



Fprop plc

First Property Group plc

Annual Report & Accounts
31 March 2010



Property Fund Management

First Property Group aims to grow its property funds under management both in the UK and Poland



The Range, Clacton-on-sea

A purpose built stand alone retail warehouse unit extending to 28,390 square feet of accommodation plus garden centre and 110 space car park, located in a busy coastal resort and commuter town, 76 miles from London.



Krakow Business Park, Poland

A modern purpose built 5 storey office block built in 2002 to a high technical standard and one of 14 built or planned for the Krakow Business Park, comprising 11,700 square feet of useable area with 195 car park spaces.

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Images on front cover

Shopping Centre, Ostrowiec

Offices at Zana, Lublin

Shopping Centre and Offices, Wloclawek

The Range Clacton-on-sea

B&Q Retail Warehouse, Nottingham

Highlights

Financial Highlights:

	Unaudited Year to 31 March 2010	Audited Year to 31 March 2009	Percentage change
Profit on ordinary activities before tax	£2.79m	£3.86m	-27%
Assets under management	£300m	£310m	-3%
Diluted earnings per share	1.97p	2.74p	-28%
Total dividend	1.03p	1.00p	+3%
Net assets	£15.40m	£13.48m	+14%
Cash and cash equivalents	£10.1m	£10.1m	-%

Operational Highlights:

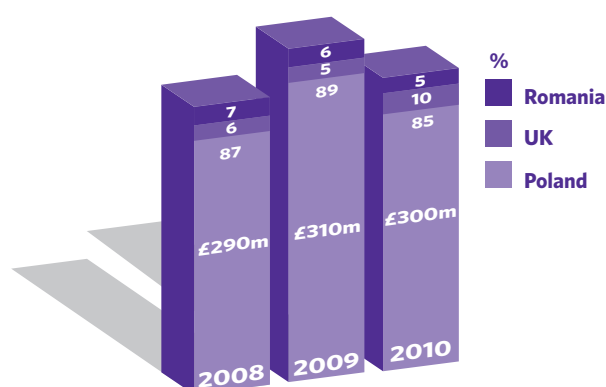
- Value of assets under management of £300 million (31 March 2009 – £310 million). This has remained broadly unchanged since 2007.
- The Company retained its ranking as the best performing fund manager versus the IPD CEE Benchmark, now for the four year period to 31 December 2009. It was also ranked as the best performing fund manager versus the IPD Polish Benchmark over the same period.
- Diversification of institutional client base with a new £106 million UK fund, the UK Pension Property Portfolio LP, signed on 5 February 2010.
- The new UK fund acquired two properties with a value of just over £10 million during the period and has subsequently acquired a further two properties for an additional £11 million, and has an additional five properties under offer with a value of some £20 million.
- The Group appointed Mr. Peter Moon, previously the Chief Investment Officer of Universities Superannuation Scheme, as a non-executive director. Mr Moon formally joined the Board on 1 May 2010.

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

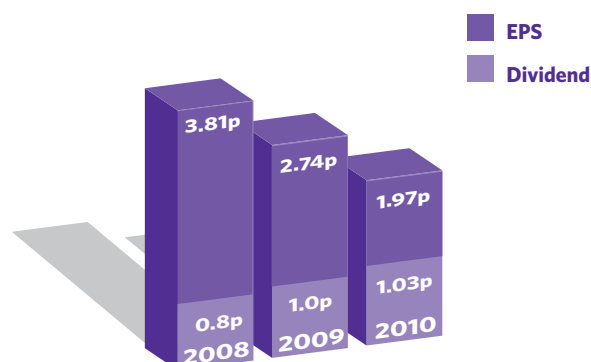
"The Group has weathered the economic headwinds of 2008 and 2009 well. We have remained profitable at all times and our funds have performed very well in relative terms. The core business has continued to develop throughout the period and our earnings are now set to grow again as we invest our new UK commercial property fund. The fact that the value of our assets under management has remained largely constant in the face of these headwinds is a testament to the strength of our fund management platform. We expect the value of assets under management to increase by £100 million or 30% over the next 12 to 24 months.

"I look to the future with confidence; we have an excellent track record, a strong balance sheet, a stable and growing earnings platform and, most importantly, an excellent team of people."

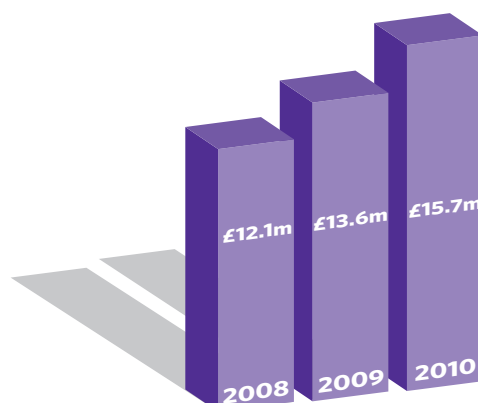
Assets Under Management



Earnings per Share & Dividends



Net Asset Value



Business profile

First Property Group plc is a commercial property fund manager with operations in the United Kingdom and Central Europe. The performance of its funds under management ranked No. 1 versus the IPD benchmarks for CEE and Poland for the 4 year period to 31 December 2009.

The principal business model of First Property Group can be summarised as follows:

- raise third party funds to invest in income producing commercial property;
- co-invest in these funds;
- 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;
- earn a return on its own capital invested in these funds.

It also has a 60% shareholding in a mechanical & electrical (M&E) installation and maintenance contractor, First Property Services Limited.



Asseco HQ, Gdynia

PROPERTY FUND MANAGEMENT

Established in 2002, this activity has £300 million at current values of commercial property under management in 5 separate funds, managed from the group's offices in London and Warsaw, Poland.



Blue Tower, Warsaw

GROUP PROPERTIES

Established in 2001, the group has currently interests in 2 properties, both located in Warsaw, Poland. The group targets properties which are outwith the investment criteria of the various third party funds that it manages and which the group believes can be sold within a two to three year time frame.



FPS Maintenance

FACILITIES MANAGEMENT

Provided by 60% owned First Property Services Ltd, this company is a specialist provider of mechanical and electrical services to the construction industry. Projects range from plant room refurbishment to complete fitting out of highly serviced office suites including air conditioning, heating installations, ventilation and control systems.

Business profile Geographical Locations

"Given the robustness of its economy, rental growth in the commercial property market looks a greater certainty in Poland than it does in most other EU countries"

Ben Habib, Chief Executive

Poland

27 Properties

Including:

Centrum Tulipan,
Poznan
Centrum Zana, Lublin
Galeria Ostrowiec
Inowroclaw Shopping
Centre
Krakow Business Park
Krakowska Dist. Park,
Warsaw
Indesit Warehouse,
Radomsko

Maja 30, Szczecin
Marpol Supermarkets
Oxford Tower,
Warsaw
Asseco Headquarters,
Gdynia
Wallenroda, Lubin
Wloclawek Shopping
Centre
Zoliborz Plaza,
Warsaw



Romania

03 Properties

Millennium Bank, Bucharest
Aquila, Ploiesti
Aquila, Cluj



UK

06 Properties

Franklin House, Birmingham
Alexander House, London
B&Q Burnage, Manchester
Luna Place, Dundee Technology Park
B&Q Eastwood, Nottingham
The Range, Clacton-on-Sea



Chief Executive's Statement

Financial Results

I am pleased to report our final results for the twelve months to 31 March 2010.

Revenue during the period amounted to £10,383,000 (2009: £11,226,000), yielding a decreased profit on ordinary activities before taxation of £2,789,000 (2009: £3,862,000). The reduction in profit can largely be attributed to a reduction in earnings on our cash balances given the very low interest rate environment, a reduction in earnings of First Property Services, and the absence of the payment of performance fees within First Property Asset Management.

Diluted earnings per ordinary share were 1.97 pence (2009: 2.74 pence).

The Group ended the period with net assets of £15.40 million (2009: £13.48 million) and a cash balance of £10.1m (2009: £10.1m).

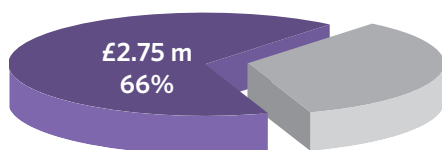
Dividend

In view of these results, our strong balance sheet, and the outlook for the future, the Company paid a second interim dividend of 0.72 pence per share on 1 April 2010. Given this second interim dividend, which brings our total dividend payments for the year to 1.03 pence (2009: 1.0 pence), the Board has decided not to recommend a final dividend.

Review of operations

Property fund management ("First Property Asset Management Limited" or "FPAM")

£2.75m operating Profit



Revenue earned by this division amounted to £3,888,000 (2009: £4,571,000), generating an operating profit of £2,755,000 (2009: £3,457,000). This represents 66% of Group

operating profit (2009: 68%) prior to the deduction of unallocated central PLC costs. This 15% reduction in revenue is explained by our not having earned a performance fee in the period (2009: £589,000). It should be noted that our annual fund management fee income remained broadly stable.

At 31 March 2010 the value of assets under management within the fund management division stood at £300 million (2009: £310 million). The assets we manage are denominated in a mixture of currencies with 90% of our assets being denominated in Euros. The value of our assets under management and the fee income we earn for managing these assets, which is linked to the value of the assets, is therefore subject to changes in the Euro/£ exchange rate. The value of assets under management of £300 million at 31 March 2010 was based on a Euro/£ exchange rate of 1.12.

There were five property acquisitions made on behalf of funds we manage during the period, amounting to £40 million, and no sales of properties. The gross asset value of the portfolio, on a like for like basis, declined by 14% in GBP terms during the period but the property acquisitions served to keep the value of assets under management roughly stable.

These funds are managed within fixed life closed ended funds. The largest of these funds, Fund Seven, which we manage on behalf of USS and which accounts for 91% of our funds under management at the period end, was awarded as a ten year contract in 2005.

The most significant milestone achieved by this division during the year was the award of a new £106 million fund management mandate to invest in income producing commercial properties in the UK on behalf of three pension funds. This fund raising was completed towards the end of the financial



Zoliborz Plaza, Warsaw



Blue Tower, Warsaw



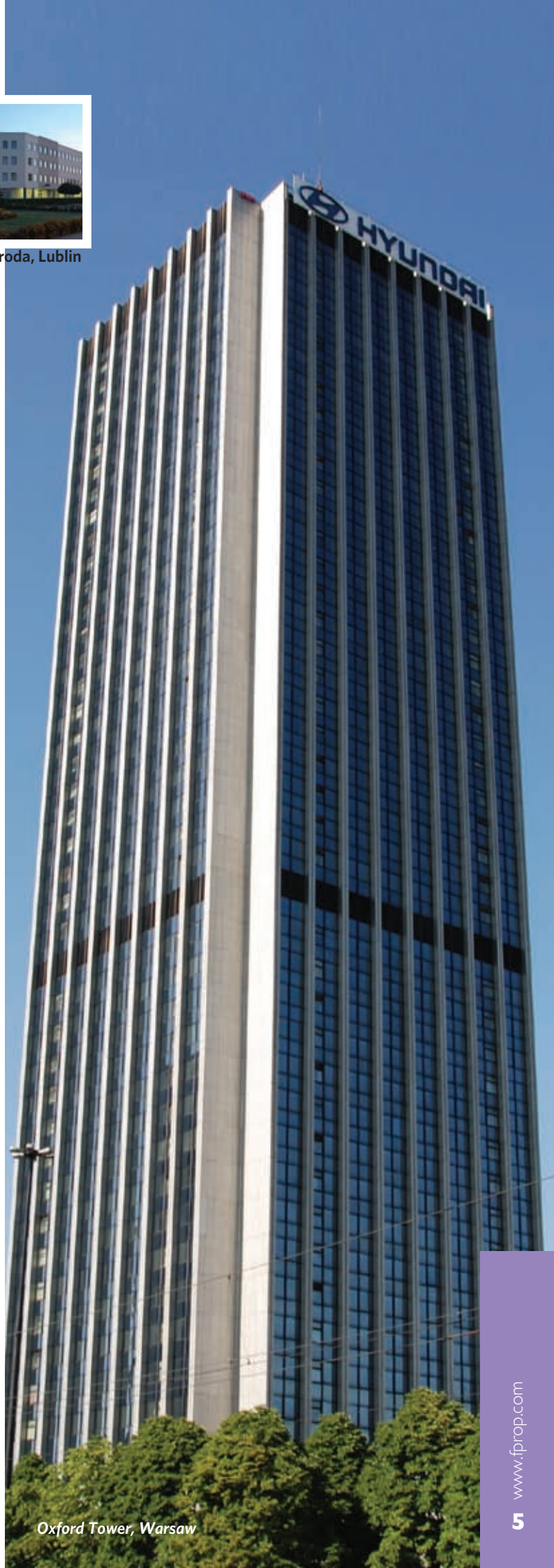
Wallenroda, Lublin

year, on 5 February 2010, and therefore fees from this contract have made little contribution to the year just ended. We have thus far acquired four properties on behalf of this fund, with an aggregate value of £21 million. A further five properties are under offer with an aggregate value of an additional £20 million. Fees earned from this contract will make a contribution to our earnings in the current financial year as this fund is invested. The significance to the Group of this new fund is greater than simply the growth in assets under management; it also diversifies our institutional client base and reinforces our credentials as an institutional fund manager. We have undertaken to co-invest a total of £1 million of Group cash in this new UK fund. The returns we earn on this investment will be reported under Group Properties in future periods.

At our interim results I announced that we are seeking to raise additional funds to invest in Poland. We are still seeking to raise these funds and are in discussions with several potential investors but we are not close to signing any agreements. We intend to co-invest alongside investors in our new funds. In so doing our ability to raise funds as well as the income we earn on these funds will be increased.

The geographic split by value of our funds under management at the period end was 85% in Poland, 4% in Romania, and 11% in UK. We expect these weightings to shift in favour of the UK in the coming months given our recent and continuing purchases in the UK on behalf of our new UK fund.

I am pleased to report that in both CEE and in Poland, the Company has retained its ranking as the best performing fund manager versus the IPD Benchmark for both these jurisdictions, for the four years to 31 December 2009.



Oxford Tower, Warsaw

Chief Executive's Statement (cont)

The outlook for our fund management activities is good. The value of assets under management is expected to increase by some £100 million (representing an increase of 30% in the value of assets under management at 31 March 2010) over the next 12 to 24 months as the new UK fund is invested. In addition we believe that, as long as the recent concerns over the credit worthiness of certain European countries does not translate into a double dip recession for Europe, the value of our assets in Poland should have bottomed out and should begin to increase again. There are signs of tenant demand increasing and investor appetite returning to Poland – both of which are very welcome. Our fund management fees, which are calculated by reference to the value of assets under management, should therefore grow this year. Any new funds we launch during the year will serve to accelerate this growth. We are exposed to the Euro/ £ exchange rate and if the current weakness in the Euro should persist, the growth in the value of assets under management and our fee income may be slowed but we expect fee income to grow in any event.

Group Properties

£1.20m operating Profit



Revenue from properties we own and from investments we have made in funds we manage was £2,573,000 (2009: £1,202,000), producing an operating profit of £1,208,000 (2009: £984,000). This represents 29% (2009: 19%) of Group operating profit prior to the deduction of unallocated central PLC costs. This 114%

growth in revenue is attributable to a full year's contribution to earnings from our interest in Blue Tower, an office block in Warsaw and the acquisition during the year of a majority stake in its management company which I describe in greater detail below.

We hold two properties on the Group balance sheet, both of which are held at the lower of cost or valuation for accounting purposes. We have not had these properties externally re-valued but are confident that their valuation comfortably exceeds their purchase cost. They generated an aggregate rental income of £1,557,000 during the year, the balance of income being service charge receipts mostly generated in the property management company acquired during the year. These two properties generated an annualised pre-tax return on equity deployed of 17% during the year.

Both assets are located in Warsaw and were purchased as special situations with the aim of utilising FPAM's asset management expertise to unlock capital value, whilst providing a high rate of running return in the intervening period.

The first property is a Class C office building in a residential suburb of Warsaw which we acquired in November 2007 for £2.6 million and which has no borrowings secured against it. In line with our business plan, we have now achieved planning consent for the change of its use to residential, although we are appealing against one of the conditions of the consent. In the meantime the asset is earning us a pre-tax return on equity of some 12% per annum.

The second property is a Class B office building, Blue Tower, located in the centre of Warsaw's central business district (CBD), in which we acquired a 28% interest in December 2008 for USD 13.0 million (£8.5 million), and against which we have secured a non-recourse loan of

USD 10.6 million (£6.9 million). The pre-tax return on equity we are earning from this property is currently some 34% per annum.

This building's management company was owned by a number of different owners with no single owner exercising control, resulting in an inefficient and costly management service. One of our aims at the time of purchase was to consolidate the shareholdings in the management company under our control in order to allow us to cut the management and maintenance costs of the building. We achieved part of this goal in November 2009 when we increased our shareholding in the management company from 30% to 68% by acquiring a third party's interest at a cost of £302,000. We have now set about cutting costs within this company and expect to increase our earnings from this investment by at least £150,000 per annum once we have completed this exercise later this year.

At the year end the Group also owned a 41% interest in each of two of FPAM's funds, funds five and six. In accordance with IFRS these are reported at the Group level as "share of associate's net assets". These two shareholdings yielded post tax profits in the year of £233,000 (2009: £135,000). These are both geared funds and the 73% increase in post tax profits from 2009 is largely attributable to reductions in interest rates, although rent levels in both funds have also increased. We hold these shares at cost plus their share of accumulated profits. At the period end the carried value of the Group's interest in these two funds was £672,000.

Given the success we have had in increasing the income being earned from the two properties we own as well as the income we will earn on co-investments in our funds, we expect this division to make an increased contribution to our earnings in the year to March 2011.

First Property Services Ltd ("FPS")

Revenue earned by this subsidiary, in which we own a 60% share, was £3,863,000 (2009: £5,355,000), resulting in an operating profit of £183,000 (2009: £613,000). This represents 4% (2009: 18%) of Group operating profit prior to the deduction of unallocated central PLC costs.

The carried book value of FPS is £213,000 (2009: £187,000), which is calculated by reference to its net asset value less the 40% minority interest which we do not own.

FPS is a mechanical & electrical (M&E) contractor. Revenue from ongoing maintenance contracts has been steady at some £0.5 million per annum. However, sales of new installation contracts, which typically take a few months to complete, are not contractually recurring, and the reduction in profit is as a result of reduced sales from this activity.

FPS is naturally exposed to the state of the UK economy and whilst its earnings appear to have now stabilised at this lower level, we are not expecting any imminent return to growth in this subsidiary.

Commercial property markets outlook

Poland:

Poland is the only economy in the 27 member European Union to have avoided recession in 2009 according to the IMF. It recorded GDP growth during the year of some 1.8% and according to the IMF is now the sixth largest economy in Europe and nineteenth largest in the World. The IMF forecasts GDP growth for 2010 of 2.75%, a shade lower than the Polish Central Bank's GDP growth forecast of 3.1%. Given the robustness of its economy, rental growth in the commercial property market looks a greater certainty in Poland than it does in most other EU countries. Yet commercial property asset prices are some 30% cheaper in yield terms compared to Western Europe. When this higher yield is

Chief Executive's Statement (cont)

combined with the lower rents prevalent in Poland, the difference in capital values between Western Europe and Poland makes Poland a compelling investment proposition. There are now signs of both tenant and investor interest increasing in Poland. The risk of a double dip recession hangs over Europe at the moment but as long as this risk does not manifest itself, we expect rents and asset values to begin to rise again in Poland.

United Kingdom:

We remain cautious about the outlook for the UK. The UK commercial property market has recovered significantly since its lows in 2009 but these increases in value mask the economic pressure on occupants. With the exception of certain pockets of the UK (most notably central London), we expect occupier demand to remain subdued until the banking sector has recapitalised itself, the Government has reduced its budget deficit and the economy begins to grow again. This may take many years. Our focus in the UK is therefore largely on property which is let on long leases to credit worthy tenants. The rate of increase in the value of properties in the UK appears now to have slowed down considerably and we are monitoring the market for any early signs of reductions in value. Thus far this has not been apparent in well located and well let properties but the clouds over the UK economy and property market remain.

Current trading and prospects

The Group has weathered the economic headwinds of 2008 and 2009 well. We have remained profitable at all times and our funds have performed very well in relative terms. The core business has continued to develop throughout the period and our earnings are now set to grow again as we invest our new UK commercial property fund. The fact that the value of our assets under management has remained largely constant in the face of these headwinds is a testament to the strength of our fund management platform. We expect the value of assets under management to increase by £100 million or 30% over the next 12 to 24 months.

I look to the future with confidence; we have an excellent track record, a strong balance sheet, a stable and growing earnings platform and most importantly an excellent team of people.

Ben Habib
Chief Executive

9 June 2010

Directors' Report

for the year ended 31 March 2010

The Directors present their report and the audited financial statements for the year ended 31 March 2010.

Principal activities and review of the business

The principal activity of the Group is the provision of fund management services to the property industry.

The consolidated income statement is set out on page 18.

Review of the business

This business review comprises the Financial and Operational Reviews set out below as well as the review contained in the Chief Executive's Statement on pages 4 to 8. The Key Performance Indicators and Principal Risks and Uncertainties laid out on pages 10 and 11 also form part of this review.

Financial review

Group profit before tax and minority interest for the year ended 31 March 2010 decreased by 28% from £3.86 million to £2.79 million. Diluted earnings per share also decreased by 28% to 1.97p from 2.74p.

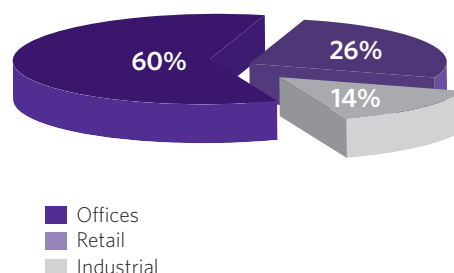
The group had cash of £10.1million at 31 March 2010 (2009: £10.1million) and borrowings of £7.0 million (2009: £7.5 million). Net assets increased to £15.4million (2009: £13.5 million).

Trading Performance

The property fund management division produced a steady performance with recurring contractual management fees of £3.9 million down from £4.0 million in 2009, as property valuations in Europe declined by some 14% year on year. Acquisitions of £40m during the year assisted in mitigating the full effect of these downward valuations. The operating profit of the property fund management division excluding the performance fees and staff bonus costs showed a decrease of 5% from £2.96m. The division manages five property funds and

during the year was awarded a new £106 million fund management mandate to invest in income producing commercial properties in the UK on behalf of three pension fund clients. The sterling equivalent value of total property under management at the year end was £300 million (2009: £310 million), which is represented by 34 properties in total with 25 located in Poland, 3 in Romania, and 6 in the UK.

Sector Split by Value £300m



As the new UK Pension Property fund becomes invested so the proportion of assets located in the UK is expected to increase.

The group properties division (formerly the Property Trading Division) achieved an increase in operating profit of 23% to £1.2 million, the majority of this increase related to a full year's contribution from the Group's 28% interest in the Blue Tower, an office block in central Warsaw purchased in December 2008. On 31 December 2009 the Group increased its interest in CORP- SA (registered in Poland) from 30% to 68%, thereby gaining management control. CORP-SA is the property management company for the Blue Tower (one of two wholly owned group properties both located in Poland) and its accounts are fully consolidated from the date of acquiring control. For the three months of the financial year from which CORP-SA was owned the contribution to revenue and profit before tax was £863,000 and £54,000 respectively. The Group plans to make efficiency savings in the running and maintenance of both the building and

Directors' Report (cont)

for the year ended 31 March 2010

the management company. Both the Group properties are held at cost in the Balance Sheet under inventories in current assets. The rental and service charge income streams are credited to this division. Included within this division are the 2 associated undertakings as these represent property interests which the Group manages. The Group has investments in 2 geared funds that it manages which are both fully invested in Polish commercial property. The Group's share of the associates profits after tax but before revaluation of the 7 investment properties held within the associates, is credited to the income statement. Reduced borrowing costs as Euro interest rates declined during the year helped this contribution increase by 73% to £233,000

The First Property Services division ("FPS") division saw a decrease in revenue for the year of 28% to £3.9 million and operating profit down by 70% to £0.18 million. Revenue is derived from contract work to install office heating and cooling systems, together with revenue from maintenance contracts thereon. The division operates as a separate company (60% owned by the Group) from offices located near Tonbridge, Kent.

Interest Income

Interest received on the Groups cash deposits showed a substantial 64% decrease on cash and deposits that remained at a constant level throughout the year. This reflected the sharp contraction in interest rates following the credit crunch.

Interest expense

Interest paid is largely on the non-recourse USD bank loan secured on the Blue Tower in Warsaw.

Earnings per share

Diluted earnings per share decreased by 28% during the year. This reflects not only a 26% decrease in profit after tax and minority

interest but a 92% increase in the number of options assumed to be exercised and shares in issue.

Employees

First Property Group employed 80 staff at 31 March 2010, (2009: 45). 71% of employees were based in Poland providing essential service support to the various properties located in this area. The Group's policy is to consult and discuss with employees, through regular meetings with subsidiary company management, matters likely to affect employees' interests.

Compliance and regulation

First Property Group has one subsidiary, First Property Asset Management Ltd, which is Authorised and Regulated by the Financial Services Authority (FSA). First Property Asset Management is a provider of property fund management services to various property funds.

Key Performance Indicators

There are four main key performance indicators for the Group, all of which are financial:-

- Funds under management;
- Group turnover;
- Operating profit; and
- Earnings per share.

These key performance indicators and the segmental performance on revenue, overheads and operating margins are reviewed in the Chief Executive's Statement.

Risk Identification and Management

The identification, control and monitoring of risks facing the business remain a management priority and steps continue to be taken to improve further our risk management procedures.

Economic risk

There are four main economic risks that could affect the Group's performance:-

- A major slowdown in the economies of the UK, Poland and Romania;
- A major weakening in the Euro, Polish Zloty or Romanian Leu;
- An extended period of interest rate tightening in the EU, Poland and Romania; and
- A slump in UK, Polish and Romanian commercial property values.

The Group has, where possible, implemented actions to mitigate some of the effects of these risks. A detailed review of the Group's performance, financial results, future development and prospects is contained within the Chief Executive's Statement.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in interest rate risk, liquidity risk, debt market prices, and foreign exchange risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and these are outlined in Note 25 to the accounts.

Share capital

On 26th March 2010 the company issued 2,000,000 new ordinary shares following the exercise of share options. Details of Share Options are set out in Note 21 on page 41.

On 21st January 2010 the company purchased 400,000 of its own ordinary shares at a price of 15.00 pence per ordinary share. All of the purchased shares are held as treasury shares. The number of voting shares in issue following the treasury transactions is 109,770,527 ordinary shares.

Results and Dividends

The Group made a profit before taxation of £2,789,000 (2009: £3,862,000). The retained profit after dividend, minority interest and purchase of treasury shares, was £1,089,000 (2009: £2,085,000) and will be retained by the Group. The Directors recommend the payment of a dividend of 0.72pence per ordinary share (2009: 0.70p) payable on 1 April 2010 to shareholders on the register at 26 February 2010, making a total for the year of 1.03p (2009:1.0p)

Directors and their interests

The Directors are listed below.

The beneficial interests of the Directors in the share capital of the Company at 1st April 2009, at 31st March 2010 and 3rd July 2010, as recorded in the register maintained by the Company in accordance with the provisions of the Companies Act were as follows:

	Ordinary shares of 1p			Options over Ordinary shares of 1p		
	3/7/2010	31/3/2010	1/4/2009	3/7/2010	31/3/2010	1/4/2009
A J D Locke	8,571,990	8,571,990	8,571,990	-	-	-
B N Habib	16,700,000	16,700,000	15,500,000	1,250,000	1,250,000	3,250,000
G R W Digby	150,000	150,000	150,000	1,500,000	1,500,000	1,500,000

1,250,000 options were granted on 19th July 2004 as Unapproved Share Options at an exercise price of 16.5p per share: the options have an expiry date of 18th July 2014. The remaining 1,500,000 options were granted on 16 June 2006, 634,920

under the Enterprise Management Incentive arrangements and 865,080 as Unapproved Share Options at an exercise price of 15.75p per share: the options may be exercised as to one third on or after 15 June 2007, 15 June 2008 and 15 June 2009 respectively with

Directors' Report (cont)

an expiry date of 15 June 2016. The market price of the company's shares at the end of the financial year was 17.0p and the range of market prices during the year was between 11.50 p and 18.25p.

Non - current assets

Details of intangible and tangible non-current assets and capital expenditure are shown in Notes 12 and 13 to the financial statements on page 34 and 35.

Substantial shareholdings

At 3 July 2010 the Company has been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules Sourcebook published by the Financial Services Authority that the following persons had substantial interests in the voting rights of the Company.

	Number of 1p Ordinary shares *	Percentage of issued Ordinary 1p shares held %
B N Habib	16,700,000	15.21%
J C Kottler	14,746,783	13.43%
Universities Superannuation Scheme Ltd	9,550,000	8.70%
A J D Locke	8,571,990	7.81%
NFU Mutual Insurance Society	4,250,000	3.87%

* Number of ordinary shares in respect of which voting rights held

Creditor payment policy

The Group's current policy is to settle its liabilities to creditors within agreed credit periods whenever it is satisfied that the supplier has provided the goods and services in accordance with the agreed terms and conditions. The Group does not have a universal standard or code which deals specifically with the payment of suppliers.

The Company's average creditor period at 31 March 2010 was 37 days (2009: 35 days).

Health and Safety at work

The well-being of the employees is given the highest priority throughout the Group and it is the Group's policy not only to comply with Health & Safety measures, as required by law, but to act positively to prevent injury and ill health, and damage to the environment arising from its operations.

Annual general meeting

The notice convening the annual general meeting to be held on Tuesday 21 September

2010, which can be found on pages 47 - 48, contains details of special resolutions empowering the Directors to:

1. allot relevant securities for cash up to a maximum nominal amount of £219,541 representing 20% of the issued share capital of the Company, less shares held in Treasury.

Given the growth stage of the Company and the Group, the resolution being proposed is a means of ensuring that the Directors have the ability to take advantage of opportunities becoming available, rapidly and without undue transaction cost.

2. purchase up to 10% of its own issued ordinary shares of 1p each.

The Directors now propose that the Company be authorised to purchase a maximum of 10,977,053 ordinary shares of 1p each (representing just under 10 % of the Company's issued ordinary share capital as at 7 July 2010) within the limits described in

Resolution 10 contained in the notice of the Annual General Meeting. It is intended that purchases will only be made on The London Stock Exchange. This should not be taken to imply that shares will be purchased. The Directors will only exercise the authority to purchase the company's own shares if to do so would result in an increase in earning per share and is in the best interests of its shareholders generally.

The effect of such purchases would either be to cancel the number of shares in issue (and the Directors would accordingly only make such purchases after considering the effect on earnings per share and the benefit for longer term shareholders), or the Directors may elect to hold them in treasury pursuant to The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations").

Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under a company's employees' share scheme. Once held in treasury, a company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Furthermore, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

If the Directors are granted the authority sought under Resolution 8 and choose to exercise it, they may consider holding those shares in treasury, rather than cancelling them. The Directors believe that holding shares in treasury may provide the Company with greater flexibility in the management of its share capital. The Directors may also consider using the treasury shares to satisfy any share awards under any employees' share scheme.

Statement of Directors' responsibilities

The Directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit and loss of the Group for that period having regard to the commercial substance of transactions.

The Directors confirm that suitable accounting policies have been used and applied consistently, except as discussed on pages 24 and 25 in order to adopt new accounting standards, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31st March 2010. The Directors also confirm that applicable accounting standards have been followed, that the financial statements have been prepared on a going concern basis and that the integrity of the Group's websites has been maintained.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the Company's financial position and enable them to ensure compliance with the Companies Act 2006, for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Information published on the Internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements. UK legislation governing the preparation and dissemination of financial statements may therefore differ from that in other jurisdictions.

Directors' Report (cont)

Statement of Disclosure to Auditor

After due enquiry the Board hereby confirms that each Director has taken the steps they ought to have taken as a Director to acquaint themselves with any relevant audit information and that all such information has been communicated to the auditors. So far as each Director is aware, there is no information, which would be needed by the Company's auditors in connection with preparing their audit report, of which the auditors are not aware.

By order of the board

George R W Digby
Company Secretary

7 July 2010

The Board



Alasdair Locke, MA (Oxon) Non-Executive Chairman

Alasdair is the outgoing Executive Chairman of Abbot Group, an oil services company which he founded in 1992 and which was listed on the London Stock Exchange between 1995 and 2008. It was acquired in 2008 for £906 million by Turbo Alpha Ltd, a company controlled by US private equity fund, First Reserve Corporation. Alasdair sold his remaining interest in the Group in 2009 and has now stepped down altogether.

Alasdair's early career started at Citigroup in 1974, where he stayed for 8 years, specialising in shipping and oil. He is also Chairman of Mecom Group PLC, and Chairman of Argenta Holdings PLC, an unlisted holding company trading in Lloyds of London. He was voted Scottish Entrepreneur of the year in 1999.



Ben Habib, MA (Cantab) Group Chief Executive

Ben founded Fprop in 2000 and has been its Chief Executive since that date.

He has 16 years experience in the property sector. Prior to establishing the Group he operated in a private capacity as a property developer and investor. Between 1994 and 2000 he was involved in over 70 transactions (developments and investments) totalling in excess of £100 million and spanning the breadth of the UK.

Ben has a strong financial background, having been FD of PWS Holdings plc (an LSE listed Lloyds reinsurance broker) for five years in the early 1990's and an investment banker in corporate finance with Shearson Lehman Bros in the late 1980's.

He is currently a member of the Governing Body of Rugby School.



George Digby, BA (Hons), ACA Group Finance Director & Company Secretary

George joined Fprop in 2003, following a five year period of running a private accountancy consultancy. Between 1989 and 1998 he was FD of Fired Earth plc, overseeing 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.

At Fprop he has overseen a rapid expansion of the fund management division, particularly from 2005, including the development of the Polish operations. He now oversees the financial accounting and reporting for 33 separate Group and underlying fund companies, incorporated both in UK and Europe.

He is a member of the Institute of Chartered Accountants in England and Wales, and is a holder of the IMC certificate.



Peter Moon, BSc (Econ) Independent Non Executive Director

Peter is the outgoing Chief Investment Officer of Universities Superannuation Scheme (USS), following his retirement in 2009.

His background is 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, Middlesbrough Council and London Pension Fund Authority. Earlier roles included investment management positions with British Airways Pensions, National Provident, Slater Walker and Central Board of Finance Church of England.

He is also a Director of The Scottish Amercian Investment Company plc.

Independent Auditor's Report to the Members of First Property Group Plc

We have audited the financial statements of First Property Group for the year ended 31 March 2010 which comprise, the Group and Parent Company Balance Sheet, the Group Statement of Comprehensive Income, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2010 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

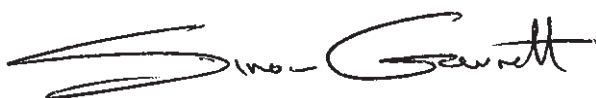
- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read 'Simon Garrett', with a stylized, flowing script.

Simon Garrett BA FCA
for and on behalf of HW, Chartered Accountants
Chartered Accountants and Statutory Auditors
Oxford

7 July 2010

Consolidated Income Statement

for the year ended 31 March 2010

	Notes	Year ended 31 March 2010 Total results £'000	Year ended 31 March 2009 Total results £'000
Revenue – existing operations	3	9,520	11,226
– business acquisitions	3	863	–
		10,383	11,226
Cost of sales		(4,394)	(4,350)
Gross profit		5,989	6,876
Operating expenses		(3,249)	(3,442)
Share of results in associates		233	135
Operating profit	3	2,973	3,569
Dividend income		9	–
Interest income	4	138	408
Interest expense	4	(331)	(115)
Profit on ordinary activities before taxation	7	2,789	3,862
Tax expense	8	(478)	(642)
Profit for the year		2,311	3,220
Attributable to:			
Owners of the company		2,243	3,042
Minority interests		68	178
		2,311	3,220
Earnings per Ordinary 1p share	11	2.07p	2.81p
– basic			
– diluted	11	1.97p	2.74p

Separate Statement of other Comprehensive Income

for the year ended 31 March 2010

	Notes	2010 Total results £'000	2009 Total results £'000
Profit for the year		2,311	3,220
Other comprehensive income			
Exchange differences on retranslation of foreign subsidiaries		681	(611)
Total comprehensive income for the year		2,992	2,609
Profit for the year attributable to:			
Owners of the company		2,243	3,042
Non-controlling interests		68	178
		2,311	3,220
Total comprehensive income for the year attributable to:			
Owners of the company		2,918	2,431
Non-controlling interests		74	178
		2,992	2,609
Earnings per Ordinary 1p share			
- basic	11	2.07p	2.81p
- diluted	11	1.97p	2.74p

Company Income Statement

All operations are continuing.

The company is taking advantage of the exemption in s.408 of The Companies Act 2006 not to present its individual income statement and related notes that forms a part of these approved financial statements.

Balance Sheets

at 31 March 2010

		2010		2009	
	Notes	Group £'000	Company £'000	Group £'000	Company £'000
Non-current assets					
Goodwill	12	139	-	25	-
Property, plant and equipment	13	107	-	109	-
Investments in Group undertakings	14	-	3,049	-	3,049
Interest in associates	15a	337	133	104	133
Other financial assets	15b	99	99	42	-
Other receivables	17	-	4,174	-	4,587
Deferred tax assets	20	142	-	89	-
Total non - current Assets		824	7,455	369	7,769
Current assets					
Inventories - land and buildings	16	11,365	-	11,130	-
Trade and other receivables	17	2,902	798	2,874	232
Cash and cash equivalents		10,126	5,114	10,096	4,428
Total current assets		24,393	5,912	24,100	4,660
Current liabilities :					
Trade and other payables	18	(2,490)	(2,581)	(3,110)	(5,899)
Financial liabilities	19	(25)	-	(25)	-
Current tax liabilities		(7)	-	(166)	-
Total current liabilities		(2,522)	(2,581)	(3,301)	(5,899)
Net current assets		21,871	3,331	20,799	(1,239)
Total assets less current liabilities		22,695	10,786	21,168	6,530
Non -current liabilities:					
Financial liabilities	19	(7,029)	-	(7,452)	-
Deferred tax liabilities	20	(12)	-	(112)	-
Net assets		15,654	10,786	13,604	6,530
Equity					
Called up share capital	21	1,136	1,136	1,116	1,116
Share premium		5,423	5,423	5,307	5,307
Merger reserve		-	-	-	-
Foreign Exchange Translation Reserve		844	113	169	24
Share-based payment reserve		105	105	80	80
Retained earnings		7,895	4,009	6,806	3
Issued capital and reserves attributable to the owners of the company		15,403	10,786	13,478	6,530
Equity minority interest		251	-	126	-
Total equity		15,654	10,786	13,604	6,530

The financial statements on pages 18 to 46 form part of these financial statements and were approved and authorized for issue by the Board of Directors on 7 July 2010 and were signed on its behalf by:

George R W Digby
Finance Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2010

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Share-based payment reserve £'000	Foreign Exchange Translation Reserve £'000	Purchase of own Shares £'000	Retained Earnings £'000	Equity Minority Interest £'000	TOTAL
At 1 April 2009	1,116	5,307	-	80	169	(564)	7,370	126	13,604
Profit for the period	-	-	-	-	-	-	2,311	-	2,311
Issue of New Shares	20	116	-	-	-	-	-	-	136
Movement on Foreign Exchange	-	-	-	-	675	-	-	6	681
Sale/Purchase of Treasury Shares	-	-	-	-	-	(61)	-	-	(61)
Issue of share options	-	-	-	25	-	-	-	-	25
Minority Interest on Acquisition	-	-	-	-	-	-	-	89	89
Minority Interest	-	-	-	-	-	-	(68)	68	-
Dividends Paid	-	-	-	-	-	-	(1,093)	(38)	(1,131)
At 31 March 2010	1,136	5,423	-	105	844	(625)	8,520	251	15,654
At 1 April 2008	1,116	5,298	5,823	71	780	(634)	(468)	83	12,069
Profit for the period	-	-	-	-	-	-	3,220	-	3,220
Transfer of Merger Reserve	-	-	(5,823)	-	-	-	5,823	-	-
Movement on Foreign Exchange Translation Reserve	-	-	-	-	(611)	-	-	-	(611)
Sale/Purchase of Treasury Shares	-	9	-	-	-	70	-	-	79
Equity Share options issued	-	-	-	9	-	-	-	-	9
Equity Minority Interest	-	-	-	-	-	-	(178)	178	-
Dividends Paid	-	-	-	-	-	-	(1,027)	(135)	(1,162)
At 31 March 2009	1,116	5,307	-	80	169	(564)	7,370	126	13,604

Company Statement of Changes in Equity

for the year ended 31 March 2010

Company	Share capital £'000	Share premium £'000	Share-based payment reserve £'000	Foreign Exchange Translation Reserve £'000	Purchase of own Shares £'000	Retained Earnings £'000	TOTAL
At 1 April 2009	1,116	5,307	80	24	(564)	567	6,530
Profit for the period	-	-	-	-	-	5,160	5,160
Issue of shares	20	116	-	-	-	-	136
Movement on Foreign Exchange Translation Reserve	-	-	-	89	-	-	89
Sale/Purchase of Treasury Shares	-	-	-	-	(61)	-	(61)
Share options issued	-	-	25	-	-	-	25
Dividends Paid	-	-	-	-	-	(1,093)	(1,093)
At 31 March 2010	1,136	5,423	105	113	(625)	4,634	10,786
At 1 April 2008	1,116	5,298	71	-	(634)	695	6,546
Profit for the period	-	-	-	-	-	899	899
Movement on Foreign Exchange Translation Reserve	-	-	-	24	-	-	24
Purchase of Treasury Shares	-	9	-	-	-	-	9
Share options issued	-	-	9	-	70	-	79
Dividends Paid	-	-	-	-	-	(1,027)	(1,027)
At 31 March 2009	1,116	5,307	80	24	(564)	567	6,530

Foreign Exchange Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign group companies, as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

Share based payment reserve

The Group grants certain of its employees rights to its equity instruments as part of its share based payment incentive plans. The cost impact is recognized in this distributable reserve.

Purchase of own shares

The cost of the company's shares purchased by the company for treasury purposes is held in this treasury reserve. The reserve is non distributable.

Consolidated Cash Flow Statement

for the year ended 31 March 2010

		2010		2009	
	Notes	Group £'000	Company £'000	Group £'000	Company £'000
Cash flows from operating activities					
Operating profit		2,973	(1,059)	3,569	540
Adjustments for:					
Depreciation of tangible assets		60	-	77	-
Profit/loss on sale of tangible assets		2	-	2	-
Profit/loss on sale of investments		-	-	2	(35)
Share of associated companies' profits after tax		(233)	-	(135)	-
Impairment loss on investments		-	-	11	11
Share based payments		25	25	9	9
Increase/decrease in inventories		(13)	-	(8,558)	-
Increase/decrease in trade and other receivables		229	(153)	5,225	1,125
Increase/decrease in trade and other payables		(1,395)	(3,229)	(1,041)	3,597
Other non-cash adjustments	14	(42)	-	-	-
Cash generated from operations		1,606	(4,416)	(839)	5,247
Income taxes paid		(790)	-	(1,435)	-
Net cash flow from operating activities		816	(4,416)	(2,274)	5,247
Cash flow from investing activities					
Proceeds on disposal of investments		-	-	35	35
Purchase of investments		(99)	(99)	(98)	(2,067)
Cash paid on acquisition of new subsidiary	14	(260)	-	-	-
Cash and cash equivalents received on acquisition of new subsidiary	14	368	-	-	-
Proceeds on disposal of tangible assets		14	-	7	-
Purchase of tangible assets		(49)	-	(70)	-
Interest received		138	259	408	290
Dividends received		9	6,145	-	203
Net cash flow from investing activities		121	6,305	282	(1,539)
Cash flow from financing activities					
Proceeds from issue of shares		136	136	-	-
Proceeds from bank/borrowings		-	-	7,400	-
Interest paid		(331)	(185)	(115)	(134)
Repayment of finance lease		(41)	-	1	-
Proceeds from finance lease		25	-	-	-
Sale/Purchase of shares held in Treasury		(61)	(61)	79	79
Dividends paid		(1,093)	(1,093)	(1,027)	(1,027)
Dividends paid to minority interest		(38)	-	(135)	-
Net cash flow from financing activities		(1,403)	(1,203)	6,203	(1,082)
Net increase/(decrease) in cash and cash equivalents		(466)	686	4,211	2,626
Cash and cash equivalents at the beginning of period		10,096	4,428	6,245	1,802
Currency translation gains/losses on cash and cash equivalents		496	-	(360)	-
Cash and cash equivalents at the end of the period		10,126	5,114	10,096	4,428

Notes to the Financial Statements

1. Basis of preparation and presentation of financial statements

The financial statements for both the Group and Parent Company have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU, International Financial Reporting Interpretations Committee (IFRIC) Interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis, except for items carried at fair value in accordance with IAS 39. These financial statements are presented in sterling since that is the currency in which the Group and parent company transact a substantial part of its business and is the currency considered most convenient for shareholders. Different functional currencies are used in the group and these are set out in Note 25.

Standards and Interpretations effective in the current period

The following IFRS's which are effective for the first time have been applied in these financial statements. Where adoption is material their effect is detailed below.

IFRS 8: 'Operating Segments' does not impact the primary financial statements

IFRS 2 (Amendment): 'Share based payments' which deals with vesting conditions and cancellations has had no effect on these financial statements.

IAS 1 (Revised) 'Presentation of financial statements' which requires all non-owner changes in equity to be shown in a performance statement but allows entities to choose one or two such statements. The Group has chosen the option of presenting 2 such statements.

IAS 23 (Amendment): 'Borrowing costs' which requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset, has had no effect on these financial statements.

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS32, 'Financial Instruments:Presentation', and IFRS 7, 'Financial instruments: Disclosures'). An investment in an associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The adoption of these amendments has had no impact on these financial statements.

IAS 32 'Financial Instruments' Presentations -amendments relating to classifications of rights issues has had no impact on these financial statements.

IAS 19, IFRIC14 and 15 have also had no impact on these financial statements.

New Standards and Interpretations

As of the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 3: Business Combinations (effective for periods commencing on or after 1 July 2009)

IAS 27: Consolidated and separate Financial Statements (effective for periods commencing on or after 1 July 2009)

Amendments to IAS 39: Eligible hedged items (effective for periods commencing on or after 1 July 2009)

Amendment to IFRS 2 Group cash-settled share-based payment transactions (effective for periods commencing on or after 1 January 2010)

Amendment to IAS 32 Classification of rights issues (effective for periods commencing on or after 1 February 2010)

Improvements to IFRS (Issued May 2008) (Effective for periods commencing on or after 1 July 2009)

Improvements to IFRS (Issued April 2009) (Effective for periods commencing on or after 1 January 2010)

Improvements to IFRS (Issued May 2010) (Effective for periods commencing on or after 1 July 2010 and 1 January 2011)

IAS 24 Related party disclosures (Revised) (Effective for periods commencing on or after 1 January 2011)

Amendment to IFRIC 14 Prepayments of a minimum funding requirement (Effective for periods commencing on or after 1 January 2011)

IFRS 9 Financial instruments (Effective for periods commencing on or after 1 January 2013)

IFRIC 15 Agreements for the construction of real estate (Effective for EU preparers periods commencing on or after 1 January 2010)

IFRIC 16 Hedges of a net investment in a foreign operation (Effective for EU preparers for periods commencing on or after 1 July 2009)

IFRIC 17 Distribution of non-cash assets to owners (Effective for EU preparers for periods commencing on or after 1 November 2009)

IFRIC 18 Transfer of assets from customers (Effective for EU preparers for periods commencing on or after 1 November 2009)

IFRIC 19 Extinguishing financial liabilities with equity instruments (Effective for periods commencing on or after 1 July 2010)

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group. The Group does not intend to apply any of these pronouncements early.

2. Significant accounting policies

The principal accounting policies set out below have, unless otherwise

stated, been applied consistently by the Group and the Company to each period presented in these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings which it controls made up to 31 March 2010. Intra-Group balances, sales and profits are eliminated fully on consolidation.

There are two consolidated subsidiaries within the Group with non co-terminous accounting year ends. Both companies have 31 December year-ends and for consolidation purposes the accounts are extracted from the audited figures for December 2009 plus the management accounts for the three months to 31 March 2010.

On acquisition of a subsidiary or business, all of the assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. The results of subsidiary undertakings have been included from the dates of acquisition and up to the dates of disposal, being the dates that control passes.

Estimation of Fair Values

The preparation of financial statements in conformity with adopted IFRS's require management to make judgments, estimates and assumptions that affect the applications of policies on reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on experience and other relevant factors, but will seldom equal the subsequent actual results. Key judgments management have taken are contained in the accounting policies and notes to the financial statements, the key areas being:

- Impairment review of investments and goodwill
- Valuation of share based payments
- Recognition of deferred tax liabilities
- Recoverability of deferred tax assets
- Reviewing contracts for percentage of completion

Notes to the Financial Statements (cont)

- Estimation of accrued income and costs

The Group has evaluated these estimates and judgments that have been made thereon and conclude that there is no significant risk of them causing a material adjustment to their carrying amounts within the next financial year.

Goodwill

Goodwill is stated at cost less, when appropriate, impairment in value. Under IFRS 3, para 55, annual impairment tests are mandatory for goodwill and as such, have been carried out. Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired.

Investments in subsidiaries and associated undertakings

In the company Balance Sheet investments in subsidiaries and associated undertakings are held at cost less provision where necessary for impairment to value.

Associated undertakings

The group's share of profits less losses of associated undertakings is included in the consolidated income statement, and the group's share of their net assets is included in the consolidated balance sheet. Entities in which the Group is in a position to exercise significant influence but does not have the power to control are associated undertakings. The company's accounting policy is to include the interest in associates at cost subject to an annual impairment review.

Impairment

The carrying amounts of the Group's non-financial assets, excluding goodwill, are reviewed at each balance sheet date to determine whether there are any indications that an asset may be impaired. If there are any indications of impairment, the assets' recoverable amount is estimated and any impairment loss, measured against its carrying amount, is recognized in the income statement.

Property, plant and equipment

Property, plant and equipment are stated at their purchase cost, together with any incidental costs of acquisition, or fair value on acquisition, less depreciation and where appropriate, provision for impairment. Depreciation is calculated so as to write off property, plant and equipment, less their estimated residual values, on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Computer Equipment	33.33
Office Equipment	33.33
Motor vehicles	25.00
Short Leasehold Improvements	33.33

Inventories – land and buildings

Property held for resale is stated at the lower of purchase cost, together with incidental costs of acquisition and any subsequent development costs, and net realisable value.

Finance Leases

Assets owned under finance leases have been included at cost under property, plant and equipment and depreciated accordingly. Payments in respect of finance leases have been apportioned between the finance charge and the reduction of the outstanding liability, so as to produce a constant periodic rate of interest.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Taxation

The tax expense represents the sum of the current tax payable and deferred tax.

Current taxation

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income and expense that are taxable or deductible in other years or that may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred taxation

Deferred taxation is provided in full, on all temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they are recognised based on current tax rates and law. Temporary differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements.

A net deferred tax asset is regarded as recoverable and is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits in the foreseeable future from which the reversal of the underlying temporary differences can be deducted. Management carry out a review of such items at the Balance Sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets liabilities on a net basis.

Revenue recognition

Revenue recognition in the Income Statement depends on the type of revenue concerned, and excludes VAT.

Subscriptions to database membership and other periodic income are recognised over the period of subscription.

Rental income is recognised over the period of the lease. Income from sale of properties is recognised on unconditional exchange of contracts. Management and administration fees are recognized in the Income statement as they are earned. Performance fees are recognized when the performance period has ended and the performance calculation can be performed with reasonable certainty. Transaction fees are recognized once the relevant transaction has completed. Revenue from contracts that are assessed to be less than 75% complete at the accounting date is recognized only to the extent of costs incurred that are expected to be recoverable. Revenue from maintenance contracts is recognised on a straight line basis over the period of the maintenance agreement. Interest income and expense is recognised on an accruals basis. The above policies on revenue recognition result in both deferred and accrued income.

Operating profit

Operating profit as stated in the Consolidated income statement is described as the profit derived from sales revenue less cost of sales and less operating expenses. Operating expenses include all overheads, office costs, depreciation, differences on exchange, hedging costs and investment value impairment costs.

Share-based payments

The Group has applied the requirements of IFRS 2 on share-based payment transactions since 1 April 2006, and has applied IFRS 2 to all grants of equity instruments that were granted after 7 November 2002, and which had not vested before 1 January 2005. The Group issues options over the company's equity to certain employees and these are professionally measured for fair value at the date of grant, using the Black-Scholes-Merton model. This fair value is fully expensed in the year that the share option vests and is credited to the share based payment reserve shown under equity and reserves in the Balance Sheet. Managements' best estimates of leavers, price volatility and exercise restrictions have been used in the valuation method.

Foreign Currencies

At entity level, transactions denominated in foreign currencies are translated into the functional currency at the exchange

Notes to the Financial Statements (cont)

rate ruling on the date the transaction is recorded. Both monetary and non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and the resultant exchange differences are dealt with in the Income Statement.

On consolidation the results of overseas subsidiaries are translated into sterling at the average exchange rate for the period and all their assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date.

In the cash flow statement, cash flows denominated in foreign currencies are translated into sterling at the exchange rate for the period.

On consolidation exchange differences arising from the translation of foreign operations are classified as equity in foreign currency exchange translation reserve in the statement of comprehensive income and accumulated in a separate reserve in equity. On disposal these accumulated gains or losses are reclassified into profit or loss.

Financial instruments

The Group's financial assets and liabilities are recorded in the Balance Sheet at historic cost or fair value. Income and expenditure arising on financial instruments is recognised on an accruals basis and taken to the income statement in the financial period in which it arises.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Subsequently, they are measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognized in the Income Statement when there is objective evidence that the asset is impaired. The allowance recognized is measured as a difference between the carrying amount of the asset and the recoverable amount.

Investments

Investments are recognised on the contract date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs. Assets held for sale are held at fair value. Any changes to the fair value are reflected directly in capital and reserves. Investments are classified as other financial assets and are valued by independent valuers.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, term deposits and other short term, liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities, except for borrowing costs incurred in respect of development and trading property.

Bank borrowings

Interest – bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Interest charges are accounted for on an accruals basis in the Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise. Borrowing costs incurred in respect of the purchase of trading properties are capitalized together with other acquisition costs of the property but are amortised over the period of the loan.

Trade payables

Trade payables are initially measured at fair value. Subsequently they are measured at amortised cost.

Equity Instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Hedge accounting

The Group has adopted hedge accounting for financial instruments used to hedge specific items, where the hedging criteria outlined in IAS 39 have been met. Forward foreign currency contracts are used as a cash flow hedge against a proportion of highly probable forecast transactions either in, or dependant on, a foreign currency. Specifically, profits and losses measured on the fair value of financial instruments at the balance sheet date, are recognized in the income statement in the same accounting period as the hedged item.

Business combinations

Acquisitions of subsidiaries are accounted for by the purchase method. This method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

3. Segmental analysis

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by management and for which discrete financial information is available.

The property fund management segment is organized into separate funds operating across all the Group's chosen geographic areas. It enjoys a recurring income from managing commercial property on behalf of its various fund investors. Over 90% of this segment's revenue is derived from one single investor fund.

The group properties segment comprises the revenues and profits from the Group's own properties. The income is derived from any of its chosen geographic areas and by its nature, although recurring, is unpredictable. Rental and service charge income from the trading properties owned by the Group, is included in this segment. At the year-end this division owned 2 properties, held at cost in inventories under current assets.

The property facilities management segment ("FPS") is represented by one UK company operating independently from the other segments. It specializes in the contract installation and maintenance of air conditioning and ventilation systems for office working environments.

The other fees and income segment contains the balance of revenue and related costs, including revenue from the Commercial Property Database (CPD) website and membership fees, property agency and introduction fees, and any other income excluding bank interest.

Head office costs and overheads that are common to all segments are shown separately under unallocated central costs.

Interest income and interest expense is not allocated to a separate segment because all surplus cash and any borrowing is managed centrally.

Assets, liabilities and costs that relate to Group central activities have not been allocated to business segments.

Notes to the Financial Statements (cont)

Segment Reporting 2010

	Property fund management £'000	Group properties £'000	Property facilities management ("FPS") £'000	Other fees & income £'000	Unallocated central overheads £'000	TOTAL £'000
External revenue						
- existing operations	3,888	1,710	3,863	59	-	9,520
- business acquisitions	-	863	-	-	-	863
	3,888	2,573	3,863	59	-	10,383
Depreciation and amortisation	(14)	(3)	(34)	(2)	-	(53)
Operating profit						
- existing operations	2,755	923	183	0	(1,173)	2,688
- business acquisitions	-	52	-	-	-	52
- share of results in associates	-	233	-	-	-	233
	2,755	1,208	183	0	(1,173)	2,973
Analysed as:						
Before performance fees and related items:	2,821	1,227	183	0	(827)	3,404
Performance fees	-	-	-	-	-	-
Staff bonus	(66)	(19)	-	-	(346)	(431)
Assets - group	610	11,709	1,280	24	10,923	24,546
Assets - associates	-	671	-	-	-	671
Liabilities	(113)	(7,650)	(1,435)	(2)	(363)	(9,563)
Net assets	497	4,730	(155)	22	10,560	15,654
Additions to non-current assets						
Property, plant and equipment	21	2	38	-	-	61
Goodwill	-	114	-	-	-	114
Interest in associates	-	233	-	-	-	233
Other financial assets	-	99	-	-	-	99

Segment Reporting 2009

	Property fund Management	Group Properties	Property facilities management ("FPS")	Other fees & income	Unallocated central overheads	TOTAL
External revenue	4,571	1,202	5,355	98	–	11,226
Depreciation and amortisation	(14)	(2)	(52)	(1)	(8)	(77)
Impairment of unlisted investments	–	–	–	–	(11)	(11)
Operating profit						
– existing operations	3,457	849	613	8	(1,493)	3,434
– share of results in associates	–	135	–	–	–	135
	3,457	984	613	8	(1,493)	3,569
Analysed as:						
Before performance fees and related items:	2,962	995	653	8	(869)	3,749
Performance fees	589	–	–	–	–	589
Staff bonus	(94)	(11)	(40)	–	(624)	(769)
Hedging cost	–	–	–	–	–	–
Assets –group	582	11,220	2,045	88	10,096	24,031
Assets –associates	–	438	–	–	–	438
Liabilities	(231)	(7,598)	(2,166)	(48)	(822)	(10,865)
Net assets	351	4,060	(121)	40	9,274	13,604
Additions to non-current assets						
Property, plant and equipment	14	3	53	–	–	70
Goodwill	–	–	–	–	–	–
Interest in associates	–	191	–	–	–	191
Other financial assets	–	42	–	–	–	42

	Revenue		Non-current assets	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Geographic analysis – continuing operations				
UK	4,249	6,058	463	285
Europe – non UK	6,134	5,168	361	84
	10,383	11,226	824	369

4. Interest income / expense

	2010 £'000	2009 £'000
Interest income – bank deposits	138	408
Total interest income	138	408
Interest expense – property loans	(312)	(107)
Interest expense – bank and other	(13)	(1)
Finance charges on finance leases	(6)	(7)
Total interest expense	(331)	(115)

Notes to the Financial Statements (cont)

5. Employee information

The average monthly number of persons (including Executive Directors) employed during the year was:

	2010 Number	2009 Number
Management	6	5
Property operations	23	23
Technical operations	23	16
	52	44

An analysis of staff costs is set out below:

	2010 £'000	2009 £'000
Wages and salaries	2,605	2,614
Social security costs	304	323
Share based payments	25	9
	2,934	2,946

6. Directors' remuneration

	2010 £'000	2009 £'000
Basic pay	470	459
Benefits	14	23
Bonus	308	534
	792	1,016

Highest paid Director

	2010 £'000	2009 £'000
Basic pay	307	299
Benefits	7	17
Bonus	270	467
	584	783

There are no retirement benefits accruing to Directors (2009: none) under money purchase pension schemes.

Mr. B. Habib exercised 2,000,000 share options in the year at an average weighted exercise price of 6.8125pence per share.

7. Profit on ordinary activities before taxation

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation is stated after charging:		
- Depreciation charge on Property, plant and equipment	52	77
- Cost of share-based payments (IFRS 2)	25	9
- Profit/(Loss) on disposal of fixed assets	2	2
- Differences on foreign exchange	(79)	(121)
- Staff costs (see note 5)	2,934	2,946
Auditors' remuneration		
- Group audit Company £17,000 (2009: £17,000)	67	90
- Non-audit fees (bureau services-Romania)	14	-
- Operating lease rentals	117	87

8. Income tax expense

Analysis of charge in period

	2010 £'000	2009 £'000
Deferred Tax	(153)	(764)
Current tax	638	1,415
Adjustment for prior year	(7)	(9)
Total tax charge for period	478	642

Factors affecting the tax charge for the period

The effective rate of tax applicable to the profit in the period is lower than the standard rate of corporation tax. The differences are explained as follows:

	2010 £'000	2009 £'000
Profit/(Loss) on ordinary activities before tax	2,789	3,862
Profit/(Loss) on ordinary activities multiplied by standard rate 28% (2009:28%)	781	1,081
Effects of:		
- Expenses not deductible for tax purposes	13	3
- Depreciation in excess of capital allowances	(6)	(2)
- Movement on deferred tax unprovided	229	241
- Effect of overseas mainstream tax rates	(299)	(298)
- Other adjustments	(80)	390
Total tax charge for period	638	1,415

Provision for deferred tax

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation in excess of capital allowances	10	-	11	-
Tax losses carried forward	678	440	449	177
Unprovided deferred tax asset	688	440	460	177

Management have concluded that there is insufficient evidence to support the recoverability of this asset from future capital profits and therefore have not recognised this asset in the Balance Sheet.

Notes to the Financial Statements (cont)

9. Parent company result for the year

As permitted by section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's retained profit for the year after purchase of treasury shares was £4,009,000 (2009: loss £58,000).

10. Dividend on ordinary shares

	2010 £'000	2009 £'000
Interim dividends paid during year (2010: 0.31pence, 2009: 0.30pence)	336	325
Final dividend paid during the year for the year ended 31 March 2009: 0.70 pence per share (2008: 0.65 pence per share)	757	702
	1,093	1,027

On 1 April 2010 the directors have paid a second interim dividend of 0.72pence per ordinary share in place of a final dividend (2009:0.7pence). The cash for this interim dividend amounting to £776,000 was in-transit over the financial year end and has been included in prepayments. The total dividend for the year will be subject to shareholder approval at the Annual General Meeting.

11. Earnings per share

	2010	2009
Basic earnings per share	2.07p	2.81p
Diluted earnings per share	1.97p	2.74p

The calculation of basic earnings per share is based on the profit for the year after taxation and minority interest, and on the weighted average number of ordinary shares in issue during the period (excluding shares held as Treasury Shares).

The figures in the tables below have been used in the calculations.

	2010 Number	2009 Number
Weighted average number of ordinary shares in issue	108,144,226	108,079,973
Share options	5,950,000	3,100,000
	114,094,226	111,179,973

	2010 £'000	2009 £'000
Basic earnings	2,243	3,042
Diluted earnings assuming full dilution	2,255	3,046

12. Goodwill

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
At 1 April 2009	25	-	25	-
Goodwill arising on consolidation as a result of purchase of CORP	114	-	-	-
At 31 March 2010	139	-	25	-

Impairment reviews have been carried out and no changes are deemed necessary.

13. Property, plant and equipment

Group 2010	Computer equipment £'000	Office equipment £'000	Motor vehicles £,000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2009	181	75	119	12	387
Foreign Currency Translation	7	3	3	-	13
Additions on business acquisitions	3	1	14	-	18
Additions	18	3	22	-	43
Disposals	-	-	(32)	-	(32)
At 31 March 2010	209	82	126	12	429
Depreciation					
At 1 April 2009	164	57	45	12	278
Foreign Currency Translation	5	1	2	-	8
Charge for year	25	3	24	-	52
Disposals	-	-	(16)	-	(16)
At 31 March 2010	194	61	55	12	322
Net book value At 31 March 2010	15	21	71	-	107

Group 2009	Computer equipment £'000	Office equipment £'000	Motor vehicles £,000	Short leasehold improvements £'000	Total £'000
Cost					
At 1 April 2008	180	65	103	12	360
Foreign Currency Translation	(4)	(2)	(2)	-	(8)
Additions	9	22	39	-	70
Disposals	(4)	(10)	(21)	-	(35)
At 31 March 2009	181	75	119	12	387
Depreciation					
At 1 April 2008	148	44	31	12	235
Foreign Currency Translation	(3)	(3)	(2)	-	(8)
Charge for year	23	26	28	-	77
Disposals	(4)	(10)	(12)	-	(26)
At 31 March 2009	164	57	45	12	278
Net book value At 31 March 2009	17	18	74	-	109

The Company had no property, plant or equipment (2009: nil). Assets owned under finance leases included above amounted to £98,000 (2009:£98,000) at cost with a net book value of £54,000 (2009:£67,000). The amounts comprise motor vehicles at a cost of £88,000 with a net book value of £52,000 and computer equipment at a cost of £10,000 with a net book value of £2,000.

Notes to the Financial Statements (cont)

14. Investments in Group undertakings

The company has the following investments in consolidated subsidiaries:

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Investments in Group undertakings				
- shares at nominal value	-	2,972	-	2,972
- incidental costs of acquisition	-	77	-	77
	-	3,049	-	3,049

On 31 December 2009, the Group increased its interest in CORP- SA (registered in Poland) from 30% to 68% for a total cash cost of £302,000. CORP SA is the property management company for The Blue Tower, an office block in central Warsaw in which the Group has a 28% interest. Based on the audited accounts for the year ended 31 December 2009, the fair value goodwill generated by the Group's total investment amounts to £114,000 which figure will be subject to an annual impairment review. The profit before tax of CORP-SA for the three months to 31 March 2010 amounted to £52,000 and for the twelve months ended 31 December 2009, the audited profit before tax was £125,000.

Acquisition of CORP-SA	31 March 2010	31 March 2009
Share of net assets acquired		
Cash and cash equivalents	368	-
Accounts receivable	163	-
Property, plant and equipment	12	-
Trade payables	(355)	-
Fair value of goodwill	114	-
Total purchase price paid in cash	302	-
Cash paid to acquire 30% of CORP-SA in year ended 31 March 2009	(42)	-
Cash paid on acquisition of CORP-SA year ended 31 March 2010	(260)	-

15. Investments in associated undertakings and other financial assets

The Group and the Company have the following investments:

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
a) Associated undertakings				
At 1 April	104	133	(50)	77
Additions	-	-	56	56
Disposals	-	-	(37)	-
Share of associated company's profit after tax	233	-	135	-
At 31 March	337	133	104	133
b) Other financial assets and investments				
At 1 April	42	-	11	11
Additions	99	99	42	-
Transfer to Group undertakings	(42)	-	-	-
Impairment charge	-	-	(11)	(11)
At 31 March	99	99	42	-

The Group's investment in associated companies is held at cost plus share of post acquisitions profits assuming the adoption of the cost model for accounting for investment properties under IAS40 and is comprised of the following:

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Investments in Associated undertakings				
5th Property Trading Ltd	424	57	274	57
Regional Property Trading	247	76	164	76
	671	133	438	133
Less: Share of profit withheld after tax on sale of property to associate in 2007	(334)	-	(334)	-
	337	133	104	133

If the Group had adopted the alternative fair value model for accounting for investment properties, the carrying value of the investment in associated companies would increase by £727,000 to £1,398,000.

The Group holds two other investments, listed and unlisted and both are held at market value.

Notes to the Financial Statements (cont)

The principal investments of the Group at 31 March 2010 are as follows:

		% of ordinary shares held by	
	Principal activities	Company %	Subsidiary %
Group Undertakings			
UK			
First Property Asset Management Ltd	- Property asset management and online activities	100	-
First Property Services Ltd	- Property services	60	-
IP Finance Ltd (formerly First Property International Ltd)	- Property finance	100	-
Poland			
First Property Poland Sp z o.o.	- Property investment and management	100	-
Scaup Sp z o o	- Property investment and management	100	-
Ross Sp z o o	- Property investment and management	100	-
Corp Sp z o o	- Property Services Management	68	-
Romania			
First Property Asset Management Romania SRL*	- Property investment and management	95	5
Associated undertakings and other investments			
UK			
Regional Property Trading Ltd	- Property fund	41	-
5th Property Trading Ltd	- Property fund	41	-
First Property General Partner Ltd	- General partner of property fund	51	-
First Property General Partner (Nominee) Ltd	- Property holding company	-	100
First Property General Partner (Nominee 2) Ltd	- Property holding company	-	100
First Property Sterling General Partner Limited	- General partner of property fund	100	-
First Property Sterling General Partner (Nominee 1) Limited	- Property holding company	-	100
First Property Sterling General Partner (Nominee 2) Limited	- Property holding company	-	100
First Property Sterling General Partner (Nominee 3) Limited	- Property holding company	-	100
First Property Sterling General Partner (Nominee 4) Limited	- Property holding company	-	100
First Property Sterling General Partner (Nominee 5) Limited	- Property holding company	-	100
First Property Sterling General Partner (Nominee 6) Limited	- Property holding company	-	100
First Property Sterling General Partner (Nominee 7) Limited	- Property holding company	-	100
UK Pension Property Portfolio LP	- Limited Partner	0.943	-
Poland			
E&S Estates Poland Sp. z o.o.	- Property fund	20	-
5th Property Poland Sp. z o.o.	- Property fund	41	-

The above companies are incorporated and registered in England and Wales unless stated and operate principally in their countries of incorporation/ registration.

16. Inventories – land and buildings

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Property held for resale at cost	11,365	-	11,130	-
	11,365	-	11,130	-

17. Trade and other receivables

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade receivables	986	-	1,475	-
Amounts due from associates	15	15	230	230
Other receivables	769	-	200	-
Prepayments and accrued income	1,132	783	969	2
	2,902	798	2,874	232
Non – current other receivables				
Amounts owed by subsidiary undertakings	-	4,174	-	4,587

Amounts owed by subsidiary undertakings to the Company include non-current assets amounting to £4,174,000 falling due in more than one year (2009: Company £4,587,000). For further information see note 10.

In the opinion of the directors the Group is not exposed to any one material credit risk.

On 1 April 2010 the directors have paid a second interim dividend of 0.72pence per ordinary share in place of a final dividend (2009: 0.7pence). The cash for this interim dividend amounting to £776,000 was in-transit over the financial year end and has been included in prepayments. The total dividend for the year will be subject to shareholder approval at the Annual General Meeting

18. Trade and other payables

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Current liabilities				
Trade payables	1,258	-	1,392	-
Amounts due to subsidiary undertaking	-	2,508	-	5,078
Other taxation and social security	387	-	180	138
Other payables and accruals	785	73	1,453	683
Deferred income	60	-	85	-
	2,490	2,581	3,110	5,899

Notes to the Financial Statements (cont)

19. Financial Liabilities

	2010 £'000	2009 £'000
Current liabilities		
Finance leases	25	25
	25	25
Non - current liabilities		
Bank Loans	6,993	7,400
Finance leases	36	52
	7,029	7,452
	2010 £'000	2009 £'000
Total obligations under bank loans and finance leases		
Repayable within one year	25	27
Repayable within one and five years	36	123
Repayable after five years	6,993	7,337
	7,054	7,487
Finance charges and interest allocated in future accounting periods	(7)	(10)
	7,047	7,477
Included in liabilities falling due within one year	(24)	(25)
	7,023	7,452

Bank loans totalling £6,993,000 (2009: £7,400,000) included within financial liabilities are secured against properties owned by the Group shown under inventories.

20. Provisions for liabilities and charges

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	2010		2009	
	Group Assets £'000	Group Liabilities £'000	Group Assets £'000	Group Liabilities £'000
Accrued interest payable	-	-	-	-
Accrued income	-	(12)	-	(112)
Foreign bank Loan	-	-	1	-
Other temporary differences	142	-	88	-
	142	(12)	89	(112)

21. Called-up share capital

	2010 £'000	2009 £'000
Authorised		
240,000,000 (2009: 240,000,000) Ordinary shares of 1p each	2,400	2,400
Issued and fully paid		
113,601,115 (2009: 111,601,115) Ordinary shares of 1p each of the issued share capital, 3,830,588 ordinary shares (2009:3,430,588) are held in Treasury.	1,136	1,116

The Company had 8,650,000 options over the ordinary shares outstanding at 31 March 2010 (2009: 9,437,500), including those noted in Directors' interests in the Directors' Report. These share options will rank pari passu with the existing ordinary shares once exercised and the shares under option issued.

Year of grant	Exercise price (p)	Exercise period	2010 Numbers	2009 Numbers
2001/ 02	7.00	Dec 2002 to Apr 2011	33,333	533,333
2001/ 02	7.00	Dec 2003 to Apr 2011	33,334	533,334
2001/ 02	7.00	Dec 2004 to Apr 2011	33,334	533,334
2002/ 03	3.50	Dec 2002 to Dec 2011	166,666	166,666
2002/ 03	3.50	Dec 2003 to Dec 2011	166,667	166,667
2002/ 03	3.50	Dec 2004 to Dec 2011	166,667	166,667
2003/04	6.25	July 2004 to July 2013	166,334	333,000
2003/04	6.25	July 2005 to July 2013	166,334	333,000
2003/04	6.25	July 2006 to July 2013	167,333	334,000
2003/04	14.75	Dec 2004 to Dec 2013	-	33,333
2003/04	14.75	Dec 2005 to Dec 2013	-	33,333
2003/04	14.75	Dec 2006 to Dec 2013	-	33,334
2004/05	16.50	July 2005 to July 2014	633,334	679,167
2004/05	16.50	July 2006 to July 2014	633,334	679,167
2004/05	16.50	July 2007 to July 2014	633,332	679,166
2006/07	15.75	June 2007 to June 2016	500,000	583,333
2006/07	15.75	June 2008 to June 2016	500,000	583,333
2006/07	15.75	June 2009 to June 2016	500,000	583,334
2006/07	15.25	April 2007 to Apr 2016	33,333	33,333
2006/07	15.25	April 2008 to Apr 2016	33,333	33,333
2006/07	15.25	April 2009 to Apr 2016	33,334	33,334
2006/07	14.75	Aug 2007 to Aug 2016	83,333	83,333
2006/07	14.75	Aug 2008 to Aug 2016	83,333	83,333
2006/07	14.75	Aug 2009 to Aug 2016	83,334	83,334
2006/07	17.25	Dec 2007 to Dec 2016	166,666	166,666
2006/07	17.25	Dec 2008 to Dec 2016	166,667	166,667
2006/07	17.25	Dec 2009 to Dec 2016	166,667	166,667
2006/07	16.25	Dec 2007 to Dec 2016	33,333	33,333
2006/07	16.25	Dec 2008 to Dec 2016	33,333	33,333
2006/07	16.25	Dec 2009 to Dec 2016	33,334	33,334
2006/07	17.00	Jan 2008 to Jan 2017	166,666	166,666
2006/07	17.00	Jan 2009 to Jan 2017	166,667	166,667
2006/07	17.00	Jan 2010 to Jan 2017	166,667	166,667
2008/09	11.50	Feb 2010 to Feb 2019	333,333	333,333
2008/09	11.50	Feb 2011 to Feb 2019	333,333	333,333
2008/09	11.50	Feb 2011 to Feb 2019	333,334	333,334
2009/10	16.50	Dec 2011 to Dec 2019	566,667	-
2009/10	16.50	Dec 2011 to Dec 2019	566,667	-
2009/10	16.50	Dec 2011 to Dec 2019	566,667	-

Notes to the Financial Statements (cont)

During the year 1,700,000 options were granted, 2,000,000 options were exercised and 487,500 lapsed. 2,745,526 share options are issued under the HMRC Enterprise Management Incentive Scheme, with the remaining 5,904,474 issued under the company's Unapproved Share Option Scheme.

22. Reconciliation of movements in total equity

	Group		Company	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Opening shareholders' funds	13,604	12,069	6,530	6,546
Profit for the financial year before dividends	2,311	3,220	5,160	899
Issue of new shares	136	-	136	-
Minority interest dividends paid	(38)	(135)	-	-
Minority interest in business acquisition	89	-	-	-
Increase in Foreign Exchange Translations Reserve	681	(611)	89	24
Share options issued	25	9	25	9
Purchase of own shares in treasury	(61)	79	(61)	79
Dividends paid	(1,093)	(1,027)	(1,093)	(1,027)
Closing shareholders' funds	15,654	13,604	10,786	6,530

23. Contractual commitments

The Group had contractual commitments at 31 March 2010 amounting to £901,000 (2009: nil) which are expected to be expended over the next 24 months. This is in respect of the Group's investment in the UK Pension Property Portfolio LP.

24. Financial commitments

At 31 March 2109 the Group had total commitments under non-cancellable operating leases as follows:

	Land and buildings 2010 £'000	Land and buildings 2009 £'000
Expiring within one year	32	-
Expiring between one and two years inclusive	55	22
Expiring between two and five years inclusive	75	203
	162	225

The Company had no commitments under non-cancellable operating leases expiring within one year at 31 March 2010 (2009:nil).

25. Financial instruments and risk management

The Group and company's financial instruments comprise or have comprised cash and liquid resources, including trade receivables, trade payables and short term deposits derived from its operations. The primary objective of these financial instruments is to finance the Group's operations.

Objective, policies and strategies

The main areas of the Group's exposure are interest rate risk, liquidity risk and foreign exchange and credit risk. The Group policy does not permit entering into speculative trading of financial instruments and this policy has continued to be applied throughout the year. However, due to the increasing exposure to foreign exchange movements the Group has a hedging program.

Interest rate risk

The Group is exposed to interest rate risk on its short term cash balances, deposits and also its bank borrowings.

The Group regularly reviews market rates of interest to ensure that beneficial rates are secured on its cash and short-term deposits, so that maximum returns are being achieved.

The Group policy is to consider on a case by case basis whether or not to enter into interest rate swaps, options and forward rate agreements to manage interest rate exposures, in the event that long or short terms finance is in place. Interest on finance leases is fixed and agreed at the outset of the agreement.

Liquidity risk

The Group prepares monthly budgets, cash flow analyses and forecasts, which enable the Directors to assess the levels of borrowings required in future periods. This detail is used to ensure that appropriate facilities are put in place to finance the future planned operations of the Group.

Budgets and projections will be used to assess any future potential investment and the Group will consider the existing level of funds held on deposit as part of the process to assess the nature and extent of any future funding requirement.

Market risk

– Currency risk

The Group is exposed to currency risk through its overseas operations. Where possible overseas investment is financed in the local currency so that exposure to currency markets is limited. The Group regularly reviews the pertinent currency rates and calculates and reports the currency exposure on a monthly basis. Under the Group's foreign currency risk management policy hedging instruments can be used to hedge a proportion of specific items as specified in IAS 39. In cases where items have been hedged and the criteria in IAS 39 have been met, hedge accounting has been used.

The tables below show the extent to which the Group has residual assets and liabilities in currencies other than sterling at the balance sheet date. Foreign exchange differences on translation of these assets and liabilities are taken to the foreign exchange translation reserve in the balance sheet.

Functional currency of operations	Net foreign currency monetary assets/liabilities			
	Polish Zloty Poland £'000	US Dollar Poland £'000	Romanian Leu Romania £'000	TOTAL £'000
2010				
Sterling	668	467	6	1,141
2009				
Sterling	467	403	150	1,020

All UK group companies use sterling as their functional currency. ROSS Sp Zo o has the US dollar as its functional currency and all other Polish group companies use the Polish Zloty. First Property Asset Management (Romania) S.R.L. uses the Romanian New Leu as its functional currency.

Notes to the Financial Statements (cont)

– Credit risk

The Group's main principal financial assets are bank deposits, bank current account balances, and trade and other receivables which represent the group's maximum exposure to credit risk in relation to financial assets. It is the policy of the Group to present the amount for trade and other receivables net of allowances for doubtful allowances, estimated by the Group's management based on prior experience and making due allowance for the prevailing economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group uses a number of banks thereby spreading this exposure over a number of counterparties.

Financial assets

The interest rate profile of the Group's financial assets at 31 March 2010 and 31 March 2009 was as follows:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Non- interest bearing £'000	Total £'000
Other receivables due after 1 year	-	-	-	-
Cash	3,095	-	-	3,095
Short term deposits	-	7,031	-	7,031
At 31 March 2010	3,095	7,031	-	10,126
Other receivables due after 1 year	-	-	-	-
Cash	702	-	-	702
Short term deposits	-	9,394	-	9,394
At 31 March 2009	702	9,394	-	10,096

The fair value of the financial assets is considered to be their book value.

Floating rate financial assets earn interest at floating rates based on LIBOR.

Fixed rate short term deposits at 31 March 2010 were £7,031,000 (31 March 2009: £9,394,000)

Financial liabilities

The interest rate profile of the Group's financial liabilities at 31 March 2010 and 31 March 2009 was as follows:

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	Non- interest bearing £'000	Total £'000
Bank loans	6,993	-	-	6,993
Finance lease obligations	-	61	-	61
Other financial liabilities	-	-	-	-
At 31 March 2010	6,993	61	-	7,054
Bank loans	7,400	-	-	7,400
Finance lease obligations	-	77	-	77
Other financial liabilities	-	-	-	-
At 31 March 2009	7,400	77	-	7,477

The Group's debt maturity other than short term trade creditors and accruals at 31 March 2010 and 31 March 2009 was as follows:

	Finance Lease £'000	Bank loans £'000	Total £'000
In one year or less	25	-	25
Between one and five years	36	198	234
Over five years	-	6,795	6,795
Total at 31 March 2010	61	6,993	7,054
In one year or less	25	-	25
Between one and five	52	63	115
Over five years	-	7,337	7,337
Total at 31 March 2009	77	7,400	7,477

There are bank loans and finance leases outstanding as at 31 March 2010 of £7,054,000 (2009: £7,477,000).

The fair value of the financial liabilities is considered to be their book value.

There is one US Dollar bank loan of USD10,605,000 secured without recourse on a group property owned by ROSS Sp Zo o. The interest is based on 1 month USD Libor plus a margin of 2.15% and is fixed until 29 November 2010 at 2.44% (plus margin). There are no capital repayments due on this loan until 2013.

In addition there is an interest rate cap in place at 3% commencing in December 2010 for 5 years.

Borrowing facilities

At 31 March 2010 the group had £nil committed borrowing facilities available (31 March 2009: nil undrawn).

26. Related party transactions

First Property Group plc is the parent company of the Group and the ultimate controlling party. Although the parent company does not trade it does incur the costs of the Board of Directors and other unallocated central costs. The parent company also provides finance for funding to member companies of the Group on an unsecured basis. No provision has been charged to income for outstanding balances between the parent company, its subsidiaries and its associates; and no guarantees given.

During the year, Group companies entered into the following transactions with the parent company, its subsidiaries and its associated companies.

Notes to the Financial Statements (cont)

Related party transactions for the Group

	2010 £'000	2009 £'000
Property management fees to associated companies	174	135
Funding transactions with associated companies	0	(24)
Amounts owed by associated companies at year -end	35	244

Related party transactions for the Company

	£'000	£'000
Management charge to subsidiaries	-	2,000
Dividends received from subsidiaries during year	6,144	-
Funding transactions with subsidiaries	413	1,192
Shareholder loan interest from subsidiaries receivable during year	207	175
Shareholder loan interest payable to subsidiaries during year	185	134
Amounts owed by subsidiaries at year-end	4,174	4,587
Amounts owed to subsidiaries at year-end	2,508	5,078
Amounts owed by associated companies at year-end	15	230

Key management compensation

	£'000	£'000
Short term employee benefits (see note 5)	792	1,016

All transactions were made in the ordinary course of trading or funding of the Group's continuing activities.

Loans made by the group to associates totalling £15,000 (2009: £230,000) are interest free for a fixed duration with no security. All loans made by the company to UK subsidiary companies totalling £159,000 (2009: £892,000) are unsecured and interest free. All loans made by the company to non-UK subsidiaries totalling £4,015,000 (2009: £3,695,000) are unsecured but interest bearing at commercial rates of interest.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING (the "Meeting") of FIRST PROPERTY GROUP PLC (the "Company") will be held at Unit 17, Quayside Lodge, William Morris Way, London, SW6 2UZ on 21 September 2010 at noon for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as an Ordinary Resolution:

1. To receive and adopt the Directors' Reports and Accounts for the year ended 31 March 2010.
2. To ratify the total dividend paid of 1.03p per Ordinary Share for the year.
3. To re-appoint Benyamin Habib as a Director who retires in accordance with Article 86 of the Company's Articles of Association ("Articles") and is entitled to be re-appointed in accordance with Article 86 of the Articles.
4. To ratify the appointment of Peter Moon as a Non-Executive Director.
5. To ratify the appointment of George Wingfield Digby as Company Secretary.
6. To re-appoint HW Chartered Accountants as Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next General Meeting of the Company at which accounts are laid.
7. To authorise the Directors to determine the remuneration of the Auditors.

Special Business

To consider and, if thought fit, pass the following resolution, which will be proposed as an Ordinary Resolution:

8. That the Directors be hereby generally and unconditionally authorised and empowered pursuant to and in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares and/or grant rights to subscribe for or to convert any security into shares ("Rights") up to an aggregate nominal amount of £365,865 being 33.33 per cent of the issued share capital of the Company as at 7 July 2010, less shares in Treasury, such authority to expire on the earlier of the next Annual General Meeting of the Company held after the date on which this resolution is passed and the date 15 months after the passing of this resolution, save that the Company may at any time before such expiry make an offer or enter into an agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

To consider and, if thought fit, pass the following resolutions, each of which will be proposed as a Special Resolution:

9. That, subject to resolution 8 being passed, the Directors be and are hereby generally authorised in accordance with Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) of the Company as if Section 561(1) of the Act did not apply to any such allotment, provided that this authority shall be limited to:
 - a. the allotment of equity securities in connection with an offer by way of rights in favour of the holders of equity securities in proportion (as nearly as may be possible) to the respective number of ordinary shares of 1p each ("Ordinary Shares") held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems in respect of overseas holders or otherwise; and
 - b. the maximum aggregate nominal amount of £219,541, and this authority shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed and the date 15 months after the passing of this resolution save that the Company may make an offer or enter into an agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Notice of Annual General Meeting

(cont)

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot equity securities but without prejudice to any allotment of equity securities already made, offered or agreed to be made pursuant to such authorities.

10. That in accordance with Article 52 of the Articles and Chapter 4 of Part 18 of the Act and subject to the following provisions of this resolution, the Company be and is hereby generally and unconditionally authorised (pursuant to Section 701 of the Act) to make market purchases (within the meaning of section 693(4) of the Act) of any of its own Ordinary Shares on such terms and in such manner as the Directors may from time to time determine provided that:-
- a. the maximum number of Ordinary Shares authorised to be acquired is 10,977,053 (representing just under 10 per cent of the Company's issued ordinary share capital as at 7 July 2010);
 - b. the minimum price which may be paid for each Ordinary Share is 1p (exclusive of expenses);
 - c. unless a tender or partial offer is made to all holders of the Ordinary Shares on the same terms, the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is, in respect of a share contracted to be purchased on any day, to be not more than 5 per cent above the average of the middle market quotation of an Ordinary Share of the Company taken from Daily Official List of London Stock Exchange plc for the five business days immediately preceding the day on which the contract of purchase is made;
 - d. the Company may enter into one or more contracts to purchase Ordinary Shares under this authority before this authority expires which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts;
 - e. this authority will (unless renewed, varied or revoked) expire at the conclusion of the next Annual General Meeting of the Company held after the date on which this resolution is passed or, if earlier, on the date twelve months from the date of passing this resolution.
11. That:
- a. the Articles be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, are to be treated as provisions of the Articles; and
 - b. the new Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Dated 7 July 2010

Registered Office:
17 Quayside Lodge
William Morris Way
London SW6 2UZ

By Order of the Board

George R W Digby
Company Secretary

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specified that only those members registered on the Company's register of members at:
 - 6.00 pm on 18th September 2010; or,
 - if this meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. If you are not a member of the Company but you have been nominated by a member of the Company to enjoy information rights, you do not have a right to appoint any proxies under the procedures set out in this "Appointment of proxies" section. Please read the section "Nominated persons" below.
4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. Failure to specify the number of shares to which each proxy appointment relates or specifying more shares than the number of shares held by you at the time set out in note 1 above will result in the proxy appointments being invalid.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by Capita Registrars Limited no later than 48 hours before the meeting.

CREST members should use the CREST electronic proxy appointment service and refer to note 8 below in relation to the submission of a proxy appointment via CREST.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Notes to the Notice of Annual General Meeting (cont)

In each case the proxy appointment must be received not less than 48 hours before the time for the holding of the Meeting or adjourned meeting together (except in the case of appointments made electronically) with any authority (or notarially certified copy of such authority) under which it is signed.

Appointment of proxies through CREST

8. As an alternative to completing the hardcopy proxy form, CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s (“EUI”) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company’s agent (ID: RA 10) by not later than 48 hours prior to the time appointed for the Meeting or adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice

clearly stating your intention to revoke your proxy appointment to PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars Limited not less than 48 hours before the time for holding the Meeting or adjourned meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued shares and total voting rights

13. As at 12.00 on 7 July 2010, the Company's issued share capital comprised 109,770,527 ordinary shares of 1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12.00 on 7 July 2010 is 109,770,527.

Nominated persons

14. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):

You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the Meeting.

If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Communication

15. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - calling the Capita Registrars shareholder helpline on 0871 664 0300 or, if calling from outside the UK on +44 208 639 3399 (calls cost 10p per minute plus network extras). The helpline is available between the hours of 8.30am and 5.30pm Monday to Friday excluding public holidays;or
 - First Property Group plc on 0207 731 2844.
 - You may not use any electronic address provided either:
 - in this notice of Annual General Meeting; or
 - any related documents (including the chairman's letter and proxy form),

to communicate with the Company for any purposes other than those expressly stated.

Appendix

EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION

1. The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as from 1 October 2009. Resolution 11(a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the new articles proposed to be adopted by the Company (the "New Articles") also contain an express statement regarding the limited liability of shareholders.

2. Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes. As such the New Articles contain no reference to authorised share capital.

3. Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in an appropriate way.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

4. Electronic and web communications

Provisions of the Companies Act 2006 enable companies to communicate with members by electronic and/or website communications. The New Articles allow such communications. Before the Company can communicate with a member in electronic form or by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him in this way, and, in the case of website communication the Company must either have received a positive response or have received no response

within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

5. Articles which duplicate statutory provisions

Provisions in the Company's current articles (the "Current Articles") which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. Certain examples of such provisions include provisions as to the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

6. Written resolution

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

7. Convening general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

8. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose.

9. Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors.

10. General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

Directors and Advisers

Directors

Alasdair J D Locke
(Non-Executive Chairman)

Benyamin N Habib
(Chief Executive)

George R W Digby
(Finance Director)

Peter G Moon
(Non-Executive Director) (Appointed 1st May 2010)

Company Secretary

Alec W J Banyard (Retired 1st October 2009)
George R W Digby (Appointed 1st October 2009)

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Registrars

Capita Registrars
The Registry
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Kent
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Shareholder notes

Shareholder notes



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