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Private & confidential

The Directors
First Residential Properties Limited
60 Cannon Street
London
EC4N 6NP

Our ref j/b/422

17 February 2011

Dear Peter

Statement of the independent auditor to First Residential Properties Limited for the purposes of section 92 (1)(b) and (c) of the Companies Act 2006

We have examined the balance sheet and related notes of First Residential Properties Limited as at 31 December 2010 which formed part of the financial statements for the year then ended which were audited by us

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of the balance sheet and related notes

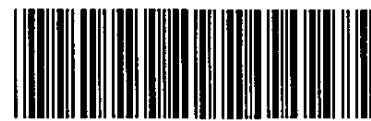
It is our responsibility to

- (a) report on whether the balance sheet has been properly prepared in accordance with the requirements of the Companies Act 2006, and
- (b) form an independent opinion, based on our examination concerning the relationship between the company's net assets and its called-up share capital and undistributable reserves at the balance sheet date

Opinion concerning proper preparation of balance sheet

In our opinion the audited balance sheet at 31 December 2010 has been properly prepared in accordance with the requirements of the Companies Act 2006

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KPMG Audit Plc

17 February 2011

Statement on net assets

In our opinion, at 31 December 2010 the amount of the company's net assets (within the meaning given to that expression by section 831(2) of the Companies Act 2006) was not less than the aggregate of its called-up share capital and undistributable reserves

Adrian Wilcox

Statutory Auditor

Adrian John Wilcox

Address

KPMG Audit plc
8 Salisbury Square
London EC4Y 8BB

Date

17 February 2011



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Independent auditors' report to the members of First Residential Properties Limited

We have audited the financial statements of First Residential Properties Limited for the year ended 31 December 2010 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement, set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's results for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

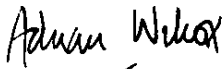
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of First Residential Properties Limited (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Adrian John Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

14 February 2011