CRITERION
PROPERTIES

Annual report 2001

CONTENTS

IT Tower, Avenue Louise, Brussels
22,778 m^2 – Bought March 2001

CRITERION PROPERTIES

DIRECTORS AND ADVISERS

Directors	Rolf L Nordström *Chairman*
	Daniel Akselson *Chief Executive Officer*
	Michael J de H Bell *Non-executive*
	Michel Berges *Non-executive*
	John S Lamb *Non-executive*
	Sir Eric Parker *Non-executive*
Secretary	Tom Shannon
Registered Office	34 St James's Street London SW1A 1HD
Registration No.	2101254 – Registered in England and Wales
Stockbrokers	KBC Peel Hunt Limited 62 Threadneedle Street London EC2R 8HP
Auditors	Deloitte & Touche Chartered Accountants Hill House, 1 Little New Street London EC4A 3TR
Solicitors	The City Law Partnership 99 Charterhouse Street London EC1M 6NQ
	Denton Wilde Sapte Five Chancery Lane Cliffords Inn London EC4A 1BU
Bankers	Bank of Scotland
Registrars and Transfer Office	Capita IRG plc Balfour House, 390/398 High Road Ilford, Essex IG1 1NQ
Share Price Information	The Financial Times Cityline Service: 09068433106

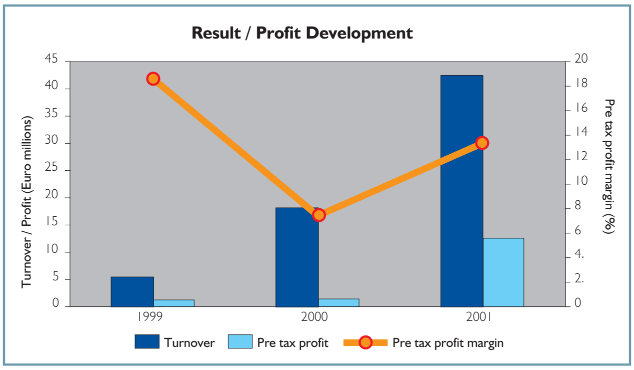
CRITERION PROPERTIES PLC

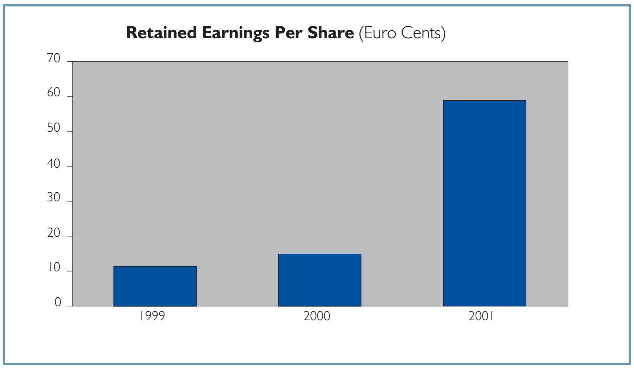
IT IS THE AIM OF CRITERION PROPERTIES PLC to enhance shareholder value through:

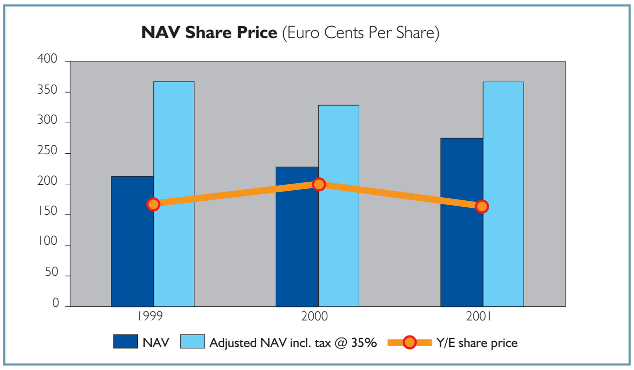
- active management of our property portfolio;
- a programme of carefully selected property acquisitions and disposals;
- expanding the Company into European property;
- strengthening the Company's returns by working with partners, when and where appropriate;
- increasing earnings per share;
- increasing net asset value per share.

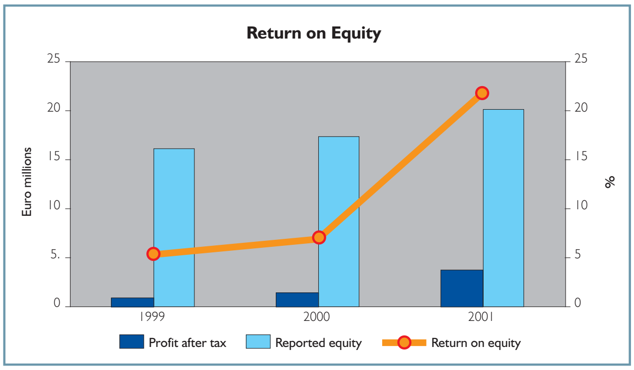
CRITERION PROPERTIES PLC – THE YEAR AT A GLANCE

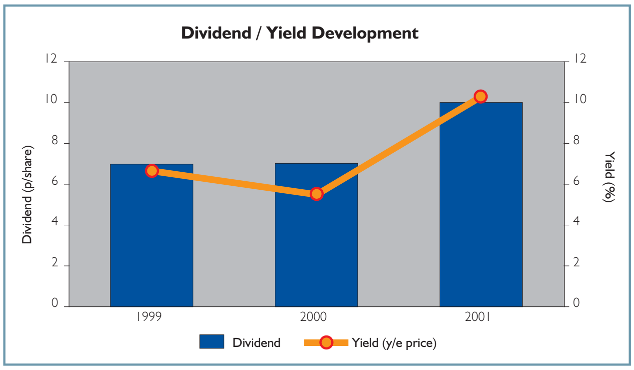
- Profit on ordinary activities before taxation up by 336% to €5,768,000 (€1,322,000).
- Net asset value at €2.71 per share (€2.31 per share).
- Unrecognised trading stock value increases would add approximately €1.38 per share to the NAV gross before tax (€1.56 per share) or €0.90 net of European taxes at an assumed net average rate of 35% (€1.01).
- Total NAV gross before tax including unrecognised trading stock value increases of €4.09 per share (€3.87 per share) or €3.61 net of European taxes at an assumed net average rate of 35% (€3.32).
- Proposed final dividend of 7.00 pence or €0.11 per share, making a total of 10.00 pence or €0.16 per share (total dividend of 7.00 pence or €0.11 per share) an increase of 42.8%.
- Earnings per share up by 321% to €0.59 or 36.67p per share (€0.14 or 8.82p per share).
- Sold €96.5 million UK Portfolio.
- Bought two properties in Brussels, Belgium for a total of €50.3 million.

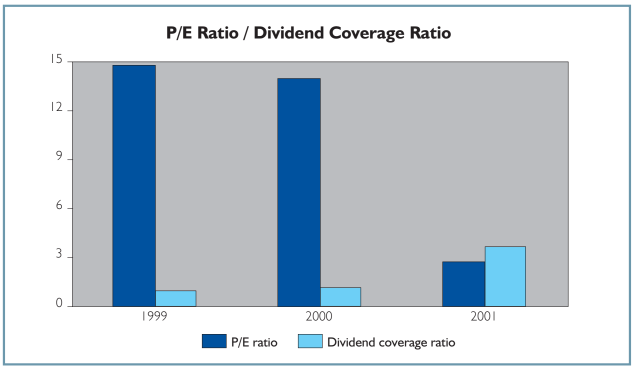








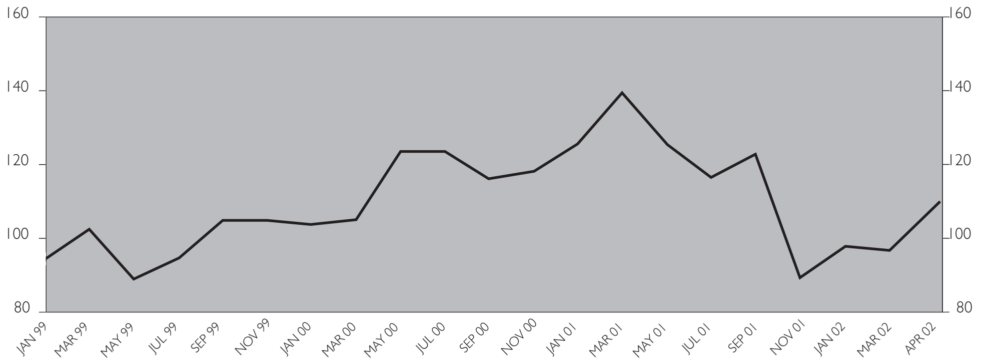




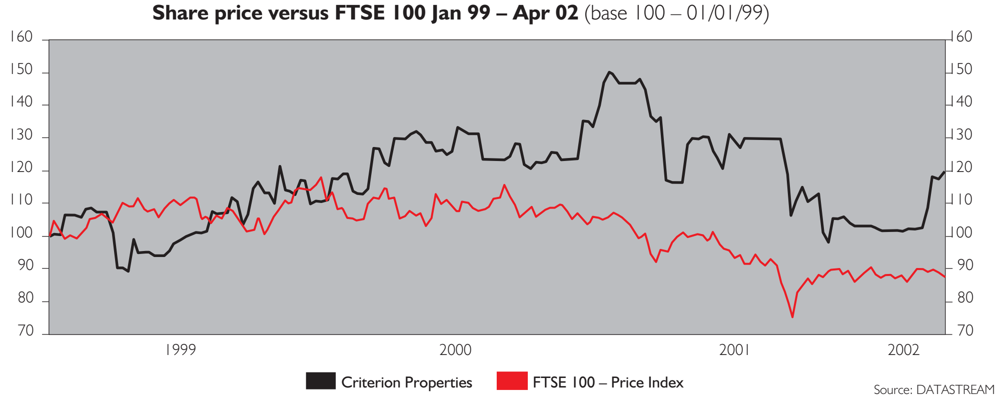
THREE YEAR SUMMARY

	31 Dec 1999	31 Dec 2000	**31 Dec 2001**
Turnover € million	5.4	17.4	**42.5**
Trading revenue € million	1.1	11.6	**37.8**
Operating revenue € million	4.3	5.8	**4.7**
Pre tax profit € million	1.0	1.3	**5.8**
Pre tax profit margin %	18.4%	7.6%	**13.6%**
Equity € million	16.3	17.0	**20.0**
Earnings per share (basic) € cents	11.3	14.4	**59.0**
Price/Earnings ratio Year end based	14.7	13.9	**2.7**
Dividend per share pence	7.0p	7.0p	**10.0p**
Dividend/Earnings ratio %	94.1%	79.4%	**27.3%**
Dividend coverage ratio	1.06	1.26	**3.67**
Yield (based on Year end Price) %	6.4%	7.4%	**10.1%**
Net Asset Value per share – Net of taxes @ 35% € cents	361	332	**361**

Share Price Development (Pence)



Share price versus FTSE 100 Jan 99 – Apr 02 (base 100 – 01/01/99)



Source: DATASTREAM

CHAIRMAN'S STATEMENT

The past year has been a very active one for Criterion. We have sold all our UK properties, with the exception of one joint venture partnership property. The Group has completed its planned repositioning into Continental Europe with major property acquisitions in Belgium.

As a consequence of our concentration on Continental Europe we have converted into Euro (€) accounting with effect for the year ended 31 December 2001. This will simplify accounting and reduce currency exposure within the Group. The comparative figures in the accounts have been translated into Euro at the appropriate exchange rate. The share price and dividend will continue to be expressed in Pounds Sterling.

Results Summary

The Company's results this year include exceptional charges of €469,000 relating to the litigation with Stratford UK Properties LLC ('Oaktree') (details and the outcome of this are mentioned later on under Corporate matters), €740,000 associated with the sale of UK properties and €1,163,000 provided for the Company's share of the diminution in value of the last remaining partnership property. Results also include a profit on sale of properties of €10,269,000 offset by costs of early redemption of loans of €902,000. Comparative results for the year ended 31 December 2000 included exceptional charges amounting to €304,000 and profits on sale of properties of €1,025,000.

The main financial highlights for the year ended 31 December 2001 (the year ended 31 December 2000 within brackets) include:

- Profits on ordinary activities before taxation up by 336% to €5,768,000 (€1,322,000).
- Net asset value (NAV) at €2.71 per share (€2.31 per share).
- Unrecognised trading stock value increases would add approximately €1.38 per share to the NAV gross before tax (€1.56 per share) or €0.90 net of European taxes at an assumed net average rate of 35% (€1.01).
- Total NAV gross before tax including unrecognised trading stock value increases of €4.09 per share (€3.87 per share) or €3.61 net of European taxes at an assumed net average rate of 35% (€3.32).
- Proposed final dividend of 7.00 pence or €0.11 per share, making a total for the year of 10.00 pence or €0.16 per share (total dividend of 7.00 pence or €0.11 per share) an increase of 42.8%.
- Earnings per share up by 321% to €0.59 or 36.67p per share (€0.14 or 8.82p per share).

Property purchases and sales

On 12 February 2001 the €96.5 million sale of five major buildings owned either wholly by the Group or within the joint venture partnership with Stratford UK Properties LLC ('Oaktree') was completed. These buildings comprised Brunel House in Cardiff and Essex House in Hull within the Group; and Bouverie House, Fleet Street; The Pithay in Bristol and York House in Wembley within the joint venture partnership.

In July 2001 the Company sold its property at 4/8 Market Place in Penzance at a loss on sale of €40,225. This was the last remaining fully owned property in the UK.

Approximately €19.1 million of cash was released as a result of the sale of the UK portfolio and we subsequently made two major investments in the Brussels market. The Group's strategy is to add value to the properties and trade them on. The first one was the acquisition on 15 March 2001 of the ITT Tower, now renamed the IT Tower, a 22,778 sq m landmark office building prominently located at the corner of Avenue Louise and Avenue de Mot. Major tenants within the building include international management consultants McKinsey & Co, Volkswagen, Jones Day and Stora Enso. The property was purchased for €40.9 million. We used cash from within the Group and a long term non-recourse bank financing of €32.4 million. On acquisition the property was yielding 8.9% gross whilst being 92% let. Since completion we have been working actively on the letting situation and have started a rolling refurbishment programme. By March 2002 the tower portion of the building was 98.8% let. Fully let, the building is estimated to produce an income of approximately €4.25 million, equating to a gross yield of 10.4%. We will be taking back 3 floors with a lettable area of 2,955 sq m in May 2002 and intend to refurbish and re-let them at a higher rent.

The second acquisition of the year was the QPT Tower in central Brussels which was completed on 21 December 2001. The total purchase price was €9.4 million – a long term bank financing of €8.0 million was put in place with the balance paid in cash. Built in 1964, the property comprises 13 levels totalling 11,255 sq m of lettable space as well as 441 sq m of storage together with some 46 parking spaces. The building has undergone some renovation work which the Group intends to continue. Upon acquisition the property was let at an annual rental income of €1.0 million which represents an initial gross yield of 10.6% and the average length of the leases is approximately 7 years with high quality tenants. Fully let, the property is expected to produce an income of approximately €1.07 million, thus producing a gross yield of 11.3%.

The only remaining UK property investment is the 25% interest in Mobius House, Basingstoke through the Limited Partnership with our partner Stratford UK Properties LLC ('Oaktree'). The sole tenant in this property, Dolphin Telecommunication Services Limited, went into administration on 1 August 2001 and vacant possession was received on 22 March 2002. We are presently working on re-letting this property, something that has proven to be difficult given the present market conditions in the Basingstoke area.

A schedule of our present property portfolio is to be found on page 14.

Corporate matters

In my Chairman's statement last year I wrote about the legal situation with respect to the dismissal of Aubrey Glaser as Managing Director of the Company on 3 April 2001, and the subsequent litigation with our partner Stratford UK Properties LLC ('Oaktree'). The Company applied for summary judgment at a hearing on 13 and 14 March 2002.

I am pleased to inform you that on 27 March 2002 Mr. Justice Hart found in favour of Criterion and made an interim costs order in favour of the Company of £75,000 (€123,000). The Company has been informed that Oaktree filed a notice of appeal against the judgment on 16 April 2002 and this will be vigorously contested.

We can now focus our attention on the future of the Company for which our strategy remains to deliver returns from our property assets in Continental Europe. The market is less mature than that of the UK, and we can see further good opportunities for expansion.

To better explore the possibilities and enhance our presence in the Belgian market place we opened an office in Brussels, making use of part of the 15th floor in the IT Tower. This office will also be used for marketing purposes of the building.

I am pleased to say that Mr. Daniel Akselson joined us on 8 October 2001 as Managing Director. Mr. Akselson is already proving to be a major contributor to the management and development of the Company.

Mr. William Hemmings stepped down as a Non-Executive Director on 8 October and Mr. Alan Palmer resigned on 31 December 2001 as Finance Director and Company Secretary. Our new Company Secretary is Mr. Tom Shannon who is also in charge of accounting. I would like to welcome Mr. Shannon as Company Secretary and thank Mr. Hemmings and Mr. Palmer for their contributions as Directors.

Name change

To better reflect the direction of the company we are proposing to the shareholders at the coming AGM a change of name to **INTERNATIONAL REAL ESTATE PLC**. We have protected the name and developed a new logo for the Group.

Dividend

Given the excellent results for the year your Board proposes to pay a final dividend of 7 pence per share (€0.11) payable on 31 May 2002 to shareholders on the register on 3 May 2002. An interim dividend of 3 pence (€0.05) was paid on 31 October making a total for the year of 10 pence per share (€0.16) compared with 7 pence (€0.11) for the previous year. The Board continues to be concerned at the share price discount to net asset value. The possibilities of a limited share buy back programme continue to be explored.

Directors and Staff

I would like to take this opportunity to welcome Mr. Akselson on board as Managing Director and to thank my fellow Directors, staff and advisors for their hard work and dedication during the year helping us to further develop the Company.

Prospects

The prospects for Criterion remain promising. Whilst we do not anticipate any property sales within the first six months of 2002, our rental income is more than adequate to cover our financial liabilities and administrative expenses. Our properties in Brussels have performed well and are producing a strong cash flow whilst we still have the potential to further enhance cash flow and thus values.

We will continue to focus on the core business and on further transactions. The market conditions in Belgium remain promising and we have positioned the Company well in this market place. We are currently considering a number of potential purchases and we are looking forward to a challenging year.

Rolf L Nordström, Chairman
25 April 2002

BRUSSELS MARKET AND PROPERTY REVIEW

Brussels Market Report

As this is the first annual report after the sale of the majority of the U.K. properties and the first of the major investments in Europe were made, a report on the Brussels market, where two of the three European investments are located, is presented.

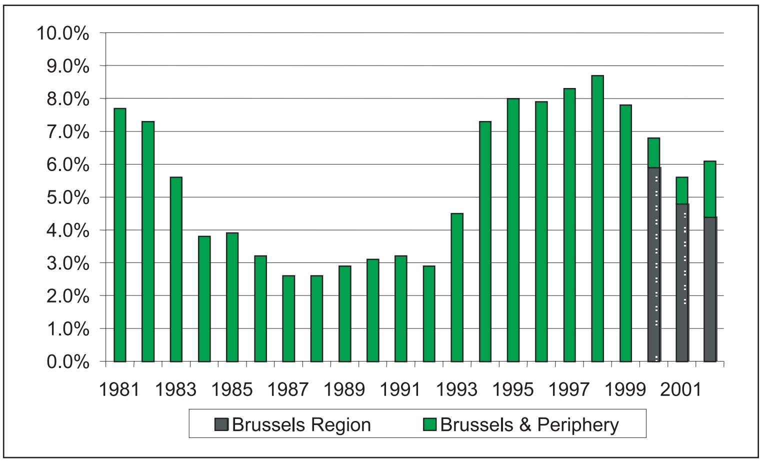
In addition to the specific information on Criterion's properties given in the Chairman's statement and the Property Schedule, Catella Codemer, a well-known property consultant in Brussels and Europe, has provided a summary of their view of the Brussels marketplace. Notes on Criterion's position have been incorporated in their view.

Brussels demonstrates its stability

Market evolution

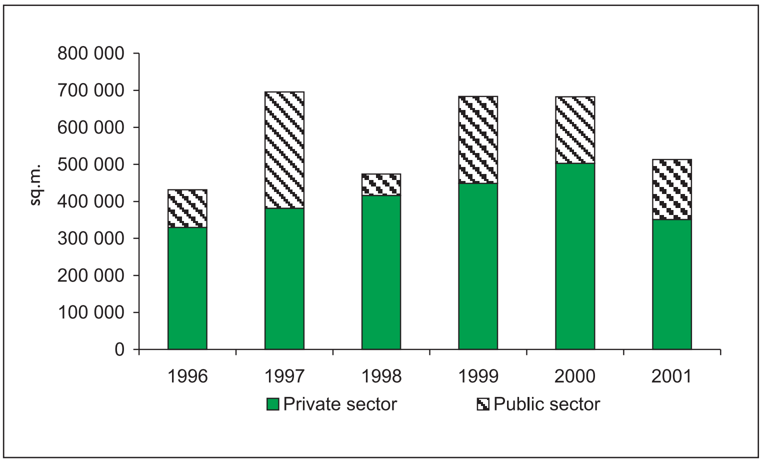
In 2001, the market continued its tightening in the Brussels Region with a drop in the vacancy rate from 4.8% on 1 January 2001 to 4.4% on 1 January 2002. However, the periphery saw a slight increase in the vacancy rate bringing the overall Brussels market to 6.1% (5.6% on 1 January 2001). 728,000 m² are available within three months out of a total stock of 11,894,000 m².

Evolution of vacancy rate



- The market in the Central Business Districts (CBDs) has continued to tighten and the vacancy rate is now at 3.0% (3.7% on 1 January 2001).
- The vacancy level in the decentralised zone has stabilised at 8.3% with a slight increase in the vacancy rate in the decentralised east district to 7.6% (6.9% on 1 January 2001) and a decrease in the decentralised west district to 10.0% (11.7% on 1 January 2001).
- The periphery has seen a significant increase in its vacancy rate and reached a level of 17.0% on 1 January 2002 (10.7% on 1 January 2001). This increase is mainly due to the Zaventem district and is caused by three factors:
  - the recession, particularly with the slowdown in the Information Technology sector,
  - the supply of new office buildings, which has increased the stock by 16%,
  - the accessibility difficulties, particularly for the business parks located inside the Ring.

Take-up by sector of activity (1996-2001)

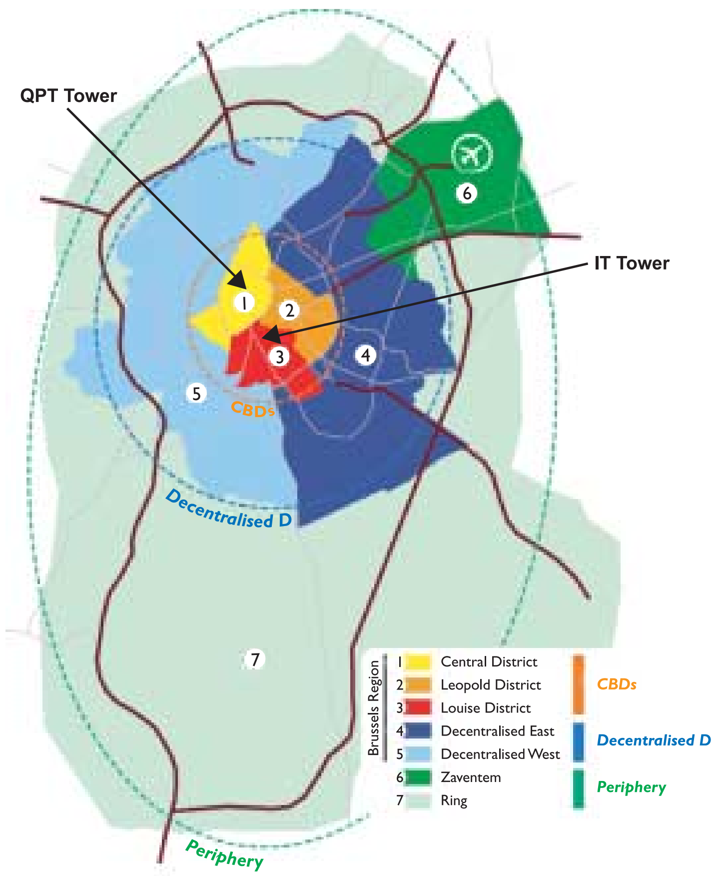


The CBDs attracted 49% of the take-up (compared to a five-year average of 53%) mainly due to the low activity of the European Institutions. More specifically the take-up was divided as follows:

- The central district has had a good year thanks to the high activity of the Belgian public sector (125,000 m^2), which has made up for low activity in the financial sector.
- The Leopold district has shown a decrease in take-up, mainly due to the low activity of the European Institutions, which are waiting for major decisions on enlargement (only 17,000 m^2 take-up on 2001). Fortunately, the activity of the private sector was quite high in the Leopold district.
- The Louise district has had a very good year thanks to high activity in the Belgian public sector and the consultancy sector.

The decentralised zone represented 30% of total take-up (compared to a five-year average of 26%). This very good level is mainly due to the diversity of activities in the decentralised zone and its ability to attract headquarters of large multinationals – generally less affected by economic fluctuations.

The periphery remained steady with 21% of the total take-up (compared to a five-year average of 21%). The slowdown in the Information Technology sector has caused a decrease in take-up in the Zaventem district but has been compensated by the good performance of the chemical-pharmaceutical sector in the other areas located around the Ring.



Criterion's evolution

Criterion's two Brussels properties are located in the Central District (Quai aux Pierres de Taille) and in the Louise District (IT Tower).

For IT Tower the vacancy ratio for the office area was reduced from circa 8% to 5.1% at 31 December 2001. The Quai aux Pierres de Taille property, that was acquired mid-December 2001, had a vacancy rate (covered by a guarantee from the Vendor) of 8% at the end of 2001.

QPT Tower

IT Tower

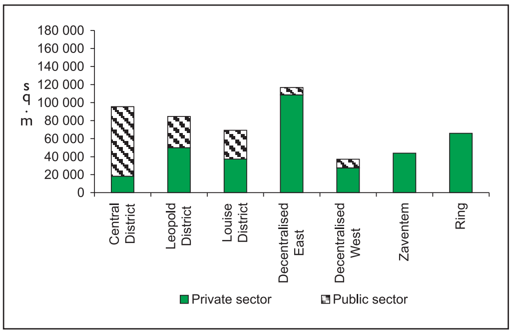
Take-up

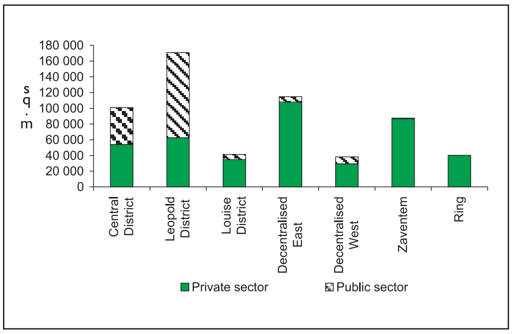
With 334,000 m² of space taken up in the first quarter, 2001 could have been a potential record. However, the fourth quarter take-up was low which brought the yearly figure to a lower level than last year with 513,000 m² in total (compared to 683,000 m² in 2000).

As in the past, the private sector has represented 70% of the take-up.

BRUSSELS MARKET AND PROPERTY REVIEW

CONTINUED



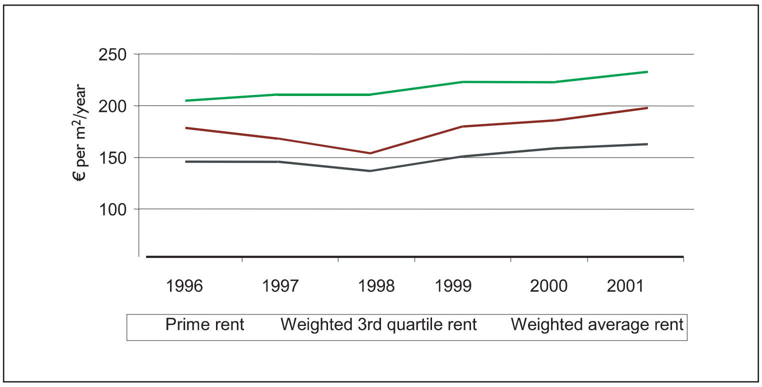


Rent levels

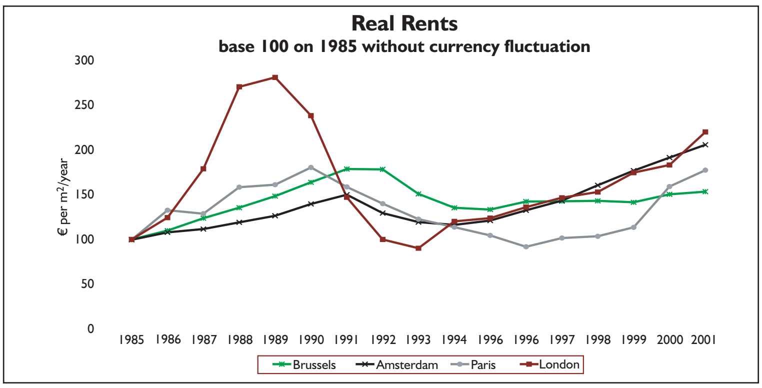
The Brussels market has confirmed its strength through increasing rents:

- The prime rent moved up from €223 to €233 per sq. m. (with 835 m^2 taken-up), representing an increase of 4.5%.
- The weighted third quartile of rents increased by 6%, and moved from €186 to €198.
- The weighted average rents have moved up by 2.5%.

Evolution of rents



In the long term, Brussels promises a better performance than other European cities

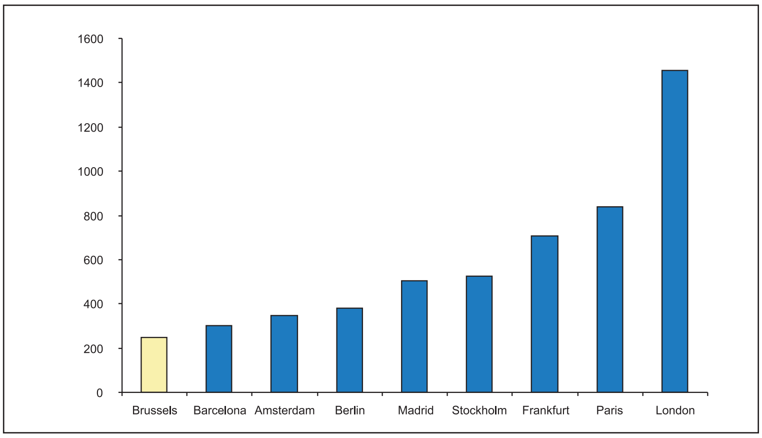


Brussels has always been a very stable market compared with other European main office markets.

In the past, the main stability factors were an urban planning regime without large constraints and the presence of multinational headquarters and of Belgian and European public administration. The supply has always been able to reply to the demand and therefore there has been no major pressure on the rents.

In this context, the value of office space has always been relatively low compared with other European countries.

Prime rents in the major European cities (€/m²/year)



But in the future, four major factors could have a positive impact on the value of office space:

- The new urban plan, which significantly reduces the development of new office areas;
- The increasing traffic which will induce growing differences in the value and quality of locations (reflecting access to public transport network and accessibility by car);
- The presence of Belgian and international administrations as well as headquarters of multinational companies, which constitutes a factor of stability in terms of take-up;
- The extension of European institutions giving a large potential increase at all levels.

In this context, with a decreasing offer and a stable or rising demand, the rents could increase in the best locations.

Criterion developments

The rent agreements in the IT Tower signed during 2001 showed an increase in average rents of 12.1% compared to 2000. With an average rent of €170 per sq. m. per year at 31 December 2001 there is still room to improve the rents. Average rent for the property increased by 3.6% during 2001 compared to 2000.

For Quai aux Pierres de Tailles the average rent is €90 per sq. m. per year.

The investment market in 2001

The Brussels investment office market has proved its stability and its ability to resist the economic slowdown. The best locations continue to attract investors at 6.5% yield, as last year, indicating that Brussels remains a positive market.

From the point of view of volume, 2001 has been a good year with almost €1.5 billion of sales. Two main transactions explain this good score: Befimmo's acquisition of the CIBIX portfolio and the purchase of the "Tour des Finances" by Breevast.

In value terms, more than 62% of transactions took place in the CBDs (30% in the Leopold district and 29% in the central district), and 25% were for the purchase of portfolios.

Half of all transactions were made by Belgian investors, particularly SICAFIs, and the other half by foreign investors, notably the Dutch who came into the market with two significant transactions: the purchase of the Tour des Finances by Breevast and the acquisition of the Perifund portfolio by Vastned. The Germans have also been particularly active with several transactions including the purchase of the Mondrian project by Difa.

Conclusion

It is probable that the year 2002 will be similar to 2001. In this context, the Brussels Region will remain tight while the periphery will have to wait for an economic recovery to renew its growth.

PROPERTY SCHEDULE

at 25 April 2002

Location	Type	Ground Surface Area m^2	Ground Surface Area ft^2	Freehold or Leasehold	Lettable Area m^2	Lettable Area ft^2	Occupancy	Ground Rent per annum
CRITERION PROPERTIES PLC WHOLLY OWNED								
IT Tower Brussels, Belgium	Office	4,311	46,404	Leasehold to 2066	22,778	245,182	91%	€4,000
Quai aux Pierres de Taille Brussels, Belgium	Office	2,792	30,053	Freehold	11,696	125,896	92%	
Aartselaar Antwerp, Belgium	Warehouse + Office	70,000	753,478	Freehold	36,288	390,604	93%	
Total, wholly owned properties:		**77,103**	**829,935**		**70,762**	**761,682**		
PARTNERSHIP PROPERTIES								
Criterion – Stratford (Basingstoke) Limited at 25% interest								
Basingstoke – Mobius House Viables Industrial Estate, Basingstoke	Office	13,719	147,671	Leasehold to 2107	4,093	44,070	0%	18% of rent received
TOTAL, OWNED OR UNDER MANAGEMENT:		**90,822**	**977,606**		**74,855**	**805,752**		
SUMMARY:								
Criterion Properties PLC wholly owned properties		**77,103**	**829,935**		**70,762**	**761,682**		
Criterion Properties PLC share of Partnership Properties @ 25%		**3,430**	**36,918**		**1,023**	**11,018**		
TOTAL, WHOLLY OWNED AND SHARE OF PARTNERSHIP:		**80,533**	**866,853**		**71,785**	**772,700**		

Aartselaar, Antwerp, Belgium

REPORT ON CORPORATE GOVERNANCE

As required by the Financial Services Authority Listing Rules, paragraph 12.43A(a), the Board sets out below its application of the principles in the Combined Code.

Company Organisation
The Board comprises two executive Directors including an executive Chairman, and four independent non-executive Directors. The role of Chairman is held by Rolf L Nordström. On 8 October 2001 Daniel Akselson was appointed Chief Executive. The former Financial Director and Company Secretary, Alan Palmer left the Company on 31 December 2001. On 1 January 2002, Tom Shannon, Group Financial Accountant, was appointed Company Secretary. On 8 October 2001 William Hemmings, a non-executive director, resigned. The senior independent non-executive Director is John Lamb. The Board carries the responsibility for the overall conduct of the business of the Company and Group. It is responsible for the overall Group strategy and management, acquisition and divestment policy, internal control, approval of major capital expenditure projects and significant financing matters. Both regular and ad hoc reports and information are supplied in a timely manner to the Directors prior to each Board meeting. Board meetings are held approximately once every three months. The present Board consists of experienced Directors from the property, construction and financial services sectors. The principal committees of the Board are the Audit Committee, the Nominations Committee and the Remuneration Committee.

The Appointment of Directors
All Directors have to retire by rotation every three years and submit themselves for re-election. Each non-executive Director has a separate Letter of Appointment setting out their non-executive duties and remuneration. All Directors are able to take independent professional advice in furtherance of their duties if necessary. All appointments to the Board are recommended through the Nominations Committee.

The Audit Committee
The Audit Committee comprises all non-executive Directors with Sir Eric Parker holding the position of Chairman, with all executive Directors invited to attend. The Committee reviews the interim and final financial results before they are approved by the Board of Directors. The Audit Committee reviews any changes in accounting practice, major areas of judgement, the going concern assumption, compliance with accounting and regulatory principles, and ensures that the results represent a fair and meaningful assessment of the Company's financial performance and prospects. The auditors present a report to the Audit Committee at the interim and year end and are given the opportunity to speak confidentially to the Committee. The Audit Committee, at least annually, reviews the system of internal controls and the need for an internal audit function in the Company.

The Nominations Committee
The Nominations Committee comprises all non-executive Directors along with Rolf L Nordström, who holds the position of Chairman. The Committee is authorised by and proposes to the Board any new Board appointments whether executive or non-executive directors within the guidelines laid down by the Board as a whole.

The Remuneration Committee
The Remuneration Committee comprises all non-executive Directors with Michael J de H Bell holding the position of Chairman. See the Report of the Remuneration Committee on pages 17 and 18.

Investor Relations
Investor relations are managed mainly through the Annual General Meeting of the Company and on an ad hoc basis through enquiry from investors of the Directors of the Company. The Board encourages questions from shareholders at the Annual General Meeting during which the Chairmen of the Audit and Remuneration Committees, Sir Eric Parker and Michael Bell respectively, will be available to answer any shareholder questions.

The next Annual General Meeting will take place on 30 May 2002. Details of the business to be considered are contained in the Notice of Meeting, which accompanies this report.

Financial Reporting
A review of the Group's significant property activities during the year is included in the Chairman's Statement on pages 6 to 8. The Board uses this, together with the Report of the Directors on pages 19 and 20 to present a balanced and understandable assessment of the Group's position and prospects. The Directors' responsibility for the financial statements is described on page 21.

Internal Control
The Directors acknowledge their responsibility for the Group's system of internal control and confirm that they have acted in accordance with the recommendations as set out in the guidance "Internal Controls: Guidance for Directors on The Combined Code". An internal control system can only provide reasonable and not absolute assurance against material misstatement or loss. An ongoing process for identifying, evaluating and managing significant business and financial risks faced by the Group was in place during the financial year and up to the date of signing these financial statements. Procedures include prioritising the Group's objectives and risks, monitoring the effect of change on risks and determining a control strategy for each of the significant risks. A risk management policy document has been prepared for the Board and has also been sent to all senior employees setting out the Board's attitude to risk in the achievement of the business objectives. The quarterly management information includes the addition of key risk indicators.

The Directors have performed a review of the effectiveness of the Group's internal controls during the period. Key control procedures include:

- the day to day supervision of the business by the executive Directors;
- the annual approval of budget and cash flow forecasts for the following year and quarterly monitoring of performance against budget and forecast through quarterly management accounts and cash reports;
- establishment of lines of responsibility and delegation of authority appropriate to the size of the Group;
- review of all key reports given to the Board including property appraisals, property reviews, cash flow and cash balance reports, quarterly management reports and share register movements;
- establishment of clear procedures and reports for rent and service charge collection and expenditure approvals and payment;
- the Group's policy to recruit and train good quality staff appropriate to their areas of duty and responsibility and an annual review of staff performance by the executive Directors;
- the computer controls and procedures over the security of data held on computer systems, combined with comprehensive disaster recovery arrangements and regular testing by external consultants; and
- the day to day management and consideration of all major business and financial risks for the joint venture partnership.

All recommendations by the external auditors with regard to improvement and changes to the internal control procedures are considered for implementation by the Group. Given the current size of the Group, the Directors consider that an internal audit function would not be appropriate.

Treasury Policy

The policy of the Group is to ensure that all cash balances earn a market rate of interest; that interest rate exposures are regularly reviewed and managed using fixed rate debt and hedging instruments where appropriate. Bank relationships are maintained to ensure that sufficient cash and unutilised facilities are available to the Group.

The Group's cash is managed through electronic cash management systems with the Group's clearing bank to maximise interest earned on its balances. Similarly the Group's liquidity is managed through regularly updated annual cash flow forecasts.

Interest rate risks are monitored and reported to the Board at each Board meeting. All uses of derivatives are pre-agreed by the Board prior to implementation.

Interest on existing debt comprised 3% at a fixed rate and 97% at a floating rate. The Group presently has in place interest rate hedges amounting to a notional value of €46.8 million, equating to 99% of the floating rate debt for an average period of 5.6 years.

Where hedged loans have been repaid but the hedging instrument not closed out, the Group's policy is to carry the instrument at market value.

Stratford UK Properties LLC ("Oaktree") Litigation

On 4 April 2001, the Board announced that it had dismissed its Managing Director, Aubrey Glaser. The dismissal followed discovery by the Board that Mr Glaser had entered into a Second Supplementary Agreement ("Agreement") to a Joint Venture between the Company and Stratford UK Properties LLC ('Oaktree'), without the knowledge or approval of the Board or Shareholders of the Company.

The Agreement purported to give Oaktree the right (inter alia) to require the Company to buy out the Oaktree share of the Joint Venture on terms highly beneficial to Oaktree, in the event of a change of control of the Company or the departure or non involvement in management of the Chairman (who had no knowledge of the Agreement) or Mr Glaser.

Following a hearing in the High Court on 13 and 14 March 2002 of the Company's application for summary judgment, judgment was given by Mr Justice Hart on 27 March 2002 when he found in favour of the Company and made a declaration that the Agreement was unenforceable against the Company. On 16 April 2002, Oaktree filed a notice of appeal against the judgment.

Additional information can be found in the Chairman's Statement.

Going Concern

The following statement is made solely in order to comply with paragraph D.1.3 of the Code and 12.43(v) of the Listings Rules: after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Compliance with the Combined Code

Throughout the year the Company has been in compliance with the Code provisions set out in section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority, with the exception that during the period 3 April to 7 October 2001 the role of Chairman and Chief Executive was combined. Since 8 October 2001 Daniel Akselson has been Chief Executive while Rolf Nordström continues as Chairman.

By Order of the Board

Tom Shannon, Secretary
London, 25 April 2002

REPORT OF THE REMUNERATION COMMITTEE

A Remuneration Committee, which consisted of M J de H Bell (Chairman) and J Lamb, determined the overall remuneration package for executive Directors. The Committee is responsible for advising on remuneration policy in order to attract and retain high quality executives capable of achieving the Group's objectives. The Remuneration Committee considers the Directors' performance and the remuneration for similar positions in other comparable companies. Remuneration is reviewed annually and comprises basic salary, bonus, medical insurance, life insurance and permanent health insurance. An element of Directors' remuneration is linked to performance by way of a Share Incentive Plan described below.

Fees for non-executive Directors are determined by the Board on the recommendation of the Chairman based upon comparable market levels.

R L Nordström and D Akselson have service contracts, which can be terminated by the Company by one year's notice. The contracts contain provisions for compensation on termination of up to one year's remuneration.

No Director holds any share options other than those rights disclosed under the Share Incentive Plan below. Annual bonuses are awarded to key employees predominately on the basis of their individual achievements in relation to their areas of responsibility.

Directors' remuneration

The salaries and fees of the Directors are given in the table below.

	Basic Salaries and Fees	Bonuses	Benefits in Kind	Year ended 31 Dec 2001 Total	Year ended 31 Dec 2000 Total
	€	€	€	€	€
Executive Directors' fees/salaries					
R L Nordström	112,630	–	–	112,630	113,659
D Akselson	49,037	–	–	49,037	–
A Glaser	28,158	–	1,152	29,310	118,650
A Palmer	86,886	–	4,134	91,020	91,044
Non-executive Directors' fees/salaries					
Sir Eric Parker	16,090	–	–	16,090	19,281
J Lamb	16,090	–	–	16,090	24,356
M J de H Bell	16,090	–	–	16,090	16,237
W Hemmings	20,113	–	–	20,113	12,178
M Berges	16,090	–	–	16,090	10,148
	361,184	–	5,286	366,470	405,553

Prior to his appointment as a Director, Daniel Akselson had a consultancy agreement with the Company for which the sum of €17,266 (£10,731) was paid during the year. Following his appointment this consultancy agreement was terminated. Sir Eric Parker has a separate consultancy agreement with the Company payable at the rate of €24,135 (£15,000) per annum with effect from 1 January 2001.

No pension contributions were paid in respect of the Directors during the year ended 31 December 2001 (year ended 31 December 2000 – € nil).

Directors' interests

The beneficial interests of the Directors in office at 31 December 2001 in the issued share capital were as follows:

	Ordinary shares of 40p each		
	1 January 2001 or date of appointment	31 December 2001	25 April 2002
R L Nordström (Swedish)	4,382,311	4,382,311*	4,382,311*
D Akselson (Swedish)	–	5,000	15,000
M J de H Bell	5,000	5,000	5,000
M Berges (Belgian)	–	–	–
J Lamb	125,000	125,000	125,000
Sir Eric Parker	25,000	7,500	7,500

*As at 31 December 2001 and 25 April 2002, Jermyn Business Limited, a company indirectly beneficially controlled by the Nordström family, held 4,382,311 shares in the Company (59.56%).

Apart from the interests stated above and the conditional rights in shares granted under the Share Incentive Plan, no Director held any beneficial or non-beneficial interest in any Group Company.

Share Incentive Plan

By Ordinary Resolution dated 26 February 1998 the Company established The Criterion Properties PLC Share Incentive Plan, whereby Criterion Properties PLC may advance sums to the Criterion Properties Employee Share Trust in order for it to subscribe for shares in the Company. Such shares are to be held for the purpose of the Plan and otherwise for the general benefit of the Group's employees. The number of shares in the Company which may be held by the Trust at any time is limited to 5% of the issued ordinary share capital of the Company.

The Trustees of the Criterion Properties Employee Share Trust (acting on the recommendation and with the consent of the Remuneration Committee, but subject always to the exercise of its discretion) may grant conditional rights to acquire shares in the Company to selected employees. Rights which become vested will normally be exercisable after the end of three years only if a three year performance target, determined by the Remuneration Committee on the date the award is made, is exceeded.

Summary of Share Option Rights

Director	At 1 January 2001	Lapsed	At 31 December 2001	Date from which exercisable	Expiry Date
R L Nordström	23,333	–	23,333	9/8/2001	9/8/2008
	31,667	–	31,667	11/4/2002	9/8/2009
	30,000	–	30,000	11/4/2003	11/4/2010
A Glaser	23,333	23,333	–	–	–
See below	31,667	31,667	–	–	–
	30,000	30,000	–	–	–
A Palmer	15,556	–	15,556	–	–
See below	10,000	–	10,000	–	–
	5,000	–	5,000	–	–

The price payable to the Trustees upon exercise of a long term incentive award is £1.

The market price of the shares at 31 December 2001 was 97.5 pence. The range during the year was 89.5 pence to 141.5 pence.

The rights to acquire 85,000 shares held by A Glaser lapsed following his dismissal on 3 April 2001.

Following his resignation on 31 December 2002, A Palmer was granted the right to exercise his option on 30,556 shares.

During the year no monies have been paid into the Criterion Properties PLC Employees Share Trust. Further details of the plan are give in Note 25 on page 37.

Chairman of the Remuneration Committee
M J de H Bell

London, 25 April 2002

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 December 2001.

Principal Group activities

The Group's principal activity during the year was property investment and property trading. Details of the principal subsidiary undertakings are set out in note 13(c) to the accounts.

Review of business and future developments

A summary of the results of the year's trading is given on page 23 and a review of the activities of the Group and of future developments is contained in the Chairman's Statement.

Dividends

An interim dividend of 3.0 pence per share was paid on 31 October 2001 (year ended 31 December 2000 3.0 pence). The Directors recommended a final dividend for the year of 7.0 pence per share payable on 31 May 2002 making a total dividend of 10.0 pence per share for the year (year ended 31 December 2000, 7.0 pence in total).

Directors

The names of the current Directors appear on page 2. On 3 April 2001 Aubrey Glaser was dismissed as Managing Director. On 8 October 2001 William Hemmings resigned as a non-executive Director and Daniel Akselson joined as a Director. On 31 December 2001 Alan Palmer resigned as Finance Director and Company Secretary.

In accordance with the Article of Association, Daniel Akselson retires at the Annual General Meeting, and Michel Berges and Rolf L. Nordström retire by rotation. The retiring Directors, being eligible, offer themselves for re-election.

At the balance sheet date, Michael Bell, Michel Berges, John Lamb and Sir Eric Parker were non-executive Directors of the Company. The non-executive Directors do not participate in the Share Incentive Plan.

Rolf L Nordström, aged 47, has been investing in and managing properties in the UK and Europe since the early 1980s.

Daniel Akselson, aged 39, joined the Company as Chief Executive on 8 October 2001. During the last 13 years he has been involved in property investment in Europe.

Michael Bell is a fellow of the Institute of Actuaries. He is Chairman of Century Group Limited and its wholly owned subsidiary, Century Life Plc. From 1967 to 1993, he was a partner in the firm of R Watson & Sons, consulting actuaries.

Michel Berges is an experienced banker, Honorary Director of Generale Bank S.A. and a director of Bank Degroof S.A. Michel joined the Board of Criterion on 15 February 2000.

John Lamb qualified as a Chartered Surveyor in 1966. He is Managing Director of Eskmuir Properties Plc, an investment company. He was previously Managing Director of Laing Properties Plc.

Sir Eric Parker, FCA, qualified as a Chartered Accountant in 1956. He joined Trafalgar House Plc in 1965 and retired as Chief Executive and Deputy Chairman in 1992.

Substantial Shareholdings

The Company was advised of the following disclosable beneficial interests of 3% or more in its issued ordinary share capital.

	31.12.2001	25.4.2002
Jermyn Business Ltd	59.56%	59.56%
Butler Finance Limited and associates	7.25%	7.25%

In addition, Aberdeen Asset Management PLC has advised that it holds a non-beneficial interest in 5.44% of the Company's issued ordinary share capital.

The Directors are not aware of any other disclosable interest in its shares of 3% or more.

Purchase of own shares

The Company has shareholders' authority for the purchase of up to 10% of its own shares until 10 July 2002. The Company did not acquire any of its own shares during the year. A Special Resolution is to be proposed at the next Annual General Meeting to renew the authority granted to the Directors to make market purchases of up to 10% of the issued share capital.

Creditor payment policy

The Group's current policy concerning the payment of all its trade creditors is to:

(a) settle the terms of payment with suppliers when agreeing the terms of each transaction;

(b) ensure that suppliers are made aware of the terms of payment; and

(c) pay in accordance with its contracted and other legal obligations.

At the end of the current and prior year there were no trade creditors.

Auditors

The auditors, Deloitte & Touche, will be proposed for reappointment in accordance with section 385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD
Tom Shannon, Secretary
London, 25 April 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Group's system of internal control and for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRITERION PROPERTIES PLC

We have audited the financial statements of Criterion Properties Plc for the year ended 31 December 2001 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of recognised gains and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities, the Company's Directors, are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 law or the Listing Rules regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the Corporate Governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and the other information contained in the Annual Report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all of 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 financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London EC4A 3TR

25 April 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	**Year ended 31 December 2001**	Year ended 31 December 2000
		€'000	€'000
Turnover			
Net rental income	2	**4,733**	5,853
Property sales	2	**37,811**	11,553
		42,544	17,406
Cost of sales		**(28,607)**	(10,528)
Gross Profit		**13,937**	6,878
Exceptional charges – Litigation	3(a)	**(469)**	–
Exceptional charges – Other	3(a)	**(740)**	(304)
Other administrative expenses		**(1,926)**	(1,742)
Administrative expenses		**(3,135)**	(2,046)
Operating Profit	4	**10,802**	4,832
Impairment in value of investment property	3(a)	**(1,163)**	–
Impairment of fixed asset investments	3(b)	**(457)**	–
Profit on Ordinary Activities before Interest and Taxation		**9,182**	4,832
Interest receivable and similar income	6	**492**	42
Interest payable and similar charges	7	**(2,467)**	(3,552)
Exceptional finance costs	3(c)	**(1,439)**	–
Profit on Ordinary Activities before Taxation		**5,768**	1,322
Tax on profit on ordinary activities	8	**(1,454)**	(268)
Profit for the Financial Year		**4,314**	1,054
Equity dividends	10	**(1,160)**	(818)
Retained Profit for the Financial Year	22	**3,154**	236
Basic and diluted earnings per share	9	**€0.59**	€0.14

The results for the above years reflect the continuing operations of the Group.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2001

	Notes	**31 December 2001**		31 December 2000	
		€'000	**€'000**	€'000	€'000
Fixed Assets					
Investment properties	11		**1,226**		13,131
Other tangible assets	12		**90**		320
Investments	13(a)		**20**		571
			1,336		14,022
Current Assets					
Stock – trading properties	14	**62,026**		36,382	
Debtors	15	**2,064**		11,383	
Cash at bank and in hand		**7,234**		2,304	
		71,324		50,069	
Current Liabilities					
Creditors: amounts falling due within one year	16	**(5,207)**		(5,725)	
Net Current Assets			**66,117**		44,344
Total Assets Less Current Liabilities			**67,453**		58,366
Creditors: amounts falling due after more than one year	17		**(47,388)**		(41,308)
Provisions for Liabilities and Charges					
Deferred taxation	20		**(92)**		(89)
Net Assets			**19,973**		16,969
Capital and Reserves					
Called up share capital	21		**4,683**		4,683
Share premium account	22(a)		**7,957**		7,957
Investment revaluation reserve	22(a)		**–**		1,060
Capital redemption reserve	22(a)		**291**		291
Profit and loss account	22(a)		**7,042**		2,978
Equity Shareholders' Funds			**19,973**		16,969

The financial statements were approved by the Board of Directors on 25 April 2002 and were signed on its behalf by:

Rolf L Nordström } Directors
Daniel Akselson }

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2001

	Notes	31 December 2001 €'000	31 December 2001 €'000	31 December 2000 €'000	31 December 2000 €'000
Fixed Assets					
Investment properties	11		**1,226**		13,131
Other tangible assets	12		**90**		320
Investments	13(b)		**594**		1,144
			1,910		14,595
Current Assets					
Stock – trading properties	14	**6**		5,114	
Debtors	15	**17,889**		31,868	
Cash at bank and in hand		**4,261**		1,169	
		22,156		38,151	
Current Liabilities					
Creditors: amounts falling due within one year	16	**(5,441)**		(2,519)	
Net Current Assets			**16,715**		35,632
Total Assets Less Current Liabilities			**18,625**		50,227
Creditors: amounts falling due after more than one year	17		**(1,626)**		(35,672)
			16,999		14,555
Capital and Reserves					
Called up share capital	21		**4,683**		4,683
Share premium account	22(b)		**7,957**		7,957
Investment revaluation reserve	22(b)		**–**		1,060
Capital redemption reserve	22(b)		**291**		291
Profit and loss account	22(b)		**4,068**		564
Equity Shareholders' Funds			**16,999**		14,555

The financial statements were approved by the Board of Directors on 25 April 2002 and were signed on its behalf by:

Rolf L Nordström
Daniel Akselson
} Directors

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2001

	Year ended 31 December 2001	Year ended 31 December 2000
	€'000	€'000
Profit for the financial year	**4,314**	1,054
Surplus on revaluation of investment properties	**–**	471
Impairment of investment properties	**(150)**	–
Gain on foreign exchange net of tax	**–**	127
Total recognised gains and losses relating to the year	**4,164**	1,652

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2001

	Year ended 31 December 2001	Year ended 31 December 2000
	€'000	€'000
Profit for the financial year	**4,314**	1,054
Dividends	**(1,160)**	(818)
	3,154	236
Surplus on revaluation of investment properties	**–**	471
Impairment of investment properties	**(150)**	–
Gain on foreign exchange net of tax	**–**	127
Net addition to Shareholders' Funds	**3,004**	834
Opening Shareholders' Funds	**16,969**	16,135
Closing Shareholders' Funds	**19,973**	16,969

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	Year ended 31 December 2001		Year ended 31 December 2000	
		€'000	€'000	€'000	€'000
Net cash (outflow)/inflow from operating activities	23(a)		**(6,127)**		5,564
Returns on investments and servicing of finance					
Interest paid		**(3,263)**		(3,140)	
Interest received		**492**		42	
			(2,771)		(3,098)
Taxation paid			**(832)**		(481)
Capital expenditure and financial investment					
Purchase of and additions to investment properties		**(3)**		(323)	
Disposal of investment properties		**10,645**		–	
Purchase of other tangible fixed assets		**(13)**		(247)	
Disposal of other tangible fixed assets		**–**		13	
Purchase of investments		**–**		(503)	
			10,629		(1,060)
Payments to acquire investments in subsidiaries			**–**		(2,077)
Equity dividends paid			**(829)**		(818)
Cash inflow/(outflow) before financing			**70**		(1,970)
Financing					
Redemption of loan notes		**–**		(2,432)	
New loans drawn down		**40,648**		20,377	
Repayment of amounts borrowed		**(35,800)**		(15,677)	
			4,848		2,268
Increase in cash			**4,918**		298
Reconciliation of net cash flow to movement in net debt					
Increase in cash			**4,918**		298
Cash inflow from increase in debt			**(4,848)**		(2,268)
Movement in net debt			**70**		(1,970)
Loan Notes issued to acquire subsidiary			**–**		(2,414)
Loan acquired with subsidiary			**–**		(5,915)
Exchange movements			**(195)**		671
Net debt at 1 January			**(40,754)**		(31,126)
Net debt at 31 December	23(b)		**(40,879)**		(40,754)

NOTES TO THE ACCOUNTS

1 Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable Accounting Standards in the United Kingdom.

Since the Euro is the main currency in which the Group's business is transacted, the Group changed its reporting currency from Sterling to Euro with effect from 1 January 2001.

For comparative purposes, the 2000 Sterling reported profit and loss account has been translated at the annual average exchange rate. The 2000 Sterling reported balance sheets have been translated into the Euro at the closing rate.

(b) Basis of consolidation

The consolidated accounts include the audited financial statements of the Company and its subsidiaries.

The results of the subsidiaries are consolidated from their effective dates of acquisition and up to their effective date of disposal.

Goodwill represents the excess of the purchase consideration over the fair value of net assets of an acquired business.

In accordance with FRS10 "Goodwill and intangible assets", goodwill arising on acquisition on or after 1 January 1998 is capitalised and amortised to the profit and loss account over its useful economic life. Goodwill arising on acquisitions prior to 1 January 1998 was written off directly to reserves and has not been reinstated. If an acquired business is subsequently sold, any attributable goodwill, which has not previously been dealt with in the profit and loss account, is taken into account in calculating the profit or loss on disposal of the business.

(c) Joint arrangement

An undertaking is regarded as a joint arrangement if the group has a participating interest and joint control over its operating and financial policies, but the undertaking is not an entity distinguishable from the business of its investors. The Company has entered into a joint arrangement for the acquisition of investment properties.

In accordance with FRS9 "Associates and joint ventures", the Group accounts for its share of the individual items of income, expenditure, assets, liabilities and cash flows. The directors consider that this departure from the requirement of the Companies Act 1985 to account for participating interests in joint arrangements as associates is necessary for the financial statements to show a true and fair view because joint arrangements are in substance an extension of the Group's own business.

(d) Turnover

Turnover represents sales of properties, lease surrenders and rents receivable net of rental expenses, excluding value added tax. Property sales are recognised in the period within which there is an exchange of contracts or irrevocable undertaking to sell.

(e) Investment properties

No depreciation is provided in respect of investment properties. The requirement in the Companies Act 1985 that all properties should be depreciated conflicts with the generally accepted accounting principle set out in Statement of Standard Accounting Practice No. 19. In the opinion of the Directors, to depreciate investment properties would not give a true and fair view and accordingly investment properties are included in the financial statements at open market value. Open market value is based on professional valuations at 31 December annually.

The surplus or deficit arising on revaluation is transferred to the revaluation reserve except for permanent diminution in value below historic cost which are written off to the profit and loss account.

(f) Tangible fixed assets

Depreciation is provided on a straight line basis at the following annual rates in order to write off each asset over its estimated useful life:

Short leasehold improvements	– over the period of the lease
Fixtures, fittings and equipment	– 33%

No depreciation is provided on investment properties (see (e) above).

1 Accounting Policies (continued)

(g) Trading properties

Properties held for resale are stated at the lower of cost and market value. Cost includes acquisition expenses and refurbishment expenditure in respect of major works and attributable interest and overheads.

(h) Deferred taxation

Deferred taxation is accounted for using the liability method in respect of all timing differences to the extent that it is probable that a liability will crystallise at the rate at which it is estimated that the tax will arise.

(i) Financial instruments

Derivative instruments utilised by the Group include interest rate cap and collar arrangements. These instruments are used for hedging purposes to alter the risk profile of an existing exposure of the Group in line with the Group's risk management policies. Amounts payable or receivable in respect of interest rate cap and collar arrangements are recognised as adjustments to interest expense over the period of the contracts.

(j) Foreign exchange translation

Assets and liabilities denominated in foreign currencies are translated into Euro at the rate of exchange ruling at the year end. The results of subsidiary undertakings and joint ventures not reporting in Euro are translated into Euro using the temporal method. Exchange differences are dealt with in the profit and loss account.

2 Segmental Analysis

	Year ended 31 December 2001			Year ended 31 December 2000		
	Turnover	**Operating (Loss)/Profit**	**Net Assets**	Turnover	Operating Profit	Net Assets
United Kingdom	**€'000**	**€'000**	**€'000**	€'000	€'000	€'000
Investment	**169**	**(1,548)**	**(363)**	4,942	2,953	15,820
Trading	**38,187**	**9,681**	**3,747**	11,553	1,059	1,004
	38,356	**8,133**	**3,384**	16,495	4,012	16,824
Continental Europe						
Trading	**4,188**	**2,669**	**16,589**	911	820	145
	42,544	**10,802**	**19,973**	17,406	4,832	16,969

3 Exceptional charges

		Year ended 31 December 2001	Year ended 31 December 2000
		€'000	€'000
(a)	Other litigation and related exceptional costs	**469**	–
	Costs associated with the divestment of properties from the UK market	**740**	–
	Provision for impairment in value of investment properties*	**1,163**	–
	Costs incurred in responding to unconditional offer from Controlco BV	**–**	304
		2,372	304

*In addition an amount of €150,000 has been taken directly to the revaluation reserves.

(b) The impairment of an amount of €457,000 relates to the Directors' revaluation of an unlisted property share investment.

(c) **Exceptional finance costs**

	Year ended 31 December 2001	Year ended 31 December 2000
	€'000	€'000
Loan breakage costs	**402**	–
Other finance costs associated with the divestment from the UK market	**500**	–
Interest rate floor breakage costs	**537**	–
	1,439	–

4 Operating Profit

	Year ended 31 December 2001	Year ended 31 December 2000
	€'000	€'000
This is stated after charging:		
Depreciation of tangible fixed assets and amortisation of investments	**790**	253
Operating lease rentals – land and buildings	**80**	97
Auditors' remuneration – audit fees	**120**	42
– tax fees	**98**	34
– other	**77**	73

5 Employees

	Year ended 31 December 2001	Year ended 31 December 2000
	No.	No.
(a) The average number of employees during the year was as follows:		
Administrative and management		
Executive Directors	**2**	3
Non-executive Directors	**5**	5
Other employees	**2**	4
	9	12

	€'000	€'000
(b) Wages and salaries	**568**	615
Social security costs	**78**	73
	646	688

(c) Details of Directors' remuneration are given in the Report of the Remuneration Committee on pages 17 and 18.

6 Interest receivable and similar income

	Year ended 31 December 2001	Year ended 31 December 2000
Interest receivable	**492**	42

7 Interest payable and similar charges

	Year ended 31 December 2001	Year ended 31 December 2000
	€'000	€'000
Bank loans and overdrafts	**(111)**	(617)
Other loans	**(2,337)**	(3,009)
	(2,448)	(3,626)
Capitalised interest	**–**	74
Loss on foreign exchange net of tax	**(19)**	–
	(2,467)	(3,552)

8 Tax on Profit on Ordinary Activities

	Year ended 31 December 2001	Year ended 31 December 2000
	€'000	€'000
The tax charge on the profit on ordinary activities for the year was as follows:		
UK corporation tax at 30.0% (2000 – 20.0%)	**(1,762)**	(309)
Overseas tax	**–**	(86)
Adjustment to prior year	**308**	127
	(1,454)	(268)

The tax charge is low compared to the UK standard rate of 30% due to utilisation of brought forward losses and favourable prior year adjustments resulting from revised capital allowance claims for 1998 and 1999.

9 Earnings per share

	Year ended 31 December 2001	Year ended 31 December 2000
Earnings per share are calculated as follows:		
Profit for the year	**€4,313,915**	€1,053,781
Weighted average number of shares in issue	**7,357,446**	7,357,446
Basic and diluted earnings per share	**€0.59**	€0.14

10 Equity dividends

	Year ended 31 December 2001	Year ended 31 December 2000
	€'000	€'000
Interim paid of €0.05 (3.0p) per share (31 December 2000 – €0.05 (3.0p))	**343**	341
Proposed final dividend of €0.11 (7.0p) per share (31 December 2000 – €0.06 (4.0p))	**817**	477
	1,160	818

11 Investment Properties

Group and Company	Freehold	Long Leasehold	**Total**
	€'000	€'000	**€'000**
Valuation			
At 1 January 2001	7,513	5,618	**13,131**
Additions	3	–	**3**
Revaluation deficit	–	(150)	**(150)**
Impairment	–	(1,163)	**(1,163)**
Disposals	(7,516)	(3,079)	**(10,595)**
At 31 December 2001	**–**	**1,226**	**1,226**

These properties were held through an investment in a joint arrangement and the carrying value at 31 December 2001 represents the Company's share of the investment properties (note 1(c)).

Property with a value of €4,904,000 (2000 – €9,944,000) was valued by Jones Lang La Salle, Chartered Surveyors, in accordance with the requirements of the Royal Institute of Chartered Surveyors on 31 December 2001, on the basis of open market value. The Group's share of this was €1,226,000 (2000 – €2,486,000).

The historical cost of the Company's interest in the investment property was €2,404,685 (year ended 31 December 2000 – €2,340,691).

12 Other Tangible Fixed Assets

Group and Company	Short Leasehold Improvements	Fixtures, Fittings and Equipment	Total
	€'000	€'000	**€'000**
Cost			
At 1 January 2001	173	403	**576**
Additions	–	13	**13**
Disposals	–	(3)	**(3)**
At 31 December 2001	**173**	**413**	**586**
Depreciation			
At 1 January 2001	25	231	**256**
Charge for year	148	91	**239**
Disposals	–	1	**1**
At 31 December 2001	**173**	**323**	**496**
Net book values			
At 31 December 2001	**–**	**90**	**90**
At 31 December 2000	148	172	**320**

13 Fixed Asset Investments

(a) **Group**

Group	Other Investments	Listed Investments	Total
	€'000	€'000	**€'000**
Cost			
At 1 January 2001	799	2	**801**
At 31 December 2001	**799**	**2**	**801**
Amortisation/provision for impairment			
At 1 January 2001	230	–	**230**
Charge for the year	94	–	**94**
Provision for impairment	457	–	**457**
At 31 December 2001	**781**	**–**	**781**
Net book values			
At 31 December 2001	**18**	**2**	**20**
At 31 December 2000	569	2	**571**

(b) **Company**

Company	Shares in Subsidiary Undertakings	Other Investments	Listed Investments	Total
	€'000	€'000	€'000	**€'000**
Cost				
At 1 January 2001	684	800	2	**1,486**
At 31 December 2001	**684**	**800**	**2**	**1,486**
Provision/amortisation				
At 1 January 2001	111	231	–	**342**
Charge for the year	–	550	–	**550**
At 31 December 2001	**111**	**781**	**–**	**892**
Net book values				
At 31 December 2001	**573**	**19**	**2**	**594**
At 31 December 2000	573	569	2	**1,144**

13 Fixed Asset Investments (continued)

Other investments

This investment includes payments, written off over three years, made for the purchase of 105,556 Ordinary Shares of the Company held by the Company's Employee Share Trust for the benefit of certain executive Directors for future awards of shares arising under the Share Incentive Plan which are contingent upon certain Group performance criteria being met. Further details of the Share Incentive Plan are included in the Report of the Remuneration Committee on pages 17 and 18. In addition, the investment includes an investment in a Swiss based property fund which during the year has been written down to a value of €2 (2000 – €456,958).

(c) The Company's principal operating subsidiaries at 31 December 2001 were as follows:

	Nature of Business	Percentage Shareholding of Ordinary Shares	Country of Operation
Touquet Properties Limited	Property trading	100	Great Britain
Finlaw Forty-Nine Limited	Property trading	100	Great Britain
Touquet Europe B.V.	Property trading	100	Netherlands

All of these companies' operations are included in the Consolidated Financial Statements.

(d) The Company is a limited partner in the Criterion-Stratford Umbrella Limited Partnership whose principal place of business is 34 St James's Street, London SW1 1HD. The Company accounts for its share of the assets, liabilities and cash flows of the Partnership.

14 Trading Properties

	Group		Company	
	31 December 2001	31 December 2000	**31 December 2001**	31 December 2000
	€'000	€'000	**€'000**	€'000
Properties held for resale	**62,026**	36,382	**6**	5,114

15 Debtors

	Group		Company	
	31 December 2001	31 December 2000	**31 December 2001**	31 December 2000
	€'000	€'000	**€'000**	€'000
Amounts falling due within one year				
Trade debtors	**746**	9,473	**95**	220
Amounts owed by group undertakings	–	–	**17,611**	31,295
Other debtors	**683**	1,434	**157**	30
Prepayments and deferred expenditure	**635**	476	**26**	323
	2,064	11,383	**17,889**	31,868

16 Creditors – Amounts falling due within one year

	Group		Company	
	31 December 2001	31 December 2000	**31 December 2001**	31 December 2000
	€'000	€'000	**€'000**	€'000
Bank loans and overdrafts (note 18)	**725**	1,750	**54**	1,254
Amounts owed to group undertakings	**–**	–	**3,167**	326
Corporation tax	**592**	5	**–**	57
Social security and other taxes	**82**	250	**146**	134
Other creditors	**1,417**	1,199	**893**	57
Accruals and deferred income	**1,561**	2,053	**351**	223
Proposed dividend	**830**	468	**830**	468
	5,207	5,725	**5,441**	2,519

17 Creditors – Amounts falling due after more than one year

	Group		Company	
	31 December 2001	31 December 2000	**31 December 2001**	31 December 2000
	€'000	€'000	**€'000**	€'000
Bank loans (note 18)	**47,388**	41,308	**1,626**	35,672

18 Borrowings

	Group		Company	
	31 December 2001	31 December 2000	**31 December 2001**	31 December 2000
	€'000	€'000	**€'000**	€'000
Falling due within one year				
Bank loans and overdrafts	**725**	1,750	**54**	1,254
Falling due after more than one year				
Bank and other loans				
– repayable between one and two years	**2,881**	21,241	**81**	20,745
– repayable between two and five years	**4,966**	3,197	**523**	1,704
– repayable other than by instalments in five years or more	**31,853**	5,905	**981**	5,905
– repayable by instalments in five years or more	**7,688**	10,965	**41**	7,318
	47,388	41,308	**1,626**	35,672
Total borrowings	**48,113**	43,058	**1,680**	36,926

Bank and other loans are secured by legal mortgages over the investment property and trading properties.

Amounts repayable after five years or more are due between five and thirteen years from the balance sheet date. The interest rates on these amounts include floating rates based on LIBOR and EURIBOR rates between 4.25% and 6.60% (with margins of between 0.95% and 2%) and rates fixed at 6.50%.

19 Financial instruments

Borrowing facilities	31 December 2001	31 December 2000
	€'000	€'000
Undrawn committed borrowing facilities available to the Group at 31 December 2001 were as follows:		
Expiring in 2002	**–**	398
Expiring between 1-2 years	**–**	4,376
Expiring between 2-5 years	**–**	–
Expiring thereafter	**–**	24,259
	–	29,033

Interest rate risk profile of financial liabilities	Weighted average period of financial liabilities 31 December 2001	Weighted average interest rate % 31 December 2001	31 December 2001	Weighted average period of financial liabilities 31 December 2000	Weighted average interest rate % 31 December 2000	31 December 2000
			€'000			€'000
The interest rate profile of the financial liabilities of the Group at 31 December 2001 was as follows:						
Fixed interest borrowings – Basingstoke	**1.9 yrs**	**6.50%**	**1,269**	5.48 yrs	7.30%	9,936
Floating rate borrowings – Other		**4.55%**	**46,844**		7.47%	33,122

The weighted average interest rate figures include the applicable margin paid on individual loans.

Floating rate borrowings bear interest based on LIBOR, EURIBOR or the average variable mortgage rate set by leading mortgage lenders.

Floating borrowings of €46.8 million (2000 – €15.4 million) were covered by interest rate cap and/or floor agreements, expiring between 2005 and 2009.

The maturity profile of these financial liabilities is given in Note 18.

	31 December 2001	31 December 2000
	€'000	€'000
The Group held the following financial assets as at 31 December 2001:		
Listed investments	**1**	2
Unlisted investments	**–**	457
Cash deposits	**7,234**	2,304
	7,235	2,763

The fair values of financial assets and financial liabilities

A valuation was performed by the Directors as at 31 December 2001 and 31 December 2000 to calculate the market value of the Group's debt instruments on a replacement basis taking into account the prevailing interest rates for the respective periods of the appropriate debt instruments. The valuations are as follows:

	Book value 31 December 2001	Fair value 31 December 2001	Book value 31 December 2000	Fair value 31 December 2000
	€'000	**€'000**	€'000	€'000
Borrowings	**48,113**	**48,116**	43,058	43,655
Loan breakage costs provision	**–**	**–**	320	–
Non-hedging financial instruments	**537**	**537**	–	–
Interest rate cap and/or floor	**–**	**309**	–	337
	48,650	**48,962**	43,378	43,992

The valuation indicated a fair value of €312,000 above the actual financial liabilities at 31 December 2001 (31 December 2000 – €614,000).

No further analysis of the net amounts of monetary assets and liabilities by functional currencies is given as there are no material exchange gains and losses taken to the profit and loss account.

19 Financial instruments (continued)

The fair value of interest rate derivatives amounts to a negative present value difference of €537,000 at 31 December 2001 (31 December 2000 – €337,000). This figure has been charged to the profit and loss account during the year.

Market values have been used to determine the fair value of interest rate derivatives. The fair values of all other items have been calculated by discounting the expected future cash flows at prevailing interest rates. If the interest rates current at 31 December 2001 were to prevail throughout the year to 31 December 2002, the cost to the Group for that year from the interest rate derivatives taken out at that date would be €163,000.

The exemption available under FRS13 not to disclose short term debtors and creditors has been taken.

20 Deferred Taxation

	31 December 2001	31 December 2000
	€'000	€'000
The amount provided and the liability for deferred taxation was as follows:		
Group		
Short term timing differences	**92**	89

Within the Group, there are capital losses amounting to €5,002,000 (2000 – €4,946,000)

21 Called up Share Capital

	31 December 2001	31 December 2000
Authorised		
9,953,805 Ordinary Shares of 40p each	**€6,335,000**	€6,335,000
Allotted and fully paid		
At 1 January and 31 December 2001 7,357,446 Ordinary Shares of 40p each	**€4,682,572**	€4,682,572

22 Reserves

(a) **Group**

	Share Premium Account	Investment Revaluation Reserve	Capital Redemption Reserve	Profit and Loss Account	**Total**
	€'000	€'000	€'000	€'000	**€'000**
At 1 January 2001	7,957	1,060	291	2,978	**12,286**
Impairment on investment properties	–	(150)	–	–	**(150)**
Transfer of realised revaluation gains	–	(910)	–	910	**–**
Profit retained for the financial year	–	–	–	3,154	**3,154**
At 31 December 2001	**7,957**	**–**	**291**	**7,042**	**15,290**

(b) **Company**

	Share Premium Account	Investment Revaluation Reserve	Capital Redemption Reserve	Profit and Loss Account	**Total**
	€'000	€'000	€'000	€'000	**€'000**
At 1 January 2001	7,957	1,060	291	564	**9,872**
Currency movement net of tax	–	–	–	402	**402**
Impairment on investment properties	–	(150)	–	–	**(150)**
Transfer of realised revaluation gains	–	(910)	–	910	**–**
Profit retained for the financial year	–	–	–	2,192	**2,192**
At 31 December 2001	**7,957**	**–**	**291**	**4,068**	**12,316**

No profit and loss account is presented by the Company as permitted by Section 230 of the Companies Act 1985.

23 Cash Flow Statement

(a) **Reconciliation of operating profit to operating cash flows**

	31 December 2001	31 December 2000
	€'000	€'000
Operating profit	**10,802**	4,832
Depreciation and amortisation charges	**333**	253
Loss on sale of tangible fixed assets	**2**	5
(Increase)/decrease in stock	**(25,644)**	8,646
Decrease/(increase) in debtors	**9,319**	(9,154)
(Decrease)/increase in creditors	**(939)**	982
Net cash (outflow)/inflow from operating activities	**(6,127)**	5,564

(b) **Analysis of net debt**

	At 1 January 2001	Cash Flow	Other non-cash movements	Exchange movements	**At 31 December 2001**
	€'000	€'000	€'000	€'000	**€'000**
Cash at bank and in hand	2,304	4,930	–	–	**7,234**
Overdraft	–	(12)	–	–	**(12)**
Debt due within one year	(1,750)	1,750	(713)	–	**(713)**
Debt due after one year	(41,308)	(6,598)	713	(195)	**(47,388)**
	(40,754)	**70**	**–**	**(195)**	**(40,879)**

24 Guarantees and financial commitments

(a) The Company has provided guarantees in respect of a loan entered into in a joint arrangement. At 31 December 2001 the amount guaranteed and not accounted for by the Group amounted to €1,201,000 (2000 – €9,860,000). The Company has received a counter-indemnity from Stratford UK Properties LLC ('Oaktree') for this amount. The Company has also made a guarantee in respect of any interest shortfall on loans totalling €3,800,000 (2000 – €24,513,000).

(b) At 31 December 2001 the Group had annual commitments under operating leases in respect of land and buildings which expire:

	31 December 2001 €'000	31December 2000 €'000
Over five years	**95**	96

(c) At 31 December 2001 the Group had capital commitments in respect of contracted refurbishment works of €96,000 (2000 – €267,000).

25 Share Incentive Plan

The Company has established The Criterion Properties PLC Share Incentive Plan, whereby the Company may advance sums to the Criterion Properties Employee Share Trust in order to subscribe for shares in the Company. Such shares are to be held for the purpose of the Plan.

The Trustees of the Criterion Properties Employee Share Trust in exercising their discretion may grant rights to acquire shares in the Company to selected employees. Rights which become vested will normally be exercisable after the end of three years if a three year performance target, determined by the Remuneration Committee on the date the award is made, is exceeded.

NOTES TO THE ACCOUNTS

CONTINUED

25 Share Incentive Plan (continued)

The initial market value of shares over which a long-term incentive award may be granted to an individual in any year cannot exceed the amount of their basic annual salary.

The maximum awards in aggregate which may be granted in any one year will be limited to 2% of the Company's issued ordinary share capital.

The number of shares which may be issued for the purposes of the Plan, when added to shares issued or over which options to subscribe for shares have been granted under any other relevant employee share scheme, may not exceed 3% of the issued ordinary share capital in any period of three years, subject to an overall limit of 5% in any period of ten years.

The details of the number of rights granted to Executive Directors during the year are given in the Report of the Remuneration Committee on pages 17 and 18.

26 Related Party Transactions

During the year, Thesaurus S.A, a company in which a non-executive Director M Berges has an interest, undertook a letting within the IT Tower in Brussels. IT Tower B.V.B.A, a fully owned subsidiary of Criterion Properties plc, has entered into an agreement to sub-let part of this area from Thesaurus S.A as well as purchasing secretarial and office services. All agreements have been made on market conditions.

27 Contingent Liabilities

By a circular dated 11 February 1998, the Company announced its entry into a limited partnership with Stratford UK Properties LLC ('Oaktree'), an entity based in the United States of America. On 30 March 2000 a Supplementary Agreement ('Agreement') was entered into with Oaktree purporting to vary the terms of the partnership. It was executed, on behalf of the Company, by the then Managing Director, Aubrey Glaser, and the then Company Secretary. This Agreement purported to give Oaktree the right (*inter alia*) to require the Company to buy out the Oaktree share of the partnership on terms highly beneficial to Oaktree in the event of a change of control of the Company or the departure or non involvement in management of the Chairman (who had no knowledge of the Agreement) or Aubrey Glaser.

In June 2001 Oaktree invoked the Agreement and required the Company to buy out the Oaktree share on the basis set out above. The current estimates by the Company calculate that if it were obliged to pay the amount claimed by Oaktree the loss to the Company would have been approximately €8.5 million. The amount claimed by Oaktree is increasing at 25% per annum compounded monthly.

On 10 July 2001 the Company issued proceedings in the High Court for an order that the Agreement be set aside. The Company applied subsequently for summary judgment, and this was heard on 13 and 14 March 2002. Judgment was given by Mr. Justice Hart on 27 March 2002 when he found in favour of the Company and made a declaration that the Agreement was unenforceable against the Company. Oaktree was given three weeks' leave to appeal. The Company has been informed that on 16 April 2002 a notice of appeal was filed by Oaktree. On the basis of legal advice received (and the judgment by Mr. Justice Hart), the opinion of the Board of Directors is that the Company is unlikely to incur a material loss as a result of this Agreement. Therefore no provision is included in the accounts for this contingent liability.

In September 2001 the Company received a claim from Mr. Glaser for compensation for loss of office totalling €456,000 (£280,000). The Company is vigorously defending this claim and having regard to the legal advice received by the Company, no provision has been included in the accounts.

28 Conversion Rates

	2001	2000
Sterling/Euro annual average exchange rate (£ = €)	**1.6090**	1.6346
Sterling/Euro closing rate (£ = €)	**1.6237**	1.5911

1 sq.m. = 10.764 sq.ft. approximately
1 sq.ft. = 0.093 sq.m. approximately

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 99 Charterhouse Street, London EC1M 6NQ on 30 May 2002 at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Report of the Directors and the audited Financial Statements for the year ended 31 December 2001.
2. To declare a dividend
3. To re-elect Rolf Nordström who retires by rotation, as a Director.
4. To re-elect Michel Berges who retires by rotation, as a Director.
5. To elect Daniel Akselson as a Director.
6. To re-appoint Deloitte & Touche auditors and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following as ordinary and special resolutions respectively:

Ordinary Resolution

7. THAT the Directors be and hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 ('the Act') in substitution for any existing authority to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to a maximum nominal amount of £1,038,543 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution save that the Company may prior to the expiry of such authority make an offer or agreement under which the relevant securities in pursuance of such an offer or agreement as if the authority conferred by this Resolution had not expired.

Special Resolutions

8. THAT the Directors be and are hereby empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94(2) of the Act) pursuant to the authority conferred by Resolution 7 above as if Section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to:

   8.1 the allotment of equity securities in connection with an offer for securities, open for acceptance for a period fixed by the Directors, by way of rights, open offer or otherwise to holders of Ordinary Shares and such other equity securities as the Directors may determine on the register on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached to them (but subject to such exclusions or other arrangements necessary or expedient to deal with fractional entitlements that would otherwise arise or with the legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise however); and

   8.2 any other allotment (otherwise than pursuant to paragraph 8.1 above) of equity securities up to the aggregate nominal value of £147,148;

   and shall expire (unless previously renewed, varied or revoked by the Company in General Meeting) at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution, but so that the Directors shall be entitled to make, at any time prior to the expiry of the power hereby conferred, any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot securities in pursuance of such offer or agreement as if the powers hereby conferred had not expired.

NOTICE OF ANNUAL GENERAL MEETING

CONTINUED

9. THAT the Company is, pursuant to Section 166 of the Act, hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares of 40p each in the capital of the Company ('ordinary shares') provided that:

   9.1 the maximum number of ordinary shares hereby authorised to be purchased is 735,744 ordinary shares being 10% of the issued share capital at the date of the passing of the Resolution;

   9.2 the minimum price which may be paid for ordinary shares is 40p per ordinary share;

   9.3 the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the day on which the ordinary share is contracted to be purchased;

   9.4 the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which contract to purchase will be executed wholly or partly after the expiry of such authority, and may make the purchase of ordinary shares in pursuance of any such contract; and

   9.5 the authority hereby conferred shall expire on 30 May 2003.

10 THAT the name of the Company be changed to International Real Estate PLC.

34 St James's Street
London SW1A 1HD

By Order of the Board
T Shannon, Secretary
25 April 2002

NOTES:

A member who is entitled to be present and vote at the above Meeting may appoint one or more proxies to attend and vote on a poll on his/her behalf. Any proxy need not be a member of the Company. Forms of proxy (and the power of attorney or other authority, if any, upon which it is signed) must be deposited with the Company's registrars, Capita IRG plc, Balfour House, 390/398 High Road, Ilford, Essex IG1 1NQ not less than 48 hours before the appointed time of the meeting. Completion of the form of proxy does not preclude the member from attending the meeting and voting thereat. If the appointer is a corporation (which includes a limited company) the form must be under its common seal or under the hand of its attorney or duly authorised officer.

The following documents are available for inspection during normal business hours at the Company's registered office on any weekday except Saturdays and Bank holidays, and at the place of meeting for a period of fifteen minutes.

1. The Register of Directors' Interests.
2. Copies of all contracts of service whereunder Directors of the Company are employed by the Company or any of its subsidiaries.
3. The Memorandum and Articles of Association of the Company.

QPT Tower, Quai aux Pierres de Taille, Brussels
11,696m^2 – Bought December 2001

printed by royle corporate print

Criterion Properties PLC
Registered Office
34 St James's Street, London SW1A 1HD

Registered in England and Wales
No. 2101254