



**Interim Report**  
For the activity of “Fair Play Properties” REIT as at 30.09.2008  
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 01.07.2008-30.09.2008**

**1.1. Purchases and sales of real estates during the third quarter of 2008**

**1.1.1. Concluded contracts for the sale of apartments in the third quarter of 2008**

<b>Concluded contracts 01.04.2008-30.06.2008</b>	<b>Number of apartments</b>	<b>sq.m.</b>	<b>Sales price (BGN without VAT)</b>	<b>BGN/sq.m</b>
<b>Village Santa Marina, Sozopol</b>	<b>56</b>	<b>5 191</b>	<b>14 861 360</b>	2 863
Stage 1	2	110	295 330	2 678
Stage 2	6	812	1 354 232	1 667
Stage 3	48	4 268	13 211 797	3 065
<b>Holiday village St. Ivan Rilski, Bansko</b>	<b>3</b>	<b>273</b>	<b>352 587</b>	1 293
<b>Total</b>	<b>59</b>	<b>5 463</b>	<b>15 213 947</b>	2 785

**Receipts under concluded contracts for the sale of apartments  
for the third quarter of 2008**

	<b>Period 01.07.2008 - 30.09.2008 (in BGN with VAT)</b>
<b>Village Santa Marina, Sozopol</b>	<b>13 315 912</b>
Stage 1	383 726
Stage 2	4 419 048
Stage 3	8 513 138
<b>Holiday village St. Ivan Rilski, Bansko</b>	<b>704 794</b>
<b>TOTAL in BGN with VAT:</b>	<b>14 020 706</b>

### **1.1.2. Sales of other estates during the third quarter of 2008**

None.

### **1.1.3. Purchases of real estates during the third quarter of 2008**

None.

## **1.2. Information about obtained loans and performance of the report, concerning the company bond issue during the third quarter of 2008.**

### **1.2.1. Information about obtained loans during the third quarter of 2008.**

At 08.09.2008, FairPlay REIT has concluded the following contracts for bank credits:

1. Contract of an Investment credit at the amount up to EUR 3 000 000 (three million), with credit period until the respective date of the 36 (thirty sixth) month from the date of the first grant of amounts for the credit, but not later than 30.08.2011.
2. Contract of an Investment credit at the amount up to EUR 1 200 000 (one million and two hundred thousands), with credit period for payment of all the liabilities of the credit is the respective date of the 18 (eighteenth) month from the date of the first grant of amounts for the credit , but not later than 30.04.2010.

### **1.2.2. Information about the performance of the report for the company bond issue during the second quarter of 2008.**

On 08.10.2008 the company presented at 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 a statement about the performance of the obligations under the corporate bonds issue with ISIN code: BG2100030068 as at the third quarter of 2008. The report was published in the information bulletin of [www.investor.bg](http://www.investor.bg)

For the period 01.07.2008-30.09.2008 there was an interest payment for the issue of corporate bonds to the amount of **EUR 166 087,20**. The date of the interest payment is 15.08.2008.

## **1.3. Other important information for the t quarter of 2008 (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 30.09.2008 the company financial statements as at 30.09.2008 is a profit to the amount of BGN **4 535** thousand.

## 2. Information about the important events with accumulation effect from 01.01.2008 until 30.09.2008.

### 2.1. Purchases and sales of real estates

#### 2.1.1. Concluded contracts for sales of apartments as at 30.09.2008

	Number of apartments	sq.m.	Value in thousand BGN, VAT excluded.
<b>Santa Marina</b>	<b>179</b>	<b>14 062</b>	<b>40 516 710</b>
Santa Marina Stage 1	11	643	1 287 555
Santa Marina Stage 2	82	6 234	16 427 737
Santa Marina Stage 3	86	7 185	22 801 417
St. Ivan Rilski	12	1 098	1 775 339
<b>Total as at 30.09.2008</b>	<b>191</b>	<b>15 160</b>	<b>42 292 049</b>

#### 2.1.2 Acquired apartments by means of a notary deed as at 30.09.2008

	Number of apartments	sq.m.	Value in thousand BGN, VAT excluded
Santa Marina Stage 1	248	18 329	20 835 983
Santa Marina Stage 2	180	13 934	17 699 000
St. Ivan Rilski	76	7 143	6 788 000
<b>Total as at 30.06.2008</b>	<b>504</b>	<b>39 406</b>	<b>44 872 983</b>

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

As at 30.09.2008 the revenues from the sale of apartments amount to BGN 22 816 thousand in comparison to the same period of the last year, when its value is BGN 32 706 thousand. In the structure of net revenues from sales the share of revenues from sales of production (apartments) is highest - BGN 22 239 thousand or 97% from net revenues. From the beginning of the year the Company has concluded Sales Agreements for 191 apartments, at total value BGN 42.3 mln. The transactions are with 13 over the same period of the last year.

The reported decrease of the revenues from sales with 22% is as a result of the specific legislation requirements, according to which the payments are recorded as revenues after receiving permission for operation.

The expenses of the Company for the reported period also decrease. As at the third quarter of 2008, the Company has made expenses at the amount of BGN 18 281 thousands, that is a decrease with 35% in comparison with the amount as at the end of September 2007, as their value was BGN 24 858 thousands.

In the total value of operating expenses a major share belongs to the book value of sold assets (BGN 11 224 thousand or 62%).

The financial result of “Fair Play Properties” REIT as at 30.09.2008 is a profit to the amount of BGN 4 535 thousand, and the profit for distribution is BGN 4 558 thousand. The reported financial result for distribution represented a decrease from 30% toward the same period of the last year.

The profit of the Company is formed from the revenues from 117 finalized Sales Agreements for apartments (113 apartments from the village “Santa Marina” and 4 apartments from the Apartment Complex “St. Ivan Rilski”).

At the end of September “Fair Play Properties” REIT has 104 unfinished contracts for sale at the amount of BGN 25.7 mln., which finalization will realize in the third quarter of 2008 and in the next year.

In 2008 the Company’s new projects are financed mainly through the use of a combined scheme of the funds of the Company’s capital and bank credits. At the end of September 2008 non-current liabilities amount to BGN 26 938 thousand and the amount of current liabilities is BGN 21 023 thousand.

The Company’s assets as at the end of September 2008 reached to BGN 118 891 thousand and mark an increase of more than 40 % toward to the same period of 2007, when its amount is BGN 82 691 thousand.

With 27% grew up and the investment properties of the Fund, compared with the same period of the previous year. The amount of investment properties is BGN 33 139 thousand.

The revenues from sales of apartments as at 30.09.2008, as well as the expectations for reporting revenues from sales for the third quarter of 2008 and for 2009, are presented in the following tables.

#### Revenues from the sale of apartments as at 30.09.2008

Revenues as at 30.09.2008	number of apartments	sq.m.	Sales price (in BGN)
<b>Village Santa Marina, Sozopol</b>	<b>113</b>	<b>7 024</b>	<b>21 696 029</b>
Stage 1	14	1 019	2 004 542
Stage 2	99	6 005	19 696 486
<b>Holiday village St. Ivan Rilski, Bansko</b>	<b>4</b>	<b>301</b>	<b>537 820</b>
<b>TOTAL:</b>	<b>117</b>	<b>7 325</b>	<b>22 238 849</b>

#### Expectations for reporting revenues from sales for the third quarter of 2008 and for 2009

Concluded contracts – not finalized as at 30.09.2008	number of apartments	sq.m.	Sales price (in BGN)
<b>Village Santa Marina, Sozopol</b>	<b>97</b>	<b>7 910</b>	<b>24 609 746</b>
Stage 1	5	221	387 743
Stage 2	6	528	1 420 585

Stage 3	86	7 160	22 801 418
<b>Holiday village St. Ivan Rilski, Bansko</b>	<b>7</b>	<b>693</b>	<b>1 054 935</b>
<b>TOTAL:</b>	<b>104</b>	<b>8 603</b>	<b>25 664 681</b>

### Implementation of plan for sales in Holiday village Santa Marina as at 30.09.2008

	Forecast	Implementation	%
Number of apartments	204	179	88
sq.m	15 060	14 062	93
Value	42 735 652	40 516 710	95

### 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.

Till 30.09.2008 the following big transactions with related parties were performed:

Supplier	Description of the deliveries	Value without VAT in thousand BGN
"FairPlay International " AD	Management of real estates, rent, commissions, furnishing	1 556

<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)

"Ivan Rilski Properties " OOD	Construction installation works, commissions, furnishing	960
"Castilia" EOOD	Design services	90
"FairPlay Properties Management" EOOD	Management of real estates, hotel services	314
<b>TOTAL:</b>		<b>2 920</b>

<b>Client</b>	<b>Description of the deliveries</b>	<b>Value without VAT in thousand BGN</b>
"Fair Play Properties Management" EOOD	Rent	328
<b>TOTAL:</b>		<b>328</b>

15.10.2008

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