

First Property Group plc (FPO.L)

AIM listed co-investing fund manager

Market cap: £62m (at 55p per share) / Divi yield: c3% pa (>4x covered)

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Business Model

Fund Management:

- 11 funds invested across UK, Poland and Romania;
- Total AUM c£477m of which c65% (£313m) for third parties;
- AUM up >35% since Mar-16. New mandates in progress;
- 6yrs, 5mth average fund life (weighted) at Mar-2017.

Group Properties:

(b/s investments: GAV c€197m, debt c€141m = net c€56m)

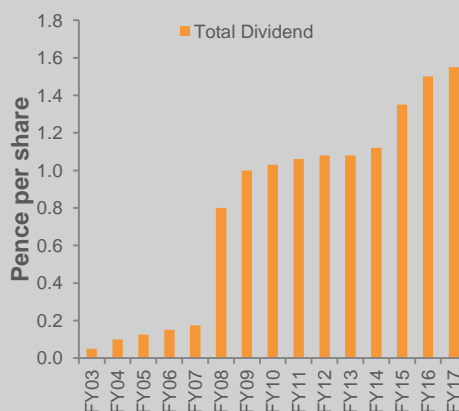
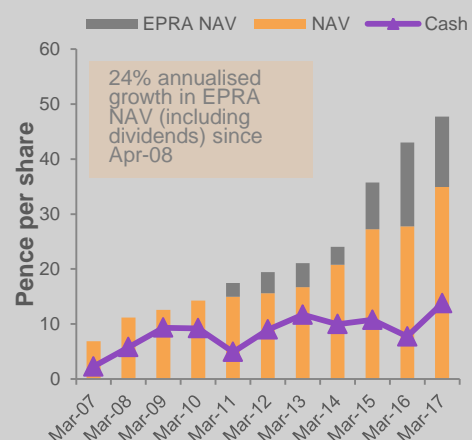
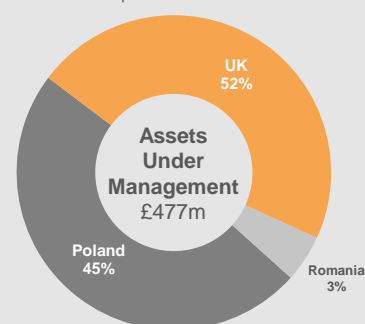
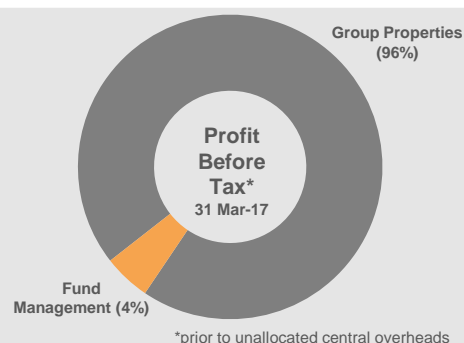
- 10 directly held properties in Poland and Romania (5 held by Fprop Opportunities plc [FOP] in which the Group is majority shareholder);
- ROE >20% pa (at market values) from rent alone;
- c70% LTV (average borrowing cost 2.59% pa). Amortising bank debt by c£5m pa (c9% of EPRA NAV);
- Shareholdings in 7 other funds managed by FPAM.

Financial Highlights

	2017 (A)	2016 (A)	
Revenue (£)	23.66m	21.96m	+7.7%
Operating Profit (£)	11.61m	9.76m	+19.0%
Profit before tax (£)	9.14m	7.35m	+24.4%
Earnings per share, Diluted (p)	6.61p	4.28p	+54.4%
Price Earnings Ratio at 55p per share	8.3x	12.8x	
Dividend per share	1.55p	1.50p	+3.3%
Dividend Cover	4.3x	3.4x	
Cash (£)	15.95m	8.98m	+77.6%
EPRA Net Asset Value per share	47.64p	43.01p	+10.8%

Growth Drivers

- In-built NAV growth from retained earnings (mainly from high ROE of Group Properties);
- Growth in fund management fees as existing mandates are invested;
- Potential to win new fund management contracts given excellent track record (see overleaf);
- £15m of cash available to fund new (earnings enhancing) co-investments.



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Investment Philosophy

We typically target high yielding property:

- Rental **income** mitigates illiquidity of property;
- In the long run **income** largely determines total returns;
- **Income** better protects capital value and dampens its volatility;
- High **income** better enables leverage.

We take an active approach to property management.

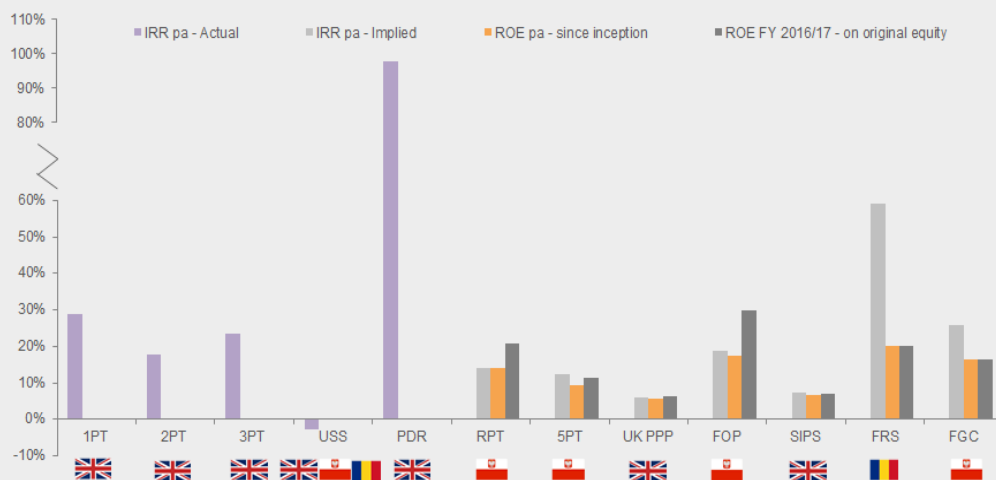
We think from first principles and are flexible in the light of market changes:

- 2001:** Switched from development to investment following interest rate cuts post 9/11 - which enabled development type returns to be earned from investment;
- 2005:** Largely exited UK commercial property market following disappearance of gap between commercial property yields & interest payable;
- 2008:** Reversed AM policy in Poland of waiting until lease expiry to renew leases;
- 2009:** Returned to UK after commercial property values plunged by c50%;
- 2013:** Recommended development activity in UK following relaxation of planning regime and boosting of residential demand with "Help to Buy";
- 2016:** Switched investment focus to larger "institutional" property following bifurcation of UK commercial property market post-Brexit vote.

IPD® Measured Fund



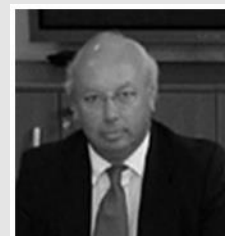
FPAM funds rank **No.1** vs MSCI's CEE Benchmark for the eleven years from the commencement of its operations in Poland in 2005 to December 2016, and for the periods from 2005 to December 2008, and each of the years thereafter. In addition, FPAM's UK PPP was awarded best "Small Specialist Fund" by MSCI at its UK Property Investment Awards 2017. FPAM was also one of ten fund managers, out of a pool of 95, to be awarded a Data Quality Award by MSCI.



Ben Habib, MA (Cantab)
Group CEO & FPAM CIO
14.4% shareholder



George Digby, ACA
Group Finance Director
Sub 3% shareholder



Alasdair Locke, MA, (Oxon)
Chairman (non executive)
7.4% shareholder



Peter Moon, MA, BSc (Econ)
Independent NED
Sub 3% shareholder

Fprop plc is LSE (AIM) listed
FPAM is authorised & regulated by the FCA & is AIFMD approved