

| Index | Value 31.07.2009 | Monthly change | 12 m change |
|----------|---------------------|-------------------|----------------|
| SOFIX | 356.01 | -0.20% | -64.90% |
| BG 40 | 100.23 | -0.64% | -60.38% |
| BG TR 30 | 268.58 | 0.58% | -59.64% |
| BG REIT | 39.76 | -3.00% | -55.02% |

SOFIX

| Company | Price 30.06.2009 | Price 31.07.2009 | %Change |
|--------------|---------------------|---------------------|---------|
| ALB (6AB) | 28.20 | 30.34 | 7.59% |
| ELARG (4EC) | 0.74 | 0.69 | -6.76% |
| ENM (E4A) | 7.70 | 7.49 | -2.73% |
| EURINS (5IC) | 1.50 | 1.47 | -2.00% |
| IHLBL (4ID) | 1.81 | 1.69 | -6.63% |
| KAO (6K1) | 3.40 | 1.67 | -50.88% |
| MCH (5MH) | 3.40 | 3.30 | -2.94% |
| MONBAT(5MB) | 4.60 | 4.85 | 5.43% |
| NEOH (3NB) | 27.20 | 28.49 | 4.74% |
| OTZK (5OTZ) | 12.39 | 12.03 | -2.91% |
| ORGH (5ORG) | 70.96 | 72.57 | 2.27% |
| SFARM (3JR) | 2.82 | 2.92 | 3.62% |
| ELTOS (SL9) | 1.50 | 1.59 | 6.00% |
| BACB (5BN) | 11.62 | 10.91 | -6.11% |
| CORP (6C9) | 58.75 | 46.00 | -21.70% |
| FIB (5F4) | 2.18 | 2.19 | 0.55% |
| CCB (4CF) | 1.26 | 1.24 | -1.27% |
| TOPL (3TV) | 4.05 | 4.00 | -1.23% |
| CHIM (6C4) | 2.18 | 2.17 | -0.46% |
| HDPAT (6H2) | 2.47 | 2.92 | 18.22% |

Summary

- ☞ Bulgarian stocks moved sideways in July. Trading volumes were thin and almost unmoved by the H1 financial statements. Market capitalization fell by 5.05% to BGN 10.098bn. The annual decline reached 50%.
- ☞ Fitch, Moody's, JCR and the International Monetary Fund announced grim forecasts for the Bulgarian economy. All of them expect GDP to contract by more than 5% in 2009.
- ☞ The National Statistical Institute (NSI) reported deflation of 0.4% in June.

Indices

- ☞ All of the Bulgarian Stock Exchange (BSE) indices except BG TR 30 ended July with slight declines. At the same time most indices in South Eastern Europe and major world markets made solid gains.
- ☞ SOFIX ended negative for second consecutive month. The benchmark was 0.20% down on monthly basis and 64.9% below its year-ago levels. BG 40 fell by 0.64%, while BG TR 30 gained 3.00%. The broad index was 60.38% down since July 2008 values, and BG TR 30 lost 59.64%.
- ☞ The specialized index for real estate companies BG REIT decreased by 3.00% in July, but is still the best performing BSE index for the last twelve months.
- ☞ Stock markets in Croatia and Macedonia were the only regional losers, down by 0.92% and 3.83% in July. On the other side, BET in Romania soared by 14.15%.
- ☞ World's major stock markets made solid gains. In Germany, DAX posted a double-digit growth by 10.89%. CAC 40 added 9.10% and S&P 500 7.41%.

World markets

- ☞ Fitch expects Bulgaria's Gross Domestic Product (GDP) to shrink by 5.5% in 2009 and 3.5% in 2010. In April the agency reiterated the country's BBB rating for domestic currency and BBB- for foreign currency. Moody's and the Japanese agency JCR also expected the Bulgarian economy to contract by more than 5%. The International Monetary Fund was more pessimistic, expecting GDP to decline by 7%.
- ☞ The European Central Bank kept interest rates unchanged on its regular meeting in July. The Federal Reserve didn't held meetings last month. EUR/USD traded in range 1.3820 – 1.4297, closing at 1.4251.
- ☞ Crude oil prices reached their lowest levels since May at USD 59.71 per barrel, but the weak US dollar and concerns for declining reserves and growing demand sent crude oil above USD 70.

Eastern European Markets

| Index | Value 31.07.2009 | Monthly change | 12 months Change |
|------------------------------|---------------------|-------------------|---------------------|
| Croatia CROBEX | 1 878.94 | -0.92% | -48.35% |
| Macedonia MIB-10 | 2 435.36 | -3.83% | -54.94% |
| Romania BET | 3 920.30 | 14.15% | -34.10% |
| Serbia BELEX 15 | 570.25 | 0.17% | -61.97% |
| Montenegro MOSTE | 802.59 | 9.85% | 2.39% |
| Ukraine PFTS | 423.12 | 2.90% | -35.40% |
| Turkey ISE 100 | 40 085.07 | 8.38% | -7.23% |
| Russia RTSI | 1 044.18 | 5.79% | -44.80% |
| Morgan Stanley MSCI EM | 166.31 | 11.21% | -49.26% |

World Markets

| Index | Value 31.07.2009 | Monthly change | 12 months Change |
|---------------------|---------------------|-------------------|---------------------|
| USA DJIA | 9 171.61 | 8.58% | -19.39% |
| USA S&P 500 | 987.48 | 7.41% | -22.08% |
| USA NASDAQ | 1 978.50 | 7.82% | -14.92% |
| Japan Nikkei 225 | 10 356.83 | 4.00% | -22.58% |
| Germany DAX | 5 332.14 | 10.89% | -17.71% |
| UK FTSE 100 | 4 608.40 | 8.45% | -14.46% |
| France CAC 40 | 3 426.27 | 9.10% | -21.99% |

Banking Sector

| Bank | Price 31.07.2009 | P/E | P/B |
|-----------|---------------------|------|------|
| FIB (5F4) | 2.19 | 5.10 | 0.61 |
| CORP(6C9) | 46.00 | 6.85 | 1.20 |
| BACB(5BN) | 10.91 | 2.56 | 0.67 |
| CCB (4CF) | 1.24 | 4.62 | 0.43 |

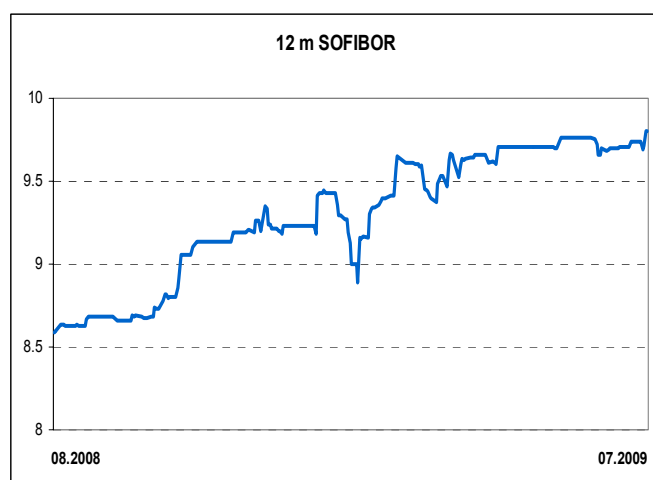
Corporate news

- ↪ July 31 was the deadline for public companies to post their unconsolidated financial statements for the first half of 2009.
- ↪ The producer of power tools Sparky Eltos reported unconsolidated net loss of BGN 5.383mn compared to profit of BGN 5.739mn in the same period a year ago. Operating revenues fell from BGN 37.5mn to BGN 6.03mn, and operating expenses declined from BGN 31.5mn to BGN 11.8mn. Revenues from currency exchange rate fluctuations totaled BGN 1.323mn. Interest expenses rose by 60% to BGN 0.648mn.
- ↪ Unconsolidated operating profit of the pharmaceutical blue chip Sopharma rose by 5.86% or from BGN 86.81mn to BGN 91.79mn. Operating costs fell from BGN 72.21mn to BGN 68.04mn. Net income stood at BGN 21.55mn, or 121.59% higher than in H1 2008.
- ↪ Fazerles, Bulgaria's largest producer of wood-based panels (hardboard) posted 89% decline of net income to BGN 0.423mn. Sales fell by almost 46% to BGN 8.1mn. Operating expenses were 32% lower to BGN 7.7mn. Interest expenses rose from BGN 4 000 to BGN 63 000.
- ↪ Sales of the cosmetics producer Balgarska Roza increased by 3.7% to BGN 6.65mn. Operating expenses rose by 3.4% to BGN 6.62mn. Net income was 92.6% higher than in the same period a year ago and totaled BGN 314mn. Operating cash flows declined from BGN 0.595mn to BGN 0.27mn.
- ↪ M+C Hidraulic, a manufacturer of hydraulic components, reported 82% decline of quarterly net income to BGN 0.623mn. Sales fell by 51% to BGN 20.6mn. Operating costs were 48% lower and reached BGN 19.9mn. EBT stood at BGN 0.693mn compared to BGN 3.9mn a year ago.
- ↪ The bottling company Devin posted significant increase of quarterly consolidated earnings. Net income soared from BGN 3 000 in H1 2008 to BGN 1.06mn in the current period. Sales rose from BGN 30.8mn to BGN 33.46mn. Operating costs grew from BGN 30.11mn to BGN 31.72mn.
- ↪ FairPlay Properties, one of the largest Bulgarian real estate investment trusts (REITs), announced growth of new sale agreements in the second quarter of 2009 compared to the previous three months. For the first half of 2009 the real estate fund has concluded preliminary sale agreements for the total value of BGN 13.8mn, including sales for BGN 10.6mn only for the period April – June. The Company reported operating profit of BGN 11.7mn and net income of BGN 1.4mn.
- ↪ Assets of Corporate Commercial Bank shrank by 4.69% to BGN 2.007bn. Shareholder's equity rose to BGN 245mn from BGN 215mn. Interest revenues and interest expenses were 38% higher than in the same period a year ago and reached BGN 72mn and BGN 42mn respectively. Net income totaled BGN 29mn, or 43% higher than in the previous period.

Mutual Funds

| Top 10 mutual funds – yield (high and balanced risk) | Change last 12 months | Change YTD |
|--|-----------------------|------------|
| Iug Market Optimum | 2.33% | 1.42% |
| TBI Treasury | 1.56% | 3.84% |
| Real Finance High Yield | 0.00% | 1.68% |
| Real Finance Balanced | 0.00% | 2.01% |
| Varchev Balanced | -0.07% | -0.60% |
| BenchMark Fund 5 | -0.66% | 0.00% |
| Varchev High Yield | -2.51% | 1.04% |
| Expat New Europe | -3.69% | -1.68% |
| Invest Classic | -8.34% | 1.08% |
| Advance IPO | -12.07% | 4.21% |

| Top 10 Mutual funds -yield (low risk) | Change last 12 months | Change YTD |
|---------------------------------------|-----------------------|------------|
| BenchMark Fund 6 | 8.33% | 5.01% |
| Elana Money Market | 6.84% | 3.72% |
| Raiffeisen Money Market Fund | 6.17% | 3.50% |
| Raiffeisen Bonds Fund | 5.52% | 3.39% |
| TBI Eurobond | 4.61% | 2.59% |
| Sentinel Rapid | 4.10% | 2.16% |
| DSK Standard | 3.94% | 2.88% |
| CCB Garant | 0.53% | 4.67% |
| KD Bonds | 0.39% | 0.26% |
| Elana Eurofund | -0.97% | -1.25% |



Mutual funds

Net assets of mutual funds fell by BGN 3.22mn for the period June 15 – July 15 and totaled BGN 320.19mn, reported the online media Investor.bg. In the previous period net assets increased by BGN 6.98mn. Two funds managed by DSK - Balance and Growth are still the largest mutual funds with assets of BGN 18.44mn and BGN 16.29mn respectively. Third is Elana Money Market (BGN 15.05mn).

Iug Market Optimum was still the most profitable mutual fund with high or balanced risk profile on annual basis with yield of 2.33%, followed by TBI Treasury (1.56%). Real Finance High Yield Fund (0.00%) kept the third position. Varchev Balanced Fund reported negative results in July (-0.07%) and fell to the fifth place.

There were no changes in the ranking of conservative funds. BehnchMark fund 6 (8.33%) hold the leading position, followed by Elana Money Market (6.84%) and Raiffeisen Money Market (6.17%).

Macroeconomics

The National Statistical Institute (NSI) reported CPI deflation of 0.4% in June 2009. Deflation for May stood at 0.3%. Annual inflation reached 3.7%, down from 3.9% in May. Year-to-date inflation was 0.6%.

Producer Price Index (PPI) rose by 0.5% m/m in June, but is 7.3% down since June 2008. Manufacturing prices plunged by 12.2%, and electricity manufacturing and distribution prices fell by 14.7% compared to the same month a year ago. Metal prices are 26.5% down. In May PPI rose by 0.3% m/m but fell by 3.2% y/y.

The negative developments of manufacturing and commerce led to continuing deterioration of business climate in all sectors of the Bulgarian economy. In June the total business climate indicator fell by 1.2 basis points after a drop of 1.1 points in May. Business climate was still below its long-term moving average.

The House Price Index for the second quarter of 2009 fell by 9.1% since the end of Q1 and by 21.9% since Q2 2008.

In May Bulgaria's gross external debt (GED) stood at EUR 36.568bn, almost unchanged since April (36.565bn). GED accounts for 107.9% of the projected GDP for 2009 (EUR 33.889bn), the Bulgarian National Bank (BNB) reported.

Foreign direct investments (FDI) reached EUR 1.133bn in the end of May. The increase in April compared to March is by EUR 170mn. The ratio FDI/current account deficit stood at 57.5%, up from 56.3% in April.

In the end of May the FOB trade deficit stood at EUR 2.06bn (6.1% of projected GDP), up from EUR 1.612bn in March. According to BNB's data, exports and imports fell by 30.7% and 33.4% respectively on annual basis. Year-to-date export reached EUR 4.394bn and import EUR 6.455bn.

The 12-month SOFIBOR hit the record 9.803 in the end of July. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered in the Bulgarian interbank market.

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