FINAL, 29 November 2006

30 November 2006

First Property Group plc

275% increase in assets under management underpins strong interim performance

First Property Group plc ("the Group") (AIM: FPO), the property asset manager, announces interim results for the six months to 30 September 2006.

Financial Highlights:

- Assets under management grew 275% to £90 million (2005: £24 million)
- Turnover increased 103% to £5,148,000 (2005: £2,537,000)
- Profit on ordinary activities before goodwill amortisation and taxation grew 11% to £559,000 (2005: £505,000)
- Income from asset management increased 180% to £375,000 (2005: £134,000)
- Online activities continued to make progress with revenues increasing to £163,000 (2005: £142,000)
- Newly acquired First Property Services generated a pre-tax profit of £79,000 (2005: nil)

Operational Highlights:

- The Group now manages €110 million (£74 million) of property in Central and Eastern Europe, representing 82% of the total portfolio
- Portfolio is earning a pre-tax return on equity of 9% per annum from rent alone
- Strong pipeline of a further €90 million (£61 million) of property under offer
- Recently acquired facilities management and buildings services company, First Property Services, has secured a number of new contracts
- Strategic shift to grow asset management division, reducing dependence on income from transaction underwriting and trading, is being successfully progressed.

Commenting on the results, Ben Habib, Chief Executive of First Property, said, "First Property moves from strength to strength. Our portfolio has grown immensely and is producing high returns. The Group has proved itself to be a capable investor in its chosen regions and we believe the decision we made two years ago to focus on Central and Eastern Europe was the right one".

"Going forward, we expect to see another period of marked growth in the asset management division and once our existing asset management mandates have been fully invested, we expect the Group's profit to materially exceed the level we are currently experiencing."

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CHIEF EXECUTIVE'S STATEMENT

Results and dividend

I am pleased to report our interim results for the six month period to 30 September 2006. They show that the Group has made significant progress in its aim to grow its sustainable lines of revenue, most notably from the continued success of its asset management division where assets under management grew 275% to £90 million (2005: £24 million).

Turnover for the period was £5,148,000 (2005: £2,537,000), producing an increase of 11% in profit on ordinary activities before goodwill amortisation and taxation of £559,000 (2005: £505,000). Excluding First Property Services Ltd, in which we acquired a 60% interest in February 2006, turnover for the period was £3,575,000.

Earnings per share decreased by 5% from the same period last year and amounted to 0.36 pence (2005: 0.38 pence), largely as a result of an increase in the effective rate of tax payable by the Group, now that brought forward losses have been utilised.

The Directors have resolved to maintain the dividend policy established in previous years of only declaring a final dividend. Accordingly, there is no interim dividend.

Review of operations

Property asset management

The rate of growth of our asset management activities has accelerated with revenues earned by this division increasing by 180% to £375,000 (2005: £134,000).

We now have £90 million (2005: £24 million) under management, an increase of 275%. Virtually half of this was acquired towards the end of the period under review and will therefore markedly improve the performance of this division in the second half of the year.

The greater part of our efforts continues to be on buying properties in Central and Eastern Europe rather than the UK. We now manage some €110 million (£74 million) of property in Central and Eastern Europe representing 82% of our portfolio. We have a further €90 million (£61 million) under offer and going through our due diligence processes.

Our portfolio is earning its investors a pre-tax return on equity of some 9% per annum from rent alone, giving us confidence that the portfolio should produce significantly higher returns if and when capital gains are realised.

Given the healthy returns we are earning for our investors and the pipeline of properties under offer, I expect this division to continue its rapid growth.

Property transaction underwriting and trading

The property underwriting division made a better start to the year than we had anticipated. Turnover from this activity amounted to £3.04 million (2005: £2.2 million), producing a gross profit of £480,000 (2005: £605,000).

When I reported in June, I forecast that the profit earned from this activity would reduce, which it has. However, turnover for this division is equivalent to the value of properties sold and because the value of properties sold in the period exceeded the value of those sold last year, turnover is shown as increasing. This has no bearing on the underlying trend of this division, which remains one of lower profit.

We are working on reversing this trend but by virtue of the nature of this business it is difficult to predict.

<u>First Property Services Ltd</u>

First Property Services (FPS), which we acquired in February 2006, had a good first half, earning revenues of £1.57 million (2005: £ nil) and a pre-tax profit of £79,000 (2005: £ nil) during the period.

FPS is engaged in the provision of facilities maintenance and building services to clients in the commercial property sector.

I expect FPS to make a further contribution in the second half of the year.

<u>Online Activities</u>

Our online activities, particularly the online sales of properties, also had a good first half and earned revenues of £163,000 (2005: £142,000).

Current trading and prospects

As mentioned when we reported our annual results in June, we are experiencing major changes in our business as our assets under management grow and we become less dependent on underwriting and trading income. Shareholders will already have noticed this shift as evidenced by the changes in the source of our earnings.

Given the current level of assets under management, the rate of return these assets are earning for their owners and the number of attractive properties we have under offer and are negotiating to acquire on behalf of our funds, I look forward to 2007/8 and beyond with confidence.

Ben Habib
Chief Executive

30 November 2006

CONSOLIDATED PROFIT & LOSS ACCOUNT
for the six months to 30 September 2006

	Notes	**Six months to 30 Sept 2006 (unaudited)**	Six months to 30 Sept 2005 (unaudited)	Six months to 30 Sept 2005 (unaudited)	Year to 31 March 2006 (audited)
		Total Results	Before Goodwill Amortisation	Total Results	Total Results
		£'000	£'000	£'000	£'000
Turnover					
- continuing operations		**3,575**	2,537	2,537	8,176
- acquired operations		**1,573**	-	-	136
Total turnover	2	**5,148**	2,537	2,537	8,312
Cost of sales					
- continuing operations		**(2,629)**	(1,611)	(1,611)	(5,881)
- acquired operations		**(1,264)**	-	-	(113)
Gross profit		**1,255**	926	926	2,318
Net operating expenses		**(775)**	(430)	(821)	(1,517)
Operating profit					
- continuing operations		**480**	496	105	801
Total operating profit		**480**	496	105	801
Income from fixed asset investments		**46**	-	-	2
Share of associated companies' profits before tax		**26**	24	24	23
Net interest payable		**7**	(15)	(15)	(50)
Profit on ordinary activities before taxation		**559**	505	114	776
Taxation on profit on ordinary activities	3	**(133)**	(78)	(78)	(236)
Profit on ordinary activities before minority interest		**426**	427	36	540
Equity minority interest		**(28)**	-	-	20
Profit for the period		**398**	427	36	560
Earnings per Ordinary 1p share - basic before goodwill amortisation	4	**0.36p**	0.38p	-	0.85p
Earning per Ordinary 1p share – basic after goodwill amortisation	4,5	**0.36p**	-	0.04p	0.50p
Earnings per Ordinary 1p share – diluted before goodwill amortisation	4	**0.35p**	0.37p	-	0.83p
Earnings per Ordinary 1p share – diluted after goodwill amortisation	4,5	**0.35p**	-	0.04p	0.49p

CONSOLIDATED BALANCE SHEET
as at 30 September 2006

	Notes	**As at 30 Sept 2006 (unaudited) £'000**	As at 30 Sept 2005 (unaudited) £'000	As at 31 March 2006 (audited) £'000
Fixed assets				
Intangible assets		**25**	-	16
Tangible assets		**152**	22	220
Investments - Share of associates net assets		**259**	124	230
		436	146	466
Current assets				
Stocks - land and buildings		**2,103**	5,423	2,698
Debtors		**5,673**	1,604	5,706
Cash at bank and in hand		**3,046**	789	1,189
		10,822	7,816	9,593
Creditors: amounts falling due within one year		**(3,888)**	(1,473)	(2,962)
Net current assets		**6,934**	6,343	6,631
Total assets less current liabilities		**7,370**	6,489	7,097
Creditors: amounts falling due after more than one year		**(194)**	(78)	(92)
Net assets		**7,176**	6,411	7,005
Capital and reserves				
Called up share capital	6	**1,116**	1,116	1,116
Share premium	6	**5,298**	5,298	5,298
Merger reserve	6	**5,823**	5,823	5,823
Foreign Exchange Translation Reserve	6	**11**	-	70
Profit and loss account	6	**(5,072)**	(5,826)	(5,302)
Equity shareholders' funds		**7,176**	6,411	7,005

SUMMARISED CONSOLIDATED CASH FLOW STATEMENT
for the six months to 30 September 2006

	Notes	**Six months to 30 Sept 2006 (unaudited)**	Six months to 30 Sept 2005 (unaudited)	Year to 31 March 2006 (audited)
		£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities	7	**995**	(1,169)	(850)
Returns on investment and servicing of finance				
Equity dividends paid		**(168)**	(139)	(138)
Interest received		**28**	32	101
Interest paid		**(21)**	(47)	(151)
Net cash (outflow) from returns on investment and servicing of finance before taxation		**(161)**	(154)	(188)
Taxation		**(47)**	-	(1)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		**(13)**	(8)	(222)
Purchase of intangible fixed assets		**(9)**	-	(16)
Sale of tangible fixed assets		**44**	-	7
Purchase of fixed asset investments		**(30)**	(1)	(111)
Sale of fixed asset investments		**74**	-	-
Purchase of minority interest		**-**	(336)	(336)
Net cash inflow/ (outflow) from capital expenditure and financial investment		**66**	(345)	(679)
Cash inflow/(outflow) before management of liquid resources and financing		**853**	(1,668)	(1,717)
Management of liquid resources				
(Increase)/decrease in short term deposits		**(1,346)**	596	508
Financing				
Issue of Ordinary share capital		**-**	-	-
Bank overdraft		**(3)**	-	3
Finance Lease		**(60)**	-	145
Loans received		**1,067**	1,003	1,304
Loans repayments		**-**	(134)	(134)
Net cash inflow/(outflow) from management of liquid resources and financing		**(342)**	1,465	1,826
(Decrease)/increase in cash in period		**511**	(203)	109

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/ FUNDS

	Notes	**Six months to 30 Sept 2006 (unaudited) £'000**	Six months to 30 Sept 2005 (unaudited) £'000	Year to 31 March 2006 (audited) £'000
Increase/(Decrease) in cash in period		**511**	**(203)**	109
Movement in short term deposits		**1,346**	**(596)**	(508)
Movement in finance leases		**60**	**-**	(145)
Movement in overdrafts		**3**	**-**	(3)
Movement in loans		**(1,067)**	**(869)**	(1,170)
Movement in net funds In period		**853**	**(1,668)**	(1,717)
Net funds at beginning of period		**(263)**	**1,454**	1,454
Net funds/(debt) at end of period		**590**	**(214)**	(263)

NOTES TO THE CONSOLIDATED RESULTS
for the six months ended 30 September 2006

1. The interim accounts have been prepared on a basis which is consistent with the accounting policies adopted for the year ended 31 March 2006.

2. Turnover consists of revenue arising in the United Kingdom 58% (2005: 99%) and Central and Eastern Europe 42% (2005: 1%) and all relates solely to the Group's principal activities.

3. The tax charge is based on the effective rate that is expected to apply to the profits for the full year.

4. The basic earnings per Ordinary Share is calculated on the profit on ordinary activities after taxation on the weighted average number of Ordinary Shares in issue, during the period, of 111,601,115 (30 September 2005: 111,601,115 and 31 March 2006: 111,601,115). The diluted earnings per Ordinary Share is calculated on an adjusted profit on ordinary activities after taxation of £401,000 and an adjusted number of Ordinary shares in issue of 115,051,115.

5. The Group charged goodwill amortisation in the six months to 30 September 2006 of nil (2005: £391,000).

6. Capital and Reserves

	Share capital £'000	**Share premium £'000**	**Merger reserve £'000**	**Foreign Exchange Translation Reserve**	**Profit and loss account £'000**
At 1 April 2006	1,116	5,298	5,823	70	(5,302)
Profit/(Loss) for the period	-	-	-	-	398
Movement on Foreign Exchange Translation Reserve	-	-	-	(59)	-
Dividends Paid	-	-	-	-	(168)
At 30 Sept 2006	**1,116**	**5,298**	**5,823**	**11**	**(5,072)**

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

	Six months to 30 Sept 2006 (unaudited) £'000	Six months to 30 Sept 2005 (unaudited) £'000	Year to 31 March 2006 (audited) £'000
Operating profit	**480**	105	801
Depreciation and profit/loss on disposal of fixed assets	**34**	7	18
Amortisation of goodwill	**-**	391	391
Movement in foreign exchange translation reserve	**(59)**	-	70
Decrease/ (increase) in stocks	**595**	(1,422)	1,303
Decrease/ (increase) in debtors	**14**	(303)	(4,153)
(Decrease)/ increase in creditors	**(69)**	53	720
Net cash inflow/(outflow) from operating activities	**995**	(1,169)	(850)

8. The financial information contained in this interim report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. This information has been neither audited nor reviewed within the meaning of APB Bulletin 1999/4 by the Company's auditors. The financial statements for the year ended 31 March 2006, incorporating an unqualified report of the auditors, have been filed with the Registrar of Companies.

9. The interim results are being circulated to all shareholders. Further copies can be obtained from the registered office at 17 Quayside Lodge, William Morris Way, London SW6 2UZ.