



Interim Report on the Activity of Advance Terrafund REIT for the first quarter of 2012

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

Advance Terrafund REIT ("the Company") is a public joint-stock 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 was re-registered with the Trade Register of the Registry Agency under UIC 131418187. The seat and management address of the Company are at 1 Zlatovruh Str., Sofia. After the establishment of the Company five subsequent capital increases have been carried out and as of 31 March 2012 it amounts to BGN 85,110,091.

- As of 31 March 2012 the investment property of the Company includes: agricultural land of approximately 290,037 decares amounting to BGN 140,414 thousand, property in the process of regulation of approximately 128 decares amounting to BGN 12,319 thousand and land in regulation of approximately 11 decares amounting to BGN 3,091 thousand, or a total of BGN 155,824 thousand, including BGN 60,009 thousand revaluation at fair value.
- From the start of the reporting period to the end of March 2012 the Company realized the sale of 12,512 decares of agricultural lands at an average price of BGN 914 per decare.
- As of the end of the first quarter of the year the Company has concluded for economic year 2011-2012 rental and leasing contracts for 234,213 decares, representing 80.75 % of the land purchased up to the current moment. The average amount of the leasing/rental payment for the economic year amounts to BGN 27.02 per decare. The rent and leasing campaign for economic year 2011-2012 will continue to the end of May 2012.

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

Advance Terrafund REIT faces the common risks relevant to 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 will not be considerable as the agricultural land

market becomes increasingly more dynamic and liquid, and the market relations in the sector are encouraged through subsidies for the agricultural producers.

As of 31 March 2012 the financial assets and investments are denominated in BGN and EUR and under the conditions of an established currency board in the country the exchange rate of the BGN to the EUR is fixed and does not create currency risks. As of this date the Company has no exposure to currencies different from BGN and EUR.

The Company invests a minimum of 80% of its portfolio in land designated for agricultural needs and up to 20% in land in urbanized territories. The agricultural land is exposed to low risk from changes in prices and rents. The potential reduction of the prices of agricultural land is favorable for the investment policy of the Company, and the fixed increases of the rental price as compared to the previous year increase the profitability of the investments. The increased risk in the sector affects mainly real estate designated for building construction and is a result of the global financial crisis. The present situation cannot pose 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 significant transactions between related parties.

For the quoted period there are no major transactions between Advance Terrafund REIT and its related parties, other than those indicated in the interim financial statements.

Date: 24 April 2012

Executive Director:

/Radoslav Manolov/