



Interim Report  
For the activity of “Fair Play Properties” REIT as at 30.06.2010  
With contents according to Art.100o, para.4, p.2 of POSA

**Information about the important events that have occurred during the quarter and accrued from the beginning of the financial year till the end of the respective quarter, and for their impact on the results in the financial statements, as well as a description of the main risks and uncertainties, with which the issuer is confronted during the rest of the financial year.**

**I. Information about the important events that have occurred during the quarter and accrued from the beginning of the financial year till the end of the respective quarter.**

**1. Information about the important events in the period 01.04.2010-30.06.2010**

**1.1. Purchases and sales of real estate during the second quarter of 2010.**

<b>Signed Sales Agreements 01.04.2010-30.06.2010</b>	<b>Number apartments</b>	<b>Sq.m.</b>	<b>Table 1 Sales value (BGN )</b>
<b>Complex “Santa Marina”, Sozopol</b>	<b>49</b>	<b>3 722</b>	<b>10 226 785</b>
Stage 1	1	45	90 946
Stage 2	3	205	552 913
Stage 3	45	3 472	9 582 925
Complex “St. Ivan Rilski”, Bansko	2	162	215 532
<b>Total:</b>	<b>51</b>	<b>3 885</b>	<b>10 442 317</b>

**1.1.2. Sales of other properties through the second quarter of 2010:**

During the period were made sales of the right of construction at the amount of BGN 754 thousand.

**1.1.3. Purchases of real estate through the second quarter of 2010:**

None.

**1.2. Information about obtained loans and performance of the report, concerning the company bond issue during the second quarter of 2010.**

### **1.2.1. Information about obtained loans during the second quarter of 2010.**

For the second quarter of 2010 there were not obtained loans.

The installments of principal at the amount of Euro 1 489 250 were made during the reporting period.

### **1.2.2. Information about the performance of the report for the company bond issue during the second quarter of 2010.**

On 05.07.2010 the company presented a statement about the performance of the obligations under the corporate bonds issue (ISIN code: BG2100030068) as at the second quarter of 2010 to the Financial Supervision Commission (via the system e-register), the Bulgarian Stock Exchange (via the system Extrinews), as well as at the depository bank – “United Bulgarian Bank” AD.

For the second quarter of 2010 there was not made an interest payment for the corporate bonds issued by the Company.

### **1.3. Other important information for the second quarter of 2010 (Facts and circumstances under Art.28, para.2 of Regulation №2 of FSC)**

#### **1.3.1. Regarding: Declaring the company profit.**

According to the company interim financial statements as at 30.06.2010 the company has a profit to the amount of BGN 127 thousand.

## **2. Information about the important events in the period 01.01.2010-30.06.2010**

### **2.1. Purchases and sales of real estates.**

There are no purchases of real estate for the reporting period.

In the table below are presented data about concluded agreements during the first half of the year.

<b>Signed Sales Agreements 01.01.2010- 30.06.2010</b>	<b>Number of apartments</b>	<b>sq.m.</b>	<b>Sales value (in BGN)</b>
<b>Santa Marina, Sozopol</b>	<b>68</b>	<b>5 260</b>	<b>14 263 761</b>
Stage 1	1	45	90 946
Stage 2	4	296	833 119
Stage 3	63	4 918	13 339 695
<b>St. Ivan Rilski, Bansko</b>	<b>2</b>	<b>162</b>	<b>215 532</b>
<b>Total:</b>	<b>70</b>	<b>5 422</b>	<b>14 479 293</b>

During the second quarter were made sales of the right of construction at the amount of BGN 754 thousand.

## **2.2. Information about obtained loans and the performance of the report for the company bond issue during the first half of 2010.**

### **2.2.1. Information about obtained loans during the first half of 2010.**

For the first half of 2010 there were not obtained loans.

The installments of principal at the amount of Euro 2 533 779 were made during the reporting period.

### **2.2.2. Information about the performance of the report for the company bond issue during the first half of 2010.**

On 07.04.2010 the company presented a statement about the performance of the obligations under the corporate bonds issue (ISIN code: BG2100030068) as at the first quarter of 2010 to the Financial Supervision Commission (via the system e-register), the Bulgarian Stock Exchange (via the system Extri news), as well as at the depository bank–“United Bulgarian Bank” AD.

On 05.07.2010 the company presented a statement about the performance of the obligations under the corporate bonds issue (ISIN code: BG2100030068) as at the second quarter of 2010 to the Financial Supervision Commission (via the system e-register), the Bulgarian Stock Exchange (via the system Extri news), as well as at the depository bank–“United Bulgarian Bank” AD.

For the first half of 2010 there was made an interest payment for the corporate bonds issued by the Company at the amount of Euro 136 109,60.

## **2.3. Other important information for the first half of 2010 (Facts and circumstances under Art.28, para.2 of Regulation №2 of FSC)**

### **2.3.1. Regarding: Change in the members of the management and the supervisory bodies of the company and reasons for the changes in the way of representation; appointment or discharge of procurator.**

The Extraordinary General Meeting of the shareholders held on 04.01.2010 voted for the replacement of a Board member. The Shareholders released Svetoslav Petrov Soltariev from the position member of the Board of Directors. Mariana Nikolaeva Doynova was elected as a new member.

### **2.3.2. Regarding: Changes and/or supplements in the statutes of the company.**

The Regular General Meeting of the shareholders held on 24.3.2010 decided, under item 9 of the announced agenda (invitation published in the Commercial register on 19.02.2010), on the amendment of Art. 15 para. 1 of the Statute of the Company.

### **2.3.3. Regarding: Declaring the company profit.**

According to the company interim financial statements as at 30.06.2010 the company has a profit to the amount of BGN 127 thousand.

#### **2.3.4. Regarding: Decision of the general meeting about the type and the amount of the dividend as well as the conditions and the order for its payment.**

The Regular General Meeting held on 24.3.2010, decided under item 6 of the announced agenda (invitation published in the Commercial register on 19.02.2010) the company to allocate gross dividend for 2009 at the amount of BGN 976 943, 975 or 97,35% of the profit for distribution converted pursuant to Art. 10, para. 3 from Act on SPC, a total profit of BGN 1 003 537,66. The gross amount of dividend per share is BGN 0,0175. Under the provisions of Art. 115v, para 1 from Act of POS, the shareholders entitled to the right to receive dividends are those registered with the Central Depository as shareholders as on the 14 th day following the general meeting. Article 115b, para. 2 from Act on POS will apply accordingly.

During May 2010, the company paid the dividend for 2009. The gross amount of dividend is BGN 976 944 or dividend per share is BGN 0,0175.

## **II. Impact of important events on the results in the financial statements.**

As at 30.06.2010 the revenues from the activity are at the amount of BGN 12.900 mln. This revenues show an increase of 11% in comparison to BGN 11.671mln. for the same period of the last year. The realized revenues from sales of production reached to BGN 11.668 mln. 94% or BGN 10.9 mln. are formed from the conclusion of sale agreements for 60 apartments in the luxury complexes Santa Marina, Sozopol and St. Ivan Rilski, Bansko.

The Other incomes from sales include the incomes from the rent and exploitation of investment estates (BGN 1.135 mln) and the incomes from insurance payments (BGN 34 thousand).

The Fund has registered growth of 27% in the number of reported apartments in its largest project- Santa Marina, Sozopol for the first half of 2010 in comparison to the same period of 2009. (see below Table 3)

For the first half of 2010 the Company has made expenses at the amount of BGN 12.8 mln., that is a growth of 25% in comparison to the same period of the last 2009. In the total value of operating expenses a major share belongs to the book value of sold assets (BGN 7.4 mln or 66%) and to the expenses for external services - 28% (BGN 3.087 mln).

The interest costs on an annual basis increased with 7% and at the end of June 2010 reached to BGN 1.537 mln.

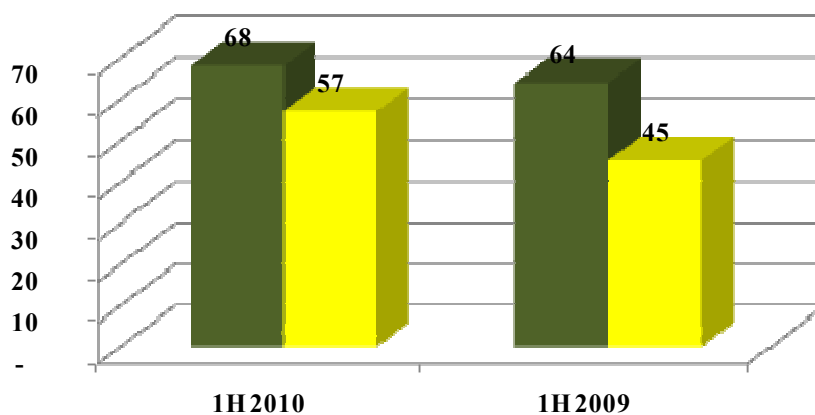
The financial result of "Fair Play Properties" REIT for the first half of the year is a profit to the amount of BGN 127 thousand. The decrease of profit from 91% was due mainly to the higher growth rate of operating costs.

**Number of concluded contracts for sales and number of reported apartments in Santa Marina, Sozopol for the first half of 2009 and 2010**

**Table 3**

Sales	1H 2010	1H 2009	Change (%)
<b>Concluded contracts for sales in Santa marina, Sozopol</b>			
Number of apartments	68	64	6%
sq.m.	5 260	4 674	13%
Sales price (in BGN, excl. VAT)	11 886 467	10 656 165	12%
Revenues	1H 2010	1H 2009	Change (%)
<b>Number of reported apartments in Santa Marina, Sozopol</b>			
Number of apartments	57	45	27%
sq.m.	4 787	3 751	28%
Sales price (in BGN, excl. VAT)	10 645 112	10 329 335	3%

**Number of concluded contracts for sales and number of reported apartments in Santa Marina, Sozopol for the first half of 2010**



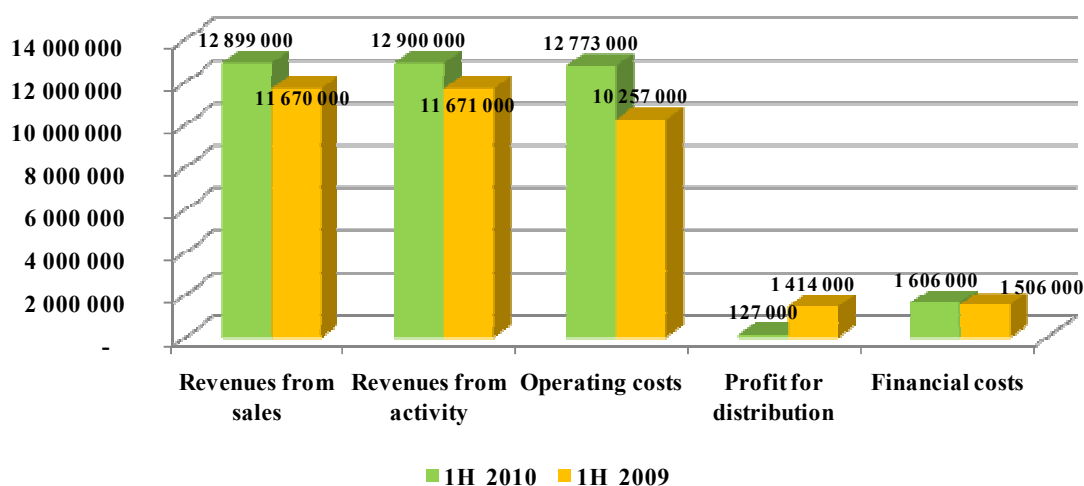
- Number of concluded contracts for sales in Santa Marina, Sozopol
- Number of reported apartments in Santa Marina, Sozopol

## Indicators of the Company for the first half of 2009 and 2010

**Table 4**

Indicators in BGN	1H 2010	1H 2009	Change (%)
Revenues from sales	12 899 000	11 670 000	11
Revenues from the activity	12 900 000	11 671 000	11
Operating costs	12 773 000	10 257 000	25
Profit for distribution	127 000	1 414 000	-
Financial costs	1 606 000	1 506 000	7
Net Assets Value (NAV)	73 665 000	74 296 000	-
NAV per share	1,32	1,33	-

## Indicators of the Company for the first half of 2009 and 2010



The Company's projects are financed mainly through the use of a combined scheme of Company's own funds and bank credits. As at the end of the reported period non-current liabilities amount to BGN 28.267 mln. and show an increase of 10% .

The current liabilities for the period amount to BGN 26.348 mln. and are decreasing by 11% in comparison to the same period of 2009.

The Company's assets as at the end of June 2010 reached BGN 128.280 mln.

The revenues from sales of apartments for the second quarter of 2010, the revenues for first half of the year, as well as the expectations for reported revenues from sales for next four years are presented in the following tables.

### Revenues from the sale of apartments for the second quarter of 2010

**Table 5**

Revenues from the sale for 2Q 2010	number of apartments	sq.m.	Sales price (in BGN, excl. VAT)
<b>Complex Santa Marina, Sozopol</b>	<b>31</b>	<b>2 687</b>	<b>5 885 712</b>
Stage 1	1	45	75 788
Stage 2	30	2 642	5 809 923
Stage 3			
<b>Complex St. Ivan Rilski, Bansko</b>	<b>2</b>	<b>162</b>	<b>179 610</b>
<b>TOTAL:</b>	<b>33</b>	<b>2 850</b>	<b>6 065 322</b>

### Revenues from the sale of apartments as at 30.06.2010

**Table 6**

Revenues from the sale as at 30.06. 2010	number of apartments	sq.m.	Sales price (in BGN, excl. VAT)
<b>Complex Santa Marina, Sozopol</b>	<b>57</b>	<b>4 787</b>	<b>10 645 112</b>
Stage 1	1	45	75 788
Stage 2	-	-	-
Stage 3	56	4 742	10 569 323
<b>Complex St. Ivan Rilski, Bansko</b>	<b>3</b>	<b>231</b>	<b>269 253</b>
<b>TOTAL:</b>	<b>60</b>	<b>5 017</b>	<b>10 914 364</b>

As at the end of June 2010 there are 103 unfinished agreements that are expected to generate additional revenues of BGN 17.4 mln. through the next four years.

### Expectations for reporting revenues from sales for 2010-2013

Concluded contracts – not finalized 2010-2013	number of apartments	sq.m.	Sales price (in BGN, excl. VAT)
<b>Complex Santa Marina, Sozopol</b>	<b>100</b>	<b>7 346</b>	<b>17 010 988</b>
2010	49	3 532	7 832 959
2011	23	1 637	3 881 682
2012	26	2 054	4 999 713
2013	2	124	296 634
<b>Complex St. Ivan Rilski, Bansko 2010</b>	<b>3</b>	<b>246</b>	<b>423 212</b>
<b>TOTAL:</b>	<b>103</b>	<b>7 593</b>	<b>17 434 200</b>

### **III. Main risks and uncertainties, with which the issuer is confronted during the rest of the financial year.**

The main risks, with which the company is confronted, are risks associated with investments in real estates (i.e. sector risks).<sup>1</sup> They include:

1. Unfavorable changes of the market prices:
  - *Decrease in the market prices of real estates*
  - *Decrease of the level of rent*
  - *Increase in the construction prices*
2. Increase in the insurance premiums;
3. Delay in the acquisition of real estates;
4. Non-liquid investments;
5. Dependence of the company on the persons that rent real estates;
6. Free estates and necessity of reorganization;
7. Risks, associated with the construction / repair of real estates;
8. Competition for the limited investment sites;
9. Losses, uncovered by the insurance.

### **IV. Information about big transactions with related parties.**

During the reporting period big transactions to and from related parties were not performed.

16.07.2010

M. Moravenov  
(Executive Director of “Fair Play Properties” REIT)

---

<sup>1</sup> For more information, see the prospectus of “Fair Play Properties” REIT about the initial public offering of shares. The prospectus was published on the company web site – [www.fpp.bg](http://www.fpp.bg)