

AGRO FINANCE REIT

INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31st, 2012


PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING
STANDARDS

This document is an unofficial translation of the original in Bulgarian. In case of divergence the Bulgarian original shall prevail.


AGRO FINANCE REIT

STATEMENT OF FINANCIAL POSITION as of March 31st, 2012

ASSETS	Notes	Mar 31, 2012	Dec 31, 2011
		BGN '000	BGN '000
Investment properties	4	54 546	54 578
Tangible fixed assets	5	29	30
Receivables from counterparties and other receivables	6	4 046	4 334
Cash and cash equivalents	7	2 350	2 807
Other current assets	8	11	2
TOTAL ASSETS		<u>60 982</u>	<u>61 751</u>
 LIABILITIES			
Long-term liabilities – bond issue	9	9 779	9 779
Current liabilities	10	463	1 061
Other current liabilities	11	1 862	2 529
TOTAL LIABILITIES		<u>12 104</u>	<u>13 369</u>
 EQUITY			
Share capital	12	32 220	32 220
Capital Reserves		4 765	4 765
Retained earnings		11 397	7 681
Current Profit (Loss)		496	3 716
TOTAL EQUITY		<u>48 878</u>	<u>48 382</u>
 TOTAL EQUITY AND LIABILITIES		 <u>60 982</u>	 <u>61 751</u>



 Vasil Petkov
 Executive Director




 Zorka Paskaleva
 Chief Accountant

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


AGRO FINANCE REIT

STATEMENT OF COMPREHENSIVE INCOME for the period ended March 31st, 2012

	<u>Mar 31, 2012</u>	<u>Mar 31, 2011</u>
	BGN ' 000	BGN ' 000
Income from rent of investment properties	970	719
Other Income	-	15
Financial income	29	42
TOTAL INCOME	14 999	776
Administrative expenses	(43)	(44)
Operating expenses	(265)	(207)
Financial expenses	(195)	(98)
TOTAL EXPENSES	15 (503)	(349)
Net profit (loss) for the period	496	427
Other comprehensive income	-	-
Total comprehensive income for the period	496	427
Earning per share (BGN)	13 0.02	0.01



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AGRO FINANCE REIT

CASH FLOWS STATEMENT for the period ended March 31st, 2012

	<u>Mar 31, 2012</u>	<u>Mar 31, 2011</u>
	BGN ' 000	BGN '000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from counterparties	463	309
Cash payments to counterparties	(627)	(477)
Cash payments related to employees	(19)	(14)
Paid taxes	(1)	(1)
Paid interests and other	-	(8)
Other cash receipts / payments	-	5
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>(184)</u>	<u>(186)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3)	(31)
Purchase of investment properties	(9)	(114)
NET CASH FLOW FROM INVESTING ACTIVITIES	<u>(12)</u>	<u>(145)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash receipts related to issuing of securities	-	-
Cash receipts related to received loans	-	3 000
Cash receipts from interests and other	132	74
Payments related to received loans	-	(4 890)
Paid interests and other	(393)	(187)
Paid dividends	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	<u>(261)</u>	<u>(2 003)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(457)</u>	<u>(2 334)</u>
Cash and cash equivalents at the beginning of the period	2 807	3 758
Cash and cash equivalents at the end of the period	<u>2 350</u>	<u>1 424</u>



 Vasil Petkov
 Executive Director



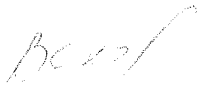
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 Chief Accountant

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AGRO FINANCE REIT

STATEMENT OF CHANGES IN EQUITY for the period ended March 31st, 2012

	Share capital	Capital Reserves	Retained Earnings	Total
	BGN ' 000	BGN ' 000	BGN ' 000	BGN ' 000
Balance at January 1, 2011	32 220	4 765	8 647	45 632
Distribution of profit for dividend	-	-	(966)	(966)
Net profit (loss) for the period	-	-	3 716	3 716
Balance at December 31, 2011	32 220	4 765	11 397	48 382
Net profit (loss) for the period	-	-	496	496
Balance at March 31, 2011	32 220	4 765	11 893	48 878



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 Executive Director



 Zorka Paskaleva
 Chief Accountant

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NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31st, 2012

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 Investment Purpose Companies Act (SIPCA).

Upon the Company's incorporation, according Art.5, par. 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 a 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 off from the Board of Directors with a Decision №5 from August 8th, 2007. Dessislava Yordanova and Sava Savov were entered as members of the Board of Directors.

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: Dessislava Ivanova Yordanova, Valentina Nikolova Tzoneva and 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.

On the extraordinary Shareholders' General Meeting, held on March 14th, 2011 was taken a decision to discharge the Chairperson of the Board of Directors Ms. Valentina Tzoneva as a member of the Board of Directors and to elect Mr. Vasil Petkov as a new member of the Board. Mr. Vasil Petkov was also elected as a Chairman of the Audit committee. On March 24th, 2011 the Commercial Register entered the change in members of the Board of Directors.

The Annual General Meeting of the Shareholders of Agro Finance REIT was held on June 9th, 2011. The AGM took decisions regarding amendments to the Company by-laws, replacement of the auditor, distribution of gross dividend for the year 2010 and issuing of corporate bonds with total nominal value up to BGN 10 000 000 (ten million), or their equivalence in Euro, by the end of year 2011.

On June 27th 2011 the Commercial Register entered the amendments to the Company by-laws, adopted from the General Meeting held on June 9th, 2011 and approved by the Financial Supervision Commission.

On June 28th, 2011 the Commercial Register entered the replacement of the Executive Director. Based on resolution of Agro Finance REIT Board of Directors from a meeting held on June 23rd 2011, Ms. Desislava Tosheva was elected for Chairperson of the Board of Directors of Agro Finance REIT and Mr. Vasil Petkov was elected for Executive Director of Agro Finance REIT. The Board of Directors empowered the Executive Director Mr. Vasil Petkov to represent the Company.

The present Board of Directors consists:

Mr. Vasil Stefanov Petkov - Executive member of the Board of Directors of Agro Finance REIT

Ms. Dessislava Ivanova Tosheva – Chairperson of the Board of Directors of Agro Finance REIT

Mr. Sava Vasilev Savov – Deputy Chairman of the Board of Directors of Agro Finance REIT

The Company is represented by the Executive Director Mr. Vasil Petkov.

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, par. 1, item 1

and 2 of the SIPCA as a special investment purpose company: 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 Investment Purpose Companies Act (SIPCA), 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 SIPCA: UNITED BULGARIAN BANK AD;
- With a company – valuator of the acquired properties, in relation to Art. 19 of the SIPCA: BRIGHT CONSULT OOD;
- With a servicing company – AGRO FINANCE CONSULT EOOD.
- On August 4th, 2011 for issuing of corporate bonds with total nominal value of EUR 5 000 000.
- Contract for independent financial audit for 2011 with the registered auditor Nikolay Nikolov Oresharov, Diploma N: 0494

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 company

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 30th, 2010 Agro Finance REIT and the servicing company Agro Finance Consult EOOD signed an Annex to Contract from October 26th, 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 Investment Purpose Companies 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 in long term, 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 Investment Purpose Companies Act (SIPCA) 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 to 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 is at acquisition cost. The linear method is 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

Transactions denominated in foreign currency 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 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 the first quarter of 2012 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 the first quarter of 2012 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 March 31st, 2012 the Company reports 14 075 ha investment properties at the amount of BGN 54 546 thousand, or 89 % of the assets value. The acquired properties are agricultural land allocated in different regions of the country.

As of January 1st, 2012 the Company owns an investment portfolio of agricultural land of 14 084 ha with balance value of BGN 54 578 thousand.

During the period January 1st, 2012 – March 31st, 2012 the Company has acquired by exchanges 105 ha agricultural land as it gave by exchange 104 ha agricultural land. The balance value of acquired properties by exchange is BGN 338 thousand, equal to the balance value of the given properties of BGN 334 thousand and the exchange expenses of BGN 4 thousand.

During the period January 1st, 2012 – March 31st, 2012, 10 ha agricultural land with balance value BGN 36 thousand are deducted from the investment properties because of litigations that are in process of judgment.

5. Properties, plants and equipment

The long-term tangible assets as of March 31st, 2012 amount to BGN 29 thousand.

	Vehicles	Other Tangible fixed assets	Total Tangible fixed assets
	<i>(BGN'000)</i>	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Balance at Dec 31, 2011	91	18	109
Additions	2	1	3
Disposals			
Balance at Mar 31, 2012	<u>93</u>	<u>19</u>	<u>112</u>
Accumulated depreciation			
Balance at Dec 31, 2011	66	13	79
Additions	4	-	4
Disposals			
Balance at Mar 31, 2012	<u>70</u>	<u>13</u>	<u>83</u>
Net book value at Mar 31, 2012	<u>23</u>	<u>6</u>	<u>29</u>
Net book value at Dec 31, 2011	<u>25</u>	<u>5</u>	<u>30</u>

6. Trade and other receivables

As of March 31st, 2012 the receivables of the Company amount to BGN 4 046 thousand, as follows:

	<u>Mar 31, 2012</u> (BGN '000)	<u>Dec 31, 2011</u> (BGN '000)
Receivables from counterparties, net of impairment	3 607	3 884
Pre-payments	13	13
Receivables from interests (bank deposits)	50	153
Receivables from litigations	345	251
Other receivables	31	33
Total	<u>4 046</u>	<u>4 334</u>

Receivables from counterparties represent receivables under lease / rent contracts for the agricultural seasons 2011/2012 (BGN 3 300 thousand), 2010/2011 (BGN 299 thousand) and 2009/2010 (BGN 17 thousand). As of March 31st, 2012 the total value of the impaired receivables is BGN 9 thousand (December 31st, 2011 BGN 10 thousand).

As of March 31st, 2012 the Company has accrued receivables from interests at the amount of BGN 50 thousand on bank deposits with date of payment later than March 31st, 2012.

As of March 31st, 2012 the Company reports receivables from litigations at the amount of BGN 345 thousand. One part of them, total BGN 176 thousand, is from brought 15 civil cases for outstanding payments under lease / rent contracts for passed agricultural seasons, of which BGN 16 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 169 thousand is related to lawsuits on deeds for land purchase, which have not closed. The sum includes the balance value of the properties and all state fees and expenses for litigations.

7. Cash and Cash Equivalents

The cash as of March 31st, 2012 is allocated as follows:

	<u>Mar 31, 2012</u> (BGN '000)	<u>Dec 31, 2011</u> (BGN '000)
Cash	6	-
Bank accounts	53	42
Bank deposits	2 270	2 744
Other cash equivalents	21	21
Total Cash and Cash Equivalents	<u>2 350</u>	<u>2 807</u>

8. Other current assets

As of March 31st, 2012 the Company reports as other current assets amounting to BGN 11 thousand the part of pre-paid expenses related to next reporting period for insurances, subscriptions, annual and membership fees (December 31st, 2011 BGN 2 thousand).

9. Long-term liabilities – bond issue

On August 4th, 2011 Agro Finance REIT issued secured corporate bonds (concluded a debenture loan) with nominal value EUR 5 000 000 and the following general parameters: fixed interest percentage rate at the amount of 8% annually, payable at six (6) monthly coupon payments, for the period of 5 years.

The Company realized the first interest payment on February 4th, 2012. Interest payment was received by all bondholders, who were registered with the Central Depository on February 1st, 2012.

Total payment: BGN 393 303.53 /the lev equivalent of Euro 201 092.90/.

10. 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 March 31st, 2012 the current liabilities of the Company amount at BGN 463 thousand, allocated as follows:

	Mar 31, 2012	Dec 31, 2011
	(BGN '000)	(BGN '000)
Liabilities to the servicing company	231	563
Liabilities to suppliers	87	94
Advance payments received	-	61
Interest Liabilities	122	321
Other current liabilities	23	22
Total Current Liabilities	463	1 061

The liabilities to suppliers include accrued commissions under concluded intermediation contracts for purchasing of agricultural land, amounting to BGN 69 thousand (December 31st, 2011: BGN 69 thousand).

Interest liabilities in amount of BGN 122 thousand present the accrued interest according to the issued corporate bonds for the period February 4th, 2012 – March 31st, 2012 relating to the forthcoming second interest payment due on August 4th, 2012.

11. Other current liabilities

As of March 31st, 2012 the Company reports other current liabilities at the amount of BGN 1 862 thousand, which include part of the amount on the signed contracts for the current agricultural 2011/2012 season, referring to the next reporting period and not recognized as revenue for the current period according to Note 14.1, as well as amounts received in advance for next agricultural seasons.

12. Equity

Share Capital

As of March 31st, 2012 the authorized capital of the Company amounts to BGN 32 220 thousand divided into 32 219 708 ordinary dematerialized shares with a par value of BGN 1 each. On December 31st, 2011 the authorized capital of the company was BGN 32 220 thousand.

Capital Reserves

As of March 31st, 2012 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, 2011 the capital reserves amounted to BGN 4 765 thousand.

Retained earnings

As of March 31st, 2012 the accumulated profit amounts to BGN 11 397 thousand and is formed by BGN 7 681 thousand accumulated profit up to December 31st, 2010 and BGN 3 716 thousand profit in 2011.

According to article 10, paragraph 1 of the SIPCA the special investment purpose companies distribute as dividend no less than 90 percent of the profit for the financial year after transformation in accordance with art. 10, paragraph 3 of the same Act.

After the transformation of the financial result according to article 10, paragraph 3 of the SIPCA the amount for distribution of dividend is BGN 1 262 thousand as a decision for this is taken from the Annual General Meeting of Shareholders following the adoption of these annual audited financial statements for 2011. (For 2010: gross dividend of BGN 0.967 million or 91.87 % of the profit for distribution).

Current Profit (loss)

The financial result for the reporting period January 1st, 2012 – March 31st, 2012 is a profit at the amount of BGN 496 thousand. For the same period in 2011 Company reported a profit of BGN 427 thousand.

As of March 31st, 2012 the equity structure is as follows:

Equity:	Mar 31, 2012	Dec 31, 2011
	(BGN'000)	(BGN'000)
Share Capital	32 220	32 220
Capital Reserves	4 765	4 765
Retained earnings	11 397	7 681
Current Profit (loss)	496	3 716
Total Equity:	48 878	48 382

13. 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 January 1 st , 2012	32 219 708	Number of shares as of January 1 st , 2011	32 219 708
Number of shares as of March 31 st , 2012	32 219 708	Number of shares as of March 31 st , 2011	32 219 708
Weighted average number of shares during the period January 1 st , 2012 - March 31 st , 2012	32 219 708	Weighted average number of shares during the period January 1 st , 2011 - March 31 st , 2011	32 219 708
Net profit for the period January 1 st , 2012 - March 31 st , 2012 (BGN thousand)	496	Net profit for the period January 1 st , 2011 - March 31 st , 2011 (BGN thousand)	427
Earning per share (BGN)	0.02	Earning per share (BGN)	0.01

14. Income

The Company reports the following income:

- income from rent of investment properties
- income from revaluation of investment properties
- income from sale of investment properties
- financial income
- other income

Recognition of revenues from lease / rent contracts:

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

14.1. Agricultural season 2011/2012

14.1.1. For lease / rent contracts concerning 2011/2012 agricultural season and received until December 31st, 2011 one quarter of the income was recognized in 2011 and three quarters of the income will be recognized in 2012.

14.1.2 For lease / rent contracts concerning 2011/2012 agricultural season and received after December 31st, 2011 the full amount of the income will be recognized in 2012.

14.2. Previous agricultural seasons:

For contracts concerning previous agricultural seasons, received between January 1st, 2012 and March 31st, 2012 the full amount of the income was recognized in 2012.


As of March 31st, 2012 the Company reports income at the amount of BGN 999 thousand totally, allocated as follows:

Income:	Jan 01, 2012 - Mar 31, 2012	Jan 01, 2011 - Mar 31, 2011
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Income from lease/rent of investment properties	970	719
Income from sale of investment properties	-	-
Other Income	-	15
Financial Income	29	42
Interest Income	29	40
Other Financial Income	-	2
Total Income	999	776


15. Expenses

The expenses related to the operation of Agro Finance REIT as of March 31st, 2012 amount to BGN 503 thousand, structured as follows:

Expenses:	Jan 01, 2012 - Mar 31, 2012	Jan 01, 2011 - Mar 31, 2011
	<i>(BGN'000)</i>	<i>(BGN'000)</i>
Administrative expenses	43	44
Office rent and overheads	11	8
Telecommunication expenses	-	1
Expenses for advertisement and publishing of materials	-	-
Professional and audit fees	-	3
Expenses for remunerations and social security contributions (labor and civil contracts)	6	5
Expenses for remuneration and social security contributions of the Board of Directors	13	16
Depreciation expenses	5	4
Other administrative expenses	8	7
Operating expenses	265	207
Expenses for the Financial Supervision Commission, the Bulgarian Stock Exchange and the Central Depository	3	2
Expenses for a Depository Bank	-	-
Expenses for a Servicing Company	231	182
Expenses for a Bank - trustee of the bondholders	3	-
Insurance costs	12	16
Other operating expenses	16	7
Financial expenses	195	98
Interest expenses	195	90
Other Financial expenses	-	8
Total expenses	503	349



Vasil Petkov
Executive Director



Zorka Paskaleva
Chief Accountant