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# „ELANA AGROCREDIT” AD

## Registration Document

### PART ONE FROM THE PROSPECTUS FOR PUBLIC OFFERING OF SHARES

**TYPE OF SECURITIES OFFERED: ORDINARY, DEMATERIALIZED, REGISTERED, FREELY TRANSFERABLE**

**NUMBER OF SHARES OFFERED: 15,000,000**

**ISIN CODE: BG1100040101**

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*THE REGISTRATION DOCUMENT CONTAINS THE OVERALL INFORMATION ABOUT ELANA AGROCREDIT AD, REQUIRED TO ADOPT AN INVESTMENT DECISION, INCLUSIVE OF THE MAIN RISKS RELATED TO THE ISSUER AND ITS ACTIVITIES. IT IS IN THE BEST INTEREST OF ALL INVESTORS TO GET ACQUAINTED WITH THE REGISTRATION DOCUMENT AND THE DOCUMENT FOR THE OFFERED SECURITIES OF PRIOR TO ADOPTING AN INVESTMENT DECISION. THE REGISTRATION DOCUMENT, TOGETHER WITH THE DOCUMENT FOR THE OFFERED SECURITIES AND THE SUMMARY CONSTITUTE THE PROSPECTUS FOR AN INITIAL PUBLIC OFFERING. THE PROSPECTUS CONTAINS ALL THE INFORMATION WHICH, ACCORDING TO THE SPECIFIC FEATURES OF THE ISSUER AND THE SECURITIES OFFERED, IS SUFFICIENT TO ALL INVESTORS TO ACCURATELY ASSESS THE ECONOMIC AND FINANCIAL STATE, ASSETS AND LIABILITIES, FINANCIAL RESULTS, PROSPECTS FOR DEVELOPMENT AND THE RIGHTS ASSOCIATED WITH THE SECURITIES.*

**ANY INVESTMENT IN SECURITIES IS RELATED TO CERTAIN RISKS. THE MAIN RISKS, RELATED TO ELANA AGROCREDIT AND ITS ACTIVITIES, ARE ENLISTED IN THE REGISTRATION DOCUMENT, ITEM 4 "RISK FACTORS".**

**THE FINANCIAL SUPERVISION COMMISSION (FSC) HAS APPROVED THE BULGARIAN VERSION OF THIS REGISTRATION DOCUMENT WITH DECISION No. 506 – E FROM 04.07.2013, BUT IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PRESENTED HEREIN.**

*THE MEMBERS OF THE BOARD OF DIRECTORS OF ELANA AGROCREDIT AD SHALL BE RESPONSIBLE FOR THE DAMAGES CAUSED BY FALSE, MISLEADING OR INCOMPLETE DATA IN THE REGISTRATION DOCUMENT. "ELANA TRADING" AD BEING AUTHORIZED FOR THE PREPARATION OF PROSPECTUS INVESTMENT INTERMEDIARY SHALL BE JOINTLY LIABLE FOR DAMAGES CAUSED BY FALSE, MISLEADING OR INCOMPLETE DATA IN THE REGISTRATION DOCUMENT. THE COMPILER OF THE ANNUAL FINANCIAL STATEMENT OF ELANA AGROCREDIT AD SHALL BEAR JOINT RESPONSIBILITY WITH THE PERSONS UNDER THE PRECEDING SENTENCE FOR DAMAGES CAUSED BY FALSE, MISLEADING OR INCOMPLETE DATA IN THE FINANCIAL STATEMENTS OF ELANA AGROCREDIT AD. THE REGISTER AUDITOR SHALL BE HELD RESPONSIBLE FOR DAMAGES CAUSED BY THE AUDITED FINANCIAL STATEMENTS OF THE ISSUER.*

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**DATE: 22.03.2013**

All investors interested in the Registration Document can get familiar with the original document and to obtain a free copy and additional information from:

SOFIA, 5 “LACHEZAR STANCHEV” ST.,

SOFARMA BUSINESS TOWERS, TOWER B, FLOOR 12

FOR THE ISSUER:

FOR THE AUTHORIZED INVESTMENT INTERMEDIARY:

PERSON TO CONTACT: GEORGI GEORGIEV

PERSON TO CONTACT: MIROSLAV STOYANOV

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The above mentioned documents can be obtained from the "Bulgarian Stock Exchange - Sofia" AD / BSE / after admission of the securities of the Company to trading on a regulated market.

The contents of this document should not be construed as legal, financial, business or tax advice. To obtain such advice, any potential investor should consult their own legal, financial or tax adviser. If you have any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. You should be aware that the price of the shares can decrease as well as increase.

#### ABBREVIATION:

<b>“ISSUER”, “THE COMPANY”</b>	“ELANA AGROCREDIT” AD, Sofia, EIK 175308436
<b>INVESTMENT INTERMEDIARY</b>	“ELANA TRADING” AD
<b>POSA</b>	Public Offering of Securities Act
<b>EU</b>	European Union
<b>EU- 27</b>	27 Members of European Union
<b>FSC</b>	Financial Supervision Commission
<b>BSE</b>	Bulgarian Stock Exchange AD
<b>CD</b>	Central Depository AD
<b>PROSPECTUS</b>	Prospectus for admission to trading of shares
<b>BNB</b>	Bulgarian National Bank
<b>SMEs</b>	Small and Medium Enterprises
<b>IFRS</b>	International Financial Reporting Standards
<b>GDP</b>	Gross Domestic Product
<b>NSI</b>	National Statistical Institute

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## 1. RESPONSIBLE PARTIES

### **1.1. NAME OF THE PARTIES RESPONSIBLE FOR PREPARING OF THE REGISTRATION DOCUMENT**

"Elana Agrocredit" AD, referred to as the Company or the Issuer is a joint stock company with a one-tier management system.

Members of the board of directors (BoD) of "Elana Agrocredit" AD:

- Kamen Kolchev – CEO;
- Vanya Vassileva – Chairman of the Board of Directors;
- Petar Bozhkov – Member of the Board of Directors;

Currently a legal entity has not being elected as a member of the BoD of the Company.

As of the date of this Prospectus, the Board of "Elana Agrocredit" AD has not authorized procurator or other proxy.

The authorized investment intermediary: "Elana Trading" AD with its registered office in Sofia, region "Sredets" street "Kuzman Shapkarev" № 4. Represented by the Chairman of the Board Radoslava Maslarska and the CEO Momchil Tikov.

The person, who prepared the financial statements of the Company for the period covered by the historical financial information, is Gergana Kostadinova (surname Borisova until 2010 and change to Kostadinova upon termination of marriage).

Data for the auditor of the company are stated in 2.1. of this Registration Document.

The preparation of the Registration Document and the other parts of the prospectus for the initial public offering was assigned to "Elana Trading" AD. The employee of "Elana Trading" AD, who prepared the economic and the legal information in the registration document, is Miroslav Stoyanov, director "Investment Banking". With his signature on the last page of this document he declares that he has prepared the document with due care towards its compliance with the requirements of the law and that as far as he knows, all the information contained in the registration document is not false, misleading or incomplete and corresponds to the facts.

The legal representation of "Elana Trading" AD is performed by any two of the following three individuals: Kamen Kolchev, Radoslava Maslarska and Momchil Tikov. With their signatures on the last page of the registration document and as representatives of "Elana Trading" AD, Radoslava Maslarska and Momchil Tikov declare that the prospectus complies with the law and that to the best of their knowledge, all information contained in the Registration Document is not false, misleading or incomplete and corresponds to the facts.

With the signing the last page of this document the BoD of "Elana Agrocredit" AD declares that to the best of their knowledge, the information contained in the Registration Document is not false, misleading or incomplete and corresponds to the facts. With his signature on the last page the CEO of "Elana Agrocredit" AD declares that Registration Document complies with the law.

The compiler of the annual and interim financial statements is jointly liable with the members of the Board of Directors, "Elana Agrocredit" AD and "Elana Trading" AD through its employee Miroslav Stoyanov, for damages caused by false, misleading or incomplete information in the financial statements of "Elana Agrocredit" AD. The registered auditor Mariana Petrova Mihailova is liable for damages caused by the included historical financial information as a result of improperly expressed auditor's opinion over the audited financial statements of the Issuer.

### **1.2. DECLARATION BY THOSE RESPONSIBLE FOR THE REGISTRATION DOCUMENT**

Declarations from the members of the BoD of "Elana Agrocredit" AD and "Elana Trading" AD, from the registered auditor, from the compiler of the financial statements and from the employee of "Elana Trading" AD who prepared the prospectus, are attached to the prospectus.

## 2. LEGALLY APPOINTED AUDITORS

### 2.1. THE NAMES AND THE ADDRESSES OF THE ISSUER'S AUDITORS FOR THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION

As of the date of this document, the auditor of the Company is Mariana Mihailova, address: Sofia 1421, Rayko Daskalov № 1. Mariana Mihailova has examined the annual financial statements for 2010, 2011 and 2012 in line with International Accounting Standards (IAS) as adopted by the Council of Ministers Decree 21/04.02.2003, and MSFO1, and in accordance with the professional requirements of the International Auditing Standards.

Mariana Mihailova is a member of the Institute of Chartered Accountants in Bulgaria. Mariana Mihailova is a registered auditor with a certificate № 0203/1993.

### 2.2. IF AUDITORS HAVE RESIGNED, HAVE BEEN REMOVED OR NOT HAVE BEEN REAPPOINTED DURING THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION, SUCH INFORMATION SHALL BE INDICATED

There are no auditors, who have resigned or have been removed. The auditors have been reappointed.

## 3. SELECTED FINANCIAL INFORMATION

### 3.1. SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected financial data of the Company is derived from the audited financial statements as of 31.12.2010, 31.12.2011 and 31.12.2012. The same are attached as an integral part of this prospectus for initial public offering. Paragraph 20 below will provide detailed financial information about the Company.

Financial information of the individual annual financial statements for the period 31.12.2010 - 31.12.2012

INDICATORS IN THOUSAND BGN	2010	2011	2012
SALES	0	0	0
FINANCIAL INCOME	11	11	10
NET PROFIT / LOSS FROM OPERATIONS	9	8	8
NET PROFIT / LOSS FROM OPERATIONS PER SHARE IN BGN	0.009	0.008	0.032
TOTAL ASSETS	254	262	260
NET ASSETS	253	261	259
SHARE CAPITAL	1 000	1 000	250
DIVIDEND	-	-	10
DIVIDEND PER SHARE IN BGN	-	-	0.04

## 4. RISK FACTORS

INVESTING IN SECURITIES IS ASSOCIATED WITH VARIOUS RISKS. POTENTIAL INVESTORS SHOULD CAREFULLY READ AND CONSIDER THE INFORMATION BELOW, AND ALL INFORMATION IN THE PROSPECTUS BEFORE DECIDING TO ACQUIRE SHARES OF THE COMPANY. USED IN THE PROSPECTUS, THE WORDS "EXPECTS", "BELIEVES", "INTENDS", AND OTHER SUCH INSTRUCTIONS FOR STATEMENTS THAT ARE ESTIMATES OF ITS NATURE AND / OR REFER TO FUTURE UNCERTAIN EVENTS AND CONDITIONS THAT MAY INFLUENCE FUTURE BUSINESS AND FINANCIAL PLANS OF THE COMPANY, RESULTS OF ITS BUSINESS AND FINANCIAL POSITION. WE WOULD LIKE TO WARN POTENTIAL INVESTORS THAT THESE STATEMENTS ARE NOT A GUARANTEE FOR THE FUTURE PERFORMANCE OF THE COMPANY AND ARE SUBJECT TO RISKS AND UNCERTAINTY. ACTUAL FUTURE RESULTS OF THE COMPANY MAY DIFFER SUBSTANTIALLY FROM THE FORECASTED RESULTS AND EXPECTATIONS AS A RESULT OF MANY FACTORS, INCLUDING THE FOLLOWING RISK FACTORS. (THE SEQUENCE OF THE PRESENTATION OF THE RISK FACTORS REFLECTS THE VIEWS OF THE BOARD OF DIRECTORS ON THEIR SPECIFIC SIGNIFICANCE AT THIS TIME OF THE COMPANY'S ACTIVITY.)

THE RISKS, ONE MAY BE EXPOSED TO, BY INVESTING IN SECURITIES CAN BE BROKEN DOWN BY VARIOUS CRITERIA DEPENDING ON THEIR NATURE, MANIFESTATION FEATURES OF COMPANY, CHANGES IN CAPITAL OF THE COMPANY AND THE POSSIBILITY WHETHER SOME RISKS COULD BE ELIMINATED OR NOT. THE RISKS COULD BE DIVIDED INTO TWO GROUPS: SYSTEMATIC AND NON-SYSTEMIC RISK.

### 4.1 SYSTEMATIC RISKS

General risks arise from changes in the overall economic environment and, in particular, fluctuations in the financial markets. Systematic risks cannot be diversified since all businesses in the country are exposed to them.

Twenty-three years after the end of the planned economy, Bulgaria is pursuing a policy of economic reform and stabilization, intended to enforce and operate by the principles of free market economy. As a consequence, business entities in Bulgaria have limited experience and operating history in free market conditions. In this regard Bulgarian companies, compared to companies from Western countries, are characterized by a lack of experience in the market economy and limited capital resources with which to develop their business. In addition to this, Bulgaria also has limited infrastructure to support a free market system.

In Bulgaria, as in most countries in transition, there is a trade deficit and current account deficit. Our country is an importer of crude oil. In this regard, increases in oil prices reduce the competitiveness of the Bulgarian economy and in addition to its dependence on oil imports further exposes the economy to foreign exchange risk from adverse changes in the exchange rate of the USD against the BGN. The capital revenues from privatization are expected to gradually decrease with the completion of the privatization program.

#### 4.1.1. ECONOMIC GROWTH

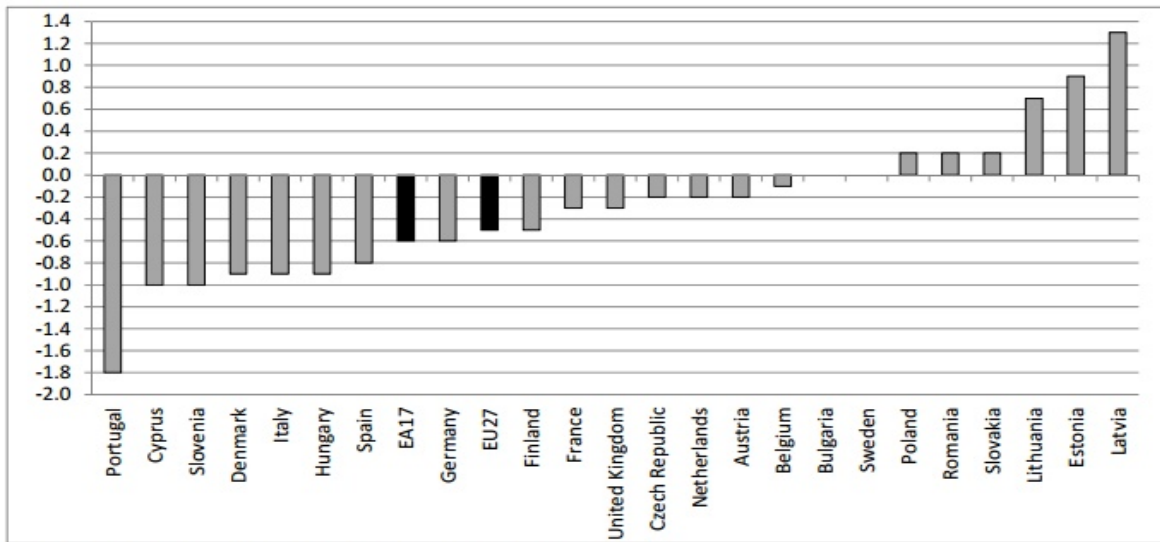
The correlation between economic growth and external debt of the country has direct impact on the formation and evolution of the market conditions and investment climate. Official statistics show real GDP and GDP per capita growth in recent years, which corresponds with the government's development program.

According to information published by the National Statistics Institute, after the introduction of the currency board system in 1997, Bulgaria achieved macroeconomic stability and good indicators of economic development. Average GDP growth for the period 1998 - 2004 was 4.4%. The year 2007 experienced an increase in GDP growth on an annual basis - from 6.1% to 6.2%, the highest growth was registered in the last quarter of the year - at the rate of 6.9%.

The global economic crisis had a negative impact on the above trend and the GDP growth declined significantly throughout the past few years. The GDP for the fourth quarter of 2012 declined by 0.5% in the EU-27 compared to the previous quarter. For the same period, GDP in Bulgaria remained at the same level.

The fourth quarter of 2012 compared to the previous quarter, the highest growth recorded was by Latvia - 1.3%, Estonia - by 0.9%, Lithuania - by 0.7%, Slovakia, Romania and Poland - by 0.2%, while the largest decline recorded is in Portugal - 1.8%, Cyprus and Slovenia - 1.0%, Denmark, Italy and Hungary - 0.9%

Figure 1: Growth rate of GDP of the EU members in the fourth quarter of 2012 compared to the previous quarter in%



Ireland, Greece, Luxembourg and Malta: data not available for fourth quarter 2012.

Source: Eurostat

In comparison with the same quarter of the previous year seasonally adjusted data show a decrease in GDP of 0.6% in the EU27. For the same period in Bulgaria GDP grew by 0.5%.

In the fourth quarter of 2012 compared to the same quarter of the previous year the highest growth was observed in Latvia - 5.7%, Estonia - 3.4%, Lithuania - 3.0%, and Sweden - 1.5%, while Greece recorded a decrease of 6.0% , Portugal - by 3.8%, Cyprus - by 3.0%, Slovenia and Hungary - by 2.8%.

#### 4.1.2. POLITICAL RISK

This is the risk arising from the political processes in the country - the risk of political instability, changes in management principles, legislation and economic policy. Political risk is directly related to the likelihood of unfavorable changes in direction of the government's long-term policy, as a result there is a risk of adverse changes in the business climate.

In March 2013 the political situation in Bulgaria changed after the government's leading political party Citizens for European Development of Bulgaria (GERB) resigned. After the refusal of all political parties to the call of the President of the Republic, inviting them to form a government, the President appointed an interim government to manage the country until elections. The main reason for the resignation of the government was the protesting nation against monopolistic formations.

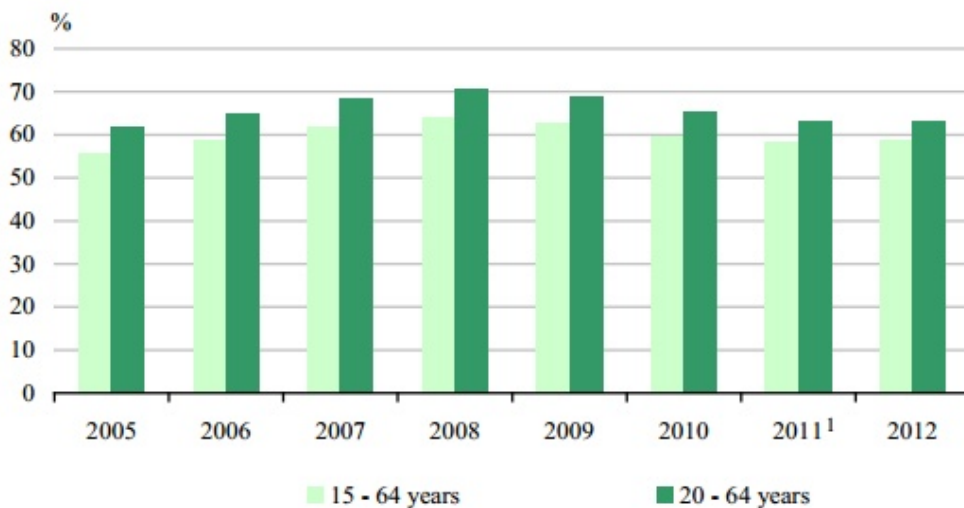
#### 4.1.3. UNEMPLOYMENT

Economic activity coefficient for the population aged 15 - 64 years was 67.9%, or 1.7 percentage points higher than the fourth quarter of 2011.

The employment rate for the population aged 15 - 64 years was 59.4%, as compared to the corresponding quarter of the previous year increased by 0.8 percentage points.

The unemployment rate was 12.4%, or 1.0 percentage points higher than the same period of 2011.

Figure 2: Employment rates by age group



Source: NSI

In the fourth quarter of 2012 unemployment reached 417.3 thousand, 237.8 thousand men and 179.5 thousand - women. Compared to the fourth quarter of 2011 the number of unemployed increased by 8.6%.

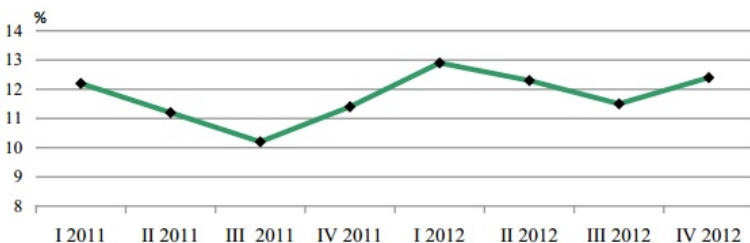
The unemployment rate increased over the same period by 1.0 percentage points in the fourth quarter of 2012 and reached 12.4%. In men, the unemployment rate increased by 0.5 percentage points and for women - 1.4 percentage points, reaching respectively 13.2 and 11.4%.

Long-term unemployed (one or more years) were 230.1 thousand or 55.1 percent of all unemployed as compared to the fourth quarter of the previous year their number increased by 7.5%. The long-term unemployment rate increased by 0.4 percentage points to 6.8% in the fourth quarter of this year - Respectively 7.7% in men and 5.8% in women.

Of all unemployed in the fourth quarter of 2012, 349.7 thousand or 83.3% had previous employment. Unemployed, looking for their first job in the fourth quarter of 2012 reached 69.6 thousand or 16.7%.

The unemployment rate for people aged 15-29 years old was 20.7% (21.3% for males and 20.0% for women), increased by 0.7 percentage points compared to the fourth quarter of 2011, the increase is greater for women (by 1.5 percentage points) than men (0.2 percentage points).

Figure 3: Unemployment rate by quarter.



Source: NSI

#### 4.1.4. IMPACT OF THE FINANCIAL CRISIS ON THE DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES

Published in early 2010 Report of the Ministry of Economy, Energy and Tourism on the sector of SMEs presented some facts with relevance to 2009 year. Regarding access to finance, the report indicates that the difficult economic conditions, faced by companies, changed their attitudes towards external financing.

Deteriorated economic environment strongly affected turnover and profits for small and medium-sized enterprises, which in turn reduced the resources available to them. This is true to such an extent that the financing with own funds decreased 10 times and resulted in difficulties when obtaining a bank loan, which became the most preferred source of funds. In 2009, only about 5 percent of active SMEs were financed with equity capital, whereas a year ago they were 50 per cent (according to a study by ESTAT Agency in October 2009). Fundraising through leasing schemes accounted for 41.6 per cent, while a year earlier only 10 percent of companies had used leasing to finance their investments. Interest in using banks, as a main source of obtaining cash also increased - 54.5 per cent of SMEs have used this approach. Raising funds through government programs served 2.9 percent of the industry, and access to funding through programs of nongovernmental organizations was 2 percent. Financing through international organizations also remained insignificant at 1.6 percent, and by a guarantee scheme - 2.4 percent.

In terms of the designation of own and borrowed medium and long-term capital to SMEs, the largest share accounted to the cost of machinery and equipment carried at 38 per cent of the companies. A little less (32.6 percent), plan to introduce new or improve a known technology and 24.4 percent plan to spend money to improve energy efficiency. In the last year only 28 per cent of enterprises have devoted funds for research and development and 35.9 percent for environmental protection. The largest number of firms allocate resources to improve energy efficiency-43 per cent. Increasing need from external financing in SMEs meets reverse trend in reduction in the growth of bank loans and leasing. Towards the end of 2009, the total number of credits per sector nonfinancial corporations decreased annually by 1.7%, reaching 126.5 thousand., versus an increase of 27.6% at the end of 2008. The amount of loans increased on an annual basis by 2.3 %, reaching 30.938 billion BGN, compared with growth of 32.4% at the end of 2008 (when their size was 30.254 billion BGN).

#### 4.1.5. BANK SYSTEM

According to BNB at the end of September 2012 the banking system assets increased by 0.6% (487 million BGN) compared to June 2012 and reached 79.9 billion BGN. During the third quarter of 2012, the dynamics of the banking system's balance were affected by the same processes influencing them in the beginning of the year - maintain the momentum in growth of deposits of individuals and households and increase the role of other institutions. This had a positive impact towards reducing dependence on borrowings from credit institutions. Funds increased by 1.0% and their share in the assets remained (10.3%). As a result of the increase in their portfolios, "held for trading" and "available for sale" share of securities in the balance sheet assets increased to 8.9% (compared to 8.4% in June). The share of loans and advances in assets at the end of September was 76.7 percent, while the share of loans (excluding credit institutions) remained almost unchanged (66.0%). A decline in advance payments by 50 basis points to 10.7% was accounted for in the balance sheets. Consecutive increase of the resource by residents determined the increase of its share in total borrowings to 82.1%. Preserved quarterly growth rate of deposits from individuals and households contributed to the increase of their share in the structure of funds. In late September, they occupied over half of the total borrowings in the system - 50.7% (against 49.6% in June). In the period from July to September it was reported as the most significant quarterly decrease in resources of credit institutions - 1.3 billion BGN (12.5%), its share dropped to 13.6%. Gross loans (excluding credit institutions) grew by 0.7% (375 million BGN) and their quarterly change was influenced by the sale of loans. Loans granted to enterprises continued to increase (1.2%, 430 million BGN), although they were lower than the second quarter. Retail exposures reported a slight decrease of 0.3% (48 million BGN). Mortgage loans remained almost unchanged, with a slight decrease of 0.1% (13 million BGN) and consumer loans decreased by 0.4% (35 million BGN). Receivables from credit institutions shrank by 3.8% (340 million BGN). From residential sources, the decrease was a 317 million BGN, and by non-residents - a slight decrease of 23 million BGN was observed in loans to non-credit institutions (1.3%, 13 million BGN). Currency structure of loans and advances stayed the same, as the slight decrease in the share of the EUR (from 61.8% in June to 61.6% in September) is at the expense of an increase in the proportion of receivables in other currencies (from 4.7% to 5.0%) . Share of funds in BGN is unchanged - 33.4%. During the period from July to September attracted funds increased by 0.4% (285 million BGN) and at the end of September they reached 68.4 billion BGN. The growth was achieved entirely by local banks. Resources from individuals and households remained consistent with the previous two quarters' growth rate (2.7%, 929 million BGN). Reported quarterly increases in resources from institutions other than credit ones reached 3.2% (687 million BGN) and was the greatest since the beginning of 2012. Furthermore, it is comparable with the one for the same period of 2011. Resources from non-residents decreased by 835 million BGN (6.4%). During the quarter, the capital balance of the system continued to increase (by 158 million BGN, 1.5%) as a result of the increase in issued capital (45 million BGN), revaluation of reserves and current year income. During the third quarter, the process of depreciating credits continued and the negative trend in the

classification structure continued. Specific to this reporting period was the greater reduction of exposures (with 197 million BGN, 1.4%). Net unserviced loans over 90 days at the end of September rose to 6.1 billion BGN, while their share of the net loan portfolio (excluding credit institutions) rose by 30 basis points to 11.6%. To counteract the negative effect of exacerbating the credit risk, the provisioning buffer in the system was increased in the form of impairment and specific provisions for credit risk. This enhanced the extent of coverage of non-performing exposures past the due date over 90 and over 180 days. The profit of the banking system at the end of September 2012 amounted to 504 million BGN, or 19 million BGN (4%) over the same period compared to last year. The formation of increased financial results had a positive effect reduction in impairment charges and increased net income from financial instruments. The total capital adequacy ratio at the end of September was 16.59% compared to 16.74% in June. Capital surplus in the banking system declined by 66 million BGN (2.6%) and at the end of September was 2,493 million BGN. At the end of September the amount of liquid assets was comparable to that reported in the second quarter - 17.9 billion BGN. The ratio of liquid assets as of September was 26.11%. The ratio of gross loans (excluding credit institutions) / borrowings (excluding credit institutions) reached 100.6%.

During the first month of 2013, the trend of maintaining the liquidity position of the banking system continued, thus strengthening its capital balance and increasing the deposit base of households and firms. On 31 January the ratio of liquid assets (25.89%), as calculated under Ordinance № 11 of the BNB shows high liquid capacity. In late January, the profit amounted to 63 million BGN, or 8 million BGN higher than realized year earlier. Recorded impairment charges amounted to 79 million BGN in January the total assets decreased slightly by 0.5% (452 million BGN). Funds decreased by 253 million BGN. Decrease was recorded in portfolio securities with a total 975 million BGN, determined by the maturity of government securities during the month, mainly Bulgarian global bonds in euros. Meanwhile free resource was invested in the form of placements with non-resident credit institutions. As a result, the money owed by banks increased by 987 million BGN. The dynamics of the balance sheet items resulted in a slight strengthening of the market position of the five biggest banks to 49.8% at the end of January. Gross loans (excluding credit institutions) decreased during the month by 149 million BGN (0.3%), due to the trivial contraction of all segments of the loan portfolio of the system. Borrowed funds decreased by 0.6% due to the reduction in credit institutions and maturities in the short and long-term financing. At the same time deposits of individuals and households continue to rise. Their growth in January by 168 million BGN (0.5%) provided increase in their share in the total amount of funding available to 51.3%. Resources from institutions other than credit ones also increased (by 31 million BGN, 0.1%) and its share reached 31.5% in the total borrowings. Within the month balance sheet capital of the banking system increased by 31 million BGN both in terms of the profit for January, and the increase in revaluation reserves.

#### 4.1.6. FISCAL POLICY

According to information from the Ministry of Finance, revenues and benefits under the Consolidated Fiscal Program (CFP) to the third quarter of 2012 amounted to EUR 6 761.8 million BGN. Tax revenues (including social security contributions) amounted to 5 433.1 million BGN. Non-tax revenues and grants amounted to 842.3 million BGN and 486.4 million BGN respectively.

Part of the contribution of the Republic of Bulgaria to the EU budget, paid in January 2013 from the state budget amounted to 90.2 million BGN, which is in accordance with Regulation (EC, Euratom) 1150/2000 of the EU of 22 May 2000 implementing Decision 94/728/EO, Euratom on the system of own resources of the Community, including:

- resource based on gross national income - 65.4 million BGN;
- resource based on value added tax - 12.1 million BGN;
- UK correction - 4.4 million BGN;
- traditional own resources - 7.8 million BGN
- participation in the financing of the gross reduction for the Netherlands and Sweden - 0.6 million BGN

Budget balance under the CFP to 31.01.2013 was negative for the amount of 536.5 million BGN, which was formed by the national budget deficit of 456.9 million BGN and EU funds deficit of 79.5 million BGN.

For comparison, in January 2012 the reported negative budget balance under the CFP totaled 297.8 million BGN, i.e. budgetary position to January 2013 increased the deficit with 238.7 million BGN compared to the same period the year before.

The fiscal reserve on the 31.01.2013 was EUR 4 143.9 million BGN, as compared to 31.12.2012 an increased by approximately 143.9 million BGN was observed. Factors that influenced the size of the fiscal reserve in January 2013 are the negative budgetary balance for the month, as well as operations in the financing part - mostly paid installments on global bonds maturing in January 2013 which totaled 1.5 billion BGN and payments on government bonds for the amount of 0.1 billion BGN. Together with the interest payments of 0.3 billion BGN, the total payments on debt service in January amounted to 2 billion BGN.

#### 4.1.7. CREDIT RISK

Credit risk of the country is connected to the state's ability to repay its obligations regularly. In that regard Bulgaria is constantly improving its position in the international debt markets, which facilitates access of the state and economic agents to funding from external sources. The most important effect from improving the credit rating is lower risk premiums on borrowing, leading to more favorable interest rates (under substantially equivalent conditions). For this reason, the potential increase in credit rating would have a favorable impact on the Company and in particular on funding. On the other hand, lowering the credit rating of Bulgaria would have a negative impact on the cost of financing to the Company, unless its loan agreements have fixed rates. Definition and measurement of this risk is carried out by specialized international credit agencies.

As of the date of this document, the credit rating of the Republic of Bulgaria is as follows:

- Standard & Poors – Long-term BBB, short-term A-2, with a stable outlook in both foreign and local currency;
- Moody's – Long-term Baa2 with a stable outlook for foreign and local currency;
- Fitch Ratings - foreign currency long-term BBB with a negative outlook, short-term F3 with a stable outlook and local currency long-term BBB with a stable outlook

#### 4.1.8. CURRENCY RISK

The essence of this risk lies in the possibility of a sharp depreciation of the local currency, and thus revenue for operators in the country to be affected by changes in the exchange rate of the BGN against other currencies. Fixing the exchange rate of the Bulgarian BGN (BGN) to the euro (EUR) restricts the fluctuations of the BGN against the major foreign currencies in the fluctuations between the currencies against the euro.

#### 4.1.9. INTEREST RATE RISK

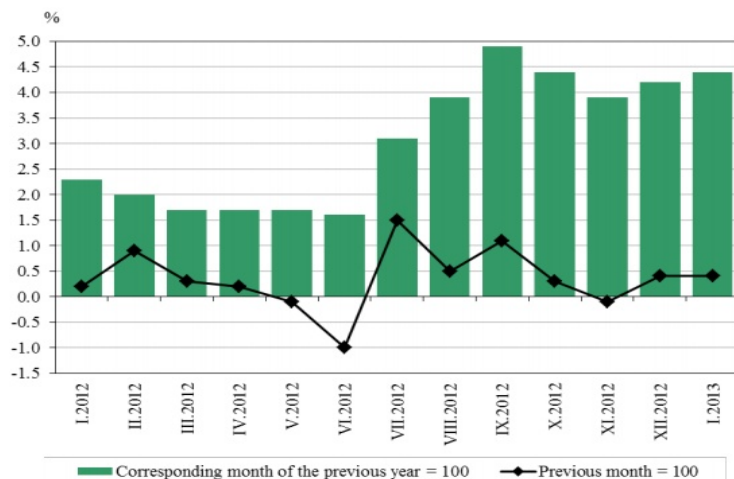
Interest rate risk is related to rising interest rates, respectively, in interest expense, which is immediately reflected in the profits of operators. To reduce this risk, the government has adopted various financial methods of debt management. Although the interest rate risk is part of the risk associated with the macro-environment, in case of high volatility among the interest rates, certain measures could be implemented to limit the impact of the expected increase by hedging the interest rate risk.

#### 4.1.10. INFLATION RISK

This is the risk of increase in the general level of prices. Both current and previous Bulgarian governments have been adhering to a tight fiscal policy due to the conditions placed by the currency board. The trend is similar policy to be preserved in the coming years, especially in view of the objectives of Bulgaria's accession to the euro area as soon as possible. The currency board system controls the money supply, but external factors (e.g. rising oil prices) are pressing for an increase in price. The country's accession to the European Union in 2007 also had its effects towards gradual alignment of the domestic prices with those of other member countries. According to forecasts, the inflation rate in the medium term will not exceed 4-6% per year which makes this negative impact relatively limited. According to the National Statistical Institute, the consumer price index for January 2013 compared to December 2012 was 100.4%, i.e. Monthly inflation was 0.4%. Annual inflation in January 2013 compared to January 2012 was 4.4%

Annual inflation for the period February 2012 - January 2013 compared to the period February 2011 - January 2012 was 3.1%.

Figure 3: Inflation measured by the consumer price index, monthly



Source: NSI

#### 4.1.11. RISK OF UNFAVORABLE CHANGES IN TAX AND OTHER LAWS

Taxes paid by Bulgarian companies include withholding taxes, local taxes, corporate profit tax, value added tax, excise duties, import and export duties and property taxes. The taxation system in Bulgaria is still developing as a result of which inconsistency may occur as a result of enforcement at both state and local level.

Investors should also take into account that the value of investments in equity securities may be adversely affected by changes in the tax laws, including its interpretation and application. In addition, the tax legislation is not the only thing that can be changed, and this change can negatively affect the business of the Issuer. Although the majority of Bulgarian law has been harmonized with the EU legislation, law enforcement has been criticized by the European partners of Bulgaria. Judicial and administrative practice remain problematic: Bulgarian courts are unable to effectively resolve disputes relating to property rights, breaches of statutory and contractual obligations and other, resulting in a systematic regulatory risk being relatively high.

Regardless of the problems in the Bulgarian legal system, Bulgarian trade legislation is part of the EU one and as such is relatively modern. Introduction of new legislation in areas such as corporate law and securities, as well as harmonization of the laws and regulations with the EU ones is expected to result in the near future to reduce regulatory risk.

#### 4.1.12. RISK OF FORCE MAJEURE

Force majeure events such as natural disasters, sabotage, the outbreak of war, acts of terrorism, and others can lead to unpredictable changes in investors' attitude and interest in the market for any shares, and in particular the shares of "Elana AgrocREDIT" AD. Some force majeure does not provide the option of insurance.

### 4.2. NON-SYSTEMATIC RISK

Non-systematic risks are associated with general investment risks specific to the Company and the industry. Non-systematic risk can be divided into two types: sector risk, uncertainty concerning the development of the industry as a whole and Company risk arising from the specifics of the particular company.

#### 4.2.1. SECTOR RISK

The Company is exposed to various risks, including: 1) risks typical of offering leasing and credit services; 2) risks applicable to the development of the land market; 3) and the risks specific to the company itself. Revenue and profit of the Company may be adversely affected by numerous factors: the conjuncture in financial markets and the real estate

market; the Company's ability to provide effective management, evaluation of various risks and economic viability of individual transactions, the economic climate in the country and others.

#### 4.2.2. SPECIFIC COMPANY RISK

The company's risk is related to the nature of operations of the Company, for each company is important that the return on invested funds and resources matches the risk associated with the investment. The main risk of "Elana Agrocredit" AD is associated with the reduction of solvent demand of the products offered by the Company, and changes in the conditions for the provision of these services. Company risk can affect the growth of financial leasing contracts, as well as the conversion rates on borrowings. Uncertainty can be measured by the volatility of income received over time. This means that the more variables and more volatile company earnings are, the greater the uncertainty is of the company to achieve positive financial results, i.e. the risk to investors, creditors, respectively, will be higher.

The main company risk is related to the collection of the agreed lease and loan payments. This risk will be decreased by the way of lettings under finance leases and additional financing for looking after the land, namely the fact that the ownership of the property remains with the Company until full payment of the signed contract is received.

#### 4.2.3. OPERATIONAL RISK

Operational risks are associated with the management of the company and can be expressed as follows:

- making wrong decisions for the ongoing management of investments and the liquidity of the company from the management team;
- the inability of the management team to launch the implementation of planned projects or lack of adequate personnel for this;
- departure of key employees, and failure to appoint new;
- risk of excessive increases in the cost of management and administration, leading to a decrease in overall profitability of the company;

Those who would invest in the securities of the Company should expect that their investment is exposed to the risks associated with the business of the Issuer. Actual occurrence of these risks over the period of ownership of securities can reduce the proceeds of the Issuer and the deterioration of its operating results.

For optimizing and managing the risk, a variety of mechanisms, including the following ones, will be adopted:

- prudent investment policy;
- optimizing the structure, quality and return on assets of the Company;
- optimization the structure of borrowed funds to ensure liquidity and reduction of the financial costs of the Company, etc.

#### 4.2.4. CREDIT RISK

This is the potential inability of a company to meet its credit obligations on time. Credit risk on borrowings is associated with inadvertent, partial or complete failure of the borrower to pay interest and principal on the signed contract.

The Company intends to attract borrowed funds in the event that this public offering results in a successful capital increase. Borrowed funds will be drawn after depletion of the publicly generated funds.

In the presence of lending relationships, the Company will reduce the credit risk through active management of free cash and consideration of future cash flows with commitments to pay interest and principal on borrowings.

#### 4.2.5. INTEREST RATE RISK

Interest rate risk refers to the potential adverse impact of changes in market interest rates on the profits of "Elana Agrocredit" AD. The Company's policy is to minimize interest rate risk for long-term financing. The Company will be

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exposed to changes in market interest rates on bank loans at floating rates compared to financial signed leases and loans with fixed interest rate. In the event of a possible increase of the interest rates on the borrowed funds, a reduction in the level of realized net result would be expected. This risk can be managed through interest rate swaps. This tool gives the Company the option to negotiate with a bank / financial institution to pay a specific level of interest (e.g. its level at the signing of the loan agreement) for the life of the loan. The Bank / financial institution itself will pay the difference between that particular level of interest rates and the potential increase in the floating interest rate on the agreed loan, which would be detrimental to the Company. This type of insurance against negative increase in floating interest rate is the interest rate swap, which is available for a fee, depending on the market conditions at the time.

The interest rate risk of the appreciation floating component can be hedged by trading futures contracts of the component traded on CME Globex. The price of the futures contract is the difference between 100 and the value (for example) of the 3-month Euribor. This means that the price of the futures contract is fully correlated with the value of 3-month Euribor and therefore is an appropriate instrument to insure the interest rate risk of this project. The risk of a possible increase in the value of the 3-month Euribor can be controlled through the sale of these futures contracts. In this case, if the value of the 3-month Euribor rises, the losses incurred from the higher interest payments to the creditors will be compensated by the profit realized on the financial markets, as a result of the decreased prices of the futures.

#### 4.2.6. LIQUIDITY RISK

Liquidity risk refers to the risk that the company would not have sufficient funds to meet its obligations.

The Company's policy on the management of liquidity risk is closely monitoring and planning incoming and outgoing cash flows. Individual leases and loans will represent a sufficiently small part of the portfolio of the Company to be able to cause liquidity problem in case of delay in receipt of contributions. Borrowing, in turn, would have fixed interest and one final bullet payment. Provided good planning is in place, this would allow overcoming difficulties related to meeting current obligations.

#### 4.2.7. CURRENCY RISK

Currency risk is associated with obtaining financial resources or revenues denominated in currencies other than the one under which the expenses incurred. Provided there is a need of using the volatile exchange rate between two currencies, this would create conditions for generating losses.

Currency risk for "Elana Agrocredit" AD is minimized, which is the result of two factors: first, the maintenance of a fixed exchange rate of the BGN to the euro, and second, the realization of services in BGN.

#### 4.2.8. UNFAVORABLE CHANGES IN MARKET PRICES

Reduction in the price of agricultural land would adversely affect the value of the Company's assets that serve as collateral for payments under finance leases and credit. Significant fall in prices could discourage lessees whether to continue paying the lease and loan installments. As the Company will fund the purchase of land at market rates with a 20% down payment by the lessees and taking into account the expectations of steady growth of the price of agricultural land, the management of the Company believes that the impact of this risk is negligible.

#### 4.2.9. ILLIQUIDITY INVESTMENT

Real estate investments are by definition relatively illiquid. It is possible that if the Company is forced to sell owned land quickly, due to the lessee defaulting, could result in receiving lower than the market price or fair value, which would reduce the expected return of the Company. In recent years, the agricultural land market is developing dynamically and becomes more liquid as well as it is dominated by buyers. Therefore the Board of Directors of the Company believes that the impact of this risk will be low and, if necessary, it would be able to get a fair price for the land offered for sale as a result of non-payment of lease and/or loan from a lessee.

#### 4.2.10. COMPANY'S RELIANCE ON FARMERS AND THE SUCCESSFUL DEVELOPMENT OF THEIR BUSINESS

The Company's income is largely dependent on the successful business of agricultural producers and their ability to perform timely their leases and credit obligations. If the lessees become insolvent or unable to meet their obligations, the return on investment of the Company will be reduced, which will reflect negatively on the income of the shareholders. The company has reduced this risk to a minimum, as it is the owner of the property / ies throughout the duration of the lease and loan and would be able to recover its investment, as well as all or most of the planned income, by selling the asset.

#### 4.2.11. DELAY IN CAPITAL INVESTMENT

The sooner the share capital is invested, the greater the return it would bring, as lessees need to pay principal and interest, as well as a management fee. For this purpose, the management of the Company will seek to maximize and optimize their cash flow over the years, in order to optimize the ratio between the inflow of the funds and their investment.

#### 4.2.12. UNETHICAL OR ILLEGAL BEHAVIOR

The Company may suffer damage due to unethical behavior from individuals with whom it is in contractual relations, including members of the governing bodies. This would have a negative impact on the normal operations of the Company and its earnings.

#### 4.2.13. RISK UPON NOTARY TRANSACTION ON PURCHASE OF PROPERTY, WHICH THE COMPANY CREDITED

The Company will credit the purchase of properties in nearly 2/3 of the districts of the country. Under Bulgarian law transactions are carried out at the location of the properties. Created by orderly organization of highly experienced regional representatives in the country, precisely regulated procedures for purchases of agricultural land and contracts for the leasing company would minimize the potential adverse effects of malicious actions by sellers or their real estate agents when the deals are executed.

#### 4.2.14. THE RISK OF DIFFICULTIES OR IMPOSSIBILITY TO ENSURE NEEDED TO REALIZE THE COMPANY'S ACTIVITIES FUNDING

The company is financed by own funds raised from the IPO. Expectations are not to use financial instruments with short maturities, which would allow for careful selection of the appropriate instrument. Potential increase in interest rates may significantly reduce the profitability of the Company and potentially threaten its financial stability. Despite the availability of ample liquidity in the banking system, the Issuer can not guarantee that at any time they would be able to obtain the resources to refinance, if necessary. Despite record low interest rates in the global and domestic market at the time, the Issuer cannot guarantee that this trend would continue long enough. As a result of external or internal shocks, financial institutions may be forced to raise interest rates, which could be disadvantageous to the Company.

#### 4.2.15. RISK OF CONDUCTING TRANSACTIONS WITH RELATED PARTIES IN PRICES, OTHER THAN MARKET

The objective of the company is all transactions to be carried out at market conditions. The issuer does not intend to enter into transactions with related parties concerning its core business: providing loans and financial leasing of agricultural lands. Separately, the Board of Directors of the Issuer plans to establish a list of average prices of agricultural land, which is the main scope of activity carried out, i.e. will be buying agricultural land in pursuance of financial leases, respectively, will lend to correct lessees, valued up to the amount of principal repaid by them. This list will be updated quarterly or semi-annually, depending on the movement of the market and all Issuer transactions will be consistent with the prices approved by the Board of Directors. To minimize the risk of transactions with related parties at prices different from market ones, potentially related party transactions will be assessed solely by a unanimous decision of the Board of Directors of the Company in compliance with the approved prices.

#### 4.2.16. PRICE RISK ON THE MARKET OF LEASE CONTRACTS

The risk of increased cost of funds for the companies, part of the sector, due to the deterioration of the economic environment, would lead to higher interest rates on current and new leases.

#### 4.2.17. RISK OF IMPACT OF FINANCIAL CRISIS CONSIDERING PLANNED LEASING ACTIVITY.

The global financial crisis poses a risk of slowing the pace of financing leasing companies and increases the cost of borrowed funds. On the other hand the global financial crisis poses a risk of slowing consumer demand and business investments in fixed assets, as well as worsened solvency by existing customers. The combination of these factors could

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increase the risk of further delays and the shrinkage of the market of leasing services, as well as deterioration in the structure of the claims of the companies in the sector.

## 5. INFORMATION FOR THE ISSUER

### 5.1. HISTORY AND DEVELOPMENT OF THE ISSUER

"Elana Private Equity" AD was established through a decision № 1/07.06.2007 from the Sofia City Court and was entered into the companies register under № 120278, Volume 1654, p.131, under company file 8790/2007, with a registered capital of 1 million BGN, divided into 1,000,000 shares with nominal value of 1 BGN each. The Company is registered in the Commercial Register on 10.09.2010 with Unified Identification Code: 175308436, with headquarters and management address: Sofia 1000, area Sredets Street "Kuzman Shapkarev" No 4 . The Company name was changed to "Elana Agrocredit" AD on 29.10.2012. The Company is not limited to a certain period of existence.

The address for correspondence of "Elana Agrocredit" AD: Sofia, "L. Stanchev" № 5, Sopharma Business Towers, Tower B, floor 12.

The subject of activity as per Art. 4 of the articles of association, is: Providing loans with funds, that are not raised through publicly attracted deposits or other repayable funds and at own risk, financial leasing, as well as any other similar activities not prohibited by law.

For the period from its establishment till the date of this Registration Document "Elana Agrocredit" AD:

- is not restructured and a subject to consolidation;
- no transfer or pledge of Company is implemented;
- no subsidiary companies were acquired;
- no acquisitions or disposals of assets of significant value outside the normal course of business;
- no filed claims for opening of bankruptcy proceedings of the company;
- no tender offers were made by third parties to the Issuer or the by issuer to other companies;
- no research and development were performed.
- During incorporation, the paid-in capital amounts to 250 thousand BGN and the registered share capital is 1 million BGN. A capital decrease was performed in 2012 down to the actual amount of paid-in capital. A capital increase was recorded on 14.03.2013 from 250,000 BGN to 700,000 BGN through the new shares.
- The subject of activities as of the incorporation date were: economic analysis and forecasting, consulting, evaluation, acquisition, management and sale of shares in other companies, as well as carrying out other trades and any other activities not prohibited by law. The Issuer changed its subject of activities to the above-stated one on 26.10.2012.

### 5.2. INVESTMENTS

#### 5.2.1. DESCRIPTION OF THE ISSUER'S MAJOR INVESTMENTS FOR EACH FISCAL YEAR FOR THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION TO THE DATE OF THE REGISTRATION DOCUMENT

The issuer has not performed any investments during that period. However, it should be noted that the issuer was able to sell its investments/assets made previously of the discussed period. The assets sold are listed in section 6.1.1. below.

#### 5.2.2. DESCRIPTION OF THE MAJOR INVESTMENTS IN PROGRESS

Besides the above investments, no other investments were executed during the discussed period.

#### 5.2.3. INFORMATION ABOUT MAJOR FUTURE INVESTMENTS FOR THE ISSUER, FOR WHICH ITS MANAGEMENT BODIES ALREADY MADE FIRM COMMITMENTS

The management body of the Issuer has not firmly committed to any future investments. The purpose of this public offering of shares of "Elana Agrocredit" AD is raising funds and providing them as a financial leasing or loan to farmers for the purchase of agricultural land and its treatment. Each leasing / loan will be insignificant compared to the total portfolio of the Issuer.

## 6. BUSINESS OVERVIEW

### 6.1. MAIN ACTIVITIES

#### 6.1.1. DESCRIPTION AND KEY FACTORS RELATING TO THE NATURE OF OPERATIONS OF THE ISSUER AND ITS MAJOR ACTIVITIES

Over the period covering the last 3 financial years, the Issuer has operated under the name "Elana Private Equity" AD with subject of activity: economic analysis and forecasting, consulting, evaluation, acquisition, management and sale of shares in other companies, as well as performing other commercial transactions and any other activities not prohibited by law.

Given the suffered global financial and economic crisis, "Elana Private Equity" AD has failed to its potential to offer consulting services, which resulted in no revenues from operations for the discussed period. The only result from operating activities may be observed at the end of the period, namely in 2012, when the Issuer was able to sell tangible and intangible assets, purchased before this period, namely:

NAME	QUANTITY
Jack for wind measurement tower	1
Piranometer LI 200 SA	2
Atmospheric sensor H21-001	4
Sensor for speed and wind vane M003	4
Mast 4066 - 4067 MRE-NOW	2
Software for wind map	1

For the historic period, the Issuer has earned an interest income, namely:

Indicators in thousand BGN	2010	2011	2012
Financial income	11	11	10

These revenues are generated under a loan contract with the majority shareholder for this period "Elana Holding" AD. Information about the contract is set out below in Section 19.

#### 6.1.2 INDICATION OF ANY SIGNIFICANT NEW PRODUCTS AND / OR SERVICES

The Company name was changed to "Elana Agrocredit" AD on 29.10.2012. Through that action the shareholders and managers of the Issuer decided to change business direction of the Company by attempting to fill a niche market. The new direction of the Company will be realized in the event of a successful initial public offering, which is the objective of this Prospectus. The proceeds from this offering will be provided to farmers in the form of a financial leasing or loan, which to be invested in agricultural land and its treatment.

At of the date of this document, the Company is in the final stage of the new business structuring, as it has already received a license from the Bulgarian National Bank to carry out its activities, has developed all necessary operating rules and the general terms of the contracts to be signed with farmers, the necessary database on potential lessees is gathered and a form for the financial leasing/loan contract is approved. Rules and contracts for cooperation with the regional representatives are also being developed. These regional representatives will be responsible to identify potential clients as long as the purchase of agricultural land is performed as per its location. The expectation of management of the Issuer is that the first transactions / investing of capital raised to date in the amount of BGN 700 thousand / will be launched until mid-May 2013. The credit activity is planned to begin on later stages. The individuals to be credited will already have their leasing contract signed and have repaid part of these contracts. The repaid amount, therefore the free collateral, will be utilized as a collateral on credit contracts.

### 6.1.3. BUSINESS PLAN OF THE ISSUER

#### STRATEGIC OBJECTIVES OF THE ISSUER

Through this offering "Elana Agrocredit" AD aims to accumulate funds for the implementation of the subject of activity under the current articles of association. In case of a successful initial public offering and capital increase the Issuer will aim to position itself as a leading player in the financial leasing of agricultural land. The main strategic objective of the Issuer's is that the accumulated share capital is invested with the lowest possible risk, aiming to achieve optimal return for the shareholders.

#### KEY ASSUMPTIONS

Although the Issuer intends to initiate operations in the framework of the current share capital of BGN 700,000, a milestone for the future leading position, which the Company strives to, is the successful capital increase through an initial public offering.

A key assumption upon raising enough share capital is the existence of a demand for the services, the Issuer shall offer. The Issuer's own researches show that such a demand is available as of the date of this document.

Another key assumption is that the existing network of representatives will be able to guarantee coverage of all districts in Bulgaria and make a sufficient number of transactions under optimum conditions and low risk, in line with the amount of capital raised.

#### THE ISSUER'S PLAN FOR THE NEXT TWO YEARS, DIVIDED BY MAJOR ACTIVITIES

The main activities of the Issuer will be focused on the contracts for financial leasing of agricultural land and subsequent loans for their processing. The latter of the two activities will not be initiated in the beginning of this business model. It will be structured only for flawless lessees as the amount of any credit would correspond to the available size of collateral, already provided for the leasing contract. In the event that a lessee has repaid an amount of the principal of the leasing contract, the same amount can be allocated as a credit to that lessee and in the event that the current agricultural land market has no indications towards reduction of the property value.

Over the next two years, the Issuer intends to enter into financial leasing contracts up to the value of the capital raised. In this regard, it is expected that a capital equal to the maximum size of the current IPO will result in financial leasing contracts covering over 30,000 decares.

#### DEPENDENCE ON KEY INDIVIDUALS

The current members of the BoD of the Issuer, namely Mr. Kamen Kolchev, Mrs. Vanya Vasileva and Mr. Peter Bozhkov have significant experience in the companies' management and the organization of start-ups. In addition, they possess significant contacts with and support from financial institutions and separate legal entities and individuals operating in the real estate sector and in particular in the field of agricultural land. However, the departure of one of these key individuals would not lead to inability to implement the business plan of the Issuer.

The financial leasing transactions will be generated and concluded by regional representatives in the respective regions. They will contribute significantly towards the selection of quality and of low-risk properties and lessees and their competence will result directly in the Issuer's results. Their significant numbers and the ratio between the estimated amount that each representative will be able to generate and the total portfolio size of the Issuer, will not allow that any of the representatives to significantly influence the overall state of the Issuer.

#### DEPENDENCE ON A LIMITED CUSTOMERS AND SUPPLIERS

The Issuer will operate in the services sector and in particular in the field of financial leasing of agricultural land. It will not carry out manufacturing activities and will not be dependent on specific suppliers.

The Issuer shall not be exposed to the dependence on a limited number of customers due to the large number of potential farmers. Each one of these farmers, wishing to acquire agricultural land, will have the opportunity to benefit

from the flexible transactions structure of the Issuer, the market conditions offered by the Company and its efficiency while generating transactions.

#### CURRENT AND EXPECTED MARKET COMPETITORS

As of the date of this document, the Issuer has not identified any other companies involved in the financing of agricultural land through financial leasing. In this regard, the Issuer does not consider that there are current competitors to its activities. It can be assumed that the commercial banks, offering loans for this type of property, can be considered competitors to the Issuer. The Issuer believes that it excels over these competitors through its past experience of its local representatives, through its streamlined structure and efficiency as well as its regional presence in the potentially interesting areas for farming in Bulgaria.

It is expected that in the event of a successful IPO and accelerating number of contracts for this type of financial leasing, other companies may also decide to develop this activity. The Issuer will have gained market share and experience over such companies, which capabilities and features are obscure at this time.

#### REQUIRED OPERATING ASSETS CURRENTLY NOT OWNED BY THE ISSUER

The issuer will be involved in any production activities and therefore does not need specific production assets. It will operate in rented spaces. The only asset, that has a significant impact on its future results, is the required capital, which the Issuer aims to raise through this IPO.

#### SENSITIVITY ANALYSIS IN CONNECTION WITH THE ASSUMPTIONS

The following table provides a sensitivity analysis of the interest income per share depending on the amount of capital raised and the speed of investment. For the purpose of calculation the interest rate for the financial leasing was set 10% level. Considered are scenarios of raising of the minimum amount of the capital increase pursuant to this Prospectus, its average value and its maximum size. In addition, two options of total financial leasing portfolios size are assumed: BGN 0.5 million and BGN 1 million on monthly basis. A period of 12 months is analyzed. The interest income is determined on the basis of 10 years maturity with equal installments at 10% annual interest rate and quarterly payments of interest and principal. The indicator of the interest income per share is calculated as the estimated interest revenue is divided by the number of shares of the corresponding increase.

OPTION	PARAMETER	UNIT	AMOUNT	INTEREST INCOME PER SHARE
1	CAPITAL RAISED	BGN	2,000,000	8.11%
	MONTHLY AMOUNT OF THE LEASE CONTRACTS	BGN	500,000	
	INTEREST INCOME FOR THE PERIOD	BGN	162,242	
	NUMBER OF SHARES OF INCREASE	NUMBER	2,000,000	
2	CAPITAL RAISED	BGN	2,000,000	8.73%
	MONTHLY AMOUNT OF THE LEASE CONTRACTS	BGN	1,000,000	
	INTEREST INCOME FOR THE PERIOD	BGN	174,689	
	NUMBER OF SHARES OF INCREASE	NUMBER	2,000,000	
3	CAPITAL RAISED	BGN	7,500,000	3.66%
	MONTHLY AMOUNT OF THE LEASE CONTRACTS	BGN	500,000	
	INTEREST INCOME FOR THE PERIOD	BGN	274,691	
	NUMBER OF SHARES OF INCREASE	NUMBER	7,500,000	
4	CAPITAL RAISED	BGN	7,500,000	6.49%
	MONTHLY AMOUNT OF THE LEASE CONTRACTS	BGN	1,000,000	
	INTEREST INCOME FOR THE PERIOD	BGN	486,881	
	NUMBER OF SHARES OF INCREASE	NUMBER	7,500,000	
5	CAPITAL RAISED	BGN	15,000,000	1.83%
	MONTHLY AMOUNT OF THE LEASE CONTRACTS	BGN	500,000	
	INTEREST INCOME FOR THE PERIOD	BGN	274,691	

	NUMBER OF SHARES OF INCREASE	NUMBER	15,000,000	
6	CAPITAL RAISED	BGN	15,000,000	3.66%
	MONTHLY AMOUNT OF LEASE CONTRACTS	BGN	1,000,000	
	INTEREST INCOME FOR THE PERIOD	BGN	549,381	
	NUMBER OF SHARES OF INCREASE	NUMBER	15,000,000	

The sensitivity analysis shows that the at minimum level of capital increase and the highest level of signed contracts, the ratio of interest income per share is the highest. However, in the event of such a development, the Issuer will not be able to continue its operations at the end of the second month without additional funding. In this connection, the Company would comply the pace of contracts signing with the funds available. The conclusion from the calculations in the table above is a that the sooner the raised funds are invested, the greater the return to shareholders would be.

It should be noted that the above calculations are based on the assumption of the first 12 month period, which is always the least profitable at the start of such businesses. The profitability in each of the following periods will benefit from interest income from all previously signed contracts. That can not be achieved in the initial period due to the gradual piling of contracts. The calculations do not account for other potential revenues also (eg. signing fees and management fees), as well as reinvesting of the received principal installments. Therefore, these calculations should not be considered indicative of the results expected from the Issuer. In addition, the Issuer believes that the market potential for financial leasing of agricultural land allows signing of contracts for over BGN 2 million per month, which will allow that the maximum capital size is invested in a relatively short period of time. This will result in higher returns for all investors in shares of the Issuer.

## 6.2. MAIN MARKETS

### DESCRIPTION OF THE MAIN MARKETS FOR THE HISTORIC PERIOD

During the examined period, the Company operated in a competitive environment. Its activity covered projects financing through equity. The projects should have been aimed at the production of energy from renewable energy sources, in line with the implementation of the indicative objectives, which Bulgaria undertook when accessing the European Union and in connection with the priorities of the energy sector. The new Law renewable energy was adopted in 2011, prompting the company to refrain from been active because of the unclear regulatory framework and the overall outlook for the sector in the country. The adoption of that law virtually seized the development of any new projects up to 01.07.2012. That led to a reduction in the economic activity in that sector. The focus was directed to completing of the projects in the industry until 30.06.2012 with a view to obtain contracts for the purchase of energy at current discounted prices.

The activities of "Elana Private Equity" AD has also been associated with the consulting of investors and potential customers, as well as the development of various projects that have a close relation to achieving of the indicative targets set by Brussels after the accession of Bulgaria to the European Union. The following projects are worth noting:

- The project to create a joint venture featuring "Elana Private Equity" AD and an international manufacturer of solar panels, which main activity will be concentrated in the construction of solar parks for clients.
- Developing a strategy for creating an investment "solar" fund to implement and manage solar parks. The investment fund would have been a closed-end investment company aiming to invest in photovoltaic systems and distribute annual dividends for the life of the installation.
- Measurements and studies to determine the wind and the solar potential in the country. That would have led to the creation of updated information, which to be utilized in the construction of any projects and installations in the field of renewable energy.

Each of the projects of "Elana Private Equity" AD involved the preparation of estimates and consulting services in order to achieve maximum efficiency and faster results not only for the Company but also for its clients.

Despite the efforts of the Company, as mentioned above, the Issuer has no revenues from operations during the discussed period, excluding the sale of tangible and intangible assets during the past 2012.

Information about revenue by category is shown in the following table:

Indicators in thousand BGN	2010	2011	2012
Revenue from operations	0	0	0
Profit / loss on sale of non-current assets			5
Financial income	11	11	10

DESCRIPTION OF THE MAIN MARKETS FOR THE NEW ACTIVITY OF THE ISSUER

According to statistics from the Ministry of Agriculture and Food (MAF) the agricultural lands in Bulgaria at the end of 2012 are allocated as follows:

- Areas with agricultural purpose - total 55 million decares or ½ of the total territory of the country;
- Utilized agricultural area - a total of 50,902,790 decares / includes arable land, permanent crops, vineyards, orchards, meadows, pastures, fallow land, etc. /.
- Arable area - nearly 35 million decares or 68.7% of total utilized agricultural area. Financing of the purchase of arable land is the main target of the Company.

The agrarian reports drawn up annually by the MAF show a trend for a continuous increase in the percentage of arable land that is a result of the development of agriculture in recent years. A growth of arable area of 1.3% is calculated in 2010 compared to 2009. The same growth was 2% in 2011 and 8% in 2012.

**MARKET DEVELOPMENT OF AGRICULTURAL PROPERTY IN THE LAST 10 YEARS**

The restitution of agricultural land in Bulgaria significantly fragment the ownership structure in all regions of the country. According to the MAF, due to a not well-planned land reform, the agricultural land is currently owned by nearly 10 million different owners. The vast majority of these owners are unable to cultivate their land and have practically become disinterested in their property. This led to a significant reduction in the price of agricultural land in Bulgaria, because the average size of a plot of about 5-7 decares. Such size is usually owned several successors, and this hampers the use of land in the most efficient possible way. For this reason, Bulgaria has a very weak land market up to 2004, which was largely supported only by the exchanges of private property owners with SLF / State Land Fund /.

The situation changed drastically in 2005 with the appearance of the first special investment purpose companies, aimed towards investing in agricultural land. Favorable influence was exercised by the forthcoming for this time membership of Bulgaria in the European Union and the launching of the accession programs / especially SAPARD /. The result of these programs was a large-scale modernization of the Bulgarian agriculture, which inevitably reflected in the increased interest in the agricultural land as an asset. A significant boost to the market was provided by the payment of the first euro subsidies per unit of arable land. Overall, the result was a significant boom in the agricultural land market in the period from 2005 to September 2008.

September-October 2008 brought the first visible manifestations of the global financial crisis in our country and this, combined with extremely unfavorable market environment associated with low harvest prices in 2007-2008, led to the withdrawal of some of the market participants. It also respectively led to decline of the purchase prices as well as the number of transactions in that market.

The prices of agricultural land vary widely by region, category of the land and the size of the plot. In recent years the agricultural land market is characterized by dynamic growth and increasing liquidity. The table below reflects the development of the market by the end of 2012.

LAND DEALS 2001-2012												
YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	*2012
LAND TRANSACTIONS IN DKA.	500,000	350,000	340,000	460,000	590,000	900,000	1,150,000	1,240,000	1,000,000	1,200,000	1,080,000	1,460,000
AVERAGE LAND PRICE	140	140	145	150	170	200	240	350	300	370	352	440

BGN/DKA													
TOTAL LAND TRANSACTIONS IN MILLION BGN	70	49.56	50.025	69.45	100.98	180	276	434	300	444	380	642.4	
COMMERCIAL INSTITUTIONAL INVESTORS **% *	5%	5%	5%	10%	5%	60%	60%	50%	10%	10%	10%	*10%	
COMMERCIAL FARMERS %	95%	95%	95%	90%	95%	40%	40%	50%	90%	90%	90%	*90%	
COMMERCIAL INSTITUTIONAL INVESTORS /PER DECARE	25,000	17,700	17,250	46,300	29,700	540,000	690,000	620,000	100,000	120,000	108,000	146,000	
COMMERCIAL FARMERS /PER DECARE	475,000	336,300	327,750	416,700	564,300	360,000	460,000	620,000	900,000	1,080,000	972,000	1,314,000	

Source: MAF

\* The proportion of transactions in 2012 between institutional investors and buyers is considered as the transaction between two institutional investors for the sale of land ELARG REIT is not taken into account, as far as it is a single transaction and does not reflect actual market movement.

\*\* Institutional investors - public and private funds, whose main purpose is not farming the land, but a speculative interest for subsequent sale and profit from any price differences.

The analysis shows that in 2006 and 2007 the prevailing parties in the quantity of land purchased are the so called institutional investors. Gradually in 2008 and especially in 2009 and 2010 it was clearly visible that the speculators leave that market / only about 10% share of the acquired land / and the market starts to be dominated by the farmers / 90% share of purchases in 2009 - 2012 years /.

#### ASSUMED DYNAMICS AND MARKET DEVELOPMENT UNTIL 2022

The Issuer expects that the tendency that the so-called speculative transactions decrease their number will continue. That is proved by the observations of the market in 2011 and 2012, when the institutional investors continue to be net sellers and in February 2012 when the first and one of the largest funds for agricultural land / ELARG Agricultural Land Opportunity Fund / proceeded towards liquidation and sale of more than 250,000 decares land. The table below reflects the expectations of the Issuer, based on the preserved ratio of 1:10 between deals by speculators and those carried out by farmers. It is expected that by 2017 the market will remain stable volume wise and will then gradually shrink. In other words, the volume of the agricultural land for sale will decrease as a result from the active purchasing.

LAND DEALS 2013-2022											
YEAR	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
LAND TRANSACTIONS IN DECARES	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	880,000	880,000	880,000	660,000	550,000	
BUYERS FARMERS IN DECARES	100,000	100,000	100,000	100,000	100,000	80,000	80,000	80,000	60,000	50,000	
BUYERS AGRICULTURAL MANUFACTURERS IN DECARES	900,000	900,000	900,000	900,000	900,000	800,000	800,000	800,000	600,000	500,000	

The Issuer expects that at the end of the period / 2022 / farmers will own about 46% of all arable land in the country, which will near the medium European norm / European farmers possess an average of 54% of the arable land / .

### **6.3. IMPACT OF THE EXTRAORDINARY FACTORS**

The information presented in items 6.1. and 6.2. above is not influenced by extraordinary factors.

### **6.4. SUMMARY INFORMATION REGARDING THE EXTENT TO WHICH THE ISSUER IS DEPENDENT ON PATENTS OR LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS, OR NEW MANUFACTURING PROCESSES**

The business activity of the Company depends solely on the registration / entry of "Elana Agrocredit" AD as a financial institution in the register under Art. 3, Para. 2 of the Law on Credit Institutions. The Issuer has obtained a certificate № BGR00299 from the Bulgarian National Bank certifying the entry of "Elana Agrocredit" AD as a financial institution. The Company is not dependent on the receiving of other licenses, patents, industrial, commercial or financial contracts, and new manufacturing processes.

### **6.5. THE GROUNDS FOR ANY STATEMENTS MADE BY THE ISSUER REGARDING ITS COMPETITIVE POSITION**

For the historical period under consideration, the Issuer was active in the area of project financing through equity aimed at the production of energy from renewable energy sources and related valuations and consultancy. The Company failed to gain any significant position in that business field. Despite the experience of the management body and personnel, the Company failed to fulfill its potential due to the outburst of the economic and financial crisis, combined with certain legislative projects.

The Issuer undertakes a new direction of development with new members of the governing body and a new structure of activities. For this reason and due to the lack of revenues for the period under review, the information about the competitiveness of "Elana Agrocredit" AD for the last 3 financial years is not relevant.

#### **INFORMATION ABOUT THE COMPETITIVENESS OF THE "ELANA AGROCREDIT "AD AFTER SUCCESSFUL PUBLIC OFFERING**

Certain commercial banks are likely to be defined as major competitors to the Company as of the date of this document. They have the advantage in terms of their ability to provide lower interest rates financing. However, they lack market knowledge and are not often prepared to act correspondingly to the dynamic market of agricultural land. Slow administrative procedures and high administrative fees discourage the farmers / especially medium and smaller land owners / and if they resort to loans, they are usually target working capital or the purchase of equipment.

#### **POTENTIAL COMPETITORS IN THE FUTURE**

- The large land market speculators / so-called funds / - they own the underlying asset and are net sellers in the market in recent years. What is typical about them is that they seek "quick deals" / within a few months from the preliminary contract signing to finalizing the transaction / as they are pressured by shareholders or because of the need to repay bank loans or bonds' installments. Many of these funds are limited in their existence in a timely fashion and therefore do not practice to sell their land on lease.
- Leasing companies - success of the Issuer will inevitably lead to increasing interest in the development of such business not only from existing, but also from newly registered leasing companies. It is crucial that the Issuer establishes lasting relations with the most trusted farmers before other participants enter this market. Managers' experience gained in the process of acquiring land shows that as a result of a sound organization, speed and accuracy in transactions, it is possible to maintain a desirable market share even if other market participants offer better terms.

#### **COMPETITIVE ADVANTAGES:**

- In-depth knowledge of the agricultural land market – the management team actually laid the grounds, set the rules and the working patterns of the Bulgarian agricultural land market in the period 2005-2009

- Established distribution network – well trained regional representatives with years of experience and excellent reputation in 20 main agricultural areas in the country. The Company is able to build an additional network of more than 30 regional representative in the event of bigger than anticipated activity. The managers of “Elana Agrocredit” AD almost coincide with the managers of “Elana Agricultural Land” REIT in its initial years of operations. “Elana Agricultural Land” REIT subsequently became the largest investor in agricultural land in Bulgaria. The network of regional representatives, established for the land acquisition, has been developed and maintained by the group Elana. These representatives were involved in generating and closing of the deals for land acquisition. Therefore, they have gained considerable experience in this type of transactions. That network of representatives exists as of the date of this document and will be utilized for the development of the “Elana Agrocredit” AD.
- Available direct access to the target group of farmers on the basis of:
  - ✓ Established longstanding personal contacts of the managers;
  - ✓ Local level contacts of the regional representatives, who currently primarily purchase land on behalf of farmers;
  - ✓ Existing contacts with local OS “Agriculture” and OD “Agriculture”, where the main farmers database is preserved, including the land, which each cultivates and achieved results over the years. That data will be the starting point on the reliability of each lessee.
- Available detailed information resources - The Company possesses a database of market prices and quality of agricultural land in different villages as well as a database for tenants on lands, GIS and others.
- Proven through the years business model - at the time of the purchase and governing of nearly 300,000 decares the managers have developed key relationships that will apply to the current business idea. All this ensures relevant response in different situations, which is an important competitive advantage, as the land market is quite dynamic.
- Minimum administrative costs - Due to the business model at hand, the Issuer will have insignificant administrative costs as opposed to commercial banks, which immensely increase the cost of loans they grant through many administrative and government fees.
- Ability to conduct a positive marketing campaign - the campaign would have consisted in promoting the middle farming business, supporting the consolidation of agricultural lands, and when the acquisition of land is ensured that facilitates other necessary farming sector investments - construction of irrigation canals, bases and silos, which would not be made if the issue of land ownership is not settled.
- Ability to attract cheap funding - Conditions to attract cheap funding from the European Bank for Reconstruction and Development are created in connection with the promotion the development of medium and small enterprises, where priority is given to small and medium farmers financing in the context of ensuring sustainable food supply.

## 7. ORGANIZATIONAL STRUCTURE

### **7.1. IF THE ISSUER IS PART OF A GROUP – A BRIEF DESCRIPTION OF THE GROUP AND THE ISSUER'S POSITION WITHIN THE GROUP**

For the discussed historic period, "Elana Agrocredit" AD is part of the group of "Elana Holding" AD. "Elana Holding" AD forma and is part of an economic group within the meaning of § 1, item 7 of the Regulation № 2 of 17.09.2003 for Prospectuses for public offering and admission to trading on a regulated market of securities and the disclosure of information by public companies and other issuers of securities (Title amended. - SG. 82 of 2007).

The economic group of "Elana Holding" AD includes the following subsidiaries:

"Elana Agrocredit" AD, Sofia, UIC 175308436, in which "Elana Holding" AD owns 99.60% of the share capital or 249,000 shares;

"Elana Energy Management" Sofia, UIC 200802454, in which "Elana Holding" AD holds 90% of the share capital;

"Elana Private Equity Management" (in liquidation), Sofia, UIC 175131662, in which "Elana Holding" AD owns 100% of the share capital.

"AgroManagement" Ltd., Sofia, UIC 202456719, in which "Elana Holding" AD holds 90% of the share capital;

"Agrolend 2009" Ltd., Sofia, UIC 103612217 in which "Elana Holding" AD holds 98% of the share capital

"Elana Agrocredit" AD registered a capital increase through new shares from BGN 250,000 to BGN 700,000 on 14.03.2013. The increase was subscribed by individuals not connected to "Elana Holding" AD, leading to a reduction of its participation in the capital of the Issuer. As of the date of this document, "Elana Holding" AD owns 35.57% of the capital of "Elana Agrocredit" AD, which means that the company is not part of "Elana Holding" AD after the capital increase.

### **7.2. SUBSIDIARIES OF THE ISSUER**

"Elana Agrocredit" AD has no subsidiaries.

## **8. PROPERTY, PLANT AND EQUIPMENT**

### ***8.1. INFORMATION REGARDING ANY EXISTING OR PLANNED MAJOR TANGIBLE FIXED ASSETS, INCLUDING LEASED PROPERTIES, AND ANY MAJOR ENCUMBRANCES***

The Company does not have significant tangible fixed assets, including leased properties and therefore any major encumbrances thereon. The Company will conduct its business in rented spaces.

The future of the company is related to the leasing of agricultural lands exclusively. Through the signing of such an agreement, the Company will become the owner of the land covered by the specific contract. Ownership will be transferred to the respective lessee only after full repayment of the leasing contract amount. In this regard, it can be stated that the Issuer plans to acquire tangible assets, which will be rendered under financial leasing.

It is impossible to present an estimate of the quantities of land which the Company will possess. It will depend on funds raised, acquired debt and the price levels of the land in the future.

### ***8.2 DESCRIPTION OF ANY ENVIRONMENTAL ISSUES THAT MAY AFFECT THE USE OF THE TANGIBLE ASSETS OF THE ISSUER***

There are no environmental issues that may affect the usage of the fixed assets of the Issuer.

## 9. OPERATIONAL AND FINANCIAL REVIEW

### 9.1. FINANCIAL STATE

The audited financial statements of "Elana Agrocredit" AD for 2010, 2011 and 2012 are utilized for the analysis of its financial state.

Since the end of the last financial reporting period (31.12.2012) and for any published financial information, there is no significant change in the business position of the Issuer. The only change in that position is the incoming cash flow of BGN 450,000 in relation to the implemented capital increase on 14.03.2013.

#### INCOME AND EXPENSES

As mentioned above, the Company has not generated revenues from operations for the last three financial years. The only income for the period was constituted from the sale of long-term assets in 2012 and financial income from a loan granted to a related party.

Expenses for the period under consideration were made up solely on external services, which in turn are formed by the costs of the independent financial audit and other costs. These other costs are formed by Central Depository fees for registration and maintenance of the issued shares of the Company and Bulgarian National Bank fee for the registration of "Elana Agrocredit" AD as a financial institution.

The following table shows the results of "Elana Agrocredit" AD for the period under consideration:

Indicators, thousand BGN	2010	2011	2012
Revenue from operations	0	0	0
Revenue from sale of non-current assets			100
Balanced value of non-current assets sold			-95
Profit / loss on sale of non-current assets			5
Expenses on external services	-2	-2	-6
<b>Profit / loss from operating activities</b>	<b>-2</b>	<b>-2</b>	<b>-1</b>
Financial income, incl.	11	11	10
Interest on borrowings of the majority shareholder	11	11	10
<b>Profit / loss before taxes</b>	<b>9</b>	<b>9</b>	<b>9</b>
Tax expenses		1	1
<b>Net profit / loss</b>	<b>9</b>	<b>8</b>	<b>8</b>

#### ASSETS AND LIABILITIES

Dynamics of the assets and liabilities of the Company is determined by its activity in the last three years. The lack of significant results renders slight change to the accounting numbers.

Indicator on an unconsolidated basis	2010	2011		2012	
	Capacity /thousand BGN/	capacity /thousand BGN/	change %	capacity / thousand BGN /	change %
<b>Non-current assets</b>					
Machinery and equipment	58	58	0.00%	0	-100.00%
Intangible assets	38	38	0.00%	0	-100.00%
<b>Total non-current assets</b>	<b>96</b>	<b>96</b>	<b>0.00%</b>	<b>0</b>	<b>-100.00%</b>

<b>Current assets</b>					
Receivables from related parties	157	166	5.73%	160	-3.61%
Trade receivables	0	0	n/a	100	n/a
Cash and cash equivalents	1	0	-100.00%	0	n/a
<b>Total current assets</b>	<b>158</b>	<b>166</b>	<b>5.06%</b>	<b>260</b>	<b>56.63%</b>
<b>TOTAL ASSETS</b>	<b>254</b>	<b>262</b>	<b>3.15%</b>	<b>260</b>	<b>-0.76%</b>

The increase in trade receivables is due to not received payment for the sale of non-current assets. The transaction is negotiated with "Wind power" AD UIC: 175163852 on 01.02.2012. There are no further conditions and renegotiations, maturity or collateral on the stated transaction.

In 2012, after the sale of the assets mentioned above, the Company is left with no other non-current assets. As the due amount is not paid at the time of derecognition of the asset the trade receivables are increased.

For the historic period, the Company has receivables from related parties in connection with loans granted to "Elana Holding" AD. The Loan agreements were signed respectively on 15.12.2008 worth BGN 110,000 and on 02.04.2009 for BGN 28,000. Both loans have maturity of one year at an interest rate of 8% annually. The contracts have a provision for extension by mutual agreement after the expiration of that period. This clause has been the basis for their extension as of the date of this document. There is no collateral presented under these contracts. Information about the current total value of the loans and the overall receivables amount from related parties is presented in the table below:

<b>Indicators, thousand BGN</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
PRINCIPAL AMOUNT	135	133	117
UNPAID INTEREST	22	33	43
<b>TOTAL RECEIVABLES FROM RELATED PARTIES</b>	<b>157</b>	<b>166</b>	<b>160</b>

Changes in liabilities during the period:

<b>Indicator on an unconsolidated basis</b>	<b>2010</b>		<b>2011</b>		<b>2012</b>	
	<b>Capacity /thousand BGN/</b>	<b>Capacity /thousand BGN/</b>	<b>change %</b>	<b>Capacity /thousand BGN/</b>	<b>change %</b>	
<b>Capital</b>						
<b>Equity, including</b>	<b>253</b>	<b>261</b>	<b>3.16%</b>	<b>259</b>	<b>-0.77%</b>	
Share capital	1,000	1,000	0.00%	250	-75.00%	
Unpaid capital	-750	0	-100.00%	0	n/a	
Buyback of own share	0	-750	n/a	0	-100.00%	
Financial result	3	11	266.67%	9	-18.18%	
<b>Liabilities</b>						
<b>Long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>0</b>	<b>n/a</b>	
<b>Short-term liabilities, incl.</b>	<b>1</b>	<b>1</b>	<b>0.00%</b>	<b>1</b>	<b>0.00%</b>	
Trade payables	1	0	-100.00%	0	n/a	
Tax payables	0	1	n/a	1	0.00%	
<b>Total liabilities</b>	<b>1</b>	<b>1</b>	<b>0.00%</b>	<b>1</b>	<b>0.00%</b>	
<b>TOTAL EQUITY AND LIABILITY</b>	<b>254</b>	<b>262</b>	<b>3.15%</b>	<b>260</b>	<b>-0.76%</b>	

Upon establishment of the Company, the contributed capital was of BGN 250 thousand and the registered share capital was BGN 1 million. A capital decrease to the actual amount of contributed capital was performed in 2012.

## **9.2. OPERATING RESULTS**

### **9.2.1. INFORMATION CONCERNING SIGNIFICANT FACTORS, INCLUDING UNUSUAL OR INFREQUENT EVENTS OR NEW DEVELOPMENTS, MATERIALLY AFFECTING THE REVENUE OF THE ISSUER**

The Company believes that due to the raging global economic crisis combined with the specific legislative changes, its activity was negatively influenced and the opportunity of realizing positive results have been significantly reduced. For these reasons and because of the unfavorable prospects for future development of the activity of projects funding through equity / aimed at the production of energy from renewable energy sources, as well as advisory services related to such projects /, the Issuer's shareholders' meeting at the end of 2012 decided to change the subject of activities of the Issuer and to restructure its operations. Besides the above factors, there are no other significant factors, including unusual or infrequent events or new developments, materially affecting the operating income of the Issuer for the discussed period.

A milestone in the new business idea was the receiving of a registration by the BNB for a financial institution. That has allowed the Company to operate in the area of financial leasing and short-term loans connected to agricultural land. That registration was successful, as evident by the certificate № BGR00299 from the BNB entry.

Another important factor for the future activities of the Issuer will be the successful completion of this initial public offering. Raising sufficient funds from this process will allow the Issuer to take significant market share in this new service on the Bulgarian market. Failure of the IPO will thwart the plans of the Issuer.

### **9.2.2. MATERIAL CHANGES IN NET SALES OR REVENUES DISCLOSED IN THE FINANCIAL STATEMENTS**

The Company believes that its accounting statements for the past three years did not disclose any significant changes.

### **9.2.3. INFORMATION CONCERNING GOVERNMENTAL, ECONOMIC, FISCAL, MONETARY OR POLITICAL POLICIES OR FACTORS THAT HAVE MATERIALLY AFFECTED, OR COULD MATERIALLY AFFECT, EITHER DIRECTLY OR INDIRECTLY, THE ISSUER**

For the period under review, the Company has been affected by the negative effects of the global economic and financial crisis and the inability of the economy in our country to deal with these effects.

Following the adoption in 2011 of Law on Renewable Energy, there was unclear regulatory framework and the outlook for the sector in the country. With the adoption of the law in practice is stopped development of new projects by the middle of 2012, which led to a reduction in economic activity in the sector, as a large focus was directed towards the completion of the ongoing projects.

Future operations of the Company will be affected by governmental, economic, fiscal, monetary and political policies of the new government to be formed after the elections this year. The eventual failure of this government to provide decisive steps towards improving the economic activity in Bulgaria, encourage foreign investment and boost purchasing power, could result in a favorable climate for future investment planned by "Elana Agrocredit" AD.

## 10. CAPITAL

### 10.1. INFORMATION ABOUT THE ISSUER'S CAPITAL (BOTH SHORT AND LONG TERM)

The issuer has no debt during the discussed period. The only source of funds for the implementation of its activities was the share capital in the amount of BGN 250 thousand. As of the date of this document, the paid-in share capital of "Elana Agrocredit" AD is BGN 700 thousand. That change is a result of the capital increase registered in the Commercial register on 14.03.2013

### 10.2. EXPLANATION OF THE SOURCES AND THEIR AMOUNTS, A NARRATIVE DESCRIPTION OF THE CASH FLOWS OF THE ISSUER

According to the reports of "Elana Agrocredit" AD and in particular the cash flow statement of the Company, the following changes were observed for the discussed period:

Indicators, thousand BGN	2010	2011	2012
<b>Operations</b>			
Payments to suppliers	-3	-3	-5
Tax payments (net)			-21
<b>Cash flow from operating activities</b>	<b>-3</b>	<b>-3</b>	<b>-26</b>
<b>Investment activities</b>			
Repayments of loans granted to related parties	2	2	6
Sale of properties and equipment			20
<b>Cash flow from investment activities</b>	<b>2</b>	<b>2</b>	<b>26</b>
<b>Net change in cash and cash equivalents</b>	<b>-1</b>	<b>-1</b>	<b>0</b>
Cash and cash equivalents at beginning of the year	2	1	0
<b>Cash and cash equivalents at end of the year</b>	<b>1</b>	<b>0</b>	<b>0</b>

Consistent with other reports, there were no significant changes in the cash flow statement. The transaction for the sale of non-current assets in 2012 brought incoming cash flow.

### 10.3. INFORMATION ON THE DEBT REQUIREMENTS OF THE ISSUER AND ITS FUNDING STRUCTURE

For the historic period, the Company had no debt needs. In case of a positive result of this public offering and sufficient demand for leasing services of agricultural land, "Elana Agrocredit" AD intends to use of the effect of financial leverage and maximize positive the financial result for the shareholders.

### 10.4. INFORMATION REGARDING ANY RESTRICTIONS ON THE USE OF THE CAPITAL THAT HAVE MATERIALLY AFFECTED, OR COULD MATERIALLY AFFECT, DIRECTLY OR INDIRECTLY, THE ISSUER

On the date of preparation of this document has no restrictions on the use of the capital of the Issuer.

### 10.5. INFORMATION REGARDING THE ANTICIPATED SOURCES OF FUNDS NEEDED TO FULFILL COMMITMENTS REFERRED TO IN ITEM 5.2.3. AND 8.1.

The sources of funds required for the achievement of the expectations in 5.2.3. and 8.1. above would be the present and future successful public offerings of shares of "Elana Agrocredit" AD. In case of sufficient demand for the service offered by the Issuer, it may resort to debt, which will further increase the portfolio of contracts signed.

## 11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Due to the specific nature of its activity, the Issuer does not perform research and development activities.

The business of the Company depends solely on the registration/entry of "Elana Agrocredit" AD as a financial institution in the register under Art. 3, Para. 2 of the Law on Credit Institutions. The registry is obtained by the Bulgarian National Bank as of the date of this document. The Issuer has received a certificate № BGR00299 for its entry as a financial institution. A certified copy of the certificate is attached to the prospectus.

The Company is not dependent on the retrieval of other licenses, patents, industrial, commercial or financial contracts, and new manufacturing processes.

## 12. TRENDS INFORMATION

### **12.1. THE MOST SIGNIFICANT RECENT TRENDS IN PRODUCTION, SALES AND INVENTORY, COST AND SELLING PRICES SINCE THE END OF THE LAST FINANCIAL YEAR TO THE DATE OF THE REGISTRATION DOCUMENT**

The Issuer has no production activity and do not maintain inventories. The consulting services of the Company in connection with the implementation of projects in the field of various renewable energy sources did not receive the expected development. The information given in items 6.2. and 9.2.3. above include the reasons for failure. There are no other significant recent trends, which the Issuer believes that they could have an impact on its activities for the last 3 financial years.

### **12.2. INFORMATION ON ANY KNOWN TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS THAT ARE REASONABLY LIKELY TO HAVE A SIGNIFICANT EFFECT ON THE ISSUER'S PROSPECTS FOR AT LEAST THE CURRENT FINANCIAL YEAR**

During this financial year the Issuer will focus its efforts towards:

1. the successful conduct of the IPO, subject to this document
2. initiating the financial leasing of agricultural land and potential future debt financing for its cultivation. Failure of this process could adversely affect the prospects of the Issuer.

The Company does not believe that there are other factors that have a significant effect on the planned activity. Risks described in Item 4 above, portray the full business situation and future difficulties anticipated by the Issuer.

## 13. FORECASTS OR PROFIT ESTIMATES

Under regulation 809/2004 "Elana Agrocredit" AD decides not to provide information regarding the Issuer's forecasts and profit estimates.

## 14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

### 14.1. NAMES, BUSINESS ADDRESSES AND FUNCTIONS OF THE FOLLOWING PERSONS IN THE COMPANY AND INDICATION OF THE MAIN ACTIVITIES PERFORMED BY THEM OUTSIDE THE COMPANY'S WHEN THESE ARE SIGNIFICANT WITH RESPECT TO THAT COMPANY:

"Elana Agrocredit "AD has a one-tier management system. The managing body of the Company is the Board of Directors consisted of:

- Kamen Kolchev – Executive Director;
- Vanya Vassileva – Chairman of the Board of Directors;
- Petar Bozhkov – Member of the Board of Directors;

NAMES OF ALL COMPANIES AND PARTNERSHIPS IN WHICH THAT PERSON HAS BEEN A MEMBER OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BOARDS OR PARTNER AT ANY TIME IN THE PREVIOUS FIVE YEARS, INCLUDING APPROPRIATE PROFESSIONAL EXPERIENCE AND KNOWLEDGE

**Kamen Marinov Kolchev** – Executive Director; business address: Sofia, 5 Lachezar Stanchev St., Sofarma Business Towers, Tower B, floor 12-13.

Information for all companies and partnerships in which Mr. Kolchev was a partner in the last five years:

- a. Does not participate in any companies as a partner with unlimited liability;
- b. Participates as a partner in the following companies:
  - "ELANA Holding" AD, ID 12183774. Currently Mr. Kamen Kolchev owns 94.31% of the share capital.
  - "KK Invest", UIC 175457761. Currently Mr. Kamen Kolchev owns 96.28% of the share capital.
  - "Elana Finance" Ltd. UIC 130480008. Currently Mr. Kamen Kolchev owns 100% of the share capital.
  - "ELANA Energy Management", UIC 200802454. Currently Mr. Kamen Kolchev holds a 10% stake in the company.
  - "Vineyards Sakar" OOD, UIC 126729247. Currently Mr. Kamen Kolchev owns 30% stake in the company.
  - "Wind Power Plant" AD UIC 175163852. Currently Mr. Kamen Kolchev owns 25% stake in the company.
  - "Bulgarian Vending Network" AD UIC 131177754. Currently Mr. Kamen Kolchev owns 30% stake in the company.
  - "Bulgarian cheese" AD UIC 201503857. Currently Mr. Kamen Kolchev owns 48% of the capital.
  - "Bulgarian cheese" Ltd. (deleted later due to transformation through change of legal form). Mr. Kamen Kolchev was a partner in the company until 24.03.2011
  - "Property Management 2005" EAD, UIC 131566474. Mr. Kamen Kolchev was a shareholder with 15% of the share capital of the Company for the period from 15.01.2011 to 03.08.2011
  - MPPV Lts., UIC 200746742. Mr. Kamen Kolchev was the sole shareholder of the Company for the period from 18.10.2011 to 11.11.2011
  - "LG Solar" Ltd., UIC 200734850. Mr. Kamen Kolchev was the sole shareholder of the Company for the period from 18.10.2011 to 11.11.2011
  - "OPM" OOD, UIC 130144477. Mr. Kamen Kolchev he was a partner with 50% stake in the company by 16.11.2009
  - "ELANA Shumen" OOD, UIC 127014616. Mr. Kamen Kolchev was a partner with 65% of the share capital until 28.12.2009
  - "Family hotel for ski and spa" OOD, UIC 201050061. Mr. Kamen Kolchev was a partner with 50% stake in the company until 10.03.2011
  - "Galaxy.Soft" OOD, UIC 130551170. Currently Mr. Kamen Kolchev owns 33.33% of the share capital.

Information on all companies and partnerships of which Mr. Kolchev was a member of the administrative, management or supervisory boards and / or a senior manager in the last five years:

- "KK Invest", UIC 175457761. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "ELANA Holding" AD UIC 121837774. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "ELANA Financial Holding" Ltd. UIC 175371928. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "ELANA Trading" AD UIC 831470130. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "ELANA Investment", UIC 130089593. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "Elana Finance" Ltd. UIC 130480008. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "ELANA Energy Management", UIC 200802454. Since 2009 and currently Mr. Kamen Kolchev is a member of the Board.
- "ELANA Private Equity Management" - in liquidation, UIC 175131662. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "Wind Power Plant" AD UIC 175163852. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board
- "Agency for Credit Ratings and Analyses" AD UIC 201214475. Since 2010 and currently Mr. Kamen Kolchev is a member of the Board.
- "Regional Urban Development Fund" AD UIC 201834519. Since 2011 and currently Mr. Kamen Kolchev is a member of the Board.
- "Vineyards Oriahovo" Ltd., UIC 126729254. Over the past five years and currently Mr. Kamen is Kolchev manager.
- "Family hotel for ski and spa" OOD, UIC 201050061. Since 2010 and currently Mr. Kamen Kolchev acts like a manager.
- ET "Family hotel for ski and spa Banya - Petya Kolcheva" (deleted dealer). Mr. Kamen Kolchev was procurator of the merchant to 29.01.2010
- "LG Solar" UIC 200734850. Since 2010 and currently Mr. Kamen Kolchev acts like a manager.
- "Global Ratings" AD (deleted dealer due to transformation by merger). Mr. Kamen Kolchev was a member of the board of directors until 03.08.2010
- "Bulgarian cheese" AD UIC 201503857. Mr. Kamen Kolchev was a member of the board of directors until 01.04.2011
- "NA Solar" Ltd., UIC 200820915. Mr. Kamen Kolchev was the director until 10.11.2011
- "Property Management 2005" Ltd. - in liquidation (formerly named "Elana Property Management"), UIC 131566474. Mr. Kamen Kolchev was a member of the board of directors until 07.08.2008
- „OPM”OOD, UIC 130144477. Mr. Kamen Kolchev was procurator of the merchant up to 28.05.2008

Information on any bankruptcies, syndic ruling or liquidations with which Mr. Kolchev has been associated in the past five years, acting in its capacity as a member of administrative, management or supervisory body or senior management:

- "ELANA Private Equity Management" - in liquidation, UIC 175131662. Over the past five years and currently Mr. Kamen Kolchev is a member of the Board.
- "Property Management 2005" Ltd. - in liquidation (formerly named "Elana Property Management"), UIC 131566474. Mr. Kamen Kolchev was a member of the board of directors until 07.08.2008

By his signature on the last page of the Registration Document, Mr. Kolchev declares the lack of all legally defined circumstances. Namely for the last five years he was not:

- convicted of fraud;
- associated with bankruptcy or bankruptcy trustee management, as a member of the administrative, management or supervisory boards or senior management;
- officially publicly incriminated and / or sanctioned by the statutory or the regulatory authorities (including designated professional bodies);
- deprived by the court from acting as a member of the administrative, management or supervisory boards of an issuer or from acting in the management, or conduct of the affairs of any issuer.

Mr. Kolchev graduated mathematics at the University "St. Kl. Ohridski" in 1986. In 1995 he specializes under the "Corporate Governance" program for Central and Eastern Europe based in Prague and in 1997 - "International Capital Markets" at the Institute of Finance - New York. The professional career of Mr. Kolchev in the financial sector began in 1991 with the establishment of the financial company ELANA, which for more than 20 years became a group of leading companies in their respective markets. In 2005, Elana created the first public fund for investments in agricultural land, and in the same year Elana Agricultural Land Opportunity Fund was awarded with the "Financial Product of 2005" at the International Exhibition "Banks, Investments, Money". In 2007 that fund was awarded by the Association of ADSIC investors with the best corporate governance. Currently, except the above interests in governing bodies Mr. Kolchev is a member of the Board of KRIB - the largest and most representative employers' organization in the country.

Mr. Kolchev declares that there are no family ties with other members of the Board of Directors.

**Vanya Georgieva Vassileva** – Chairman of the Board of Directors, business address: Sofia, 21 Georg Washington St

Information for all companies and partnerships of which Ms. Vassileva was a partner in the last five years:

- a. Does not participate in companies as partner with unlimited liability;
- b. Participates as a partner in the following companies:
  - "Business Intelligence" Ltd., UIC 201203920. Since 2010 and currently Mrs. Vanya Vasileva is the sole shareholder.
  - "Agency for Credit Ratings and Analyses" AD UIC 201214475. Since 2010 and currently Mrs. Vanya Vasileva is a shareholder with 4% of the capital.
  - "KK Invest", UIC 175457761. Ms. Vanya Vasileva was a shareholder with 5% of the capital up to 06.08.2012
  - "ELANA Holding" AD UIC 121837774. Ms. Vanya Vasileva was a shareholder with 5% of the capital up to 30.11.2012.

Information on all companies and partnerships of which Ms. Vassileva was a member of the administrative, management or supervisory boards and / or a senior manager in the last five years:

- "Tokuda Bank" AD UIC 175457761. Since 2010 and currently Mrs. Vanya Vasileva is a member of the Board.
- "Agency for Credit Ratings and Analyses" AD UIC 201214475. Since 2010 and currently Mrs. Vanya Vasileva is a member of the Board.
- "Business Intelligence" Ltd., UIC 201203920. Since 2010 and currently Mrs. Vanya Vasileva is a manager.
- "KK Invest", UIC 175457761. Ms. Vanya Vasileva was a member of the board of directors up to 15.09.2011
- "ELANA Holding" AD UIC 121837774. Ms. Vanya Vasileva was a member of the board of directors up to 02.11.2010
- "ELANA Financial Holding" Ltd. UIC 175371928. Ms. Vanya Vasileva was a member of the board of directors until 11.03.2011
- "ELANA Trading" AD UIC 831470130. Ms. Vanya Vasileva was a member of the board of directors until 12.11.2010

- "ELANA Investment", UIC 130089593. Ms. Vanya Vasileva was a member of the board of directors until 12.11.2010
- "ELANA Eurofound" AD (deleted dealer as a result of voluntary liquidation). Ms. Vanya Vasileva was a member of the Board of Directors up to 11.06.2012
- "Property Management 2005" Ltd. - in liquidation (formerly named "Elana Property Management"), UIC 131566474. Ms. Vanya Vasileva was a member of the board of directors until 07.08.2008
- "P.M.K." AD UIC 102225751. Ms. Vanya Vasileva was a member of the board of directors until 09.02.2009
- "Global Ratings" AD (deleted dealer due to transformation by merger). Ms. Vanya Vasileva was a member of the board of directors until 03.08.2010

Information on any bankruptcies, syndic ruling or liquidations with which Ms. Vassileva has been associated in the past five years, acting in his capacity as a member of the administrative, management or supervisory body or senior manager:

- "ELANA Eurofound" AD (deleted company as a result of a voluntary liquidation, made after authorization by the FSC). Ms. Vanya Vasileva was a member of the board of directors until 11.06.2012g.;
- "Property Management 2005" Ltd. - in liquidation (formerly named "Elana Property Management"), UIC 131566474. Ms. Vanya Vasileva was a member of the board of directors until 07.08.2008

By her signature on the last page of the Registration Document, Ms. Vassileva declares the lack of all legally defined circumstances. Namely for the last five years she was not:

- convicted of fraud;
- associated with bankruptcy or bankruptcy trustee management, as a member of the administrative, management or supervisory body or senior manager;
- officially publicly incriminated and / or sanctioned by statutory or regulatory authorities (including designated professional bodies);
- deprived by the court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management, or conduct of the affairs of any issuer.

Ms. Vassileva graduated "Law" in Sofia University "St. Kl. Ohridski ", where she specialized in "International payments". Within the last 18 years she worked consecutively as a legal advisor and general counsel to the BNB. Subsequently held the positions of Executive Director of "Post Bank" AD and "Municipal Bank" AD. During this period, Ms. Vasileva is a consistently Vice President and CEO of the Association of Commercial Banks. In 2005, she joined the "Elana Holding "AD and "Elana Financial Holding "AD, where she held the position of Executive Director. From 2005 to 2009 she was member of the Board of Directors of "Elana Property Management", which is the management company of the first and the largest agricultural land fund. Currently, Ms. Vasileva is a Chairman of the Board and Executive Director of "Tokuda Bank".

Ms. Vassileva declares that there are no family ties with the other members of the Board of Directors.

**Petar Stoyanov Bozhkov** – Member of the Board of Directors, business address: Sofia,1 "Ivaylo" St., ent.1, floor2, ap.2

Information on all companies and partnerships in which Mr. Bozhkov was a partner in the last five years:

- a. He does not participate in any companies as partner with unlimited liability;
- b. Does not participate as a partner in other companies.

Information on all companies and partnerships of which Mr. Bozhkov been a member of administrative, management or supervisory body and / or a senior manager in the last five years:.

- "Direct Finance" AD UIC 201343299. Since 2010 and currently Mr. Petar Bozhkov is a member of BD.

- "DUNES" AD, UIC 812117300. In the last five years and currently Mr. Petar Bozhkov is a member of BD.
- "Elarg Agricultural Land Fund" ADSIC in liquidation. Mr. Petar Bozhkov was a member of Board of Directors until 16.08.2008
- "Royal Select" Ltd. (deleted dealer due to voluntary liquidation). Mr. Petar Bozhkov was a liquidator of the company.
- "Royal Animation" Ltd. (deleted dealer due to voluntary liquidation). Mr. Petar Bozhkov was a liquidator of the company.

Information about any bankruptcies, of bankruptcy trustee or liquidations with which he was associated in the past five years, acting in his capacity as a member of the administrative, management or supervisory body or senior manager:

- "Elarg Agricultural Land Fund" ADSIC in liquidation. Mr. Petar Bozhkov was a member of Board of Directors until 16.08.2008
- "Royal Select" Ltd. (deleted company due to voluntary liquidation). Mr. Petar Bozhkov was a liquidator of the company.
- "Royal Animation" Ltd. (deleted company due to voluntary liquidation). Mr. Petar Bozhkov was a liquidator of the company.

By his signature on the last page of the Registration Document, Mr. Bozhkov declares the lack of all legally defined circumstances. Namely for the last five years he was not:

- convicted of fraud;
- associated with bankruptcy or bankruptcy trustee management, as a member of the administrative, management or supervisory body or senior manager;
- officially publicly incriminated and / or sanctioned by statutory or regulatory authorities (including designated professional bodies);
- deprived by the court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management, or conduct of the affairs of any issuer.

Mr. Bozhkov has a MD in Law from the Sofia University "St. Kliment Ohridski ". In 1980 he has completed an internship at the Sofia City Court, and subsequently is a freelance lawyer. In 1993 he graduated at UCLA, specialty business law. In his professional experience, Mr. Bozhkov's positions are:

- 1992-1993 - Deputy Chairman of the Board of Directors of the refinery Neftochim AD;
- 1994-1996 - Lawyer of the Sofia branch of the "Expressbank" branch Vazrajdane, now "SG Expressbank";
- 1998 - 2000 - Vice Chairman of the Board of Directors of "Bulgartabac Holding" AD;
- 1998-2003 - Lawyer for "Bulgarian Ski Federation and Borosport" AD;
- Second term - Chairman of the Supervisory Board of the "Union of Private Builders in Bulgaria (SCHS) ';
- Lawyer for "ProSoft" AD, "ProSoft Holding" Ltd.;

Most important to this document is the professional experience Mr. Bozhkov occupied from 2005 to 2008. During that period he was appointed on the Board of Directors of "Elana Agricultural Land ADSIC (with a new name "ELARG agricultural land fund" ADSIC).

Mr. Bozhkov declares that there are no family ties with the other members of the Board of Directors.

According to the requirements of Art. 116a. 2 of the POSA, at least one third of the members of the board of directors or supervisory board of a public company must be independent members. An independent member of the board may not be:

1. Employee of the Issuer;

2. Shareholder who owns, directly or through related parties at least 25 percent of the votes in the General Meeting or a party related to the issuer;
3. A party who has long-term commercial relations with the Issuer;
4. Member of the Management or Supervisory Board, procurator or employee of a company or other legal person under item 2 and 3;
5. Person connected with another member of the management or supervisory bodies of the issuer.

The function of the independent member in the BoD of "Elana Agrocredit" AD will be performed by Mr. Petar Bozhkov who qualifies for independence as per the above restrictions.

The company has no other employees and will perform future activities through the services of "Agromanagement" Ltd. More information on the relationship of the Issuer to this company is listed in sec. 22 of "Material contracts" below.

#### **14.2. CONFLICT OF INTEREST OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BOARDS AND SENIOR MANAGEMENT**

As far as Mr. Kamen Kolchev is 1) a member of the Board of Directors of the Company (CEO); 2) a shareholder in the Company; 3) a majority shareholder with more than 1/3 of the votes in the general meeting and legal representative of "ELANA Holding" AD, it is possible to generate hypotheses of a potential conflict of interest between his duties as a member of the Board of Directors of the Company and his personal interest (as a direct shareholder of the Company and as the majority shareholder in "ELANA Holding" AD). The decision of the general meeting of shareholders of the Issuer from 22.03.2013 renders that the increase in capital of the Company shall be executed without the legal preemptive rights of the current shareholders to subscribe from the newly issued shares. The shareholders Mr. Kamen Kolchev and "ELANA Holding" AD does not intend to subscribe shares from this capital increase. Given the subscription and in case of success, the total stake of Mr. Kamen Kolchev and "ELANA Holding" AD will be below 10 percent of the votes in the general meeting of the Company.

Outside disclosed above hypothesis of a potential conflict of interest there is no:

- other potential conflict of interest between the duties of the board of directors to the Company and their private interests or other duties;
- agreements between major shareholders, customers and other persons on the basis of which any member of the Board of Directors has been elected;
- restrictions adopted by the members of the Board regarding the disposition of their assets and holdings of securities of the Issuer within the specified period.

## 15. REMUNERATION AND BENEFITS

### **15.1. AMOUNT OF REMUNERATION PAID (INCLUDING ANY CONTINGENT OR DEFERRED COMPENSATION) AND IN KIND BENEFITS GRANTED TO SUCH PERSONS BY THE ISSUER FOR SERVICES IN ALL CAPACITIES TO THE ISSUER**

Considering the period of historical information, this section provides information on any changes in the composition of the BoD of the Issuer. That period also includes the pre-registration of the Issuer in the Commercial Register on 10.09.2010. These changes are as follows:

On 10.09.2010, the Board of Directors of the Issuer is composed of: Kamen Marinov Kolchev, Ivan Vasilev Gerginov and Krasimira Ivanova Ivanova. They are members of the Board from the initial registration of the Issuer on 07.06.2007

A new Board of Directors was entered on 22.10.2010: Kamen Marinov Kolchev, Gergana Venchova Borisova (currently Kostadinova) and Georgi Stoyanov Georgiev;

The following change took place on 29.10.2012: Gergana Venchova Kostadinova was released and Vanya Georgieva Vasileva became a member of the Board of Directors;

Georgi Stoyanov Georgiev was replaced by Petar Stoyanov Bozhkov on 14.03.2013.

Nor the present board members neither the former ones received any compensations or in kind benefits for their functions as of the date of this document. There are no contingent or deferred compensation for any person, in all its functions with respect to the Issuer.

The current members of the Board of Directors of the Issuer occupy their position for the following duration:

- Kamen Marinov Kolchev from 07.06.2007 to the date of this document or 5 years and 289 days;
- Vanya Georgieva Vasileva from 29.10.2012 until the date of this document or 144 days;
- Petar Stoyanov Bozhkov from 14.03.2013 until the date of this document or 8 days.

The mandate of the Board of Directors shall be until 29.10.2017

### **15.2. TOTAL AMOUNTS SET ASIDE OR ACCRUED BY THE ISSUER TO PROVIDE PENSIONS, RETIREMENTS OR SIMILAR BENEFITS**

No amounts to provide pensions, retirements or similar benefits are not set aside or accrued as of the date of this document.

## **16. PRACTICES OF THE MANAGEMENT BODY**

### ***16.1. DATE OF EXPIRY OF THE CURRENT TERMS OF OCCUPATION***

The mandate of the members of the BoD of the Company is set at 5 years, according to the current statute. The date of expiry of that term is 29.10.2017 for all three members.

### ***16.2. INFORMATION ON THE CONTRACTS OF THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BOARDS OF THE ISSUER, PROVIDING BENEFITS UPON TERMINATION OF EMPLOYMENT***

The contracts of the members of the BoD of the Company does not provide benefits upon their termination.

### ***16.3. INFORMATION ABOUT THE ISSUER’S AUDIT COMMITTEE OR THE REMUNERATION COMMITTEE, INCLUDING THE NAMES OF THE COMMITTEE MEMBERS AND SUMMARY OF THE MANDATE UNDER WHICH THE COMMITTEE OPERATES***

The Company has no audit committee at the time of preparation of this document. After the entry of "Elana Agrocredit" AD as a public company and as so far public companies are considered "undertakings operating in the public interest", the Company is obliged to appoint an audit committee in accordance with paragraph 1, item 11 l. "a" of the Independent Financial Audit Act.

### ***16.4. A STATEMENT AS TO WHETHER THE ISSUER COMPLIES WITH THE MODE/ MODES OF CORPORATE GOVERNANCE***

Given the fact that "Elana Agrocredit" AD is not entered in the register as an issuer maintained by the FSC under Art. 30, Para. 1, item 3 of the Financial Supervision Commission Act, the Company has not yet established a program drawn in accordance with the internationally recognized standards of good corporate governance. In accordance with the provisions of Art. 100n, par. 4, item 3 of the POSA, "Elana Agrocredit" AD is obliged, after the entry in that register, to comply the contents of its financial statements with the program for the implementation of internationally recognized standards of good corporate governance and should lead its accounting policy in accordance with the International Accounting standards.

## 17. EMPLOYEES

### **17.1. NUMBER OF EMPLOYEES**

For the historic period, the Issuer has no employees with permanent employment. The compiler of the annual financial statements has provided his services on the grounds of civil contracts.

### **17.2. MAJOR SHAREHOLDERS**

As of the date of this document, the following members of the BoD of "Elana Agrocredit" AD hold shares in the capital:

- a. Petar Stoyanov Bozhkov, owns directly 80,000 shares with a nominal value of BNG 1 each, representing 11.43% of the total share capital of the Company.
- b. Kamen Marinov Kolchev, owns directly 1,000 shares with a nominal value of BGN 1 each, representing 0.14% of the total share capital of the Company. As far as Mr. Kolchev is the majority shareholder in "Elana Holding" AD (94.31%) which owns directly 249,000 shares in the Issuer (35.57% of the share capital) then Mr. Kamen Kolchev has indirect interest of 35.57% of the share capital of the Issuer.

As of the date of this document there are no options granted to any member of the BoD of "Elana Agrocredit" AD to participate in the share capital.

### **17.3. DESCRIPTION OF ANY ARRANGEMENTS FOR THE EMPLOYEES' PARTICIPATION IN THE CAPITAL OF THE ISSUER**

There are no arrangements for the participation of employees in the capital of the Issuer.

## 18. MAJOR SHAREHOLDERS

**18.1. TO THE EXTENT KNOWN TO THE ISSUER, THE NAME OF ANY PERSON OTHER THAN A MEMBER OF THE ADMINISTRATIVE, MANAGEMENT OR SUPERVISORY BODIES WHO, DIRECTLY OR INDIRECTLY, HAS AN INTEREST IN THE ISSUER'S CAPITAL OR SHARES WITH THE RIGHT TO VOTE, WHICH IS NOTIFIABLE UNDER THE NATIONAL LAW OF THE ISSUER ALONG WITH THE AMOUNT OF EACH SUCH PERSON**

As of the date of this document, the following parties, who are not members of the Board of Directors of the Issuer, are subject to disclosure according to the number of shares held by them:

- a. Tanya Vasileva Beliato, owns directly 200,000 shares with a nominal value of BGN 1 each, representing 28.57% of the total capital of the Company;
- b. Angel Krumov Yanakiev, owns directly 100,000 shares with a nominal value of BGN 1 each, representing 14.29% of the total capital of the Company;
- c. Emanuil Krumov Rachev, owns directly 60,000 shares with a nominal value of BGN 1 each, representing 8.57% of the total capital of the Company;
- d. „ELANA Holding“ AD, Sofia, UIC 121837774, holds directly 249,000 shares with a nominal value of BGN 1 each, representing 35.57% of the total capital of the Company;

Kamen Marinov Kolchev holds directly 1,000 shares with a nominal value of BGN 1 each, representing 0.14% of the total capital of the Company. As far as Mr. Kolchev is the majority shareholder in "Elana Holding" AD (94.31%) which holds directly 249,000 shares in the Issuer (35.57% of the capital), then Mr. Kamen Kolchev has indirect interest of 35.57% in the capital of the Issuer.

### **18.2. DIFFERENT RIGHTS TO VOTE**

The major shareholders of the Issuer do not possess different rights to vote. The shares of "Elana Agrocredit" AD are ordinary, named, dematerialized and give equal rights to their holders.

**18.3. TO THE EXTENT KNOWN TO THE ISSUER, TO BE STATED WHETHER THE ISSUER IS DIRECTLY OR INDIRECTLY OWNED OR CONTROLLED AND BY WHOM, AND DESCRIBE THE NATURE OF SUCH CONTROL, AND THE MEASURES THAT HAVE BEEN INTRODUCED TO PREVENT ABUSES OF SUCH CONTROL**

The Issuer is not aware of any control over its activity or decision making.

**18.4 A DESCRIPTION OF ANY ARRANGEMENTS, KNOWN TO THE ISSUER, THE POWERS OF WHICH MAY RESULT IN A CHANGE OF CONTROL OF THE ISSUER AT A FUTURE DATE**

The Issuer is not aware of any arrangements which effect could result in a change of control of "Elana Agrocredit" AD in the future.

## 19. RELATED PARTY TRANSACTIONS

For the duration of the historical period and up to the date of this document, the Company's receivables from related parties represent two loans granted to "Elana Holding" JSC UIC 121837774. The loan agreements were signed respectively on 15.12.2008 amounting to BGN 110,000 and on 02.04.2009 amounting to BGN 28,000. Both loans have one year maturity at an interest rate of 8% annually. Both contracts have a provision for extension by mutual agreement after the expiration of that period. This clause has been the basis for their extension as of the date of this document. The first contract has been extended until 05.12.2013, while the second was prolonged until 02.12.2013. Information on the current total value of the loans and the overall level of receivables from related parties is shown in the following table:

INDICATORS IN THOUSAND BGN	2010	2011	2012
PRINCIPAL AMOUNT	135	133	117
UNPAID INTEREST	22	33	43
<b>TOTAL RECEIVABLES FROM RELATED PARTIES</b>	<b>157</b>	<b>166</b>	<b>160</b>

*Source: Reports of "Elana Agrocredit" AD*

There are no other related party transactions for the historic period and to the date of this document.

## **20. FINANCIAL INFORMATION CONCERNING ASSETS AND LIABILITIES OF THE ISSUER’S, HIS FINANCIAL STATE, PROFITS AND LOSSES**

### **20.1. HISTORICAL FINANCIAL INFORMATION**

"Elana Agrocredit" AD has prepared audited annual financial statements as of 31.12.2010, 31.12.2011 and 31.12.2012. In the event of a successful initial public offering, the Company will be registered as a public company with the FSC. In this case, the Company will be obliged to submit annual and interim financial statements in accordance with art. 100o-100n of the POSA and to meet its obligation to periodically disclose sensitive information for the duration of its public statute. The Company has attached to this Registration Document its audited annual financial statements for the last three years. These include:

1. Balance sheet;
2. Income statement;
3. Capital changes statement;
4. Cash Flow statement;
5. Notes to the financial statements.

All the above documents are available for inspection on the website of the authorized brokerage company "Elana Trading" AD ([www.elana.net](http://www.elana.net)). These documents will be provided upon request to any potential investor in the offices of "Elana Trading" AD.

### **20.2. PRO FORMA FINANCIAL INFORMATION**

As of the date of this document, there is no significant general change, which could affect the assets, liabilities and the profit of the Issuer.

### **20.3. FINANCIAL STATEMENTS**

"Elana Agrocredit" AD has no investments in any other companies and has no obligation to prepare consolidated accounts. The information in this document has been extracted from the individual audited annual statements for the last 3 years.

### **20.4. AUDITED HISTORICAL ANNUAL FINANCIAL INFORMATION**

The historical financial information in this document is audited. The audit reports for that financial information have not been rejected by the appointed auditor and contain no qualifications or disclaimers. There is no other information in this document, which has been audited by any auditors. The whole financial data in this document is derived from the annual audited financial statements of "Elana Agrocredit" AD.

### **20.5. DATE OF THE LATEST FINANCIAL INFORMATION**

The latest financial information in the Registration Document dates from the end of 2012. That audited financial information is outdated by less than 3 months as of the date of this document. It does not contain unaudited interim financial information.

### **20.6. INTERIM AND OTHER FINANCIAL INFORMATION**

The issuer has not published quarterly or other interim financial information since the date of its last audited financial statements.

## **20.7. POLICY ON DIVIDENDS**

As to the provisions of the company's statute the Issuer shall distribute as dividends at least 90% (ninety percent) of the profit for the year. The right to obtain dividends belongs to shareholders who are registered with the Central Depository as such on the 14th day after the date of the general meeting of shareholders, which approved the annual financial report and adopted a decision on dividend distribution. Any amendments to the Issuer's statute could be done only by a decision of the general meeting of shareholders by a majority of 90 percent plus one of the represented shares with voting rights.

### **20.7.1. DIVIDENDS DURING THE HISTORICAL PERIOD**

The annual general meeting of shareholders of "Elana Agrocredit" AD held on 15.06.2012 adopted a decision to distribute the profit as follows:

- BGN 2,617.45 from the profit for 2010.
- BGN 8,188.17 from the profit for 2011

Or total of BGN 10,805.62 to be distributed as follows:

- BGN 10,000.00 to be distributed as dividends;
- BGN 805.62 remain as detained earnings.

The distributed amount of BGN 10,000 divided by the number of issued shares as at the date of the dividend decision, namely 250,000 shares, return a ratio of BGN 0.04 per share.

No other dividends were distributed during the historical period.

## **20.8. LEGAL AND ARBITRATION PROCEEDINGS**

As of the date of this document, the Issuer has no pending and is not aware of any governmental, legal or arbitration proceedings or threat of such during the past 12 months, which could have significant implications to the Issuer and / or his financial state or profitability. The Issuer has no information that any governmental, legal or arbitration proceedings will be address him and that they will affect his financial state or profitability in the near future.

## **20.9. SIGNIFICANT CHANGE IN THE FINANCIAL OR TRADING STATE OF THE ISSUER**

There is no significant change in the financial or trading state of the Issuer which has occurred since the end of the last published audited financial information for 2012, except for the capital increase on 14.03.2013 by BGN 450 000.

## 21. ADITIONAL INFORMATION

### 21.1. EQUITY

#### 21.1.1. SHARE CAPITAL SIZE FOR EACH CLASS OF SHARE CAPITAL:

The share capital of "Elana Agrocredit" AD written down in the last audited annual report is BGN 250,000, divided into equal number of ordinary shares with a nominal value of BGN 1.00 each. As of the date of this document a capital increase of up to BGN 700,000 was registered. The newly issued shares are the same class as the existing ones and with par value of BGN 1.00 each.

When established "Elana Agrocredit" AD had a registered share capital of BGN 1 million, divided into 1 million ordinary shares with a nominal value of BGN 1.00 each. Out of the registered share capital of BGN 1 million the paid-in capital amounted to BGN 250 thousand. A capital decrease was performed in 2012 by the way of cancellation. The cancelled shares was the unpaid capital.

#### 21.1.2. IF SHARES, WHICH DOES NOT REPRESENT CAPITAL EXIST, THE NUMBER AND MAIN CHARACTERISTICS OF SUCH SHARES SHALL BE STATED

The Issuer has not issued any shares not representing capital.

#### 21.1.3. THE AMOUNT, THE ACCOUNTING VALUE AND THE NOMINAL VALUE OF SHARES HELD BY OR ON BEHALF OF THE ISSUER HIMSELF

The Issuer does not keep and no other parties keep on his behalf shares of "Elana Agrocredit" AD.

#### 21.1.4. CONVERTIBLE SECURITIES, EXCHANGEABLE SECURITIES OR SECURITIES WITH WARRANTS

The Issuer has not issued any convertible securities, exchangeable securities or securities with warrants.

#### 21.1.5. INFORMATION ON CONDITIONS OF ANY RIGHTS OF ACQUISITION AND/OR OBLIGATIONS FOR AUTHORIZED BUT UNISSUED CAPITAL

The Issuer is not aware of the terms of any acquisition rights and / or obligations over authorized but unissued capital. In line with this prospectus for capital increase of the Company, as a result of a successful public offering the Issuer should increase his capital by up to 15 million new shares with a nominal value of BGN 1. The share capital prior to the IPO amounts to BGN 700,000 and after a successful completion of this offering, it will amount to up to BGN 15.7 million. That shows that the newly offered shares will represent 95.54% of the capital after the increase.

#### 21.1.6. INFORMATION ON ANY CAPITAL OF ANY MEMBER OF THE GROUP WHICH IS UNDER OPTION OR IS AGREED CONDITIONALLY OR UNCONDITIONALLY TO BE PUT UNDER OPTION AND DETAILS OF SUCH OPTIONS, INCL. THOSE TO WHOM THAT SUCH OPTIONS APPLY

As of the date of this document, the Issuer is not part of a business group. The Issuer is not aware of any capital, which is under option or agreed conditionally or unconditionally to be put under option.

#### 21.1.7. HISTORY OF THE SHARE CAPITAL

For the historic period, the Issuer's subscribed capital is BGN 1 million, but the paid-in capital is BGN 250,000., the capital of the Company was reduced to BGN 250,000 in the end of 2012, as the same is divided into 250,000 ordinary registered shares with a nominal value of BGN 1 each. In early 2013, namely on 14.03.2013, the capital of the Issuer was increased to BGN 700,000. The increase is performed by cash contributions of new shareholders.

### 21.2. STATUTE AND ARTICLES OF ASSOCIATION

It should be noted that at the last general meeting of shareholders held on 22.03.2013, when the current increase in capital through an initial public offering of shares was voted, a decision for statute amendments under the condition was adopted. The condition is that the IPO is successful and the Company is entered in the register of public companies and other issuers in the FSC. The information below is consistent with the current statute. Information about the

changes and comparison between the new and the old statute can be made by reviewing the two documents that are an integral part of this prospectus.

#### 21.2.1. DESCRIPTION OF THE SUBJECT OF ACTIVITY AND GOALS OF THE ISSUER

The subject of activity as per Art. 4 of the articles of association, is: Providing loans with funds, that are not raised through publicly attracted deposits or other repayable funds and at own risk, financial leasing, as well as any other similar activities not prohibited by law.

It should be noted that in the event of a successful IPO the Company's activity will constitute mainly financing of the purchase of agricultural land through financial leasing. Future activity of granting short-term loans will be introduced only to flawless lessees. Their contract amounts should have decreased enough to allow an additional amounts as a short-term loan for cultivation of agricultural land. These loan can be collateralized within the main collateral in the financial leasing contract.

The goals of the Company are not specifically spelled out in its statute. It can be assumed that these goals are consistent with that subject of activity.

#### 21.2.2. A SUMMARY OF ANY PROVISIONS OF THE STATUTE RELATING TO THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Art. 16 of the Statute defines tier system of management of the company, namely: "The bodies of the Company are the General Meeting of Shareholders (GMS) and the Board of Directors." Art. 29 and the following in turn provide guidance for the size of the board, its mandate, remuneration, representative powers, rights and obligations, etc..

The members of the BoD can be from 3 to 9 with a mandate of 5 years. They may be reappointed without limitation. Their salaries are determined at the general meeting of shareholders. The representative may be one or several members. BoD members have equal rights and obligations, regardless of the internal allocation of functions between them, the management rights and their representation.

The BoD may take decisions if more than half of its members present in person or are represented by proxy to another member of the BoD. Decisions are adopted by a majority of more than half of the members present, except:

1. decisions are taken unanimously;

- a. transferring or granting the use of the whole enterprise;
- b. disposal of assets whose total value during the current year exceeds half the value of the Company's assets, according to its most recent audited annual financial statements;
- c. commitments or deliveries to a single person or related parties, which amount in the current year exceeds half the value of the Company's assets, according to its most recent audited annual financial statements.

2. decisions under items a, b, f and g, and items 3 and 4 below, which are taken by a majority of two thirds of the members of the BoD.

- a. Approve and submit for approval by the general meeting of shareholders annual financial report;
- b. Approve plans and programs of the Company;
- c. Propose to the general meeting of shareholders increase or decrease of capital;
- d. Approve the organizational and management structure, approve internal rules and regulations of the Company;
- e. Deciding on the opening or closing of branches and participation or termination of participation in companies in the country or abroad;
- f. Deciding on the formation of monetary funds;
- g. Deciding to acquire and dispose of property and property rights, receiving debt for a total of BGN 50,000,000 (fifty million), giving of guarantees and security, acquisition and licensing, tenders and competitions;
- h. Deciding on denomination structure of the Company's emissions;

- i. Perform everything that is necessary for the operational management of the Company, and explicitly assigned by the statute and the GMS activities.
1. The Board of Directors shall hold regular meetings at least once every three months.
  2. Each member of the Board of Directors may request the chairman to convene a meeting to discuss particular issues.
  3. Within five (5) years from the announcement of this statute in the commercial register, the BoD may take decisions to increase the capital of the company amounts to BGN 100,000,000 (one hundred million) through the issue of new shares.
  4. Within five (5) years from the announcement of this statute in the commercial register, the BoD may adopt resolutions to issue bonds in BGN, EUR or any other currency in the total amount of the bond issue to the equivalent of BGN 50,000,000 (fifty million ). The type of bonds, the manner of their income generation, the size and all the other parameters of the bond issue shall be determined in the decision of the BoD, in compliance with applicable laws and the statute.

#### 21.2.3. DESCRIPTION OF THE RIGHTS, PREFERENCES AND RESTRICTIONS RELATING TO EACH CLASS OF EXISTING SHARES

The capital of the Company is divided into shares, giving equal rights to their holders. Shares are ordinary, dematerialized, and freely transferable, with a nominal value of BGN 1. Rights presented by these shares are two main groups of rights - tangible and intangible. Tangible rights of the shareholders are the right to dividends and to liquidation share. Intangible rights of shareholders can be divided into three groups: management, control and protection.

Each share gives its holder additional rights arising from fundamental rights and are directly or indirectly related.

#### **TANGIBLE RIGHTS OF SHAREHOLDERS:**

1. Right to dividends - The right to dividends is a basic tangible right of the shareholder, which translates into the right to receive a share of the net profit of the Company in proportion to its stake in the same, subject to conditions specified in the law - accepted by the GMS audited annual financial statements and specific decision of the GMS for the distribution of the profit. Entitled to receive a dividend are all shareholders who are registered with the Central Depository as such on the 14th day after the date of the GMS which adopted the annual financial statements and the decision on profit distribution. The Company is obliged to ensure the payment of dividends within 3 months from the GMS, as the involved payment costs are paid by the Company.

2. Right of liquidation share - The right to a liquidation share is a basic tangible right of all shareholders, expressing the their right to receive in proportion to its stake in the Company share of the remaining assets of the Company upon termination of the Company or through liquidation. The right to liquidation proceeds suggests the Company liquidation and may be exercised only in the event that after satisfaction of the claims of all creditors there are remaining assets to be distributed among the shareholders.

Rights to a liquidation share addresses only the parties who are shareholders as of the time of the Company's termination.

#### **INTANGIBLE RIGHTS OF SHAREHOLDERS:**

##### **MANAGEMENT RIGHTS**

1. Voting right – the voting right is an intangible right of shareholders through which they participate in the management of the Company and participate in the decisions on matters within the competence of the GMS.

The Company may not issue shares entitled to more than one vote. If the owners of shares are more than one, they exercise their voting right together through an attorney.

To qualify to vote as a shareholder of the Company it is necessary that the shareholders has fully paid the issue price of the shares and the Company, respectively, the increase of the capital shall be entered in the commercial register. The right to vote is exercised by parties who acquired shares and are registered as shareholders by the Central Depository at least 14 days before the General Meeting. The presence of a person in the shareholders' book and his proper identification are sufficient conditions to enable him to exercise the same right . Shareholders, who has the right to participate in the GMS, do so in person or by proxy authorized by an explicit written authorization pursuant to Art. 116 of POSA.

2. Shareholder's right to participate in management of the Company, including the right to elect and to be elected in the management bodies of the Company.

#### CONTROL RIGHTS

The control rights of the shareholder relate to shareholder's right to information. The right to information is the ability to review all written materials related to the agenda of the general meeting, to receive such materials upon request free of charge, and receive protocols and annexes of previous general meetings, which the Company is obliged to keep. The right to information includes the right to receive comprehensive answers from the members of the governing body of the Company to questions raised during the GMS. At any time, shareholders are entitled to request and receive information regarding the financial and economic state of the Company's from the director of investor relations.

#### RIGHTS FOR PROTECTION

1. Right to appeal against decisions of the Company.

Each shareholder may raise a claim against the Company in the district court in order to cancel the decision of the general meeting when it conflicts with mandatory regulations of the law or the statute (Art. 74 of the Commercial Act (CA));

Each shareholder may raise a claim before the district court of the Company to protect his right to membership and individual rights when they are violated by bodies of the Company (Art. 71 CA);

2. Right to request appointment of statutory auditors from the official registration at the Registry Agency, if such were not elected by the GMS – Art. 249 CA.

3. Minority rights (rights of shareholders holding together or separately at least 5 percent of the capital of the Company) as per Art. 118 POSA:

Parties holding together or separately at least 5 per cent of the capital of a public company, in case of inaction of the governing bodies, which threatens the interests of the company, may file lawsuits on behalf of the company against third parties. The company is summoned as a party to that case. As per previous sentence they may:

1. bring a claim before the district court of the company for damages caused to the company by the acts or any inaction of members of the management and supervisory bodies and procurators of the company;
2. to ask from the general meeting or the district court to appoint inspectors to inspect all accounting records of the company and to report their findings;
3. ask the district court to convene a general meeting or to authorize their representative to convene a general meeting with a specific an agenda;
4. request to insert questions and offer solutions on items on the agenda of the general meeting under Article. 223a of the CA.

#### ADDITIONAL RIGHTS OF SHAREHOLDERS

1. Right to subscribe for portion of the new shares in the capital increase of the Company in proportion to the shares held until the increase. Under the provisions of Art. 112, par.1 POSA in case of an increase in the share capital the existing shareholders have the right to acquire new shares corresponding to their share in the capital before the increase. This right can not be canceled or restricted by any provision of a statute, a decision of a general meeting or of the governing body of the Company.

2. Entitled to a preferential acquisition of securities which carry the right to acquire shares of the same class as the shares of this issue through their conversion or exercise of rights under them.

#### TERMS OF BUY-BACK AND CONVERSION.

In case of a successful completion of the IPO and subsequent registration of the shares in the register kept by the FSC, the Company will become a public company and It will be subject to the requirements which apply towards the activities of public companies in line with POSA. Public companies may acquire in any calendar year more than 3 percent of its own shares.

Shares of this issue do not give their holders the right to convert them.

21.2.4. DESCRIPTION OF WHAT ACTION IS NECESSARY TO CHANGE THE RIGHTS OF SHAREHOLDERS, INDICATING WHERE THE CONDITIONS ARE MORE SIGNIFICANT THAN IS REQUIRED BY THE LAW

The statute do not contain specific provisions regarding any actions necessary to change the rights of shareholders other than those provided for in the existing legislation.

21.2.5. DESCRIPTION OF THE CONDITIONS GOVERNING THE MANNER IN WHICH ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS ARE CONVENED, INCLUDING THE TERMS FOR ADMITTANCE.

Art. 20 of the statute describes how to convene the GMS. General meeting shall be convened by the Board of Directors or at the request of shareholders, which have owned shares representing at least 5 percent of the capital for more than 3 months. If that request is not satisfied within one month, the competent court shall convene the General Meeting or authorize the shareholders who have requested it or their representative, to convene the meeting. The meeting shall be convened by written notice sent to the all shareholders. The period from the invitations until the date of the General Meeting may not be less than 7 days.

In the event that the capital increase through a public offering was successfully completed and the Company becomes a public company under the provisions of the POSA, the GMS on 22.03.2013 has adopted changes in art. 20 and the same read as follows:

„Art. 20. (1) The General Meeting shall be convened by the Board of Directors or at the request of shareholders holding shares representing at least 5 percent of the capital.

(2) If within one (1) month of the request of shareholders holding at least 5 percent of the capital that request is not satisfied, the competent court shall convene the General Meeting or authorize the shareholders who have requested it or their representative, to convene the meeting.

(3) Meeting shall be convened by a notice published in the commercial register. The company must disclose the invitation in the commercial register and to disclose the terms and provisions of Art. 100r, par. 1 and 3 POSA at least 30 days before its opening.

(4) The notice shall specify the information required by the CA and the POSA.

(5) Invitation together with the materials of the General Assembly as per Art. 224 CA is sent to the FSC at least 30 days before the date of the General Meeting and published on the website of the Company for the period from the announcement to the end of the General Meeting. The information published on the website of the public company must be identical in content with the information provided to the public.“

21.2.6. BRIEF DESCRIPTION OF ANY PROVISIONS OF THE ARTICLES OF ASSOCIATIONS, STATUTES, CHARTERS OR BYLAWS FOR INTERNAL ORDER OF THE ISSUER, THAT MAY LEAD TO DELAY, DEFERRING OR PREVENTING IN THE CHANGE IN CONTROL OF THE ISSUER

There are no such provisions in the current statute of the Issuer.

21.2.7. INDICATION FOR ARTICLES OF ASSOCIATION, MEMORANDUM, CHARTER, OR BYLAWS, IF ANY, WHICH MANAGE OWNERSHIP THRESHOLD, ABOVE WHICH SHAREHOLDER OWNERSHIP MUST BE DISCLOSED.

There are no existing provisions governing the ownership threshold above which shareholder ownership must be disclosed in the corporate documents of the Issuer.

21.2.8. DESCRIPTION OF THE CONDITIONS IMPOSED BY THE ARTICLES OF ASSOCIATIONS, STATUTE, CHARTER OR BYLAW THAT GOVERN CHANGES IN EQUITY, WHERE SUCH CONDITIONS ARE MORE STRICT THAN IS REQUIRED BY LAW.

According to Art. 25 § 1 of the Statute of Issuer's decision to increase the capital is taken by the general meeting of shareholders by a majority of 90% plus one of the represented shares with voting rights.

## 22. MATERIAL CONTRACTS

During the historical period, the Issuer has no material contracts within its everyday activity as well as outside its core business.

Future activities of "Elana Agrocredit" AD will be carried out in line with a contract signed with "Agromanagement" Ltd., Sofia, registered in the trade register UIC: 202456719. The agreement is signed based on a decision of the GMS of "Elana Agrocredit" AD on 22.03.2013, which among other issues approved this contract. The main points of this contract, including the subject, rights and obligations and remuneration are as follows:

Subject:

- A) development of a structure of regional representatives in connection with the implementation of the investment activity of "Elana Agrocredit" AD;
- Definition of regions for agricultural land acquisition with purpose of further financial leasing, according to the investment strategy of "Elana Agrocredit" AD;
  - Selection of regional representatives for the respective regions;
  - Establishing work rules and monitor the activities of the regional representatives.
- B) organizing the activity for concluding contracts for financial leasing for agricultural land in the name and on behalf of "Elana Agrocredit" AD, purchase of agricultural land for which a contract for financial leasing has been signed, and crediting of farmers / lessees;
- Ensuring the financial leasing contracts with farmers / lessees to acquire agricultural land, after paying down payment / self-participation /;
  - Preparation of justified proposals regarding the purchase of agricultural lands from "Elana Agrocredit" AD in pursuance of received financial leasing applications from farmers / lessees, including how to finance the acquisition or the sale through financial leasing of property owned by "Elana Agrocredit" AD;
  - Financial and legal analysis of properties proposed for acquisition and organization of the actual acquisition or sale of real estate;
  - Consultancy services towards opportunities for crediting the loyal farmers / lessees within the repaid part of the property, for which they have already signed financial leasing, as well as preparation of the credit agreement itself;
  - Organization of the entire document in finalizing the purchase and sale of agricultural land to the relevant competent notaries and lease them to farmers through contract for financial leasing, as well as keeping database with records of all transactions, leasing and sale of real estate.
- C) Sale of assets of "Elana Agrocredit" AD in case of failure to pay on the part of the lessees;
- Marketing of the properties;
  - Sale under the most favorable conditions of the properties;
  - Concluding contracts for the lease of these properties with other lessees (other than the one that has stopped payments on the lease);
  - Keeping and storing records and correspondence relating to the above activities.
- D) Assistance in accounting and other bookkeeping and the correspondence of the "Elana Agrocredit" AD;
- Assisting in the preparation of financial statements according to the law;
  - Preparation of other necessary financial and accounting documents required by the Bulgarian law.
- E) Consultation and preparation of documents related to financing of the activities of "Elana Agrocredit" AD;
- Advising on the selection of an investment intermediary or a bank-lender;
  - Prepare the necessary documents and other materials relating to the issue of securities, respectively, preparing the necessary documentation for a credit contract with a bank;
  - Keeping and preserving records and correspondence in connection with these activities.

E) Other activities necessary for the normal functioning of "Elana Agrocredit" AD as part of its investment activities.

#### RIGHTS AND RESPONSIBILITIES

Rights and responsibilities under section "A" of the contract's subject:

For "Agromanagement" Ltd.:

- sets regions for the purchase and leasing of real estate by "Elana Agrocredit" AD for the implementation of its investment strategy;
- selects regional representatives in connection with the implementation of the investment policy of "Elana Agrocredit" AD;
- conducts ongoing training of the individuals selected as regional representatives;
- develops organizational rules governing the rights, duties and responsibilities of regional representatives in connection with the buying and leasing of agricultural land by "Elana Agrocredit" AD;
- creates and manage technical infrastructure necessary for operational interaction between regional representatives and "Agromanagement" Ltd.;
- responsible for the establishment, modification and termination of agency contracts with the selected regional representatives;
- supervises the activities of the regional representatives in connection with the implementation of the investment policy of "Elana Agrocredit" AD.

For "Elana Agrocredit" AD:

- approves the regions and regional representatives suggested by "Agromanagement" Ltd.;
- concludes, amend and terminate the agency contracts with the selected regional representatives together with "Agromanagement" Ltd.;
- pays the fees on the grounds of the contracts with regional representatives.

Rights and responsibilities under section "B" of the contract's subject:

For "Agromanagement" Ltd.:

- inspects the suggested by regional representatives lands for subsequent leasing;
- performs legal analysis of the proposed land, incl. hiring external experts in case of factual and legal complexity;
- organizes the overall activity for the purchase and leasing of real estate and on behalf of "Elana Agrocredit" AD, including preparation of all documents required for legitimate transactions for the sale and leasing of the real estate;
- executes payments on behalf and at the account of "Elana Agrocredit" AD in connection with the transactions of real estate purchase and receive down payment / self-participation / and lease payments from farmers / lessees;
- keeps records of ownership and lease contracts of the acquired real estate and notary deeds for the transfer of ownership of the property paid by farmers / lessees.
- ensures the proper selection in terms of reliability and accuracy of the farmers / lessees;
- makes proposals for granting loans to farmers / lessees secured by the property and which they have repaid under the financial leasing.

For "Elana Agrocredit" AD:

- provides "Agromanagement" Ltd and the regional representatives with the necessary authorization for the execution of their duties in connection with the purchase and leasing of the real estate;

- assist "Agromanagement" Ltd. with the purchase and the leasing of real estate, including by providing relevant documents on the legal and financial state;
- during a deal for the purchase and / or leasing of real estate, pays remuneration to the regional representatives as foreseen in the contract, unless the commission due is not paid by the lessee;
- pays all the costs for acquisition and / or leasing of real estate and notary fees, government fees and taxes, agency commission, provided legal services, etc.;
- crediting the lessees - transfers funds in line with credit agreements secured by the leased property.

Rights and responsibilities under section "C" of contract's subject:

For "Agromanagement" Ltd.:

- control over the state of the real estate and supervises as to the fulfillment of the obligation of the farmer / lessee on payment of outstanding payments;
- conducts all necessary actions / including sending reminders, meetings locally and more / in order to receive the lease payments;
- failing to reach an agreement for payment "Agromanagement" Ltd. / through its regional representatives / identifies, establishes contact and negotiates with potential buyers, under conditions most favorable for "Elana Agrocredit" AD;
- conducts all necessary preparatory actions for the sale of the property, including preparation of protocols for the condition of the property when handing over and more.;

"Agromanagement" Ltd. is obliged to keep and maintain records and correspondence relating to the activities under section "C" of objects, and hands over the accounting records to "Elana Agrocredit" AD or to an individual appointed by the Company in a manner, further specified by the parties.

"Agromanagement" Ltd. is obligated to report its work on point "C" of the Subjects to "Elana Agrocredit" AD and upon request. In this case the report shall be submitted within 10 working days of receipt of the written request from "Elana Agrocredit" AD.

Rights and responsibilities under section "D" of the contract's subject:

For "Agromanagement" Ltd.:

- develop accounting policy, containing methods, principles, bases, rules and procedures for reporting of the activities of the entity of "Elana Agrocredit" AD
- based on the submitted by the end of each month and formed with all necessary details primary accounting documents for the same month, performs monthly accounting of the same in accordance with existing regulations and the accounting policy of "Elana Agrocredit" AD;
- develops and provides to "Elana Agrocredit" AD in line with the legal deadlines all documents required under the current legislation;
- submits in a timely manner reports and documents prepared by "Agromanagement" Ltd before the relevant agencies and departments;
- informs and consults "Elana Agrocredit" AD for the current regulations and the amendments to the regulations on financial, labor and accounting law.

#### REMUNERATION

"Elana Agrocredit" AD owes to "Agromanagement" Ltd. annual fee based on the actual funds invested (regardless of their origin - equity loan, etc..) As follows:

a) when invested funds are up to BGN 10 million - 2% of the investments;

b) when invested funds are between BGN 10 and BGN 20 million – BGN 200,000 + 1.5% of the excess of funds invested above BGN 10 million;

в) when invested funds are of over BGN 20 million - BGN 350,000 + 1% of surplus of the investments over BGN 20 million.

The annual fee is payable in 4 installments after the end of the first, second, third and fourth quarters, as all of the installments amount to  $\frac{1}{4}$  / a quarter / from the amount of the remuneration above. The base amount of money invested by the last day of the quarter serves as grounds for calculation. The owed remuneration does not include VAT.

In addition, "Elana Agrocredit" AD owes to "Agromanagement" Ltd. annual fee from the actually received during the year funds from the paid interest in respect of provided loans to farmers / lessees WHEN the interest rate is higher than the interest on their respective leasing contracts. In this case, "Agromanagement" Ltd. remuneration is 20% from the difference between the interest rate agreed under the loan contracts and the interest rate under the leasing and THEN ONLY if the interest payment is received. A two-sided protocol is prepared by January 15 of the following calendar year. It shall consist the exact amount payable under this section for the preceding year.

Lastly, "Elana Agrocredit" AD owes to "Agromanagement" Ltd. a remuneration for agricultural land sold under leasing contracts, which have defaulted and their lessee has ceased payment, ONLY IF "Elana Agrocredit" AD has accounted profit during the sale of property. For calculation of that profit the following order is utilized: out of the sale price of the property, consecutively and in that order is:

1. deducted the costs of sale;
2. deducted in favor of "Elana Agrocredit" AD default penalty under the lease agreement in the amount of all interest due by the end of the leasing contract, as originally agreed;
3. deducted in favor of "Elana Agrocredit" AD the outstanding principal of the lease;
4. if there are remaining funds, the same shall be refunded to the lessee to cover all payments of principal that he has made;
5. the remaining amount, if any, forms an additional profit for "Elana Agrocredit" AD. In this case, the remuneration of "Agromanagement" Ltd. is equal to 50% of this additional profit. In case of such additional profit, A two-sided protocol is prepared by January 15 of the following calendar year. It shall consist the exact amount payable for the previous year.

A sample calculation of the additional remuneration for any properties sold is presented in the following table:

For calculation purposes an exemplary lease was adopted concerning a ten-year lease for BGN 480 (BGN 600 value of the property at a 20% down payment of the lessee), whose lessee stopped payment on the 24th month of signing of the contract . The subject of the financial leasing was 1 dka of agricultural land. The repayment plan in this case would be the following at the signing of the lease:

<b>Repayment Schedule (in BGN)</b>				
Leasing amount			480 BGN	
Annual interest rate			10.00%	
Duration of the leasing in years			10	
<b>Annuity Installments</b>				
<b>Year</b>	<b>Annual lease payment (BGN)</b>	<b>including interest (BGN)</b>	<b>including repayments of principal (BGN)</b>	<b>Outstanding principal at the end of the period (BGN)</b>
1	78.12	48.00	30.12	449.88
2	78.12	44.99	33.13	416.75
3	78.12	41.68	36.44	380.31
4	78.12	38.03	40.09	340.22
5	78.12	34.02	44.10	296.13
6	78.12	29.61	48.51	247.62
7	78.12	24.76	53.36	194.27
8	78.12	19.43	58.69	135.58
9	78.12	13.56	64.56	71.02
10	78.12	7.10	71.02	0.00

<b>TOTAL</b>	<b>781.18</b>	<b>301.18</b>	<b>480.00</b>	
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The table below considered the following three scenarios for the sale price of the property when the average cost of sales is BGN 30 per decare.

№	INDICATOR	EXAMPLE 1	EXAMPLE 2	EXAMPLE 3
1	Amount of the outstanding principal	417	417	417
2	Amount of remaining interest	208	208	208
3	Principal paid by the lessee and down payment	183	183	183
4	Costs to sell the property	30	30	30
5	Transaction price of the property:	600	720	900
<b>SEQUENCE OF CALCULATIONS TOWARDS A POTENTIAL REMUNERATION</b>				
6	Total funds received from the transaction	600	720	900
7	The amount remaining after the cost of sales (5-4)	570	690	870
8	Remaining amount after covering the interest due till the end of the lease (7-2)	362	482	662
9	Amount outstanding after settlement of outstanding principal (8-1)	-	65	245
10	The amount remaining after recovery of 3 (9-3)	-	-	62
11	Additional profit for the Issuer (10)	-	-	62
12	Additional compensation for "Agromanagement" Ltd. (11 * 1/2)	-	-	31

All numbers are in BGN.

Observed from the above example is that only in case of selling with a substantial profit the Issuer will fully recover the payments made by the lessee and will owe to "Agromanagement" Ltd. An additional remuneration.

#### TERMS OF THE REMUNERATION PAYMENT:

The annual fee is paid by "Elana Agrocredit" AD within 7 / seven / days after the end of the three-month period to a specified by "Agromanagement" Ltd. bank account.

A potential remuneration for a difference in interest rates and the properties sale are to be paid by "Elana Agrocredit" AD within 7 / seven / days after the preparation of the annual financial report and availability of the audit report, to a specified by "Agromanagement" Ltd. bank account.

#### EXPENSES

Expenses covered by "Agromanagement" Ltd.: All costs associated with training, establishing rules for the organization and control over regional representatives, as well as providing accounting reports for the signed financial leasing contracts, notary deeds for the real estate purchase and subsequent transfer to farmers / lessees, are at the expense of "Agromanagement" LTD. In addition, at the expense of "Agromanagement" Ltd. are all costs associated with inspection and assessment of the fair market value of the property and assessing the suitability of the farmers / candidate lessees.

At the expense of "Elana Agrocredit" AD, outside the agreed remuneration of "Agromanagement" Ltd., are only the costs for improvements and protection of properties, payment of taxes, fees and commissions of regional representatives and other relevant costs during an acquisition of the real estate, and the costs involved in the transactions with real estate, and selling it through contracts for financial leasing, fees related to the loan agreements signing, as well as expenses associated with the sale of real estate under defaulted leasing contracts. "Elana Agrocredit" AD may, at its own discretion, transfer part of these fees to sellers of agricultural land and / or lessees under the financial leasing contracts, respectively borrowers under the loan agreements. "Elana Agrocredit" AD may also organize an advertising campaign/s and promotion/s of its activities at its own expense.

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"Agromanagement" Ltd hands over to "Elana Agrocredit" AD any bank slips, orders, invoices and other payment documents permitted by the Accounting Act, certifying the expenses incurred at the expense of "Elana Agrocredit" AD. "Elana Agrocredit" AD refunds to "Agromanagement" Ltd the expenses incurred within 3 working days of submission of the documents.

"Agromanagement" Ltd has no right to withhold their remuneration against cash or cash equivalents of "Elana Agrocredit" AD.

All other terms of the signed contract can be inspected by anyone willing to invest as a certified copy of the contract between "Elana Agrocredit" AD and "Agromanagement" Ltd is attached to the prospectus for the initial public offering.

## **23. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS, AND DECLARATION OF INTEREST**

### **23.1 RECORD OR REPORT FROM EXPERTS**

During the preparation of this document no statements or reports written by a person as an expert are included.

### **23.2. INFORMATION FROM THIRD PARTY**

In certain parts of the Prospectus, the Issuer has included reports and statements from various sources who are experts and organizations explicitly mentioned, namely:

- Source: NSI and Eurostat: For information on the economic growth and GDP;
- Source: NSI for information about unemployment;
- Source: Ministry of Economy and ESTAT Agency: analysis of the impact of the financial crisis on small and medium-sized enterprises;
- Source: BNB: For information on the banking system;
- Source: Ministry of Finance: information on fiscal policy;
- Source: Standard & Poors, Moody's and Fitch Raitings: for information on the credit rating of Bulgaria;
- Source: NSI for information about inflation;
- Source: Ministry of Agriculture and Food: Statistics for the Agricultural Land in Bulgaria;

Reports / statements included in the Registration Document are issued from different experts and organizations that do not have a substantial interest in the Issuer.

Information obtained from third parties is accurately reproduced in this prospectus and as far as the Issuer is aware and is able to verify from the information published by such third parties, no facts which would render the reproduced information inaccurate or misleading are omitted. Referenced provisions from the statute of Issuer are accurately, correctly and completely reproduced and no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **24. PRESENTED DOCUMENTS**

The Company states that during the period of validity of the Registration Document it is able to provide for inspection all requested documents. They are available at the address for correspondence of "Elana Agrocredit" AD and at the address of the authorized investment intermediary "Elana Trading" AD - Sofia, "L. Stanchev" № 5, Sopharma Business Towers, Tower B, floor 12, as well as at the web address of the intermediary [www.elana.net](http://www.elana.net), contact person for the Issuer: Georgi Georgiev and for "Elana Trading" AD: Miroslav Stoyanov, and at the web address of the Financial Supervision Commission [www.fsc.bg](http://www.fsc.bg).

## **25. INFORMATION ON HOLDINGS**

"Elana Agrocredit" AD has no stakes in other companies.

## 26. ATTACHEMENTS

1. Certified copies of the audited accounts of the Issuer for the last three financial years;
2. A certified copy of the statute of "Elana Agrocredit" AD;
3. A certified copy the Statute of "Elana Agrocredit" AD, adopted under condition from the GMS on 22.03.2013, and adjusted by the GMS on 30.04.2013
4. Certified copy of the minutes of the GMS of 22.03.2013г.;
5. Certified copy of the minutes of the BoD for the approval of the prospectus from 25.03.2013.;
6. A certified copy of a certificate for actual standing of "Elana Agrocredit" AD;
7. A certified copy of the contract and then annex with "Agromanagement" Ltd.;
8. Statements of the members of the BoD of "Elana Agrocredit" AD;
9. Statements of the members of the BoD of "Elana Trading" AD;
10. Declaration from the registered auditor;
11. Declaration by the compiler of the financial statements;
12. Declaration by the employee of "Elana Trading" AD who prepared the prospectus.

THE REGISTRATION DOCUMENT WAS PREPARED BY:

\_\_\_\_\_  
**MIROSLAV STOYANOV**  
**DIRECTOR "INVESTMENT BANKING"**

THE UNDERSIGNED INDIVIDUALS BEING REPRESENTATIVES OF THE COMPANY "ELANA AGROCREDIT" AD, RESPECTIVELY THE INVESTMENT INTERMEDIARY "ELANA TRADING" LTD. THROUGH THEIR SIGNATURES AFFIXED ON \_\_. \_\_. 2013, DECLARE THAT THE REGISTRATION DOCUMENTS MEETS THE REQUIREMENTS OF THE LAW.

FOR "ELANA AGROCREDIT" AD:

\_\_\_\_\_  
**KAMEN KOLCHEV**  
**CEO**

\_\_\_\_\_  
**VANYA VASILEVA**  
**CHAIRMAN OF BoD**

\_\_\_\_\_  
**PETAR BOZHKOV**  
**MEMBER OF BoD**

FOR „ELANA TRADING” AD:

\_\_\_\_\_  
**MOMCHIL TIKOV**  
**CEO**

\_\_\_\_\_  
**RADOSLAVA MASLARSKA**  
**CHAIRMAN OF BoD**