



Interim Results

for the period to 30 September 2023

First Property Group plc

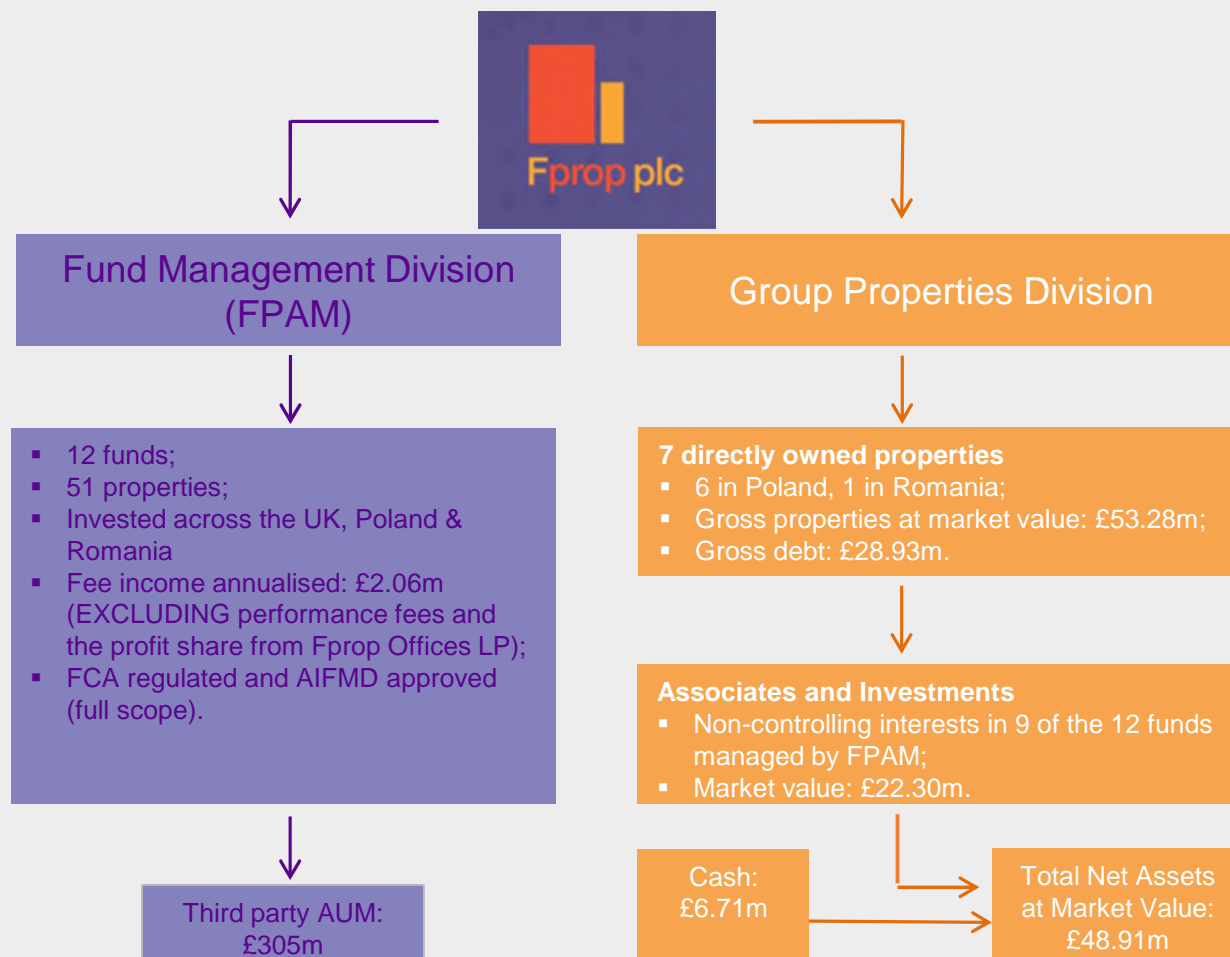
23 November 2023

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First Property Group plc (AIM: FPO) is an award winning property fund manager and investor with operations in the United Kingdom and Central Europe. 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 twelve 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:
 - 7 directly held properties (6 in Poland, 1 in Romania);
 - Non-controlling interests in nine of the twelve funds managed by FPAM (of which c87% by market value is invested in Poland and Romania).

The Company has offices in London and Warsaw. Around one third of the shares in the Company are owned by management and their families.



Market Capitalisation at 16.5p per share: £18m

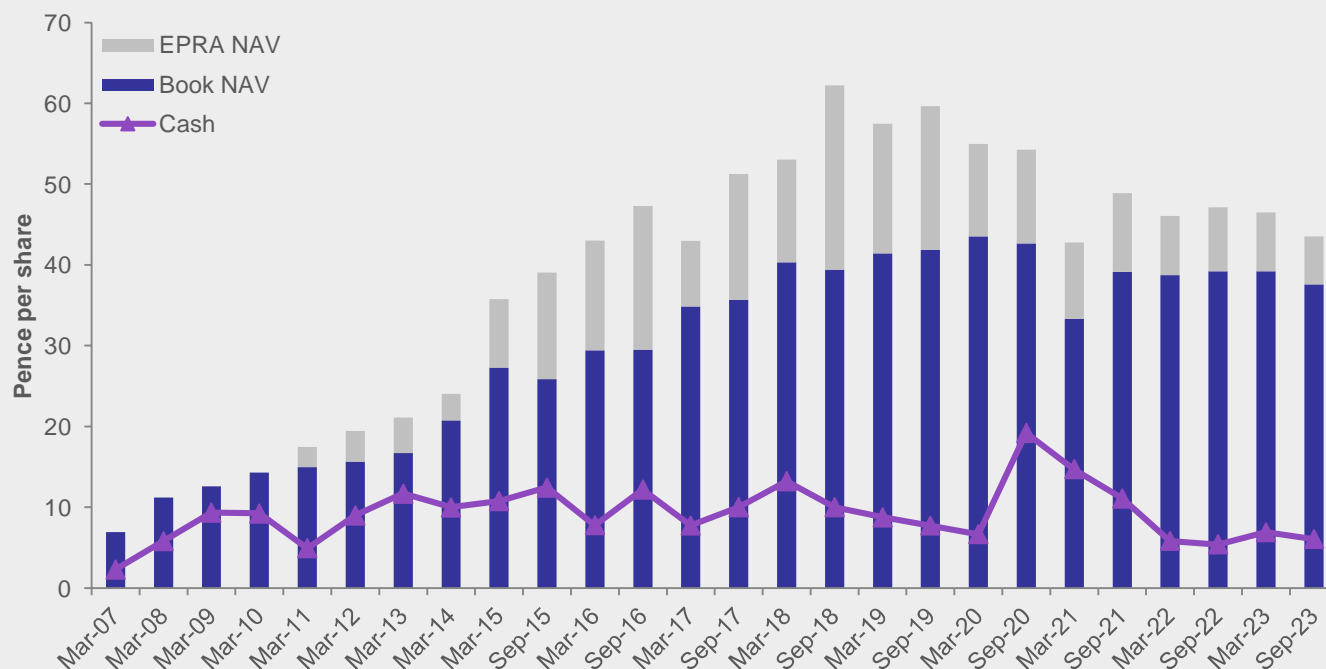
Interim Results

- Statutory loss before tax: £0.65 million (30 September 2022: profit before tax of £2.39 million)
- Cash: £6.71 million (31 March 2023: £7.65 million)
- Net debt: £22.22 million (31 March 2023: £22.01 million)
- Third party AUM: £304 million (31 March 2023: £400 million)
- Total AUM: £358 million (31 March 2023: £454 million)
- Weighted average unexpired fund management contract term: 2 years 1 month (31 March 2023: 2 years 9 months)

Income Statement	Period to 30 Sept 2023 (unaudited)	Period to 30 Sept 2022 (unaudited)	Year to 31 March 2023	Percentage change
Statutory (loss)/profit before tax	(£0.65m)	£2.39m	£2.49m	-127.2%
Diluted earnings per share	(0.99p)	1.83p	1.70p	-154.1%
Total dividend per share		0.25p	0.50p	-100%
Average €/£ exchange rate	1.1590	1.1698	1.1567	-%

Statement of Financial Position	30 Sept 2023	31 March 2023	Percentage change
Investment properties and Inventories at book value	£47.13m	£47.01m	+0.3%
Investment properties and Inventories at market value	£53.28m	£53.97m	-1.3%
Associates and investments at book value	£20.03m	£22.13m	-9.5%
Associates and investments at market value	£22.30m	£25.27m	-11.8%
Cash balances	£6.71m	£7.65m	-12.3%
Cash per share	6.05p	6.90p	-12.3%

Statement of Financial Position	30 Sept 2023	31 March 2023	Percentage change
Gross debt (including deferred consideration)	£28.93m	£29.66m	-2.5%
Net debt	£22.22m	£22.00m	+1.0%
Gearing ratio at book value	41.0%	40.57%	-
Gearing ratio at market value	37.0%	36.08%	-
Net assets at book value	£41.65m	£43.44m	-4.9%
Net assets at market value	£49.22m	£52.54m	-6.9%
Adjusted net assets per share (EPRA basis)	43.56p	46.50p	-6.9%
Period end €/£ rate	1.1528	1.1381	-



- NAV per share at book value: 37.56p (31 March 2023: 39.18p)
- EPRA NAV per share: 43.56p (31 March 2023: 46.50p)
- Cash per share: 6.05p (31 March 2023: 6.90p)

External valuers:

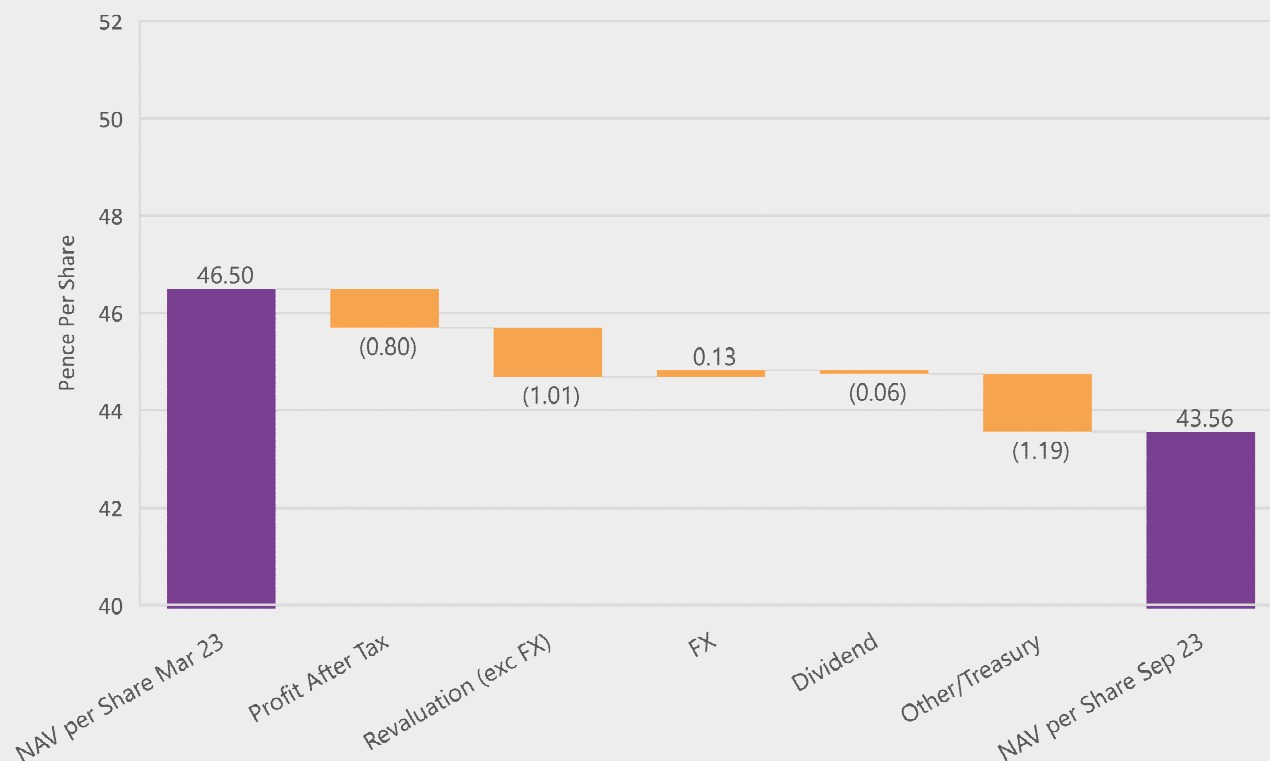
- CBRE
- JLL
- Knight Frank
- Koterski

Adjusted NAV calculated as per European Public Real Estate Association (EPRA) methodology, which includes fair values of financial instruments; debt; deferred taxes.

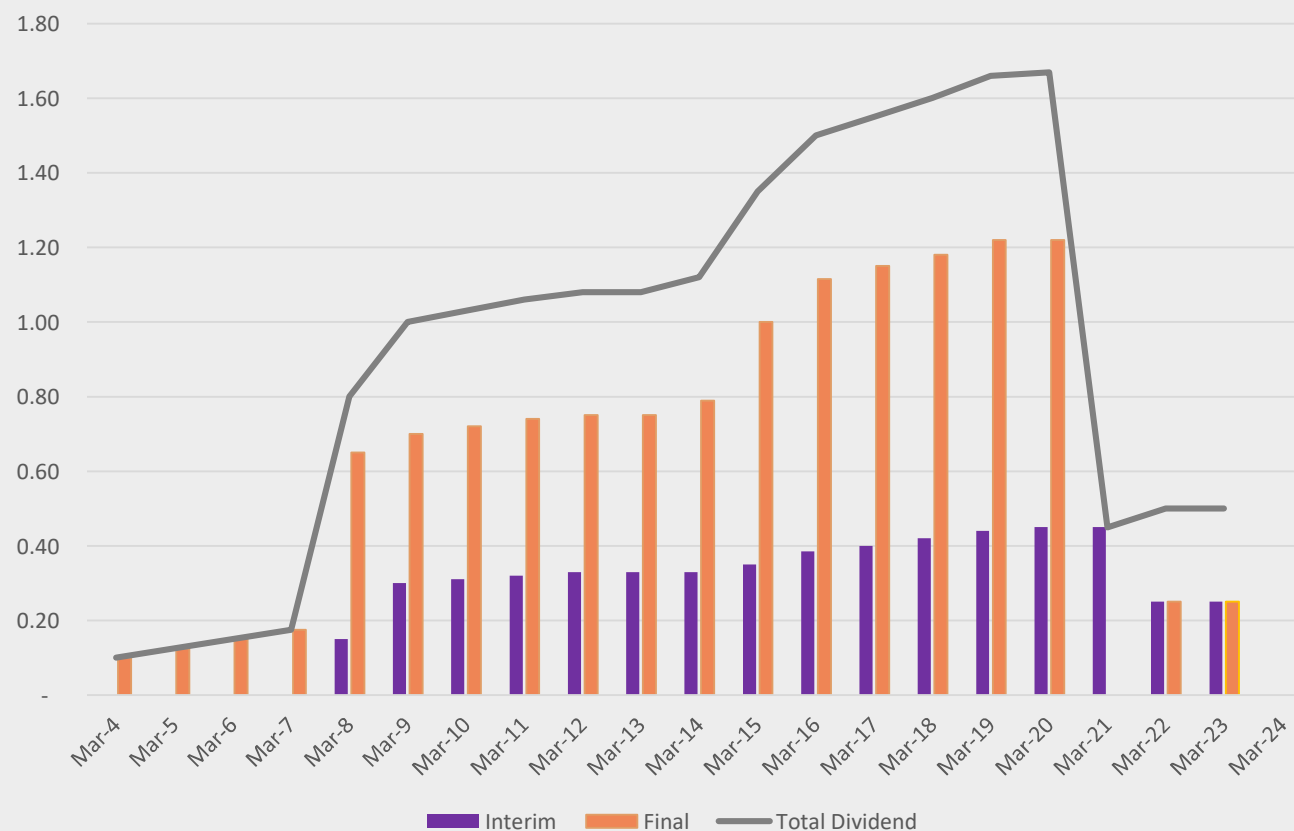
NB. NIL VALUE ATTRIBUTED TO FPAM (FUND MANAGEMENT DIVISION, AUM: £304m) IN BALANCE SHEET

Adjusted NAV breakdown 31 Mar 2023		
Associates and Investments	22.37p	£25.27m
Cash	6.77p	£7.65m
7 directly owned properties less loans	18.47p	£20.87m
FPAM	-	-
Other working capital	(1.10p)	(£1.25m)
Total	46.50p	£52.54m

Adjusted NAV breakdown 30 Sep 2023		
Associates and Investments	19.74p	£22.30m
Cash	5.94p	£6.71m
7 directly owned properties less loans	18.54p	£20.94m
FPAM	-	-
Other working capital	(0.65p)	(£0.73m)
Total	43.56p	£49.22m



Dividend History



Interim dividend:

Nil

(FY23: 0.25p)

Total for FY 2023:

0.50p

(FY2022: 0.50p)

New product: senior loans secured against commercial property

- Since its establishment in June, this division has originated over £600 million in enquiries for new senior loans.
- The loans being offered are generally up to £20 million in value; 65% of loan to value (LTV); and interest only.
- Interest only enables the properties against which such loans are advanced to support relatively high interest rates of 9% or 10% per annum.
- As previously reported, no new employees will, initially, be required to be employed to roll out this product and the Group does not intend to use its own cash to make such loans. It may, however, invest alongside third parties in any fund structures set up to make such loans.

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

- Markets have been as challenging over the last year as I have ever known them. The rapid increase in interest rates, with a commensurate collapse in demand for commercial property, both occupationally and for investment, had created a perfect storm. For fifteen years interest rates had been near zero and global markets supported by borrowings in dollars with investment in developing countries and more “risky” assets - the so-called carry trade.
- With the Federal Reserve aggressively increasing interest rates, that carry trade has reversed equally aggressively with capital flooding back to the United States
- So, whilst it is disappointing to report a loss, this was created by a mark down in property values and not as a result of a deterioration in trading. The Group is robust.
- Inflation is now reducing, and interest rates are likely to be close to their peak. They have already been reduced in Poland.
- Markets are steadying, and we are seeing an uptick in investment demand, though it is too early to be certain.

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

- We also have occupational demand for the vacant space in the office blocks we own in Warsaw and Gdynia, with particular demand for the former. As we lease up this space, we will start again to generate good levels of cash, as we have historically done.
- In the meantime, our cash balance is good, with over £6 million on the balance sheet, giving us the firepower we need to fit out the space as it is leased.
- We are also seeing some interesting lending propositions for our new debt division. We have yet to make a loan but our market knowhow and the number of deals we are considering has considerably increased.
- For the first time in a year, I am once again beginning to be excited about the future.

1. Expertise:

- Experienced, nimble management team;
- Excellent investment track record: c20% p.a. growth in adjusted net assets, including dividends paid since 2006.

2. Diversified earnings:

- From Group Properties and from fund management fees;
- From mix of jurisdictions: UK, Poland and Romania = natural hedge.

3. Growth:

- From letting 13,900 m² of vacant office space in the Group's two directly owned office buildings in Poland;
- From investing Group cash (£6.71m);
- From new fund management / lending mandates;
- Operationally geared – can take on new business without material increases in overheads.

4. Strength:

- Strong balance sheet (net assets £49m, gearing ratio 37% at market value);
- Progressive dividend policy, aligned to the free cash generation of the Group, but subject to it being covered by earnings, targeting a ratio $\geq 2.5x$.

Markets

Poland:

- GDP growth contracted by 0.8% per annum in the first half of 2023, resulting in forecasters downgrading their full year GDP growth estimates to 0.2% per annum, the lowest it has been in our entire time investing in Poland. GDP growth is expected to rebound in 2024, to 2.8% per annum (previous forecasts were at 2.2% per annum).
- Unemployment was at a historic low of 5.0% in August, which, in combination with strong nominal wage increases, is expected to drive economic activity in 2024.
- The National Bank of Poland's key policy interest rate was cut in September by 75bp and in October by 25bp and now stands at 5.75% per annum. Inflation has fallen from some 17% year on year to around 4%.
- Investment demand for commercial property remains weak but occupational demand remains steady. The development of new property is at a cyclical low.
- Rental values in Poland are contractually mostly linked to inflation, which offers some protection from inflation as long as the economy remains buoyant, and tenants can afford to pay their contractual increases.

UK:

- The Bank of England held interest rates at 5.25% per annum in September and again in October, unchanged for the first time in 15 meetings of the Monetary Policy Committee (“MPC”).
- The Consumer Price Index (“CPI”) increased by 4.7% on an annualised basis in October, a rate which is less than half of its peak of 11.1% in October 2022, but still above the 2% target of the Bank of England.
- Economic growth is close to nil.
- The commercial property investment market remains generally weak, in particular for offices and shopping centres. The occupier market is also generally weak, including for industrial property, where strong demand over the last several years has stalled.

Segmental Analysis

Fund Management (FPAM)

Fund Management

- Third party AUM: **£305m**
(31 Mar 2023: £400m);
- 12 funds invested across UK, Poland & Romania;
- Weighted average fund management contract term:
2yrs, 1 mth;
- Fee income: £2.06m annualised
EXCLUDING performance fees and the profit share from Fprop Offices LP
(31 Mar 2023: £2.53m);
- Excellent investment track record;
- FCA regulated / AIFMD approved (full scope).

- **Revenue: £1.26m**
(30 Sept 2022: £1.66m);
- **Contribution to PBT**
prior to deduction of unallocated central overheads: £0.16m
(30 Sept 2022: £0.52m).
- Decrease mainly due to:
 - Write down in values of properties held by Fprop Offices and Fprop Phoenix.

Typical fees in UK:

- Management: 0.6-1% of GAV p.a.;
- Outperformance: 20% of excess returns >IRR equivalent to fund target IRR;
- One exception (Fprop Offices LP) – profit share as per below:
 - \leq IRR 7.5% p.a.: 10% of profits up to threshold;
 - IRR 7.5%-15% p.a.: 25% of profits in the band;
 - \geq IRR 15% p.a.: 20% of profits above the threshold;
 - *Payment*: annual, equivalent to 10% of total profits (adjusted if necessary for any overpayments made in prior years).

Typical fees in Poland & Romania:

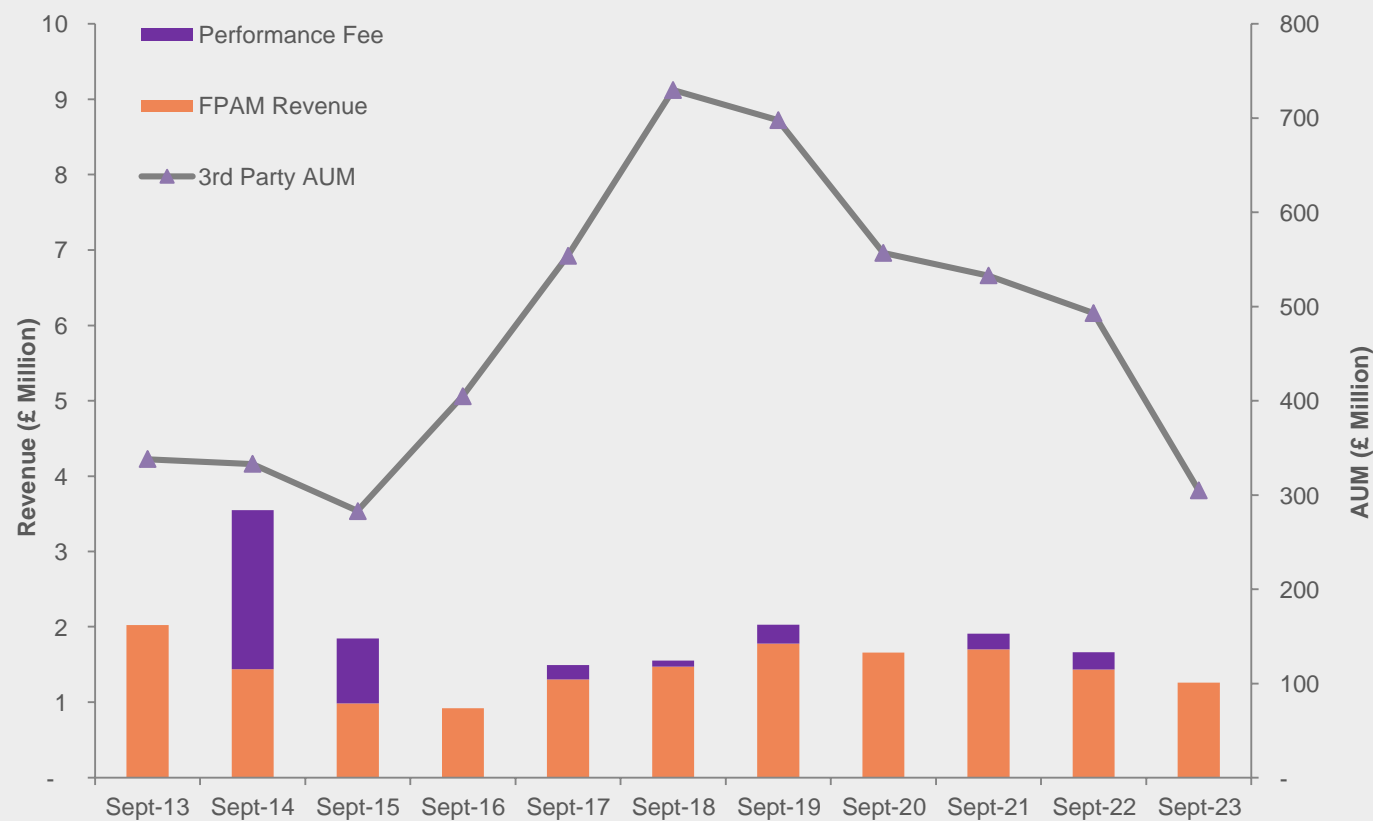
- Management: 1% of GAV p.a.;
- Outperformance: 20% of excess returns >IRR of 15% p.a.

Selection of clients:



Segmental Analysis: Fund Management

Revenue and AUM



Annualised fee income:
£2.06m
 (31 Mar 2023: £2.55m),
 EXCLUDING performance fees and the profit share from Fprop Offices LP.

Segmental Analysis: Fund Management

Reconciliation of movement in funds under management

	Funds managed for third parties (including funds in which the Group is a minority shareholder)			
	UK £m.	CEE £m.	Total £m.	No. of prop's
As at 1 April 2023	241.4	159.0	400.4	53
Purchases	-	-	-	-
Property sales/reclassifications	(6.7)	-	(6.7)	(2)
Capital expenditure	-	-	-	-
Property revaluation	(41.9)	(45.2)	(87.1)	-
FX revaluation	-	(2.0)	(2.0)	-
As at 30 Sept 2023	192.8	111.8	304.6	51

Segmental Analysis: Fund Management

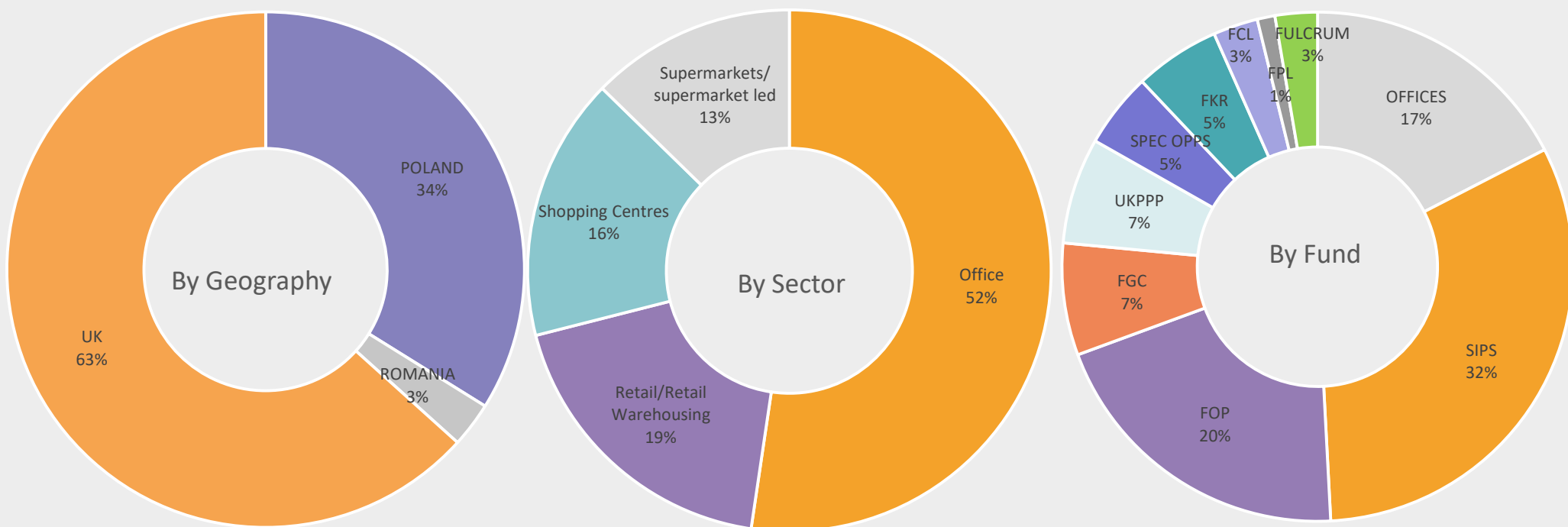
Third Party funds under management

Fund	Country of Investment	Fund Expiry	Assets Under Management at Market Value at 30 Sept 2023	No. of Properties	% of Total Third-Party Assets Under Management	Assets Under Management at Market Value at 31 March 2023
SAM & DHOW	UK	Rolling	*	*	*	*
OFFICES	UK	Jun-24	53.0	4	17.4	84.9
SIPS	UK	Jan-25	96.8	21	31.8	104.7
FOP	Poland	Oct-25	61.6	5	20.2	64.5
5PT	Poland	Dec-25	-	-	-	-
FGC	Poland	Mar-26	21.7	1	7.1	22.0
UK PPP	UK	Jan-27	20.5	8	6.7	28.1
SPEC OPPS	UK	Jan-27	14.4	4	4.7	14.9
FKR	Poland	Mar-27	16.5	1	5.4	16.8
FCL	Romania	Jun-28	8.6	1	2.8	8.7
FPL	Poland	Jun-28	3.4	4	3.43	47.0
FUL	UK	Indefinite	8.1	2	8.13	8.8
Total Third-Party AUM			£304.6m	51	100.0	£400.4m

**Not subject to recent valuation*

Segmental Analysis: Fund Management

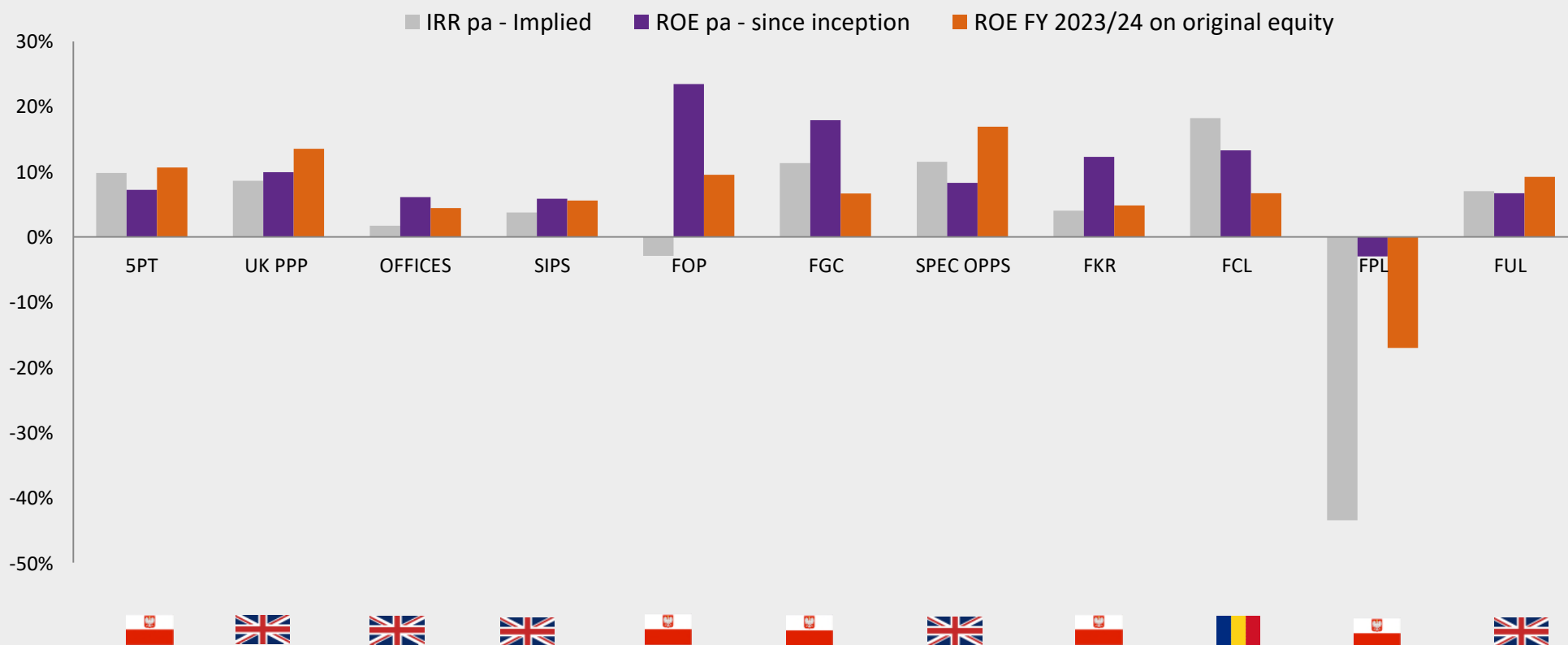
AUM by geography, by sector, by asset class



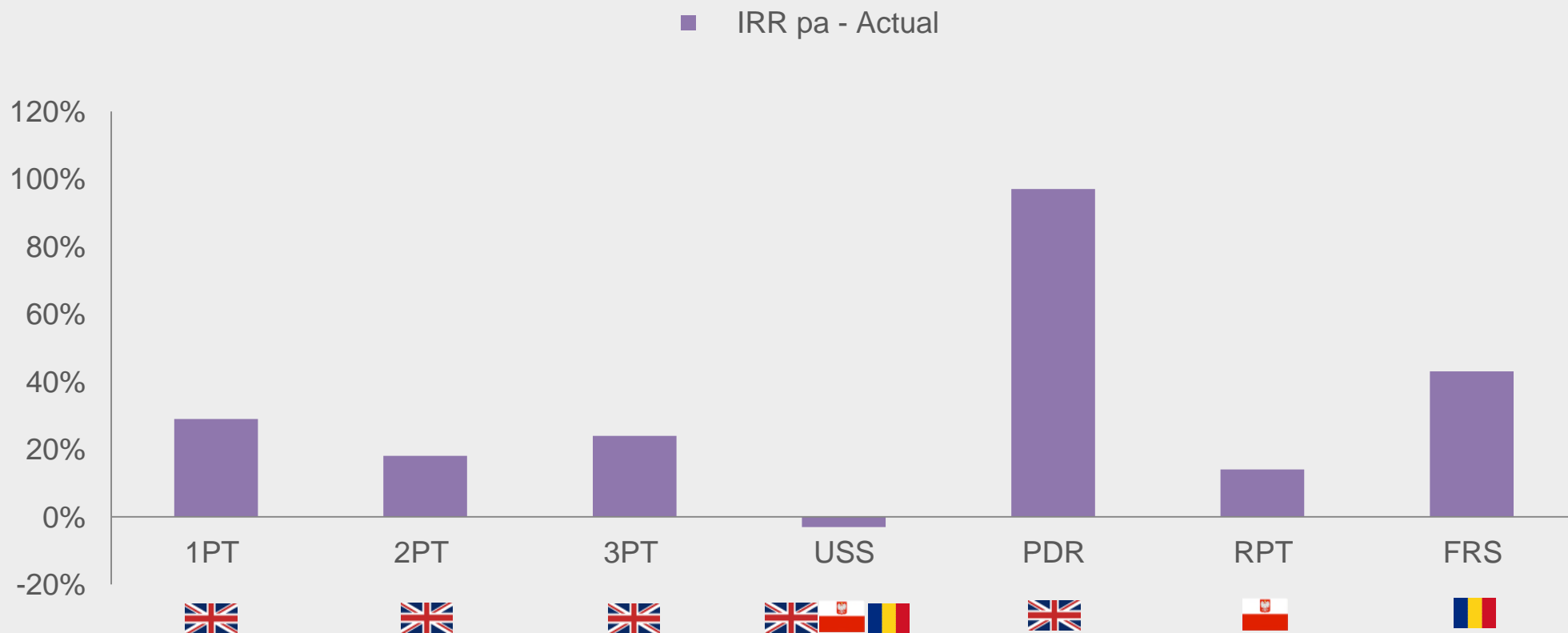
Segmental Analysis: Fund Management

Split of third-party funds managed by asset class

	UK	Poland	Romania	TOTALS	% of Total
Offices	£109.3m	£41.5m	£8.6m	£159.4m	52.3%
Retail warehousing	£56.9m	-	-	£56.9m	18.7%
Supermarkets	£26.6m	£12.0m	-	£38.6m	12.7%
Shopping centres	-	£49.7m	-	£49.7m	16.3%
TOTALS	£192.8m	£103.2m	£8.6m	£304.6m	100%
% of Total third party AUM	63.3%	33.9%	2.8%	100%	



- Implied IRR's: assumed sale price = NAVs as at 30 September 2023;
- ROE's since inception: calculated using average pre-tax income per FY divided by original equity employed;
- ROE's for 2023/24: calculated using annualised pre-tax income for FY divided by original equity employed.



Group Properties

Group Properties

1. **7 directly owned properties** (6 in Poland valued at £49.46m, 1 in Romania valued at £3.82m):
 - Gross asset value: £53.28m (March 2023: £53.97m);
 - Gross debt: £28.93m (March 2023: £29.66m).

2. **Associates and Investments** (non-controlling interests in 9 of the 12 funds managed by FPAM):
 - Valued at £22.30m (March 2023: £25.27m).

3. **Cash:** £6.71m (March 2022: £7.65m)

TOTAL NET ASSETS AT MARKET VALUE: £48.91 m (March 2023: £52.54m)

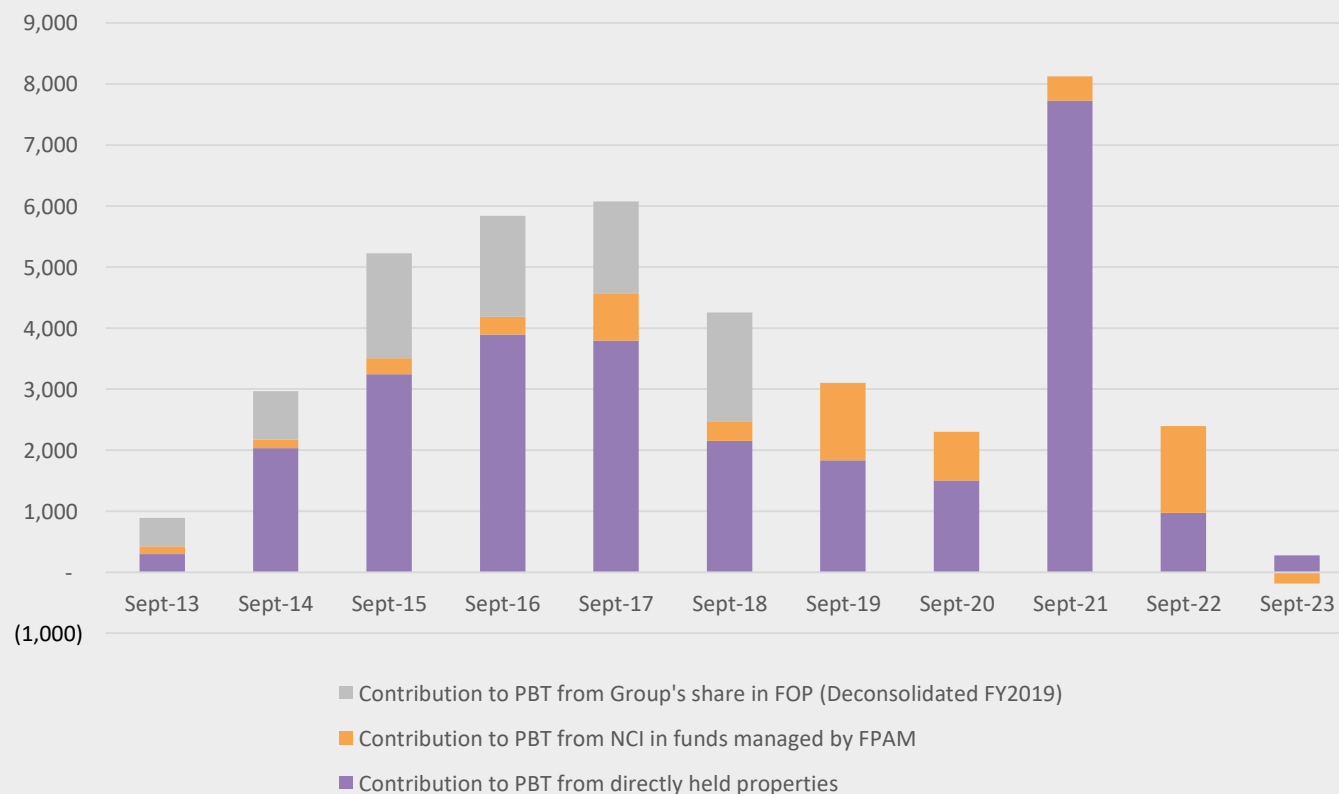
➤ **Contribution to PBT** prior to deduction of unallocated central overheads for period to 30 September 2023: **£0.09m** (30 September 2022: £2.40m), of which:

- **£0.27m** from 7 directly owned properties (30 September 2022: £0.98m);
- **Loss of (£0.19m)** from Associates and Investments (30 September 2022: profit of £1.42m).

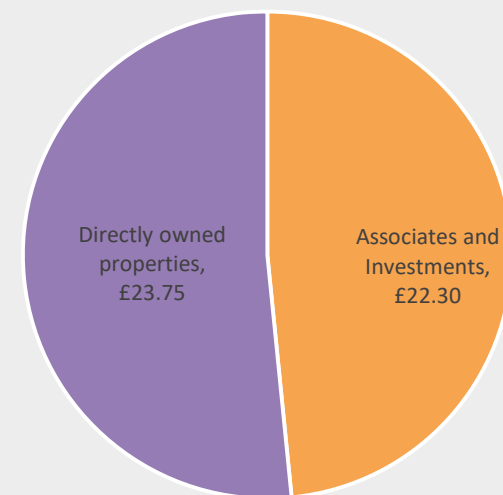
Segmental Analysis: Group Properties

Contribution to PBT from the 7 directly owned properties and the 9 Associates and Investments

Contribution to PBT
(prior to deduction of unallocated central overheads)



Corresponding net equity invested

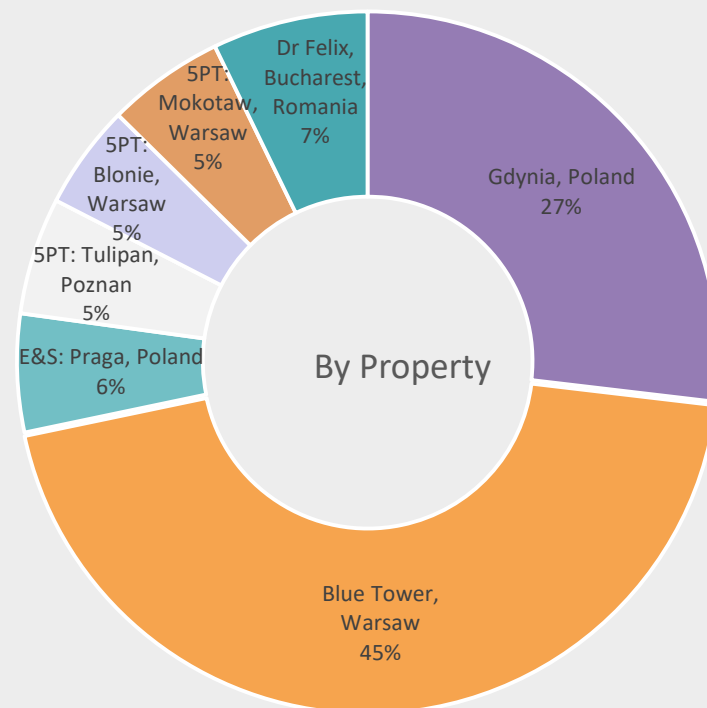
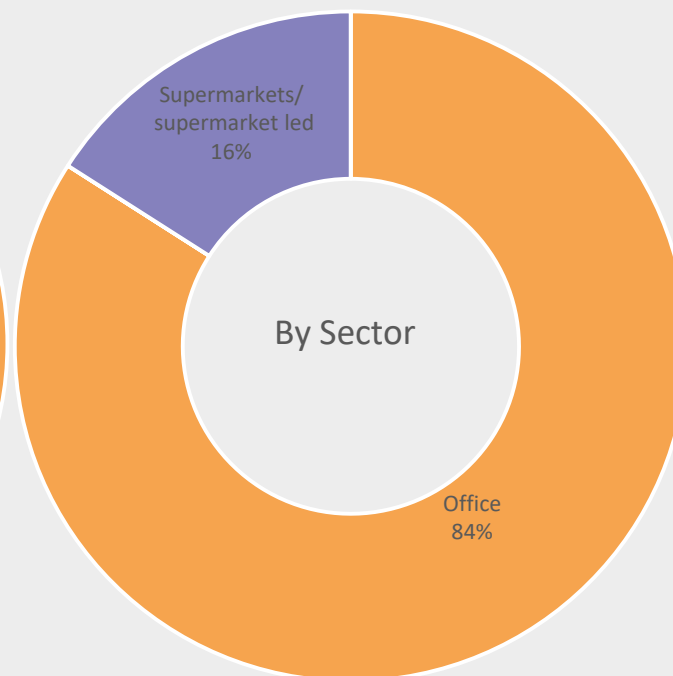
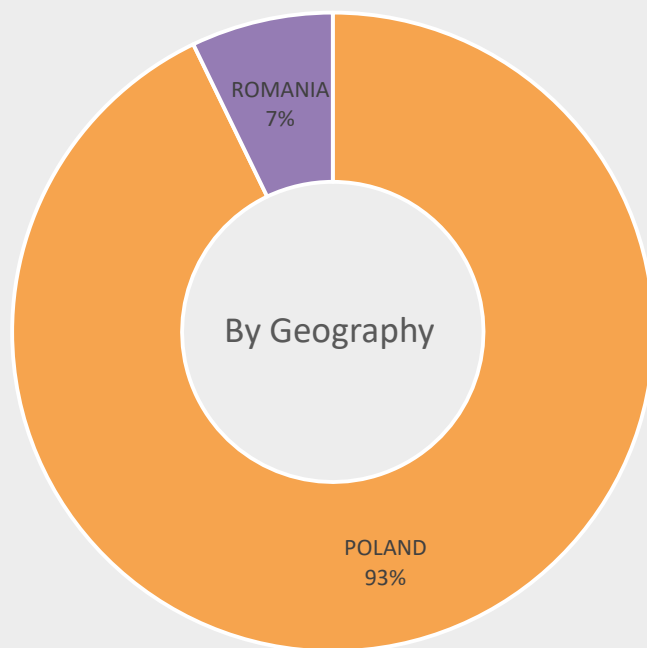


7 directly owned properties

Segmental Analysis: Group Properties

7 directly owned properties at 30 September 2023





- Contributed **£0.27m** (30 September 2022: £0.98m) to Group PBT (prior to the deduction of unallocated central overheads);
- Book value: £47.13m, Market value: £53.28m;
- Activity in the six months to 30 Sep 2023:
 - Blue Tower, Warsaw: leased c2,100 sqm, or 11.6% of the Group's 17,937 sqm share. As a result, net operating income (NOI) should increase by c25% from c€1.6 million p.a. to c€2.0 million p.a.
 - E&S Estates Ltd (which owns a supermarket in Praga, suburb of Warsaw): acquired for £0.21 million the minority interest (being 23%), resulting in the Group now owning 100%. It contributed c£50,000 in net profit in the period, a return on net equity of around 7% on an annualised basis
 - Gdynia: leased a further 512 sqm, or 3.7%, to Alfa Forwarding Ltd, a freight company. As a result the net operating loss from the building should narrow to c€55,000 on an annualised basis.

Segmental Analysis: Group Properties

7 directly owned properties

Location	Asset class	No. of properties	Book value at 30 Sept 2023	Market value at 30 Sept 2023	*Contribution to Group PBT 30 Sept 2023
Poland, Gdynia	Offices	1	£14.20m	£14.32m	(£0.14m)
Poland, Warsaw	Offices	1	£20.71m	£23.89m	£0.46m
Poland	Supermarkets	1	£1.96m	£2.91m	£0.05m
Romania	Offices	1	£2.32m	£3.82m	£0.05m
Poland	Multi use	3	£7.94m	£8.34m	£0.18m
Total*					£0.60m
Other overhead costs allocated to the direct property division	-	-	-	-	(£0.33m)
Total		7	£47.13m	£53.28m	£0.27m

*Prior to the deduction of direct overhead and unallocated central overhead expenses;

	30 Sept 2023	31 March 2023
Book value	£47.13m	£47.01m
Market value	£53.28m	£53.97m
Gross debt (including £16.95m of non-interest bearing deferred consideration)	£28.93m	£29.66m
LTV at book value %	61.38%	63.09%
LTV at market value %	54.30%	54.96%
Weighted average borrowing cost	2.6%	1.8%

- All debt is no recourse to the Group.
- All bank loans are denominated in Euros, and all are used to finance properties valued in Euros..

Segmental Analysis: Group Properties

Office Building (13,403 m²), Gdynia, Poland

- Prime location in Gdynia city centre/CBD;
- Purchase price (Mar-2021): €16 million
(€1,193 per m² / £111 per ft²);
- Equity invested: €4 million;
- Leverage:
 - Bank debt: nil
 - Deferred consideration: €12m (due FY 2025);
- Vacancy rate:
 - At purchase (Mar 2021): 98%
 - 31 Mar 2023: 76%
 - 30 Sep 2023: 76%
- Net operating income (NOI):
 - wef Jan 2024: -€52k p.a.;
 - If fully let: €2.1m p.a.
- WAULT:
 - 30 Sep 2023: 3 yrs, 1 mths
 - wef Jan 2024: 3 yrs, 12 mths



- Prime location in Warsaw's CBD above a subway station and at the main junction of the city's bus and tram network.
- The Group owns:
 - 80.3% of the tower (c18,000 m² over 18 office floors):
 - 90% of Corp Sp. z o.o., the company which is constitutionally tied to manage the building.
- Leasing:
 - Vacancy Rate: 22%
 - NOI: €1.6m p.a.
 - WAULT: 3 yrs, 5 mths
- Book value: £20.71m (£1,151 per m²)
- Market value: €27.54m (£23.89m)
- Leverage:
 - Bank debt: c€7.1m
 - Deferred consideration (by Aug-2028, interest free): €7.4m
 - Total: c€14.5m (53% LTV)



Segmental Analysis: Group Properties

Dr Felix St, Bucharest (3,200 m² over 7 floors)

- Prime location in Bucharest's CBD within walking distance from Victoriei Square, the financial centre of Bucharest.
- Leasing:
 - Vacancy Rate: 0%
 - NOI: c€304k pa.
 - WAULT: 5 yrs, 11 mths
- Book value: £2.32m (£725 per m²)
- Market value: €4.40m (€1,194 per m²)
- Bank debt: c€1.1m



5th Property Trading Ltd (5PT)



- 3 properties in Poland
- Market value: €9.6m (£8.34m)
- NOI: €598k p.a.
- Vacancy rate: 16%
- Main tenants: Jeronimo Martins, Siemens, Rossman
- Leverage: 41% LTV
- WAULT: 3 yrs, 10 mths

E and S Estates Ltd (E&S)



Mini supermarket, Praga

- 1 supermarket in Praga, a suburb of Warsaw (1,338 m²)
- Market Value: €3.35m (£2.91m)
- NOI: €160,000 pa
- Vacancy rate: nil
- Tenant: Jeronimo Martins
- Leverage: c50% LTV
- WAULT: 11 yrs, 7 mths

Segmental Analysis: Group Properties

Top 10 tenants of the 7 directly owned properties

	Tenant	Sector	Jurisdiction	%
1	Jeronimo Martins Polska S.A	Supermarket Chain	Poland	18.27%
2	HRK	HR	Poland	17.33%
3	Urząd Miasta	Government	Poland	13.08%
4	Vulpoi & Toader Management	Professional / Accounting Services	Romania	7.72%
5	Sąd Rejonowy w Gdynia	District Court	Poland	7.71%
6	Bank Polska Kasa Opieki S.A. (PKO)	Financial Services	Poland	7.14%
7	Krajowy Ośrodek Wsparcia Rolnictwa	National Agricultural Support	Poland	4.33%
8	Siemens Sp. z o.o.	Multinational conglomerate	Poland	3.62%
9	Rossmann	Chemists	Poland	2.39%
10	Turkusowa sp. z o.o.	Construction	Poland	3.32%
% of rental income attributable to top 10 tenants				76.93%

- Weighted Average Unexpired Lease Term (WAULT) = 4 years, 3 months (31 March 2023: 3 years, 6 months)
- Vacancy rate = 35%

Associates and Investments

(minority shareholdings in 9 of FPAM's 12 funds)

- Contributed loss of **£185,000** (30 Sept 2022: profit of £1,419,000) to Group PBT (prior to the deduction of unallocated central overheads).
- Decrease mainly due to reduction in fair value of (£0.82) million in respect of the Group's investment in FOP.
- Book value of the five associates: £17.06 million (31 March 2023: £17.59 million);
Market value: £19.33 million (31 March 2023: £20.73 million);
Decrease mainly due to the write down by £0.82 million of the Group's 45.71% share in FOP.
- Value of the four investments in funds: £2.97 million (31 March 2023: £4.54 million);
Reduction mainly due to the decrease in value by £1.0 million of the Group's co-investment in Fprop Offices LP.

Segmental Analysis: Group Properties

Associates and Investments

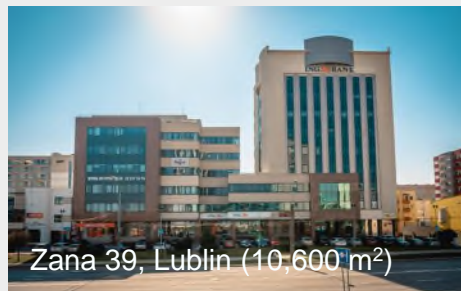
Fund	% owned by First Property Group	Book value of First Property's share in fund	Current market value of holding	Group's share of post-tax profits earned by fund 30 Sept 2023	Group's share of post-tax profits earned by fund 30 Sept 2022
a) Associates:	%	£'000	£'000	£'000	£'000
5PT	46.59%	-	-	-	59
FOP	45.71%	12,305	12,305	442	347
FGC	29.09%	2,918	3,136	92	119
FKR	18.07%	1,181	1,253	27	(2)
FPL	23.38%	-	1,730	(60)	(435)
FCL	21.17%	652	901	16	29
Sub Total:		17,056	19,325	517	117
b) Investments:					
UK PPP	*0.94%	196	196	14	23
Fprop UK Spec Opps	11.06%	2,142	2,142	82	1,196
Fprop Offices	1.64%	461	461	18	74
Fprop Fulcrum Property	2.50%	174	174	-	9
Sub total:		2,973	2,973	114	1,302
Total:		20,029	22,298	631	1,419

Minority shareholdings in 5 of FPAM's 12 funds accounted for as Associates

(FOP, FPL, FGC, FCL, FKL)



Galeria Ostrowiec (19,400 m²)



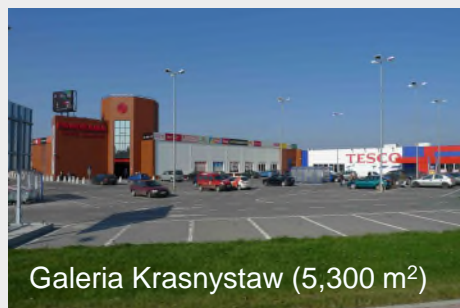
Zana 39, Lublin (10,600 m²)



Hypermarket, Łódź (15,900 m²)



Żoliborz Plaza, Warsaw (5,400 m²)



Galeria Krasnystaw (5,300 m²)

- 5 properties in Poland
- Property value: €71.0m
- Leverage: 46% LTV
- NOI: €5.84m p.a.
- Vacancy Rate: 3%
- WAULT: 3 yrs, 1 mths
- Main tenant: Carrefour (22% of NOI, in Ostrowiec & Lodz).

Fprop Opportunities plc (FOP)

- BV of Group's 45.7% share: £12.31
- MV of Group's 45.7% share: £12.31
- Contribution to PBT of Group's share: (£374k)

Comments:

▪ Galeria Ostrowiec:

- Rent for anchor tenant (Carrefour) scheduled to rise by €94,000 in July 2024 and July 2026;
- Rent at hypermarket in Lodz scheduled to rise by €150,000 by 2027 or penalty of €1.2m payable in the event of non-renewal of lease.

▪ Zana 39:

- Vacancy Rate: c10% (1,036 m²). If let NOI should increase by c€300,000 p.a.
- Current NOI: €1.5m p.a.



Fprop Phoenix Ltd

- BV of Group's 23.4% share: £0.00m
- MV of Group's 23.4% share: £1.7m
- Contribution to PBT of Group's share: (£60,500)

Comments:

- 51,000 m² office park near Kraków Airport, Poland;
- 14km's from city centre;
- Train station on the park (15 mins to Kraków Main Station, running every c30 mins);
- Office vacancy rate in Kraków: 16%
- Vacancy rate on park: c80% (c40,000 m²)

- Main tenants:
Assa Abloy, UPM Kymmene
- WAULT: 3.0 yrs
- <https://eximiuspark.pl/>

Fprop Galeria Corso Ltd (FGC) – shopping centre in Świnoujście, Poland



- 10,000 m²
- 45 stores, 4 cinema screens, 160 parking places
- Property value: €25.0m
- NOI: c€2.3m p.a.
- Vacancy rate: 4%
- Main tenants: H&M, Reserved, Mohito, Cropp, Diverse, Big Star, 4F, House, Martes Sport, CCC, Deichmann, YES, Douglas, Home & You, Orange
- Leverage: 45% LTV
- WAULT: 3 yrs, 4 mths
- <https://galeriacorso.pl/>

- BV of Group's 29.1% share: £2.92m
- MV of Group's 29.1% share: £3.14m
- Contribution to PBT from Group's share: £92k

Comments:

- Excellent town centre location;
- Major tourist destination, trade increases in summer months;
- Benefits from proximity to Poland's border with Germany.

Fprop Cluj Ltd (FCL) – Class A office tower in Cluj-Napoca, Romania



- 7,289 m² (9 storeys)
- 43 underground parking places
- Vacancy rate: 6.7%
- 6 tenants
- WAULT: 2 yrs, 6 mths (1 yr, 7 mths to breaks)
- Eco Rating: BREEAM Excellent
- Property value: €9.9m
- Book value of Group's 21.2% share: £652,000
- Market value of Group's 21.2% share: £901,000
- Contribution to PBT from Group's share: £16k

Fprop Krakow Ltd (FKL) – Class A office tower in Krakow, Poland



- 10,297 m² (13 storeys)
- 149 underground parking places, 26 at ground level
- Eco Rating: LEED Platinum
- 9 tenants
- NOI: €1.28m p.a.
- Vacancy Rate: 26%
- WAULT: 2 yrs, 0 mths
- Property value: €19.07m
- <https://pilottower.pl/>

- Book value of Group's 18.1% share: £1.18m
- Market value of Group's 18.1% share: £1.25m
- Contribution to PBT from Group's share: £27k

Comment:

- Office vacancy rate in Krakow: 16%
- Well located on Kraków's 2nd ring road, 4km's from city centre, 2km's from central railway station, on 16 bus routes.

Minority shareholdings in 4 of FPAM's 12 funds accounted for as Investments

(UK PPP, Fprop Offices, Spec Opps, Fulcrum)



UK Pension Property Portfolio (UK PPP)

- Book value of Group's 0.94% share: £196,000
- Market value of Group's 0.94% share: £196,000
- Contribution to PBT from Group's 0.94% share: £9,318

NB. Fprop UK Special Opportunities LP, in which the Group is an 11.1% shareholder, has a 49.7% interest in UK PPP. As a result, the Group's total interest in UK PPP equates to 6.4%.



- 8 properties
- Located across the UK
- Value: £20.5m
- 9 tenants
- Rental Income: £2.52m p.a.
- WAULT (to breaks): 3.3 years



Fprop UK Special Opportunities LP

- 4 directly held properties valued at £14.4m
- Outstanding bank loans of £5.7m
- 49.7% share in UK PPPP (see previous page) valued at £10.39m
- Net Assets: £19.4m
- Book value of Group's 11.1% share: £2.15m
- Market value of Group's 11.1% share: £2.15m
- Contribution to PBT from Group's 11.1% share: £105,447



Fprop Offices LP

- 4 properties
 - Value: £26.2m
 - 18 tenants
 - WAULT (to breaks): 1.5 years
- Book value of Group's 1.64% share: £429,680
 - Market value of Group's 1.64% share: £429,680
 - Contribution to PBT from Group's 1.64% share (YTD): £23,800



Fprop Fulcrum LP

- 2 properties
 - Value: £6.9m
 - 18 tenants
 - WAULT (to breaks): 2.8 years
- Book value of Group's 2.5% share: £172,000
 - Market value of Group's 2.5% share: £172,000
 - Contribution to PBT from Group's 2.5% share: £11,343

Appendix

➤ **Sustainable income is a priority:**

- The yield at purchase of any property investment must ALWAYS exceed debt service costs;
- We assess investments with an emphasis on ROE as opposed to IRR (because IRR's require an exit price assumption);
- Over the long term it is income and not capital value movements which largely determine total returns;
- Sustainable high income streams can sustain leverage and thereby enable total equity returns to be boosted;
- Capital is better protected if investments yield a high income, preferably from a low (reversionary) rent level.

We target higher yielding properties with sustainable income streams, enabling us to boost returns by applying leverage.

- **Property is illiquid** – but this illiquidity can be mitigated by rental income – liquidity through income;
- **Flexibility in the light of market changes;**
- **An active approach to asset management (where possible):**
 - 2005: largely exited the UK commercial property market in 2005, re-entered in 2009;
 - 2008: reversed asset management policy of waiting until lease expiry to renew leases following onset of the credit crunch in 2008;
 - 2013: recommenced development activity in the UK in response to the introduction of Permitted Development Rights (PDR) and the boosting of demand for residential property with the “Help to Buy” scheme – achieved IRR of 98% for clients without leverage;
 - 2016: varied PDR strategy to invest in offices for rental growth (as opposed to for development) due to PDR resulting in diminishing office supply / rising rents;
 - 2020: entered the COVID-19 induced crisis with significant cash (c£23.6 million), following sale of CH8, Warsaw;
 - 2022: Substantial reduction in net debt down to £23.5 million.

Shareholders > 3% as at 20 September 2023

	No of shares	% held (of issued and fully paid)
Peter Gyllenhammar AB / Galjaden Invest AB / Bronsstädet AB / Galjaden Holding AB / Browallia Asset Management Ltd / Silversläggan Invest AB	22,214,283	20.03%
Ben Habib (Chief Executive Officer)	15,030,000	13.55%
Alasdair Locke (Non-Executive Chairman)	8,771,990	7.91%
Whitehall Associated S.A.	7,747,394	6.99%
Bjorn Saven	4,631,432	4.18%
Total	58,395,099	52.66%

LSE (AIM) Symbol	FPO.L	
Share price	16.50p	
Market Cap	£18 million	
Dividends	FY 2024	FY 2023
Interim	-	0.25p
2nd Interim	-	0.25p
Final	-	-
Total for year	TBC	0.50p
EPS (basic)	(1.01p)	1.73p
EPS (diluted)	(0.99p)	1.70p

Issued & Fully Paid	116,601,115
Issued (excl Treasury)	110,882,332
Shares held in Treasury	5,718,783
Outstanding share options over Ordinary shares	12,560,000
Average strike price of outstanding share options	22.13p

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

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.

Alasdair maintains a wide portfolio of business interests including insurance, retailing and petroleum. He was designated Scotland Overall and Master Entrepreneur Of The Year in 1999 and received the International Business Achievement Award from the Scottish Business Achievement Award Trust in 2007.



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 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 Bell Potter (UK) Limited and a non-executive director of JPMorgan Asia Growth & Income plc. He is a former non-executive director of MBNA Europe and former non-executive chairman of Arden Partners plc and Scottish American Investment Company plc.



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

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.



Group Financial Director— Laura James, BA (Hons), ACA

Laura joined Fprop in 2014 following five years at Moore Stephens LLP where she qualified as a Chartered Accountant in 2011. She has successfully overseen the installation and upgrade of the Group's integrated consolidation and accounting system.

Laura graduated from the University of Kent with a joint honours degree in Economics and Business.



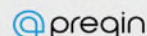
IPD® Measured Fund



FPAM funds rank **No.1 vs MSCI's Central & Eastern European (CEE) Benchmark** for the twelve years from the commencement of its operations in Poland in 2005, and for the periods from 2005 to 31 December 2008, and to the end of each of the years thereafter. In addition, FPAM's UK Pension Property Portfolio (UK PPP) was awarded **best "Small Specialist Fund"** by MSCI/IPF 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.



2020 PREQIN GLOBAL REAL ESTATE
REPORT



UK Property
Investment Awards
WINNER 2017

wealthfinance2016
alternativeinvestment
awards



alternative
investmentawards
twothousand&fifteen
winner

Shortlisted:



The Asset Management AWARDS 2022
2017 Property Awards Finalist

Shortlisted
Property Awards 2019
FINALIST



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