

Index	Value 31.12.2010	Monthly change	12 m change
SOFIX	362.35	1.73%	-15.19%
BG 40	114.70	3.62%	-2.10%
BG TR 30	303.51	4.97%	-9.36%
BG REIT	43.35	4.46%	-9.71%

## SOFIX

Company	Price 30.11.2010	Price 31.12.2010	%Change
ATERA (6A6)	1.10	1.18	7.27%
ALB (6AB)	50.25	48.97	-2.55%
DOVHL (5DOV)	3.00	3.89	29.80%
EUBG (4EH)	0.84	0.90	6.79%
ENM (E4A)	6.92	7.10	2.67%
ZHBG (T43)	0.58	0.56	-2.78%
IHLBL (4ID)	1.10	1.00	-9.18%
KAO (6K1)	4.54	4.85	6.90%
MONBAT (5MB)	6.35	6.30	-0.74%
SFARM (3JR)	3.93	3.91	-0.46%
CENHL (5SR)	2.45	2.84	15.86%
BACB (5BN)	8.77	10.06	14.80%
FIB (5F4)	2.00	2.16	7.75%
CCB (4CF)	1.00	0.99	-0.80%
CHIM (6C4)	2.50	2.34	-6.25%

## Summary

- ↪ The official indexes of the Bulgarian Stock Exchange – Sofia advanced in December but finished 2010 on negative territory.
- ↪ World's major stock markets posted solid gains and closed near their highest levels since 2008.
- ↪ In the end of November the National Statistical Institute (NSI) reported inflation of 4.1% since the beginning of 2010.

## Indices

- ↪ The last month of 2010 was one of the strongest Decembers in history for the US markets. Stock markets in the region also performed well. All indexes quoted by BSE were positive in the last month of 2010.
- ↪ The blue-chip index SOFIX added 1.73% for the month but lost 15.19% in 2010. The broad BG 40 gained 3.62% in December and shed its annual decline to 2.10%. BG TR 30 was the main gainer in December, up by 4.97% but lost 9.36% for the year. The index for real estate companies BG REIT added 4.46% in November and its decline for 2010 narrowed to 9.71%.
- ↪ The Croatian benchmark CROBEX was the main gainer in the region, up by 18.12%. Stock markets in Ukraine and Russia also posted double-digit growth.
- ↪ Most stock markets in the USA and Europe finished 2010 near their highest levels since 2008. Last year was negative for the benchmarks in Japan and France.

## World markets

- ↪ The European stock markets hit their highest levels for the last two years although some concerns about peripheral countries' debt resurfaced. Moody's slashed Ireland's debt rating by five notches or from Aa2 to Baa1 after in November EU nations agreed to give Ireland EUR 67.5bn to help its banking system. Earlier Fitch downgraded Ireland from A+ to BBB+. Fitch also downgraded Portugal from AA- to A+. Yield on Spanish government bonds increased sharply from 4.615% to 5.446%. Spain's credit rating was put on review by Moody's.
- ↪ Gold price continued on the upside and hit the record USD 1421 per ounce on December 12. Silver also ended the year on a record top at USD 30.88. Crude oil for delivery in February closed at USD 91.21 per barrel.
- ↪ EUR/USD traded in the 1.31 – 1.33 range. The European Central Bank and the Federal Reserve kept interest rates unchanged on their regular meetings.

## Eastern European Markets

Index	Value 31.12.2010	Monthly change	12 months Change
Croatia CROBEX	2 110.93	18.12%	5.33%
Macedonia MIB-10	2 278.92	1.65%	-17.19%
Romania BET	5 268.61	3.43%	12.32%
Serbia BELEX 15	651.78	0.51%	-1.81%
Montenegro MOSTE	523.69	8.21%	-18.04%
Ukraine PFTS	975.08	16.31%	70.20%
Turkey ISE 100	66 004.48	1.00%	24.95%
Russia RTSI	1 772.53	10.92%	22.70%
Morgan Stanley MSCI EM	237.77	10.87%	13.88%

## World Markets

Index	Value 31.12.2010	Monthly change	12 months Change
USA DJIA	11 577.71	5.19%	11.02%
USA S&P 500	1 257.64	6.43%	12.78%
USA NASDAQ	2 652.87	6.19%	16.91%
Japan Nikkei 225	10 228.92	2.94%	-3.01%
Germany DAX	6 914.19	3.38%	16.06%
UK FTSE 100	5 899.94	6.73%	9.00%
France CAC 40	3 804.78	5.38%	-3.33%

## Banking Sector

Bank	Price 31.12.2010	P/E	P/B
FIB (5F4)	2.15	9.06	0.56
CORP(6C9)	64.00	5.08	1.27
BACB(5BN)	10.06	-	0.66
CCB (4CF)	0.99	2.78	0.30

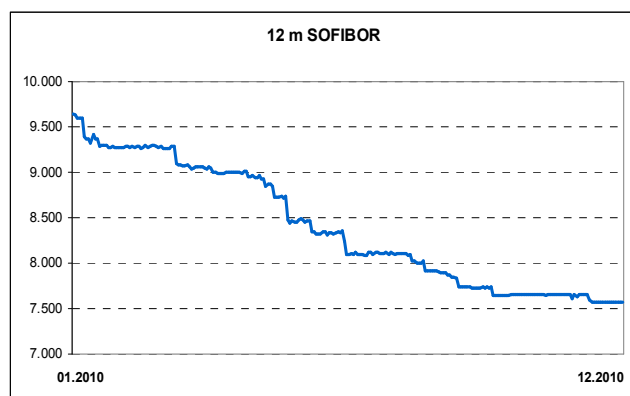
## Corporate news

- ↪ The Financial Supervision Commission approved the prospectus for initial public offering of shares of the Bulgarian Stock Exchange - Sofia (BSE). In September BSE made a conditional capital increase through issuance of 715 000 new shares. All new shares were subscribed by the Ministry of Finance with the purpose to acquire a large stake in the stock exchange that will be sold in the future to a strategic investor. As a result, the state became an owner of 50.05% of the share capital of BSE (BGN 6 582 860), up from 44.2% owned before the capital increase. The large stake of the Bulgarian Government in BSE will also prevent inappropriate investors from taking control of the stock exchange.
- ↪ The meat processing company Mekom made a successful capital hike but investors bought only 284 755 new shares at BGN 1 per share, or 2.03% of the offered 14 000 995 preferred convertible shares with 18% annual dividend. The minimal threshold for a successful capital increase was set at 140 000 new shares. In December the company signed new deals for export of 1 200 tons of meat products to Turkey for the sum of BGN 3mn per month. In addition, Mekom expects revenues exceeding BGN 26mn in 2011 from exports to Russia and Turkey.
- ↪ Eurohold Bulgaria announced plans to double its capital through issuance of 62.5mn new shares priced at BGN 1 per share. The capital hike will be successful if at least 25%, or 15 624 409 new shares are subscribed. The company will use the revenues from the capital increase for expansion of its business and will not try to decrease its bank loans.
- ↪ The internet company Investor.BG will also try to raise BGN 3mn through issuance of 239 892 shares at BGN 12.40 each. The capital increase will be successful if at least 71 967 shares are subscribed. Investor.BG will use the funds for development of its portfolio of web sites and new projects or acquisitions.
- ↪ Industrial Holding Bulgaria intends to increase its capital to 67 995 758 shares through issuance of 9 713 679 new ordinary shares at BGN 1.03 each. The prospectus for the capital increase is not approved by the Financial Supervision Commission yet. Meanwhile, Dunav Tours, a subsidiary of Industrial Holding Bulgaria, will invest BGN 24mn in new passenger ship.
- ↪ Roads Holding sold its subsidiary Bulber EOOD to Capital and Finance AD for BGN 2mn. In another transaction through one of its subsidiaries, Roads Holding sold its stake in Moststroy Engineering to Capital and Finance AD for BGN 1.5mn.
- ↪ Minority shareholder of EiBank (СиБанк) Tsvetelina Borislavova sold her 16% stake of the bank to the largest shareholder, the Belgian KBC Group for BGN 141mn. After the deal EiBank, which has one of the largest market capitalizations on the Bulgarian Stock Exchange, will be delisted.

## Mutual Funds

Top 10 mutual funds – yield (high and balanced risk)	Change last 12 months
Advance IPO Fund	23.61%
Advance Eastern Europe	23.22%
Standard Invest Int. Fund	6.99%
FIB Avangard	6.79%
Avrora Global Commodity Fund	6.68%
BenchMark Fund 5	6.63%
KTB Balanced	5.06%
Status New Shares	3.78%
UBB Balanced	3.77%
Iug Market Optimum	3.46%

Top 10 Mutual funds -yield (low risk)	Change last 12 months
CCB Garant	9.17%
Elana Money Market	8.69%
Expat Bonds	8.37%
BenchMark Fund 6	8.22%
Astra Cash	6.85%
Raiffeizen Bonds Fund	6.53%
UBB Platinum Bonds	6.25%
DSK Standard	6.08%
Raiffeizen Money Market	6.06%
Alpha Money Market	5.85%



## Mutual funds

- ↪ DSK's Balanced fund was the largest mutual fund in the end of the year with assets of BGN 18.9mn, reported investor.bg. DSK Growth Fund ranked second with assets of BGN 17.88mn, followed by CCB Leader (BGN 16.17mn).
- ↪ Advance IPO Fund (23.61%) was the most profitable mutual fund in 2010. Advance Eastern Europe (23.22%) was second, followed by Standard Invest International Fund (6.99%).
- ↪ CCB Garant (9.17%) was the leader among the conservative funds, followed by Elana Money Market (8.69%) and Expat Bonds (8.37%).

## Macroeconomics

- ↪ The National Statistical Institute (NSI) reported CPI inflation of 0.7% in November. Year-to-date inflation reached 4.1%. Annual inflation for November 2010 compared to November 2009 stood at 4.6%. Average inflation for the period December 2009 – November 2010 compared to December 2008 – November 2009 was 2.1%. In October consumer prices rose by 0.6%.
- ↪ Producer Price Index (PPI) rose by 1.1% in November and was 11.1% above the year-ago level. NSI reported higher prices in the mining industry (1.4%) and manufacturing (1.7%), while in electricity production and distribution prices were unchanged. In October the PPI index increased by 0.1% on monthly basis and was 10.1% above its year-ago value.
- ↪ Industrial output declined by 0.6% in October compared to the previous month. On annual basis, industrial output was 4.3% higher than in 2009. Manufacturing output rose by 6.5% in the last twelve months, electricity production by 3.9%, while the mining industry shed 12.3%.
- ↪ Total business climate was flat in December compared to the previous month. Sentiment improved in manufacturing and the service sector, but was weaker in construction and retail trade. In November the indicator added 0.3 basis points.
- ↪ Construction output in October shed 0.1% compared to September. Output in building construction fell by 1.1%, while output in civil construction rose by 0.9%. The decline for the last twelve months reached 10.7%.
- ↪ Bulgaria's Gross External Debt (GED) fell to EUR 36.024bn in October or EUR 500mn less than in September. GED accounted for 99.7% of the projected GDP for 2010 (EUR 34.5bn), the Bulgarian National Bank (BNB) reported.
- ↪ Foreign Direct Investments (FDI) declined by EUR 42.9mn in October and reached EUR 844.9mn for the first nine months of 2010. FDI accounted for 2.3% of the projected GDP for 2010.
- ↪ The FOB trade deficit rose by EUR 190.8mn to EUR 1.65bn in October (-4.6% of the projected GDP for 2010). In September the trade gap expanded to EUR 1.47bn.
- ↪ The 12-month SOFIBOR was flat at levels around 7.57% in November. SOFIBOR reference rate is an index of the quotes for unsecured BGN deposits offered on the Bulgarian interbank market.

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