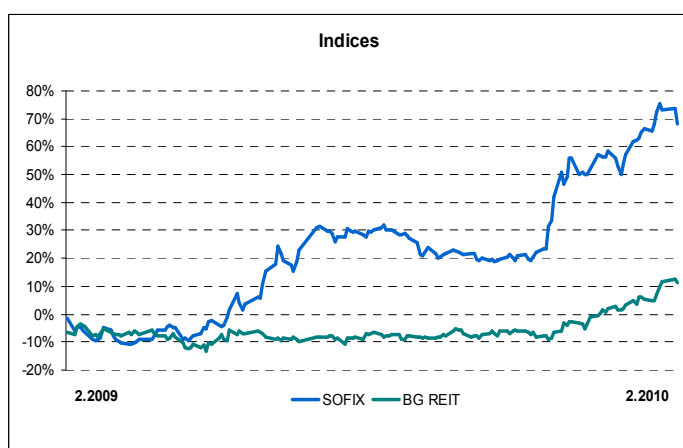


Executive Summary



↪ BG REIT, the specialized index for real estate companies, was the worst performer of all indices quoted by the Bulgarian Stock exchange – Sofia (BSE) for the twelve months period ending on February 11. BG REIT gained 14.73%, while SOFIX soared by 66.18%, BG TR 30 by 79.08% and BG 40 by 36.25%.

↪ BG REIT components had to release their financial statements for Q4 2009 before the end of February. The persisting problems in the real estate segment and the limited opportunities for debt or equity financing had negative impact on REIT's quarterly results.

Index	Value 11.02.2009	Value 11.02.2010	Change
SOFIX	264.51	439.55	66.18%
BG 40	87.69	119.48	36.25%
BG TR 30	188.07	336.80	79.08%
BG REIT	39.77	45.63	14.73%

↪ Trading with shares of Bulgarian REITs was apathetic, and only sporadic transfers of large stakes warmed up the market. Individual investors still kept away from the REIT segment. Prices of BG REIT components moved in opposite directions. Agro Finance gained 41.63% for the period, while Prime Property lost 40.4%.

BG REIT : Components

Company	Price BGN 11.02.2009	Price BGN 11.02.2010	Change
AGROF(6AG)	0.70	0.99	41.63%
ATERA (6A6)	1.00	1.21	21.00%
BMREIT(6BMA)	0.47	0.42	-10.64%
LAND (5BD)	0.53	0.55	3.58%
ELARG(4EC)	0.57	0.79	38.11%
EXPRO(5EX)	1.02	0.80	-21.80%
PARK (4PK)	0.62	0.59	-4.84%
TBIRE (4PY)	0.99	0.59	-40.40%
FPP (6F3)	0.49	0.44	-10.93%
BREF (5BU)	0.33	0.38	14.46%

↪ In Q4 FairPlay Properties REIT sold 35 apartments in the residential complex Santa Marina, located near the town of Sozopol. For the full 2009 the REIT sold 166 apartments, of which 161 in Santa Marina and 5 in the complex St. Ivan Rilski, the town of Bansko. Santa Marina was awarded as "The best sea project" for 2009.

↪ Exclusive Property has paid all of its EUR 3.6mn debt to Raiffeisenbank Bulgaria. The company has sold real estate in Sofia for the amount of EUR 4.5mn. Exclusive Property has another project for office building in the central business district of Sofia.

Prices and Market Capitalization

REITs for securitization of agricultural land have the highest market cap

The lackluster performance of listed Bulgarian REITs in 2009 corresponded to the negative developments in the real estate segment and the diminishing interest of equity investors in the Bulgarian stock market. On the other hand, prices of REIT's shares stabilized after the free-fall from February 2009 and the total market cap of BG REIT index grew by almost 9% for the period February 11, 2009 - February 11, 2010. None of the index components made capital increase last year. REITs for securitization of agricultural land had the largest market cap. Advance Terrafund was the leader (market cap of BGN 102.98mn on February 11, 2010), followed by Elarg (BGN 47.17mn) and Agro Finance (BGN 31.89mn). Among BG REIT components for securitization of real estate, FairPlay Properties reported market cap of BGN 24.56mn, followed by Bulgaria REF (BGN 22.97mn) and Prime Property BG (BGN 21.06mn).

Prices and Market Capitalization

Company	Market Cap. (BGN'000) 11.02.2009	Market Cap. (BGN'000) 28.12.2009	Market Cap. (BGN'000) 11.02.2010	% Change (y/y)
Advance Terrafund	85 110	113 196	102 983	21.00%
ELARG	34 158	50 759	47 176	38.11%
Agro Finance	22 522	31 415	31 898	41.63%
FairPlay Properties	27 578	27 354	24 563	-10.93%
Bulgaria Real Estate Fund	20 069	22 367	22 971	14.46%
Prime Property BG	35 350	20 674	21 067	-40.40%
Benchmark Real Estate Fund	10 996	9 639	9 826	-10.64%
Exclusive Property	9 669	7 514	7 562	-21.80%
Bulland Investments	6 913	8 787	7 160	3.58%
Park	6 026	6 260	5 735	-4.84%

BG REIT: Assets

Advance Terrafund has the highest total assets

Advance Terrafund was the largest BG REIT component after the publishing of Q4 2009 financial statements with total assets of BGN 165.08mn. Its assets remained stable since the comparable period of 2008. Second ranked FairPlay Properties with total assets of BGN 133.14mn, down by 2.88% since December 2008. Bulgaria REF is the third largest index component with assets for BGN 103.71mn, which are 25.25% less compared to the end of 2008. REITs are obliged by the law to revalue assets at least annually, but most BG REIT components will include revaluations in their final statements for 2009, which are scheduled to be released in March.

BG REIT: Assets

Company	Assets(BGN'000) 31.12.2008	Assets (BGN'000) 31.12.2009	% Change (y/y)
Advance Terrafund	165 215	165 080	-0.08%
FairPlay Properties	137 086	133 142	-2.88%
Bulgaria Real Estate Fund	138 753	103 716	-25.25%
ELARG	91 868	92 344	0.52%
Benchmark Real Estate Fund	60 653	74 297	22.50%
Prime Property BG	69 517	54 958	-20.94%
Agro Finance	50 854	51 748	1.76%
Bulland Investments	17 269	17 539	1.56%
Park	16 938	16 472	-2.75%
Exclusive Property	14 349	14 523	1.21%

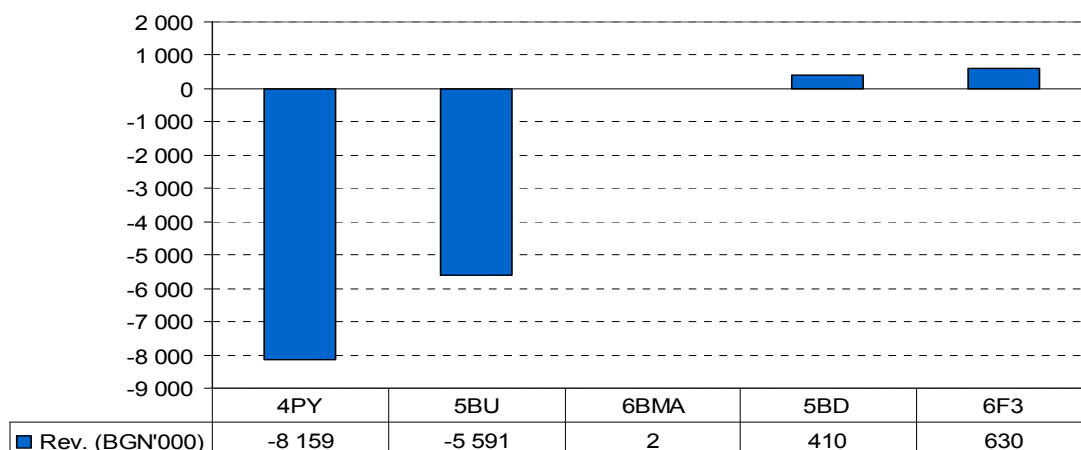
BG REIT: Net Profit

Company	Net Profit(BGN'000) 31.12.2008	Net Profit (BGN'000) 31.12.2009	% Change (y/y)
Advance Terrafund	738	3 406	361.52%
FairPlay Properties	13 744	1 633	-88.12%
Bulland Investments	850	362	-57.41%
Agro Finance	4 263	111	-97.40%

Only four BG REIT components posted net earnings in Q4

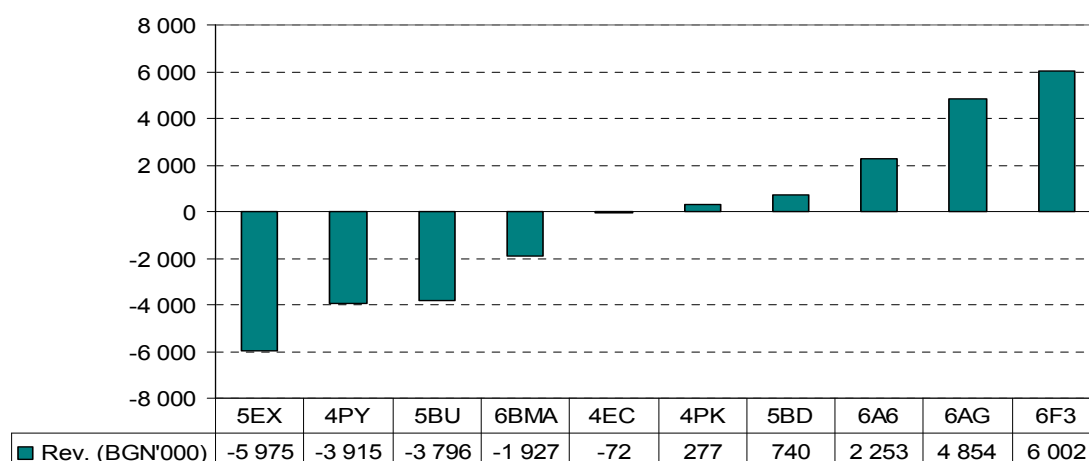
Only four BG REIT components posted net earnings in the last quarter of 2009. As we mentioned earlier, most companies will include revenues from revaluation of assets in their annual financial statements, which will be released in March. Revaluations used to be a major source of revenues for REITs when property markets were rising, but in the current situation most BG REIT components are expected to post revaluation expenses in their income statements. Only five companies reported revaluations in Q4.

Revaluation revenues/expenses Q4 2009 (BGN'000)



Prime Property BG and Bulgaria REF posted revaluation expenses of BGN 8.15mn and BGN 5.59mn respectively, while BenchMark REF, Bulland Investments and FairPlay Properties reported revaluation revenues of BGN 0.02mn, BGN 0.41mn and BGN 0.63mn respectively. In the end of 2008, BG REIT components reported the following revaluation revenues/expenses:

Revaluation revenues/expenses Q4 2008 (BGN'000)



BG REIT: Book Value and P/B multiple

Most BG REIT components traded below book value

On February 11, 2010 most BG REIT components traded below their book values. The P/B multiple was lowest for Bulgaria REF (0.28), FairPlay Properties (0.32) and BenchMark REF. Exclusive Properties was the only company with P/B ratio above 1. On the date of the analysis the cumulative P/B ratio of BG REIT was 0.50.

BG REIT: Book Value and P/B multiple

Company	Book Value 31.12.2009	P/B 11.02.2010 (y/y)
Bulgaria Real Estate Fund	1.35	0.28
FairPlay Properties	1.39	0.32
Benchmark Real Estate Fund	1.28	0.33
Prime Property BG	1.65	0.36
Park	1.65	0.36
Bulland Investments	1.33	0.41
Advance Terrafund	1.91	0.63
ELARG	1.19	0.67
Agro Finance	1.39	0.71
Exclusive Property	0.73	1.09

BG REIT: Solvency

Four components didn't report bank loans

Bulland Investments, Advance Terrafund and Park didn't report long-term bank loans and interest expenses in their financial statements for Q4 2009. Prime Property posted negligible bank loans and has low leverage ratios, but the negative operating results hamper its ability to meet debt payments.

BenchMark REF and Exclusive Property are still burdened by high debt levels. Their operating losses for the last twelve months led to negative interest coverage ratios. Bulgaria REF is also embarrassed by interest expenses.

BG REIT: Solvency

Company	Debt-to-Equity	Debt-to-Assets	Financial Leverage	Interest Coverage
Bulland Investments	0.01	0.01	1.01	n.a
Advance Terrafund	0.02	0.02	1.02	n.a
Park	0.04	0.04	1.04	n.a
Prime Property	0.05	0.05	1.05	-
Agro Finance	0.14	0.13	1.14	1.30
ELARG	0.30	0.23	1.30	0.73
Bulgaria Real Estate Fund	0.48	0.33	1.48	-
FairPlay Properties	0.75	0.43	1.75	1.55
Exclusive Property	1.08	0.52	2.08	-
Benchmark Real Estate Fund	1.26	0.56	2.26	-

BG REIT: ROE – DuPont Decomposition

FairPlay Properties is leader in ROE

With moderate debt levels, FairPlay Properties still has the highest assets turnover (sales/assets) and return on equity ratios among BG REIT components. Bulland Investments has the highest net profit margin (net income/sales) due to its negligible sales and significant interest revenues. BenchMark REF and Exclusive Property, both aggressive in financing their operations, posted losses for the last twelve months, resulting in negative ROE values. Return on equity was also negative for Elarg, Bulgaria REF, Prime Properties and Park.

BG REIT: ROE – DuPont Decomposition

Company	Net income/Sales (net profit margin)	Sales/Assets (assets turnover)	Assets/Equity (financial leverage)	ROE
FairPlay Properties	5.58%	0.22	1.75	2.11%
Advance Terrafund	76.50%	0.03	1.02	2.10%
Bulland Investments	9050.00%	0.00	1.01	2.10%
Agro Finance	6.23%	0.03	1.14	0.25%
ELARG	-	0.04	1.30	-
Bulgaria Real Estate Fund	-	0.08	1.48	-
Exclusive Property	-	0.00	2.08	-
Benchmark Real Estate Fund	-	0.02	2.26	-
Prime Property	-	0.07	1.05	-
Park	n.a	0.00	1.04	-

BG REIT: Return

Bulland Investments has the highest ROA

Bulland investments, Advance Terrafund and FairPlay Properties have the highest Return on Assets (ROA) and Return on Equity (ROE) multiples. The negligible sales of some companies distort their Return on Sales (ROS) ratios. Advance Terrafund, Agro Finance and FairPlay Properties have the highest Return on Sales (ROS). Revaluation is usually a main source of revenues for REITs, but in Q4 2009 only BenchMark REF, Bulland Investment and FairPlay Properties reported revaluation revenues, while Prime Property and Bulgaria REF posted negative revaluations.

BG REIT: Return

Company	Return on Assets	Return on Equity	Return on Sales
FairPlay Properties	1.21%	2.11%	5.58%
Advance Terrafund	2.06%	2.10%	76.50%
Bulland Investments	2.08%	2.10%	9050.00%
Agro Finance	0.22%	0.25%	6.23%
ELARG	-	-	-
Park	-	-	n.a
Bulgaria Real Estate Fund	-	-	-
Exclusive Property	-	-	-
Benchmark Real Estate Fund	-	-	-
Prime Property BG	-	-	-

BG REIT: Cash Flows

FairPlay Properties reported positive net cash flow

Only FairPlay Properties, BenchMark REF and Elarg posted positive cash flows from operations in Q4 2009. Bulland Investments, Exclusive Property, Prime Property BG and FairPlay Properties reported positive cash flows from investing. Agro Finance, BenchMark REF and Bulland Investment had positive cash flows from financing. As a result, FairPlay Properties was the only BG REIT component with positive net cash flows.

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)
FairPlay Properties	10 321	1 684	-11 177	828
Exclusive Property	-519	7 582	-7 174	-111
Park	-124	0	0	-124
Benchmark Real Estate Fund	3 790	-17 245	13 113	-342
ELARG	811	-1 627	-1 272	-2 088
Bulland Investments	-3 899	1 626	59	-2 214
Agro Finance	-1 227	-3 059	24	-4 262
Prime Property BG	-2 504	806	-2 932	-4 630
Advance Terrafund	-4 287	-16 191	-4	-20 482
Bulgaria Real Estate Fund	-699	-2 404	-20 605	-23 708

Performance of Bulgarian and foreign REITs

Triple digit growth of sectoral indices in Austria and Turkey

Indices reflecting the performance of real estate companies in Austria and Turkey posted triple-digit growth for the last twelve months. Last year was also successful for the real estate segment in Germany and the USA. The Bulgarian benchmark BG REIT advanced modestly by 14.73% for the period.

Index	11.02.2009	11.02.2008	% Change Y/Y
RX Reit Index (Germany)	473.48	650.99	37.49%
ImmobilienATX (Austria)	52.27	129.18	147.14%
ISE REITS (Turkey)	12 591.30	29 626.25	135.29%
MSCI US REIT Index	402.23	569.6	41.61%
BG REIT	39.77	45.63	14.73%

Shares of foreign real estate companies with investments in South- Eastern Europe and particularly Bulgaria soared across the board, with an impressive performance by the Austrian Immoeast Immobilien Anlagen AG, which rocketed from EUR 0.83 to EUR 3.60. For the first half of 2009, the company reported EUR 314.0 of revenues, or up by 88.5% since the year-ago period. EBITDA reached EUR 185.1mn, up by 203.3%. Currency-adjusted EBIT stood at EUR 253.8mn and EBT at EUR 221.2mn. Both EBIT and EBT were negative in the same period of 2008.

CA Immobilien Anlagen AG has signed two lease contracts with the Meininger budget hotel chain. Under the contracts, Meininger will operate hotels at two CA Immo's projects located in Vienna and in Salzburg, which will be completed in 2011. The lease period runs for 20 years. The Salzburg hotel will have 100 rooms and that in Vienna about 130. CA Immo's investments in the two projects were estimated at EUR 20mn.

Performance of Bulgarian and foreign REITs

Company	Prices (BGN) 11.02.'09	Prices (BGN) 11.02.'10	Price change 11.02.'09/ 11.02.'10	P/B 11.02.'10	ROA Q4 2009
Agro Finance /6AG/	0.70	0.99	41.63%	0.71	0.22%
Advance Terrafund /6A6/	1.00	1.21	21.00%	0.63	2.06%
BenchMark Real Estate Fund /6BMA/	0.47	0.42	-10.64%	0.33	-
Bulland Investments /5BD/	0.53	0.55	3.58%	0.41	2.08%
Elarg Agricultural Land Opportunity Fund /4EC/	0.57	0.79	38.11%	0.67	-
Exclusive Property /5EX/	1.02	0.80	-21.80%	1.09	-
Park REIT /4PK/	0.62	0.59	-4.84%	0.36	-
Prime Property BG /4PY/	0.99	0.59	-40.40%	0.36	-
FairPlay Properties /6F3/	0.49	0.44	-10.93%	0.32	1.21%
Bulgaria Real Estate Fund /5BU/	0.33	0.38	14.46%	0.28	-

Company	Prices (EUR) 11.02.'09	Prices (EUR) 11.02.'10	Price change 11.02.'09/ 11.02.'10	P/B 11.02.'10	ROA Q4 2009
Atrium European RE	1.93	4.37	126.42%	2.15	1.01%
Immoeast	0.83	3.60	333.73%	0.55	0.25%
ORCO Property Group	6.90	7.30	5.80%	1.07	-
CA Immobilien	3.62	7.22	99.45%	2.83	1.47%

Useful links:

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

Advance Terrafund: 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

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

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