

# News Release

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## Federal Development and Petrol Holding Announce Joint Venture For Mixed-Use Developments in Bulgaria

WASHINGTON, D.C. (February 19, 2008)—Federal Development (FEDERAL), an international real estate development and asset management company, and Petrol Holding, a leading Bulgarian conglomerate, announced today the signing of a Memorandum of Understanding to create a joint venture that will focus on developing mixed-use real estate opportunities in Bulgaria.

The new company, FEDERAL Bulgaria Management AD, will establish headquarters in Sofia, the capital city of Bulgaria, with regional offices in key markets such as Varna, the country's second largest city and Burgas, the second largest city on the Bulgarian Black Sea coast.

Initial plans focus on converting and redeveloping approximately 50 sites, owned by different entities within the Petrol Holding group of companies, including Petrol AD – the largest fuels retailer in the country, Naftex Petrol – the second largest oil products wholesaler in Bulgaria, Evrocapital Bulgaria – holder of real estate assets, etc. These sites will be converted from oil servicing facilities to mixed-use developments that will likely include office, retail, and residential components. Financial analysis indicates that the investment for the projected developments will exceed \$3 billion over the next ten years. FEDERAL Bulgaria Management AD will also be pursuing opportunities to partner with public entities to develop sites that will enhance the quality of life for local residents.

„We are excited to be entering the Bulgarian market with Petrol Holding by our side,“ John Infantino, Chief Executive Officer of FEDERAL said. „This collaboration will ensure financially strategic market plans and a creative, talented team that shares a vision to develop world-class, vibrant communities for people to live, work and play.“

„This partnership will leverage our knowledge and expertise in the Bulgarian markets and FEDERAL’s experience developing mixed-use projects throughout the world, and, ultimately will result in truly inspiring mixed-used facilities that respond to the needs and desires of the Bulgarian communities,“ Mitko Sabev, Chairman of Petrol Holding said.

The partnership between FEDERAL and Petrol Holding will be structured as a long-term commitment designed to ultimately yield the highest return for both parties over the course of a decade.

„FEDERAL’s extensive experience structuring public/private partnerships to maximize the value of underutilized publicly-owned properties will be a real benefit for Bulgaria and its citizens as we integrate into

the European Union," Sabev explained.

„The partnership with FEDERAL allows us to capitalize on the underutilized real estate assets in our balance sheet. Although the restructuring of Petrol AD, our largest subsidiary, is not yet complete, we already see the benefits of the process of disposing of the non-core assets. We shall further continue this process in Petrol AD and its subsidiaries to the benefit of its stakeholders“, Orlin Todorov, CEO of Petrol Holding, added.

FEDERAL Bulgaria Management will identify public/private opportunities, form and manage dynamic and experienced development teams and create financially sound programs to develop major urban complexes that will further stimulate the Bulgarian economy.

„Over the past few years, Bulgaria has experienced rapid economic growth and one of the advantages of public/private partnerships is the ability to leverage increasingly limited resources of government agencies to complete high-cost, high-need projects,“ Infantino explained. „Public-private partnerships can help deliver, in an accelerated fashion, much needed public benefits, such as community parks, health care and transit facilities and improved infrastructure.

#### **About Petrol Holding**

Petrol Holding, one of the leading Bulgarian companies with consolidated sales of BGN 1.5 billion, was founded in 1995 in Varna, Bulgaria. The company's roots were established as a trader in crude oil and oil products to emerge at present day as the owner through Petrol AD of the country's largest filling stations and storage tank capacity networks. Over the years the company has expanded into various other industries and at present holds assets in financial services, telecommunications, hospitality and leisure, real estate, power generation, aviation, beverages, media, etc. For more information go to [www.petrolholding.bg](http://www.petrolholding.bg)

#### **About FEDERAL**

Federal Development LLC (FEDERAL) is a real estate development and asset management company with an international property development portfolio totaling more than \$7 billion. Specializing in public-private partnerships, FEDERAL is recognized for providing public partners with innovative and financially sound programs that maximize resources to develop vibrant communities that stimulate the local economy. With experience in the development of master developments and asset and property management services, FEDERAL represents a diverse roster of government, private and corporate clients. For more information go to [www.federaldevelopment.com](http://www.federaldevelopment.com)

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