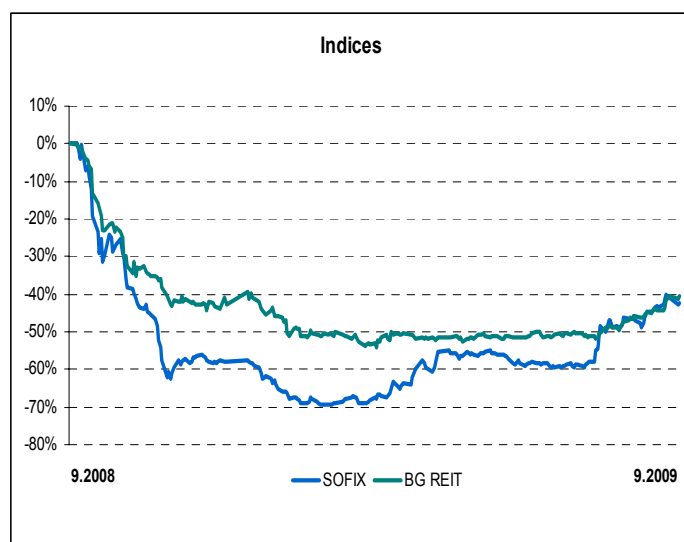


Executive Summary



Index	Value 23.09.2008	Value 23.09.2009	Change Y/Y
SOFIX	846.76	506.17	-40.22%
BG 40	204.28	135.77	-33.54%
BG TR 30	563.87	375.64	-33.38%
BG REIT	81.17	48.79	-39.89%

BG REIT : Components

Company	Price BGN 23.09.2008	Price BGN 23.09.2009	Change
AGROF(6AG)	1.30	0.95	-26.92%
ATERA (6A6)	1.82	1.22	-32.75%
BMREIT(6BMA)	1.50	0.41	-72.67%
LAND (5BD)	0.97	0.57	-41.24%
ELARG(4EC)	1.70	0.95	-44.12%
EXPRO(5EX)	1.30	0.78	-40.00%
PARK (4PK)	1.01	0.66	-34.65%
TBIRE (4PY)	1.53	0.74	-51.50%
FPP (6F3)	1.14	0.47	-58.77%
BREF (5BU)	0.58	0.45	-22.41%

↳ The Bulgarian stock market bottomed out from its lows in February and March. SOFIX, the official index of the Bulgarian Stock Exchange - Sofia (BSE) soared by almost 95% from its bottom. Meanwhile, BG REIT, the specialized index for real estate companies advanced by 29%. The slower rate of BG REIT's increase reflected the uncertainty and contradictory expectations for future real estate prices, as well as forecasts for slow recovery of the REIT segment.

↳ As at September 23, 2009 the Bulgarian Stock Exchange changed the composition of the specialized index BG REIT. Intercapital Property Developments (ICPD), Aktiv Properties and Agricultural Land Opportunity Fund Mel Invest (ALOFMI) were replaced by Prime Property BG.

↳ Prime Property BG is among the first real estate investment trust in Bulgaria. The company invests in purchase, construction, lease out or sale of commercial, office, residential and leisure properties. Currently Prime Properties has projects in Sofia, Plovdiv and the Black Sea coast.

↳ July 31 was the deadline for public companies to release their financial statements for Q1, and August 31 was the deadline for the consolidated reports. After the changes in BG REIT composition none of its components consolidates a servicing company. According to the Bulgarian legislation, REITs may invest up to 10% of their capital in a servicing company.

↳ On September 23 BG REIT was 40% below its year-ago value, while its peers in Germany, Austria and Turkey posted significant gains. The Turkish benchmark ISE REITs added 49.23% for the period.

Prices and Market Capitalization

Advance Terrafund has the highest market cap among REITs

On September 23 BG REIT index was slightly above its end-2008 value, but jumped by almost 29% from its historical minimum reached on March 25. The benchmark SOFIX soared by 95% from its bottom in February. BSE's total capitalization rose by 25% since March and was almost unchanged since the last trading day of 2008.

On September 23 the aggregate capitalization of BG REIT components was BGN 302.25mn, or almost unchanged since December 2008 and 76% above March 25 level. There weren't any capital increases for the corresponding periods. Companies active in securitization of agricultural land were the largest BG REIT components. Advance Terrafund was the single company from the index with market cap higher than BGN 100mn. Bulgaria Real Estate Fund (BREF) was the largest component for securitization of real estate.

Prices and Market Capitalization

Company	Prices 23.12.2008	Market Cap. (BGN'000) 23.12.2008	Prices 23.09.2009	Market Cap. (BGN'000) 23.09.2009
Advance Terrafund	1.11	94 472	1.22	104 175
ELARG	0.89	53 147	0.95	56 730
Agro Finance	0.73	23 521	0.95	30 609
Bulgaria Real Estate Fund	0.34	20 553	0.45	27 203
Prime Property BG	0.98	34 993	0.74	26 495
FairPlay Properties	0.59	32 937	0.47	26 238
Benchmark Real Estate Fund	0.68	15 909	0.41	9 592
Bulland Investment	0.68	8 852	0.57	7 420
Exclusive Property	0.95	8 979	0.78	7 373
Park	0.90	8 748	0.66	6 415

BG REIT: Assets

Three REITs have assets higher than BGN 100mn

Prime Property BG and BREF reported negative revaluations of their investment properties and lowered their total assets in H1 compared to the end of 2008. As well as in Q1, Advance Terrafund and FairPlay Properties were the largest REITs in terms of assets, followed by BREF. Advance Terrafund posted lower H1 assets due to the decline of cash and cash equivalents by BGN 11.219mn (in the Blocked financial assets line from the Balance Sheet). The company reported revaluation income of BGN 35 000 for the period. FairPlay Properties' assets remained stable. Despite BREF's negative asset revaluation its asset base is more than 70% higher than ELARG's, the fourth largest REIT in this ranking. The new component of BG REIT index, Prime Property BG is sixth in the ranking.

BG REIT: Assets

Company	Assets(BGN'000) 30.06.2008	Assets (BGN'000) 31.12.2008	Assets(BGN'000) 30.06.2009
Advance Terrafund	102 351	162 870	163 451
FairPlay Properties	114 130	137 086	137 129
Bulgaria Real Estate Fund	183 426	138 753	128 085
ELARG	147 714	91 868	92 709
Benchmark Real Estate Fund	44 553	60 653	68 927
Prime Property BG	72 196	69 517	60 724
Agro Finance	45 835	50 854	50 861
Bulland Investment	16 463	17 250	17 373
Park	16 550	16 938	16 705
Exclusive Property	22 375	14 349	14 521

BG REIT: Solvency

Exclusive Property and BenchMark REF are burdened by high interest expenses

Exclusive Properties, Benchmark REF and FairPlay Properties had aggressive capital structures and D/E ratios higher than 0.70 (measured on annual average basis). On the other side, Park and Bulland Investments had no bank loans and their investments were financed by equity.

The same ranking of BG REIT components is valid for debt – to-assets and financial leverage (total assets/total equity) ratios.

Exclusive Property and Benchmark REF are still burdened by debt expense, but in the meantime Exclusive Property managed to decrease its total debt from BGN 8.95mn to BGN 7.6mn. Interest expenses fell from BGN 0.33mn to BGN 0.074mn. Advance Terrafund, Prime Property, Agro Finance and BREF were also deleveraged and managed to cut their interest expenses.

BG REIT: Solvency

Company	Debt-to-Equity	Debt-to-Assets	Financial Leverage	Interest Coverage
Exclusive Property	0.81	0.45	1.81	-
Benchmark Real Estate Fund	0.78	0.44	1.78	-
FairPlay Properties	0.73	0.42	1.73	4.69
Bulgaria Real Estate Fund	0.64	0.39	1.64	4.11
Agro Finance	0.47	0.32	1.47	14.85
ELARG	0.20	0.17	1.20	4.94
Advance Terrafund	0.09	0.08	1.09	9.22
Prime Property BG	0.04	0.04	1.04	1.15
Park	0.03	0.03	1.03	n/a
Bulland Investment	0.02	0.02	1.02	n/a

BG REIT: ROE – DuPont Decomposition

FairPlay Properties is leader in ROE

The DuPont decomposition of Return on Equity shows that the aggressive capital structure of FairPlay Properties contributes to higher return on equity. Agro Finance was second in this ranking with moderate debt levels but higher net profit margin. Bulland investments has the highest net profit margin (net income/sales) due to its negligible sales and significant interest revenues. Four BG REIT components have negative LTM net earnings, resulting in negative ROE values.

BG REIT: ROE – DuPont Decomposition

Company	Net income/Sales (net profit margin)	Sales/Assets (assets turnover)	Assets/Equity (financial leverage)	ROE
FairPlay Properties	0.36	0.24	1.73	15.04%
Agro Finance	0.66	0.13	1.47	12.30%
Bulland Investment	264.33	0.00	1.02	4.77%
ELARG	0.20	0.12	1.20	2.90%
Advance Terrafund	0.67	0.03	1.09	1.99%
Bulgaria Real Estate Fund	0.01	0.57	1.64	0.80%
Park	-	0.02	1.03	-
Prime Property	-	0.08	1.04	-
Benchmark Real Estate Fund	-	0.02	1.78	-
Exclusive Property	-	0.00	1.81	-

BG REIT: Return

FairPlay Propertiers has the highest ROA

As well as in the ROE ranking, FairPlay Properties, Agro Finance and Bulland Investments have the highest Return on Assets (ROA) multiples. The negligible sales of some companies distorts their Return on Sales (ROS) multiples. Revaluation is usually a main source of revenues for REITs, but so far in 2009 only Advance Terrafund reported revaluation revenues, while Prime Property and BREF posted negative revaluations.

BG REIT: Return

Company	Return on Assets	Return on Equity	Return on Sales
FairPlay Properties	8.68%	15.04%	35.73%
Agro Finance	8.36%	12.30%	66.20%
Bulland Investment	4.69%	4.77%	n/a
ELARG	2.41%	2.90%	20.18%
Advance Terrafund	1.83%	1.99%	67.23%
Bulgaria Real Estate Fund	0.49%	0.80%	0.87%
Park	-	-	-
Benchmark Real Estate Fund	-	-	-
Prime Property	-	-	-
Exclusive Property	-	-	-

Performance of Bulgarian and foreign REITs in H1

Turkish ISE REIT Index added almost 50% since September 23, 2008

On September 23 BG REIT, the Bulgarian specialized index for real estate companies was far behind its year-ago value, while its peers in Germany, Austria and Turkey posted significant gains. Particularly impressive was the performance of the Turkish benchmark ISE REITs which gained 49.23% for the period September 23, 2008 – September 23, 2009.

Index	23.09.2008	23.09.2009	% Change Y/Y
RX Reit Index (Germany)	697.91	624.45	-10.53%
ImmobilienATX (Austria)	122.70	149.42	21.78%
ISE REITS (Turkey)	18 228.69	27 201.84	49.23%
MSCI US REIT Index	837.52	581.23	-30.60%
BG REIT	81.17	48.79	-39.89%

As a result of the global financial and economic crisis, foreign REITs with investments in Central and Eastern Europe and particularly Bulgaria are still facing significant challenges such as limited access to debt financing, leveraged balance sheets and declining property values. In this aspect REIT regulators in some countries are implementing regulatory changes in order to facilitate REIT's business.

In Germany the local company Alstria successfully completed the first dividend exchange offer. Shares were offered for EUR 4.16, at a discount of 24% to the average of closing prices on June 16, 17, and 18. They were more than two times over-subscribed.

Atrium European Real Estate Limited will hold an extraordinary general meeting on October 2, 2009. Among the main issues is the approval of a reduction of the company's stated capital by the amount of a proposed payment of a special dividend of EUR 0.50. The company will propose payment of an annual dividend of EUR 0.12.

Immoeast Immobilien Anlagen AG and Patero Development will be given a bank loan to complete the building of shopping center Rostokino (240,000 sq.m.) in the north-east of Moscow. Sberbank opened a 4.5-years credit line worth USD 175mn for Kashirskiy dvor-Severianin, which belongs to both partners on parity basis.

Performance of Bulgarian and foreign REITs in H1

Company	Prices (BGN) 23.09.'08	Prices (BGN) 23.09.'09	Price change 23.09.'08/ 23.09.'09	P/B 23.09.'09	ROA H1 2009
Agro Finance /6AG/	1.30	0.95	-26.92%	0.70	8.36%
Advance Terrafund /6A6/	1.82	1.22	-32.75%	0.65	1.83%
Benchmark Real Estate Fund /6BMA/	1.50	0.41	-72.67%	0.30	-
Bulland Investment /5BD/	0.97	0.57	-41.24%	0.45	4.69%
Elarg Agricultural Land Opportunity Fund /4EC/	1.70	0.95	-44.12%	0.57	2.41%
Exclusive Property /5EX/	1.30	0.78	-40.00%	0.67	-
Park REIT /4PK/	1.01	0.66	-34.65%	0.40	-
Prime Property BG /4PY/	1.53	0.74	-51.50%	0.42	-
FairPlay Properties /6F3/	1.14	0.47	-58.77%	0.36	8.68%
Bulgaria Real Estate Fund /5BU/	0.58	0.45	-22.41%	0.29	0.49%

Company	Prices (EUR) 23.09.'08	Prices (EUR) 23.09.'09	Price change 23.06.'08/ 23.09.'09	P/B 23.09.'09	ROA H1 2009
Atrium European RE	5.74	3.82	-33.45%	0.60	0.88%
Immoeast	2.00	3.98	99.00%	0.70	-
ORCO Property Group	18.91	9.17	-51.51%	1.10	-
CA Immobilien	7.83	9.41	20.18%	0.50	-

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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