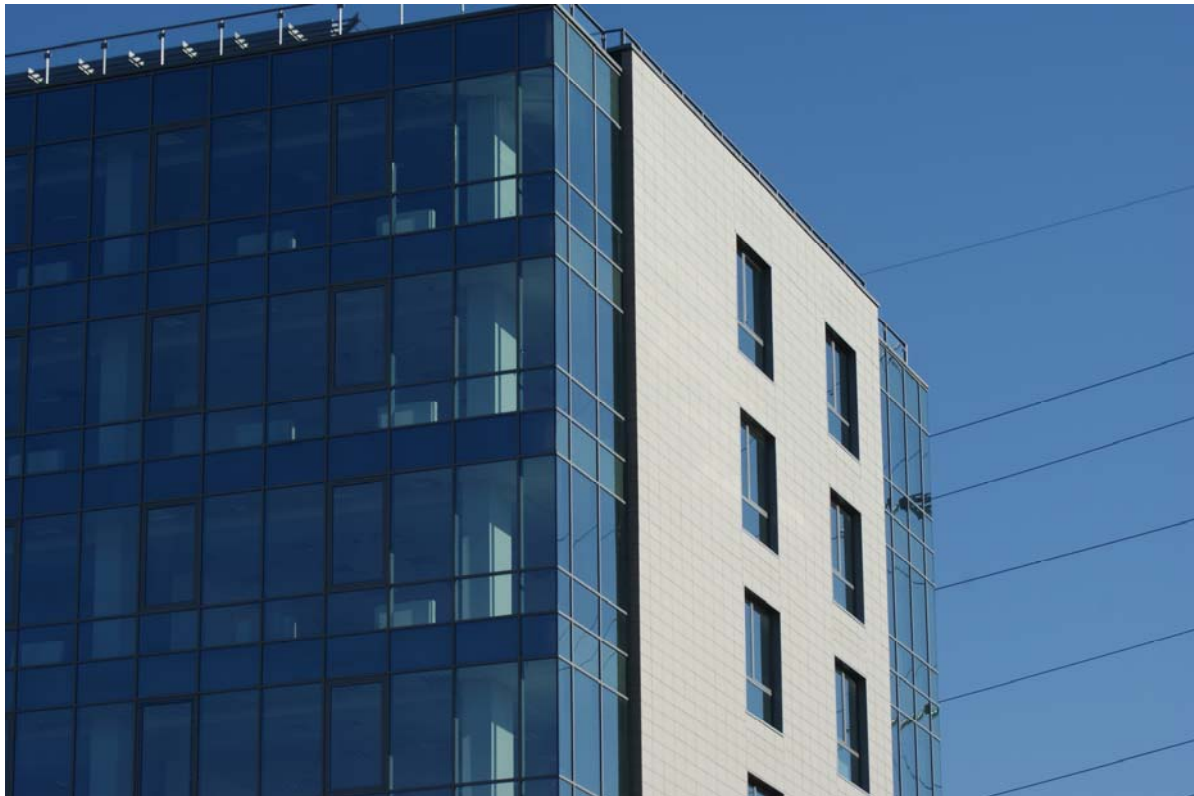


“Bulgarian Real Estate Fund”

Third Quarter Summary Report



08 November 2013

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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 8 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 (30.09.2013)	Shares Outstanding
Bulgarian Stock Exchange Sofia	5BU (BREF)	EUR 16,597,378	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

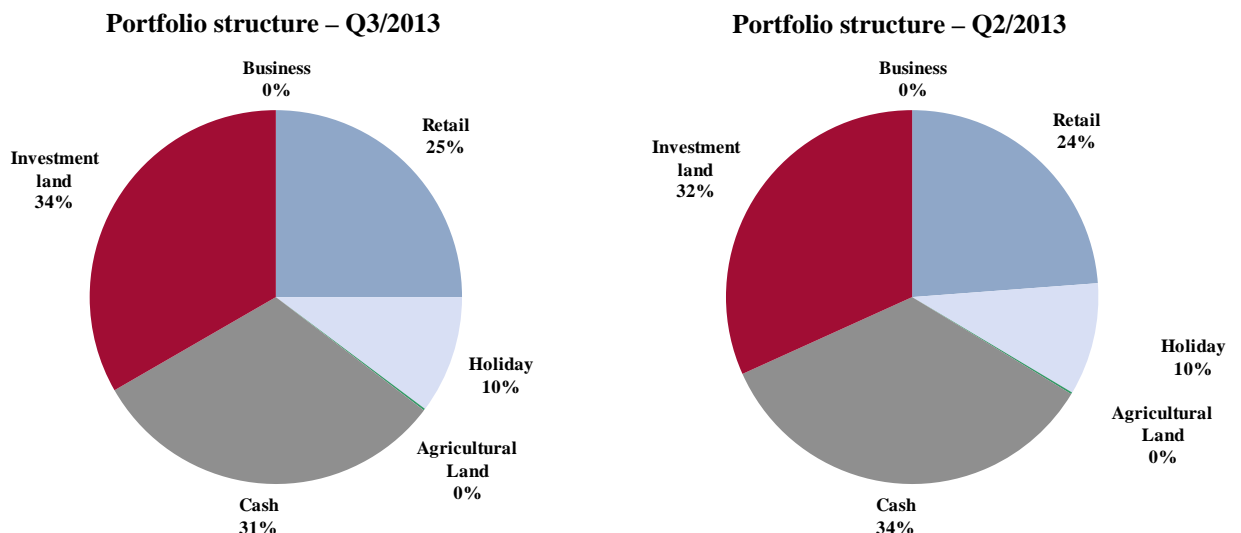
The main change in BREF's portfolio structure is due to the decrease of the cash and cash equivalents. As a result its share decrease by 3 % to 31% and the investment properties climb to the first place with 34%. On the third place with 25% remain the retail properties, represented by the Mr.Bricolage stores.

The key highlights during the past quarter were as follows:

- Regulating land plots in Sofia – Ring road,
- Active marketing of the apartments and garages in apartment house Sequoia II – Borovetz,
- Current repairs of Mr.Bricolage store in Varna,
- 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 September 2013 were eight, 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 eight 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 30.09.2013	Future investments
Current projects				
"Mr. Bricolage" - sale and leaseback	Operational management	10,270	10,270	0
Agricultural land	Operational management	66	66	0
Apartment house "Sequoia2" - Borovetz	for sale	1,891	1,891	0
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*	change of regulation	2,465	2,465	n.a
Investment plots in Sofia - Mladost IV*	suspended	10,664	10,664	n.a
Total		35,123	28,234	0

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

From the above-mentioned projects "Mr. Bricolage" – sale and leaseback 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 30th September 2013 is EUR 2.94 million.

As of 2012 the two rent agreements have been 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.

On 1st of July 2013 the total monthly rent for the stores was indexed up to EUR 92,400. The next rent indexation will happen at the beginning of 2014. In addition during the last quarter in Varna store was performed current repair of the parking area.

2.3 Project – Agricultural land

The total agricultural land owned by BREF as of the end of September 2013 is 455 dka, of which 323 dka are subject of litigation. The rented out lands are 149.1 dka or 33% from the total land. The average annual rental price is about BGN 36 per dka. The collected rents for the last agricultural year 2012/2013 up to the end of the last quarter are 30%.

Project parameters:

Agricultural land	
Total owned lands	455 dka
Investment	EUR 66,000
Acquisition price per dka	EUR 145

2.4 Project – Apartment house “Sequoia 2” - Borovetz

In the end of 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 3,527.3 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 September 2013 a total of seven apartments have 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 – 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
Invested until 2012	EUR 2.3 M

2.6 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 was suspended until more favorable market conditions arise. Meanwhile during the last quarter 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

2.7 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 was 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

2.8 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. 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.

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.

During the past quarter the Fund continued its efforts to regulate the plots remained ownership of BREF after the KBC deal. The second final public announcement was completed and the last step before the new regulation to be put in order is the subject plots to be strike out of the agricultural fund.

Project parameters:

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

2.9 Project – Investment plots in Sofia - Mladost IV

BREF is owner of 17 land plot 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 as of the end of September 2013 the total area of the owned land plots is 42,190 sq.m.

In 2008 Sofia Municipality has started 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 Q3 / 2013.

3.1 Summarized Financial Statements

The following financial statements are based on non-audited financial statement for the first three quarters of 2013.

Table 3 – Balance sheet as of 30th September 2013, 30th June 2013 and 31st March 2013.

(All amounts in EUR '000)	30.09.2013	30.06.2013	31.03.2013
ASSETS			
Non-current Assets			
Investment property	25,372	25,372	25,372
Cost for acquisition of fixed assets	7	7	7
Plant and equipment	2	2	3
Deferred expenses	0	0	0
Total Non-current Assets	25,382	25,382	25,382
Current Assets			
Investment property held for sale	1,223	1,223	1,223
VAT receivable	0	0	0
Trade receivable	386	351	182
Cash and cash equivalents	12,842	14,885	15,197
Other current assets	0	0	0
Deferred expenses	3	3	5
Total Current Assets	14,454	16,462	16,606
TOTAL ASSETS	39,836	41,844	41,988
EQUITY AND LIABILITIES			
Equity			
Share capital	30,908	30,908	30,908
Share premium	5,016	5,016	5,016
Retained earnings	637	1,494	1,301
Total equity	36,560	37,417	37,225
Non-current liabilities			
Interest bearing loan	2,084	2,299	2,511
Derivative financial instrument	188	215	252
Total Non-current liabilities	2,272	2,514	2,764
Current liabilities			
Current part of non-current liabilities	856	845	834
VAT payable	25	7	41
Payables to management company	71	93	148
Payables to the personnel and SIC	2	2	2
Provisions for dividends due	0	920	920
Trade and Other current liabilities	51	46	55
Total Current liabilities	1,004	1,913	2,000
Total liabilities	3,276	4,426	4,764
TOTAL EQUITY AND LIABILITIES	39,836	41,844	41,988

Table 4 – P&L statement for the first three quarters and accumulated since the beginning of 2013

(All amounts in EUR '000)	Q3 - 2013	Q2 - 2013	Q1 - 2013	Jan-Sep 2013
Income from sale of assets	-	-	-	-
Rental income	278	272	271	822
Revenue from interest and other financial revenues	176	186	192	554
Other financial income	27	37	38	102
Other Income	22	1	6	29
Total Revenue	503	496	508	1,506
Interest expense	(44)	(46)	(49)	(139)
Management fees	(140)	(140)	(139)	(418)
Materials expense	(1)	(1)	(1)	(3)
BOD and employees salaries expense	(15)	(14)	(15)	(44)
Loss from fair value adjustments	-	-	-	-
Other expenses	(78)	(102)	(85)	(265)
Total expenses	(278)	(303)	(289)	(870)
Profit/(loss) for the period	225	193	219	637
Weighted average number of shares in the quarter (in thousands)	60,450	60,450	60,450	60,450
Earnings per share - basic and diluted	0.004	0.003	0.004	0.011

3.2 Liquidity

Table 5 – Liquidity ratios as of 30th September 2013, 30th June 2012 and 31st March 2013.

Liquidity Ratios	30.09.2013	30.06.2013	31.03.2013
Current ratio	14.39	8.61	8.30
Quick ratio	13.18	7.97	7.69
Cash ratio	12.79	7.78	7.60

The main event that influenced the Company's report and its liquidity is the payment of the dividends voted by the General Shareholders' Meeting for the year 2012. The end result of this action is a significant increase in the liquidity ratios as a result of the higher relative decrease in the current liabilities (-47.5%) as compared to the decrease in the current assets (-12.2%). After the change the ratios remain high, with the current liquidity reaching 14.39 and the cash liquidity reaching 12.79. Our expectations for the next reporting periods, unless a new investment project is launched, are for the liquidity ratios to remain unchanged or slightly decrease.

■ Internal sources of liquidity

During the third quarter of 2013 the internal liquidity sources registered a decrease, as reported above, resulting from the payment during the quarter under review of the dividends in the amount of BGN 3.9 million (EUR 2 million) payable for 2012.

○ **Short-term (current) assets**

Table 5A – Current assets as of 30th September 2013, 30th June 2013 and 31st March 2013.

Liquidity sources	30.09.2013	%	30.06.2013	%	31.03.2013
Current Assets					
Investment property held for sale	1,223	8.46%	1,223	7.43%	1,223
VAT receivable	0	0.00%	0	0.00%	0
Trade receivable	386	2.67%	351	2.13%	182
Cash and cash equivalents	12,842	88.85%	14,885	90.42%	15,197
Deferred expenses	3	0.02%	3	0.02%	5
Total Current Assets	14,454	100%	16,462	100%	16,606

The total amount of the short-term assets marked a decrease by 12.2% and at the end of the period these amounted to EUR14,454 thousand. The overall structure of the assets changed, with the share of the trade receivables and interest increasing entirely at the expense of cash. The registered change in the amount of cash results from the payment during the period under review of the dividends payable for 2012. After the payments thus made the cash amounts to EUR 12,842 thousand and still holds the biggest share in the current assets amounting to 88.85%.

The investment properties remain second, keeping their value and share in the current assets. This item takes into account the book value of the residential building “Sequoia 2” in Borovets Resort.

Trade receivables and interest come third, and at the end of the quarter their share is 2.67%. The main reason for their increase was the interest on short-term deposits of the Fund accrued during the period under review. Other key receivables accounted for in this item include leasehold receivables and receivables on advance payments under repair contracts from previous reporting periods.

During the subsequent reporting periods, unless a new project is launched, the current assets amount is expected to remain unchanged.

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

Table 5B – Current liabilities as of 30th September 2013, 30th June 2013 and 31st March 2013.

Liquidity sources	30.09.2013	%	30.06.2013	%	31.03.2013
Current liabilities					
Current part of non-current liabilities	856	85.23%	845	44.19%	834
VAT payable	25	2.49%	7	0.35%	41
Payables to management company	71	7.03%	93	4.87%	148
Payables to the personnel and SIC	2	0.15%	2	0.08%	2
Provisions for dividends due	0	0.00%	920	48.12%	920
Trade and Other current liabilities	51	5.09%	46	2.41%	55
Total Current Liabilities	1,004	100%	1,913	100%	2,000

During the past quarter the total amount of the current liabilities decreased by 47.5% to EUR 1,004 thousand. As above, this change is due to the write-off of the provision for the dividends payable for 2012. This led to a significant change in the structure of the short-term liabilities, with a big increase in the shares of the short-term loans as well as in the trade payables and the debts to the managing company.

During this quarter the largest share of the short-term liabilities, i.e. 85.23%, belongs to the interest accrued and the current portion of the principal on the investment loan utilized by the Fund on Mr.Bricolage project. The slight increase in the absolute value of this item is due to the increasing amount of the monthly payments on the principal of the loan. This amount is

expected to gradually increase over the subsequent reporting periods until the debt on the only investment loan taken out by the Company has been repaid.

The payables to the managing company come second at 7.03%. Their amount decreased after an old debt, which is no longer payable, had been written off. The rest of the payables are related to construction securities, left from the construction of the Kambani Business Center.

Trade and other payables come next in size. Their amount increased to 5.09% reaching EUR 51 thousand at the end of the quarter. This increase is due to the fact that some of the Fund's shareholders have not received their dividends yet.

During the next reporting period, after the new amount of dividends for 2013 has been accounted for, there will again be a provision for dividends payable, whereby the total amount of the current liabilities will increase substantially.

■ **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.

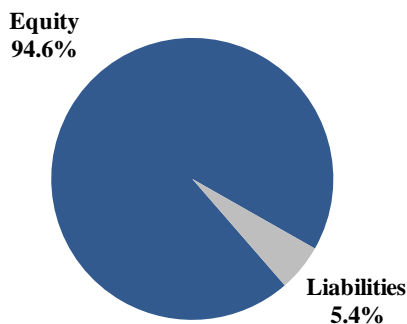
3.3 Capital resources

At the end of September 2013 the BREF's long-term capital, both equity and external financing, marked a decrease of 2.7% and reached EUR 38,644 thousand. This change was due to the further payment of dividends for 2012 and to the repayment of the principal of the Fund's investment loan.

The share of the external financing, which reached 5.4% as compared to 5.8% at the end of the previous quarter, continued to decrease during the quarter under review. The distribution between equity and external financing is shown in the figures below.

Figure 2: Allocation between equity and external financing

BREF Long-term Capital Structure (Q3/2013)



BREF Long-term Capital Structure (Q2/2013)

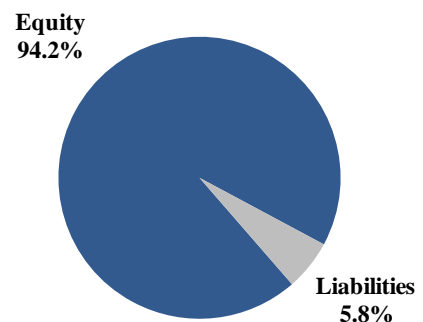


Table 6 – Leverage ratios

Leverage ratios	30.09.2013	30.06.2013	31.03.2013
Debt-to-Equity	0.09	0.12	0.13
Non-Current Assets-to-Equity ratio	0.69	0.68	0.68
Long-term-Debt-to-Non-Current-Asset ratio	0.08	0.09	0.10

*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 September 2013 the equity of BREF amounted to EUR 36,560 thousand, which constituted a decrease by 2,29% as opposed to the previous quarter. The registered decrease was entirely due to the undistributed profit from previous years, paid out in the form of dividends, which amounted to EUR 1,082 thousand.

Table 7 – Total equity as of 30th September 2013, 30th June 2013 and 31st March 2013.

Equity (in thousands)	30.09.2013	30.06.2013	31.03.2013
Share capital	30,908	30,908	30,908
Share premium	5,016	5,016	5,016
Retained earnings	637	1,494	1,301
Total equity	36,560	37,417	37,225

■ 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 September 2013 totals EUR 2.94 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 2013 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

At the end of September 2013 the amount of the assets held by BREF decreased by 4.8% to EUR 39,836 thousand in comparison to the end of the previous quarter, when the value of the assets amounted to EUR 41,844 thousand. The registered decrease resulted mainly from the payment of the dividends for 2012 and consequently from the decrease in cash.

Table 8 – Asset structure

Asset structure (thousand EUR)	30.09.2013	% share	30.06.2013	% share	31.03.2013
Non-current assets incl.	25,382	63.72%	25,382	60.66%	25,382
- total property	25,372	63.69%	25,372	60.64%	25,372
Current assets incl.	14,454	36.28%	16,462	39.34%	16,606
- trade receivable	386	0.97%	351	0.84%	182
- investment property held for sale	1,223	3.07%	1,223	2.92%	1,223
- cash and cash equivalents	12,842	32.24%	14,885	35.57%	15,197
Total assets	39,836	100%	41,844	100%	41,988

The registered decrease in the short-term assets was entirely due to the lower amount of cash, partially offset by the interest receivables accrued. Despite these changes, the overall structure of the assets remains the same, with changes only within the structure of the current assets. The

share of the cash decreased, while the investment properties and interest receivables increased as a result of the accrual of interest on bank deposits during the quarter under review.

3.5 Financial Results

The Company's activity during the third quarter of 2013 focused mostly on the day-to-day management of the Mr.Bricolage project, on searching for new investment projects and on the efficient management of the available cash resources.

■ Revenue from operations

During the quarter under review the reported revenue amounted to EUR 503 thousand, which constitutes an increase of appr. 1.34% as opposed to the previous quarter. The main reason for this result was the increase in the rental income and the increase in the Other Income item.

Table 9 – Realized revenues by quarters and accumulated since the beginning of 2013.

Revenue (in thousand EUR)	Q3 - 2013	Q2 - 2013	Q1 - 2013	Jan-Sep 2013
Income from sale of assets	0	0	0	0
Rental income	278	272	271	822
Revenue from interest and other financial revenues	176	186	192	554
Other financial income	27	37	38	102
Other Income	22	1	6	29
Total revenue	503	496	508	1,506

During the past quarter the largest share, appr. 55.34%, belonged to the rental income. The amount of this income marked a slight increase as a result of the indexation of the rent amounts of the Mr. Bricolage stores.

The income from interest came second at 34.99%. Its amount decreased because of the lower availability of cash in the Fund's accounts and the decrease in interest on deposits.

In addition, there is a significant increase in the Other Income item, resulting from the write-off of an old debt on real estate transactions and its recognition as an income.

The interest income is expected to decrease during the next quarter, resulting in a decrease in the overall income of the Company.

■ Expenses from operations

During the past quarter the total expenses of BREF decreased by 8.43% to EUR 278 thousand. This decrease resulted from the absence of one-time expenses, incurred during second quarter, which are not present during this quarter.

Table 10 – Realized expenses by quarters and accumulated since the beginning of 2013.

Expenses (in thousand EUR)	Q3 - 2013	Q2 - 2013	Q1 - 2013	Jan-Sep 2013
Interest expense	(44)	(46)	(49)	(139)
Management fees	(140)	(140)	(139)	(418)
Materials expense	(1)	(1)	(1)	(3)
BOD and employees salaries expense	(15)	(14)	(15)	(44)
Loss from fair value adjustments	0	0	0	0
Other expenses	(78)	(102)	(85)	(265)
Total expenses	(278)	(303)	(289)	(870)

The fees to the managing company held the largest share during the third quarter of 2013, i.e. 50.46%. This expense item remained unchanged and is expected to slightly decrease during the next quarter as a result in the decrease of the net assets of BREF.

The Other Expenses item came second at 27.99%. Within this item the largest share is held by tax expenses related to real estate properties. The other significant expense amounts under this item belong to the expenses for external services, the expenses for bank fees and other administrative expenses related to the management of the Fund. The decrease in this item resulted from the absence of one-time expenses during the second quarter, related to administrative costs on various projects.

What comes next, with a share of 15.84%, is interest expenses which include paid and accrued interest on the loan and the expenses in connection with the interest rate swap used on the Mr. Bricolage loan. This item registered a decrease as a result of the decrease in the unpaid principal of the loan taken out. During the subsequent reporting periods the paid interest amount is expected to keep decreasing until the loan on the Mr. Bricolage is fully repaid.

During the next reporting period the total expense amount is expected to decrease, with a potential increase, if new investment projects are launched.

■ Financial result

During the third quarter of 2013 the Fund registered a profit in the amount of EUR 225 thousand, with the main contribution to this result coming from the rental and interest income. The change in the financial result during the next quarter will mainly depend on the revaluation of the properties that the Company will perform at the end of the year.

Table 11 – Financial result by quarters and accumulated since the beginning of 2013.

Financial Result	Q3 - 2013	Q2 - 2013	Q1 - 2013	Jan-Sep 2013
Revenues	503	496	508	1,506
Expences	(278)	(303)	(289)	(870)
Net profit/loss for the period	225	193	219	637

The accounting profit divided by the average number of shares during the quarter gives the earnings per share (EPS) of EUR 0.004.

Results per share (EUR '000)	Jan - Sep 2013**	2012	2011	2010
Earnings	637	879	5,758	359
Earnings per share (EPS)	0.011	0.015	0.095	0.006
Net asset value (NAV)	36,560	37,006	37,047	37,870
Common shares outstanding	60,450	60,450	60,450	60,450
NAV per share	0.605	0.612	0.613	0.626
Dividend per share	0.0000	0.0152	0.1089	0.0202
Share fair value*	0.605	0.627	0.722	0.647

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

** Net asset value for Jan-Sep 2013 is per non-audited financial statements, while for 2010-2012 according to audited financial statements

According to the non-audited financial statements of the Company, the net asset value per share (NAV) at the end of September 2013 decreased from EUR 0.612 per share to EUR 0.605 per share. This decrease is due to the paid as dividend during the last quarter the undistributed profit from previous years.

■ 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 September 2013, 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

Since the beginning of the year the shares of Bulgarian Real Estate Fund have registered a rise of 4,42%. The Company's shares fell by appr. 12% during the third quarter of 2013 alone. At the end of September the price of one share was BGN 0.537. The drop during the third quarter was largely due to the effect originated by the payment by the Company of dividends out of the profit for 2012. The end date for trade eligible for dividends was 25th July 2013, when one share was traded for BGN 0.607. On the next day the shares closed at a price of BGN 0.559 per share. The dividend amount paid was BGN 0.06481 per share.

In general, BGREIT, the index reflecting the performance of companies investing into real estate, continues to register a good return, with an increase by 10,51% for the first three quarters of 2013. Special investment purpose companies have attracted the most interest from investors over the past 2-3 years due to their stable financial statements, the quality of their investment portfolios and the practice of paying attractive dividends. The main benchmark index SOFIX has marked an increase of 32,25% for the past nine months of 2013.

The good performance of Bulgarian indexes and the increased turnovers of the Bulgarian Stock Exchange since the beginning of the year can be explained by the good investment opportunities offered by the Bulgarian market and the gradual return of foreign investors.

Summarized trading details for the 52 week period – 1st October 2012 – 30th September 2013:

- Opening Price – BGN 0.545 (1 October 2012)
- Closing Price – BGN 0.537 (26 September 2013)
- Highest Price – BGN 0.623 (12 June 2013)
- Lowest Price – BGN 0.510 (07 November 2012)
- Total Trading Volume – 9,147,199 shares
- Turnover for the period – BGN 5,206,764 (EUR 2,662,176)
- Weighted average price – BGN 0.569
- Market Capitalisation (30.09.2013) – BGN 32,461,650 (EUR 16,597,378)

**BREF Share Price Performance
(1.10.2012 - 30.09.2013)**

