



Bulgarian Real Estate Fund

OFFICE DEVELOPER AND INVESTOR

Bulgarian Real Estate Fund - Profile

- Established in 2004 BREF is one of the first Bulgarian REITs (Real Estate Investment Trust)
- Listed on the Bulgarian Stock Exchange – Sofia (Ticker symbol “5BU”)
- Capital raised - EUR 35.9 million
- Realized real estate projects for over EUR 90 million
- Developed over 58,000 sq.m. office and retail area
- Professionally managed by an experienced team with proven business and construction track record



Mission and Vision

Our Mission

Bulgarian Real Estate Fund is committed to becoming the leading REIT in Bulgaria.

Our Vision

To invest in properties that have superb potential for cash-flow growth and capital appreciation and translate that into favorable returns for our shareholders.



Business Strategy

BREF will achieve these objectives by strategically:

- Originating “Build-To-Suit” projects
- Focusing on market segments typified by growth potential
- Developing exceptional quality projects with exclusive location and features
- Enhancing property value through pro-active management and capital improvements
- Increasing projects’ return by maintaining an optimal financial leverage
- Creating long-term relationships with large tenants of real estates (like ITO, BPO, supermarkets, etc.)

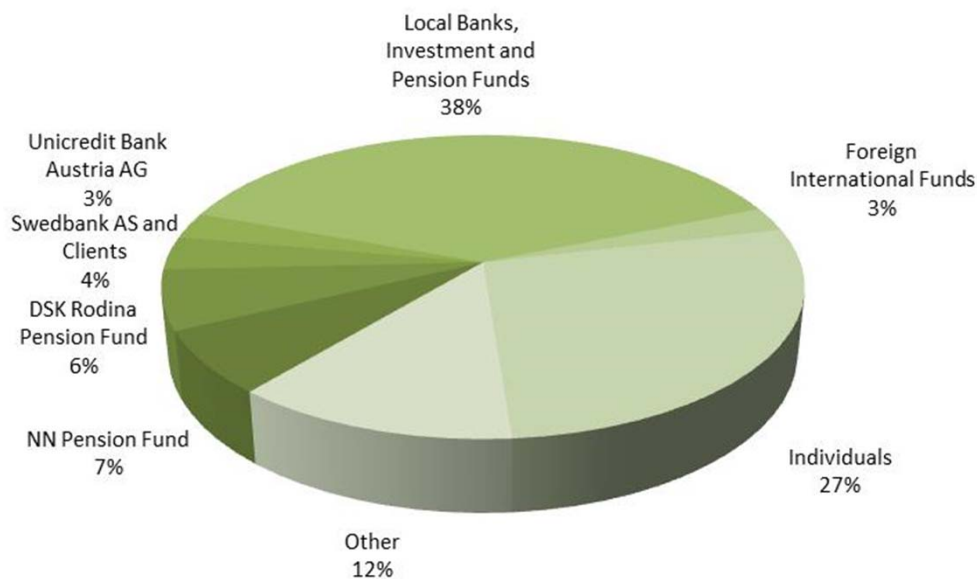


Shareholders

Our shareholder structure is dominated by institutional local and foreign investors.

- Over 850 shareholders, the largest of which are , INN Pension Fund, DSK Rodina Pension Fund, CB Allianz Bulgaria Pension Fund, Unicredit Bank Austria AG, Swedbank AS and some other foreign investors.
- Many other local pension and investment funds
- Free float – 86%

**BREF's shareholder structure
March 2017**



Management team

The key factor for successfully realizing the past projects is our management team, with:

- Profound construction experience and know-how in property and facility management
- Extensive knowledge and experience in the financial and real estate sectors
- Broad network of contacts within the financial, real estate and government communities
- Proven track record of successful projects
- Eagerness to support client's business and assist resolving operational problems



BREF property criteria

The Fund specializes in strategic property acquisitions and invests exclusively in high-performing real estates, corresponding to the following criteria:

- Prime location and good transport accessibility,
- High quality, covering all client's standards,
- Functionality and modern technical decisions,
- Professional facility and property management,
- Sustainability and healthy environment,
- First class service suppliers and tenants

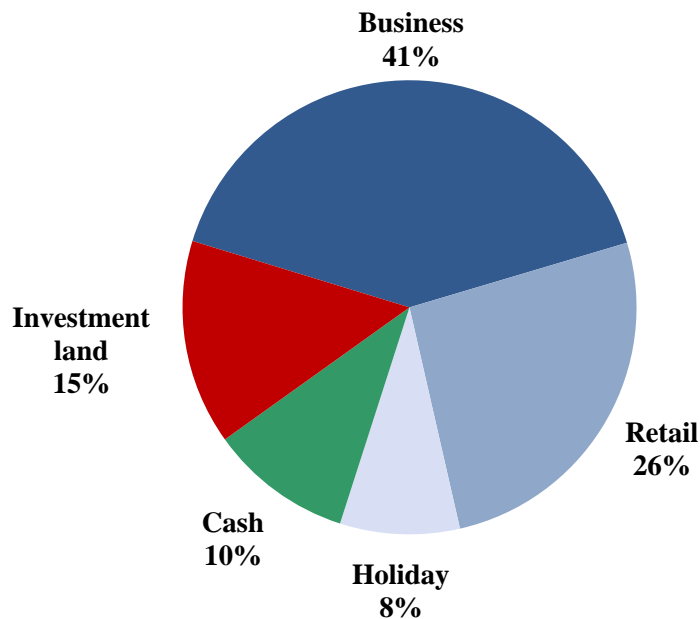


BREF portfolio track record

Since the inception of the company BREF has invested over 90 mln euro in 13 real estate projects in different real estate sectors in Bulgaria

- Out of 13 projects 7 are opportunistic, 4 development and 2 investment projects
- 4 office projects with total built-up area – 50,140 sq.m., of which 42,822 sq.m. developed and 7,318 sq.m. acquired
- 2 retail projects with total built-up area – 28,050 sq.m., of which 15,065 sq.m. developed and 12,985 sq.m. acquired
- 6 land plot projects with total area – 40.9 ha, of which 40.5 ha agricultural and 0.4 ha investment land plots
- 1 residential project with total built-up area – 3,527 sq.m.

BREF portfolio March 2017



Financial highlights

- Raised capital – EUR 35.9 million
- Investments – EUR 90 million
- Sales of real estate – EUR 80 million
- Return on equity paid through dividends – 81.16% (EUR 29.2 million)
- NAV March 2017 – EUR 36.16 million
- NAV per share – EUR 1.79 per share (BGN 3.51 per share)
- Current market price per share – EUR 1.18 per share (BGN 2.30 per share)



BREF tenants



KONICA MINOLTA



Mr. Bricolage – “Sale and Leaseback” project

BREF has entered a “sale and leaseback” project for two retail outlets of the French “Do-It-Yourself” retail chain Mr. Bricolage in Bulgaria. The stores are located in Sofia and Varna and are the two best performing assets of the retail chain. The lease contracts are for a period of fifteen years, with a lease renewal option.

- **Monthly rent 2017:** EUR 90,250
- **Total investment:** EUR 10 million
- **Leverage:** 70%
- **Lease term:** until Dec 2021



Business Park Sofia – Building 1B - office project

Building 1B is part of Business Park Sofia, which has developed as a landmark in Sofia. This is the most developed area offering to its residents the ideal business environment. Some of the amenities that the companies might have benefits of are: bank outlets, post office, restaurants and cafes, pharmacy, dry-cleaning, dental and medical care, convenience store, etc. The building itself offers most of the facilities that the tenant might need: flexible open-space, backup diesel generator, raised floors, suspended ceilings, high category cabling, dedicated server room, CCTV and a reception lobby. In addition in 2015 the last metro station of the new extension of Sofia Metro line was put into operation and ease the access to the city centre and Sofia Airport.

- **Total built-up area:** 9,198 sq.m
- **Office area:** 7,318 sq.m
- **Parking lots:** 68
- **Occupancy rate:** 100%
- **Anchor tenant:** EXL, C3i, Unify (Atos), Bulpros



Kambanite Green Offices – development office project

Kambanite Green Offices is a modern office building designed by the highest international standards and the latest architectural tendencies to ensure the quality office areas your business needs. It is a sustainable project pursuing the best practices for green buildings and LEED certificate. The total space of 13,498 sq.m., spreads across four floors of premium office premises, a reception lobby, a large restaurant area, an underground parking area and spots for relaxation. Each floor offers a spacious open layout allowing flexible partitioning and space planning, beautiful views to the green park area around the building and to Vitosha Mountain.

- **Total built-up area:** 13,498 sq.m
- **Office area:** 9,583 sq.m
- **Retail area:** 425 sq.m.
- **Parking lots:** 215
- **Anchor tenant:** Adecco
- **Occupancy rate:** 72%



Apartment house "Sequoia 2" – Borovetz

In the end of 2007 BREF acquired a newly built apartment house “Sequoia 2” in Borovetz resort. The property is part of the apartment complex "Sequoia Borovets“, which offers all services to be found in a five-star hotel. The Sequoia complex is situated close to a picturesque pine forest within walking distance of the very centre of the resort. The distance to the main road Borovetz-Plovdiv is only 30 meters.

- **Built-up area:** 3,527 sq.m
- **Number of units:** 36 apartments and 9 garages
- **Sold units:** 10
- **Total investment:** EUR 2,227,000
- **Construction completion:** November 2007
- **Current phase:** for sale



Pipeline Projects

■ Development land plot – Veliko Turnovo

In 2006, BREF acquired a 203,000 sq.m. land plots, located on the main road Sofia-Varna, in the vicinity of Veliko Turnovo. After the sales in the last two years the remaining properties owned by BREF have a total area of 148,554 square meters. Meanwhile the Fund temporarily has rented out the properties as agricultural land.

■ Development land plot – Vidin

Since October 2006, BREF has been the owner of 86,000 sq.m land plot, located on the Pan European Transport Corridor № 4. It is at a 4 km distance from Vidin - an important transportation centre situated on the Danube River. The Fund intends to develop a logistic and warehouse center that will offer high-quality warehousing space for rent.



Pipeline Projects (cont'd)

■ Development land plots – adjacent to Business Park Sofia (Sofia)

BREF is owner of 15 land plot situated on Sofia's Ring Road in its crossing point with "Alexander Malinov" Blvd., to the west of Business Park Sofia. After the regulation of the properties and the sales during the past years as of the end of March 2017 BREF owns properties with a total area of 29,489 sq.m., out of which 21,516 sq.m. zoned and 7,973 sq.m. unzoned, intended for green areas.



Future plans

To continue invest in first class properties through :

- Acquisition of high class buildings
- Development of class A office buildings in Sofia with prime location
- Development of high-end residential properties
- Acquiring big plots of agricultural lands



Favorable Legislation

■ Equal treatment of major and minor shareholders, as well as easy exit from investments

REITs are required to provide extensive disclosure regarding their activities, distribution of dividends (at least 90% of the cash profits), protection from dilution (capital increase can be done only with rights issue) and all forms of minorities protection that are guaranteed by the Securities law in Bulgaria. Furthermore, investors benefit from greater liquidity and easy exit from their investments.

■ Taxation

- REITs are exempt from corporate income tax
- Shareholders are taxed for their dividend income - 5% withholding tax for foreign investors and local individuals and 10% corporate tax for local corporations
- The capital gains generated from the trade in the company's shares are tax-exempt for both local and foreign corporations and individuals

■ Professional Management

The REIT certification process requires management to demonstrate investment expertise and real estate know-how. This includes the ability to undertake detailed research, analyse sector trends, mitigate risks and advise on the REIT's investment strategy



Contact details:

The Headquarters of BREF and REM Ltd. are at:

- **Address:** Bulgaria
1113 Sofia,
3A Nikolay Haytov Str., floor 1
- **Tel.:** +359 2 980 93 09
- **Fax.:** +359 2 981 06 03
- **E-mail:** bref@brefbg.com
- **Website:** www.brefbg.com

