



# **ANNUAL INFORMATION BULLETIN**

**01.01.2007 – 31.12.2007**

## **Agro Finance REIT**

*The current Information Bulletin has the purpose to demonstrate the development of Agro Finance REIT during 2007 and to inform investors and the public for the important events in the company's life.*

## Investment policy

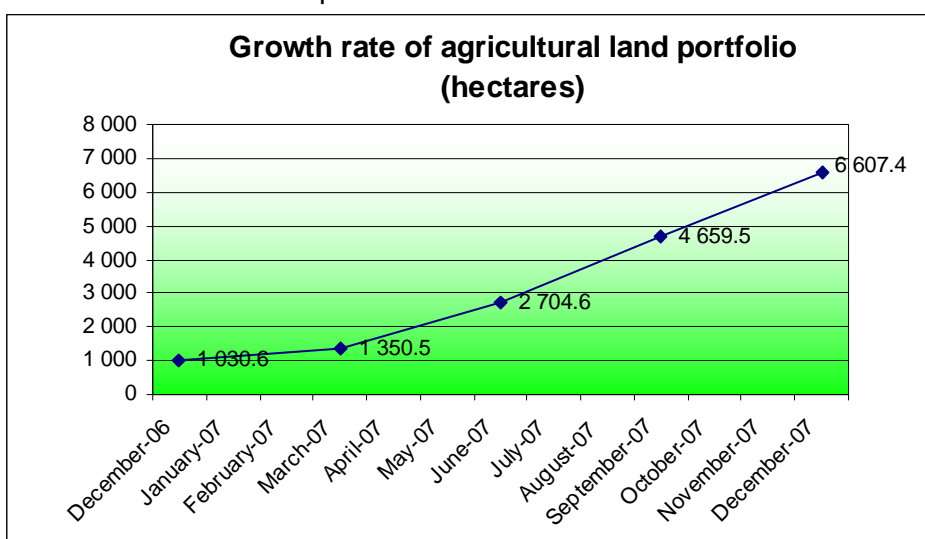
In 2007, Agro Finance REIT was one of the fast growing companies specialized in securitizing agricultural land.

The company's major strategy is directed to the purchase, consolidation and renting out of maximum quantity of agricultural land.

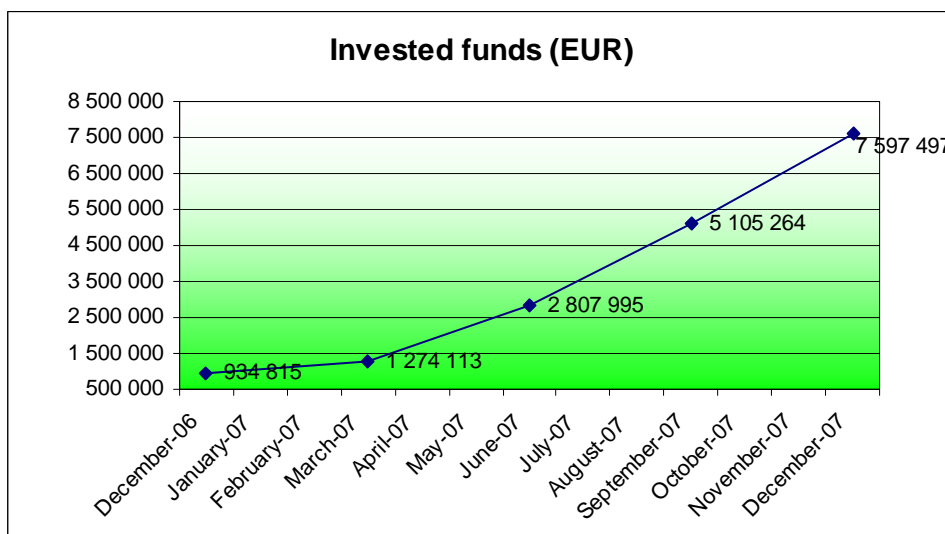
In 2007, the investment portfolio of Agro Finance REIT increased over six times in comparison with 2006. The Company is investing with priority in high-quality land with categories from I to VI (10 categories in total, category I is of highest quality) in regions with well-developed renting relations.

## Investment portfolio

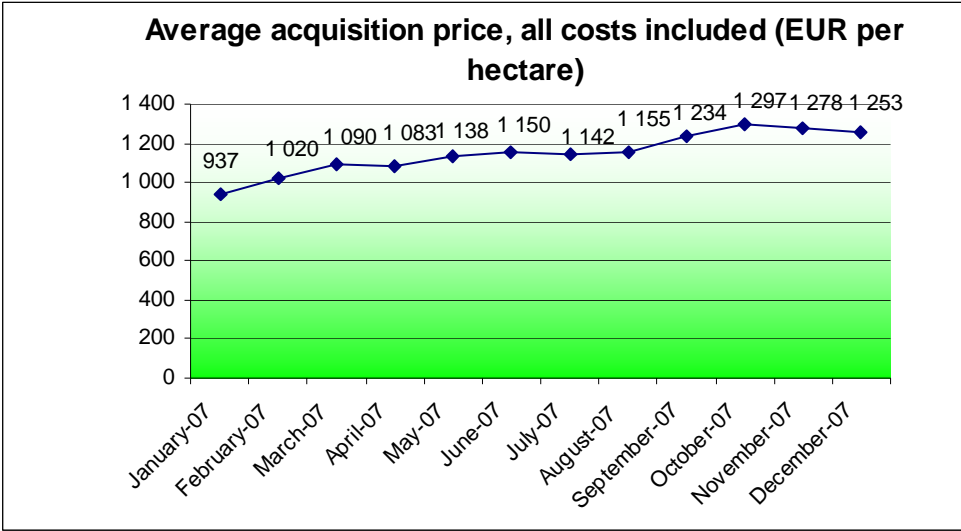
As of December 31, 2007 the investment portfolio of Agro Finance REIT reached 6 607 hectares of agricultural land. The acquired agricultural land in 2007 is 5 577 hectares which is 84.4% from the total investment portfolio.



As of December 31, 2007 the funds invested by the Company stand at BGN 14.86 mln (EUR 7.60 mln) which is almost 92% from the share capital. The average acquisition price of the investment portfolio (all costs included) is BGN 2 248.90 (EUR 1 149.84) per hectare.



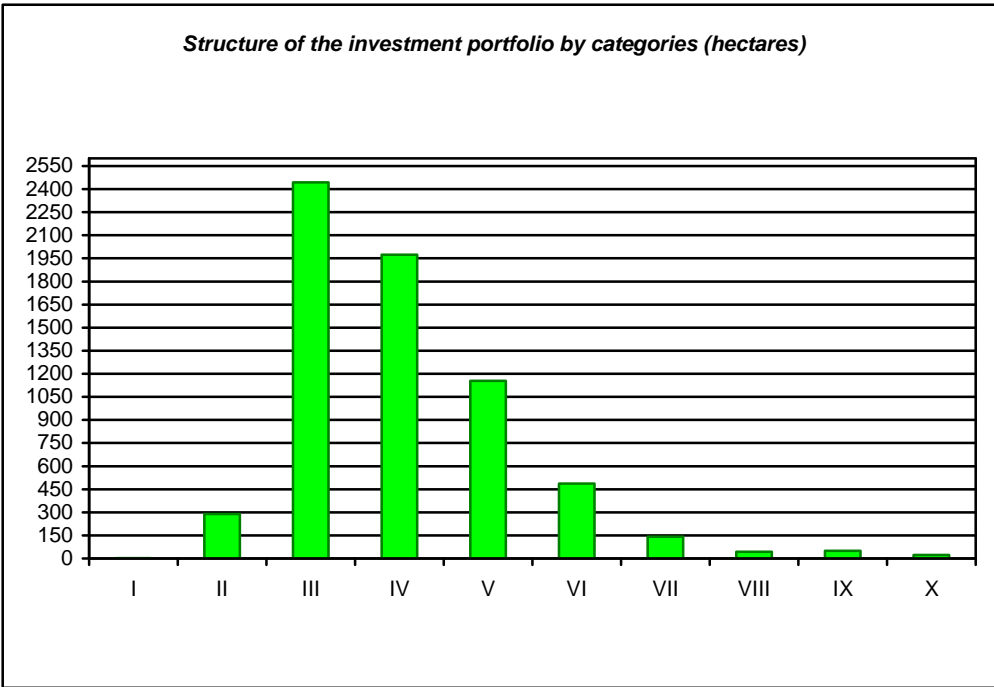
The invested funds in 2007 by the Company stand at BGN 13.03 mln (EUR 6.66 mln) at an average acquisition price (all costs included) BGN 2 336.60 (EUR 1 194.69) per hectare. The average acquisition price by months is between BGN 1 830 (EUR 937) in the beginning of 2007 and BGN 2 450 (EUR 1 253) per hectare in the end of the year.



As of December 31, 2007 the balance value of the invested properties amounted to BGN 19.079 mln (EUR 9.755 mln) (after reappraisal of the acquired properties at the end of September 2007 and December 2007).

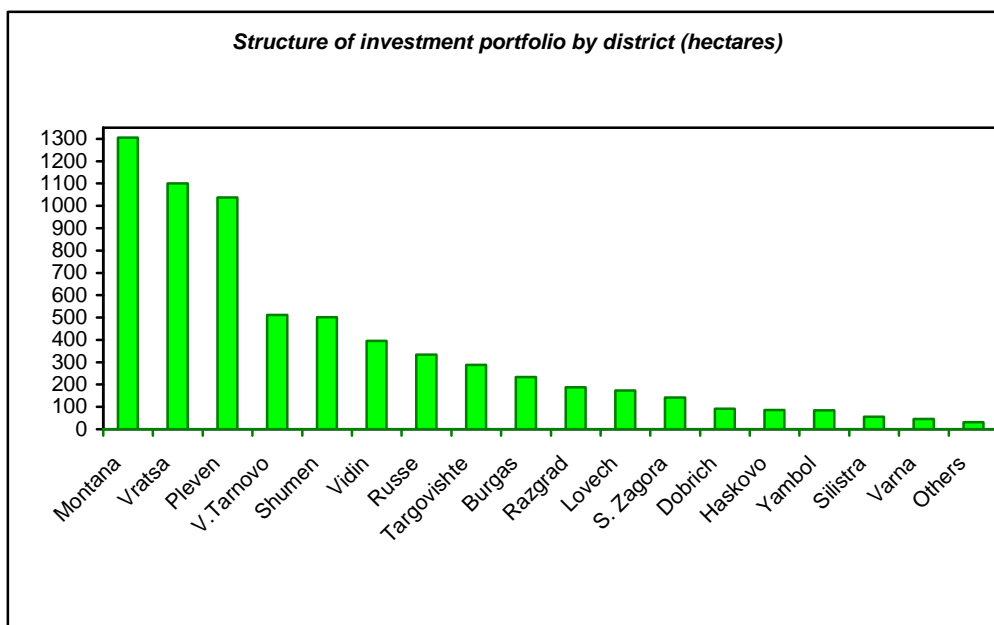
**Agricultural land portfolio structure by categories**

The portfolio structure by categories remains unchanged during the year and as of December 31, 2007 the portfolio consists of 96.09% agricultural land in categories which are Company’s investment priority, and of 3.91% lower categories.



## Agricultural land portfolio structure by regions

As of December 31, 2007 91.54% of the agricultural land acquired is in three of the six regions of the country - Northwestern, North Central and Northeastern regions. In 2007 the company aimed to increase the acquired agricultural land in one area which will raise the price of this land in company's portfolio. Plots with bigger area also provide possibilities for more effective cultivation of the land and are preferred by the tenants. Most concentrated is the agricultural land in Montana, Vratsa and Pleven districts where Agro Finance REIT owns between 1 000 and 1 300 hectares.



As of December 31, 2007 98.7 % of the agricultural land in Company's portfolio is cultivated and in process for renting out. The average contracted rental payment for 2007/2008 agricultural season is BGN 130 (EUR 66) per hectare. All receivables from rental payments are insured with Bulgarian Agency for Export Insurance.

## Stock Exchange information about Agro Finance REIT for 2007

<b>AGROF</b>	<b>Share price BGN*</b>
<i>Beginning of 2007 (open)</i>	1.15
<i>End of 2007 (close)</i>	1.40
<i>Change %</i>	+ 21.74 %
<i>Turnover (number of shares)</i>	1 403 169
<i>Average price</i>	1.235

**Agro Finance REIT**  
**Financial statements 2007 (audited)**

BALANCE SHEET as of December 31, 2007

<b>ASSETS</b>	As of 31.12.2007 <u>BGN '000</u>	As of 31.12.2006 <u>BGN '000</u>
Investment properties	19 079	2 087
Tangible fixed assets	25	24
Intangible fixed assets	9	4
Receivables from counterparties and other receivables	293	98
Cash and cash equivalents	2 279	33
Pre-paid expenses	2	-
<b>TOTAL ASSETS</b>	<b><u>21 687</u></b>	<b><u>2 246</u></b>
 <b>LIABILITIES</b>		
Current liabilities	498	1 467
<b>TOTAL LIABILITIES</b>	<b><u>498</u></b>	<b><u>1 467</u></b>
 <b>EQUITY</b>		
Capital stock	16 138	650
Premiums from capital	1 549	-
Accumulated profit	129	-
Profit from the current period	3 373	129
<b>TOTAL EQUITY</b>	<b><u>21 189</u></b>	<b><u>779</u></b>
 <b>TOTAL EQUITY AND LIABILITIES</b>	 <b><u>21 687</u></b>	 <b><u>2 246</u></b>

## INCOME STATEMENT for the year ended December 31, 2007

	As of <u>31.12.2007</u> BGN ' 000	As of <u>31.12.2006</u> BGN '000
Income from investment properties	30	-
Income from revaluation of investment properties	3 958	263
Financial income	271	4
<b>TOTAL INCOME</b>	<b>4259</b>	<b>267</b>
Administrative expenses	(192)	(82)
Operating expenses	(626)	(44)
Financial expenses	(68)	(12)
<b>TOTAL EXPENSES</b>	<b>(886)</b>	<b>(138)</b>
<b>Net profit for the period</b>	<b>3 373</b>	<b>129</b>

### Other important information

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

On July 13, 2007 a regular annual General Meeting of the Shareholders of Agro Finance REIT was held at which the report of the Board of Directors, the report on the activities of the investor relations director, the report of the specialized auditing company and the annual financial statement were adopted. The specialized auditing company Agein Takt OOD was elected as a registered auditor for the Company for year 2007. At the same meeting the membership of the Board of Directors has also been changed as a result of the carried out public increases in the capital. The Company's Articles of Association have been amended in consistence with the amendments introduced in the legal framework.

By resolution of the Board of Directors as of 26 October, 2007, one more servicing company has been chosen, and respectively a contract was concluded with it, which is to carry out the activity of servicing of real properties, legal servicing and keep the accounting of the Company.

On November 28, 2007 the Financial Supervision Commission approved the Prospectus for the public offering of shares related to the third capital increase of Agro Finance REIT. The decision on the capital increase through issuing 16 137 954 new ordinary, dematerialized, voting shares was taken by the Board of Directors of Agro Finance REIT on October 12, 2007.

Agro Finance REIT participated as a main partner in a Conference "Investments in agricultural land" which was hold in Sofia on November 28, 2007.

Sofia  
15.04.2008