share of profits less losses of associates is included in the Consolidated Income Statement, and the Group's share of their net assets is included in the Consolidated Balance Sheet. Entities in which the Group is in a position to exercise significant influence but does not have the power to control are defined as associates. The Group adopts the cost model in respect of investment properties owned by associates in order to be consistent with the Group's accounting policy for investment properties. The Company's accounting policy is to include the interest in associates at cost subject to an annual impairment review.

Impairment

The carrying values of the Group's non-financial assets, excluding goodwill, are reviewed at each reporting date to determine whether there are any indications that an asset may be impaired. If there are any indications of impairment, the assets' recoverable value is estimated and any impairment loss, measured against its carrying value, is recognised in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at their purchase cost, together with any incidental costs of acquisition, or fair value on acquisition, less accumulated depreciation and where appropriate, provision for impairment. Depreciation is calculated so as to write off property, plant and equipment, less their estimated residual values, on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computer equipment	33.33
Office equipment	33.33
Motor vehicles	25.00
Short leasehold improvements	33.33

The residual values and useful lives of all property, plant and equipment are reviewed and adjusted if appropriate at each financial year end.

Investment properties

Investment properties are properties held for long-term rental income or for capital appreciation or both. Acquisitions through direct asset purchases are initially held at cost including related transaction costs. The Group has adopted the cost model of valuation for investment properties so that after initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

2. Significant accounting policies continued

Inventories – land and buildings
Trading properties held for resale are stated at the lower of purchase cost, together with incidental costs of acquisition and any subsequent development costs, and net realisable value. The latter is assessed by the Group having regard to suitable valuations performed by third party, external valuers.

Finance leases
Assets owned under finance leases have been included at cost under investment property and property, plant and equipment and depreciated accordingly. Payments in respect of finance leases have been apportioned between the finance charge and the reduction of the outstanding liability, so as to produce a constant periodic rate of interest.

Operating leases
Costs in respect of operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Any incentives to enter operating leases are recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Taxation
The tax expense represents the sum of the current tax payable and movements in deferred tax during the year.

Current taxation
The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductable in other years or that may never be taxable or deductable. The Group's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred taxation
Deferred taxation is provided in full, on all temporary differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they are recognised based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying temporary differences can be deducted. Management carry out a review of such items at the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition
Revenue recognition in the income statement depends on the type of revenue concerned, and excludes VAT. Rental income is recognised over the period of the lease. Income from sale of properties is recognised on unconditional exchange of contracts. Management and administration fees are recognised in the income statement as they are earned. Performance fees are recognised when the performance period has ended and the performance calculation can be performed with reasonable certainty. Transaction fees are recognised once the relevant transaction has completed. Interest income and expense is recognised on an accruals basis. The above policies on revenue recognition result in both deferred and accrued income.

Operating profit
Operating profit as stated in the Consolidated Income Statement is described as the profit derived from sales revenue less cost of sales, operating expenses and other items incurred during normal operating activities.

Share-based payments
The Group issues options over the Company's equity to certain employees and these are professionally measured for fair value at the date of grant, using the Black-Scholes-Merton model. This fair value is fully expensed in the year that the share option vests and is credited to the share-based payment reserve shown under equity and reserves in the balance sheet. Managements' best estimates of leavers, price volatility and exercise restrictions have been used in the valuation method.

Notes to the Financial Statements continued

for the year ended 31 March 2016

2. Significant accounting policies continued

Foreign currencies

At entity level, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate ruling on the date the transaction is recorded. Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rate ruling at the reporting date and the resultant exchange differences are recognised in the income statement unless they form part of the net investment in which case they are recognised in the separate Statement of Other Comprehensive Income.

On consolidation the results of overseas subsidiaries are translated into Sterling at the average exchange rate for the period and all their assets and liabilities are translated into Sterling at the exchange rate ruling at the reporting date.

In the cash flow statement, cash flows denominated in foreign currencies are translated into Sterling at the average exchange rate for the period.

On consolidation exchange differences arising from the translation of foreign operations are recognised in other comprehensive income and accumulated in a separate reserve in equity. On disposal of a foreign operation these accumulated gains or losses are reclassified to profit or loss.

Financial instruments

The Group's financial assets and liabilities are recorded in the balance sheet at historic cost or fair value. Income and expenditure arising on financial instruments is recognised on an accruals basis and taken to the income statement in the financial period in which it arises.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Subsequently, they are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as a difference between the carrying amount of the asset and the recoverable amount.

Investments

Investments are recognised on the contract date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned and are initially measured at cost, including transaction costs. Assets available for sale are held at fair value. Any changes to the fair value are recognised in other comprehensive income, if material, and accumulated in a separate reserve in equity. All equity investments are designated on initial recognition as available-for-sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, term deposits and other short-term, liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities, except for borrowing costs incurred in respect of development and trading property, which are included in acquisition costs of the asset.

Bank borrowing

Interest bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Interest charges are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise. Borrowing costs incurred in respect of the purchase of trading properties are capitalised together with other acquisition costs of the property and are amortised over the period of the loan.

Trade payables

Trade payables are initially measured at fair value. Subsequently they are measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds which are received, net of direct issue costs.

2. Significant accounting policies continued

Business combinations

Acquisitions of subsidiaries are accounted for using the purchase method. This method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities are included in the Consolidated Balance Sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

3. Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Directors and for which discrete financial information is available.

The property fund management segment is organised into separate funds operating across all the Group's chosen geographic areas. It enjoys a recurring income from managing commercial property on behalf of its various fund investors. A table of funds managed is listed in this report in the Review of Operations.

The Group Properties segment comprises the revenues and profits from the Group's trading in its own properties. Rental and service charge income from the properties owned by the Group is included in this segment. The profits and losses of trading in these properties can be volatile depending on the frequency and size of sale and by its nature, unpredictable. At the year end this division owned one property, held at cost in inventories under current assets and five properties, held within investment properties under non-current assets.

Fprop Opportunities plc (FOP) was established in October 2010. The Group owns 76.2% of this fund through seed capital with the intention of raising further third party investment from co-investors, thereby diluting its stake to a non-controlling interest. Management has concluded that it does not suit the criteria for existing segments and that for the purposes of transparency and clarity it should be reported as a separate segment called Group fund properties (FOP).

Head office costs and overheads that are common to all segments are show separately under unallocated central costs.

Interest income is allocated to a separate segment where there is a non-controlling interest. All other surplus cash is managed centrally and is netted off against unallocated central overheads.

Assets, liabilities and costs that relate to Group central activities have not been allocated to business segments.

Notes to the Financial Statements continued

for the year ended 31 March 2016

3. Segmental reporting continued

Segment reporting 2016

	Property fund management £'000	Group Properties and other co-investments £'000	Group fund properties "FOP" £'000	Unallocated central overheads £'000	Total £'000
Total revenue	**2,895**	**12,894**	**6,166**	**–**	**21,955**
Depreciation and amortisation	(31)	(1,535)	(138)	–	**(1,704)**
Operating profit	**1,384**	**7,316**	**3,962**	**(2,904)**	**9,758**
Share of results in associates	–	170	–	–	**170**
Distribution income	–	223	–	–	**223**
Interest income	–	101	5	20	**126**
Interest payable	–	(1,424)	(1,507)	–	**(2,931)**
Profit/(loss) before tax	**1,384**	**6,386**	**2,460**	**(2,884)**	**7,346**
Analysed as:					
Before performance fees and related items	783	8,268	2,321	(899)	**10,473**
Reversal of impairment loss to investment properties	–	–	462	–	**462**
Depreciation	–	(1,450)	–	–	**(1,450)**
Provision	(49)	(17)	(17)	(663)	**(746)**
Performance and related fees	1,131	–	–	–	**1,131**
Staff incentives	(481)	(169)	(164)	(1,610)	**(2,424)**
Realised foreign currency (losses)/gains	–	(246)	(142)	288	**(100)**
Total	**1,384**	**6,386**	**2,460**	**(2,884)**	**7,346**
Assets – Group	497	88,670	62,283	6,776	**158,226**
Share of net assets of associates	–	3,352	–	(308)	**3,044**
Liabilities	(249)	(76,454)	(48,132)	(2,345)	**(127,180)**
Net assets	**248**	**15,568**	**14,151**	**4,123**	**34,090**
Additions to non-current assets					
Property, plant and equipment	196	–	–	–	**196**
Investment properties	–	968	248	–	**1,216**
Interest in associates	–	2,293	–	–	**2,293**

	Revenue		Non-current assets	
Geographic analysis	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
UK	**2,125**	3,773	**4,024**	2,229
Poland	**18,144**	13,673	**115,526**	109,481
Romania	**1,686**	1,077	**5,498**	5,080
	21,955	18,523	**125,048**	116,790

3. Segmental reporting continued

Segment Reporting 2015

	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	6,140	2,968	5,217	–	**14,325**
– Business acquisitions	–	3,479	719	–	**4,198**
Total	**6,140**	**6,447**	**5,936**	**–**	**18,523**
Depreciation and amortisation	(18)	(360)	(6)	–	**(384)**
Operating profit	**4,435**	**5,454**	**2,454**	**(2,938)**	**9,405**
Share of results in associates	–	185	–	–	**185**
Distribution income	–	694	–	–	**694**
Interest income	–	36	89	20	**145**
Interest payable	–	(730)	(1,616)	–	**(2,346)**
Profit/(loss) before tax	**4,435**	**5,639**	**927**	**(2,918)**	**8,083**
Analysed as:					
Before performance fees and related items	1,605	4,489	2,272	(963)	**7,403**
Recognition of negative goodwill on refinancing of subsidiary	–	1,123	–	–	**1,123**
Recognition of negative goodwill on acquisition of subsidiaries	–	716	–	–	**716**
Impairment loss on investment properties	–	–	(876)	–	**(876)**
Depreciation	–	(357)	–	–	**(357)**
Performance fees	3,365	–	–	–	**3,365**
Staff incentives	(535)	(194)	(184)	(1,955)	**(2,868)**
Realised foreign currency loss	–	(138)	(285)	–	**(423)**
Total	**4,435**	**5,639**	**927**	**(2,918)**	**8,083**
Assets – Group	1,633	84,478	58,522	6,301	**150,934**
Share of net assets of associates	–	979	–	(308)	**671**
Liabilities	(289)	(72,437)	(45,666)	(2,194)	**(120,586)**
Net assets	**1,344**	**13,020**	**12,856**	**3,799**	**31,019**
Additions to non-current assets					
Property, plant and equipment	8	–	–	–	**8**
Investment properties	–	66,909	8,864	–	**75,773**
Investments	–	353	–	–	**353**

4. Interest income/(expense)

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

Notes to the Financial Statements continued
for the year ended 31 March 2016

4. Interest income/(expense) continued

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

5. Employee information
The average monthly number of persons (including Executive Directors) employed during the year was:

	2016 Number	2015 Number
Management	**9**	9
Property operations	**14**	15
Technical operations	**22**	24
	45	48

An analysis of staff costs is set out below:

	2016 £'000	2015 £'000
Wages and salaries	**4,349**	4,664
Social security costs	**382**	261
Share-based payments	**–**	–
	4,731	4,925

6. Directors' remuneration and emoluments

	2016 £'000	2015 £'000
Basic pay	**522**	479
Pension	**14**	13
Fees	**56**	56
Benefits	**21**	17
Exercise of share options	**424**	–
Annual incentive arrangements	**1,546**	1,911
	2,583	2,476

Annual incentive arrangements
For 2015 the Company operated an incentive plan (the Growth Securities Ownership Plan (GSOP)) for the Executive Directors related to growth in profit before tax.

The remuneration of the Directors was as follows:

	Salary & benefits £'000	Annual incentives £'000	Exercise of share options £'000	Fees £'000	2016 £'000	2015 £'000
A J D Locke	–	–	–	28	**28**	28
P Moon	–	–	–	28	**28**	28
B N Habib	387	1,293	148	–	**1,828**	1,967
G R W Digby	170	253	276	–	**699**	453
	557	1,546	424	56	**2,583**	2,476

There are no retirement benefits accruing to Directors (2015: none) under money purchase pension schemes.

7. Profit on ordinary activities before taxation

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation is stated after charging:		
– Depreciation charge on property, plant and equipment	**50**	27
– Depreciation on investment properties	**1,654**	357
– Net foreign exchange losses	**100**	453
– Staff costs (see note 5)	**4,731**	4,925
– Group audit fees (Company £54,000 (2015: £65,000))	**171**	177
– Non-audit fees (bureau services – Romania)	**12**	8
– Operating lease rentals	**59**	49
– Rental income from investment properties	**13,723**	8,083
– Direct operating expenses arising from investment property that generated rental income during the period	**3,578**	2,591
– Direct operating expenses arising from investment property that did not generate rental income	**3,689**	2,312
– Cost of inventories	**291**	258

8. Tax expense

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

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

As in prior years, brought forward and current UK tax losses have not been recognised as a deferred tax asset due to insufficient foreseeable taxable income being earned in the UK. As a result of this treatment the effective tax rate for the Group has increased to 23% (2015: -4.1%), which is higher than both the main stream corporation tax rates of 19% in Poland and 16% in Romania.

The deferred tax credit in the prior year was largely attributable to three acquisitions made during that year, amounting to £992,000. This was created as a result of the nil value paid for the deferred tax asset on acquisition. The deferred tax asset has been restricted to two years worth of profits.

Factors affecting the tax charge for the period

The effective rate of tax applicable to the profit in the period is higher than the standard rate of corporation tax. The differences are explained as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	**7,346**	8,083
Profit on ordinary activities multiplied by the standard rate of 20% (2015: 21%)	**1,469**	1,697
Effects of:		
– Expenses not deductible for tax purposes	**2**	7
– Depreciation in excess of capital allowances on plant and equipment	**(1)**	3
– Prior year adjustments	**13**	–
– Movement on deferred tax unprovided	**221**	39
– Effect of overseas mainstream tax rates	**(177)**	(16)
– Other adjustments (including overseas tax allowable depreciation on property)	**(324)**	(1,205)
Total tax charge for the period	**1,203**	525

Notes to the Financial Statements continued

for the year ended 31 March 2016

8. Tax expense continued

Unrecognised deferred tax

	2016		2015	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Depreciation in excess of capital allowances	**(5)**	**–**	(3)	–
Tax losses carried forward	**918**	**918**	695	695
Unrecognised deferred tax asset	**913**	**918**	692	695

The Directors have concluded that there is insufficient evidence to support the recoverability of this asset from future taxable profits and therefore have not recognised this asset in the balance sheet. UK deferred tax has been calculated at a rate of 20% for 2016 and 2015.

9. Parent Company result for the year

As permitted by section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's retained profit for the year was £1,023,000 (2015: £1,534,000).

10. Dividend on Ordinary Shares

	2016 £'000	2015 £'000
Interim dividends paid during the year 2016: 0.385 pence (2015: 0.35 pence)	**440**	398
Final dividend paid for the year ended 31 March 2015: 1 penny per share (2014: 0.79 pence per share)	**1,142**	893
	1,582	1,291

The total dividend for the current year ended 31 March 2016 of 1.50p (2015: 1.35p) will be subject to shareholder approval at the Annual General Meeting to be held on 22 September 2016.

11. Earnings/NAV per share

	2016	2015
Basic earnings per share	**4.37p**	7.21p
Diluted earnings per share	**4.28p**	6.93p

	£'000	£'000
Basic earnings	**5,008**	8,172
Diluted earnings assuming full dilution	**5,016**	8,187

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

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

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

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

11. Earnings/NAV per share continued

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

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

	Number	Number
Net assets per share		
Number of shares in issue at year end	**115,967,111**	113,792,541

	£'000	£'000
Net assets per share		
Net assets excluding non-controlling interest	**32,184**	29,925

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

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

12. Investment properties

Investment properties owned by the Group, and indirectly via Fprop Opportunities plc (FOP) are stated at cost less depreciation and accumulated impairment losses. The properties were valued by CBRE, Polish Properties and BNP Paribas at the Group's financial year end at €177.73 million (2015: €176.73 million), the Sterling equivalent at closing foreign exchange rates being £140.91 million (2015: £127.86 million).

On acquisition of the Gdynia Podolska property in 2015, the Directors took the decision to depreciate the property over the term of the lease expiring in 2021. In the Directors' opinion the property's estimated residual value at the end of the period of ownership will be lower than the carrying value. No other property has been depreciated as the estimated residual value is expected to be higher than the carrying value.

The impairment loss in 2015 of £876,000 related to two properties and was as a result of their value falling below cost. In 2016 there was a reversal of this impairment loss of £462,000.

	2016 Group £'000	2015 Group £'000
Investment properties		
At 1 April	**114,262**	48,759
Business acquisitions	**–**	75,390
Capital expenditure	**1,216**	383
Depreciation	**(1,654)**	(357)
Reversal of impairment loss/(impairment loss)	**462**	(876)
Foreign exchange translation	**6,432**	(9,037)
At 31 March	**120,718**	114,262

Notes to the Financial Statements continued
for the year ended 31 March 2016

13. Goodwill

	2016 Group £'000	2015 Group £'000
1 April and 31 March	**153**	153

The Directors have carried out an annual impairment test and concluded that no impairment write down is necessary because the estimated recoverable amount was higher than the value stated. The estimated recoverable amount was determined using the "value in use" basis. The "value in use" basis was calculated by applying a price earnings multiple of four to the average of the past three years earnings and next year's forecast earnings, which is based on information consistent with external sources.

14. Property, plant and equipment

Group 2016	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2015	174	37	23	37	271
Foreign currency translation	(2)	2	–	–	–
Additions	27	39	–	130	196
Disposals	(5)	(23)	–	(35)	(63)
At 31 March 2016	194	55	23	132	404
Depreciation					
At 1 April 2015	139	30	23	36	228
Foreign currency translation	(5)	7	–	1	3
Charge for year	24	6	–	20	50
Disposals	(5)	(23)	–	(35)	(63)
At 31 March 2016	153	20	23	22	218
Net book value at 31 March 2016	**41**	**35**	**–**	**110**	**186**

Group 2015	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2014	190	39	25	37	291
Foreign currency translation	(9)	(2)	(2)	–	(13)
Additions	6	2	–	–	8
Disposals	(13)	(2)	–	–	(15)
At 31 March 2015	174	37	23	37	271
Depreciation					
At 1 April 2014	132	34	25	35	226
Foreign currency translation	(6)	(2)	(2)	–	(10)
Charge for year	26	–	–	1	27
Disposals	(13)	(2)	–	–	(15)
At 31 March 2015	139	30	23	36	228
Net book value at 31 March 2015	**35**	**7**	**–**	**1**	**43**

The Company had no property, plant or equipment (2015: nil). The Group holds no property, plant and equipment under a finance lease.

15. Investments in Group undertakings

	2016		2015	
	Group £'000	Company £'000	Group £'000	Company £'000
Investments in consolidated subsidiaries				
Shares at cost	–	3,192	–	3,192
	–	3,192	–	3,192

16. Investments in associates and other financial assets

The Group has the following investments:

	2016		2015	
	Group £'000	Company £'000	Group £'000	Company £'000
a) Associates				
At 1 April	671	101	675	101
Additions	2,293	2,293	–	–
Disposals	–	–	–	–
Share of associates profit after tax	170	–	185	–
Dividends received	(90)	–	(189)	–
At 31 March	3,044	2,394	671	101

The additions comprise two new investments during the year. The first, in December 2015, was in Fprop Romanian Supermarkets Limited which acquired nine supermarkets in Romania, operated by Lidl. The second, in March 2016, was in Fprop Galeria Corso Limited which acquired a shopping centre in North West Poland.

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 IAS 40 and comprises the following:

	2016		2015	
	Group £'000	Company £'000	Group £'000	Company £'000
Investments in associates				
5th Property Trading Limited	871	48	827	48
Regional Property Trading Limited	159	53	152	53
Fprop Romanian Supermarkets Limited	737	725	–	–
Fprop Galeria Corso Limited	1,585	1,568	–	–
	3,352	2,394	979	101
Less: Share of profit after tax withheld on sale of property to 5th Property Trading Limited in 2007	(308)	–	(308)	–
	3,044	2,394	671	101

If the Group had adopted the alternative fair value model for accounting for investment properties, the carrying value of the investment in associates would have increased to £3,551,159 (2015: £1,175,000).

The withheld profit figure of £308,000 represents the removal of the percentage of intercompany profit resulting from the sale of the property in 2007 to 5th Property Trading Limited. The figure will reduce when there is a reduction in First Property Group's stake in 5th Property Trading Limited.

Notes to the Financial Statements continued
for the year ended 31 March 2016

16. Investments in associates and other financial assets continued

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

The Group holds two unlisted investments in funds managed by it. Both investments 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 principal investments of the Group at 31 March 2016 are as follows:

		% of Ordinary Shares held by	
	Principal activities	Company %	Subsidiary %
Group undertakings			
UK			
First Property Asset Management Limited	– Property asset management	100	–
First Property General Partner (PDR) Limited	– General partner of property fund	100	–
First Property Sterling General Partner Limited	– General partner of property fund	100	–
First Property General Partner Limited	– General partner of property fund	51	–
Fprop Corktree Limited	– Property holding Company	100	–
FPGP Limited	– Property holding Company	100	–
Poland			
First Property Poland Sp. z o.o.	– Property investment and management	100	–
Scaup Sp. z o.o.	– Property investment and management	100	–
Ross Sp. z o.o.	– Property investment and management	100	–
Corp Sp. z o.o.	– Property services management	–	90
Ross 2 Sp. z o.o.	– Property services management	100	–
Ross 3 Sp. z o.o.	– Property holding Company	100	–
Corktree Sp. z o.o.	– Property holding Company	–	100
Corktree Fprop Sp. z o.o.	– Property holding Company	–	100
Gdynia Podolska Sp. z o.o.	– Property holding Company	–	100
Romania			
First Property Asset Management Romania SRL	– Property asset manager	95	5
Felix Development SRL	– Property holding Company	100	–

16. Investments in associates and other financial assets continued

	Principal activities	% of Ordinary Shares held by Company %	Subsidiary %
Group companies owned by Fprop Opportunities plc (FOP)			
UK			
Fprop Opportunities plc	– Property fund	76	–
Fprop Opportunity Lodz Limited	– Property holding Company	–	100
Fprop Opportunity Krasnystaw Limited	– Property holding Company	–	100
Fprop Opportunities Lodz II Limited	– Property holding Company	–	100
Fprop Opportunity Lublin Limited	– Property holding Company	–	100
Fprop Opportunity Ostrowiec Limited	– Property holding Company	–	100
Fprop Zinga Limited	– Property holding Company	–	100
Poland			
Fprop Lodz Sp. z o.o.	– Property holding Company	–	100
Fprop Krasnystaw Sp. z o.o	– Property holding Company	–	100
Fprop Lodz 2 Sp. z o.o.	– Property holding Company	–	100
Lublin Zana Sp. z o.o.	– Property holding Company	–	100
Galeria Ostrowiec Sp. z o.o.	– Property holding Company	–	100
Fprop Ostrowiec Sp. z o.o.	– Property holding Company	–	100
Galeria Ostrowiec 2 Sp. z o.o.	– Property holding Company	–	100
Zinga Fprop Sp. z o.o.	– Property holding Company	–	100
Zinga Poland Sp. z o.o.	– Property holding Company	–	100
Zinga Fprop Poland Sp z o.o.	– Property holding Company	–	100
Associates and other investments			
UK			
Regional Property Trading Limited	– Property fund	26	–
5th Property Trading Limited	– Property fund	38	–
UK Pension Property Portfolio LP	– Property fund	1	–
Fprop PDR LP	– Property fund	5	–
Fprop Galeria Corso Limited	– Property fund	28	–
Fprop Romanian Supermarkets Limited	– Property fund	24	–
Poland			
E&S Estates Poland Sp. z o.o.	– Property fund	–	13
5th Property Poland Sp. z o.o.	– Property fund	–	38
Galeria Corso Sp. z o.o.	– Property fund	–	28
Romania			
Fprop Rom Supermarkets SRL	– Property fund	–	24

Notes to the Financial Statements continued
for the year ended 31 March 2016

16. Investments in associates and other financial assets continued

	Principal activities	% of Ordinary Shares held by Company %	Subsidiary %
Dormant nominee companies in which the Group has no beneficial interest			
First Property Sterling General Partner (Nominee 1) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 2) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 3) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 4) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 5) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 6) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 7) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 8) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 9) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 10) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 11) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 12) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 13) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 14) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 15) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 16) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 17) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 20) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 21) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 22) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 23) Limited	– Nominee	–	100
First Property Sterling General Partner (Nominee 24) Limited	– Nominee	–	100
FPROP PDR (Nominee) 1 Limited	– Nominee	–	100
FPROP PDR (Nominee) 2 Limited	– Nominee	–	100
FPROP PDR (Nominee) 3 Limited	– Nominee	–	100
FPROP PDR (Nominee) 4 Limited	– Nominee	–	100
FPROP PDR (Nominee) 5 Limited	– Nominee	–	100
FPROP PDR (Nominee) 6 Limited	– Nominee	–	100
FPROP PDR (Nominee) 7 Limited	– Nominee	–	100
FPROP PDR (Nominee) 8 Limited	– Nominee	–	100
FPROP PDR (Nominee) 9 Limited	– Nominee	–	100
FPROP PDR (Nominee) 10 Limited	– Nominee	–	100
Middle Street Limited	– Nominee	–	100
SIPS Property Nominee Limited	– Nominee	100	–

The above companies are incorporated and registered in England and Wales unless stated and operate principally in their countries of incorporation/registration.

First Property Sterling General Partner Limited, First Property General Partner Limited, First Property General Partner (PDR) Limited and SIPS Property Nominee Limited have not been consolidated for the reason that they are not material to the Group.

17. Inventories – land and buildings

	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Directly held Group Properties for resale at cost				
1 April	**12,639**	**–**	12,304	–
Capital expenditure	**291**	**–**	258	–
Foreign exchange translation	**964**	**–**	77	–
At 31 March	**13,894**	**–**	12,639	–

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

18. Trade and other receivables

	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Current assets				
Trade receivables	2,589	1	2,304	–
Less provision for impairment of receivables	(905)	–	(649)	–
Trade receivables net	1,684	1	1,655	–
Other receivables	7,554	5,355	3,147	54
Prepayments and accrued income	890	237	942	1,608
	10,128	5,593	5,744	1,662

Other receivables include a short-term loan to an associate for €6.5m (£5.15m) which was repaid after the year end in May 2016.

	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Non-current assets				
Other receivables	186	–	283	–
Amounts owed by subsidiaries and other undertakings	–	11,005	–	10,649

The Directors consider that the carrying amount of net trade receivables approximates to their fair value.

In the opinion of the Directors the Group is not exposed to any one material credit risk, as the Group has many tenants spread across a number of industry sectors.

19. Trade and other payables

	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Current liabilities				
Trade payables	2,189	8	2,605	15
Amounts due to subsidiary undertaking and associates	–	3,229	–	3,725
Other taxation and social security	575	–	580	–
Other payables and accruals	5,163	2,355	4,938	1,992
Deferred income	11	–	11	–
	7,938	5,592	8,134	5,732

20. Financial liabilities

	2016 Group £'000	2016 Company £'000	2015 Group £'000	2015 Company £'000
Current liabilities				
Loans repayable by subsidiary (FOP) to third party shareholders	1,841	–	–	–
Bank loan	3,014	–	9,382	–
Finance leases	2,813	–	2,406	–
	7,668	–	11,788	–
Non-current liabilities				
Loans repayable by subsidiary (FOP) to third party shareholders	–	–	1,936	–
Bank loans	62,038	–	50,610	–
Finance leases	46,954	–	45,379	–
	108,992	–	97,925	–

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20. Financial liabilities continued

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

Loans repayable by Fprop Opportunities plc (FOP) to third party shareholders are unsecured and repayable on demand.

Eight bank loans and three finance leases that are all denominated in Euros, totalling £114,819,000 (2015: £107,777,000) and included within financial liabilities are secured against investment properties owned by the Group and Fprop Opportunities plc (FOP) and the property owned by the Group shown under inventories. These bank loans and finance leases are otherwise non-recourse to the Group's assets.

Minimum finance lease payments in respect of finance leases are as follows:

Finance lease liabilities

	2016		2015	
	Group	Company	Group	Company
Less than one year	**3,622**	**–**	3,287	–
Between two and five years	**44,514**	**–**	43,693	–
Later than five years	**4,869**	**–**	4,951	–
Future finance charges on future finance lease payments	**(3,238)**	**–**	(4,146)	–
	49,767	**–**	47,785	–

The analysed present value of finance lease liabilities is as follows:

	2016		2015	
	Group	Company	Group	Company
Less than one year	**2,813**	**–**	2,406	–
Between two and five years	**41,982**	**–**	19,061	–
Later than five years	**4,972**	**–**	26,318	–
	49,767	**–**	47,785	–

21. Deferred tax

Deferred tax assets and liabilities are attributable to the following items:

	2016			2015		
	Group net assets £'000	Group assets £'000	Group liabilities £'000	Group net assets £'000	Group assets £'000	Group liabilities £'000
Accrued interest payable	**(1,456)**	**151**	**(1,607)**	(1,280)	254	(1,534)
Accrued income	**(108)**	**9**	**(117)**	(62)	23	(85)
Foreign bank loan	**2,199**	**2,255**	**(56)**	1,244	1,379	(135)
Investment properties and inventories	**(393)**	**209**	**(602)**	1,088	1,936	(848)
Other temporary differences	**392**	**392**	**–**	182	211	(29)
	634	**3,016**	**(2,382)**	1,172	3,803	(2,631)

Relevant Group companies are making taxable profits.

21. Deferred tax continued

The movement in deferred tax assets and liabilities during the year:

	2016			2015		
	Group net assets £'000	Group assets £'000	Group liabilities £'000	Group net assets £'000	Group assets £'000	Group liabilities £'000
At 1 April	**1,172**	**3,803**	**(2,631)**	(58)	839	(897)
(Charge)/credit in the year:						
Existing operations	**(484)**	**(798)**	**314**	602	819	(217)
Business acquisitions	**–**	**–**	**–**	251	651	(400)
Foreign exchange translation	**(54)**	**11**	**(65)**	377	1,494	(1,117)
At 31 March	**634**	**3,016**	**(2,382)**	1,172	3,803	(2,631)

22. Called-up share capital

	2016 £'000	2015 £'000
Authorised		
240,000,000 (2015: 240,000,000) Ordinary Shares of 1 pence each	**2,400**	2,400
Issued and fully paid		
116,601,115 (2015: 114,851,115) Ordinary Shares of 1 pence each of issued share capital, of which 634,004 Ordinary Shares (2015: 1,058,574) are held in treasury	**1,166**	1,149

	Ordinary shares number	Treasury shares number	Share options number
1 April 2015	113,792,541	1,058,574	4,850,000
Exercise of share options	400,000	(400,000)	(400,000)
Issue of new shares	1,750,000	–	(1,750,000)
Issue of shares to Non-Executive Director	24,570	(24,570)	–
Lapse of share options	–	–	–
31 March 2016	**115,967,111**	**634,004**	**2,700,000**

	Ordinary shares number	Treasury shares number	Share options number
1 April 2014	112,952,158	1,898,957	5,750,000
Exercise of share options	800,000	(800,000)	(800,000)
Issue of shares to Non-Executive Director	40,383	(40,383)	–
Lapse of share options	–	–	(100,000)
31 March 2015	113,792,541	1,058,574	4,850,000

The Company had 2,700,000 options over Ordinary Shares outstanding at 31 March 2016 (2015: 4,850,000), including those noted in Directors' interests in the Directors' Report. Once these share options are exercised, the Ordinary Shares issued will rank *pari passu* with the existing Ordinary Shares.

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22. Called-up share capital continued

Year of grant	Exercise price (p)	Exercise period	2016 Numbers	2015 Numbers
2006/07	15.75	June 2007 to June 2016	–	583,333
2006/07	15.75	June 2008 to June 2016	–	583,333
2006/07	15.75	June 2009 to June 2016	–	583,334
2006/07	17.25	Dec 2007 to Dec 2016	–	66,666
2006/07	17.25	Dec 2008 to Dec 2016	–	167,667
2006/07	17.25	Dec 2009 to Dec 2016	–	167,667
2008/09	11.50	Feb 2010 to Feb 2019	**333,333**	333,333
2008/09	11.50	Feb 2011 to Feb 2019	**333,333**	333,333
2008/09	11.50	Feb 2011 to Feb 2019	**333,334**	333,334
2009/10	16.50	Dec 2011 to Dec 2019	**566,666**	566,666
2009/10	16.50	Dec 2011 to Dec 2019	**566,667**	566,667
2009/10	16.50	Dec 2011 to Dec 2019	**566,667**	566,667

During the year no share options were granted and 2,150,000 were exercised. At the year end there were 200,000 share options that have been issued under the HMRC Enterprise Management Incentive Scheme with the remaining 2,500,000 share options issued under the Company's Unapproved Share Option Scheme.

23. Contractual commitments

The Group has contractual commitments at 31 March 2016 amounting to £1,676,000 (2015: £1,745,000) which are expected to be expended over the next twelve months.

24. Financial commitments

At 31 March 2016 the Group had total commitments under non-cancellable operating leases payable as follows:

	Land and buildings 2016 £'000	Land and buildings 2015 £'000
Total amounts due		
– within a year	**84**	87
– between one and five years inclusive	**274**	357
	358	444

The liability relates to a five year operating lease terminating in 2020 for the office in London. The Group has three finance leases that are described in note 25.

25. Financial instruments and risk management

The Group and Company's financial instruments comprise or have comprised cash and liquid resources, including trade receivables, trade payables and short-term deposits derived from its operations. The primary objective of these financial instruments is to finance the Group and Company's operations.

Objective, policies and strategies

The main areas of the Group and Company's exposure to risk are interest rates, liquidity, foreign exchange and credit. The Group's policy does not permit entering into speculative trading of financial instruments and this policy has continued to be applied throughout the year.

Interest rate risk

The Group and Company is exposed to interest rate risk on its short-term cash balances, deposits and also its bank borrowings.

The Group and Company regularly reviews market rates of interest to ensure that beneficial rates are secured on its cash and short-term deposits, so that maximum returns are being achieved.

The Group and Company's policy is to consider on a case by case basis whether or not to enter into interest rate swaps, options and forward rate agreements to manage interest rate exposures, in the event that long or short-term finance is in place. Interest rate fixes and caps are utilised to mitigate this risk on both bank loans and finance leases if they are not a requirement of the borrowing agreement at the outset of the agreement.

25. Financial instruments and risk management continued

Liquidity risk

The liquidity risk is related to the repayment of financial liabilities. Long-term loans are incurred in the same currency used to value the property asset. Most loans are subject to loan-to-value ratio restrictions.

The Group and Company prepare monthly budgets, cash flow analyses and forecasts, which enable the Directors to assess the levels of borrowings, required in future periods. This detail is used to ensure that appropriate facilities are put in place to finance the future planned operations of the Group.

Budgets and projections will be used to assess any future potential investment and the Group/Company will consider the existing level of funds held on deposit as part of the process to assess the nature and extent of any future funding requirement.

Capital management

The Company monitors the capital structure by combining actions aimed at evaluating investment projects and disposal processes, management of financial expenses, risk monitoring, solvency control and verification of the key financial ratios. The main actions undertaken by the Company include: forecasting cash flows, monitoring the interest coverage ratio and debt service ratio, verification of the debt to security ratio and guaranteeing the sufficient capital to fulfil the contracted obligations.

Market risk

Currency risk

The Group and Company is exposed to currency risk through its overseas operations. Wherever possible, overseas investment is financed in the local currency so that exposure to currency markets is limited. The Group/Company regularly reviews the pertinent currency rates and calculates and reports the currency exposure on a monthly basis. Under the Group and Company's foreign currency risk management policy hedging instruments can be used to hedge a proportion of specific items as specified in IAS 39.

The tables below show the extent to which the Group has residual assets and liabilities in currencies other than Sterling at the balance sheet date. Foreign exchange differences on translation of these assets and liabilities are taken to the foreign exchange translation reserve in the balance sheet.

	Net foreign currency monetary assets/liabilities			
Functional currency of operations	Polish Zloty Poland £'000	US Dollar Poland £'000	Romanian Leu Romania £'000	Total £'000
2016				
Sterling Equivalent	**(60,393)**	**–**	**(2,706)**	**(63,099)**
2015				
Sterling Equivalent	(56,096)	1,835	(3,042)	(57,303)

All UK Group companies use Sterling as their functional currency, all Polish Group companies use the Polish Zloty as their functional currency, and both Romanian Group companies use the Romanian New Leu as their functional currency.

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25. Financial instruments and risk management continued

Sensitivity analysis

The following table illustrates the effect on the income statement and items that are recognised directly in equity that would result from possible movements in interest rates and foreign exchange rates before the effect of tax.

	2016 Income statement £'000	2015 Income statement £'000	**2016 Equity £'000**	2015 Equity £'000
Interest rate sensitivity analysis				
UK interest rate + 1%	**35**	78	**35**	78
EURO interest rate + 1%	**(674)**	(566)	**(674)**	(566)
US Dollar interest rate + 1%	**–**	(69)	**–**	(69)
RON interest rate + 1%	**(22)**	(26)	**(22)**	(26)
PLN interest rate + 1%	**8**	(4)	**8**	(4)
	(653)	(587)	**(653)**	(587)
Foreign currency sensitivity analysis				
EURO exchange rate +5%	**310**	178	**3,556**	3,209
US Dollar exchange rate +5%	**–**	32	**–**	106
RON exchange rate +5%	**48**	27	**(44)**	(103)
PLN exchange rate +5%	**45**	188	**974**	985
	403	425	**4,486**	4,197

The interest rate sensitivity analysis has been determined based on the exposure to interest rates for cash, bank loans and finance leases. The analysis is prepared assuming the amounts at the balance sheet date were outstanding for the whole year.

The foreign currency sensitivity analysis includes all foreign currency balance sheet items and adjusts their translation at the period end for a 5% change in foreign currency rates.

Credit Risk

The Group and Company's principal financial assets are bank deposits, bank current account balances, and trade and other receivables which represent the Group and Company's maximum exposure to credit risk in relation to financial assets. It is the policy of the Group and Company to present the amount for trade and other receivables net of allowances for doubtful debts, estimated by the Group's management based on prior experience and making due allowance for the prevailing economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group uses a number of banks thereby spreading this exposure over a number of counterparties.

Financial assets

The interest rate profile of the Group's financial assets at 31 March 2016 and 31 March 2015 was as follows:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Non-interest bearing £'000	Total £'000
Other receivables due after one year	–	–	–	–
Cash	6,411	–	–	6,411
Short-term deposits	–	2,564	–	2,564
At 31 March 2016	**6,411**	**2,564**	**–**	**8,975**
Other receivables due after one year	–	–	–	–
Cash	6,286	–	–	6,286
Short-term deposits	–	5,954	–	5,954
At 31 March 2015	6,286	5,954	–	12,240

The fair value of the financial assets is considered to be their book value.

Floating rate financial assets earn interest at floating rates based on LIBOR.

25. Financial instruments and risk management continued

Fixed-rate short-term deposits at 31 March 2016 were £2,564,000 (31 March 2015: £5,954,000).

Financial liabilities

The interest rate profile of the Group's financial liabilities at 31 March 2016 and 31 March 2015 was as follows:

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Non-interest bearing £'000	Total £'000
Bank loans	25,393	39,659	–	65,052
Finance lease obligations	46,794	2,973	–	49,767
Other financial liabilities	–	–	1,841	1,841
At 31 March 2016	**72,187**	**42,632**	**1,841**	**116,660**
Bank loans	29,600	30,392	–	59,992
Finance lease obligations	47,785	–	–	47,785
Other financial liabilities	–	–	1,936	1,936
At 31 March 2015	77,385	30,392	1,936	109,713

The Group's debt maturity other than short-term trade creditors and accruals at 31 March 2016 and 31 March 2015 was as follows:

	Bank loans £'000	Finance lease £'000	Other financial liabilities £'000	Total £'000
In one year or less	3,014	2,813	1,841	7,668
Between one and five years	51,168	41,982	–	93,150
Over five years	10,870	4,972	–	15,842
Total at 31 March 2016	**65,052**	**49,767**	**1,841**	**116,660**
In one year or less	9,382	2,406	–	11,788
Between one and five years	38,867	19,061	–	57,928
Over five years	11,743	26,318	1,936	39,997
Total at 31 March 2015	59,992	47,785	1,936	109,713

Loans repayable by Fprop Opportunities plc (FOP) to third party shareholders are unsecured and repayable on demand.

Eight bank loans and three finance leases that are all denominated in Euros, totalling £114,819,000 (2015: £107,777,000) and included within financial liabilities are secured against investment properties owned by the Group and Fprop Opportunities plc (FOP) and the property owned by the Group shown under inventories. These bank loans and finance leases are otherwise non-recourse to the Group's assets.

25. Financial instruments and risk management continued

Bank Loans £'000	Matures	Denominated		Capital Repayments	Interest Repayments	Secured
7,129	2025	Euro	Non-recourse	€30,200 per month	Annualised rate of six month EURIBOR plus an all in margin of 2.40%	28% share of Blue Tower office building owned by FPG
968	2019	Euro	Non-recourse	€4,900 per month	Annualised rate of one month EURIBOR plus an all in margin of 2.40%	Office building in central business district of Warsaw.
3,234	2029	Euro	Non-recourse	€13,700 per month	Annualised rate of six month EURIBOR plus an all in margin of 2.90%	Krasnystaw shopping centre owned by FOP
2,491	2033	Euro	Non-recourse	€12,100 per month	2.60% over three month EURIBOR	20% share of Blue Tower office building owned by FPG
8,727	2020	Euro	Non-recourse	€138,000 per quarter	50% of the loan – 3.45% over one month EURIBOR and other 50% fixed at 4.1% for three years.	Office block in Lublin
14,241	2019	Euro	Non-recourse	€112,500 per quarter	87% of the loan – 2.75% plus three month EURIBOR and other 13% fixed at 3.59% plus three month EURIBOR.	Shopping centre at Ostrowiec
25,383	2018	Euro	Non-recourse	€350,000 per quarter	Payable quarterly fixed at 2.49%	Oxford Tower
2,879	2024	Euro	Non-recourse	€144,900 per quarter	Annualised rate of three month EURIBOR plus an all in margin of 4.50% Margin	3 Romanian properties
65,052						

Finance Leases	Matures	Denominated		Capital Repayments	Interest Repayments	Secured
11,590	2017	Euro	Non-recourse	€59,284 per month	Payable monthly on a floating rate based on an annualised rate of one month EURIBOR plus an all in margin of 2.68%	Lodz hypermarket
30,864	2021	Euro	Non-recourse	€173,190 per month	Payable monthly on a floating rate based on an annualised rate of one month EURIBOR plus a margin of 1.30%	Office building in Gdynia
7,313	2024	Euro	Non-recourse	€44,806 per month	Annualised rate of one month EURIBOR plus an all in margin of 3.20%	Office building in central business district of Warsaw.
49,767						

Borrowing facilities

At 31 March 2016 the Group had £nil committed borrowing facilities available (31 March 2015: nil undrawn).

26. Related party transactions

First Property Group plc is the Parent Company of the Group and the ultimate controlling party. The Parent Company incurs the costs of the Board of Directors and other unallocated central costs and also provides finance for funding to member companies of the Group on an unsecured basis. No provision has been charged to income for outstanding balances between the Parent Company, its subsidiaries and its associates; and no guarantees given.

During the year, Group companies entered into the following transactions with the Parent Company, its subsidiaries and its associates.

Related party transactions for the Group	2016 £'000	2015 £'000
Property management fees to associates	**162**	142
Amounts owed by associates at year end	**26**	22

Related party transactions for the Company	£'000	£'000
Management charge to subsidiaries	**–**	150
Management charge paid to subsidiaries	**–**	200
Dividends received from subsidiaries during the year	**3,357**	1,672
Net funding transactions with subsidiaries	**6,185**	7,214
Shareholder loan interest receivable from subsidiaries during the year	**141**	125
Shareholder loan interest payable to subsidiaries during the year	**5**	34
Amounts owed by subsidiaries at year end	**11,005**	10,649
Amounts owed to subsidiaries at year end	**3,229**	3,725

Key management compensation	£'000	£'000
Short-term employee benefits (see note 6)	**2,583**	2,476

Key managers are the Group Directors.

All transactions were made in the ordinary course of trading or funding of the Group's continuing activities.

All loans made by the Company to UK subsidiary companies totalling £8,762,000 (2015: £9,058,000) are unsecured and are interest free. All loans made by the Company to non-UK subsidiaries totalling £2,243,000 (2015: £1,352,000) are unsecured but interest bearing at commercial rates of interest. Loans made by the Company to associates totalling £5,334,000 (2015: £NIL) are unsecured but interest bearing at commercial rates of interest.

27. Five year financial summary

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Continuing operations					
Profit before tax	**7,346**	8,083	6,598	3,543	3,969
Performance fees	**1,131**	3,365	451	–	–
Net (borrowings)/cash	**(105,844)**	(95,537)	(38,053)	(10,772)	(13,747)
Net cash flow from operating activities	**10,794**	7,917	1,377	5,440	4,166
Net assets (excluding non-controlling interest)	**32,184**	29,925	22,567	18,142	17,087
Total assets under management	**£353m**	£327m	£357m	£353m	£365m
Basic earnings per share	**4.37p**	7.21p	4.75p	2.31p	2.88p
Dividend per share	**1.50p**	1.35p	1.12p	1.08p	1.08p
Dividend cover	**2.9**	5.3	4.2	2.1	2.7
Adjusted net asset value per share	**43.01p**	35.75p	24.80p	21.10p	19.45p

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING (the "**Meeting**") of FIRST PROPERTY GROUP PLC (the "**Company**") will be held at Cavalry and Guards Club, 127 Piccadilly, London, W1J 7PX on 22 September 2016 at noon for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as an Ordinary Resolution:

1. To receive and adopt the Directors' Report and Accounts for the year ended 31 March 2016.

2. To declare and approve a final dividend of 1.115 pence per ordinary share of 1 pence each ("**Ordinary Share**") which makes a total dividend of 1.50 pence per Ordinary Share for the year.

3. To re-appoint Benyamin Habib as a Director who retires in accordance with Article 97 of the Company's Articles of Association ("**Articles**") and is entitled to be re-appointed in accordance with Article 97 of the Articles.

4. To re-appoint Peter Moon as a Director who retires in accordance with Article 97 of the Company's Articles of Association ("**Articles**") and is entitled to be re-appointed in accordance with Article 97 of the Articles.

5. To re-appoint Haines Watts as Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next General Meeting of the Company at which accounts are laid.

6. To authorise the Directors to determine the remuneration of the Auditors.

Special business

To consider and, if thought fit, pass the following resolution, which will be proposed as an Ordinary Resolution.

7. That the Directors be and are hereby generally and unconditionally authorised and empowered pursuant to and in accordance with Section 551 of the Companies Act 2006 ("**the Act**") to exercise all the powers of the Company to allot shares and/or grant rights to subscribe for or to convert any security into shares ("**Rights**") up to an aggregate nominal amount of £386,518 (being 33.33% of the issued share capital of the Company as at 14 July 2016, less shares in treasury), such authority to expire on the earlier of the next Annual General Meeting of the Company held after the date on which this resolution is passed and the date fifteen months after the passing of this resolution, save that the Company may at any time before such expiry make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

   This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as a Special Resolution:

8. That the Directors be and are hereby generally authorised in accordance with Sections 570 and 573 of the Act to allot equity securities (as defined in Section 560 of the Act) of the Company pursuant to the authority conferred by Resolution 7 above (including by way of a sale of treasury shares) as if Section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be limited to:

   a. the allotment of equity securities in connection with an offer by the way of rights in favour of the holders of equity securities in proportion (as nearly as may be possible) to the respective number of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems in respect of overseas holders or otherwise; and

   b. the allotment of equity securities for cash or sale by the Company of treasury shares (otherwise than pursuant to Resolution 8 (a)) up to a maximum aggregate nominal amount of £231,932.

   and this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed and the date fifteen months after the passing of this resolution save that the Company may make an offer or enter into an agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

9. That in accordance with Article 57 of the Articles and Chapter 4 of Part 18 of the Act and subject to the following provisions of this resolution, the Company be and is hereby generally and unconditionally authorised (pursuant to Section 701 of the Act) to make market purchases (within the meaning of section 693(4) of the Act) of any of its own Ordinary Shares on such terms and in such manner as the Directors may from time to time determine provided that:–

   a. the maximum number of Ordinary Shares authorised to be acquired is 11,596,711 (representing just under 10% of the Company's issued ordinary share capital as at 14 July 2016);

   b. the minimum price which may be paid for each Ordinary Share is 1 pence (exclusive of expenses);

   c. unless a tender or partial offer is made to all holders of the Ordinary Shares on the same terms, the maximum price (exclusive of expenses) which may be paid for each Ordinary Share shall not exceed, in respect of a share contracted to be purchased on any day, the higher of:

      (i) 5% above the average of the middle market quotation of an Ordinary Share of the Company taken from the AIM Appendix to The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the contract of purchase is made; and

      (ii) the higher of the price of the last independent trade and the highest current independent bid for the Company's shares on the market where the purchase is carried out;

   d. the Company may enter into one or more contracts to purchase Ordinary Shares under this authority before this authority expires which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts;

   e. this authority will (unless renewed, varied or revoked) expire at the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed or, if earlier, on the date twelve months from the date of passing this resolution.

Date 17 August 2016

By Order of the Board

George R W Digby
Company Secretary

Registered Office:
32 St James's Street
London
SW1A 1HD

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specified that only those members registered on the Company's register of members by:
   – close of business on 20 September 2016 or,
   – if this meeting is adjourned, at close of business on the day two business days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. If you have not received a proxy form and intend to vote by proxy at the Meeting please contact Jill Holmes at 32 St James's Street, London, SW1A 1HD as soon as possible.

3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section.

4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. Failure to specify the number of shares to which each proxy appointment relates or specifying more shares than the number of shares held by you at the time set out in note 1 above will result in the proxy appointments being invalid.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:
   – completed and signed;
   – sent or delivered to the Company's Registrars, Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
   – received by Capita Asset Services no later than 48 hours before the meeting.

   CREST members should use the CREST electronic proxy appointment service and refer to note 8 below in relation to the submission of a proxy appointment via CREST.

   In the case of a member which is a Company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

   Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

   In each case the proxy appointment must be received not less than 48 hours before the time for the holding of the Meeting or adjourned meeting together (except in the case of appointments made electronically through CREST) with any authority (or notarially certified copy of such authority) under which it is signed.

Appointment of proxies through CREST

8. As an alternative to completing the hardcopy proxy form, CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from http://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: RA 10) by not later than 48 hours prior to the time appointed for the Meeting or adjourned meeting. For this purpose, the time of the receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such actions as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

    Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

    If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

    The revocation notice must be received by Capita Asset Services not less than 48 hours before the time for holding the Meeting or adjourned meeting.

    If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

    Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Notes to the Notice of Annual General Meeting continued

Corporate representatives

12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights.

13. As at midday on 14 July 2016, the Company's issued share capital comprised 115,967,111 Ordinary Shares of 1 pence each and 634,004 treasury shares. Each ordinary share (except the treasury shares) carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company at midday on 14 July 2016 is 116,601,115.

14. Resolution 8 is a special resolution to renew the Directors' authority to allot shares for cash without first offering them to existing shareholders on a pro-rata basis. Although there is currently no intention to make use of this authority, the Directors consider that it is in the interests of the Company, in certain circumstances, for the Directors to have limited flexibility so as to be able to allot shares without having first to offer them to existing shareholders.

    The authority sought in Resolution 8(b) is restricted (other than in relation to any rights issue, open offer or other pre-emptive issue pursuant to Resolution 8(a)), to shares having an aggregate nominal value of £231,932, which corresponds to 20% of the issued share capital of the Company at 14 July 2016.

Communication

15. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
    - calling the Capita Asset Services shareholder helpline on 0871 664 0300 calls cost 12p per minute plus your phone company's access charge. From overseas, +44 371 664 0300 calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00am–5.30pm, Monday to Friday excluding public holidays in England and Wales; or
    - First Property Group plc on 0207 340 0270 available 24 hours a day, seven days a week.

    You may not use any electronic address provided either:
    - in this notice of Annual Meeting; or
    - any related documents (including the Chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

Directors and Advisers

Directors
Alasdair J D Locke
(Non-Executive Chairman)

Peter G Moon
(Non-Executive Director)

Benyamin N Habib
(Group Chief Executive)

George R W Digby
(Group Finance Director)

Company Secretary
George R W Digby

Registered Office
32 St James's Street
London
SW1A 1HD
Registered No. 02967020

Website: www.fprop.com

Registered Auditors
Haines Watts
Sterling House
19-23 High Street
Kidlington
Oxford
OX5 2DH

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Bankers
Handelsbanken
5th Floor
13 Charles II Street
London
SW1Y 4QU

Nominated Adviser & Broker
Arden Partners Plc
Arden House
Highfield Road
Edgbaston
Birmingham
B15 3DU

Legal Advisers
Mills & Reeve LLP
1 St James Court
Whitefriars
Norwich
NR3 1RU

Public Relations
Redleaf Polhill Ltd
11-33 St John Street
London
EC1M 4AA

Notes

Designed and produced by Emperor
www.emperordesign.co.uk +44 (0)20 7729 9090

First Property Group plc
32 St James's Street
London
SW1A 1HD

Tel: +44 (0)20 7340 0270
Fax: +44 (0)20 7839 7995

www.fprop.com