

MATERIALS
on agenda of regular General Meeting of Shareholders
of “BULGARIAN REAL ESTATE FUND” REIT,
set for July 15th 2013

On Item 1 of the Agenda: Annual report of BD on Company’s activities and management for 2012.

Motion of Board of Directors of “BULGARIAN REAL ESTATE FUND” REIT for resolution **on Item 1 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

„GM adopts Annual report of BD on Company’s activities and management for 2012”

Note: Annual report of BD on Company’s activities and management for 2012 is appended to Company’s Annual financial report for 2012.

On Item 2 of the Agenda: Registered auditor report on executed inspection of Annual financial report for 2012.

Motion of Board of Directors of “BULGARIAN REAL ESTATE FUND” REIT for resolution **on Item 2 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

„GM adopts Registered auditor report on executed inspection of Annual financial report for 2012”

Note: Registered auditor report on executed inspection of Annual financial report for 2012 is appended to Company’s Annual financial report for 2012.

On Item 3 of the Agenda: Report on the Company’s Audit Committee activities for 2012.

1. Motion of Board of Directors of "BULGARIAN REAL ESTATE FUND" REIT for resolution **on Item 3 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

„GM adopts the Report on the Company's Audit Committee activities for 2012"

2. Report on the Company's Audit Committee activities for 2012

REPORT ON THE ACTIVITIES OF THE AUDIT COMMITTEE OF BULGARIAN REAL ESTATE FUND REIT FOR 2012.

1. Audit Committee of BULGARIAN REAL ESTATE FUND REIT was formed pursuant to Article 40f (1) of The Independent Financial Audit Act /IFAA/ on extraordinary General Meeting of Shareholders of the Company /GM/, conducted on February 05th 2009.

2. Members of the Company's Audit Committee are: Ivaylo Todorov Peshev – Chairman; Nikolay Sergeevich Dragomiretski – Member; Atanas Kirilov Traichev – Member.

3. GM has determined a three-year term of the Audit Committee and with a decision of GM held on June 6th 2012 the members of the Audit Committee has been re-elected for another three-year term.

4. According to the articles of IFAA the main tasks and functions of Audit Committee are:

- supervision of the processes of financial accounting of "BULGARIAN REAL ESTATE FUND" REIT;
- supervision of the efficiency of systems for internal control in the Company;
- supervision of the efficiency of systems for managing risks in the Company;
- supervision of the independent financial audit in the company;
- to review the independency of the registered auditor elected by the GM, according to the requirements of the law and the Ethical Code of professional accountants, including the supervision of additional services offered from registered auditor to the Company.

5. In carrying out its activities and after conducting references and analysis, Audit Committee stated that in 2012 there are no violations which can affect the correct and accurate performance of the activity and financial results of BULGARIAN REAL ESTATE FUND REIT.

6. In 2012 the registered auditor hasn't offer any additional services to the Company.

7. Company's Audit Committee recommends the Board of Directors of BULGARIAN REAL ESTATE FUND REIT to suggests to the regular GM scheduled for July 15th 2013 to elect Ernst & Young Audit" OOD, UIC: 130972874, Sofia 1715, Residential Quarter Mladost 4, Business Park Sofia, Building 10, Floor 2, to audit and certify Company's financial report for 2013.

8. This Report is prepared pursuant to Article 40l of IFAA.

On Item 4 of the Agenda: Approval of Company's Annual financial report for 2012.

1. Motion of Board of Directors of "BULGARIAN REAL ESTATE FUND" REIT for resolution **on Item 4 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

„GM approves Company's Annual financial report for 2012”

2. Addendum: **Company's Annual financial report for 2012.**

On Item 5 of the Agenda: Director's investor relations report.

1. Motion of Board of Directors of "BULGARIAN REAL ESTATE FUND" REIT for resolution **on Item 5 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

„ GM adopts Director's investor relations report”

2. Director's investor relations report.

REPORT

**by Alexander Georgiev – Investor Relations Director of
BULGARIAN REAL ESTATE FUND REIT**

before Company's regular annual General Meeting of Shareholders, set for 15.07.2013

Dear shareholders, members of the Board of Directors and guests of General meeting of BULGARIAN REAL ESTATE FUND REIT,

The "Investor Relations Director" position at public companies was introduced as part of legislative changes, directed towards more complete and timely disclosure of information by public companies before their shareholders, before future investors, and before competent authorities, as well as towards protection of rights of majority, and minority shareholders.

BULGARIAN REAL ESTATE FUND REIT is a public company, entered in Commercial Registry in December 2004, and in March 2005, provided by Financial Supervision Commission of activities execution license as special investment purpose company.

During the past 2012, more important events, connected to activities of BULGARIAN REAL ESTATE FUND REIT, were as follows:

- Carrying out planned repairs of the “Mr. Bricolage” stores situated in Sofia and Varna;
- Prolonging the terms of the lease agreements for Mr.Bricolage stores;
- Collecting rental receivables from agricultural land for 2011 and for 2012;
- Regulating land plots in Sofia – Ring road;
- 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;
- Looking for new investment projects of BREF.

In view of events, in connection with activities of BULGARIAN REAL ESTATE FUND REIT during the past 2012, my work as Investor Relations Director was directed at following four principal directions:

I. First direction of my work as Investor Relations Director at BULGARIAN REAL ESTATE FUND REIT was connected to sending within legally established terms of materials for convened General Meeting to all shareholders, having filed requests to familiarize themselves with relevant materials.

Each invitation for convention of General Meeting of Shareholders of BULGARIAN REAL ESTATE FUND REIT, together with materials, pertaining to agenda, were sent within legally established term to Deputy Chairman, head of "Investment Activities Supervision" Directorate, to "Bulgarian Stock Exchange - Sofia" AD and the general public.

Invitations for convention of General Meeting of Shareholders of BULGARIAN REAL ESTATE FUND REIT were notified within due term at Commercial Registry.

Materials on agenda for each session of General Meeting of Shareholders were placed at shareholders' disposal at Company's management address at the date of invitation's notification at Commercial Registry. In addition, in cases when explicitly requested by separate shareholders of the Company, I sent relevant materials for familiarization.

II. Second direction of my work was connected to my obligations on maintenance and storage of documentation pertaining to resolution adoption process at BULGARIAN REAL ESTATE FUND REIT.

Company bodies, adopting resolutions in connection with relevant activities are General Meeting of Shareholders and Board of Directors.

Board of Directors of BULGARIAN REAL ESTATE FUND REIT always convened sessions whenever required in view of Company's normal functioning.

Each session of General Meeting of Shareholders and Board of Directors was subject to keeping minutes on agenda; motions made, discussions, conducted voting and adopted resolutions. Originals of each and every set of minutes were kept along with documentation of BULGARIAN REAL ESTATE FUND REIT. Minutes of each session of General Meeting, as well as some minutes of Board of Directors sessions (in cases, when explicitly provided for by the law), were sent within specified term to Deputy Chairman,

head of "Investment Activities Supervision" Directorate at Financial Supervision Commission and to "Bulgarian Stock Exchange - Sofia" AD (as well as to other bodies/persons, when provided for by the law). Each shareholder has the right to familiarize himself/herself with contents of minutes of conducted session of General Meeting, and also has the right to receive copy thereof (from Deputy Chairman, head of "Investment Activities Supervision" Directorate at Financial Supervision Commission).

Presence of Investor relations Director at specified sessions represents an additional guarantee, that resolutions of General Meeting of Shareholders, of Board of Directors, respectively, shall be discussed and adopted in conformity with requirements of currently effective Bulgarian legislation, Statutes of BULGARIAN REAL ESTATE FUND REIT, and its Good corporate management program, in the best interest of all Company shareholders and under transparency conditions.

III. Third direction of my work as Company's Investor Relations Director was connected to obligations for disclosure of information by BULGARIAN REAL ESTATE FUND REIT before the Financial Supervision Commission, "Bulgarian Stock Exchange - Sofia" AD, "Central Depository" AD and other persons/bodies.

You are well aware that public companies are subjected to exceptionally stringent supervision on part of Financial Supervision Commission, more specifically "Investment Activities Supervision" Directorate. However, this rings true to a greater degree for special investment purpose companies – together with obligations for disclosure of information, we are also under obligation, in cases explicitly provided for by the law, to direct requests for preliminary approval of a number of actions, pertaining to our type of companies. For example, in this manner, public companies are obligated only to inform the Financial Supervision Commission of changes to their statutes. In contrast to specified public companies, BULGARIAN REAL ESTATE FUND REIT, in its capacity as special investment purpose company, is obligated to provide for approval to Deputy Chairman, head of "Investment Activities Supervision" Directorate at Financial Supervision Commission adopted by General Meeting of Shareholders changes to its Statutes, and relevant changes may be presented for entry into the Commercial Registry at Registry Agency under Company's lot only and solely after obtainment of such approval.

We have put in all requisite efforts in order to file in due time with Deputy Chairman, head of "Investment Activities Supervision" Directorate at Financial Supervision Commission of all financial reports (quarterly and annual) and other notices, pertaining to Company's activities (e.g. acquisition or sale of real estate property, execution of constructions, etc.), and relevant reports were executed with contents, in conformity to requirements of applicable legislation. Information disclosed before the Financial Supervision Commission, was also sent within same terms and volume to "Bulgarian Stock Exchange - Sofia" AD and the general public, and in cases provided for by the law – also to other bodies/persons.

For the period from Company's licensing till present moment, Financial Supervision Commission has not imposed compulsory administrative measures upon BULGARIAN REAL ESTATE FUND REIT due to failure to perform relevant obligations on

disclosure of information or nonperformance of other obligations, provided for in currently effective Bulgarian legislation.

IV. Forth direction of my work was connected to maintenance of effective connection and contacts between members of the Board of Directors and shareholders of BULGARIAN REAL ESTATE FUND REIT and other persons, having expressed interest to invest in securities, issued by the Company.

In connection with relevant direction, during reporting year 2012, we put in requisite efforts to duly present you with information regarding progress of Company's activities, Company's current financial and economic standing, and other circumstances, of material importance to current and future investors of BULGARIAN REAL ESTATE FUND REIT:

- We notified our shareholders in due term of convention of General Meeting of Shareholders via notification of invitation at Commercial Registry, and materials pertaining to each session's agenda were placed at shareholders' disposal at Company's management address and on the official website of the Company as of the date of invitation's notification; in cases, when explicitly requested by separate shareholders, specified materials were sent for familiarization;
 - After presentation of Company's annual and quarterly financial reports to Deputy Chairman, head of "Investment Activities Supervision" Directorate at Financial Supervision Commission and "Bulgarian Stock Exchange - Sofia" AD, the relevant reports were presented to the general public;
 - During the past 2012, Investor Relations Director and all members of the Board of Directors were at disposal of shareholders and all other future investors of BULGARIAN REAL ESTATE FUND REIT, and we answered raised queries pertaining to Company's activities.
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On Item 6 of the Agenda: Release of liability of BD members for their activities in 2012.

Motion of Board of Directors of "BULGARIAN REAL ESTATE FUND" REIT for resolution **on Item 6 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

„GM releases of liability BD members for their activities in 2012”

On Item 7 of the Agenda: Adoption of resolution on financial result distribution.

Motion of Board of Directors of "BULGARIAN REAL ESTATE FUND" REIT for resolution **on Item 7 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

"GM adopts resolution to be distributed as dividend for shareholders 100 % of transformed financial result for 2012, determined pursuant to Article 10 of Special Investment Purpose Companies Act, in the amount of BGN 2 000 485.14 together with the remainder of the undistributed profit for past financial years in the amount of BGN 1 917 469.82. The total sum to be distributed as dividend for shareholders is BGN 3 917 954.96 or gross dividend per single share is BGN 0.06481"

On Item 8 of the Agenda: Election of registered auditor for financial year 2013.

Motion of Board of Directors of "BULGARIAN REAL ESTATE FUND" REIT for resolution **on Item 8 of the Agenda** at regular General Meeting of Shareholders /GM/, set for July 15th 2013:

„GM elects "Ernst & Young Audit" OOD, UIC: 130972874, Sofia 1715, Residential Quarter Mladost 4, Business Park Sofia, Building 10, Floor 2, to audit and certify Company's financial report for 2013"

Power of Attorney Form, pursuant to Article 116, Paragraph 3 of POSA

**POWER OF ATTORNEY – FORM
For representing shareholder in the regular general meeting of
"BULGARIAN REAL ESTATE FUND" REIT**

<p>In case of a shareholder entity</p> <p>I, the undersigned:, Personal ID No:, ID Card No,/....., issued by permanently residing at:, in the capacity as representative of "....." UIC:, registered seat and management address:, shareholder of BULGARIAN REAL ESTATE FUND REIT, holder of numbers registered, dematerialized shares of capital of BULGARIAN REAL ESTATE FUND REIT, UIC 131350366, pursuant to Article 226 of Commercial Act (CA) in conjunction with Article 116, para 1 of Public Offering of Securities Act (POSA), do hereby</p>

or

<p>In case of a shareholder individual</p> <p>I, the undersigned:, Personal ID No:, ID Card No/....., issued by permanently residing at:, in the capacity of shareholder of BULGARIAN REAL ESTATE FUND REIT, holder of numbers registered, dematerialized shares of capital of BULGARIAN REAL ESTATE FUND REIT, pursuant to Article 226 of Commercial Act (CA) in conjunction with Article 116 of Public Offering of Securities Act (POSA), do hereby</p>
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AUTHORIZE:

<p>In case of representative individual</p> <p>....., Personal ID No:, holder of ID Card No, issued on by Ministry of Interior -, permanently residing at:</p>

Or

<p>In case of representative entity</p> <p>“.....” UIC:, registered seat and management address:, represented by, Personal ID No:, holder of ID Card No, issued on by Ministry of Interior -, permanently residing at:, in his/her capacity of</p>

to represent me/ the company represented by me at regular General Meeting of Shareholders of BULGARIAN REAL ESTATE FUND REIT, to be conducted on July 15th 2013, 10:00 h, at: Sofia, Presclub Agency “SOFIA PRESS”, 29 Slavianska Street, Floor 7, and in the event of lacking quorum, on July 30th 2013 at 10:00 h, at the same place and with the same agenda, and to vote with number of shares from the capital of BULGARIAN REAL ESTATE FUND REIT, in conformity with manner specified hereinafter below, namely:

Agenda:

1. Annual report of BD on Company activities and management for 2012; draft resolution – General Meeting /GM/ adopts Annual report of BD on Company activities and management for 2012;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

2. Registered auditor report on executed inspection of Annual financial report for 2012; draft resolution – GM adopts Registered auditor report on executed inspection of Annual financial report for 2012;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

3. Report on the Company Audit Committee activities for 2012; draft solution – GM adopts the Report on the Company Audit Committee activities for 2012;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

4. Approval of Company's Annual financial report for 2012; draft resolution – GM approves Company's Annual financial report for 2012;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

5. Director's report on investor relations; draft resolution – GM adopts Director's report on investor relations;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

6. Release of liability of BD members for activities executed in 2012; draft resolution – GM releases of liability BD members for activities executed in 2012;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

7. Adoption of resolution for financial result distribution; draft resolution – GM adopts resolution to be distributed as dividend for shareholders 100 % of transformed financial result for 2012, determined pursuant to Article 10 of Special Investment Purpose Companies Act, in the amount of BGN 2 000 485.14 together with the remainder of the undistributed profit for past financial years in the amount of BGN 1 917 469.82. The total sum to be distributed as dividend for shareholders is BGN 3 917 954.96 or gross dividend per single share is BGN 0.06481;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

8. Election of registered auditor for financial year 2013; draft resolution – GM elects "Ernst & Young Audit" OOD, UIC: 130972874, Sofia 1715, Residential Quarter Mladost 4, Business Park Sofia, Building 10, Floor 2, to audit and certify Company's financial report for 2013;

Way of voting: Pro, con, abstaine, the representative has the right to decide the to vote;

The representative is required to vote according to the way pointed out above. In case there are instructions for the way of voting - con, the representative has the right to decide how to vote; - abstaine, the representative has the rights to make additional suggestions regarding the items on the agenda. The representation

covers/does not cover questions which are added to the agenda under the terms of art. 223 para 1 CA and are no announced and published pursuant to art. 223 and 223a of CA. In cases of art. 231 para 1 of CA the representative has/has not the right to decide whether to vote or not and how to vote, as well as to make/not to make any suggestions for the solutions on the added items in the agenda.

Pursuant to Article 116, Paragraph 3 of POSA reauthorization with rights specified herein above shall be null and void.

PRINCIPAL:.....