

**This announcement contains information which, prior to its disclosure, was inside information for the purpose of the Market Abuse Regulation**

Date: 17 July 2017  
On behalf of: First Property Group plc ("First Property", "the Company" or the "Group")  
Embargoed: 0700hrs

## **First Property Group plc**

### **First Property establishes new £180 million fund to invest in UK office property**

First Property Group plc (AIM: FPO), the property fund manager and investor with operations in the UK and Central Europe, is pleased to announce that it has established a new fund — Fprop Offices LP (the "Fund") — with eight institutional investors. The Fund has a term of seven years and is mandated to invest in office blocks and business parks across England.

The Fund closed its first round of funding on 14 July 2017 with equity commitments of £182 million, including a commitment of £3 million by First Property. A second closing with additional equity commitments is expected later this year.

Investments by the Fund may be leveraged up to a maximum loan to value of 30%, giving the Fund an initial total buying power of £260 million.

First Property will not levy management fees for its services but will instead share in the profits earned by the Fund as outlined below. By sharing in the Fund's profits, First Property believes it will earn significantly more than it would via more traditional management fee structures. This arrangement also naturally demonstrates First Property's confidence in the prospects of the Fund as well as better aligning its own interests with those of its clients.

First Property has now raised some £250 million of equity commitments from third parties since the referendum on 23 June 2016, in part to take advantage of the slowdown in the UK commercial property market since then.

Once fully invested, third party assets under management, which currently amount to £323 million, are expected to nearly double in value. Total assets under management, including Group Properties, are therefore expected to grow from £477 million to in excess of £750 million.

#### **Commenting on the new fund, Ben Habib, Chief Executive, said:**

"This new fund represents major progress in the growth of our fund management business, with third party assets under management expected to nearly double. It will also substantially increase our investment in UK commercial property.

"The UK's decision to leave the EU has created opportunities on which we, as a niche fund manager, are well placed to capitalise. Our confidence in the fund's prospects is also demonstrated by our decision to determine our entire economic benefit from it by reference only to the profits it earns."

#### **Profit share arrangement**

The Group will not receive management fees in return for managing the Fund. Instead, it will share in the total profit earned by the Fund over the life of the Fund (Profit Share).

This Profit Share shall be determined as follows:

1. 10% of total profits up to an internal rate of return (IRR) of 7.5% per annum;
2. 25% of total profits between an IRR of 7.5% and 15% per annum; and
3. 20% of total profits above an IRR of 15% per annum.

The Group will receive annual payments on account of the above Profit Share equivalent to 10% of total profits earned, adjusted, if necessary, each year for any overpayments made in prior years.

**-Ends-**

**For further information please contact:**

**First Property Group plc**

Ben Habib (Chief Executive Officer)  
George Digby (Group Finance Director)  
Jeremy Barks (Director, Business Development)

Tel: +44 (20) 7340 0270

[www.fprop.com](http://www.fprop.com)  
[investor.relations@fprop.com](mailto:investor.relations@fprop.com)

**Arden Partners (NOMAD & Broker)**

Chris Hardie (Director, Corporate Finance)  
Ben Cryer (Corporate Finance)

Tel: + 44 (20) 7614 5900

**Redleaf Communications**

Robin Tozer

Tel: + 44 (20) 7382 4734

[firstproperty@redleafpr.com](mailto:firstproperty@redleafpr.com)

**Notes to Investors and Editors:**

First Property Group plc is an award winning property fund manager and investor with operations in the United Kingdom and Central Europe. Around one third of the shares in the Company are owned by management and their families.

Its focus is on higher yielding commercial property with sustainable cash flows. The company is flexible and takes an active approach to asset management. Its earnings are derived from:

- Fund management - via its FCA regulated and AIFMD approved subsidiary, First Property Asset Management Ltd (FPAM), which earns fees from investing for third parties in property. FPAM currently manages eleven funds which are invested across the United Kingdom, Poland and Romania.
- Group Properties - principal investments by the Group, to earn a return on its own capital, usually in partnership with third parties. Investments include ten directly held properties in Poland and Romania (including five held by Fprop Opportunities plc [FOP], in which the Group is currently the majority shareholder), and interests in eight other funds managed by FPAM.

Listed on AIM the Company has offices in London and Warsaw. Further information about the Company and its products can be found at: [www.fprop.com](http://www.fprop.com).