6 June 2006

FIRST PROPERTY GROUP PLC

("First Property" or the "Company")

PRELIMINARY RESULTS
For Year Ended 31 March 2006

First Property Group plc (AIM: FPO), the property asset manager announces preliminary results for the year ended 31 March 2006.

Highlights of the results are as follows:

Financial Highlights

- Turnover grew 47% to £8,312,000 (2005: £5,650,000)
- Profit on ordinary activities before taxation and goodwill amortisation increased 22% to £1,167,000 (2005: £955,000)
- Recommended total final dividend per share increased 20% to 0.15p (2005: 0.125p)
- Net assets appreciated 7.5% to £7,005,000 (2005: £6,515,000)

Corporate Highlights

- Assets under management increased 143% to £51 million (2005: £21 million)
- First Property Asset Management now has six funds each earning a rate of return for its shareholders in excess of 9% per annum
- Universities Superannuation Scheme asset management mandate secured in August 2005 to invest £50 million (£200 million once geared) in the UK, Central and Eastern Europe
- Strong pipeline of opportunities to acquire Central European properties
- Acquisition of First Property Services in February 2006, which has since performed ahead of budget and won several significant contracts
- Further good rate of growth in assets under management expected

Commenting on the results, Ben Habib, chief executive, said, "First Property is currently experiencing a number of changes, which are resulting in a much strengthened Group. While our underwriting and trading division is likely to return less income this year, we are experiencing strong growth in our asset management business which we expect to provide more transparent and sustainable revenue streams going forward."

"The next 12 to 18 months promise to be exciting for First Property and we are confident that we have established a strong platform from which to grow."

For further information:

Ben Habib	Richard Sunderland/Rachel Drysdale
First Property Group plc	Tavistock Communications
Tel 020 7731 2844	Tel: 020 7920 3150
www.fprop.com	rsunderland@tavistock.co.uk

CHIEF EXECUTIVE'S STATEMENT

Results and dividend

I am pleased to report that the results for the year to 31 March 2006 show another period of progress for the Group. Turnover for the year grew to £8,312,000 (2005: £5,650,000), providing an increased gross profit of £2,318,000 (2005: £1,881,000) and a profit on ordinary activities before taxation and goodwill amortisation of £1,167,000 (2005: £955,000). Diluted earnings per ordinary share before goodwill amortisation were slightly lower than the previous year at 0.83 pence (2005: 0.90 pence) as a result of the Group now having fully utilised tax losses brought forward. During the period, net assets increased to £7,005,000 (2005: £6,515,000).

Assets under management more than doubled to over £51 million (2005: £21 million).

On the basis of these results, and our continued confidence in the Company's performance, the Directors have resolved to recommend an increased dividend for the year of 0.15 pence per share (2005: 0.125 pence per share), which, if approved, will be paid on 29 September 2006 to shareholders on the register at 25 August 2006.

Review of operations

Property asset management

Revenue earned by this division during the year amounted to £503,000 (2005: £334,000). Of the fees earned, £217,000 (2005: £146,000) was in respect of super performance fees.

We now have over £51 million of property assets under management (2005: £21 million) and are in the process of investing our most recent fund on behalf of the Universities Superannuation Scheme which, when fully invested, will increase assets under management to over £200 million.

Our experience of the Central European property market is bearing out the expectations we had of it. We are able to find many more attractive properties to acquire than in the UK, as evidenced by the rapid growth of our activities in that region. At the time of writing, we have acquired, on behalf of our funds, some £19 million worth of Central European property and have under offer some £75 million going through the due diligence process. Naturally, some of these acquisitions will fail to occur but our pipeline is full and I am confident that we will succeed with a high proportion.

The pre-tax rates of return on equity earned from rent alone by our various funds remains very healthy, with all of them earning a rate in excess of 9% per annum. We see no immediate reason why this rate of return should reduce and we anticipate earning similarly high rates from our prospective property acquisitions.

The Group's growth is now focussed primarily on asset management activities. Given the large number of attractive properties we are working to acquire, I am confident that we will achieve significant growth over the next year or two and continue to deliver high rates of return to our clients.

Property transaction underwriting and trading

Turnover from this activity was £7,375,000 (2005: £5,058,000), producing a gross profit contribution of £1,547,000 (2005: £1,307,000).

As I mentioned when we reported our final and interim results last year, the property market in the UK has risen sharply over the last few years, even though the occupational market has remained weak. This situation remains the case. Consequently, there are now fewer trading opportunities in the UK. Therefore, the contribution to turnover and profit from this activity, for the year to 31 March 2007, is very likely to reduce substantially.

We have identified a number of interesting properties to trade in Central Europe, but our activities there are in their infancy and it is unlikely that we will be able, in the short term, to fully replace the opportunities which were more readily available in the UK some two to three years ago.

First Property Services Ltd

In February we acquired 60% of First Property Services Ltd (“FPS”), a new company, for a cash consideration of £60,000. The remaining 40% is owned by the management of the business.

FPS is engaged in the provision of facilities maintenance and building services to clients in the commercial property sector. At the time of our acquisition, FPS was managing contracts worth over £500,000 in fee income. Since then the company has won further contracts worth, in aggregate, over £850,000 from a range of different clients including a number of blue chip companies. FPS also provides services to buildings managed by the Group.

In the short time since we acquired our interest in FPS, the company has performed ahead of budget and secured some valuable and profitable contracts. The business is managed by an experienced team of people and I am confident that it will return a good result for the year to 31 March 2007.

Online activities

Commercial Property Database (“CPD”) is trading satisfactorily and earned revenues of £199,000 (2005: £204,000). We expect the division to contribute a similar result for the year to 31 March 2007.

During the period, we continued to sell properties successfully through our online system. Revenue earned from the online sale of commercial properties was £59,000 (2005: £54,000).

Both CPD and our online sales of property provide excellent services but growing these income streams has proven difficult. We remain convinced that at some point in time the online sale of commercial property will establish itself but predicting when this might happen is impossible. Our aim with these activities is, therefore, to continue to provide the services but not to distract ourselves from our asset management and other activities.

Strategy

Our strategy remains to grow our sustainable lines of revenue, most notably our asset management division. We will also continue to target interesting properties through our underwriting and trading activities.

In order to bolster CPD and the online sales division, we continue to look for earnings enhancing acquisitions, although none that we have considered have thus far been of a sufficiently high quality to pursue.

Current trading and prospects

As I mentioned when we reported our interim results, we are experiencing major changes in our business, which are resulting in a much stronger Group.

The principal change is that the income we earn from our asset management business is likely to increase materially, and will, in due course, more than replace our currently reducing income from underwriting and trading activities. Given that turnover from these latter activities is determined by the value of properties sold, as these activities reduce, the turnover of the Group will also substantially reduce in the short term.

Once our existing asset management mandates have been fully invested, we expect the Group’s profit to significantly exceed the level of profit we are currently earning. In the meantime, the profit earned for the year to 31 March 2007, will be determined by the speed of investment achieved in the next six to nine months.

I remain very confident in the Group’s prospects.

Ben Habib
Chief Executive
6 June 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2006

		2006 (Unaudited)	2006 (Unaudited)	2006 (Unaudited)	2005 Restated Audited
	Notes	**Total results**	Goodwill amortisation	**Before goodwill amortisation**	Total results
		£'000			£'000
Turnover					
- continuing operations		**8,312**	-	**8,312**	5,650
Total turnover		**8,312**	-	**8,312**	5,650
Cost of sales		**(5,994)**	-	**(5,994)**	(3,769)
Gross profit		**2,318**	-	**2,318**	1,881
Net operating expenses		**(1,517)**	(391)	**(1,126)**	(931)
Operating profit					
- continuing operations		**801**	(391)	**1,192**	950
Total operating profit		**801**	(391)	**1,192**	950
Income - fixed asset investment		**2**	-	**2**	1
Share of associated company's profit before tax		**23**	-	**23**	11
Net interest payable		**(50)**	-	**(50)**	(7)
Profit on ordinary activities before taxation		**776**	(391)	**1,167**	955
Taxation on ordinary activities		**(236)**	-	**(236)**	(2)
Profit for the year before minority interest		**540**	(391)	**931**	953
Equity minority interest		**20**	-	**20**	17
Profit for the year		**560**	(391)	**951**	970
Dividend on ordinary shares	3	**(140)**	-	**(140)**	(111)
Profit transferred to reserves	5,6	**420**	(391)	**811**	859
Earnings per Ordinary 1p share					
- basic	2	**0.50p**		**0.85p**	0.92p
- diluted	2	**0.49p**		**0.83p**	0.90p

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2006

	Notes	**2006 (Unaudited)**	2005 Restated Audited
Exchange differences on translation of foreign operations	5	**70**	-
Net Gain recognised directly in Reserves	5	**70**	-
Profit for year after tax	5	**420**	859
Total recognised gains for year		**490**	859

CONSOLIDATED BALANCE SHEET
at 31 March 2006

	Notes	**2006 (Unaudited) Group £'000**	2005 Restated Audited Group £'000
Fixed assets			
Intangible assets		**16**	-
Tangible assets		**220**	21
Investments		**230**	100
		466	121
Current assets			
Stocks		**2,698**	4,001
Debtors		**5,706**	1,355
Cash at bank and in hand		**1,189**	1,588
		9,593	6,944
Creditors: amounts falling due within one year		**(2,962)**	(550)
Net current assets		**6,631**	6,394
Total assets less current liabilities		**7,097**	6,515
Creditors: amounts falling due after one year		**(92)**	-
Net assets		**7,005**	6,515
Capital and reserves			
Called up share capital	4	**1,116**	1,116
Share premium	5	**5,298**	5,298
Merger reserve	5	**5,823**	5,823
Foreign Exchange Translation Reserve	5	**70**	-
Profit and loss account	5	**(5,302)**	(5,722)
Equity shareholders' funds	6	**7,005**	6,515

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2006

	Notes	**2006 £'000 (Unaudited)**	2005 £'000 (Audited)
Net cash inflow/(outflow) from operating activities	7	**(850)**	565
Returns on investments and servicing of finance			
- Dividends paid		**(140)**	(112)
- Dividends received		**2**	1
- Interest received		**101**	53
- Interest paid		**(151)**	(60)
Net cash (outflow) from returns on investments and servicing of finance before taxation		**(188)**	(118)
Taxation		**(1)**	(2)
Capital expenditure and financial investment			
- Purchase of tangible fixed assets		**(222)**	(19)
-Purchase of intangible fixed assets		**(16)**	-
- Purchase of fixed asset investments		**(111)**	(85)
- Sale of tangible fixed assets		**7**	-
- Purchase of minority interest		**(336)**	
Net cash (outflow)/ from capital expenditure and financial investment		**(679)**	(106)
Cash inflow/(outflow) before management of liquid resources and financing		**(1,717)**	341
Management of liquid resources			
- Decrease / (increase) in short term deposits	8	**508**	(995)
Financing			
- Issue of shares net of expenses		**-**	2,807
- Bank overdraft		**3**	-
- Finance Lease		**145**	-
- Loans advanced		**1,304**	134
- Loan repayments		**(134)**	(2,163)
Net cash (outflow) / inflow from management of liquid resources and financing		**1,826**	(217)
Increase in cash in the year	8	**109**	124

Reconciliation of net cash flow to movement in net funds

	Notes	**2006 £'000**	2005 £'000
Increase in cash in the year		**109**	124
Movement in short term deposits		**(508)**	995
Movement in loans and bank overdraft		**(1,318)**	2,029
Movement in net funds in the year		**(1,717)**	3,148
Net funds at 1 April		**1,454**	(1,694)
Net funds at 31 March	8	**(263)**	1,454

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The figures for the year ended 31 March 2006 are unaudited and are not full financial statements. The figures for the years ended 31 March 2006 and 31 March 2005 are non-statutory. The figures for the year ended 31 March 2005 are extracts from the full financial statements delivered to the Registrar of Companies, as restated to comply with FRS 21. The report of the auditors on those financial statements was unqualified and contained no statements under either Section 237(2) or 237(3) of the Companies Act 1985.

2. Earnings per share

The calculation of basic earnings per share on the net basis is based on the profit for the year of £951,000 (2005: £970,000) and on 111,601,115 (2005: 105,642,729) ordinary shares being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

The calculation of diluted earnings per share on the net basis is based on an adjusted profit for the year of £958,000 (2005: £980,000) and on 114,901,115 (2005: 108,842,729) ordinary shares being the adjusted weighted average number of ordinary shares at the year-end including ordinary shares under option which are exercisable at less than the market price at the year-end.

3. Dividend on ordinary shares

	2006 **£'000**	2005 £'000
Final Dividend for 2004, paid on new issues	**-**	18
Final Dividend paid for previous year	**140**	93
	140	111

4. Called-up share capital

	2006 **£'000**	2005 £'000
Authorised		
240,000,000 (2005: 240,000,000) Ordinary shares of 1p each	**2,400**	2,400
Allotted, called up and fully paid		
111,601,115 (2004: 111,601,115) Ordinary shares of 1p each	**1,116**	1,116

5. Share premium account and reserves

Group	Share Premium £'000	Foreign Exchange Translation Reserve £'000	Merger Reserve £'000	Profit and Loss Account £'000
At 1 April 2005	5,298	-	5,823	(5,722)
Profit for the financial period	-	-	-	420
Increase in Foreign Exchange Translation Reserve	-	70	-	-
At 31 March 2006	**5,298**	**70**	**5,823**	**(5,302)**

6. Reconciliation of movements in equity shareholders' funds

	Group	
	2006 £'000	2005 £'000
Opening shareholders' funds	**6,515**	2,849
Profit for the financial period	**420**	859
New share capital issued	**-**	185
Share premium	**-**	2,726
Increase in merger reserve	**-**	-
Share issue costs	**-**	(104)
Increase in foreign exchange translation reserve	**70**	-
Closing shareholders' funds	**7,005**	6,515

7. Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2006 £'000	2005 £'000
Operating profit	**801**	950
Depreciation and profit on disposal of fixed assets	**18**	6
Amortisation of goodwill	**391**	-
Movement in foreign exchange translation reserve	**70**	-
(Increase)/decrease in stocks	**1,303**	(273)
(Increase)/decrease in trade debtors	**(3,892)**	(241)
(Increase)/decrease in prepayments and other debtors	**(261)**	110
Increase/(decrease) in trade creditors	**149**	(32)
Increase/(decrease) in taxation and social security	**(54)**	1
Increase/(decrease) in other creditors, accruals and deferred income	**625**	44
Net cash inflow/(outflow) from operating activities	**(850)**	565

8. Reconciliation of movement in net funds

	1 April 2005 £'000	Cash flow £'000	**31 March 2006 £'000**
Cash at bank and in hand	1,588	(399)	**1,189**
Short term deposits	(1,009)	508	**(501)**
Cash (excluding short term deposits)	579	109	**688**
Short term deposits	1,009	(508)	**501**
Debt due within one year			
Overdraft	-	(3)	**(3)**
Finance Lease	-	(53)	**(53)**
Property loan	(134)	(1,170)	**(1,304)**
Debt due after one year			
Finance Lease	-	(92)	**(92)**
	1,454	(1,717)	**(263)**

9. Report circulation

Copies of this preliminary results announcement are available from the Company's registered office at 17 Quayside, William Morris Way, London SW6 2UZ.

Copies of the Annual Report and Accounts will be sent to shareholders by 14 August 2006 for approval at the Annual General Meeting to be held on 19 September 2006 and will also be available at the Company's registered office.