

CHAIRMAN'S INTRODUCTION TO GOVERNANCE



ALASDAIR LOCKE, Non-Executive Chairman

"The Directors are committed to maintaining high standards of corporate governance and seek to comply with the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies."

The Group's corporate governance framework supports the delivery of our strategy and business objectives.

The Directors are committed to maintaining high standards of corporate governance and seek to comply with the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies. First Property Group's core underlying principle is "to ensure that the Group is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term".

To see how the Company addresses the key governance principles defined in the QCA Code please refer to the disclosures made below and on the Company's website.

The Board is pleased to report that the Company has complied with the provisions of the Code.

No key governance matters have arisen since the publication of the last Annual Report.

ROLE OF THE BOARD

The Board as a whole is collectively responsible for the success of the Group. Its duties are to:

- Set the Group's strategic direction, purpose and values and align these with its culture;
- Oversee competent and prudent management of internal control, corporate governance and risk management;
- Approve business plans and budgets in light of the Group's risk profile;
- Ensure that the ethical and compliance commitments of management and employees are understood throughout the Group.

BUSINESS MODEL AND STRATEGY

First Property Group's business model is explained on page 3. The Group's strategy is explained fully on page 6. Our strategy is focused around building and growing a balanced business between fund management and property investing, with both divisions delivering resilient, recurring revenue of a contractual nature with high forward visibility.

RISK MANAGEMENT

Strategy is set and developed taking into account the Board's assessment of both the impact and likelihood of the principal risks identified. The principal risks and uncertainties to the business and how these are mitigated are set on pages 24 and 25.

The corporate governance framework complements the Group's internal controls framework and its supporting framework of policies and processes.

In addition, the Board and the Audit Committee have oversight of whistleblowing matters. The Company's whistleblowing policy ensures that the workforce feel empowered to raise concerns in confidence and without fear of unfair treatment.

BOARD COMPOSITION

The Group is controlled by the Board which comprises two Non-Executive Directors, both of whom are considered by the Board to be independent, and two Executive Directors.

The operations of the Board are underpinned by the collective experience of the Directors and the diverse skills which they bring. The Board contains the necessary mix of experience, skills and capabilities to deliver the strategy of the Company for the benefit of the shareholders. The Board contains Directors with relevant knowledge and expertise that includes:

- Extensive knowledge of the Group; one Director has worked for the Company for twelve years and two Directors have worked for the Group for over twenty years. This long tenure ensures that the Board has significant expertise in managing property cycles through difficult conditions;
- Considerable experience of providing strategic, financial and commercial management to financial services and other commercial operations;
- Extensive accounting and financial reporting expertise;
- Considerable experience of leading a successful international business.

The Directors maintain and enhance their knowledge and expertise through their involvement with respected commercial organisations. Each Director has undertaken to allocate sufficient time to the Group in order to discharge their responsibilities effectively.

First Property Group's core underlying principle is "to ensure that the Group is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term".

 [Read more on our website at www.fprop.com/plc-investors/aim-rule-26/](http://www.fprop.com/plc-investors/aim-rule-26/)

BOARD MEETINGS

Board meetings are carried out at least four times annually, minimum attendance for a meeting to be considered quorate is two. Should an issue arise between scheduled meetings, the Board will discuss such matters remotely with any decision ratified at the next Board meeting.

All Directors receive regular and timely information on the Group's financial performance. Relevant papers are circulated in advance of meetings. In addition, minutes are circulated after each meeting and approved at the subsequent meeting. All Directors have direct access to the advice and services of the Company Secretary and are able to take professional advice in the furtherance of their duties, if necessary, at the Company's expense. Neither the Board nor the Committees required advice from external advisors in the year.

The Chairman of the Board evaluates the performance of the Board by holding regular discussions with the other Board members to ensure that the Board is operating effectively. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

BOARD ATTENDANCE

In line with the agreed meeting schedule, the Board held four Board meetings in the year ended 31 March 2022.

Outside of the formal Board and Committee meetings and informational calls, Non-Executive Directors have unfettered access to employees at all levels of the business.

All the Directors attended all four Board meetings.

CULTURE

We work hard to nurture our culture, and it is something we regularly measure and monitor to ensure we keep it alive. We have a number of culture standards we wish to live by, such as diversity and inclusion, diligence in risk management, good leadership, integrity and respectful behaviour.

CHAIRMAN'S INTRODUCTION TO GOVERNANCE CONTINUED

BOARD COMMITTEES

The Board constitutes the following committees: Audit Committee, Remuneration Committee, and Nominations Committee.

Audit Committee

The Audit Committee is responsible for monitoring the controls that are in force to ensure the integrity of information reported to shareholders.

The Audit Committee meets at least four times a year as part of the quarterly Board meeting and is responsible for ensuring that the Company's financial performance is properly monitored, controlled and reported.

The Audit Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors.

Audit Committee Report

During the year, the Audit Committee has continued to focus on the effectiveness of controls throughout the Group. Consideration was given to the audit plan and audit findings reports and these provided opportunities to review the accounting policies, internal control and the financial information contained in both the annual and interim reports. The Audit Committee met four times in the year.

Remuneration Committee

The role of the Remuneration Committee is to review the performance of the Executive Directors and to set the scale and structure of their remuneration, including any bonus arrangements, with due regard to the interest of shareholders.

The Remuneration Committee is responsible for determining if the Company should adopt any form of share option plan, and considering the terms of the grant of options under any such plan, ensuring that due regard is given to any relevant legal requirements, including the provisions and recommendations in the Listing Rules.

Remuneration Committee Report

During the year, the Committee continued to review the performance and remuneration of the Executive Directors. The Committee met twice in the year.

Nominations Committee

The role of the Nominations Committee is to evaluate the Board of Directors and examine the skills and characteristics required of Board candidates to ensure the Company has a board composition with a mix of skills, expertise and perspectives as well as paying attention to diversity, gender, ethnicity and other factors.

Nominations Committee Report

The Committee did not meet during the year as there was no change in the composition of the Board.

Further information on the Board Committees, including their formal written charters, is set out on the Company website at: <https://www.fprop.com/plc-investors/board-committees-terms-of-reference/>.

Members of the Board Committees

Name	Role	Committees (Audit, Remuneration, Nominations)
Alasdair Locke	Chairman & Non-Executive Director	Nominations – Chairman Audit – Member Remuneration – Member
Peter Moon	Non-Executive Director	Nominations – Member Audit – Chairman Remuneration – Chairman

The Annual General Meeting of the Group will take place on 27 September 2022. The Notice of this meeting and the proposed ordinary and special resolutions to be put to the meeting are included at the end of this Annual Report.

ALASDAIR LOCKE

NON-EXECUTIVE CHAIRMAN

17 August 2022