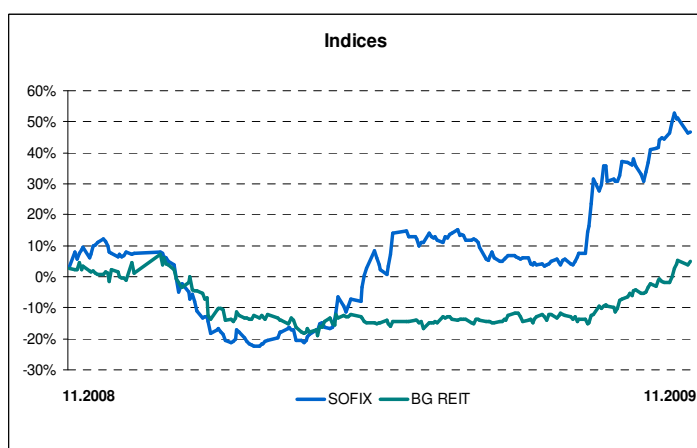


## Executive Summary



↪ 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 November 23. BG REIT gained 6.73%, while SOFIX soared by 38.13%, BG TR 30 by 30.81% and BG 40 by 23.61%.

↪ BG REIT components had to release their financial statements before the deadline October 30. 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 23.11.2008	Value 23.11.2009	Change
SOFIX	334.46	461.98	38.13%
BG 40	100.34	124.03	23.61%
BG TR 30	267.11	349.37	30.80%
BG REIT	46.39	49.51	6.73%

↪ Euroins Romania, a subsidiary of the diversified group Eurohold, has acquired 938 000 shares or 7.20% of Bulland Investments' capital. Eurohold has a stake of more than 20% in Bulland Investments. Bulland is among the twelve largest land owners in Bulgaria with more than 2 170ha of own land.

## BG REIT : Components

Company	Price BGN 23.11.2008	Price BGN 23.11.2009	Change
AGROF(6AG)	0.90	0.97	7.89%
ATERA (6A6)	0.96	1.40	45.68%
BMREIT(6BMA)	0.80	0.58	-27.50%
LAND (5BD)	0.74	0.55	-25.98%
ELARG(4EC)	0.95	0.87	-8.23%
EXPRO(5EX)	0.95	0.86	-10.00%
PARK (4PK)	0.95	0.58	-38.95%
TBIRE (4PY)	1.00	0.65	-35.00%
FPP (6F3)	0.64	0.49	-23.08%
BREF (5BU)	0.26	0.38	43.68%

↪ Two new servicing companies of ELARG were approved by the Financial Supervision Commission. One of them, ELARG Agro, will manage ELARG's portfolio of agricultural land, and the other, ELARG Wind, will explore opportunities for development of windfarms.

↪ ELARG is the largest private owner of agricultural land in Bulgaria with more than 29 300ha, or 0.84% of the total arable land in the country. Advance Terrafund is second with 30 130ha, or 0.81% . Agro Finance is the fourth largest land owner with 12 500ha, or 0.35%.

## Prices and Market Capitalization

### Advance Terrafund has the highest market cap among REITs

On November 23 the specialized index for real estate companies BG REIT was 31.50% above its historical minimum and 4.41% lower than its end-2008 level. Since the last trading day of 2008 the total capitalization of BG REIT components grew by 2.64% to BGN 310mn. There weren't any capital increases for the corresponding period. As well as in the end of Q2, agricultural land REITs had the largest market cap. Advance Terrafund ranked first with market cap of BGN 119mn and was the only BG REIT component with market cap higher than BGN 100mn. Second and third ranked ELARG and Agro Finance with market cap of BGN 51.9mn and BGN 31.2mn respectively. Among REITs for securitization of real estate, FairPlay Properties was the leader with market cap of BGN 27.3mn, followed by Prime Property BG (BGN 23.2mn) and Bulgaria Real Estate Fund (BGN22.6mn).

## Prices and Market Capitalization

Company	Prices 23.12.2008	Market Cap. (BGN'000) 23.12.2008	Prices 23.11.2009	Market Cap. (BGN'000) 23.11.2009
Advance Terrafund	1.11	94 472	1.40	119 154
ELARG	0.89	53 147	0.87	51 953
Agro Finance	0.73	23 521	0.97	31 286
FairPlay Properties	0.34	20 553	0.49	27 354
Prime Property BG	0.98	34 993	0.65	23 210
Bulgaria Real Estate Fund	0.59	32 937	0.38	22 669
BenchMark Real Estate Fund	0.68	15 909	0.58	13 569
Exclusive Property	0.68	8 852	0.86	8 081
Bulland Investment	0.95	8 979	0.55	7 160
Park	0.90	8 748	0.58	5 638

## BG REIT: Assets

### Assets of BG REIT components were stable in Q3

Total assets of BG REIT components were stable in the third quarter. BenchMark REF posted higher total assets mainly due to increased expenses for acquisition and liquidation of long-term assets. Several index components made accounting policy changes regarding the recognition of investment properties in their balance sheets and the consequent revaluations. So far in 2009 only Prime Property BG and BREF reported revaluations of investment properties. The ranking of REITs in terms of assets was unchanged since the end of Q2.

## BG REIT: Assets

Company	Assets(BGN'000) 30.09.2008	Assets (BGN'000) 31.12.2008	Assets(BGN'000) 30.09.2009
Advance Terrafund	165 215	162 870	164 329
FairPlay Properties	118 891	137 086	137 554
Bulgaria Real Estate Fund	140 106	138 753	128 993
ELARG	91 900	91 868	92 028
BenchMark Real Estate Fund	60 653	60 653	73 119
Prime Property BG	69 517	69 517	61 268
Agro Finance	50 854	50 854	50 496
Bulland Investment	17 269	17 250	17 327
Park	16 938	16 938	16 682
Exclusive Property	14 349	14 349	14 520

## BG REIT: Solvency

### Advance, Park and Bulland didn't report long-term loans

Advance Terrafund didn't report long-term bank loans in its Q3 financial statements and joined Park and Bulland Investments in the group of BG REIT components with the lowest leverage ratios. Park and Bulland Investments didn't report interest expenses for the last twelve months. Prime Property BG posted lower total debt and negligible interest expenses for the period compared to the end of 2008.

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

## BG REIT: Solvency

Company	Debt-to-Equity	Debt-to-Assets	Financial Leverage	Interest Coverage
BenchMark Real Estate Fund	1.20	0.54	2.20	-
Exclusive Property	1.06	0.52	2.06	-
FairPlay Properties	0.77	0.43	1.77	4.43
Bulgaria Real Estate Fund	0.35	0.26	1.35	-
ELARG	0.30	0.23	1.30	4.52
Agro Finance	0.13	0.11	1.13	1.48
Prime Property BG	0.06	0.05	1.06	83.29
Park	0.04	0.04	1.04	n.a.
Advance Terrafund	0.02	0.02	1.02	61.54
Bulland Investment	0.01	0.01	1.01	n.a.

## BG REIT: ROE – DuPont Decomposition

### FairPlay Properties is leader in ROE

With moderate debt levels, FairPlay Properties still has the highest assets turnover and return on equity 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 negative LTM net earnings, resulting in negative ROE values. Return on equity was also negative for Park, BREF and Prime Property BG.

## BG REIT: ROE – DuPont Decomposition

Company	Net income/Sales (net profit margin)	Sales/Assets (assets turnover)	Assets/Equity (financial leverage)	ROE
FairPlay Properties	0.29	0.29	1.77	14.71%
ELARG	0.23	0.16	1.30	4.54%
Bulland Investment	55.75	0.00	1.01	1.30%
Advance Terrafund	0.42	0.02	1.02	1.03%
Agro Finance	0.12	0.03	1.13	0.39%
Park	-	0.02	1.04	-
Bulgaria Real Estate Fund	-	0.15	1.35	-
Prime Property	-	0.08	1.06	-
BenchMark Real Estate Fund	-	0.02	2.20	-
Exclusive Property	-	0.00	2.06	-

## BG REIT: Return

### FairPlay Propertiers has the highest ROA

FairPlay Properties, ELARG and Bulland Investments 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, FairPlay Properties and ELARG have the highest Return on Sales. 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	8.34%	14.71%	28.82%
ELARG	3.50%	4.54%	22.52%
Bulland Investment	1.29%	1.30%	n.a.
Advance Terrafund	1.01%	1.03%	42.12%
Agro Finance	0.35%	0.39%	12.23%
Park	-	-	-
Bulgaria Real Estate Fund	-	-	-
Prime Property BG	-	-	-
BenchMark Real Estate Fund	-	-	-
Exclusive Property	-	-	-

## Performance of Bulgarian and foreign REITs

### Triple digit growth of sectoral indices in Germany, Austria and Turkey

On November 23 BG REIT was slightly above its year-ago value, while the specialized indices for real estate companies in Germany, Austria and Turkey posted triple-digit gains. The Austrian benchmark Immobilien-ATX advanced by more than 217%.

Index	23.11.2008	23.11.2009	% Change Y/Y
RX Reit Index (Germany)	334.20	807.18	141.53%
ImmobilienATX (Austria)	46.80	148.53	217.37%
ISE REITS (Turkey)	10 705.30	25 891.30	141.85%
MSCI US REIT Index	101.71	217.67	114.01%
BG REIT	46.39	49.51	6.73%

Shares of foreign real estate companies with investments in South- Eastern Europe and particularly Bulgaria soared across the board, with an impressive performance by Immoeast Immobilien Anlagen, which Frankfurt listed shares rocketed from EUR 0.38 to EUR 4.70.

Immoeast Immobilien Anlagen AG leased approximately 40,000 sqm in the Euro Business Park in Budapest at market conditions with an average maturity 5 years. The Euro Business Park is situated in the west of Budapest and has direct access to a highway. Among the tenants are General Motors, BAYER and Cemelog.

Liberty International, the UK's largest retail REIT, raised GBP 280.5mn gross proceeds from a share placing in September. Approximately half of the proceeds are expected to fund active management initiatives across the Group's 14 UK regional shopping centers.

VastNed Retail, a Dutch retail REIT, raised successfully EUR 75.6mn through an accelerated book-building offering. The net proceeds of the offering will be used to strengthen the company's financial position and to take advantage of attractive acquisition opportunities.

## Performance of Bulgarian and foreign REITs

Company	Prices (BGN) 23.11.'08	Prices (BGN) 23.11.'09	Price change 23.11.'08/ 23.11.'09	P/B 23.11.'09	ROA Q3 2009
Agro Finance /6AG/	0.90	0.97	7.89%	0.70	0.35%
Advance Terrafund /6A6/	0.96	1.40	45.68%	0.74	1.01%
BenchMark Real Estate Fund /6BMA/	0.80	0.58	-27.50%	0.45	-
Bulland Investment /5BD/	0.74	0.55	-25.98%	0.42	1.29%
Elarg Agricultural Land Opportunity Fund /4EC/	0.95	0.87	-8.23%	0.73	3.50%
Exclusive Property /5EX/	0.95	0.86	-10.00%	1.15	-
Park REIT /4PK/	0.95	0.58	-38.95%	0.35	-
Prime Property BG /4PY/	1.00	0.65	-35.00%	0.38	-
FairPlay Properties /6F3/	0.64	0.49	-23.08%	0.38	8.34%
Bulgaria Real Estate Fund /5BU/	0.26	0.38	43.68%	0.23	-

Company	Prices (BGN) 23.11.'08	Prices (BGN) 23.11.'09	Price change 23.11.'08/ 23.11.'09	P/B 23.11.'09	ROA Q3 2009
Atrium European RE	1.69	4.70	178.11%	0.60	0.88%
Immoeast	0.38	4.70	1136.84%	0.70	-
ORCO Property Group	5.40	8.06	49.26%	1.00	-
CA Immobilien	4.10	8.63	110.49%	0.50	1.34%

## **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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