



Interim Results

(for the six months ended 30 Sep 2013)

First Property Group plc

27 Nov 2013



The performance of funds managed by First Property Group ranked No.1 vs IPD CEE universe over the seven years to 31 Dec 2012, having previously ranked No.1 over the three, four, five & six years to 31 Dec 2008, 2009, 2010 & 2011.

Business Model	3	Outlook	15-18
Highlights	4-7	Fund Raising	16
Financial Highlights	5	Investment Markets - Poland	17
Operational Highlights	6	Investment Markets - United Kingdom	18
Dividend	7	Outlook	19
Segmental Analysis	8-15	Contact Details	20
Earnings Breakdown	9	APPENDIX 1	21-24
<u>FPAM:</u>	10-11	Shareholders > 3%	22
Assets under Management (AUM)	10	Share Statistics	23
AUM Breakdown	11	Plc Management Team	24
<u>Group Properties:</u>	12-15	APPENDIX 2	25-29
Directly Held Assets	12	FPAM Track Record	26
Co-investments	13	Investment Philosophy and Approach	27-28
Earnings	14	Disclaimer	29

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

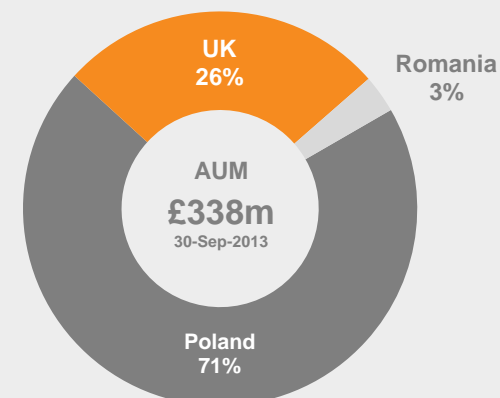
Its business model is to:

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

At 30 Sep 2013 the Group had some £338 million of direct property assets under management, invested across six funds managed by its wholly owned subsidiary First Property Asset Management Ltd (FPAM).



The performance of funds managed by First Property Group ranked No.1 vs IPD CEE universe over the seven years to 31 Dec 2012, having previously ranked No.1 over the three, four, five & six years to 31 Dec 2008, 2009, 2010 & 2011.



Highlights

- 5 Financial Highlights
- 6 Operational Highlights
- 7 Dividend

	Six months to 30-Sep-2013 (Unaudited)	Six months to 30-Sep-2012 (Unaudited)	Percentage change	Audited Year to 31-Mar-13 (Audited)
Profit before tax	¹ £1.91m	£2.21m	-13.6%	£3.54m
Diluted Earnings per share	1.27p	1.46p	-13.0%	2.18p
Total Dividend	0.33p	0.33p	-	1.08p
Profit before tax by segment:				
Profit before tax from property fund management (FPAM)	£1.41m	£1.46m	-3.4%	£2.84m
Profit before tax from total Group Properties (incl FOP)	£0.89m	£1.17m	-23.9%	£2.07m
Average €/£ in the period	1.171	1.249	+6.2%	1.226
Period end €/£	1.196	1.255	+4.7%	1.183
Net Assets	£19.45m	£17.84m	+9.0%	£18.54m
Cash Balances	£10.60m	£11.77m	-10.0%	£12.98m
Gross Debt	£25.11m	£23.80m	+5.5%	£24.88m
Assets Under management	² £338m	£347m	-2.6%	£353m
Poland	71%	69%		71%
UK	26%	28%		26%
Romania	3%	3%		3%

Notes:

1. Impact of foreign currency translation on profit before tax: £112,000 increase at September 2012 average rates.
2. Impact of foreign currency translation on assets under management: £5.0 million decrease since March 2013.

The decrease in profit before tax reflects the lost income and profit on sale from the disposal of the Group's own property in Mokotow, Warsaw on 6 September 2012, amounting to £255,000 in total.

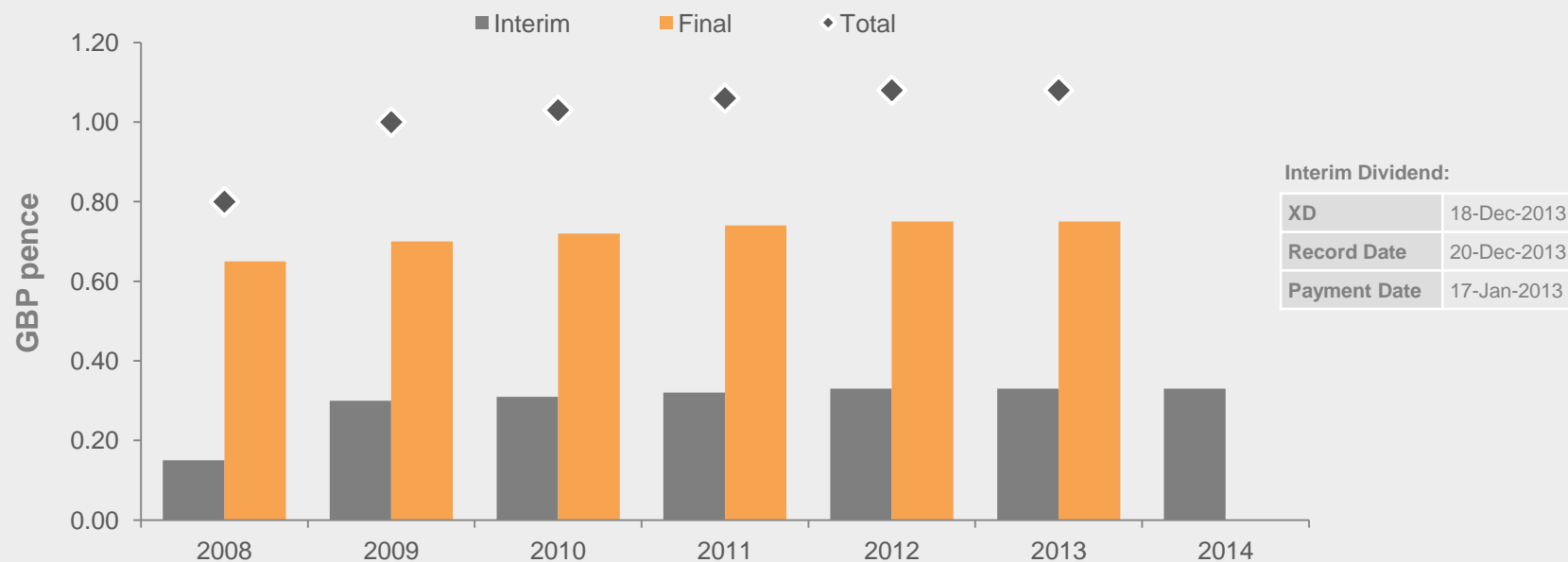
Operational Highlights:

- FPAM:
 - Poland – annualised pre-tax income return on equity invested in FPAM's funds under management = 26.1% (2012: 21.1%)
 - UK – annualised pre-tax income return on equity invested in FPAM's funds under management = 6.3% (2012: 6.5%) - ungeared.
- Group Properties:
 - Acquisition of 2x office properties in Bracknell and Woking for a total consideration of £3.4 million. Subsequent grant of planning consent for their conversion to residential use, materially enhancing their value (yet to be realised).

Current Developments:

- Establishment of five year partnership with a global investment firm to invest £12 million of equity (with intention of increasing to £40 million) in offices in the UK with view to convert these to residential use. Group to co-invest 5% or up to £2m in this partnership.
- Increased interest in Blue Tower by 19.7% from 28.5% to 48.2% and increased shareholding in management company which controls it, CORP S.A. from 68% to 90%. Blended forecast pre-tax return on equity expected to be some 38% p.a. or £1.3 million p.a..

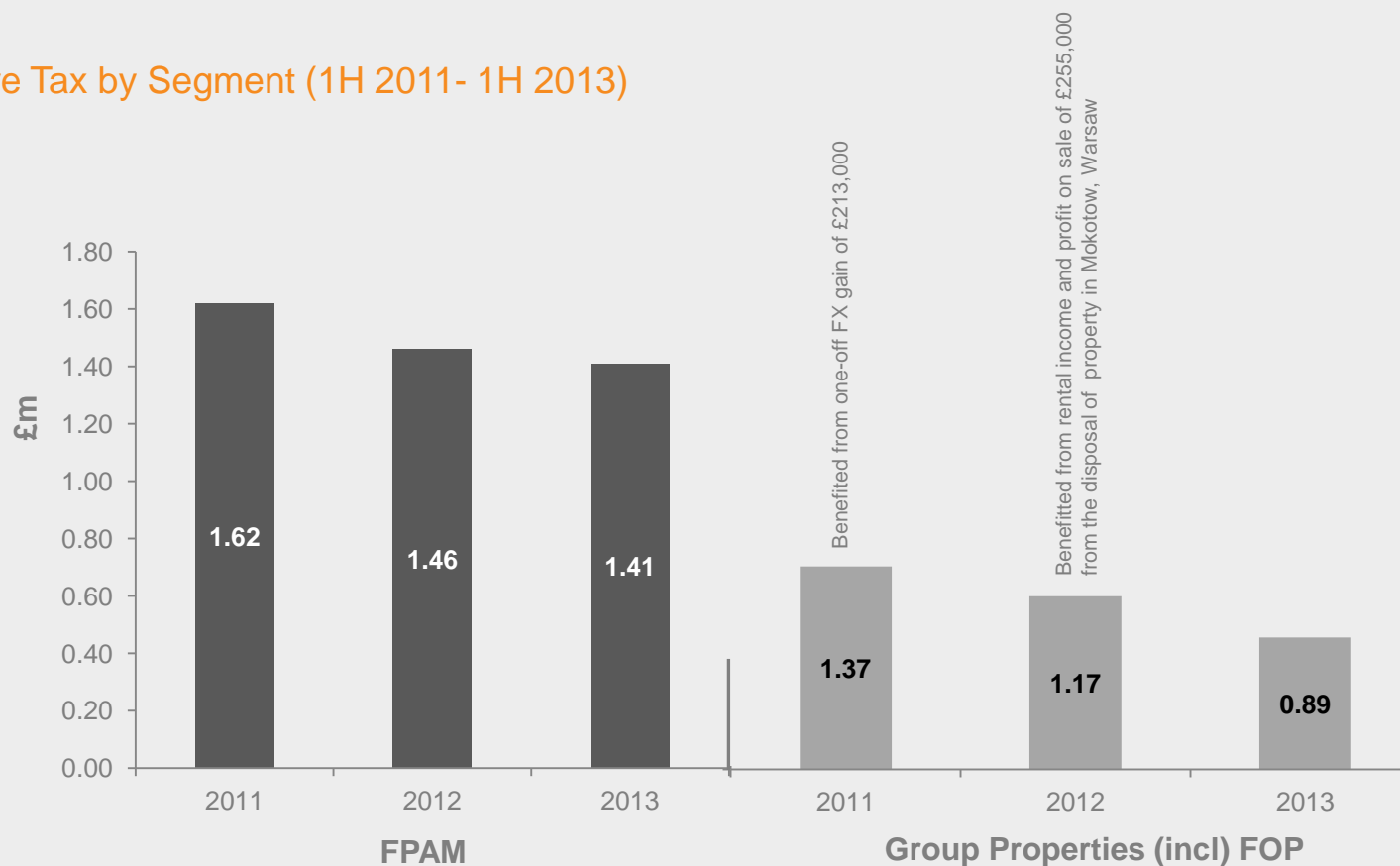
The Board recommends maintaining the Interim Dividend at 0.33p



Segmental Analysis

9	Earnings Breakdown
10-11	FPAM:
10	Assets under Management (AUM)
11	AUM Breakdown
12-15	Group Properties:
12	Directly Held Assets
13	Co-investments
14	Earnings

Profit before Tax by Segment (1H 2011- 1H 2013)



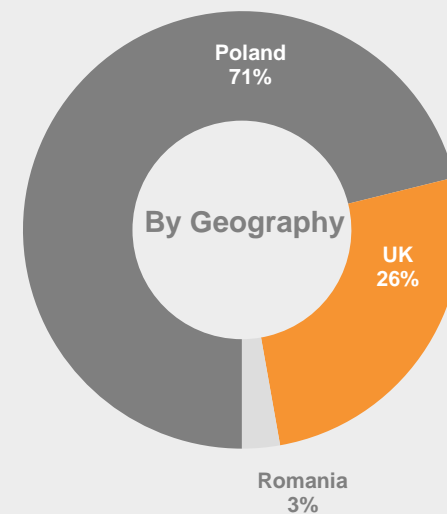
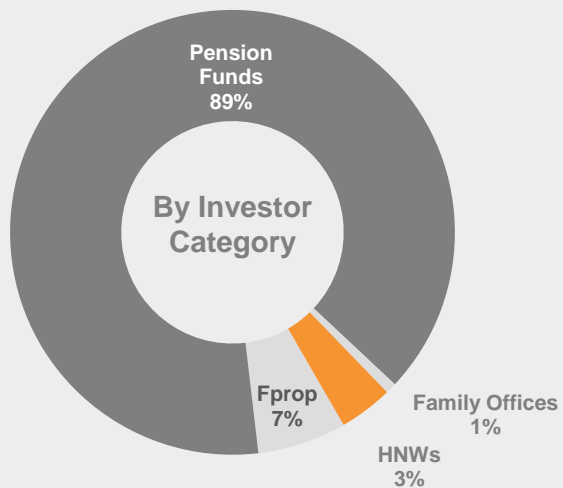
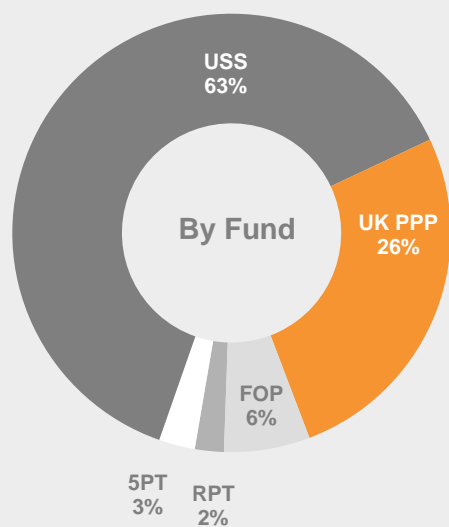
Assets under Management (AUM)

at 30 September 2013:

Fund	Established	Termination Date (unless extended)	AUM 30-Sep-2013	% total assets under management
SAM Property Company Ltd (SAM)	Aug-2004	Rolling	Not subject to revaluation	
Regional Property Trading (RPT)	Aug-2004	Aug 2015	£7.2 million	2.1%
5 th Property Trading (5PT)	Dec-2004	Dec 2014	£9.0 million	2.7%
USS Fprop Managed Property Portfolio LP (USS)	Aug-2005	Aug 2015	£211.5 million	62.7%
UK Pension Property Portfolio LP (UK PPP)	Feb-2010	Feb 2017	¹ £88.5 million	26.2%
Fprop Opportunities plc (FOP)	Oct-2010	Oct 2020	² £21.4 million	6.3%
Total			£337.6 million	100%
Fprop PDR LP (PDR)	Oct-2013	May-2018	£12m committed at first close	0%

¹ Excludes £6 million of undrawn but committed cash

² Excludes £8.51 million of un-invested cash



Group Properties

➤ **Comprises:**

1. 3x directly held properties:
 - a. Poland: Blue Tower (28% interest), office building located in Warsaw's CBD;
 - b. UK: 2x office properties in Woking & Bracknell.
2. Co-investments in four of the six funds managed by FPAM (see table on following page).

➤ **Blue Tower:**

- Acquired 28.5% interest Dec-2008 for £8.3m. Now valued at £12.9m.
- Acquired further 19.7% interest Nov-2013, increasing total interest from 28.5% to 48.2%.
- Contributed £566,000 (pre-tax) during period (prior to deduction of unallocated central overhead costs) equating to annualised pre-tax ROE of 49%.
- Blended forecast pre-tax ROE expected to be 38% p.a., or some £1.3 million p.a.

➤ **2x office properties in Woking & Bracknell:**

- Acquired July 2013 for total consideration of £3.4 million.
- Subsequent grant of planning consent for their conversion to residential use, materially enhancing their value.

Group Properties (cont.)

Co-investments in funds managed by FPAM as at 30 September 2013:

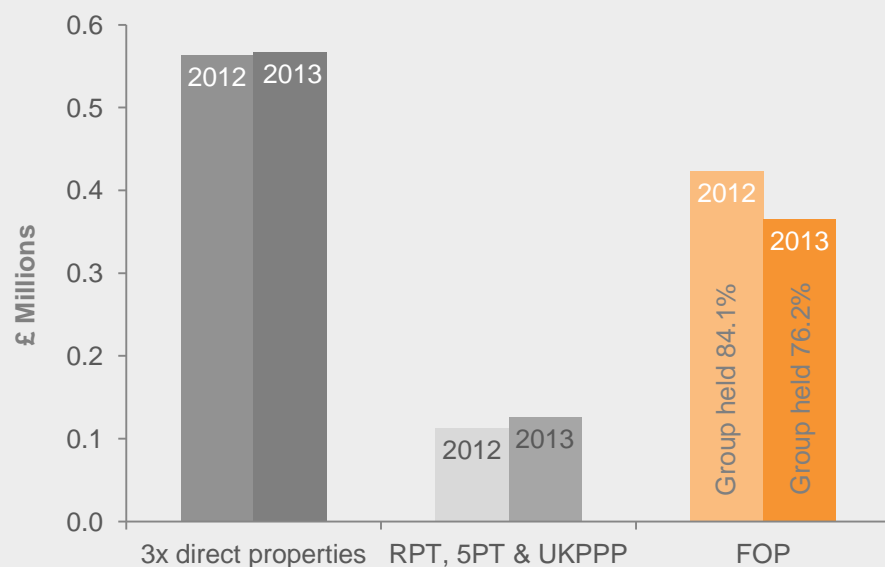
Fund	Group's shareholding	Book value of Group's Share	Market Value of Group's share	Group's share of earnings	Return on Equity Invested ¹
Investments:					
UK Pension Property Portfolio (UK PPP)	0.9%	£870,000	£870,000	² £30,300	6.3%
Interest in associates:					
5 th Property Trading (5PT)	37.8%	£763,000	£1.18m	£76,000	13.2%
Regional Property Trading (RPT)	28.6%	£231,000	£264,000	£20,000	16.4%
Share of Results in Associates				£96,000	
Consolidated undertaking:					
Fprop Opportunities plc (FOP)	76.2%	£8.1m	£10.51m	³ £355,000	8.1%
Total		£9.97m	£12.82m	£481,300	n/a

¹ Pre-tax income return divided by the amount of equity invested

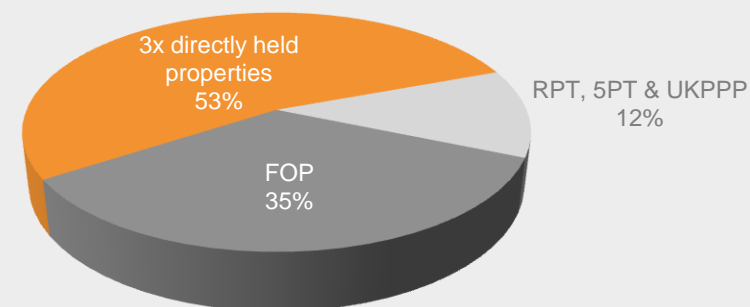
² Represents dividend received

³ After deducting non-controlling interest

In monetary terms:



In percentage terms:



Outlook

- 16 Fund Raising
- 17 Investment Markets – Poland
- 18 Investment Markets – UK
- 19 Outlook

Poland:

- 30 April 2013 – Fprop Opportunities plc (FOP) raised £3.71 million, including an investment of £2 million by the Group.

UK:

- 24 Oct 2013 - established new partnership to invest £12 million (with intention to increase to £40 million) to acquire office blocks in the UK with a view to convert these to residential use. Group to co-invest 5% of sums raised, up to a maximum of £2 million.
- UK PPP – seeking additional investors for this investment strategy but now with the use of gearing. Precedent fund is paying a dividend of some 6.3% p.a. without the use of gearing.

Economy:

- GDP growth:
 - 2012: 1.9% (actual)
 - 2013E: 1.3% (IMF)
 - 2014E: 2.4% (IMF)

Commercial Property Market:

- Turnover:
 - 2005 (peak): €5.2 billion
 - 2012: €2.6 billion
 - 2013E: €3 billion, dominated by German and pan European opportunity funds
- Demand still mainly limited to large prime offices in Warsaw's CBD & large prime shopping centres in Warsaw and other major cities.
- Low liquidity for higher yielding commercial property of lot sizes sub €50 million (which we typically favour).

Economy:

- GDP growth
 - 2012: 0.2% (actual)
 - 2013E: 1.4% (OBR collated)
 - 2014E: 2.2% (OBR collated)

Property Market:

- Demand has spread out to the regions.
- Values for good secondary property now rising.
- Lending market improving – reduced margins and increased loan to value limits, mainly for prime and good secondary property.
- Occupier market not recovering at same pace as investor market.
- Residential values rising, boosted by the Government's "Help to Buy" scheme.

We have some £11 million of cash which we intend to use to seed new funds and invest in high yielding properties

Poland

- USS contract expires in 2015. Will not be renewed.
- Investment of the Group's cash balances should go a long way towards mitigating any reduction in fee income.
 - 7 Nov 2013 – additional investment of €1.7 million to increase our interest in Blue Tower is forecast to contribute pre-tax earnings of €460,000 p.a. (£380,000) prior to the deduction of unallocated central overheads.

UK

- One off capital gain expected from sale of 2x office properties in Bracknell & Woking;
- Fprop PDR LP - no ongoing management fees, only a share of profits from realisations, so expect time lag before it makes a material contribution to earnings.

First Property Group plc

Website www.fprop.com

Telephone +44 20 7340 0270

Address First Property Group plc
35 Old Queen Street
London
SW1H 9JA

Jeremy Barks
Director, Business Development
jeremy.barks@fprop.com

Financial PR

Redleaf Polhill
www.redleafpolhill.com

George Parrett/ Henry Columbine
firstproperty@redleafpr.com
+44 20 7382 4747

NOMAD & Broker

Arden Partners
www.arden-partners.com

Chris Hardie
chris.hardie@arden-partners.com
+44 20 7614 5929

Appendix 1

- 22 Shareholders >3% at 30-Sep-2013
- 23 Share Statistics at 30-Sep-2013
- 24 Plc Management Team

	No of shares	% held (of issued and fully paid)
Ben Habib (Chief Executive Officer)	16,700,000	15.02%
J C Kottler Esq	15,006,783	13.49%
Universities Superannuation Scheme Limited	9,550,000	8.59%
Alasdair Locke (Non-Executive Chairman)	8,571,990	7.71%
Whitehall Associated S.A.	17,815,000	17.03%
Total	57,643,773	51.84%

¹ At 11 Nov 2013 Whitehall Associated held 5,505,000 shares (4.95%) following share sales executed on 24 Oct, 4 Nov & 11 Nov 2013.

LSE (AIM) Symbol	FPO.L	
Share price	25p	
Market Cap	£27.8 million	
Dividend yield	4.3%	0.33p (subject to shareholder approval)
PER (undiluted)	11.8x	EPS 1.34p (2012: 1.54p)
PER (diluted)	12.6x	EPS 1.27p (2012: 1.46p)

	2013	2012	% change
Issued & Fully Paid	114,851,115	114,851,115	-
Issued (excl Treasury)	111,180,025	111,127,947	+0.05%
Shares held in Treasury	3,671,090	3,723,168	-1.4%
Outstanding share options over Ordinary shares	7,500,000	7,500,000	-
Average strike price of outstanding share options	15.72p	15.72p	-

Non-Executive Chairman — Alasdair Locke, MA (Oxon)

Alasdair is the former executive Chairman of Abbot Group plc, an oil services company which he founded in 1992. It was listed on the London Stock Exchange from 1995 until its sale in 2008 for £906 million to Turbo Alpha Ltd, a company controlled by a US private equity fund. He sold his remaining interest in the Group and stepped down altogether in 2009. His early career started in investment banking at Citigroup in 1974, where he specialised in shipping and oil. Alasdair is also Chairman of Argenta Holdings plc, an unlisted holding company which trades in Lloyds of London, and a Non-Executive Director of Ceramic Fuel Cells Limited (AIM / ASX: CFU).



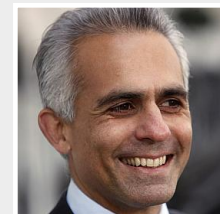
Independent Non-Executive Director — Peter Moon, BSc (Econ)

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 between 1990-1995, and more recently an adviser to Lincolnshire County Council and London Pension Authority. Earlier roles included investment management positions with British Airways Pensions, National Provident, Slater Walker and Central Board of Finance Church of England. Additional directorships include Scottish American Investment Company plc (Independent NED) and Arden Partners plc (Non-Executive Chairman).



Group Chief Executive & FPAM Chief Investment Officer — Ben Habib, MA (Cantab)

Ben founded First Property Group plc in 2000. He is responsible for all aspects of the operations of Fprop and its fund management business. Prior to setting up Fprop, Ben was Managing Director of a private property development company, JKL Property Ltd, from 1994 - 2000, in which he held a 30% interest, prior to which he was Finance Director of PWS Holdings plc, a FTSE 350 Lloyd's reinsurance broker. He started his career in corporate finance in 1987 at Shearson Lehman Brothers. He was educated at Rugby School and Cambridge University.



Group Chief Financial Officer & Company Secretary — George Digby, BA (Hons), ACA

George joined Fprop in 2003 and has overseen the rapid expansion of the fund management division during this period, including the development of the operation in Poland. Prior to Fprop, George spent 10 years as FD of Fired Earth plc until its MBO in 1998, during which period he oversaw 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. After Fired Earth he set up and ran a successful accounting consultancy for five years. George brings broad financial experience to the Group. He is a member of the Institute of Chartered Accountants in England and Wales.

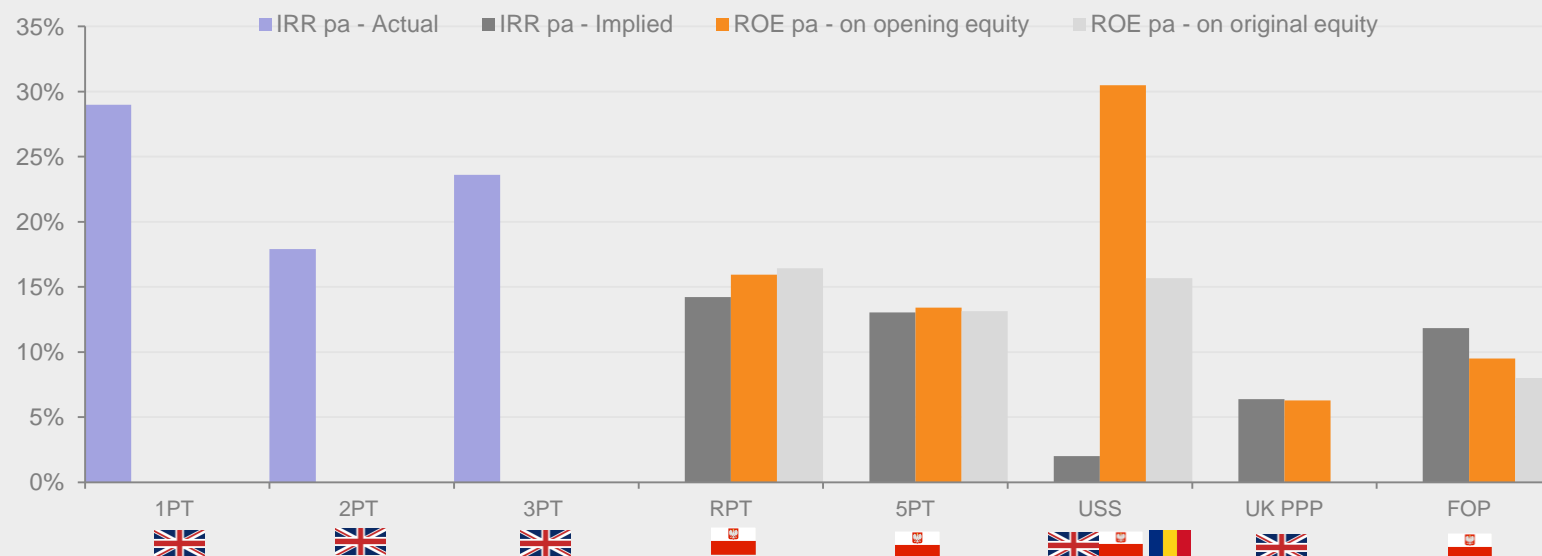


Appendix 2

- 26 FPAM Track Record
- 27-28 Investment Philosophy and Approach

Fund performance at 30 September 2013:

- FPAM's three historic funds (all of which were invested in UK commercial property) generated a weighted average IRR of 23.0% p.a. net of fees.
- FPAM's five discretionary active funds (with inception dates ranging from 2004-10) are generating ROEs on original equity invested of between 6.3% p.a. (unleveraged) and 30.5% p.a. (leveraged) net of fees, as at 30 September 2013.



- All implied IRR calculations use NAVs at 30-09-2013, and are since inception.
- All ROE's on original equity are calculated using annualised 2013/14 pre-tax income ÷ original shareholders' equity employed.
- All ROE's on opening equity are calculated using annualised 2013/14 pre-tax income ÷ by opening equity (NAV at 31-Mar-2013).

Our Investment Approach:

- **Sustainable 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 returns (IPD: income contributed 94% of total returns over the 10 years to 31-Dec-2013 and 73% over the 30 years to 31-Dec-2013).
- **Capital preservation:**
 - Capital is better protected if investments yield a high income. Income cushions possible capital value reductions.
- **A fundamental approach to investing:**
 - Consensus may chase a particular investment theme but that does not justify the theme.
- **Flexibility in the light of market changes:**
 - Exited the UK commercial property market in 2005, re-entered in 2009. We act dynamically.
 - Recommenced development activity in the UK in May 2013 in response to government legislation relaxing the planning regime.
- **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.**

We credit our recognition of the importance of high sustainable income returns as the key reason for our market leading track record.

We recognise the need to continually monitor macro and micro changes in our markets and to adapt our asset management approach accordingly, exemplified by:

- **Our decision to largely exit the UK commercial property market in 2005** following the increase of UK property values and the resultant low income yields available. This change very largely protected the Group and its clients from the subsequent collapse in UK commercial property values (some 50% reduction in value took place between 2007 and 2009).
- **Our decision to choose Poland as our principal geographic area of focus in 2005.** Poland and its commercial property market has been one of the best performers in Europe. On a like-for-like basis our Polish portfolio's income is higher now than it was in 2007.
- **Our decision in June 2008 to change our policy of lease renewal.** In mid-2008, in order to protect rental income before the credit crunch hit Poland, 20% of our tenants (by income) were approached to extend their leases early. Many of these leases were successfully extended (at the same time as increasing rents: +3% across the portfolio). When the credit crunch hit Poland, the portfolio was in a strong position.
- **Our return to the UK in 2009** after property prices had dropped by some 50%. We remain bearish on the UK economy but we believe there is scope to earn relatively high rates of return in certain specific classes of commercial property.
- **Our decision when phase 2 of the credit crunch began (2H 2011) and the financing market - upon which the property market relies - deteriorated, to implement a policy of only buying property in Poland high yielding enough to virtually allow us to earn our target returns from rental income alone.** Liquidity remains thin (except for very prime properties of large lot sizes) hence our policy to obtain liquidity from income.
- **Our return to development activity in the UK following relaxation of planning laws, effective 30 May 2013 and a boosting of demand as a result of "Help to Buy".**

These presentation materials (the "Presentation Materials") are being solely issued to and directed at (a) persons having professional experience in matters relating to investments and who are investment professionals as specified in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotions Order"), and (b) persons certified as sophisticated investors within the meaning of Article 50 of the Financial Promotions Order but (for the avoidance of doubt) not those who are self-certified within the meaning of the Financial Promotions Order.

This document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person as would otherwise be required by section 21 of the Financial Services and Markets Act 2000. Any investment to which this document relates is available to (and any investment activity to which it relates will be engaged with) only those persons described in (a) or (b) above. Persons who do not fall within the above categories of investor should not take any action upon this document, but should return it immediately to Arden Partners Plc, Corporate Finance department, 125 Old Broad Street, London, EC2N 1AR.

It is a condition of your receiving this document that (i) you fall within, and you warrant to First Property Group plc (the "Company") and Arden Partners Plc ("Arden Partners") that you fall within, one of the categories of person described in (a) or (b) above and (ii) if you fall within category (b) above, it is a condition of your receiving this document that (A) you are a person who has a current sophisticated investor certificate, signed by an authorised person and dated no earlier than 36 months preceding the date of receipt of this document, confirming that, in the opinion of such person, you are sufficiently knowledgeable to understand the risks associated with an investment in an AIM quoted company and (B) that within the last 12 months you have signed a statement in the terms set out in Article 50(1)(b) of the Financial Promotions Order.

The Presentation Materials do not constitute or form any part of any offer or invitation to sell or issue or purchase or subscribe for any shares in the Company nor shall they or any part of them, or the fact of their distribution, form the basis of, or be relied on in connection with, any contract with the Company relating to any securities. The Presentation Materials are not intended to be distributed or passed on, directly or indirectly, or to any other class of persons. They are being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any other purpose.

No reliance may be placed for any purpose whatsoever on the information contained in this document or on its completeness. Any reliance on this communication could potentially expose you to a significant risk of losing all of the property invested by you or the incurring by you of additional liability. No representation or warranty, express or implied, is given by the Company, its directors or employees, or Arden Partners or their professional advisers as to the accuracy, fairness, sufficiency or completeness of the information, opinions or beliefs contained in this document. Save in the case of fraud, no liability is accepted for any loss, cost or damage suffered or incurred as a result of the reliance on such information, opinions or beliefs. Recipients of these Presentation Materials should conduct their own investigation, evaluation and analysis of the business, data and property described in this document.

If you are in any doubt about the investment to which these Presentation Materials relate, you should consult a person authorised by the Financial Services Authority who specialises in advising on securities of the kind described in this document. Arden Partners will not be responsible in respect of such matters to any other person for providing protections afforded to customers of Arden Partners or for providing advice in relation to those matters.

The information presented here is not an offer for sale within the United States of any shares or any other security of the Company. Any shares referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration under that Act or an available exemption from it. The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this presentation comes should inform themselves about, and observe, any such restrictions.

Certain statements made in this presentation may not be based on historical information or facts and may be "forward-looking" statements, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects, and future developments in its industry and its competitive and regulatory environment. Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the Company's business, its competitive environment, information technology and political, economic, legal and social conditions affecting the Company.