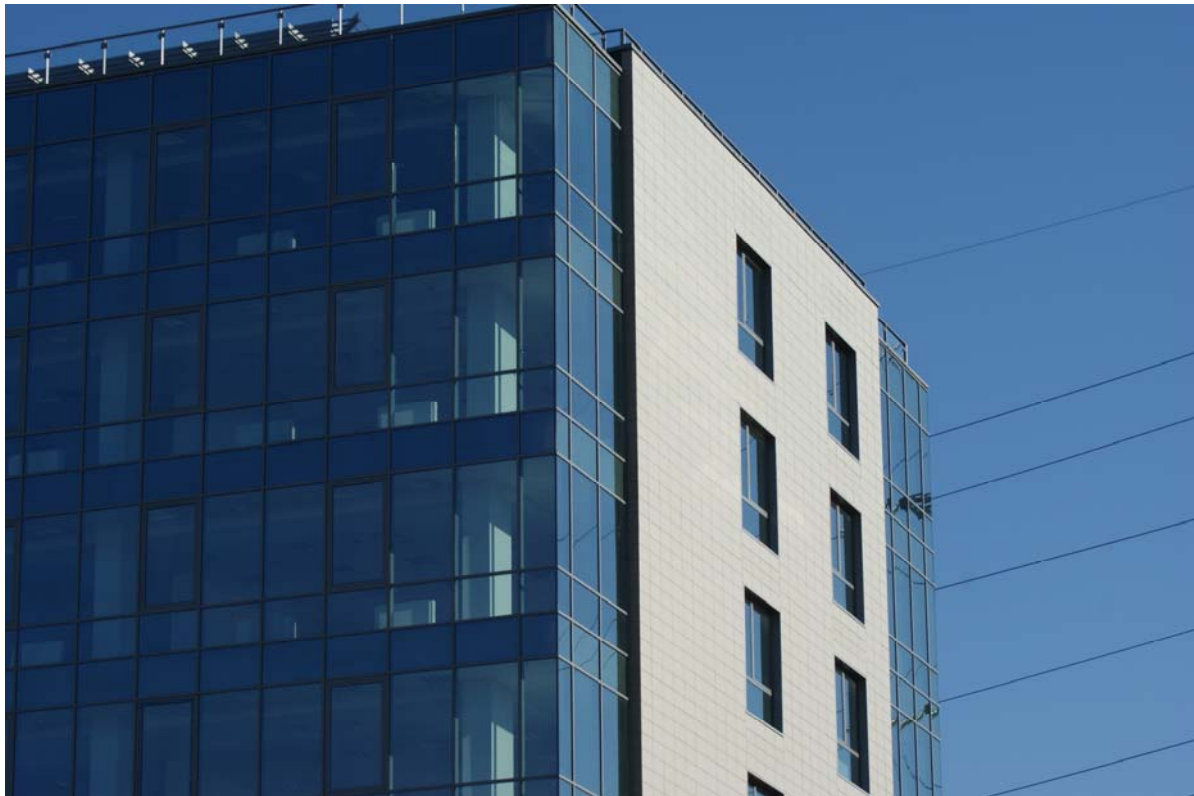


“Bulgarian Real Estate Fund”

First Quarter Summary Report



15 May 2014

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1 Overview of the Fund

Bulgarian Real Estate Fund /BREF/ is a close-ended real estate investment vehicle, headquartered in the capital of Bulgaria - Sofia. Incorporated in October 2004, it is among the first established Bulgarian REITs. The Fund was licensed by the FSC of Bulgaria in March 2005, and was listed on the Bulgarian Stock Exchange – Sofia (BSE) in April 2005.

As a real estate investment trust, BREF specializes in strategic property acquisitions and invests exclusively in high-performing real estates, in all property sectors across Bulgaria.

The principle investment objective of the Fund is to provide its shareholders with a combination of current income and long-term appreciation of the common stock value. To achieve the set targets, BREF implemented a strategy to acquire, develop, manage and lease properties that have superb potential for cash-flow growth and capital appreciation. With these objectives BREF constructed a portfolio of 9 active projects spread across all property sectors in Bulgaria, thus creating a well diversified and low risk portfolio.

Today, BREF is among the largest REITs in Bulgaria in terms of market capitalization and holds an excellent reputation among local banks, property owners and the investment community, a sure sign for its competent management and publicly approved results.

Stock Exchange	Ticker Symbol	Market Capitalization (31.03.2014)	Shares Outstanding
Bulgarian Stock Exchange Sofia	5BU (BREF)	EUR 19,780,860	60,450,000

2 Portfolio

BREF has engaged in numerous projects ranging in size, activity and geographical location. Our diversified portfolio may provide some protection from the ups and downs of individual properties such as occupancy rates, defaults on rents, and downturns in industry sectors or local markets.

2.1 Portfolio Structure

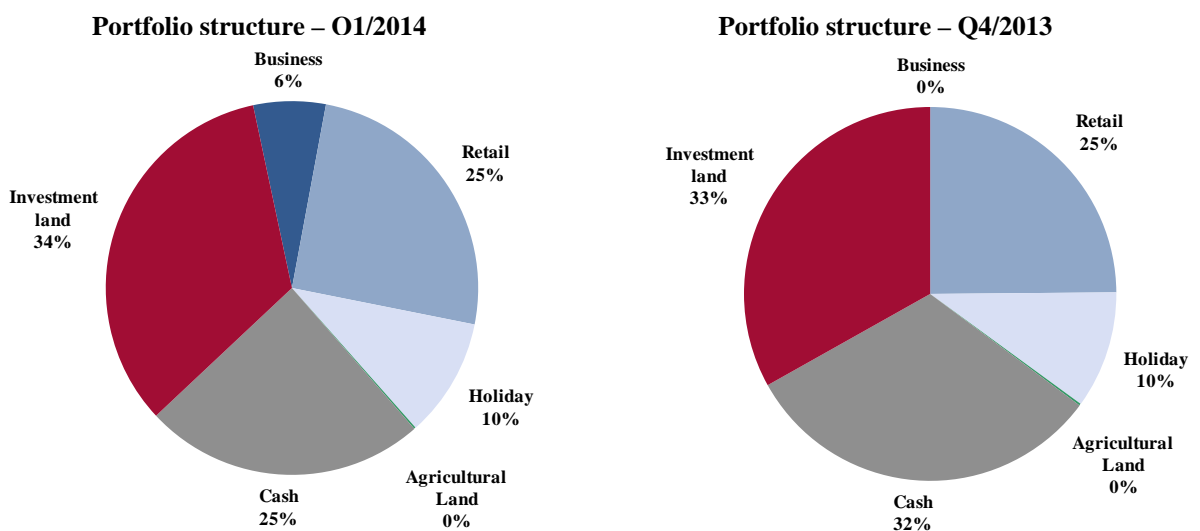
The key event within the last quarter that has an influence upon the report is the acquisition of a new operational office building in Sofia. Following this action BREF's portfolio structure has changed as the share of business properties arises again. This is on the account of the share of cash and cash equivalents, which as a result decreases. At the end of the reporting period the share of the investment properties remains the largest with 34%. The second with 25% share are both the cash and the retail properties.

The key highlights during the past quarter were as follows:

- Acquisition of Office building 1B in Business Park Sofia;
- Initiating property and facility management activities for the new building and preparation for implementations of improvements in the property;
- Annual closure of companies accounts for 2013;
- Active marketing of the apartments and garages in apartment house Sequoia II – Borovetz;
- Assessment of investment opportunities on the office and residential markets in Sofia;
- Searching for new investment projects of BREF.

The projects managed by BREF as of the end of March 2014 were nine, diversified in different sectors of the real estate market in Bulgaria.

Figure 1: Investment allocation in types of market sector



The Fund's last quarter activity was mainly directed towards managing three out of the nine projects. The table below presents the projects segmented in accordance to their degree of completion:

Table 1 – BREF's investment projects (all amounts in EUR thousands)

Project	Stage of the project	Size of project	Invested till 31.03.2014	Future investments
Current projects				
"Mr. Bricolage" - sale and leaseback	Operational management	10,271	10,271	0
Agricultural land	Operational management	60	60	0
Apartment house "Sequoia2" - Borovetz	for sale	1,891	1,891	0
Office building 1B - Business Park Sofia	Operational management	2,809	2,544	265
Pipeline projects				
Seaside Holiday Village	suspended	9,203	2,314	0
Investment plots near Veliko Tarnovo*	suspended	262	262	n.a
Investment plots near Vidin*	suspended	301	301	n.a
Investment plots in Sofia - Ring road*	suspended	2,486	2,486	n.a
Investment plots in Sofia - Mladost IV*	suspended	10,664	10,664	n.a
Total		37,948	30,794	265

* The value of the project will be determined after preliminary project development

From the above-mentioned projects "Mr. Bricolage" – sale and leaseback, Office building 1B in Business Park Sofia and Agricultural land are currently operational, as apartment house "Sequoia II" is set for sale. The next group consists of projects in the pipeline or suspended and currently there is no progress in their development. Such projects are Seaside Holiday Village in Lozenetz, Investments plots near Veliko Tarnovo and Vidin, and in Sofia on the Ring road and in Mladost IV district.

2.2 Project – "Mr. Bricolage" – sale and leaseback

In 2006, BREF concluded two "sale and leaseback" deals with the French "Do-It-Yourself" chain "Mr. Bricolage". The two stores are situated in Varna ("Mladost" residential area) and in Sofia ("Tsarigradsko shosse" Blvd.).

Aiming to efficiently utilize the raised capital, in 2006 BREF refinanced 70% of the acquisition cost by means of an investment bank loan from Eurobank EFG Bulgaria at the amount of EUR 7 million. The non-paid principal on the loan as of 31st March 2014 is EUR 2.52 million.

In 2012 both rent agreements were prolonged up to December 2021 and it was introduced a rent indexation with the HICP index of 27 countries for the previous year. In addition since 2013 the tenant undertakes the waste disposal management and the payment of the annual garbage taxes.

Project parameters:

"Mr.Bricolage" - sale and leaseback	Varna Store	Sofia Store	Total
Plot area:	12,184 sq.m.	15,174 sq.m.	27,358 sq.m.
Total built-up area:	5,375 sq.m	7,610 sq.m.	12,985 sq.m.
Purchase amount:	EUR 4 M	EUR 6 M	EUR 10 M
Acquired in:	August 2006	November 2006	-
Indexation	HICP 27 countries	HICP 27 countries	HICP 27 countries
Expiry date of rent agreement	December 31st, 2021	December 31st, 2021	December 31st, 2021

Note: The mentioned purchase price excludes the acquisition costs of the properties.

In the quarter under review the rents were indexed and as a result currently the total monthly rent for the stores is EUR 93,786. The next rent indexation will happen at the beginning of 2015.

2.3 Project – Agricultural land

The total agricultural land owned by BREF as of the end of the first quarter is 416.7 dka, of which 240.6 dka are subject of litigation. The rented out lands are 149.1 dka or 36% from the total land. The average annual rental price is about BGN 40.39 per dka.

Project parameters:

Agricultural land	
Total owned lands	417 dka
Investment	EUR 60,000
Acquisition price per dka	EUR 145

2.4 Project – Apartment house “Sequoia 2” - Borovetz

In 2007 BREF became an owner of “Sequoia 2” apartment house located in the oldest ski resort in Bulgaria – Borovetz. The total built-up area is 3,527.30 sq.m.

The “Sequoia 2” apartment house consists of 36 apartments situated on 5 floors and 9 garages. The Sequoia complex is situated close to a picturesque pine forest within walking distance to the very centre of the resort.

During the past quarter no apartments were sold. As of the end of March 2014 a total of seven apartments had been disposed of and a campaign for selling the rest of the apartments is in progress.

Project parameters:

Apartment house "Sequoia 2" - Borovetz	
Plot area	512 sq.m
Total built-up area	3,527 sq.m
Apartments left for sale	29
Current Investment	EUR 1.89 M

2.5 Project – Office building 1B – Business Park Sofia

On 30 January 2014 BREF acquired 3,532 square meters of office areas situated on six floors of Building 1B in Business Park Sofia and 25.33% shares of the land where the building is erected. The current occupancy level of the acquired office areas is 75%. The purchase price of the property is EUR 2.5 million without VAT. The building was commissioned in 2005 and in the last two years the building undergone major repair of most of the acquired office premises.

Within the next months some repairs are planned to be performed in the building in order to improve the facilities offered to the current and future tenants. An overhaul of the first empty office floor will be done; a new diesel generator will be installed and an increase of the energy supply for the building will be secured. At the same time the Fund will look for new tenants for the empty spaces.

Building 1B - Business Park Sofia	
Built-up area - office part	3,532 sq.m
Acquisition price	EUR 2.5 M
Occupancy rate	75%
Anchor tenant	Unify

2.6 Project – Seaside Holiday Village

The project envisages the construction of Seaside Holiday Village on the Bulgarian seaside. The project will be a gated community, which consists of residential, retail and entertainment areas. It will include 291 apartments, two swimming-pools, two restaurants, and a retail and entertainment center.

As a result of the world economic crisis, the current market conditions in the holiday resort sector and the large supply of properties on the Bulgarian Seacoast, BREF suspended the project.

Project parameters:

Seaside Holiday Village	
Plot area	28,758 sq.m
Project built-up area	17,963 sq.m
Current Investment	EUR 2.3 M

2.7 Project – Investment plots near Veliko Turnovo

The property is located near the city of Veliko Turnovo where the Fund acquired unregulated land plots with total size of 203,248 sq.m. The land is well-situated, which gives excellent opportunities to develop industrial or retail premises, where large retail chains may establish franchise units.

Currently the activity of the Fund regarding the future development of the property is suspended until more favorable market conditions arise. Meanwhile during the last year due to an interest from a local farmer part of the property was temporarily rented as agricultural land.

Project parameters:

Investment Plots near Veliko Turnovo	
Total plots' area	203,248 sq.m
Purchase price	EUR 0.26 M
Status	suspended

2.8 Project – Investment plots near Vidin

In 2006 BREF won in a tender procedure, executed by the Ministry of Defense, a land plot with total size of 86,008 sq.m. The acquired property is located near the ferry port of Vidin on the main road connecting the city to the ferry. Another key highlight is the proximity of the land plot to the newly built bridge over the Danube River.

Currently the activity of the Fund regarding the future development of the property is suspended until more favorable market conditions arise.

Project parameters:

Investment Plots near Vidin	
Total plots' area	86,008 sq.m
Purchase price	EUR 0.3 M
Status	suspended

2.9 Project – Investment plots in Sofia – Ring Road

Within the period 2006 – 2007 the Fund acquired six land plots in the vicinity of Vitosha Mountain, neighboring the already realized KBC project. After the consolidation of the properties the total size of the acquired properties was 18,052 sq.m. After the sale in 2011 of

some of the plots BREF remain owner of 11,081 sq.m., which in the end of the last year were put into regulation.

The area is featured by good transport infrastructure of the Ring Road, proximity to the developing Residential Park Sofia and Business Park Sofia and majority of other commercial sites like Technopolis and IKEA. All these make the project attractive for future development.

Currently there is no yet decision for the future development of the property. An assessment of the prospects for future realization will be performed in near future.

Project parameters:

Investment Plots in Sofia - Ring Road	
Total plots' area	11,081 sq.m
Purchase price	EUR 2.47 M
Status	suspended

2.10 Project – Investment plots in Sofia - Mladost IV

BREF is owner of 16 land plots situated on Sofia's Ring Road in its crossing point with "Alexander Malinov" Blvd., to the west of Business Park Sofia. After some sales during the past years currently the total area owned by BREF is 41,490 sq.m.

During the last quarter BREF sold one more property. The area of the plot is 700 sq.m. and the sold land is destined for greenery with no construction. The sale price is BGN 41 thousand.

Since 2008 Sofia Municipality has been performing new rezoning procedure of the whole district, which has postponed the investment intentions of BREF until the procedure is over. Currently the new structural plan is announced for second final time, but due to objection raised by one of the current owners the procedure is stopped until this objection is rejected.

Project parameters:

Investment Plots, Sofia - Mladost IV district	
Total plots' area	42,190 sq.m
Purchase price	EUR 10.66 M
Status	suspended

3 Financial Highlights Q1 / 2014.

3.1 Summarized Financial Statements

The following financial statements are based on non-audited financial statement for the first quarter of 2014.

Table 3 – Balance sheet as of 31st March 2014 and 31st December 2013.

(All amounts in EUR '000)	31.03.2014	31.12.2013
ASSETS		
Non-current Assets		
Investment property	27,936	25,417
Plant and equipment	1	2
Total Non-current Assets	27,937	25,418
Current Assets		
Investment property held for sale	1,211	1,210
Trade receivable	713	147
Cash and cash equivalents	9,928	13,073
Deferred expenses	8	5
Total Current Assets	11,860	14,435
TOTAL ASSETS	39,797	39,854
EQUITY AND LIABILITIES		
Equity		
Share capital	30,908	30,908
Share premium	5,016	5,016
Retained earnings	259	121
Total equity	36,182	36,045
Non-current liabilities		
Interest bearing loan	1,642	1,864
Derivative financial instrument	141	164
Total Non-current liabilities	1,783	2,028
Current liabilities		
Current part of non-current liabilities	880	867
VAT payable	36	5
Payables to management company	67	69
Payables to the personnel and SIC	2	1
Provisions for dividends due	740	740
Trade and Other current liabilities	107	100
Total Current liabilities	1,832	1,781
Total liabilities	3,615	3,809
TOTAL EQUITY AND LIABILITIES	39,797	39,854

Table 4 – P&L statement for the first quarter of 2014

(All amounts in EUR '000)	Q1 - 2014	Q4 - 2013
Income from sale of assets	21	-
Rental income	329	278
Revenue from interest and other financial revenues	99	188
Other financial income	23	25
Other Income	4	58
Total Revenue	475	549
Value of sold assets	(25)	0
Interest expense	(37)	(44)
Management fees	(135)	(135)
Materials expense	(3)	(1)
BOD and employees salaries expense	(16)	(15)
Other expenses	(122)	(129)
Total expenses	(337)	(324)
Profit/(loss) for the period	138	225
Weighted average number of shares in the quarter (in thousands)	60,450	60,450
Earnings per share - basic and diluted	0.002	0.004

3.2 Liquidity

Table 5 – Liquidity ratios as of 31st March 2014 and 31st December 2013.

Liquidity Ratios	31.03.2014	31.12.2013
Current ratio	6.47	8.10
Quick ratio	5.81	7.42
Cash ratio	5.42	7.34

As expected, the liquidity ratios dropped during the past quarter after the payment for the transaction for acquisition of a new office building. Although the registered drop, the ratios are still quite high, the current liquidity reaching 6.47, and the cash liquidity 5.42. The liquidity ratios are expected to stay at the current values in the next reporting period.

■ Internal sources of liquidity

In the first quarter of 2014 the internal sources of liquidity saw an increase in the liabilities and decrease in the assets. Those changes were a result of the start of the new project by the Fund and the related payments and new liabilities to suppliers.

○ Short-term (current) assets

Table 5A – Current assets as of 31st March 2014 and 31st December 2013.

Liquidity sources	31.03.2014	%	31.12.2013	%
Current Assets				
Investment property held for sale	1,211	10.21%	1,210	8.38%
Trade receivable	713	6.01%	147	1.02%
Cash and cash equivalents	9,928	83.71%	13,073	90.56%
Deferred expenses	8	0.06%	5	0.03%
Total Current Assets	11,860	100%	14,435	100%

The total amount of the short-term assets dropped by 17.84%, reaching EUR 11,860 thousand by the end of the period. The total structure of the assets is changing, as the share of cash is decreasing and the share of the commercial receivables and interest and of investment properties is increasing. The recorded change in the amount of cash is a result of the payments made for the acquisition of Office Building 1B in Business Park Sofia. After the last changes the cash stands at EUR 9,928 thousand and continues to have the largest share of the current assets, 83.71%.

The investment properties are second and their value stays at EUR 1,211 thousand. The book value of the residential building “Sequoia 2” in Borovets resort is reflected under this item.

The commercial receivables and interest are third, having a share of 6.01% by the end of the quarter. The significant increase of this item is a result of the assessed refundable VAT in the amount of EUR 487 thousand under the transaction for the acquisition of the new office building. Other major receivables under this item are the accrued interest under short-term deposits, receivables from leases and receivables under advance payments made under repair agreements from prior periods.

The amount of the current assets is expected to remain the same during the next reporting periods, provided that a change in the structure will occur when the Fund is refunded the assessed VAT under the transaction accomplished during the quarter.

○ **Short-term (current) liabilities**

Table 5B – Current liabilities as of 31st March 2014 and 31st December 2013.

Liquidity sources	31.03.2014	%	31.12.2013	%
Current liabilities				
Current part of non-current liabilities	880	48.02%	867	48.68%
VAT payable	36	1.95%	5	0.29%
Payables to management company	67	3.68%	69	3.85%
Payables to the personnel and SIC	2	0.11%	1	0.03%
Provisions for dividends due	740	40.40%	740	41.56%
Trade and Other current liabilities	107	5.83%	100	5.60%
Total Current Liabilities	1,832	100%	1,781	100%

In the last quarter the total amount of the current liabilities increased by 2.78%, reaching EUR 1,832 thousand. The main reason for this change are the increased current payables under the investment loan of the Fund, payables for local taxes and charges and to suppliers in connection with the new building. Despite the increase of the total amount, the structure of the current liabilities remains the same, the biggest share of 48.02% being again that of the accrued interest and the current part of the principal of the investment loan utilised by the Company under the the Mr.Bricolage project. The weak growth in the absolute value of this item is a result of the increasing amount of the monthly payments under the principal of the utilized loan. This amount is expected to increase slowly over the following reporting periods until the time of repayment of the liability under the only investment loan of the Fund.

At the second place, accounting for 40.4% of the short-term liabilities, are the provisions for dividends for the financial 2013, amounting to EUR 740 thousand. The calculated amount represents 90% of the transformed financial result, determined in compliance with art. 10 of the Special Purpose Vehicles Act. The final amount to be distributed as a dividend for 2013 will be determined at the General meeting of the shareholders at which the financial results for 2013 will be put to vote.

The commercial and other receivables are third, accounting for 5.83%. Their amount increases as a result of the new payables to providers of services in connection with the recently acquired building of the Company.

The payables to the managing company come next. Their value slightly decreases after the payment of the current operating expenses. The main part of the remaining due amounts constitute payables under construction performance guarantees remaining after the construction of Kambani Business Centre.

At the end of the next reporting period the value of the short-term liabilities is expected to remain approximately the same, provided that there may be some increase as a result of the gradual increase of the short-term payables under the investment loan.

■ External sources of liquidity

The external sources of liquidity are the equity and the investment loan as described in detail in section 3.3. Capital Resources.

BREF has sufficient financial resources available to fully support its activity during the following months. From viewpoint of allocation of free resources for project implementation, BREF will focus mainly in searching for new investment projects and currently does not intend to attract new funds from external sources.

3.3 Capital resources

At the end of March 2014 the long-term capital of the Fund, both equity and borrowed, recorded a decrease of 0.22% to EUR 37,824 thousand. The change is a result of the repaid principal of the investment loan of the Company.

The past quarter saw again a decrease in the share of the borrowed capital, which reached 4.3%, as compared to 4.9% at the end of the past quarter. The distribution between equity and borrowed funds is presented in the figures below.

Figure 2: Allocation between equity and external financing

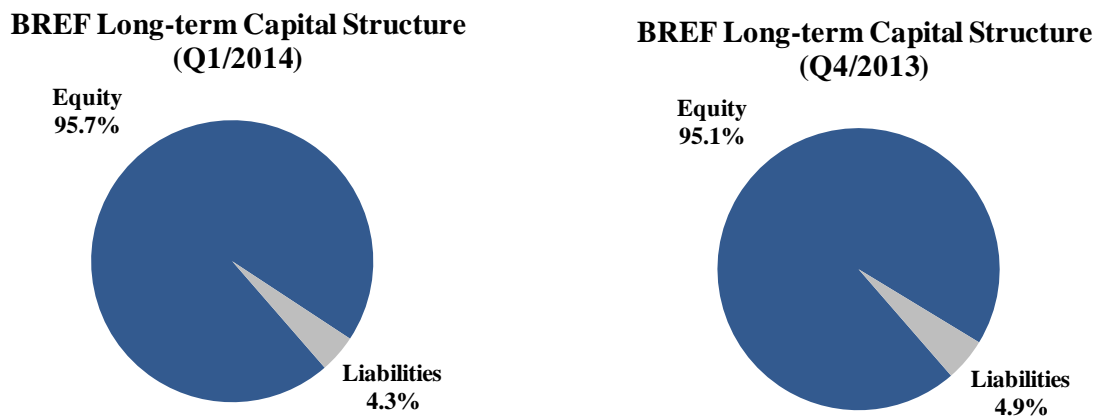


Table 6 – Leverage ratios

Leverage ratios	31.03.2014	31.12.2013
Debt-to-Equity	0.10	0.11
Non-Current Assets-to-Equity ratio	0.77	0.71
Long-term-Debt-to-Non-Current-Asset ratio	0.06	0.07

*The derivative financial instrument and the current part of non-current liabilities are excluded from the calculation of the above ratios.

■ Equity

At the end of March 2014 the equity of BREF is EUR 36,182 thousand, which represents an increase of 0.38 as compared to the prior quarter. The recorded increase is wholly due to the registered by the Company profit for the period.

Table 7 – Total equity as of 31st March 2014 and 31st December 2013.

Equity (in thousands)	31.03.2014	31.12.2013
Share capital	30,908	30,908
Share premium	5,016	5,016
Retained earnings	259	121
Total equity	36,182	36,045

■ External financing

During the past quarter the Fund paid regularly the installments due on the investment loan used to finance the Mr. Bricolage project. The loan principal outstanding as of the end of March 2014 totals EUR 2.52 million. The term of the loan is by December 2016. No new investment loans were utilized during the quarter under review.

■ Capital expenses during the next periods under review

The Fund's investment strategy for 2014 is focused mainly on ongoing management of current projects, but new investment opportunities will be pursued as well.

BREF intends to use its currently available capital resources to support its present and future investment projects and to borrow funds only in case of a necessity.

3.4 Assets structure

The amount of the BREF assets by end-March 2014 dropped by 0.14% to EUR 39,797 thousand, as compared to the end of the prior quarter when the amount of the assets was EUR 39,854 thousand. The recorded decrease is a result of the costs incurred for the acquisition of the new building of the Fund.

Table 8 – Asset structure

Asset structure (thousand EUR)	31.03.2014	% share	31.12.2013	% share
Non-current assets incl.	27,937	70.20%	25,418	63.78%
- total property	27,936	70.20%	25,417	63.78%
Current assets incl.	11,860	29.80%	14,435	36.22%
- trade receivable	713	1.79%	147	0.37%
- investment property held for sale	1,211	3.04%	1,210	3.04%
- cash and cash equivalents	9,928	24.95%	13,073	32.80%
Total assets	39,797	100%	39,854	100%

After the purchase of Office Building 1B in Business Park Sofia the amount of the long-term assets of the Company increased and so did their share in the total structure of the assets. After that change the long-term assets account for 70.2% of the total assets, and the short-term stay at 29.8%. A change was also noted in the short-term assets, as the share of cash dropped on account of the commercial receivables and interest.

3.5 Financial Results

The Company operation during the first quarter of 2014 was focused mainly on the implementation of the new investment project, the ongoing management of the Mr. Bricolage project, search for new investment projects and the efficient management of free cash.

■ Revenue from operations

During the reviewed quarter the accounted revenue was EUR 475 thousand, or 13.42% less than the prior quarter. The main reason for this was the recorded lowered revenue from interest and the lower value of the Other income item.

Table 9 – Realized revenues for the first quarter of 2014.

Revenue (in thousand EUR)	Q1 - 2014	Q4 - 2013
Income from sale of assets	21	0
Rental income	329	278
Revenue from interest and other financial revenues	99	188
Other financial income	23	25
Other Income	4	58
Total revenue	475	549

During the past quarter income from sale of real estates was realized, i.e. a land plot without a right to construction under the Investment Properties in Mladost IV Sofia Project. The selling price was EUR 21 thousand. The greatest share, or 69.21%, among the other types of income was that of the rental income. The item for this quarter includes also the income from rent of the newly acquired building. In addition, the increase of the item is a result of the new indexation of the rents under both contracts for the Mr. Bricolage stores in Sofia and Varna.

The revenue from interest, 20.78%, comes second. Its amount records an decrease, which is a result of the smaller cash resource available in the accounts of the Company.

There is a significant decrease in the Other Income item, as a result of the absence of new net revaluation of properties, which were accomplished at the end of the past year.

The income from rent is expected to grow in the next quarter, after a full quarter of income from the new building is recorded. Meanwhile, the income from interest will drop, which will compensate the increased income from rent.

■ Expenses from operations

In the past quarter the total expenses of BREF increased by 4.27%, reaching EUR 337 thousand. The main reason for this increase is the writing off of the book value of the properties sold under the Investment Properties in Mladost IV Sofia Project during the period.

Table 10 – Realized expenses for the first quarter of 2014.

Expenses (in thousand EUR)	Q1 - 2014	Q4 - 2013
Value of sold assets	(25)	0
Interest expense	(37)	(44)
Management fees	(135)	(135)
Materials expense	(3)	(1)
BOD and employees salaries expense	(16)	(15)
Other expenses	(122)	(129)
Total expenses	(337)	(324)

In the first quarter of 2014 the largest share, 40.0%, of the expenses was that of the fee of the managing company. The expenses remain the same, provided that a slight decrease is expected during the next reporting period as a result of the decrease of the net assets of the Company, to which the fee of the managing company is linked.

The Other Expenses item is ranked second, accounting for 36.06% of the expenses. The largest share of this item is occupied by the property taxes. Other significant expenses under this item include expenses for external services related to the final year closing of the Company

statements, bank charges, and other related to the company management. The decrease in this item is a result of the absence of the one-time expenses during the prior quarter related to the administrative expenses under the various projects.

The expenses on interest, amounting to 11.06%, come next and they include paid and accrued interest under the loan and expenses under the interest swap utilised under the Mr. Bricolage loan. This entry records a decline, which is a result of the decrease of the outstanding principal under the utilised loan. The amount of the interest payments is expected to continue its decrease in the following quarters, until the final repayment of the loan under the Mr. Bricolage project.

The total costs are expected to continue to decrease during the next reporting period, provided that an increase may occur as a result of additional expenses on the management of the building recently acquired by BREF.

■ Financial result

During the first quarter of 2014 the Company realised a profit of EUR 138 thousand, provided that the main contributor to this recorded decrease is the lower total income of the Company, the main reason for which is the drop in the income from interest. The change in the financial result in the next quarter will depend mainly on the realised income from rent and the incurred operating expenses related to the management of the new building.

Table 11 – Financial result for the first quarter of 2014.

Financial Result	Q1 - 2014	Q4 - 2013
Revenues	475	549
Expences	(337)	(324)
Net profit/loss for the period	138	225

The accounting profit divided by the average number of shares during the quarter gives the earnings per share (EPS) of EUR 0.002.

Results per share (EUR '000)	Jan-Mar 2014**	2013	2012	2011
Earnings	138	862	879	5,758
Earnings per share (EPS)	0.002	0.014	0.015	0.095
Net asset value (NAV)	36,182	36,045	37,006	37,047
Commom shares outstanding	60,450	60,450	60,450	60,450
NAV per share	0.599	0.596	0.612	0.613
Dividend per share	0.0122	0.0122	0.0152	0.1089
Share fair value*	0.611	0.609	0.627	0.722

* Share fair value = NAV per share + Dividend per share

** Net asset value for 2014 is per non-audited financial statements, while for 2011-2013 according to audited financial statements

According to the non-audited financial statements of the Fund, the net asset value per share (NAV) at the end of March 2014 increased from EUR 0.596 per share to EUR 0.599 per share. This increase is due to the realized by the Company profit for the period.

■ Potential risks

The main risks which reflect and will continue to reflect on the activity of BREF are thoroughly described in the Registration document of the Fund (Part II of the IPO document), approved by the Financial Supervision Commission of Bulgaria in March 2005. Since then the following changes in the associated risks occurred:

Market Risk

The properties owned by BREF are subject to market risk associated with the unclear future of the real estate market in Bulgaria. This could lead to realizing a lower sale price on the

properties in the portfolio as well as low liquidity of the assets set for disposition. The management of BREF considers that the Fund is subject to such a risk, baring in mind the investment properties in its property portfolio. Despite that the owned properties are well diversified in different segments and regions in Bulgaria and therefore they offer favourable conditions for good return in the future.

Interest rate risk

As of the end of March 2014, considering the investment bank loan of the Fund, it is exposed to interest rate risk regarding possible changes in the interest rate levels. In order to minimize this risk BREF has concluded a contract for interest swap according to which it exchanges a floating for a fixed interest rate. The Fund is in constant contact with the creditor bank regarding optimization of the interest payments.

Foreign currency risk

The management of BREF considers that the fund's exposure to foreign exchange risk is minimal due to the fact that the majority of foreign transactions are denominated in Euro, which is currently fixed at BGN 1.95583 for 1 EUR.

Liquidity risk

The company is exposed to liquidity risk with regard to paying off its current liabilities. At current, the Fund has enough available funds to finance its operative and investment activity. Considering the funds deposited in bank accounts and the current rental income, the Fund believes that it has enough liquid sources to cover its needs and there is no necessity to borrow from external sources.

Construction risk

Provided that the construction works being carried out by BREF are minimal at the moment and all past construction has been completed, the Fund considers that it is not exposed to this kind of risk.

4 Share performance

In the first quarter of 2014 the shares of Bulgarian Real Estate Fund performed in line with the good performance of the overall capital market in Bulgaria. The company shares recorded a rise as high as 20.75%. Over the last year, from 02 April 2013 to 31 March 2014, the shares of the Fund also recorded an increase of 10.34%. In comparison, the SOFIX index recorded a growth of 22% during the first three months of 2014. BGREIT, the index reflecting the performance of the companies investing in real estates, being a better benchmark of the Bulgarian Real Estate Fund, realised a profit of 10.16%.

The new 2014 offered a good start for the investors at the Bulgarian Stock Exchange due to several main reasons: the weakened political tension in Bulgaria, which was characteristic for the greater part of 2013, the rather positive macro data registered by the Bulgarian economy, and last but not the least, the good economic performance of the most of the European economies.

It can be expected that the interest in the Bulgarian stock market by local and foreign investors will continue during the remaining part of 2014. The positive economic data and trends in Europe and USA create a feeling of security at a global macroeconomic level and this contributes to the bigger investors' activity at small and growing markets, such as the Bulgarian.

Summarized trading details for the 52 week period – 1st April 2013 – 31st March 2014:

- Opening Price – BGN 0.580 (2 April 2013)
- Closing Price – BGN 0.640 (31 March 2014)
- Highest Price – BGN 0.720 (12 March 2014)
- Lowest Price – BGN 0.520 (5 December 2013)
- Total Trading Volume – 17,875,274 shares
- Turnover for the period – BGN 9,907,466 (EUR 5,065,606)
- Weighted average price – BGN 0.554
- Market Capitalisation (31.03.2014) – BGN 38,688,000 (EUR 19,780,860)

**BREF Share Price Performance
(01.04.2013 - 31.03.2014)**

