



Fprop plc

First Property Group plc



PROPERTY FUND MANAGEMENT





Fprop plc



Oxford Tower, Warsaw

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Highlights

“The Group has navigated the financial crisis very well thus far, as evidenced by the performance of the portfolio of properties we manage, which ranked at the top of the IPD Benchmark for this region over the last three years.”

Ben Habib, Chief Executive

Financial Highlights

Assets under management increased to **£310 million** (2008: £290 million)

Profit on ordinary activities before taxation at **£3.86 million** (2008: £6.28 million)

Operating profit before performance fees at **£3.61 million** (2008: £2.62 million)

Diluted earnings per share were **2.74p** (2008: 3.81p)

Increased final dividend for the year of **0.7 pence per share** (2008: 0.65 pence per share) making a total of **1 pence per share** for the year (2008: 0.8 pence per share)

The Group ended the year with net assets of over **£13.6 million** (2008: £12.1million) and a cash balance of **£10.1 million** (2008: 6.2 million)

Operational Highlights

For the three years to 31 December 2008, the portfolio of properties managed by First Property in Central and Eastern Europe (“CEE”) ranked as the **top performer** in the IPD Benchmark for that region

The portfolio of properties managed by First Property in CEE also outperformed the IPD Benchmark for that region by some **4.1% in 2008** (our funds earned an un-gearred total return of 4.9% vs. the benchmark value of 0.8%)

During the course of 2008 the Group actively extended tenant leases and increased rents so that over **70%** of the leases in the portfolio (by value) now expire after the end of 2012 and rent on the portfolio increased by some **3%**

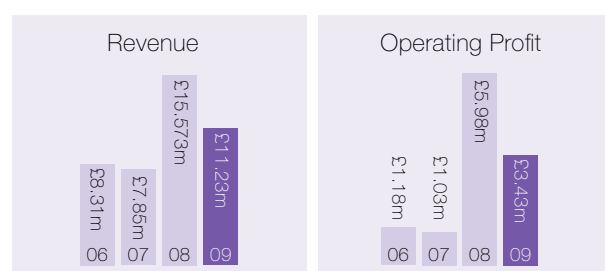
The Group recently completed, on behalf of funds managed, the purchase of a new warehouse, let to Indesit, in Radomsko, Poland, at a value of some **Eur 22 million** and a number of other property purchases are under consideration

up £20 million

Assets under management increased to £310 million

up £1 million

Operating profit before performance fees at £3.61 million



Business Profile

Divisions

First Property Group plc provides a number of services to the commercial property industry.



PROPERTY FUND MANAGEMENT

The property fund management division was established in August 2002 and is provided by First Property Asset Management Ltd (FPAM). FPAM currently has over £310 million of commercial property assets under management, with mandates to invest up to a further £40 million of equity or £200 million worth of property. Of these 88% are located in Poland.



PROPERTY TRADING

The property trading division was established in August 2001 and is also provided by FPAM. This division targets properties which are outwith the investment criteria of the various funds managed by the company and which it believes can be sold within a one or two year period at a capital gain. The division operates in the UK and Central and Eastern Europe.



FACILITIES MANAGEMENT

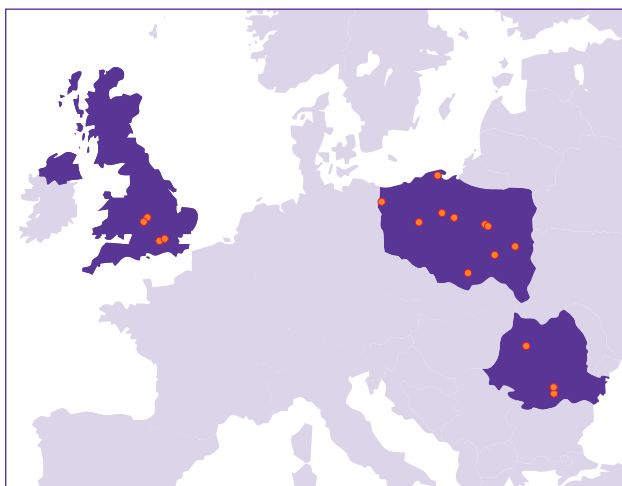
Provided by First Property Services Ltd which is 60% owned by First Property Group plc, installs and manages air cooling and heating systems. Its operations are based in the UK.

Business Profile

Geographical locations

“Poland was, and remains, a compelling investment proposition and we will continue to invest in that country.”

Ben Habib, Chief Executive



POLAND

26
properties

Including:

Centrum Tulipan, Poznan
Centrum Zana, Lublin
Galeria Ostrowiec
Inowrocław Shopping
Center
Krakow Business Park
Krakowska Dist. Park,
Warsaw

Maja 30, Szczecin
Marpol Supermarkets
Oxford Tower, Warsaw
Prokom Headquarters,
Gdynia
Wallenroda, Lublin
Włocławek Shopping
Center
Zoliborz Plaza, Warsaw

ROMANIA

03
properties

Including:

Millennium Bank, Bucharest
Aquila, Ploiesti
Aquila, Cluj

UNITED KINGDOM

05
properties

Including:

Franklin House, Birmingham
Alexander House, London



Chief Executive's Statement

I am pleased to report the results for the year to 31 March 2009

Results and dividend

Revenue amounted to £11,226,000 (2008: £15,573,000), yielding a profit on ordinary activities before taxation of £3,862,000 (2008: £6,285,000). The profit on ordinary activities before taxation for the year to 31 March 2009 included a performance fee of £589,000, which was significantly lower than the performance fee earned in the prior year of £5,650,000.

Diluted earnings per ordinary share were 2.74 pence (2008: 3.81 pence). The reduction in EPS was a direct consequence of the lower level of performance fees earned during the year.

The Group ended the year with net assets of over £13.6 million (2008: £12 million) and a cash balance of £10 million (2008: 6.2 million).

Assets under management at 31 March 2009 amounted to £310 million (2008: £290 million).

Dividend

On the basis of these results, and our confidence in the Company's future, the Directors have resolved to recommend an increased final dividend for the year of 0.7 pence per share, which together with the interim dividend of 0.3 pence per share equates to a dividend for the year of 1 pence per share (2008: 0.8 pence per share). The final dividend, if approved, will be paid on 25 September 2009 to shareholders on the register at 21 August 2009.

Review of operations

Property fund management

Revenue earned by First Property Asset Management amounted to £4,571,000 (2008: £8,341,000). Of these fees earned, £589,000 (2008: £5,650,000) was in respect of performance fees and £3,982,000 (2008: £2,691,000) in respect of annual management fees. Our annual management fees are now running at some £4.2 million per annum.

We have over £310 million of property assets under management (2008: £290 million). Of these, 95% by number and value are located in CEE.

The value of assets under management reduced by some 5% during the first quarter of 2009 and we expect that they will slip further in value as the year progresses. We do not expect these reductions to be as severe as those experienced in the UK but it is not possible to be precise in this regard.

During the course of 2008 we decided to actively extend tenant leases and increase rents wherever possible. As a result of this initiative we were able to increase the rent on the portfolio by some 3% and over 70% of the leases in the portfolio (by value) now expire after the end of 2012. We therefore enter this more testing period in good shape.

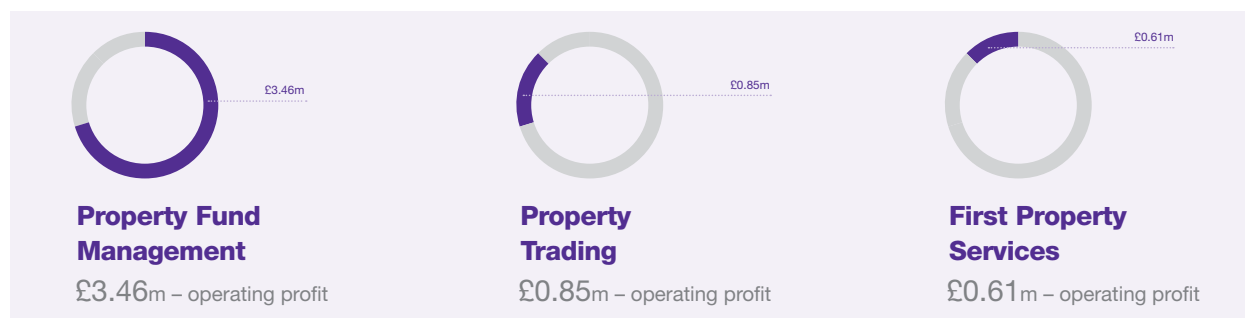
It is worth noting that the assets we manage on behalf of our clients in CEE outperformed the IPD Benchmark for that region by some 4.1% in 2008 (our funds earned an un-gearred total return of 4.9% vs. the Benchmark value of 0.8%). It is also worth noting that for the three years to 31 December 2008, our portfolio had the best performance amongst the portfolios of properties comprising the IPD Benchmark for the CEE region.

As a result of market volatility, evaluating prospective property purchases has been difficult. Consequently, we have made very few property purchases for our funds in the last 12 months. We have recently completed the purchase, on behalf of Fund 7 (the fund we manage for the Universities Superannuation Scheme ("USS")), of a new warehouse, let to Indesit, in Radomsko, Poland, at a value of some Eur 22 million, and we have a number of other property purchases under consideration, but the growth of our assets under management has rightly slowed.

We still have some £40 million of equity remaining to be invested on behalf of Fund 7. We are in no hurry to invest this capital but it does allow us to take advantage of well priced property purchases when they become available.

The immediate future for First Property Asset Management, our main operating division, turns on our ability to successfully manage our existing portfolio of properties, to make opportunistic acquisitions as and when these are identified and raise new funds to further take advantage of the current low prices of property. We are working on all these fronts.

OPERATING PROFIT BREAKDOWN



Property trading

Revenue from this activity was £1,202,000 (2008: £2,116,000), producing an operating profit of £849,000 (2008: £771,000).

The Group currently owns two properties, both of which are office blocks located in Warsaw. The first of these is located in the suburbs of Warsaw and was acquired in 2007 for PLN 11.5 million (£2.3 million). The property is un-gearred and earns net rental income of some PLN 1.3 million per annum (£260,000 per annum), a yield of 11.3%.

The second of these is located in the Central Business District of Warsaw; it was acquired in late 2008 for USD 12.5 million (£7.8 million), has a loan against it (on a non-recourse basis) of USD 10.6 million (£6.6 million) and earns a net rental income of some USD 1.2 million per annum (£750,000 per annum), a yield of 9.6%. After the interest costs of gearing, the return we are earning from this property is some USD 670,000 per annum (£418,750 per annum) representing a return on equity of some 28% per annum.

Both properties are let on relatively low rents and both have scope to increase both rents and values. It is our intention to hold these properties until the investment market improves and then to sell them. We are also seeking consent for the conversion, of the first of these properties, to residential use. In the meantime we are working, with a good degree of success, on increasing the income we earn from them.

Shareholders should note that we hold trading properties on the balance sheet at the lower of cost or value and we have not assumed any gain in the value of these properties. Any fluctuations in the value of these properties, resulting from foreign currency movements, are taken to the foreign exchange translation reserve in the balance sheet. The Sterling equivalents provided above are based upon exchange rates at the time of writing and are not the same as those prevailing at 31 March 2009.

First Property Services Ltd (FPS)

FPS, in which we acquired a 60% interest in February 2006, is engaged mainly in the installation of air cooling and heating systems and to a lesser extent their facilities management.

For the year to 31 March 2009, FPS earned revenues of £5,355,000 (2008: £4,938,000) and an operating profit of £613,000 (2008: £737,000).

While FPS's profit is lower than last year, this is a remarkably good performance given that its operations are entirely located in the South East of England and that it operates in an economically sensitive sector. It has started the current year well and given the depth of experience of its management team and the specialist nature of its business, we have confidence that it should earn a satisfactory profit this year.

The UK, Central and Eastern European economies and investment markets

The Global economy has gone through a period of tremendous volatility over the last 12 months. In spite of these difficult times we have performed relatively well for our clients.

Our chosen area of investment for the last four years has been Poland, where 88% of our assets under management are located. As a country, Poland proved resilient in 2008, ending that year with GDP growth of 4.8%, a low budget deficit of some 2% of GDP and a low current account deficit of some 4%. Its commercial property investment markets also fared relatively well and we earned an annualised rate of return on equity for our clients of over 12% for the year to 31 December 2008.

However, the current year has started poorly for CEE, with a flight of capital from the region, as reflected in a marked weakening in the regions' currencies. Some of that weakness has now been recovered but the regions' currencies remain significantly weaker against the Euro compared to the levels of 2008. The flight of capital and reduced demand for exports from the region have also resulted in weakening economies and growth rates are forecast to dip sharply this year. Poland is still doing relatively well but it has not been able to escape this turbulence. This all has a bearing on the property markets. We therefore expect 2009 to be a more testing year for the funds we manage on behalf of our clients.

However, we remain confident in the prospects for CEE and more particularly Poland. The convergence of these economies still has a long way to run even though the current Global economic woes have set them back.

Chief Executive's Statement

continued

The UK economy is going through a sharp contraction and debt levels are high at a Government and consumer level. However, we have been looking at the UK market again, our natural home market, where yields on commercial property have increased substantially over the last two years, with a total reduction in asset values of some 40%. There are also signs in the UK that some confidence is returning to the property investment market. Rents are likely to remain under pressure for the next few years but the yield adjustment has been substantial enough to make opportunistic acquisitions of investment property an attractive proposition again. We are therefore considering the launch of a new fund aimed at UK commercial investment properties.

Outlook

I am pleased by the manner in which we have thus far navigated ourselves, and the capital of our clients with which we are entrusted, through these difficult economic times. The current year and next year are bound to be more challenging but our finances are robust, both at a corporate and fund level, and we possess the necessary skills to do well over this period. We made the right decision to move away from the UK in 2005. Poland was, and remains, a compelling investment proposition and we will continue to invest in that country. I believe we are also right to be planning a return to investment in the UK.

Our earnings for the year to 2010 are likely to be affected by the reduction in value of properties during the year. In addition, the £10 million of cash that we hold on the Group balance sheet, is not meaningfully contributing to our earnings given the very low interest rate environment. These are short term effects and do not impact the underlying strength of the Group.

We have an excellent team at First Property Group, both in the UK and Poland. We have recently recruited a debt and an equity specialist to assist us in raising new funds to manage. In order to be able to give effect to our expansion plans it is important that we possess these skills in-house and I am positive they will make an impact during the current year.

Given all of the above I remain very confident in the Group's prospects.

Ben Habib

Chief Executive

2 June 2009

Directors' Report

for the year ended 31 March 2009

The Directors present their report and the audited financial statements for the year ended 31 March 2009.

Principal activities and review of the business

The principal activity of the Group is the provision of fund management, financial and technical services to the property industry.

The consolidated income statement is set out on page 15.

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 6. The Key Performance Indicators and Principal Risks and Uncertainties laid out on page 7 also form part of this review.

Financial review

Group profit before tax and minority interest for the year ended 31 March 2009 decreased by 39% from £6.28 million to £3.86 million. Diluted earnings per share also decreased by 28% to 2.74p from 3.81p.

The Group had cash of £10.1 million at 31 March 2009 (2008: £6.25 million) and borrowings of £7.5 million (2008: £0.1million). Net assets increased to £13.6 million (2008: £12.1 million)

Trading Performance

The property fund management division enjoyed a year-on-year increase of 48% in recurring contractual management fees to £4.0 million from £2.7 million, as the property acquisitions made during the previous year made a full annual contribution. The operating profit of the property fund management division excluding the performance fees and staff bonus costs showed an increase of 29%. The division manages four property funds and no new property funds were commenced during the year. The sterling equivalent value of total property under management at the year end was £310 million (2008: £290 million), which is represented by 34 properties in total with 26 located in Poland, 3 in Romania, and 5 in the UK.

The property trading division achieved an increase in operating profit of 10% to £0.85 million although a decrease in turnover reflected the lower values of property transactions. One new property was acquired during the year in Central Warsaw in Poland at a value of USD12.5 million which was partly financed by a loan of USD10.6 million. The Group now owns in total two properties held at cost in the Balance Sheet under inventories in current assets and the rental income streams are credited to this division.

The property facilities division achieved another solid result for the year with revenue ahead by 8% to £5.4 million and operating profit down by 17% to £0.6 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.

Associated undertakings

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 investment properties held within the associate, is credited to the income statement. The strength of the Euro and reduced borrowing costs as Euro interest rates declined during the year combined to help this contribution increase by 24% to £135,000.

Earnings per share

The decrease of 28% in diluted earnings per share is less than the decrease in pre-tax profits of 39%. This is a result of a smaller dilution resulting from a lower year end share price compared to 2008, and also a decline in the effective rate of tax from 26% to 17%. This reduction resulted from the lifting of the marginal rate of UK corporation tax on dividends from foreign companies and also a reduction in the UK corporation rate to 28% from 30%.

Employees

First Property Group employed 45 staff at 31 March 2009, (2008: 45). 42% of employees were based in the Warsaw office 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 UK 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
- 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.

Directors' Report

for the year ended 31 March 2009 *continued*

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
- 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 27 to the accounts.

Share capital

No new shares were issued during the year. Details of Share Options are set out in Note 22 on page 31.

On 12th September 2008 the company sold 545,000 of its own ordinary shares held as treasury shares at 18.50 pence per ordinary share. On 17th December 2008, the company purchased 217,903 of its own ordinary shares at a price of 10.00 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 108,170,527 ordinary shares.

Results and Dividends

The Group made a profit before taxation of £3,862,000 (2008: £6,285,000). The retained profit after dividend, minority interest and purchase of treasury shares, was £2,085,000 (2008: £3,551,000) and will be retained by the Group. The Directors recommend the payment of a dividend of 0.70 pence per ordinary share (2008: 0.65p) payable on 25 September 2009 to shareholders on the register at 21 August 2009, making a total for the year of 1.0p (2008: 0.8p)

Directors and their interests

The Directors are listed below.

The beneficial interests of the Directors in the share capital of the Company at 1 April 2008, at 31 March 2009 and 3 July 2009, 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		
	3/7/2009	31/3/2009	1/4/2008	3/7/2009	31/3/2009	1/4/2008
A J D Locke	8,571,990	8,571,990	8,571,990	–	–	–
B N Habib	15,500,000	15,500,000	15,000,000	3,250,000	3,250,000	3,250,000
G R W Digby	150,000	150,000	75,000	1,500,000	1,500,000	1,500,000

Of the share options 1,500,000 were granted on 5 April 2001 under the Enterprise Management Incentive arrangements at an exercise price of 7p per share the options have an expiry date of 5 April 2011. 500,000 options were granted on 17 July 2003 under the Enterprise Management Incentive arrangements at an exercise price of 6.25p per share: the options have an expiry date of 16 July 2013. 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 18 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 an expiry date of 15 June 2016. The market price of the company's shares at the end of the financial year was 11.5p and the range of market prices during the year was between 10.75 p and 24.75p.

Directors' Report

for the year ended 31 March 2009 *continued*

Non-current assets

Details of intangible and tangible non-current assets and capital expenditure are shown in Notes 13 and 14 to the financial statements on page 26 and 27.

Substantial shareholdings

At 3 July 2009 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	15,500,000	14.33%
J C Kottler	14,471,783	13.38%
Universities Superannuation Scheme Ltd	8,825,000	8.16%
A J D Locke	8,571,990	7.92%
Phillipe Investment Management Inc.	7,893,200	7.30%
NFU Mutual Insurance Society	3,750,000	3.47%
R S Duckworth	3,478,580	3.22%

* 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 2009 was 35 days (2008: 36 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 2 September 2009, which can be found on pages 39 – 41, contains details of special resolutions empowering the Directors to:

1. allot relevant securities for cash up to a maximum nominal amount of £216,340 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 10,817,052 ordinary shares of 1p each (representing just under 10 % of the Company's issued ordinary share capital as at 7 July 2009) within the limits described in Resolution 8 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.

Directors' Report

continued

Annual general meeting (continued)

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 page 18 in order to adopt new accounting standards, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2009. 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, 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.

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.

By order of the board

Alec W J Banyard
Company Secretary

7 July 2009

Independent Auditors' Report to the Members of First Property Group plc

We have audited the group and parent company financial statements of First Property Group plc for the year ended 31 March 2009, which comprise the Group Income Statement, the Group and parent company Balance Sheets, the Group and parent company Cash Flow statements, the Group statement of recognized income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by the law regarding Directors' remuneration and transactions with the Company and other members of the group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the operating and financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and parent Company's affairs as at 31 March 2009 and of its profit and cash flows for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009 and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulations; and
- the information given in the Directors' report is consistent with the financial statements.

HW, Chartered Accountants
Registered Auditors
Oxford

7 July 2009

Consolidated Income Statement

for the year ended 31 March 2009

	Notes	2009 Total results £'000	2008 Total results £'000
Revenue	3	11,226	15,573
Cost of sales		(4,350)	(4,948)
Gross profit		6,876	10,625
Operating expenses	4	(3,442)	(4,648)
Operating profit		3,434	5,977
Share of associated company's profit after tax		135	109
Interest income	5	408	225
Interest expense	5	(115)	(26)
Profit on ordinary activities before taxation	8	3,862	6,285
Tax expense	9	(642)	(1,624)
Profit for the year		3,220	4,661
Attributable to:			
Equity holders of the parent company		3,042	4,458
Minority interests		178	203
Earnings per Ordinary 1p share			
– basic	12	2.81p	4.04p
– diluted	12	2.74p	3.81p

All operations are continuing.

Company Income Statement

The company is taking advantage of the exemption in s.230 of The Companies Act 1985 not to present its individual income statement and related notes that forms a part of these approved financial statements.

Consolidated Statement of Recognised Income and Expense for year ended 31 March 2009

	Notes	2009	2008
Exchange differences on translation of foreign operations	23	(611)	700
Net Income recognised directly in equity	23	(611)	700
Profit for year	23	3,220	4,661
Total recognised income and expense for year		2,609	5,361
Total recognised income and expense attributable to minority interest	23	178	203
Total recognised income and expense attributable to equity holders of the parent	23	2,431	5,158
		2,609	5,361

Balance Sheets

at 31 March 2009

		2009		2008		
		Notes	Group £'000	Company £'000	Group £'000	Company £'000
Non-current assets						
Goodwill	13	25	–	25	–	
Property, plant and equipment	14	109	–	125	–	
Investments in Group undertakings	15	–	3049	–	1,038	
Investments – including share of associates net assets	16a	104	133	(50)	77	
Other financial assets	16b	42	–	11	11	
Deferred tax assets	21	89	–	11	–	
Total non-current Assets		369	3,182	122	1,126	
Current assets						
Inventories – land and buildings	17	11,130	–	2,912	–	
Trade and other receivables	18	2,874	4,819	8,155	5,944	
Cash and cash equivalents		10,096	4,428	6,245	1,802	
Total current assets		24,100	9,247	17,312	7,746	
Current liabilities:						
Trade and other payables	19	(3,110)	(5,899)	(4,176)	(2,326)	
Financial liabilities	20	(25)	–	(40)	–	
Current tax liabilities		(166)	–	(315)	–	
Total current liabilities		(3,301)	(5,899)	(4,531)	(2,326)	
Net current assets		20,799	3,348	12,781	5,420	
Total assets less current liabilities		21,168	6,530	12,903	6,546	
Non-current liabilities:						
Financial liabilities	20	(7,452)	–	(36)	–	
Deferred tax liabilities	21	(112)	–	(798)	–	
Net assets		13,604	6,530	12,069	6,546	
Equity						
Called up share capital	22	1,116	1,116	1,116	1,116	
Share premium	23	5,307	5,307	5,298	5,298	
Merger reserve	23	–	–	5,823	–	
Foreign Exchange Translation Reserve	23	169	24	780	–	
Share-based payment reserve	23	80	80	71	71	
Retained earnings	23	6,806	3	(1,102)	61	
Issued capital and reserves attributable to the equity holders of the parent		13,478	6,530	11,986	6,546	
Equity minority interest		126	–	83	–	
Total equity		24	13,604	6,530	12,069	6,546

The financial statements on pages 15 to 38 form part of these financial statements and were approved and authorized for issue by the Board of Directors on 7 July 2009 and were signed on its behalf by:

George Digby
Finance Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2009

	Share capital	Share premium	Merger reserve	Share-based payment reserve	Foreign Exchange Translation Reserve	Purchase of own Shares	Retained Earnings	Equity Minority Interest
Group	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2008	1,116	5,298	5,823	71	780	(634)	(468)	83
Profit for the period	–	–	–	–	–	–	3,220	–
Transfer of Merger Reserve	–	–	(5,823)	–	–	–	5,823	–
Movement on Foreign Exchange Translation Reserve	–	–	–	–	(611)	–	–	–
Sale/Purchase of Treasury Shares	–	9	–	–	–	70	–	–
Equity Share options issued	–	–	–	9	–	–	–	–
Equity Minority Interest	–	–	–	–	–	–	(178)	178
Dividends Paid	–	–	–	–	–	–	(1,027)	(135)
At 31 March 2009	1,116	5,307	–	80	169	(564)	7,370	126
At 1 April 2007	1,116	5,298	5,823	44	80	(86)	(4,567)	24
Profit for the period	–	–	–	–	–	–	4,661	–
Movement on Foreign Exchange Translation Reserve	–	–	–	–	700	–	–	–
Purchase of Treasury Shares	–	–	–	–	–	(548)	–	–
Equity Share options issued	–	–	–	27	–	–	–	–
Equity Minority Interest	–	–	–	–	–	–	(203)	203
Dividends Paid	–	–	–	–	–	–	(359)	(144)
At 31 March 2008	1,116	5,298	5,823	71	780	(634)	(468)	83

Company Statement of Changes in Equity

for the year ended 31 March 2009

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
At 1 April 2008	1,116	5,298	71	–	(634)	695
Profit for the period	–	–	–	–	–	899
Movement on Foreign Exchange Translation Reserve	–	–	–	24	–	–
Sale/Purchase of Treasury Shares	–	9	–	–	–	–
Equity Share options issued	–	–	9	–	70	–
Equity Minority Interest	–	–	–	–	–	–
Dividends Paid	–	–	–	–	–	(1,027)
At 31 March 2009	1,116	5,307	80	24	(564)	567
At 1 April 2007	1,116	5,298	44	17	(86)	636
Profit for the period	–	–	–	–	–	418
Movement on Foreign Exchange Translation Reserve	–	–	–	(17)	–	–
Purchase of Treasury Shares	–	–	–	–	(548)	–
Equity Share options issued	–	–	27	–	–	–
Equity Minority Interest	–	–	–	–	–	–
Dividends Paid	–	–	–	–	–	(359)
At 31 March 2008	1,116	5,298	71	–	(634)	695

Consolidated Cash Flow Statements

for the year ended 31 March 2009

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Cash flows from operating activities				
Operating profit	3,434	540	5,977	100
Adjustments for:				
Depreciation of tangible assets	77	–	73	–
Profit/loss on sale of tangible assets	2	–	17	–
Profit/loss on sale of investments	2	(35)	(30)	(36)
Impairment loss on investments	11	11	13	13
Share based payments	9	9	27	27
Share of profit before tax in associate not recognized	–	–	378	–
Foreign currency translation	(611)	24	700	(17)
Increase/decrease in inventories	(8,218)	–	(598)	–
Increase/decrease in trade and other receivables	5,281	1,125	(3,888)	(1,633)
Increase/decrease in trade and other payables	(1,066)	3,573	3,142	1,986
Cash generated from operations	(1,079)	5,247	5,811	440
Income taxes paid	(1,555)	–	(645)	(2)
Share of tax paid in associate not recognized	–	–	(44)	–
Net cash flow from operating activities	(2,634)	5,247	5,122	438
Cash flow from investing activities				
Proceeds on disposal of investments	35	35	106	106
Purchase of investments	(98)	(2,067)	–	(500)
Proceeds on disposal of tangible assets	7	–	5	–
Purchase of tangible assets	(70)	–	(28)	–
Interest received	408	290	225	219
Net cash flow from investing activities	282	(1,742)	308	(175)
Cash flow from financing activities				
Proceeds from bank/borrowings	7,400	–	–	–
Repayment of bank borrowings	–	–	(645)	–
Interest paid	(115)	(134)	(26)	–
Repayment of finance lease	1	–	15	–
Sale/Purchase of shares held in Treasury	79	79	(548)	(548)
Dividends received	–	203	–	441
Dividends paid	(1,027)	(1,027)	(359)	(359)
Dividends paid to minority interest	(135)	–	(144)	–
Net cash flow from financing activities	6,203	(879)	(1,707)	(466)
Net increase/(decrease) in cash and cash equivalents	3,851	2,626	3,723	(203)
Cash and cash equivalents at the beginning of period	6,245	1,802	2,522	2,005
Cash and cash equivalents at the end of the period	10,096	4,428	6,245	1,802

Notes to the Financial Statements

1. Basis of preparation and presentation of financial statements

The consolidated financial statements for the Group and parent company have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). 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. A reconciliation of the equity as reported under UK GAAP to the equity reported under IFRS is provided in note 24.

Standards and Interpretations effective in the current period

The Group has applied IFRS 8 – Operation Segments, early. IFRS 8 replaces IAS 14 – Segment Reporting for annual periods beginning on or after 1 January 2009.

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 2: Share based payments (revised 2008)
- IFRS 3: Business Combinations (revised 2008)
- IFRS 7: Financial Instruments : Disclosures (revised 2009)
- IAS 1: Presentation of financial statements (revised 2007)
- IAS 23: Borrowing costs (revised 2007 and 2008)
- IAS 27: Consolidated and separate Financial Statements (revised 2008)
- IAS 32: Financial Instruments: presentation – puttable instruments and obligations arising in liquidation (revised 2008)
- IAS 38: Intangible Assets (revised 2008)
- IAS 39: Financial Instruments: Recognition and Measurement (revised 2008)
- IFRIC 13: Customer Loyalty Programmes
- IFRIC 15: Agreements for the construction of Real Estate
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation
- IFRIC 17: Distribution of non-cash assets to owners
- IFRIC 18: Transfer of assets to customers
- Improvements to IFRS

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 adopted are set out below.

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 2009. 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 December year-ends and for consolidation purposes the accounts are extracted from the audited figures for December 2008 plus the management accounts for the three months to 31 March 2009.

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
- 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.

Notes to the Financial Statements

continued

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 jointly control are associated undertakings.

Impairment

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

Investment property

Property owned by the group that is classified as investment property is stated using the cost model as opposed to the fair value model for valuation under IAS 40. The Group does not own any investment property directly.

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 tangible fixed assets, 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 fixed assets 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.

Notes to the Financial Statements

continued

2. Significant accounting policies (continued)

Deferred taxation (continued)

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 profit and loss account 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.

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 binomial lattice method. This fair value is fully expensed in the year that the share option vests. 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 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 balance sheet. Such translation differences are recognized as income or expense in the period in which the operation is disposed of.

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 profit and loss account 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 irrevocable 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 in the Income Statement.

- 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.

Notes to the Financial Statements

continued

- Bank borrowings

Interest – bearing bank loans and overdrafts are recorded at the proceeds received , net of direct issue costs. Finance charges, except for borrowing costs incurred in respect of the purchase of trading properties which are capitalised, 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.

- 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

Segment Reporting 2009

	Property fund management	Property trading	Property facilities management	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	3,457	849	613	8	(1,493)	3,434
Analysed as:						
Before performance fees and related items:	2,962	860	653	8	(869)	3,614
Performance fees	589	–	–	–	–	589
Staff bonus	(94)	(11)	(40)	–	(624)	(769)
Hedging cost	–	–	–	–	–	–
Assets	582	11,658	2,045	88	10,096	21,469
Liabilities	(231)	(7,598)	(2,166)	(48)	(822)	(10,865)
Net assets	351	4,060	(121)	40	9,274	13,604

Notes to the Financial Statements

continued

3. Segmental analysis (continued)

Segment Reporting 2008

	Property fund Management	Property Trading	Property facilities management	Other fees & income	Unallocated central overheads	Total
External revenue	8,341	2,116	4,938	178	–	15,573
Depreciation and amortisation	17	2	44	1	25	88
Impairment of unlisted investments	–	–	–	–	13	13
Operating profit	5,735	771	737	(36)	(1,230)	5,977
Analysed as:						
Before performance fees and related items:	2,305	771	806	(36)	(1,230)	2,616
Performance fees	5,650	–	–	–	–	5,650
Staff bonus	(1,734)	–	(69)	–	–	(1,803)
Hedging cost	(486)	–	–	–	–	(486)
Assets	6,585	3,254	1,255	81	6,298	17,473
Liabilities	(3,247)	(414)	(1,520)	(51)	(172)	(5,404)
Net assets	3,338	2,840	(265)	30	6,126	12,069

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 property trading segment comprises the revenues and profits from the Group's trading in its own properties. The income is derived from any of its chosen geographic areas and by its nature, although recurring, is unpredictable. Rental 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 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

continued

	Revenue	
	2009 £'000	2008 £'000
Geographic analysis – continuing operations		
UK	6,058	7,276
Europe – non UK	5,168	8,297
	11,226	15,573

4. Operating expenses

	2009 £'000	2008 £'000
Administrative expenses	3,442	4,648
	3,442	4,648

Administrative expenses include all overheads, office costs, depreciation, differences on exchange, hedging costs and investment value impairment costs.

5. Interest income / expense

	2009 £'000	2008 £'000
Interest income – bank deposits	408	202
Interest income – other	–	23
Total interest income	408	225
Interest expense – property loans	(107)	(14)
Interest expense – bank and other	(8)	(12)
Total interest expense	(115)	(26)

6. Employee information

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

	2009 Number	2008 Number
Management	5	5
Property operations	23	21
Technical operations	16	15
	44	41

An analysis of staff costs is set out below:

	2009 £'000	2008 £'000
Wages and salaries	2,614	3,314
Social security costs	323	392
Share based payments	9	27
	2,946	3,733

7. Directors' remuneration

	2009 £'000	2008 £'000
Basic pay	459	428
Benefits	23	20
Bonus	534	1,200
	1,016	1,648

Highest paid Director

	2009 £'000	2008 £'000
Basic pay	299	272
Benefits	17	14
Bonus	467	1,000
	783	1,286

There are no retirement benefits accruing to Directors (2008: none) under money purchase pension schemes. No Directors exercised options in the year.

Notes to the Financial Statements

continued

8. Profit on ordinary activities before taxation

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation is stated after charging:		
– Depreciation charge on Property, plant and equipment	77	73
– Cost of share-based payments (IFRS 2)	9	27
Profit/(Loss) on disposal of fixed assets	2	17
Differences on foreign exchange	(121)	205
Auditors' remuneration		
– Group audit Company £17,000 (2008: £17,000)	90	58
– Non-audit fees	–	–
Operating lease rentals		
– Land and buildings	87	70
– Computer and office equipment	–	–

9. Income tax expense

	2009 £'000	2008 £'000
Analysis of charge in period		
Deferred Tax	(764)	787
Current tax	1,415	837
Adjustment for prior year	(9)	–
Total tax charge for period	642	1,624

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:

	2009 £'000	2008 £'000
Profit/(Loss) on ordinary activities before tax	3,862	6,285
Profit/(Loss) on ordinary activities multiplied by standard rate 28% (2008: 30%)	1,081	1,885
Effects of:		
– Expenses not deductible for tax purposes	3	17
– Depreciation in excess of capital allowances	(2)	(3)
– Movement on deferred tax unprovided	241	197
– Effect of overseas mainstream tax rates	(298)	(543)
– Other adjustments	(383)	71
Total tax charge for period	642	1,624

Notes to the Financial Statements

continued

Provision for deferred tax

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation in excess of capital allowances	11	–	19	–
Tax losses carried forward	449	177	200	200
Unprovided deferred tax asset	460	177	219	200

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.

10. Parent company result for the year

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The Company's retained loss for the year after purchase of treasury shares was £58,000 (2008: profit £489,000).

11. Dividend on ordinary shares

	2009 £'000	2008 £'000
Interim dividends paid during year (2009: 0.30 pence, 2008: 0.15 pence)	325	166
Final dividend paid during the year for the year ended 31 March 2008: 0.65 pence per share (2007: 0.175 pence per share)	702	193
	1,027	359

The directors have proposed a final dividend for the year of 0.7 pence (2008: 0.65 pence) per ordinary share payable on 25 September 2009, which is subject to shareholder approval at the Annual General Meeting.

12. Earnings per share

	2009	2008
Basic earnings per share	2.81p	4.04p
Diluted earnings per share	2.74p	3.81p

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.

	2009 Number	2008 Number
Weighted average number of ordinary shares in issue	108,079,973	110,223,796
Share options	3,100,000	7,437,500
	111,179,973	117,661,296

	2009 £'000	2008 £'000
Basic earnings	3,042	4,458
Diluted earnings assuming full dilution	3,046	4,489

Notes to the Financial Statements

continued

13. Goodwill

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Actual and deemed cost	25	–	25	–

14. Property, plant and equipment

	Computer equipment	Office equipment	Motor vehicles	Short leasehold improvements	Total
Group 2009	£'000	£'000	£,000	£'000	£'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

Notes to the Financial Statements

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	Computer equipment	Office equipment	Motor vehicles	Short leasehold improvements	Total
Group 2008	£'000	£'000	£,000	£'000	£'000
Cost					
At 1 April 2007	156	59	76	12	303
Foreign Currency Translation	8	3	3	–	14
Additions	18	3	54	–	75
Disposals	(2)	–	(30)	–	(32)
At 31 March 2008	180	65	103	12	360
Depreciation					
At 1 April 2007	96	38	18	12	164
Foreign Currency Translation	6	3	(1)	–	8
Charge for year	48	3	22	–	73
Disposals	(2)	–	(8)	–	(10)
At 31 March 2008	148	44	31	12	235
Net book value					
At 31 March 2008	32	21	72	–	125

The Company had no property, plant or equipment (2008: nil). Assets owned under finance leases included above amounted to £98,000 (2008: £119,000) at cost with a net book value of £67,000 (2008: £71,000). The amounts comprise motor vehicles at a cost of £93,000 with a net book value of £63,000 and computer equipment at a cost of £4,000 with a net book value of £3,000.

15. Investments in Group undertakings

The company has the following investments in consolidated subsidiaries:

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Investments in Group undertakings				
– shares at nominal value	–	2,972	–	961
– incidental costs of acquisition	–	77	–	77
	–	3,049	–	1,038

Notes to the Financial Statements

continued

16. Investments in associated undertakings and other financial assets

The Group and the Company have the following investments:

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
a) Associated undertakings				
At 1 April	(50)	77	188	85
Additions	56	56	–	–
Disposals	(37)	–	(13)	(8)
Share of associated company's profit after tax	135	–	109	–
Less: Share of profit after tax on sale of property to associate	–	–	(334)	–
At 31 March	104	133	(50)	77
b) Other financial assets and investments				
At 1 April	11	11	86	86
Additions	42	–	–	–
Disposals	–	–	(62)	(62)
Impairment charge	(11)	(11)	(13)	(13)
At 31 March	42	–	11	11

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. 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 £571,000 to £1,010,000.

The Group holds two other investments, one listed and held at market value and the other, unlisted, which is held at cost.

Notes to the Financial Statements

continued

The principal investments of the Group at 31 March 2009 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	–
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
Poland			
E&S Estates Poland Sp. z o.o.	– Property fund	20	–
5th Property Poland Sp. z o.o.	– Property fund	41	–
Corp Sp. z o.o.	– Property Services Management	28	–

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

17. Inventories – land and buildings

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Property held for resale at cost	11,130	–	2,912	–
	11,130	–	2,912	–

Notes to the Financial Statements

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18. Trade and other receivables

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade receivables	1,475	–	1,794	–
Amounts owed by subsidiary undertakings	–	4,587	–	5,684
Amounts due from undertakings in which the company has a participating interest	230	230	203	–
Other receivables	200	–	422	255
Prepayments and accrued income	969	2	5,736	5
	2,874	4,819	8,155	5,944

Amounts owed by subsidiary undertakings to the Company include £4,587,000 falling due in more than one year (2008: Company £5,684,000).

Trade receivables include £ nil (2008: £252,000) due from 366 HS Ltd an undertaking in which the company had a participating interest.

19. Trade and other payables

	2009		2008	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year				
Bank loans (note 27)	–	–	–	–
Trade payables	1,392	–	914	90
Amounts due to subsidiary undertaking	–	5,078	–	–
Other taxation and social security	180	138	269	358
Other payables and accruals	1,453	683	2,910	1,878
Deferred income	85	–	83	–
	3,110	5,899	4,176	2,326

20. Financial Liabilities

	2009 £'000	2008 £'000
Amounts falling due within one year		
Finance leases	25	40
	25	40
Amounts falling due after more than one year		
Bank Loans	7,400	–
Finance leases	52	36
	7,452	36

Notes to the Financial Statements

continued

	2009 £'000	2008 £'000
Total obligations under bank loans and finance leases		
Repayable within one year	27	44
Repayable within one and five years	123	42
Repayable after five years	7,337	–
	7,487	86
Finance charges and interest allocated in future accounting periods	(10)	10)
	7,477	76
Included in liabilities falling due within one year	(25)	(40)
	7,452	36

Bank loans totalling £7,400,000 (2008: nil) included within group creditors are secured against properties owned by the Group shown under inventories land and buildings at the lower of purchase cost, together with incidental costs of acquisition and any subsequent development costs, and net realisable value.

21. Provisions for liabilities and charges

Deferred tax assets and liabilities

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

	2009		2008	
	Group Assets £'000	Group Liabilities £'000	Group Assets £'000	Group Liabilities £'000
Accrued interest payable	–	–	11	–
Accrued income	–	112	–	578
Inter-group dividend	–	–	–	220
Foreign bank Loan	1	–	–	–
Other temporary differences	88	–	–	–
	89	112	11	798

22. Called-up share capital

	2009 £'000	2008 £'000
Authorised		
240,000,000 (2008: 240,000,000) Ordinary shares of 1p each	2,400	2,400
Issued and fully paid		
111,601,115 (2008: 111,601,115) Ordinary shares of 1p each of the issued share capital, 3,430,588 ordinary shares (2008: 3,757,685) are held in Treasury.	1,116	1,116

The Company had 9,437,500 options over the ordinary shares outstanding at 31 March 2009 (2008: 8,437,500), 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.

Notes to the Financial Statements

continued

22. Called-up share capital (continued)

Year of grant	Exercise price (p)	Exercise period	2009 Numbers	2008 Numbers
2001/ 02	7.00	Dec 2002 to Apr 2011	533,333	533,333
2001/ 02	7.00	Dec 2003 to Apr 2011	533,334	533,334
2001/ 02	7.00	Dec 2004 to Apr 2011	533,334	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	333,000	333,000
2003/04	6.25	July 2005 to July 2013	333,000	333,000
2003/04	6.25	July 2006 to July 2013	334,000	334,000
2003/04	14.75	Dec 2004 to Dec 2013	33,333	33,333
2003/04	14.75	Dec 2005 to Dec 2013	33,333	33,333
2003/04	14.75	Dec 2006 to Dec 2013	33,334	33,334
2004/05	16.50	July 2005 to July 2014	679,167	679,167
2004/05	16.50	July 2006 to July 2014	679,167	679,167
2004/05	16.50	July 2007 to July 2014	679,166	679,166
2006/07	15.75	June 2007 to June 2016	583,333	583,333
2006/07	15.75	June 2008 to June 2016	583,333	583,333
2006/07	15.75	June 2009 to June 2016	583,334	583,334
2006/07	15.25	Apr 2007 to Apr 2016	33,333	33,333
2006/07	15.25	Apr 2008 to Apr 2016	33,333	33,333
2006/07	15.25	Apr 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	–
2008/09	11.50	Feb 2011 to Feb 2019	333,333	–
2008/09	11.50	Feb 2011 to Feb 2019	333,334	–

During the year 1,000,000 options were granted, none were exercised and none lapsed. 4,783,026 share options are issued under the HMRC Enterprise Management Incentive Scheme, with the remaining 4,654,474 issued under the company's Unapproved Share Option Scheme.

Notes to the Financial Statements

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23. Share premium account and reserves

Group	Share premium account £'000	Foreign exchange translation reserve £'000	Merger reserve £'000	Share-based payment reserve £'000	Purchase of own shares £'000	Retained earnings £'000	Minority interest
At 1 April 2008	5,298	780	5,823	71	(634)	(468)	83
Profit for the financial period	–	–	–	–	–	3,220	–
Transfer of Merger Reserve	–	–	(5,823)	–	–	5,823	–
Increase in foreign exchange translation reserve	–	(611)	–	–	–	–	–
Sale (Purchase) of Treasury Shares	9	–	–	–	70	–	–
Payment of dividends	–	–	–	–	–	(1,027)	(135)
Equity Share Options Issued	–	–	–	9	–	–	–
Minority Interest	–	–	–	–	–	(178)	178
At 31 March 2009	5,307	169	–	80	(564)	7,370	126

Company	Share premium account £'000	Foreign exchange translation reserve £'000	Share-based payment reserve £'000	Purchase of own shares £'000	Retained earnings £'000
At 1 April 2008	5,298	–	71	(634)	695
Sale/Purchase of Treasury Shares	9	–	–	70	–
Change in foreign exchange translation reserve	–	24	–	–	–
Equity Share options issued	–	–	9	–	–
Profit for the financial period	–	–	–	–	(128)
At 31 March 2009	5,307	24	80	(564)	567

Notes to the Financial Statements

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24. Reconciliation of movements in total equity

	Group		Company	
	2009 £'000	2008 £'000 (Restated)	2009 £'000	2008 £'000 (Restated)
Opening shareholders' funds as previously	12,069	7,664	6,546	6,981
Prior Period Adjustment (IFRS – minority interest)	–	24	–	–
Prior period adjustment (IFRS – share-based payments)	–	44	–	44
Opening shareholders' funds as restated under IFRS	12,069	7,732	6,546	7,025
Profit for the financial year before dividends	3,220	4,661	899	418
Equity minority interest dividends paid	(135)	(144)	–	–
Increase in Foreign Exchange Translations Reserve	(611)	700	24	(17)
Equity Share options issued	9	27	9	27
Purchase of own shares in treasury	79	(548)	79	(548)
Dividends paid	(1,027)	(359)	(1,027)	(359)
Closing shareholders' funds	13,604	12,069	6,530	6,546

25. Contractual commitments

The Group had no contractual commitments at 31 March 2009 (2008: nil).

26. Financial commitments

At 31 March 2009 the Group had total commitments under non-cancellable operating leases as follows:

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	–	–	35	–
Expiring between one and two years inclusive	22	–	–	–
Expiring between two and five years inclusive	203	–	150	–
	225	–	185	–

The Company had no commitments under non-cancellable operating leases expiring within one year at 31 March 2009 (2008: nil).

27. Financial instruments and risk management

The Group'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.

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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.

	Net foreign currency monetary assets/liabilities			
	Polish Zloty	US Dollar	Romanian Leu	Total
	Poland £'000	Poland £'000	Romania £'000	£'000
Functional currency of operations				
2009				
Sterling	467	403	150	1,020
2008				
Sterling	3,733	–	401	4,134

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

– Credit risk

The Group's main principal financial assets are bank balances and cash, 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 debts, 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.

Notes to the Financial Statements

continued

27. Financial instruments and risk management (continued)

Financial assets

The interest rate profile of the Group's financial assets at 31 March 2009 and 31 March 2008 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	702	–	–	702
Short term deposits	–	9,394	–	9,394
At 31 March 2009	702	9,394	–	10,096
Other receivables due after 1 year	–	–	–	–
Cash	2,273	–	–	2,273
Short term deposits	–	3,972	–	3,972
At 31 March 2008	2,273	3,972	–	6,245

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 2009 were £9,394,000 (31 March 2008: £3,972,000)

Financial liabilities

The interest rate profile of the Group's financial liabilities at 31 March 2009 and 31 March 2008 was as follows:

	Floating rate financial liabilities £'000	Total £'000
Bank loans	7,400	7,400
Finance lease obligations	77	77
Other financial liabilities	–	–
At 31 March 2009	7,477	7,477
Bank loans	–	–
Finance lease obligations	76	76
Other financial liabilities	–	–
At 31 March 2008	76	76

At 31 March 2009 the Group had financial liabilities of £7,477,000 (2008: £76,000).

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

Floating rate financial liabilities bear interest rates based on LIBOR.

Notes to the Financial Statements

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The Group's debt maturity other than short term trade creditors and accruals at 31 March 2009 and 31 March 2008 was as follows:

	Finance Lease £'000	Bank loans £'000	Total £'000
In one year or less	25	–	25
Between one and five years	52	63	115
Over five years	–	7,337	7,337
Total at 31 March 2009	77	7,400	7,477
In one year or less	40	–	40
Between one and two years	36	–	36
Between two and five years	–	–	–
Over five years	–	–	–
Total at 31 March 2008	76	–	76

There are bank loans and finance leases outstanding as at 31 March 2009 of £7,477,000 (2008: £76,000).

Borrowing facilities

At 31 March 2009 the group had no undrawn committed borrowing facilities available (31 March 2008: nil).

28. 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. These costs are recharged to its subsidiaries. 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.

Notes to the Financial Statements

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28. Related party transactions (continued)

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

Related party transactions for the Group

	2009 £'000	2008 £'000
Property management fees to associated companies	135	95
Funding transactions with associated companies	(24)	(560)
Amounts owed by associated companies at year-end	244	266

Related party transactions for the Company

	2009 £'000	2008 £'000
Management charge to subsidiaries	2,000	2,100
Funding transactions with subsidiaries	1,192	2,503
Shareholder loan interest from subsidiaries receivable during year	175	114
Shareholder loan interest payable to subsidiaries during year	134	–
Amounts owed by subsidiaries at year-end	4,587	5,684
Amounts owed to subsidiaries at year-end	5,078	–
Amounts owed by associated companies at year-end	230	255

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of FIRST PROPERTY GROUP PLC will be held at Unit 17, Quayside Lodge, William Morris Way, London, SW6 2UZ on 2 September 2009 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 2009.
2. To approve the final dividend of 0.70p per Ordinary Share.
3. To re-appoint George Wingfield Digby as a Director.
4. 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.
5. 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:

6. That in substitution for any existing authorities the Directors be hereby generally and unconditionally authorised and empowered pursuant to and in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined in the said Section) up to an aggregate nominal amount of £360,568 being 33.33 per cent of the issued share capital of the company as at 7 July 2009, less shares in Treasury, such authority to expire on the earlier of the next Annual General Meeting of the Company 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 agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement.

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

7. That, subject to resolution 6 being passed, in substitution for any existing authorities, the Directors be and are hereby generally empowered in accordance with Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) of the Company as if Section 89(1) of the Act did not apply to any such allotment, provided that this power 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 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 nominal amount of £216,340;
and this power shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company and the date 15 months after the passing of this resolution save that the Company may make an offer or 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 power conferred hereby had not expired.
8. That in accordance with Article 52 of the Articles of Association of the Company and Chapter VII of Part V 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 166 of the Act) to make market purchases (within the meaning of section 163(3) of the Act) of any of its own ordinary shares of 1p each on such terms and in such manner as the directors of the Company may from time to time determine provided that:-
 - a. the maximum number of ordinary shares of 1p each authorised to be acquired is 10,817,052 (representing just under 10 per cent of the Company's issued ordinary capital as at 7 July 2009);
 - 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;

Notice of Annual General Meeting

continued

- 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.

Dated 7 July 2009

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

By Order of the Board

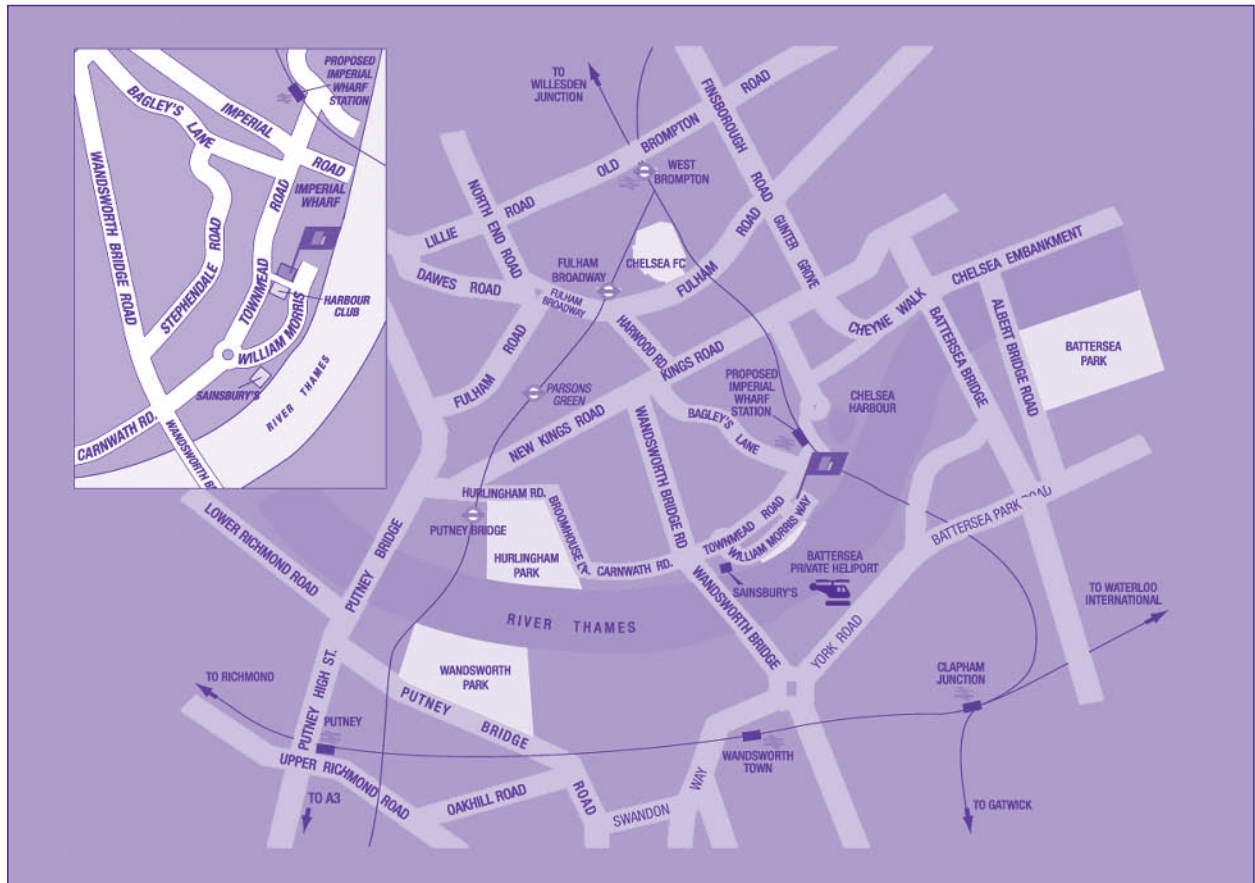
Alec W J Banyard
Secretary

Notes:

1. Only holders of Ordinary shares are entitled to attend and vote at the Annual General Meeting. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company. Completion of a form of proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide to do so.
2. A form of proxy is enclosed. Any form of proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, in order to be valid, must reach the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the meeting.
3. To appoint more than one proxy you may photocopy this 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.

Notice of Annual General Meeting

continued



Directors and Advisers

Directors

Alasdair J D Locke
(Non-Executive Chairman)

Benyamin N Habib
(Chief Executive)

George R. W. Digby
(Finance Director)

Company Secretary

Alec W J Banyard

Registered Office

17 Quayside
William Morris Way
London
SW6 2UZ

Registered No. 02967020

Website

www.fprop.com

Registered Auditors

HW, Chartered Accountants
Sterling House
19-23 High Street
Kidlington
Oxford
OX5 2DH

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Bankers

Butterfield Private Bank
99 Gresham Street
London
EC2V 7NG

Royal Bank of Scotland
62/63 Threadneedle Street
PO BOX 412
London
EC2R 8LA

Nominated Adviser & Broker

Arden Partners Plc
Arden House
Highfield Road
Edgbaston
Birmingham
B15 3DU

Legal Advisers

BPE Solicitors
St James' House
St James' Square
Cheltenham
Gloucestershire
GL50 3PR

Public Relations

Redleaf Communications Ltd
11-33 St John Street
London
EC1M 4AA

First Property Group Plc

Form of Proxy

I/We

(BLOCK CAPITALS)

of

a member/members of the above named Company, hereby appoint the chairman of the meeting or

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Unit 17, Quayside Lodge, William Morris Way, London, SW6 2UZ on 2 September 2009 and at any adjournment thereof.

If you wish to instruct your proxy as to how to vote on your behalf please indicate by an "X" in the appropriate box below. In the absence of directions the proxy will vote or abstain at his discretion.

RESOLUTION	FOR	AGAINST	WITHHELD
ORDINARY RESOLUTION 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ORDINARY RESOLUTION 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ORDINARY RESOLUTION 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ORDINARY RESOLUTION 4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ORDINARY RESOLUTION 5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ORDINARY RESOLUTION 6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL RESOLUTION 7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL RESOLUTION 8	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature

Date

Notes:

1. You may appoint a proxy of your own choice by deleting the words "the chairman of the meeting" and inserting the name and address of your proxy in the space provided.
2. Unless otherwise instructed, a proxy may vote as he feels fit, or abstain from voting on any business (including amendments to resolutions) which may properly come before the meeting.
3. If the appointor is a corporation, this form must be under the hand of some officer or attorney duly authorised in that behalf.
4. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
5. To be valid this form must be completed, signed and lodged with the Company's Registrars, CAPITA REGISTRARS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time fixed for holding the meeting or adjourning the meeting.



SECOND HERE

Business Reply Service
Licence Number
MB 122



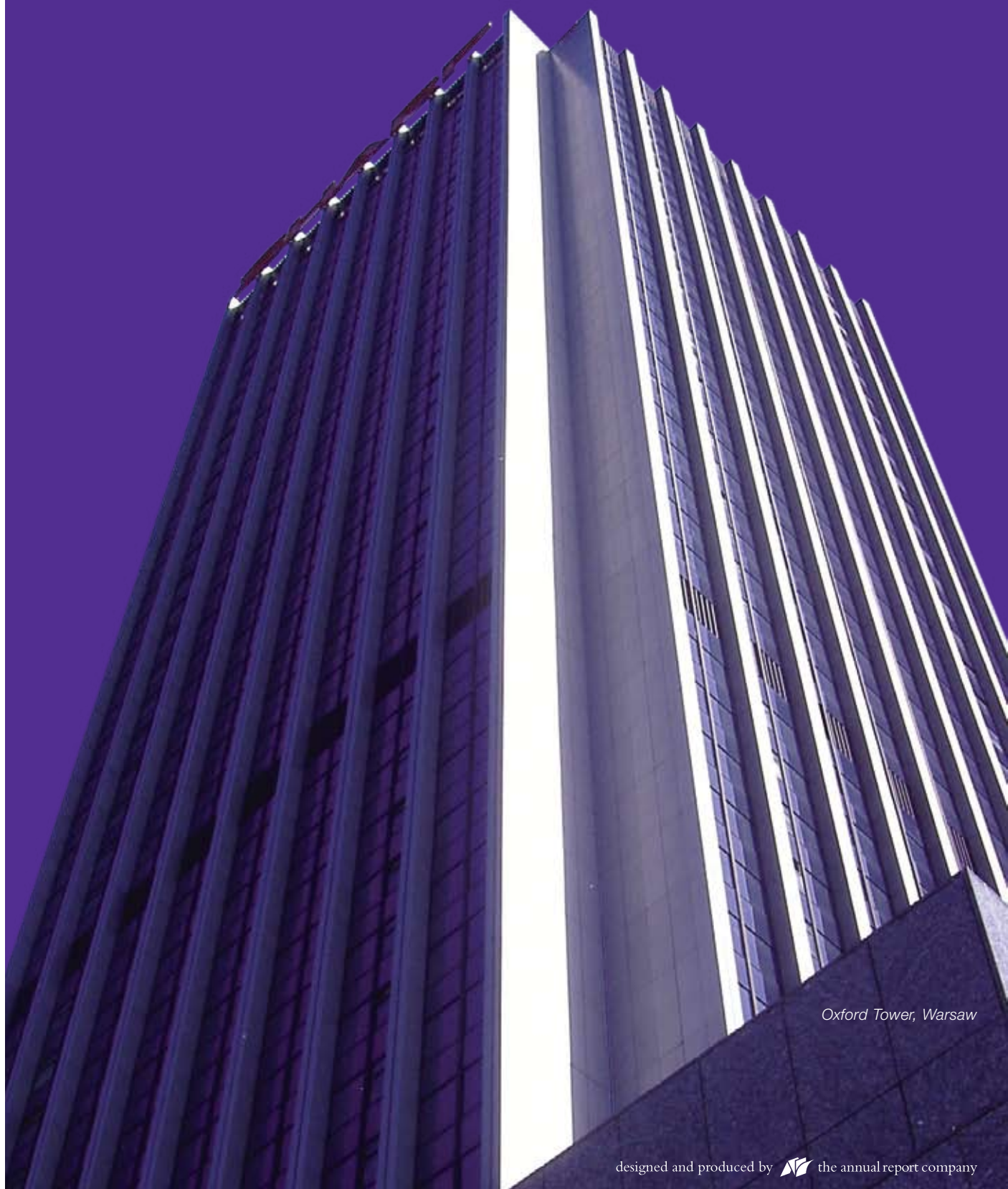
Capita Registrars
Proxy Department
PO Box 25
BECKENHAM
Kent
BR3 4BR

FIRST FOLD

THIRD FOLD AND TUCK IN



Fprop plc



Oxford Tower, Warsaw



Fprop plc

First Property Group plc

17 Quayside
William Morris Way
London SW6 2UZ
Tel: 020 7731 2844
Fax: 020 7731 8644
www.fprop.com

