

PRIME PROPERTY BG REIT
SOFIA

NET ASSET VALUE REPORT
JUNE 30, 2008

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NET ASSET VALUE CALCULATION METHODOLOGY
JUNE 30, 2008

The Net Asset Value of shares of each share Class shall be calculated in Bulgarian Leva (BGN). For informative purposes, it can be converted into other currencies using the fixing of the Bulgarian National Bank as of the relevant Valuation Date.

The Net Asset Value of each share Class shall be determined by the Fund Administrator by dividing the net assets of the Fund attributable to that share Class by the number of outstanding shares of the relevant Class.

The calculation of the Net Asset Value of the shares of any Class may be delayed or suspended when for any reason the prices of any investment held by the Fund cannot be reasonably, promptly or accurately ascertained or in any circumstances provided for by law. The suspension of the calculation of the Net Asset Value shall be published in a Bulgarian daily newspaper with nationwide circulation.

The value of the assets of each share Class is determined as follows:

- 1) Real estate properties in the investment portfolio of the Fund and construction in progress are accounted for on the basis of their value as appraised by the independent property appraiser of the Fund's portfolio, as of the Valuation Date.
- 2) Securities are accounted for on the basis of their assessed value as per the price quote provided by the Depositary Bank as of the Valuation Date
- 3) Participations in Servicing Companies are accounted for on the basis of their assessed fair value, as provided by an independent appraiser, as of the Valuation Date.
- 4) Liquid assets are valued at their nominal value plus accrued interest, as of the Valuation Date.

In the event that it is impossible or incorrect to carry out a valuation in accordance with the above rules owing to particular circumstances, the Board of Directors of the Company or their delegate shall be entitled to use other generally recognized valuation principles which can be examined by an auditor, in order to reach a proper valuation of the total assets of the Fund. This fact should be disclosed together with the Net Asset Value for the respective date.


The percentage of the total Net Asset Value allocable to each Class of shares shall be determined by the ratio of the shares issued in each Class to the total number of shares issued, and shall be adjusted subsequently in connection with the distributions effected as follows:

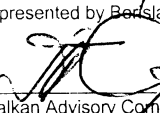
On each occasion when a distribution is effected in respect of a Class of shares, the Net Asset Value of these shares shall be reduced by the amount of the distribution (causing a reduction in the percentage of Net Asset Value allocable to these shares), whereas the Net Asset Value of the other Classes of shares shall remain unchanged (causing an increase in the percentage of the Net Asset Value allocable to these shares).

Currently the Company has not issued shares of different classes.

Sofia, July 2, 2008

For the Company:

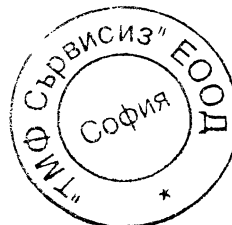

Persimon EOOD
executive director,
represented by Borislav Stoyanov


Balkan Advisory Company Ltd.,
executive director,
represented by Todor Stoyanov



Fund Administrator:


TME Services EOOD



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BULSTAT: 131148642

NET ASSET VALUE STATEMENT
AS AT JUNE 30, 2008

ASSETS	30/06/2008	30/06/2008	31/12/2007	31/12/2007
	COST BGN	MARKET VALUE BGN	COST BGN	MARKET VALUE BGN
Non-current assets				
Investment property	33,877,520	49,706,295	38,095,091	57,455,558
Other investments	17,568	17,568	17,568	17,568
Properties under construction	6,290,767	6,290,767	4,058,030	4,696,276
Other tangible and intangible non-current assets	348,967	348,967	327,656	327,656
Total non-current assets	40,534,822	56,363,597	42,498,345	62,497,058
Current assets				
Short-term investments	-	-	-	-
Trade and other receivables	1,280,492	1,280,492	1,126,470	1,126,470
Other assets and prepayments	238,993	238,993	1,204,633	1,204,633
Cash and cash equivalents	14,324,410	14,324,410	8,981,959	8,981,959
Total current assets	15,843,895	15,843,895	11,313,062	11,313,062
TOTAL ASSETS	56,378,717	72,207,492	53,811,407	73,810,120
	30/06/2008	30/06/2008	31/12/2007	31/12/2007
	PROCEEDS BGN	MARKET VALUE BGN	PROCEEDS BGN	MARKET VALUE BGN
LIABILITIES				
Non-current Liabilities				
Financial lease Liabilities	61,219	61,219	23,914	23,914
Long-term liabilities to related parties	10,404	10,404	7,560	7,560
Long-term bank loans	1,984,480	1,984,480	1,620,069	1,620,069
Total Non-current Liabilities	2,056,103	2,056,103	1,651,543	1,651,543
Current liabilities				
Short-term bank loans and financial lease liabilities	30,311	30,311	58,117	58,117
Trade and other payables	1,285,752	1,285,752	938,390	938,390
Related parties payables	369,277	369,277	672,034	672,034
Tax and similar liabilities	3,928	3,928	414	414
Short-term provisions	7,135	7,135	7,135	7,135
Other liabilities & deferred income	9,168	9,168	24,435	24,435
Total Current liabilities	1,705,571	1,705,571	1,700,525	1,700,525
TOTAL LIABILITIES	3,761,674	3,761,674	3,352,068	3,352,068

NET ASSETS (ASSETS LESS LIABILITIES)

68,445,818

70,458,052

NUMBER OF SHARES OUTSTANDING

35,706,593

35,706,593

NET ASSET VALUE PER SHARE

1.92

1.97

Executive directors:



Prepared by: TMF Services Ltd.



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STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED JUNE 30, 2008

	BGN 30/06/2008	BGN 30/06/2007
Profit/(loss) from investment property	(53,780)	4,417,828
Other investment income	214,759	514,199
Profit/(loss) from investments	160,979	4,932,027
Other operating income	375	-
Administrative expenses	(1,275,703)	(1,026,415)
Other operating expenses	(172,243)	(207,651)
Financial income/(expenses)	(87,394)	(266)
Unrealized result on properties under construction	(638,248)	(224,992)
Profit/(loss) before tax	(2,012,234)	3,472,704
Corporate income tax	-	-
Net profit/(loss) for the period	(2,012,234)	3,472,704
Unrealized and non-distributable profit/(loss)	(92,545)	3,890,964
Realized and distributable profit/(loss)	(1,919,689)	(418,260)

REALIZED AND UNREALIZED PROFIT/(LOSS) FROM INVESTMENTS

Realized profit/(loss) from investment properties	(599,483)	301,873
Realized profit/(loss) from other investments	214,759	514,199
Total realized profit/(loss) from investments	(384,724)	816,072
Unrealized profit/(loss) from investment properties	545,703	4,115,955
Unrealized profit/(loss) from other investments	-	-
Total unrealized profit/(loss) from investments	545,703	4,115,955
Total profit/(loss) from investments	160,979	4,932,027

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STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2008

	BGN 30/06/2008	BGN 31/12/2007
Increase/(decrease) in net assets from operations		
Total realized profit/(loss) on investments	(384,724)	1,239,015
Total unrealized profit/(loss) on investments	545,703	11,471,172
Total realized profit/(loss) on other activities	(1,534,965)	(2,961,814)
Total unrealized profit/(loss) on other activities	(638,248)	479,987
Net increase/(decrease) from operations	<u>(2,012,234)</u>	<u>10,228,359</u>
Increase/(decrease) in net assets from capital transactions		
Proceeds from share issues	-	-
Net Increase/(decrease) from capital transactions	<u>-</u>	<u>-</u>
NET CHANGE IN NET ASSETS	<u>(2,012,234)</u>	<u>10,228,359</u>
NET ASSETS AT THE BEGINNING OF THE PERIOD	<u>70,458,052</u>	<u>60,229,693</u>
NET ASSETS AT THE END OF PERIOD	<u><u>68,445,818</u></u>	<u><u>70,458,052</u></u>

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STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2008

	BGN 30/06/2008	BGN 30/06/2007
CASH FROM INVESTING ACTIVITIES		
Purchases of investments	(2,247,978)	(19,835,788)
Proceeds on disposal of investments	8,314,270	191,608
Proceeds/ payments from investing activities	-	366,919
Interest received	199,323	733,769
NET CASH FROM INVESTING ACTIVITIES	6,265,615	(843,492)
CASH FROM NON-INVESTMENT ACTIVITIES		
Cash receipts from customers	440,198	-
Cash paid to suppliers and employees	(2,392,362)	(1,289,895)
Purchase of non-investment assets	-	(2,028,259)
Interest and charges paid	(4,314)	(1,821)
Taxes paid	(171,017)	-
Taxes received	948,779	64,084
Other cash received	-	-
Other cash paid	(87,062)	(11,072)
NET CASH FROM NON-INVESTMENT ACTIVITIES	(1,265,778)	(3,266,963)
CASH FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	-	-
Proceeds from long-term borrowings	364,411	-
Purchases of short-term investments	-	-
Repayments of borrowings	(21,797)	-
NET CASH FROM FINANCING ACTIVITIES	342,614	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,342,451	(4,110,455)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	8,981,959	14,320,564
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,324,410	10,210,109

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STATEMENT OF SHARES MOVEMENT
FOR THE PERIOD ENDED JUNE 30, 2008

	Date	Number of shares
Number of shares at the beginning of the period	01-01-2008	35,706,593
<hr/>		
SUMMARY FOR THE PERIOD		
Number of shares at the beginning of the period	01-01-2008	35,706,593
Issuance of shares		-
Repurchase of shares		-
Number of shares at the end of the period	30-06-2008	35,706,593

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INVESTMENT PORTFOLIO
FOR THE PERIOD ENDED JUNE 30, 2008

ASSETS IN PORTFOLIO AS AT 30-06-2008

Description	Value carried forward from 31-12-2007	Additions during the year	Disposals during the year	Revaluation during the year	Market Value as at 30-06-2008
Estate Antim I	3,324,400	-	-	-	3,324,400
Estate Sveti Vlas	2,919,064	-	-	-	2,919,064
Estate Cherkovna	679,875	-	-	104,377	784,252
Estate Predgarov ploshtad	10,062,562	-	-	-	10,062,562
Estate Coral	10,374,657	-	(1,138,100)	444,670	9,681,227
Estate Elite	1,015,950	-	(1,015,950)	-	-
Estate Terem Plovdiv	9,904,224	-	-	-	9,904,224
Estate Pirotska	8,995,600	-	-	-	8,995,600
Estate Botevgrad	558,887	-	(558,887)	-	-
Building Antim I	4,034,966	-	3,344	(3,344)	4,034,966
Building Botevgrad	5,585,373	-	(5,585,373)	-	-
Investment property	57,455,558	-	(8,294,966)	545,703	49,706,295
TOTAL INVESTMENTS	57,455,558	-	(8,294,966)	545,703	49,706,295

During the period the Company has realized profit from sold building rights and rent of investment properties.

In addition, the Company holds short-term deposits with maturity of less than 3 months.

The deposits are presented in the NAV report as part of the cash equivalents as their maturity is less than 3 months.

The interest income realized on the deposits during 2008 is BGN 214,759

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ASSETS UNDER CONSTRUCTION
FOR THE PERIOD ENDED JUNE 30, 2008

ASSETS UNDER CONSTRUCTION 30-06-2008

Description	Value carried forward from 31-12-2007	Additions during the year	Revaluation during the year	Disposals during the year	Market Value as at 30-06-2008
Building Sveti Vlas	3,884,724	596,559	(258,608)	-	4,222,675
Building Cherkovna	611,066	477,363	(379,640)	-	708.789
Bulding Terem Plovdiv	58,727	151,400	-	-	210.127
Bulding Pirotska	116,365	424,141	-	-	540,506
Bulding Coral	25,394	583,276	-	-	608.670
TOTAL ASSETS UNDER CONSTRUCTION	4,696,276	2,232,739	(638,248)	-	6,290,767