

Index	Value 29.10.2010	Monthly change	12 m change
SOFIX	354.57	-8.41%	-22.52%
BG 40	111.21	-2.76%	-9.82%
BG TR 30	285.03	-4.90%	-18.51%
BG REIT	41.99	0.36%	-12.96%

SOFIX

Company	Price 30.09.2010	Price 29.10.2010	%Change
ATERA (6A6)	1.16	1.15	-1.03%
ALB (6AB)	68.05	54.00	-20.64%
DOVHL (5DOV)	3.42	2.95	-13.59%
EUBG (4EH)	0.92	0.87	-4.90%
ENM (E4A)	7.43	6.92	-6.81%
ZHBG (T43)	0.65	0.57	-11.88%
IHLBL (4ID)	1.34	1.15	-13.56%
KAO (6K1)	4.73	4.60	-2.62%
MONBAT (5MB)	6.45	6.26	-2.88%
SFARM (3JR)	3.94	3.93	-0.18%
CENHL (5SR)	2.70	2.43	-10.22%
BACB (5BN)	10.45	9.52	-8.93%
FIB (5F4)	1.92	1.76	-8.59%
CCB (4CF)	1.15	1.03	-10.87%
CHIM (6C4)	2.61	2.32	-11.40%

Summary

- ↪ Moststroy's bankruptcy and the plans for nationalization of professional pension funds weighted negatively on the Bulgarian Stock Exchange – Sofia (BSE).
- ↪ Most of world's major stock markets moved higher in historically weak October and approached their highest levels for 2010.
- ↪ The National Statistical Institute (NSI) reported a slight improvement in total business climate due to better sentiment in retail trade and the service sector.

Indices

- ↪ World major stock markets finished the month close to their highest levels for 2010, but BSE plunged on a combination of negative factors.
- ↪ Moststroy, one of the largest road construction companies in Bulgaria, went insolvent. The preliminary plans of the Bulgarian government to nationalize the professional pension funds also weighted on the market, but later this idea failed. SOFIX lost 8.41% for the month, while BG 40 shed 2.76% and BGTR30 4.90%. BG REIT was the only gainer, up by 0.36%.
- ↪ Stock markets in Russia and Turkey were the main regional gainers, up by 5.87% and 5.58% respectively. Meanwhile the Ukrainian benchmark PFTS lost 5.22%.
- ↪ All major stock markets around the world except Japan posted solid gains. The strong yen pressured Nikkei 225 down and the index lost another 2.15%.

World markets

- ↪ In the second half of October the attention of world markets was focused on Federal Reserve's meeting, scheduled for the beginning of November. FED announced that it will inject USD 600bn into the US economy by the end of June next year attempting to boost the fragile recovery. This second round of 'quantitative easing' was equal to \$75bn a month. Interest rates are already close to zero, which means that FED cannot reduce rates any further in order to boost demand - the more traditional policy used by central banks to stimulate growth. The US economy grew by an annual rate of 2% between July and September, which is not enough to reduce the high unemployment.
- ↪ EUR/USD traded in the 1.36 – 1.40 range. Crude oil for delivery in December closed at USD 81.34 per barrel. Gold hit the record USD 1382 per ounce on October 14, but then settled lower at levels around USD 1325.

Eastern European Markets

Index	Value 29.10.2010	Monthly change	12 months Change
Croatia CROBEX	1 869.36	-2.41%	-12.84%
Macedonia MIB-10	2 136.07	2.50%	-38.93%
Romania BET	5 282.41	-1.01%	18.20%
Serbia BELEX 15	635.44	2.37%	-21.18%
Montenegro MOSTE	472.22	-2.52%	-36.22%
Ukraine PFTS	743.11	-5.22%	25.56%
Turkey ISE 100	69 442.13	5.58%	48.64%
Russia RTSI	1 599.05	5.87%	18.58%
Morgan Stanley MSCI EM	221.91	4.54%	11.64%

World Markets

Index	Value 29.10.2010	Monthly change	12 months Change
USA DJIA	11 118.49	3.06%	14.47%
USA S&P 500	1 183.26	3.69%	14.19%
USA NASDAQ	2 507.41	5.86%	22.61%
Japan Nikkei 225	9 202.45	-2.15%	-8.29%
Germany DAX	6 601.37	5.98%	21.91%
UK FTSE 100	5 675.16	2.28%	12.50%
France CAC 40	3 833.50	3.18%	6.26%

Banking Sector

Bank	Price 29.10.2010	P/E	P/B
FIB (5F4)	1.75	7.86	0.46
CORP(6C9)	58.50	4.94	1.24
BACB(5BN)	9.51	102.20	0.57
CCB (4CF)	1.02	2.93	0.33

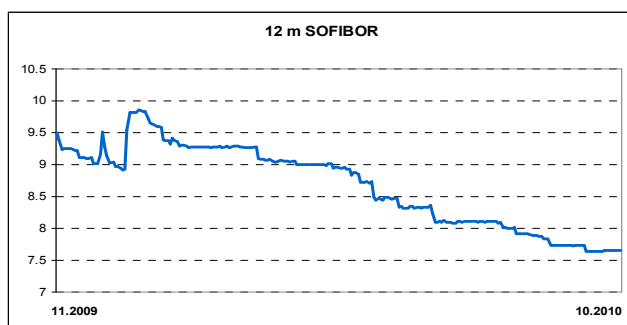
Corporate news

- ↔ The road construction company Moststroy filed for bankruptcy protection. Moststroy was unable to meet its debt obligations and its lease contracts for equipment were terminated. The company lost BGN 0.31mn for the first nine months of 2010. In Q3 Moststroy posted current liabilities for BGN 17,58mn and current assets for BGN 17.12mn. Cash and cash equivalents were only BGN 0.115mn.
- ↔ In Q3 FairPlay Properties REIT concluded 90 sales of apartments in the holiday complexes 'Santa Marina', Sozopol, and 'St. Ivan Rilski', Bansko. The company posted total sales of BGN 19.8mn; 89% of them were from sales of apartments, and the remaining 11% were from rents and maintenance fees. In Q3 2009 sales reached BGN 22.9mn. Total expenses fell to BGN 19.54mn from BGN 21.45mn in the year-ago period. Interest expenses were unchanged at BGN 2.26mn. Net profit stood at BGN 0.29mn, down from BGN 1.47. For the nine months of 2010 FairPlay Properties REIT signed new sales agreements for 139 apartments in 'Santa Marina' with TBA 10 700 sq. m. estimated at BGN 29.38mn excluding VAT.
- ↔ The silica producer Kaolin posted net profit of BGN 7.17mn, up from BGN 6.33mn in the end of September 2009. Sales rose by 25% to BGN 95.51mn and operating expenses by 24% to BGN 90.66mn. Shareholder's equity rose from BGN 118.87mn to BGN 121.98mn. Debt-to-equity ratio fell from 0.85 to 0.77. Kaolin's current ratio was 1.29 and cash ratio 0.18. Both liquidity ratios were higher than in the end of Q3 2009. Net cash flows were negative due to significant cash outflows from financing activities. In October Kaolin opened a new plant in Ukraine where the company invested USD 15mn.
- ↔ Monbat, Bulgaria's largest producer of car batteries entered into a loan agreement with EBRD for EUR 15mn. The new loan will be used for investments in the existing lead-recycling plants. Monbat also filed a prospectus for double listing, and according to the online media Investor.bg the company is interested in listing on the stock exchanges in Frankfurt and Warsaw. In Q3 Monbat's unconsolidated sales jumped by 76% to BGN 141.94mn mainly due to related party transactions. Operating expenses rose from BGN 68.37mn to BGN 129.97mn. Net profit was 11% higher at BGN 13.14mn. Net cash flows were negative at BGN 2.5mn, down from positive cash flow of BGN 8.11 in the year-ago period.
- ↔ The credit portfolio of First Investment Bank rose by 4.7% in the third quarter to BGN 3.46bn. Total assets grew by 4.9% to BGN 4.75bn. Net profit for the first nine months of 2010 reached BGN 23.5mn, or 14.9% lower than in the year-ago period. Provisions rose to BGN 13.6mn.
- ↔ Net loss of Bulgarian American Credit Bank reached BGN 9mn for the period January-September 2010. In the year-ago period the bank reported net profit of BGN 23.3mn. Interest revenues fell by 30% to BGN 19mn. In the end of the quarter provisions reached BGN 39.2mn.

Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months	Change YTD
Advance IPO Fund	12.35%	16.77%
BenchMark Fund 5	9.33%	6.54%
Standard Invest Int. Fund	9.27%	4.32%
Advance Eastern Europe	8.24%	7.99%
KTB Balanced	5.74%	2.04%
KTB Shares	5.22%	0.57%
TBI Treasury	3.82%	3.11%
Sentinel Principal	2.61%	1.66%
DSK RE	2.37%	1.28%
Status New shares	2.04%	7.07%

Top 10 Mutual funds -yield (low risk)	Change last 12 months	Change YTD
CCB Garant	9.43%	8.26%
BenchMark Fund 6	8.53%	6.93%
Elana Money Market	8.48%	7.28%
Astra Cash	7.00%	5.70%
Raiffeizen Bonds Fund	6.73%	5.57%
DSK Standard	6.70%	5.47%
Raiffeizen Money Market	6.18%	5.02%
Astra Money Market	5.77%	4.89%
Elana Eurofund	5.57%	4.49%
UBB Platinum Bonds	5.46%	4.97%



Mutual funds

- ↪ In the end of October, DSK's Balanced and Growth funds were the largest with assets of BGN 18.7mn and BGN 17.0mn respectively, reported investor.bg. CCB Leader kept the third position with assets of BGN 13.5mn.
- ↪ Advance IPO Fund (16.77%) ranked first among the aggressive mutual funds in terms of yield for the last twelve months. BenchMark Fund 5 (8.72%) was second, followed by Standard Invest International Fund (4.32%).
- ↪ CCB Garant (8.26%) was the leader among conservative funds, followed by BenchMark Fund 6 (6.93%) and Elana Money Market (7.28%).

Macroeconomics

- ↪ The National Statistical Institute (NSI) reported CPI inflation of 0.8% in September. Year-to-date inflation reached 2.7%. Annual inflation for September 2010 compared to September 2009 stood at 3.5%. Average inflation for the period October 2009 – September 2010 compared to October 2008 – September 2009 was 1.4%. In August consumer prices rose by 0.1%.
- ↪ Producer Price Index (PPI) rose by 0.8% in September and was 9.6% above the year-ago level. NSI reported higher prices in the mining industry (4.0%), manufacturing (1.1%) and electricity production and distribution (0.5%). In August the PPI index increased by 0.9% on monthly basis and was 11.0% above its year-ago value.
- ↪ Housing prices fell by 1.2% in the third quarter of 2010 compared to the previous three months. Compared to the same quarter of 2009, prices are 6.0% lower. The average price per square meter in Bulgaria was EUR 490. Housing prices were highest in Sofia – EUR 814/sq.m., followed by Varna (EUR 796/sq.m) and Burgas (EUR 595/sq.m).
- ↪ Total business climate showed signs of improvement and added 1.9 basis points in October due to better sentiment in retail trade and the service sector. In September the indicator shed 1.4 basis points.
- ↪ Bulgaria's Gross External Debt (GED) fell to EUR 36.474bn in August or EUR 343mn lower than in July. GED accounted for 100.9% of the projected GDP for 2010 (EUR 34.5bn), the Bulgarian National Bank (BNB) reported.
- ↪ Foreign Direct Investments (FDI) rose by EUR 104.9mn in August and reached EUR 836mn for the first eight months of 2010. FDI accounted for 2.3% of the projected GDP for 2010.
- ↪ The FOB trade deficit declined by EUR 26.2mn to EUR 1.35bn in August (-3.7% of the projected GDP for 2010). In July the trade gap widened to EUR 1.376bn.
- ↪ The 12-month SOFIBOR fell to a new 12-month low at 7.65%. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market.

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