

“AGRO FINANCE ” REIT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31st, 2010

PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS

AUDITED

AGRO FINANCE REIT

BALANCE SHEET /audited/ for the year ended December 31st, 2010

ASSETS	Notes	31.12.2010	31.12.2009
		BGN '000	BGN '000
Investment properties	4	45 895	44 544
Tangible fixed assets	5	18	30
Intangible fixed assets	6	-	2
Receivables from counterparties and other receivables	7	3 454	2 331
Cash and cash equivalents	8	3 758	4 816
Other current assets	9	55	25
TOTAL ASSETS		53 180	51 748
LIABILITIES			
Long-term liabilities – bond issue	10	-	4 890
Current part of long-term liabilities /bond issue/	10	4 890	-
Current liabilities	11	687	726
Deferred revenues	12	1 971	1 271
TOTAL LIABILITIES		7 548	6 887
EQUITY			
	13		
Share capital		32 220	32 220
Capital Reserves		4 765	4 765
Retained earnings		7 618	7 765
Current Profit (Loss)		1 029	111
TOTAL EQUITY		45 632	44 861
TOTAL EQUITY AND LIABILITIES		53 180	51 748

These financial statements are signed on behalf of the Board of Directors on March 9th, 2011

Dessislava Yordanova
Executive Director

Zorka Paskaleva
Chief Accountant

Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154
21.03.2011 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

The accompanying notes form an integral part of these financial statements.

AGRO FINANCE REIT

INCOME STATEMENT /audited/ for the year ended December 31st, 2010

	<u>31.12.2010</u>	<u>31.12.2009</u>
	BGN ' 000	BGN '000
Income from investment properties	2 673	1 768
Income from revaluation of investment properties	59	-
Income from sale of investment properties	343	9
Other Income	-	5
Financial income	<u>206</u>	<u>391</u>
TOTAL INCOME	3 281	2 173
Administrative expenses	(185)	(219)
Operating expenses	(1 329)	(1 312)
Book value of the sold investment properties	(271)	(5)
Expenses from revaluation of investment properties	-	(155)
Expenses from impairment of receivables	(98)	-
Financial expenses	<u>(369)</u>	<u>(371)</u>
TOTAL EXPENSES	(2 252)	(2 062)
Net profit (loss) for the period	1 029	111

These financial statements are signed on behalf of the Board of Directors on March 9th, 2011

Dessislava Yordanova
Executive Director

Zorka Paskaleva
Chief Accountant

Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154
21.03.2011 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

The accompanying notes form an integral part of these financial statements.

AGRO FINANCE REIT

CASH FLOW STATEMENT /audited/ for the year ended December 31st, 2010

	<u>31.12.2010</u>	<u>31.12.2009</u>
	BGN ' 000	BGN '000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from counterparties	2 261	1 178
Cash payments to counterparties	(1 456)	(1 127)
Cash payments related to employees	(84)	(134)
Paid interests and other	(1)	(2)
Other cash receipts / payments	(1)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>719</u>	<u>(85)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Sale of investment properties	343	9
Purchase of investment properties	(1 732)	(4 210)
Other cash receipts / payments	(1)	-
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>(1 390)</u>	<u>(4 201)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash receipts from interests and other	205	391
Paid interests and other	(337)	(367)
Paid dividends	(254)	-
Other payments	(1)	(2)
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(387)</u>	<u>22</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1 058)</u>	<u>(4 264)</u>
Cash and cash equivalents at the beginning of the period	4 816	9 080
Cash and cash equivalents at the end of the period	<u><u>3 758</u></u>	<u><u>4 816</u></u>

These financial statements are signed on behalf of the Board of Directors on March 9th, 2011

Dessislava Yordanova
Executive Director

Zorka Paskaleva
Chief Accountant

Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154
21.03.2011 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

The accompanying notes form an integral part of these financial statements.

AGRO FINANCE REIT

STATEMENT OF CHANGES IN EQUITY /audited/ for the year ended December 31st, 2010

	Share capital	Capital Reserves	Retained Earnings	Total
	BGN ' 000	BGN ' 000	BGN ' 000	BGN ' 000
Balance at January 1, 2009	32 220	4 765	7 765	44 750
Issue of share capital	-	-	-	-
Net profit (loss) for the period	-	-	111	111
Balance at December 31, 2009	32 220	4 765	7 876	44 861
Net profit (loss) for the period	-	-	1 029	1 029
Distribution of profit for dividend	-	-	(258)	(258)
Balance at December 31, 2010	32 220	4 765	8 647	45 632

These financial statements are signed on behalf of the Board of Directors on March 9th, 2011

Dessislava Yordanova
Executive Director

Zorka Paskaleva
Chief Accountant

Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154
21.03.2011 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31st, 2010

1. Company Information

1.1. Trade Registration

Agro Finance REIT (the Company) is entered in the commercial register of the Sofia City Court by resolution № 1 from February 23rd, 2006 under company case-file № 2125/2006, batch № 101897, volume 1365, page 50 as a special investment purpose joint-stock company with seat and registered office in city of Sofia at 71st Vladaiska Str., fl. 1, Krasno selo Region.

The subject of activity is investment of cash, raised through the issue of securities in real estate /real estate securitization/ by means of purchase of title and other real rights over properties, completion of constructions and improvements therein, with the purpose of their provision for administration, granting on hire, leasing, rent and/or their sale. The Company may not carry out any trade transactions, other than those indicated in the preceding sentence and such related to their performance, unless allowed under the Special Purpose Vehicle Act (SPVA).

Upon the Company's incorporation, according Art.5, para 3 from the Public Offering of Securities Act (POSA), a decision was taken for initial increase of the capital with the same class of shares as those subscribed at the constituent assembly, since the time when the Company will be granted a license. On July 19th, 2006 the Financial Supervision Commission approved the prospectus for public offering of 150 000 ordinary, registered, dematerialized, negotiable voting shares, with a par value of BGN 1 each, as a result of initial increase in the capital of the Company. The above mentioned issue of shares issued by Agro Finance REIT was entered in the register of public companies and other issuers of securities according Art. 30, par 1, item 3 of the Financial Supervision Commission Act. As a result of the successfully completed subscription, on September 27th, 2006 and increase of the capital from BGN 500 000 to BGN 650 000 was entered in the commercial register, as evident from court decision №3/27.09.2006 of the SCC on company case № 2125/year 2006.

With Decision № 4 from May 9th, 2007 of the Sofia City Court an increase in the Company's capital was registered from BGN 650 000 to BGN 16 137 954 through the issue of 15 487 954 ordinary, dematerialized voting shares with par value of BGN 1 each.

IRC Bulstrad PLC, ZAD Bulstrad Life AD, CSIF AD and Persimon EOOD were written from the Board of Directors off with Decision №5 from August 8th, 2007. Dessislava Yordanova and Sava Savov were entered as members of the Board of Directors. At December 31st, 2007 the Company was managed by the Board of Directors with members as follows: Dessislava Ivanova Yordanova – Chairman of the Board of Directors, Sava Vassilev Savov – Deputy Chairman of the Board of Directors and Ognyan Jordanov Kalev.

The Executive Director of Agro Finance REIT has been Mrs. Dessislava Yordanova since May 23rd, 2008.

On July 22nd, 2008 the Commercial Register entered the third capital increase of Agro Finance REIT from BGN 16 137 954 to BGN 32 219 708 through the issue of 16

081 754 new ordinary dematerialized voting shares, with an issue value of BGN 1.20 and par value of BGN 1.

On August 11th, 2008 the Commercial Register entered the appointment of the new members of the Board of Directors as follows: Mrs. Dessislava Ivanova Yordanova, Mrs. Valentina Nikolova Tzoneva, and Mr. Sava Vasilev Savov.

On August 11th, 2008 the Commercial Register entered the amendments in the Articles of Association as follows: The seat and the registered office of the Company are in city of Sofia at 71st Vladaiska Str., fl. 1, Krasno selo Region.

On the extraordinary Shareholders' General Meeting, held on November 2nd, 2010 were taken decisions for amendments in the Articles of Association for increasing the term of activity of the Company to permanent, for updating the value of the capital, written in it, also for synchronization of the Articles of Association with the amendments in the legislation. By decision № 759-DSIC from November 25th, 2010, the Financial Supervision Commission approved the presented amendments and they are announced by the Commercial Register.

The Company is represented by the Executive Director Dessislava Yordanova.

The activity of the Company is not limited by time.

1.2. License

The Financial Supervision Commission has issued license № 28-DSIC from July 24th, 2006 to the Company to perform the following transactions under Art. 4, para 1, item 1 and 2 of the SPV as a special purpose vehicle: investment of cash raised through the issue of securities in real estate (real estate securitization).

1.3. Special statutory acts regulating the operating activity

The operation of the Company is performed in compliance with the Special Purpose Vehicles Act (SPVA), Commercial Law (CL), Public Offering of Securities Act (POSA), the instruments of its application and all other legal requirements.

1.4. Main Agreements

The Company concluded the following main agreements:

- With a depository bank within the meaning of Art. 9 of LSPV: UNITED BULGARIAN BANK AD;
- With a company – valuator of the acquired properties, in relation to Art. 19 of the LSPV: BRIGHT CONSULT OOD;
- With a servicing company – AGRO FINANCE CONSULT EOOD.
- On March 25th, 2008 for issuing corporate bonds with total nominal value of EUR 2 500 000.
- Contracts with independent Specialized Audit Company “AGAIN TAKT” OOD for independent financial audit for 2006, 2007, 2008 2009 and 2010.

The Company has no right to carry out directly the activities concerning the use and maintenance of the acquired real estates, due to which it has assigned these activities to the servicing company.

2. Information on the servicing companies

AGRO FINANCE CONSULT EOOD is entered in the commercial register of the Sofia City Court under company case-file № 12082/2006 as a single limited liability company with seat and registered office at : Sofia 1606, 71st Vladayska Str.

AGRO FINANCE CONSULT EOOD is represented and managed by the manager Petar Ivanov Hristov.

The servicing company has been assigned to carry out the servicing and maintenance of the acquired properties, the completion of constructions and improvements, the keeping and storage of the accounting and other reporting and correspondence, preparation of the annual financial statement and securing its certification as well as the preparation of half-yearly, quarterly and monthly accounts, respectively their publication, respectively their submission at the FSC, and the completion of other required activities. The performance of these activities is carried out in compliance with the law and the articles of association of the special purpose vehicle.

On July 30, 2010 Agro Finance REIT and the servicing company Agro Finance Consult EOOD signed an Annex to Contract from October 26, 2007 that approved the annual remuneration of the servicing company of 1.5% of the total assets value to be changed to 1.5% of the value of the investment properties at acquisition cost. The remuneration is calculated and paid four times by the end of each calendar quarter as 0.375 % from the value of acquisition of the investment properties, possessed by the Company at the end of the relevant quarter. The change in the remuneration entered into force on July 1st, 2010.

3. Fundamental Accounting Principals

3.1. Basis for presentation

The financial statements have been prepared in accordance with the Bulgarian Accounting Act, Public Offering of Securities Act, Special Purpose Vehicles Act and the International Financial Reporting Standards (IFRS).

The main accounting principles are observed:

- a) Accrual basis of accounting – the revenues and expenses on the transactions and events are reported when they are earned or incurred, regardless of the time of receiving or payment of the cash or its equivalent;
- b) Going concern principle;
- c) Prudent principle – obligatory assessment and accounting for presumable risks and expected losses;
- d) Matching of revenues and expenses – recognition of the expenses made in relation to an individual transaction or event in the financial result for the period in which the company reports the effect from them. The recognition of the revenues is reflected for the period in which the expenses for their receiving are reported;
- e) Priority of content over the form – the transactions and events are reported in accordance with their economic content, essence and financial reality irrespective of their relevant legal form.

3.2. Reporting unit

The financial statements are presented in Bulgarian Lev (BGN).

3.3. Investment Property (IFRS 40)

Investment properties of the Company are agricultural land acquired in order to achieve current income from rent / lease contracts and capital profit in long run, and not intended for administrative or manufacturing needs.

The initial valuation of the acquired investment properties includes the acquisition cost as well as all expenses related to the purchase in accordance with IFRS 40 – Investment property. The Company applies the model of fair value. The alteration in the fair value of the investment properties is recorded in the profit (loss) for the period in which it appears.

According to the Special Purpose Vehicles Act (SPVA) the Company is obligated to assign to external independent experts (appraisers) the appraisal of the securitized real properties prior to their acquisition, as well as at the end of each fiscal year or upon change with more than 5% in the inflation index in the country or the index of real estate prices.

3.4. Property, Plant and Equipment (IFRS 16)

The properties, plant and equipment include computers and software, motor vehicles and office furniture and equipment. They are reported at acquisition cost, less the accrued depreciation. The acquisition cost includes the purchase price and all direct expenses required to bring the asset into operating condition. The Company applies the linear method of depreciation according the useful life of the assets determined by the management which also coincides with that for tax purposes. The annual percentages of depreciation which are used are:

Computers and software	50%
Vehicles	25%
Office furniture and equipment	15%

The minimum materiality threshold adopted for the purposes of capitalization of property, plant and equipment is BGN 700.

3.5. Intangible Assets (IFRS 38)

The initial valuation of intangible assets was at acquisition cost. The linear method was applied in their depreciation.

3.6. Receivables and liabilities

The receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The receivables are carried at initial value less any impairment. An estimate is made of suspicious and uncollectible receivables where there is high uncertainty for the collectability of the whole amount. Significant receivables are tested for impairment separately when they are past due date of the financial statements or when there are objective evidences that a

counterparty will not fulfill its obligations. All other receivables are tested for impairment by groups. The impairment is reported as a current expense. The liabilities are reported at the expected agreed value.

3.7. Employee benefits

The Company has not developed and does not apply any programs for employee resignation benefits or for compensating employees by way of shares.

3.8. Foreign currency transactions

Foreign currency transactions are initially accounted for by applying the central exchange rate of the Bulgarian National Bank (BNB) to the foreign currency amount as of the date of the transaction. Assets and liabilities denominated in foreign currency are reported in BGN using the BNB exchange rate at the balance sheet date.

Any gain or loss resulting from the exchange rates is included in the income statement at the period of origin.

In 2010 the Company has no transactions in currencies other than BGN and Euro and is not exposed to foreign currency risk.

3.9. Related parties transactions

In 2010 the Company has not entered into deals with related parties as per the definition of item 12 of par.1 of the Supplementary Provisions of Public Offering of Securities Act.

3.10. Taxation

Taxation currently payable is calculated in compliance with the Bulgarian tax legislation. According to article 175 from the Corporate Income Tax Act, special investment purpose companies are exempt from corporate income taxation. Therefore, the Company does not accrue any income taxes on its profit from investment activity.

4. Investment properties

As of December 31st, 2010 the Company reported 13 068 ha investment properties at the amount of BGN 45 895 thousand, or 86 % of the assets value. The acquired properties are agricultural lands allocated in different regions of the country.

As of January 1st, 2010 the Company owns an investment portfolio of agricultural land of 12 644 ha with balance value of BGN 45 544 thousand.

During the period January 1st, 2010 – December 31st, 2010 the Company has acquired by purchases 519 ha agricultural land with balance value of BGN 1 662 thousand.

During the same period the Company has acquired by exchanges 236 ha agricultural land as it gave by exchange 224 ha agricultural land. The balance value of acquired properties by exchange is BGN 825 thousand, equal to the balance value of the given properties of BGN 811 thousand and the exchange expenses of BGN 14 thousand.

During the period January 1st, 2010 – December 31st, 2010, 33 ha agricultural land with balance value BGN 113 thousand are deducted from the investment properties because of litigations that are in process of judgment.

During the same period the Company has sold 74 ha agricultural land with balance value of BGN 271 thousand.

As of December 31st, 2010 the Company has made revaluation of the investment portfolio. The profit is BGN 59 thousand in result of the change in their fair value.

5. Properties, plants and equipment

The long-term tangible assets as of December 31st, 2010 amount to BGN 18 thousand.

	Vehicles	Other Tangible fixed assets	Total Tangible fixed assets
	<i>(BGN'000)</i>	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Balance at 31.12.2009	61	14	75
Additions		3	3
Disposals		1	1
Balance at 31.12.2010	<u>61</u>	<u>16</u>	<u>77</u>
Accumulated depreciation			
Balance at 31.12.2009	39	6	45
Additions	11	4	15
Disposals		1	1
Balance at 31.12.2010	<u>50</u>	<u>9</u>	<u>59</u>
Net book value at 31.12.2010	<u>11</u>	<u>7</u>	<u>18</u>
Net book value at 31. 12. 2009	<u>22</u>	<u>8</u>	<u>30</u>

6. Intangible fixed assets

The intangible fixed assets as of December 31st, 2010 amount to BGN 215.

	Software	Other Intangible fixed assets	Total Intangible fixed assets
	<i>(BGN'000)</i>	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Balance at 31.12.2009	3	4	7
Additions			
Disposals	3		3
Balance at 31.12.2010	<u>-</u>	<u>4</u>	<u>4</u>
Accumulated depreciation			
Balance at 31.12.2009	3	2	5
Additions	-	2	2
Disposals	3	-	3
Balance at 31.12.2010	<u>-</u>	<u>4</u>	<u>4</u>
Net book value at 31.12.2010	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31. 12. 2009	<u>-</u>	<u>2</u>	<u>2</u>

7. Trade and other receivables

As of December 31st, 2010 the receivables of the Company amount to BGN 3 454 thousand, as follows:

	<u>31.12.2010</u> (BGN'000)	<u>31.12.2009</u> (BGN'000)
Receivables from counterparties, net of impairment	3 041	2 102
Pre-payments	68	28
Receivables from interests (bank deposits)	58	88
Receivables from litigations	284	105
Other receivables	3	8
Total	<u>3 454</u>	<u>2 331</u>

Receivables from counterparties represent receivables under lease contracts for the agricultural seasons 2010/2011 (BGN 2 530 thousand), 2009/2010 (BGN 561 thousand), 2008/2009 (BGN 48 thousand). According to the lease contracts payments for 2010/2011 agricultural season are due after the end of the agricultural season, i.e. after September 30th 2011. As of December 31st 2010 the receivables were analyzed according to the defined in accounting policy criteria for impairment of doubtful receivables. The total value of the impaired receivables is BGN 98 thousand.

As of December 31st, 2010 the Company has accrued receivables from interests at the amount of BGN 58 thousand on bank deposits with date of payment later than December 31st 2010.

As of December 31st, 2010 the Company reported receivables from litigations at the amount of BGN 248 thousand. One part of them, total BGN 96 thousand, is from brought 16 civil cases for outstanding payments under lease and rental contracts for passed agricultural seasons, of which BGN 34 thousand are already found in favor of Agro Finance REIT, and the rest are in process of judgment. The other part of the receivables from litigations at the amount of BGN 118 thousand is related to brought cases for deeds for land purchase, which have not closed by the end of the year. The sum includes the balance value of the properties and all state fees and expenses for litigations.

8. Cash and Cash Equivalents

The cash as of December 31st, 2010 was allocated as follows:

	<u>31.12.2010</u> (BGN'000)	<u>31.12.2009</u> (BGN'000)
Cash	1	-
Bank accounts	37	317
Bank deposits	3 706	4 485
Other cash equivalents	14	14
Total Cash and Cash Equivalents	<u>3 758</u>	<u>4 816</u>

9. Other current assets

As of December 31st, 2010 the Company reported as other current assets amounting to BGN 55 thousand (31.12.2009 BGN 25 thousand) the part of paid expenses related to next reporting period for insurance of receivables under lease contracts, subscriptions, annual and membership fees.

10. Long-term liabilities – bond issue

As of December 31st, 2010 the Company has long-term liabilities for issued corporate bonds with a nominal value EUR 2 500 000 (BGN 4 889 575) and the following characteristics:

Type of the bonds: ordinary, registered and book - entry securities, interest-bearing, freely transferable, unsecured

Number of bonds: 2 500 (two thousand five hundred)

Par value of one bond: EUR 1 000 (a thousand)

Term and maturity of the bonds: 36 months (thirty six months)

Interest – fixed coupon in the amount of 7.5 % annually, payable every 6 (six) months

Method and date of the principal payment - bullet, i.e. at the maturity of the bonds

Issue Date: March 25th, 2008

First Interest Payment:

Total amount of payment: EUR 94 262.30

Payment Date: September 25th, 2008

Second Interest Payment:

Total amount of payment: EUR 92 979.45

Payment Date: March 25th, 2009

Third Interest Payment:

Total amount of payment: EUR 94 520.55

Payment Date: September 25th, 2009

Forth Interest Payment:

Total amount of payment: EUR 92 979.45

Payment Date: March 25th, 2010

Fifth Interest Payment:

Total amount of payment: EUR 94 520.55

Payment Date: September 25th, 2010

11. Current Liabilities

As current liabilities the Company reports these with term of settlement less than 12 months. The liabilities are evaluated at their nominal value.

At December 31st, 2010 the current liabilities of the Company amounted at BGN 687 thousand, allocated as follows:

	<u>31.12.2010</u>	<u>31.12.2009</u>
	(BGN'000)	(BGN'000)
Liabilities to the servicing company	440	438
Liabilities to counterparties	130	143
Interest Liabilities	97	97
Other current liabilities	20	48
Total Current Liabilities	<u>687</u>	<u>726</u>

The liabilities to counterparties include accrued commissions under concluded intermediation contracts for purchasing of agricultural land amounting to BGN 120 thousand (December 31st, 2009: BGN 130 thousand).

Interest liabilities present the accrued interest according to the contract for issuing corporate bonds for the period September 26th, 2010 – December 31st, 2010. Payment date of the last interest payment is March 25th, 2011.

12. Deferred revenues

As of December 31st, 2011 the Company reported deferred revenues at the amount of BGN 1 971 thousand as a result of the accrued receivables under lease contracts for the agricultural seasons 2010/2011.

13. Equity

Share Capital

As of December 31st, 2010 the authorized capital of the Company amount to BGN 32 220 thousand divided into 32 219 708 ordinary dematerialized shares with a par value of BGN 1 each.

On December 31st, 2009 the authorized capital of the company was BGN 32 220 thousand.

Capital Reserves

As of December 31st, 2010 the capital reserves amount to BGN 4 765 thousand formed from the difference between the nominal and issue value of the shares.

On December 31st, 2009 the capital reserves amounted to BGN 4 765 thousand.

Retained earnings

Accumulated profit as of December 31st, 2009 amounted to 7 876 thousand. On June 30th, 2010 the Annual General Meeting of the shareholders took a decision to distribute BGN 258 thousand dividends for 2009. As of December 31st, 2010 the retained earnings amount to BGN 7 618 thousand.

Current Profit (loss)

The financial result for the reporting period January 1st, 2010 – December 31st, 2010 is a profit at the amount of BGN 1 029 thousand. For the same period in 2009 Company reported a profit of BGN 111 thousand.

According to art.10, paragraph 1 of the Act on the Special Investment Purpose Companies, the special investment purpose companies shall distribute as dividends no less than 90 per cent of the profit for the financial year, determined in accordance with the procedure under art. 10, paragraph 3 of the same Act. The amount for distribution of dividends is calculated as follows:

	Description	Amount(BGN)
	Financial result for the year 2010 according to the Income statement: Profit	1 029 343.73
Art.10, para.3, point 1	Increase of the financial result with expenses from revaluation of investment properties	9 307.32
Art.10, para.3, point 1	Decrease of the financial result with income from revaluation of investment properties	58 913.56
Art.10, para.3, point 2	Decrease of the financial result with gains from sale of investment properties	71 765.14
Art.10, para.3, point 3	Increase of the financial result with the positive difference between a) real estate sold price & b) the amount of the real estate historical value	144 111.18
	Amount for distribution of dividends	1 052 083.53

14. Earning per share

Earning per share is calculated based upon the net profit and the weighted average number of shares during the reported period.

Number of shares as of 01.01.2010	32 219 708	Number of shares as of 01.01.2009	32 219 708
Number of shares as of 31.12.2010	32 219 708	Number of shares as of 31.12.2009	32 219 708
Weighted average number of shares during the period 01.01.2010 -31.12.2010	32 219 708	Weighted average number of shares during the period 01.01.2009 - 31.12.2009	32 219 708
Net profit for the period 01.01.2010 -31.12.2010 (BGN thousand)	1 029	Net profit for the period 01.01.2009 -31.12.2009 (BGN thousand)	111
Earning per share (BGN)	0.03	Earning per share (BGN)	0.0035

15. Income

The Company reports the following income:

- income from lease contracts
- income from revaluation of investment properties
- income from interest
- other

Recognition of revenue from lease contracts:

The agricultural season begins at October 1st and end at the September 30th of the following calendar year.

15.1. Agricultural season 2010/2011

15.1.1. For Lease contracts concerning 2010/2011 agricultural season and received until December 31st, 2010 one quarter of the revenue was recognized as income in 2010 and three quarters of the income will be recognized in 2011.

15.1.2 For Lease contracts concerning 2010/2011 agricultural season and received after December 31st, 2010 the full amount of the income will be recognized in 2011

15.2. Agricultural season 2009/2010

15.2.1. For Lease contracts concerning 2009/2010 agricultural season and received until December 31st, 2009 one quarter of the revenue was recognized as income in 2009 and three quarters – as income in 2010.

15.2.2. For Lease contracts concerning 2009/2010 agricultural season and received between January 1st, 2010 and December 31st, 2010 the full amount of the income is recognized in 2010.

15.2.3. For Lease contracts concerning 2009/2010 agricultural season and received after December 31st, 2010 the full amount of the income will be recognized in 2011.

15.3. Previous agricultural seasons:

For contracts concerning previous agricultural seasons received between January 1st, 2010 and December 31st, 2010 the full amount of the income is recognized in 2010.

As of December 31st, 2010 the Company reports income at the amount of *BGN 3 281 thousand* allocated as follows:

Income:	01.01.2010- 31.12.2010	01.01.2009- 31.12.2009
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Income from revaluation of investment properties	59	-
Income from lease/rent of investment properties	2 673	1 768
Income from sale of investment properties	343	9
Interest Income	205	391
Other Income	1	5
Total Income	3 281	2 173

16. Expenses

The expenses related to the operation of Agro Finance REIT as of December 31st, 2010 amount to *BGN 2 252 thousand*, structured as follows:

Expenses:	01.01.2010- 31.12.2010	01.01.2009- 31.12.2009
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Expenses from revaluation of investment properties	-	155
Expenses from impairment of receivables	98	-
Administrative expenses	185	219
Office rent and overheads	32	30

Telecommunication expenses	3	4
Expenses for advertisement and publishing of materials	3	2
Professional and audit fees	21	18
Expenses for remunerations and social security contributions (labor and civil contracts)	20	36
Expenses for remuneration and social security contributions of the Board of Directors	64	74
Depreciation expenses	16	28
Other administrative expenses	26	27
Operating expenses	1 329	1 312
Expenses for the Financial Supervision Commission; the Bulgarian Stock Exchange and the Central Depository	8	7
Expenses for bank depository	1	1
Expenses for servicing company	1 220	1 229
Remunerations to the Investment Intermediaries	-	-
Insurance costs	56	22
Other operating expenses	44	53
Financial expenses	369	371
Interest expenses	367	367
Foreign exchange rate losses	1	2
Other Financial expenses	1	2
Book value of the sold investment properties	271	5
Total expenses:	2 252	2 062

These financial statements are signed on behalf of the Board of Directors on March 9th, 2011

Dessislava Yordanova
Executive Director

Zorka Paskaleva
Chief Accountant

Certified: Stefana Stoitseva, Registered Auditor, Diploma № 0154
21.03.2011 Specialized Audit Company AGEIN –TAKT OOD, reg. № 002