

Date: 13 February 2017
On behalf of: First Property Group plc ("First Property", "the Company" or the "Group")
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First Property Group plc

New investment by the Group in Poland

First Property Group plc (AIM: FPO), the property fund manager and investor, announces that it has, in conjunction with a club of investors, agreed to acquire Pilot Tower, a recently built class A office building in Krakow, Poland, at a total cost of some €23 million. Completion of the acquisition, which is unconditional save for it being subject to receiving a ruling on the tax treatment of the transaction, is expected to take place in the second quarter of 2017.

The net operating income being generated by the property is currently €1.9 million per annum, equating to a net initial yield on purchase of 8.3% per annum.

The acquisition will be part funded by a bank loan of up to €15.9 million and cash of approximately €7.5 million. The cash has been committed by two family offices, a Cambridge college, and other clients of First Property. Included within this the Group intends to co-invest €1.5 million pari-passu with other investors.

The investment is forecast to earn a pre-tax profit of €1.16 million per annum, of which the Group's share, which will be accounted for as an associate, should be €230,000 per annum. This equates to a pre-tax rate of return on equity invested of more than 15% per annum.

The Group will also earn ongoing management fees of circa €220,000 per annum. In addition it will earn a one-off arrangement fee of €220,000.

Commenting on the new investment, Ben Habib, Group Chief Executive, said:

"I am very pleased by the investment made by our clients and ourselves in this striking new office building in Krakow, Poland. It is in a prime location, boasts state-of-the-art facilities and is fully let at rent levels that offer room for growth in due course."

-Ends-

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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 ten funds which are invested across the United Kingdom, Poland and Romania. FPAM funds rank No.1 versus MSCI's Investment Property Databank (IPD) Central & Eastern Europe (CEE) universe 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.
- Group Properties - principal investments by the Group, to earn a return on its own capital, usually in partnership with third parties. Investments include eleven 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 six 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.