

ADVANCE TerraFund REIT (ATERA BU)

MONTHLY NEWSLETTER – JANUARY 2007

CAPITAL INCREASE APPROVED BY THE FINANCIAL COMMISSION

The capital increase of Advance TerraFund REIT was approved on Feb 14, 2007 by the Financial Supervision Commission (FSC) of Bulgaria.

The new issue was approved by the Sofia City Court on Jan 25, 2007. The Central Depository registered the new issue on Jan 30, 2007 which means that the shares were delivered to all investors on this day. Each foreign institutional investor should contact its custodian for details and official statement on their holding in ATERA.

Now, the Bulgaria Stock Exchange (BSE) shall register the new issue for trading in 3 business days following the FSC approval. We expect the new issue to be unblocked and available for trading Feb 20-23, 2007.

PUBLISHED THE UNAUDITED 2006 ANNUAL FINANCIAL STATEMENTS

The **unaudited annual financial statements** of Advance TerraFund REIT were published on Jan 30, 2007. They are available on http://www.karoll.net/en/?section=investirane_v_advance&id=48. Keep in mind that these reports do not include the reevaluation of the Fund's assets. This will be included in the audited statements which will be prepared by DELOITTE and are due by the end of March 2007.

As of Dec 31, 2006 **the Fund's assets** are BGN 35.9m (or Euro 18.36m). The company has invested primarily in agricultural land which represents 78.21% of the assets or BGN 28m (or Euro 14.36m). The cash and cash equivalents are BGN 7.2m (or Euro 3.7m) which includes:

- Cash on hand for BGN 0.7m (or Euro 0.35m)
- Cash on demand deposits for BGN 0.3m (or Euro 0.15m)
- Funds in accrual account for the capital increase for BGN 6.2m (or Euro 3.2m)

In 2006 Advance TerraFund REIT has invested BGN 24.2m (or EUR 12.4m) in **investment property** as follows:

- Pure agricultural land – 10 578.1 ha with average price of 997 Euro/ha (another 1 840.7 ha were bought in 2005)
- Agricultural land in the suburbs of Sofia (village of German) – 1.001 ha with book value of BGN 1.4m (or Euro 0.734m) or 73.36 Euro/m²
- Commercial land in Stara Zagora – 1.065 ha with book value of BGN 1.7m (or Euro 0.863m) or 81.04 Euro/m²

As of now, Advance TerraFund REIT has signed contracts for acquisition of 16 700 ha of agricultural land in total.

As of Jan 31, 2007 the Fund has signed **rental contracts** for 3 381.7 ha of agricultural land, which represents 27.18%. In this regards, Advance TerraFund REIT expects to receive rent of 57 Euro/ha or about Euro 0.2m in total. Currently the company has signed rental contracts for total of 3 600 ha agricultural land.

Advance TerraFund REIT is proud with **another achievement** – the company was able to swap land with the Municipality of Nova Zagora. The Fund gave in 60 different lots with total area of about 42 ha and received 10 investment properties with total area of 55 ha.

MARKET STATISTICS FOR JANUARY 2007

	Price in BGN	Date
Start price	1.250	Jan 03, 2007
Last price	1.386	Jan 31, 2007
Highest (max) price	1.437	Jan 29, 2007
Lowest (min) price	1.250	Jan 03, 2007
Average for the month	1.309	
Value change	0.136	
Change in %	10.88%	

Number of trading sessions	21
Number of trades	303
Total number of shares traded	1 013 262
Average number of shares traded daily	48 251
Monthly volume in BGN	1 326 248.40
Monthly volume in EUR	678 100.04
Average daily volume in BGN	63 154.69
Average daily volume in EUR	32 290.48

For the last 12 months (Feb 01, 2006 – Jan 31, 2007) Advance TerraFund REIT is:

- **The REIT with the highest traded volume** among all Bulgarian listed REITs
 - #20 from all listed companies with volume of Euro 7.85 mln (or BGN 15.36m)
- **One of the listed companies in Bulgaria with the highest number of shares traded**
 - #6 from all listed companies with 11 587 736 shares traded