



Interim Report on the Activity of Advance Terrafund REIT for the first quarter of 2009

I. Information about important events and their influence on the results in the financial statement

Advance Terrafund REIT ("the Company") is a public shareholding company established at the Constituency Assembly from 12 April 2005, with initial capital amounting to BGN 500 thousand distributed into 500,000 shares with par value of BGN 1 each. The Company is re-registered in the Trade Register of the Registration Agency under UIC 131418187. The seat and management address of the Company is 57 Hristo Botev Blvd., Sofia. After the establishment of the Company five subsequent increases of the capital have been made, and as of 31 March 2009 it amounts to BGN 85,110,091.

- As of 31 March 2009 the investment property of the Company includes: agricultural land of approximately 263,034 decare amounting to BGN 89,821 thousand, property in the process of regulation of approximately 128 decare amounting to BGN 19,022 thousand and land in regulation of approximately 11 decare amounting to BGN 3,749 thousand, or a total of BGN 112,592 thousand, including BGN 35,535 thousand revaluation to fair value.
- From the beginning of the accounting period to the end of March 2009 the Company realized sales of 792 decare agricultural land at prices between BGN 500 and 550 per decare.
- At the end of the first quarter of the year the Company has concluded for the economic year 2008-2009 rental and leasing contracts for 180,087 decare, representing 68,47% of the land purchased up to the current moment. The average amount of the leasing/rental payment for the economic year amounts to BGN 20 per decare, and the total amount to be received from rents and leases is BGN 3,096,000. For the economic year 2008-2009 the receivables from rents and leases are insured by the Bulgarian Export Insurance Agency EAD (BEIA). The campaign for renting and leasing continues till the end of May when the term expires for submission of applications by agricultural producers for subsidies along the line of direct payments for arable land.

II. Key risks and uncertainties facing the issuer during the rest of the financial year.

Advance Terrafund REIT faces the common risks facing all public companies and economic bodies in the sector of real estate, namely the conjuncture of the market and more specifically the agricultural land market, the liquidity of the investments, the comparatively low use of the investment property. The expectations of the Company are that the influence of these risks is not considerable as the agricultural land market becomes increasingly more dynamic and liquid, and the market relations of in the sector are stimulated through subsidies for the agricultural producers.

As of 31 March 2009 the financial assets and investments are denominated in BGN and EUR, under the conditions of the established monetary board in the country the exchange rate of the BGN to the EUR is fixed and does not generate currency risks. As of this date the Company has no exposures in currencies different than BGN and EUR.

The Company invests a minimum of 75% of its portfolio in land designated for agricultural use and up to 25% in land in urbanized areas. The land with agricultural designation faces low risk from changes in prices and rents. The increased risk in the sector affects mainly real estate designated for construction and results from the global financial crisis. The present situation cannot have a serious negative effect on the financial state and results from the activity of the Company, nevertheless it has undertaken measures for reduction of the share of property in urbanized territories with the aim of limiting the price risks.

III. Information about transacted major deals between related parties.

For the quoted period there are no major transactions between Advance Terrafund REIT and its related parties.

Date: 27 April 2009

Executive Director:

/Radoslav Manolov/