



| Index    | Value<br>24.08.2009 | Value<br>24.08.2010 | Change<br>Y/Y |
|----------|---------------------|---------------------|---------------|
| SOFIX    | 458.41              | 385.11              | -15.99%       |
| BG 40    | 127.76              | 109.5               | -14.29%       |
| BG TR 30 | 341.48              | 290.41              | -14.96%       |
| BG REIT  | 48.13               | 40.65               | -15.54%       |

## BG REIT : Components

| Company      | Price BGN<br>24.08.2009 | Price BGN<br>24.08.2010 | Change  |
|--------------|-------------------------|-------------------------|---------|
| AGROF(6AG)   | 0.99                    | 0.97                    | -2.32%  |
| ATERA (6A6)  | 1.11                    | 1.08                    | -2.70%  |
| BMREIT(6BMA) | 0.39                    | 0.33                    | -15.38% |
| LAND (5BD)   | 0.50                    | 0.49                    | -3.18%  |
| ELARG(4EC)   | 0.94                    | 0.56                    | -40.57% |
| EXPRO(5EX)   | 0.80                    | 0.75                    | -6.88%  |
| PARK (4PK)   | 0.67                    | 0.65                    | -3.29%  |
| TBIRE (4PY)  | 0.68                    | 0.62                    | -8.15%  |
| FPP (6F3)    | 0.34                    | 0.36                    | 4.65%   |
| BREF (5BU)   | 0.29                    | 0.33                    | 13.99%  |

↪ Agro Finance will distribute as dividends BGN 258 000 of its net profit for 2009. Dividend per share will amount to BGN 0.008. Agro Finance is the fifth BG REIT component that declared dividend for 2009. Bulgaria Real Estate Fund will distribute BGN 0.039 per share, Advance Terrafund BGN 0.037, Bulland Investments BGN 0.03 and FairPlay Properties paid to its shareholders BGN 0.0175.

↪ FairPlay Properties REIT posted net profit of BGN 0.127mn for the first six months of 2010, down from BGN 1.4mn in the comparable period of last year. Despite the decrease, sales rose from BGN 11.67mn to BGN 12.89mn. The company sold 70 apartments in the complexes "Santa Marina", near the town of Sozopol and "St. Ivan Rilski", located in the town of Bansko. In May FairPlay Properties REIT paid the dividends for 2009 due to common shareholders. The total sum was BGN 976 944, or BGN 0.0175 gross dividend per share.

↪ The National Assembly of the Republic of Bulgaria is discussing regulatory changes that will affect REITs for securitization of agricultural land. The legislative proposal binds landowners to offer land for sale first to their tenant farmers. The new proposal passed the preliminary discussions in the National Assembly.

↪ The pension assurance group Doverie sold its stake of 20.5% in Prime Property BG. Meanwhile, Delta Food acquired 13.44% and increased its share to 46.49%. Prime Property BG will develop a new residential building in Sofia on a plot of 384 square meters.

## Prices and Market Capitalization

### Advance Terrafund is the largest BG REIT component

Companies for securitization of agricultural land were the largest among BG REIT components. The market cap of Advance Terrafund on August 24, 2010 was BGN 91.9mn, down from BGN 94.4mn a year ago. ELARG's capitalization fell by more than 40% since August 2009. Agro Finance was the third largest REIT with market cap of BGN 31mn.

Prime Property BG (BGN 22.1mn) was the largest index component for securitization of real estate, followed by FairPlay Properties (BGN 20mn) and Bulgaria REF (BGN 19.7mn).

There weren't any capital increases for the last twelve months.

## Prices and Market Capitalization

| Company                    | Prices<br>24.08.2009 | Market Cap.<br>(BGN'000)<br>24.08.2009 | Prices<br>24.08.2010 | Market Cap.<br>(BGN'000)<br>24.08.2010 |
|----------------------------|----------------------|--|----------------------|--|
| Advance Terrafund          | 1.11                 | 94 472                                 | 1.08                 | 91 919                                 |
| ELARG                      | 0.94                 | 56 372                                 | 0.56                 | 33 501                                 |
| Agro Finance               | 0.99                 | 31 930                                 | 0.97                 | 31 189                                 |
| Prime Property BG          | 0.68                 | 24 102                                 | 0.62                 | 22 138                                 |
| FairPlay Properties        | 0.34                 | 19 204                                 | 0.36                 | 20 097                                 |
| Bulgaria Real Estate Fund  | 0.29                 | 17 289                                 | 0.33                 | 19 707                                 |
| Benchmark Real Estate Fund | 0.39                 | 9 124                                  | 0.33                 | 7 720                                  |
| Exclusive Property         | 0.80                 | 7 562                                  | 0.75                 | 7 042                                  |
| Bulland Investment         | 0.50                 | 6 548                                  | 0.49                 | 6 340                                  |
| Park                       | 0.67                 | 6 503                                  | 0.65                 | 6 289                                  |

## BG REIT: Assets

### Advance Terrafund is the largest REIT in terms of assets

Four index components (Advance Terrafund, ELARG, BenchMark REF and Bulland Investments) posted an increase of total assets in H1 compared to the end of 2009. Only BenchMark REF, Bulland Investments and Agro Finance reported higher assets compared to the end of June 2009.

The order of BG REIT components in view of total assets was unchanged since the previous quarter. Advance Terrafund was the largest REIT with assets of BGN 160.3mn, a slight increase since the end of 2009. FairPlay Properties ranked second (total assets of BGN 128.2mn), followed by Bulgaria Real Estate Fund (BGN 101.2mn).

## BG REIT: Assets

| Company                    | Assets(BGN'000)<br>30.06.2009 | Assets (BGN'000)<br>31.12.2009 | Assets(BGN'000)<br>30.06.2010 | % Change<br>Y/Y |
|----------------------------|-------------------------------|--------------------------------|-------------------------------|-----------------|
| Advance Terrafund          | 163 451                       | 158 406                        | 160 294                       | -1.93%          |
| FairPlay Properties        | 137 129                       | 133 142                        | 128 280                       | -6.45%          |
| Bulgaria Real Estate Fund  | 128 085                       | 103 716                        | 101 212                       | -20.98%         |
| ELARG                      | 92 709                        | 89 542                         | 89 844                        | -3.09%          |
| Benchmark Real Estate Fund | 68 927                        | 74 297                         | 78 664                        | 14.13%          |
| Agro Finance               | 50 861                        | 51 748                         | 51 494                        | 1.24%           |
| Prime Property BG          | 60 724                        | 54 823                         | 41 397                        | -31.83%         |
| Bulland Investment         | 17 373                        | 17 539                         | 17 661                        | 1.66%           |
| Park                       | 16 705                        | 16 472                         | 16 418                        | -1.72%          |
| Exclusive Property         | 14 521                        | 14 260                         | 6 544                         | -54.93%         |

## BG REIT: Solvency

### Three index components were free of bank debt

Advance Terrafund, Bulland Investments, and Park didn't report bank loans and interest expenses in their financial statements for H1 2010. Agro Finance generates enough cash to meet the principal repayment of its bond obligation which matures in 2011. FairPlay Properties and ELARG also seem to be able to meet their pending interest payments.

Prime Property and Exclusive Property have negligible interest expenses and low leverage ratios, but they also have negative operating results. BenchMark REF was burdened by high debt levels and operating loss for the last twelve months. Bulgaria REF was embarrassed by interest expenses.

## BG REIT: Solvency

| Company                    | Debt-to-equity | Debt-to-assets | Financial leverage | Interest coverage |
|----------------------------|----------------|----------------|--------------------|-------------------|
| Bulland Investment         | 0.01           | 0.01           | 1.01               | n.a               |
| Advance Terrafund          | 0.01           | 0.01           | 1.01               | n.a               |
| Prime Property             | 0.03           | 0.03           | 1.03               | -                 |
| Park                       | 0.04           | 0.04           | 1.04               | n.a               |
| Agro Finance               | 0.00           | 0.12           | 1.13               | 1.92              |
| ELARG                      | 0.30           | 0.23           | 1.30               | 0.95              |
| Bulgaria Real Estate Fund  | 0.45           | 0.31           | 1.45               | -                 |
| Exclusive Property         | 0.57           | 0.36           | 1.57               | -                 |
| FairPlay Properties        | 0.79           | 0.44           | 1.79               | 1.11              |
| Benchmark Real Estate Fund | 1.59           | 0.61           | 2.59               | -                 |

## BG REIT: ROE – DuPont Decomposition

### **Bulland Investments had the highest return on equity**

Bulland Investments, Agro Finance and FairPlay Properties were the only BG REIT components with positive return on equity. Revenues of Bulland Investments were formed entirely by financial operations and total assets were almost equivalent to total equity.

Return on equity for Agro Finance and FairPlay Properties was positive, but down from Q1 2009 mainly due to diminishing profit margins. FairPlay Properties also showed higher financial leverage.

## BG REIT: ROE – DuPont Decomposition

| Company                    | Net income/Sales<br>(net profit margin) | Sales/Assets<br>(assets turnover) | Assets/Equity<br>(financial leverage) | ROE   |
|----------------------------|---|-----------------------------------|---------------------------------------|-------|
| Bulland Investment         | n.a.                                    | 0.00                              | 1.01                                  | 3.03% |
| Agro Finance               | 0.19                                    | 0.04                              | 1.13                                  | 0.95% |
| FairPlay Properties        | 0.01                                    | 0.23                              | 1.79                                  | 0.47% |
| ELARG                      | -                                       | 0.05                              | 1.30                                  | -     |
| Bulgaria Real Estate Fund  | -                                       | 0.09                              | 1.45                                  | -     |
| Exclusive Property         | -                                       | 0.84                              | 1.57                                  | -     |
| Advance Terrafund          | -                                       | 0.03                              | 1.01                                  | -     |
| Park                       | -                                       | 0.00                              | 1.04                                  | -     |
| Benchmark Real Estate Fund | -                                       | 0.01                              | 2.59                                  | -     |
| Prime Property             | -                                       | 0.11                              | 1.03                                  | -     |

## BG REIT: Return

### Only three components had positive profitability ratios

As well as in the end of Q1, only Bulland Investments, FairPlay Properties and Agro Finance reported positive profitability ratios. Bulland Investments, as already mentioned, had negligible sales which distorted its profitability multiples. The other two profitable companies were Agro Finance (ROA of 0.84% and ROS of 18.89%) and FairPlay Properties (ROA of 0.26% and ROS of 1.13%).

## BG REIT: Return

| Company                    | Earnings Per Share (Trailing 12 Months) | Return on Sales | Return on Assets | Return on Equity |
|----------------------------|---|-----------------|------------------|------------------|
| Bulland Investment         | 0.04                                    | n.a.            | 2.99%            | 3.03%            |
| Agro Finance               | 0.01                                    | 18.89%          | 0.84%            | 0.95%            |
| FairPlay Properties        | 0.01                                    | 1.13%           | 0.26%            | 0.47%            |
| ELARG                      | -                                       | -               | -                | -                |
| Bulgaria Real Estate Fund  | -                                       | -               | -                | -                |
| Exclusive Property         | -                                       | -               | -                | -                |
| Advance Terrafund          | -                                       | -               | -                | -                |
| Park                       | -                                       | -               | -                | -                |
| Benchmark Real Estate Fund | -                                       | -               | -                | -                |
| Prime Property BG          | -                                       | -               | -                | -                |

## BG REIT: Cash Flows

### **Bulland Investments and Exclusive Properties posted positive net cash flows**

Exclusive Properties and Bulland investments were the only BG REIT components that posted positive net cash flows for the first half of 2010. Operating cash flows of Exclusive Properties were negative, but they were offset by positive cash flows from investing due to a sale of land plot in Sofia. Bulland Investments also reported cash outflows from operations but inflows from investing and financing activities.

Among the index components, only three posted cash inflows from operations: FairPlay Properties (BGN 6.8mn), BenchMark REF (BGN 1.2mn) and Bulgaria REF (BGN 0.7mn).

## BG REIT: Cash Flows

| Company                    | Cash Flows from Operations (BGN'000) | Cash Flows from Investing (BGN'000) | Cash Flows from Financing (BGN'000) | Net Cash Flows (BGN'000) |
|----------------------------|--------------------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Exclusive Property         | (437)                                | 1 440                               | -                                   | 1 003                    |
| Bulland Investment         | (668)                                | 747                                 | 408                                 | 487                      |
| Benchmark Real Estate Fund | 1 202                                | (896)                               | (341)                               | (35)                     |
| Park                       | (54)                                 | 0                                   | 0                                   | (54)                     |
| Prime Property BG          | (783)                                | 542                                 | (19)                                | (260)                    |
| Bulgaria Real Estate Fund  | 737                                  | 584                                 | (1 736)                             | (415)                    |
| FairPlay Properties        | 6 851                                | (31)                                | (7 498)                             | (678)                    |
| ELARG                      | (659)                                | (430)                               | (642)                               | (1 731)                  |
| Agro Finance               | (866)                                | (861)                               | (37)                                | (1 764)                  |
| Advance Terrafund          | (379)                                | (4 343)                             | (2)                                 | (4 724)                  |

## Performance of Bulgarian and foreign REITs in H1

BG REIT lost almost 16% for the last twelve months, while its peers in Germany, Austria, Turkey and the USA posted double-digit growth.

### BG REIT declined in the last 12 months

| Index                   | 24.08.2009 | 24.08.2010 | % Change Y/Y |
|-------------------------|------------|------------|--------------|
| RX Reit Index (Germany) | 558.89     | 672.8      | 20.38%       |
| ImmobilienATX (Austria) | 137.88     | 158.51     | 14.96%       |
| ISE REITS (Turkey)      | 24 662.63  | 29 284.48  | 18.74%       |
| MSCI US REIT Index      | 669.28     | 528.51     | 26.64%       |
| BG REIT                 | 48.13      | 40.65      | -15.54%      |

In the first half of 2010, Atrium European RE reported net rental income of EUR 65.3mn compared to net rental income of EUR 58.8mn for the same period of 2009. Net operating income was EUR 86.7mn compared to net operating loss of EUR 350.7mn a year ago. Net profit reached EUR 89.9mn. In H1 2009 the company reported loss of EUR 294.3mn. The positive results allow Atrium to look for new acquisitions.

CA Immobilien Anlagen AG reported earnings for the first quarter of 2010. The company posted a loss of EUR 6.5mn, which is an improvement from last year's first quarter loss of EUR 33.6mn. CA Immobilien's operating profit reached EUR 21.5mn compared to loss of EUR 16.9mn a year ago. Revenues from sale of real estate current assets were estimated at EUR 13.mn, while the sales of long-term real estate assets amounted to EUR 9.8mn.

## Performance of Bulgarian and foreign REITs in H1

| Company  | Prices (BGN) 24.08.'09 | Prices (BGN) 24.08.'10 | Price change 24.08.'09/ 24.08.'10 | P/B 24.08.'10 | ROA Q2 2010 |
|--|------------------------|------------------------|-----------------------------------|---------------|-------------|
| Agro Finance /6AG/                             | 0.99                   | 0.97                   | -2.32%                            | 0.69          | 0.84%       |
| Advance Terrafund /6A6/                        | 1.11                   | 1.08                   | -2.70%                            | 0.58          | -           |
| BenchMark Real Estate Fund /6BMA/              | 0.39                   | 0.33                   | -15.38%                           | 0.27          | -           |
| Bulland Investments /5BD/                      | 0.50                   | 0.49                   | -3.18%                            | 0.37          | 2.99%       |
| Elarg Agricultural Land Opportunity Fund /4EC/ | 0.94                   | 0.56                   | -40.57%                           | 0.48          | -           |
| Exclusive Property /5EX/                       | 0.80                   | 0.75                   | -6.88%                            | 1.05          | -           |
| Park REIT /4PK/                                | 0.67                   | 0.65                   | -3.29%                            | 0.40          | -           |
| Prime Property BG /4PY/                        | 0.68                   | 0.62                   | -8.15%                            | 0.45          | -           |
| FairPlay Properties /6F3/                      | 0.34                   | 0.36                   | 4.65%                             | 0.27          | 0.26%       |
| Bulgaria Real Estate Fund /5BU/                | 0.29                   | 0.33                   | 13.99%                            | 0.25          | -           |

| Company             | Prices (EUR) 24.08.'09 | Prices (EUR) 24.08.'10 | Price change 24.08.'09/ 24.08.'10 | P/B 24.08.'10 | ROA Q2 2010 |
|---------------------|------------------------|------------------------|-----------------------------------|---------------|-------------|
| Atrium European RE  | 4.30                   | 3.98                   | -7.44%                            | 0.62          | 1.92%       |
| Immofinanz          | 2.38                   | 2.62                   | 10.08%                            | 0.55          | 2.67%       |
| ORCO Property Group | 10.77                  | 5.28                   | -50.97%                           | 1.41          | -           |
| CA Immobilien       | 8.50                   | 9.15                   | 7.65%                             | 0.52          | 1.58%       |



## Useful links:

**Agro Finance:** <http://www.agrofinance.bg/>

**Advance Terrafund:** [http://www.karoll.net/en/?section=investirane\\_v\\_advance&id=32](http://www.karoll.net/en/?section=investirane_v_advance&id=32)

**BenchMark Real Estate Fund:** [http://www.benchmark.bg/?type=1&service=1&id\\_subservices=2](http://www.benchmark.bg/?type=1&service=1&id_subservices=2)

**Bulland Investments:** <http://www.bulland.org/>

**ELARG:** <http://www.elarg.bg>

**Exclusive Property:** <http://www.expro.bg/>

**Park:** <http://www.park.bg/>

**Prime Property BG:** <http://primepropertybg.com/?cid=29>

**FairPlay Properties:** <http://www.fpp.bg/>

**Bulgaria Real Estate Fund:** <http://brefbg.com/>

**Bulgarian Stock Exchange – Sofia:** <http://www.bse-sofia.bg/>

**Financial Supervision Commission:** [www.fsc.bg](http://www.fsc.bg)

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