

10 May 2007

The Black Sea Property Fund Limited
Final results
for the twelve months ended 31 December 2006

The Black Sea Property Fund Limited, which specialises in the financing and sale "off-plan" of luxury holiday apartments in Bulgaria, is pleased to announce its interim results for the twelve months ended 31 December 2006.

The Fund is managed by Development Capital Management (Jersey) Limited.

Copies of the Financial Statements are currently being sent to shareholders and may be obtained free of charge from Development Capital Management Limited, 84 Grosvenor Street, London, W1K 3JZ.

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Annual Report and Financial Statements
For the twelve months ended 31 December 2006

Chairman's Statement

This, the second year of the Fund's life, has been a busy one, both in the public eye and behind the scenes. The investment phase of the Fund is substantially complete, and the emphasis is shifting to the execution of existing investments and sales. The Fund's portfolio is now well balanced with higher-end coastal developments, a substantial investment in the ski regions and a premium local housing development in Sofia. Challenges have been encountered. In Borovets legal difficulties with the land purchase arose but are now close to being resolved. The original off-plan investment model of the Fund has also proved difficult in some instances, particularly where developers are unrealistic in the sales prices expected. In reaction to this, and to the increased availability of competing bank financing, the Fund is focussing more on buying and developing land itself where the potential margins are substantial.

Two of the Fund's developments are currently on sale: Magnolia in the Pamporovo ski region and at Obzor on the coast. A total of 61 reservations have been secured at Obzor, whilst reservations at Magnolia have been put on hold while the developer is in discussions regarding the possibility of a bulk sale. Over the summer, a further two coastal developments will go on sale at Kavarna and Nikea Park (a total of 348 units) and, later in the year, the Fund's development in Sofia should start marketing. Overall, substantial progress has been made over the last twelve months which should stand investors in good stead for the years ahead.

Progress

Progress during the year has seen investments in Nikea Park – Golden Sands, South Beach - Tsarevo, land at Borovets and Byala and the commencement of development and sales at the Obzor site.

Sales and marketing at the Magnolia and Obzor sites have been progressing. Both developments launched phases in November and, as we announced in January, reservations have been taken on a total of 125 apartments out of a total of 605. In response to the strong demand received so far, the developer of the Obzor site has commenced active marketing of the site in Russia. As can be seen from the front cover, build is progressing at the Magnolia site and construction at Obzor is on track.

Following the year end, the Board has announced a €4 million purchase of land in Sofia where high end local housing will be developed. The Fund has also acquired land for €10.5 million in the ski region of Borovets, in an area designated for redevelopment as part of the new "Super Borovets" resort. At the same time, the Fund has resolved the legal difficulties encountered in relation to the first site acquired by the Fund in Borovets (where a restitution claim was lodged) by exchanging the site for one in the same area.

The Fund has chosen to exit the development at Tsarevo and has been returned the financing of €1.14m provided (which was 30% of the amount originally committed for to the project). Off-plan sales of this development during the 2006 summer season were hampered by the unrealistic prices expected by the developer and the poor presentation of the site itself. Although it is disappointing not to have generated returns on this development, the Board is pleased to have been able to recover the capital investment.

Valuation

As is standard, the Fund's property portfolio has been independently valued at the year end by Colliers International. Using RICS methodology, each development is valued on an "as-if-built basis" and land is valued on the basis of a weighted extraction and market comparison approaches. The average "when-built" valuation of the apartments being financed by the Fund is €1340 per square metre. The average valuation at the previous year end was €1254 per square metre. Although these valuations are not strictly comparable (as new developments are included in the 2006 figures), they show a general steady upward trend in apartment values. The Fund's land investment at Byala was made in March 2006 for €60 per square metre. The year end valuation by Colliers is €99 per square metre, an increase of 65%. This investment is accounted for at cost in the Fund's net asset value. Overall at the year end, the Fund participated in property worth over €134m.

In the past the Fund has reported a discounted net present value for its investments to give an indication of the value inherent in projects and options held which are recorded at cost in the accounts. Because of the large number of variables and necessary assumptions in producing this net present value, not least the time taken to execute deals and achieve sales, this measure has not proved to be a useful measure and will not be published in future.

Changes to the Board

The year has seen a strengthening of local experience on the Board. As mentioned in the interim report, Bill Drysdale joined in August and I'm pleased to welcome Irena Komitova and Bogdan Stanchev, both of whom joined in October. Mr Stanchev has wide experience in the management and administration of Bulgarian businesses and has, since early 2005, been the Chief Executive Officer of the Varna Business Park. Ms Komitova has an extensive background and contacts in the Bulgarian business community. She is the managing partner of a management consultancy based in Sofia. It is fair to say that all bring a wealth of Bulgarian expertise and provide an invaluable contribution to the Fund. I'd also like to take this opportunity to thank Evgeni Chachev for his contribution during the Fund's early life. Shareholder resolutions to confirm the new appointments are being proposed at the AGM.

Market

The main news at the period end was the entry of Bulgaria to the European Union as a full member from 1 January 2007. The importance of this cannot be underestimated both in terms of the financial support for Bulgaria and in terms of integration with the rest of western Europe. The economy continues to perform well with strong GDP growth continuing and inflation under control. Steady growth in tourism continued, particularly in the ski regions, backed by an increase in the number of flights to the country. Following EU accession eight low cost airlines have now applied to fly into Bulgaria which will be core to the continued growth in tourism. All of which helps to support the property market in the areas in which the Fund focuses.

Prospects

We believe that the market outlook is promising. EU accession, strong economic growth and the arrival of low cost travel should provide a solid platform for property sales for the right projects, both in the second home and local markets. The Fund's focus on higher quality apartments (particularly at Obzor and Kavarna) should help avoid the issue of over-supply of lower quality product on the coast. The increased investment in the ski regions and diversification into the local housing market in Sofia should also add to the growth prospects for the year ahead.

Land investments

As referred to earlier, the Fund has moved more towards a model of buying and developing land, for example in Sofia and Borovets. Amongst the normal course resolutions to be proposed at the AGM is a resolution to increase the percentage of the Fund's assets which may be used to acquire land from 35% to 55%. The purpose of this increase is to allow the Fund's existing land investment at Byala, which is currently structured as a loan backed by a first legal charge, to be directly held as a land investment. This will not involve any

further cash investment by the Fund, or change the commercial position of the Fund, but would make the value of the land more transparent for shareholders in future reporting.

Special resolutions

As the Fund approaches full investment and its energies have become more focused on the development and realisation of its investments, the Board has been considering ways in which it can enhance shareholder value. The Board is also concerned that their view of the value inherent in the Fund is not reflected in the share price.

As proposed at last year's AGM, the Board is again seeking shareholder approval of the Fund's share buy back authority. Accordingly a special resolution is proposed at the AGM to renew the Fund's authority to repurchase up to 14.99% of the Fund's issued share capital through market purchases. However at this time, the ordinary shares trade at a premium to their underlying net asset value and therefore any use of this authority would be dilutive to shareholders' interests.

The Board and Manager's focus is now very much on execution of existing projects, and on sales. Although the Manager continues to see a number of new potentially profitable projects in Bulgaria, the Board considers it appropriate to return to shareholders the current cash held which is excess to the investment and working capital requirements for the existing portfolio. This excess capital would in any event be sufficient for only one further investment which may take some time to secure, and the Board is mindful that the 18 month initial investment period of the Fund has past. Accordingly, special resolution 10 is to be proposed, that subject to the approval of the Royal Court in Jersey, the Fund's stated capital account be reduced from £50,138,313 to £32,138,313. The practical effect of the proposed capital reduction is to reduce the Fund's stated capital account by £18,000,000 and to create a distributable reserve of £18,000,000. This will allow the directors the flexibility, subject to the future needs of the Fund and the consent of the JFSC, to make a cash distribution of not less than 1p per share, to shareholders.

Annual General Meeting

The Annual General Meeting of the Fund will be held at 11:00am on 22 June at BNP House, Anley Street, St. Helier, Jersey.

Melville Trimble

May 2007

Manager's Report

The Fund

The year under review has seen the completion of several further investments and the commencement of off-plan sales at a number of the sites. As we commented at the interim stage, a further two new financing agreements were entered into and land was invested in at Byala and at Borovets. Since then, development of the site at Obzor, previously held under option, commenced, a financing agreement at Kavarna was signed and marketing of the Magnolia and Obzor sites launched toward the year end.

YooBulgaria Obzor

At the beginning of November the Fund announced it had exercised the option over the site at Obzor. The development is a co-operative venture between YOO (the design orientated development company formed by John Hitchcox and Philippe Starck), Unique Developments and Canadian architects Diamond & Schmitt. The initial marketing launch of the development took place in November and a web site is available at www.yoobulgaria.com.

Obzor is located approximately midway between Varna and Bourgas, each home to an international airport. The site is a beach front property and consists of studio, one, two and three bedroom apartments. It has been branded by YOO as 'YooBulgaria' and will be marketed globally by Knight Frank. Completion is expected to be in Spring 2008.

The terms of the option have been extended so that the Fund will now finance the entire first phase of the development, comprising 257 units, rather than the 20% first envisaged. The decision was taken as this development, through the involvement of the design and branding team, should significantly differentiate itself from other resorts on the Bulgarian coast.

The finance price is €650 per square metre, a total financing of €17.5m. This increase is a result of the higher quality build and design, associated with the international partners involved, which the Manager believes will help to drive sales.

Colliers International valued the apartments as at 31 December 2006 on an 'as-if-built' current market basis at €1,496/m². The first €162.50/m² of any net proceeds on the sale of apartments will be paid to the Fund, with the balance shared in the ratio 70% to the developer and 30% to the Fund. The returns payable to the Fund are subject to an IRR cap of 90% such that any profit in excess of this will accrue to the developer.

The Knight Frank marketing campaign of the entire first phase has been well received, not only in the UK but internationally, with the agent seeing considerable interest from Moscow. Encouragingly, demand has been for apartments throughout the price range. Sales

prices so far have exceeded those expected by the Manager and the first contracts are expected to be exchanged shortly. The success, particularly with Russian investors, has led to the developer planning a Russian focused marketing campaign spread over the next four months.

YooBulgaria Kavarna

Shortly after the Obzor agreement was announced, the Fund also exercised its option over the site at Kavarna. The same team behind the YooBulgaria development at Obzor are involved with this project and it is intended the site will be co-branded.

As with the Obzor site the Fund has financed the entire first phase, currently anticipated to comprise 230 units, rather than the 20% envisaged under the original option agreement.

Again the terms are broadly similar. The Fund's finance price is €625/m², a total financing of €15.5m. Colliers International valued the apartments as at 31 December 2006 at €1,217/m². The first €156.25/m² of any net proceeds will be paid to the Fund, with the balance shared 70/30 with the developer, up to an IRR cap of 90%.

The marketing launch for this development is expected to take place later this summer, with Knight Frank as the lead estate agent.

Magnolia, Pamporovo

Over the course of 2006 development at the Magnolia site progressed well. During the first half of the year the planning permits were granted, technical design drawings were finalised, a construction company appointed and blasting and foundation work commenced. By the end of the period the main shell for the first of the two blocks was nearly complete, construction of the spa had commenced and the foundations for the second block are in. The developer expects to complete in time for the 2008 ski season. Payments were released from the Fund, during the period with the final sum being released in November. At the period end €5.6m had been invested.

Global Spaces and co-agent Avatar have witnessed strong UK demand for the second phase (105 apartments). Again prices are above expectations. Reservations have, however, been put on hold while the developer is in discussions regarding a bulk sale.

Borovets

In January 2006 the Fund purchased 53,047m² of land in the Borovets ski region, one of Bulgaria's most popular ski resorts and the focus of the "Super Borovets" project designed to boost infrastructure in the area. The purchase price was €4.7m with a deposit of €0.4m being paid. Towards the end of 2006 we became aware of a third party restitution claim being made against the vendor of the land. As a result of the purported claim the Fund did not complete the purchase. Whilst the Fund has received legal opinion that the challenge has no merit, the length of time court proceedings may take, has led the Fund to seek to resolve the matter in an equitable way. A resolution is expected soon.

The Manager views the Borovets region as a particularly attractive area, particularly in light of the "Super Borovets" redevelopment program. Following the year end the Fund also acquired another parcel of land for €10.5m in the same region.

Nikea Park

In May contracts were signed to finance 118 out of 154 apartments being built by the Bulmix Group, a highly regarded developer in Bulgaria. The Nikea Park Riviera Resort, 18 km from Varna on the Black Sea coast is set near the popular Golden Sands resort. The Fund has made a total investment of €4.2 million against the Colliers International as-built valuation of €8.6m. The majority of the site is complete with the remaining finishing work due for completion by April. Sadly the initial response to the marketing of this site has not been converted into sales. Problems have been encountered with the finishing works, which prevented conversion of the enquiries received over the summer. The developer, however has committed to rectify these to allow for a new refocused marketing campaign, commencing in time for the summer season.

South Beach Holiday Village

The Fund also made a smaller investment in March to finance 86 of the 147 apartments currently under construction in the South Beach Holiday Village, near Tsarevo on the southern Black Sea coast. Following the year end the Fund announced the termination of the agreement and the return of its capital investment. High pricing and poor presentation of the site during inspection trips hampered sales at the development. Despite lengthy negotiations between all parties no agreement to resolve these issues was reached.

Table of invested Funds as at December 2006

| Development | Build Area | No of Units | Start of Marketing | Invested Funds | Committed Funds |
|-------------------|------------|-------------|--------------------|----------------|-----------------|
| Financings | | | | | |
| Magnolia | 24,319 | 348 | September 06 | €5,612,825 | €5,612,825 |
| Nikea Park | 8,013 | 118 | April 07 | €4,006,604 | €4,006,604 |
| YooBulgaria Obzor | 27,050 | 257 | November 06 | €2,213,398 | €5,274,750 |

| | | | | | |
|---------------------|---------|-------|-------------|-------------|-------------|
| YooBulgaria Kavarna | 24,798 | 230 | July 07 | - | €4,649,625 |
| Land | | | | | |
| Byala | 161,820 | 1,000 | August 08 | €9,709,200 | €9,709,200 |
| Borovets | 56,100 | 900 | December 07 | €360,000 | €4,875,740 |
| Development Totals | 308,981 | 2,939 | | €23,016,708 | €37,844,344 |

Byala

As reported in the interim report, in March the Fund invested €8.6m in 143,314m² of land in Byala, 50km south of Varna on the Black Sea Coast. This was followed by a further 18,506m² for €1.1m. The investment remains at a 40% discount to the valuation carried out as at 31 December. Byala beach is expected to become an important area for tourist development. The land owner is looking to develop the site within the next eighteen months, when the investment will be converted into a 30% deposit once construction begins.

Options

The Fund retains two further options relating to land at Byala and at Shabla, on the Northern Black Sea coast. Progress by the developer on its plans for the site at Byala have progressed more slowly than anticipated and the developer is now intending to develop the land under option in conjunction with a much larger area. It is consequently not possible to say when or if the Fund would be in a position to exercise this option. The timing of the Shabla project is also uncertain; the land is remote from existing infrastructure and its development will depend on the state of the market over the next two years. These options are not assigned a value in the Fund's net asset valuation.

Politics

The political scene remained subdued throughout the period, with the three party coalition working to ensure EU accession took place on schedule and without the imposition of "appropriate measures".

The Brussels Commission had been expected to make their final decision mid May, but delayed their report until October, listing a number of requirements for membership to be completed on schedule. These related primarily to the accountability of the judiciary, high level corruption and fraud. The cabinet worked through the summer break in tandem with EU officials to ensure this was completed in time.

The result was the announcement late October that Bulgaria (and Romania) had complied with EU accession requirements and would become full members from January 1st 2007.

The Economy

GDP growth, having reached 5.5% in real terms in 2005, continued to improve in 2006, with the first nine months recording average year on year growth of 6.3%, increasing throughout the year to reach 6.7% in the third quarter. This was driven by capital investment on the one hand and private consumption on the other. Retail sales remained strong during the period and unemployment, excluding seasonal fluctuations, continued on a downward path, hitting 9.12% at the year end, down from 11.6% at the start of the year.

The difficult areas remain the trade and current accounts, together with inflation. The year on year CPI rate ended the year, at 6.5%, roughly where it started it. In the meantime oil price rises took it up to a February peak of 8.8%. Since then large hikes in gas and other utility prices have prevented the rate from falling back. Most economists estimate the underlying rate at between 3.5% and 5.0%, a figure which appears accurate given the limited amount of information available.

The impact of EU accession has been to attract funds to the country as well as industry and commerce. The EU will add 14% to infrastructure spending in both 2007 and 2008, whilst a total of €11bn is to be fed into the system over the next 8 years. GDP growth should therefore average at least 7.0% this year and next.

Tourism

2006 saw tourist numbers increase steadily for the fourth consecutive year, rising 5.5% to 5.2m. 2005 had witnessed a 5.1% increase from 4.7m in 2004 to 4.9m. Tourist revenues, are expected to be a little in excess of €2.0bn.

The ski season was especially strong with numbers rising by between 15% and 35% depending on the resort. Having put in a strong application to secure the 2014 Olympics, Bulgaria was informed that having reached the last seven, they were not to be short-listed. This has not dissuaded the government from completing the planned €420m infrastructure improvements in the major ski centres, much of which was earmarked for Borovets.

The government sees tourism as a key area for improvement, establishing the National Tourist Agency in May last year. The open skies agreement with the European Common Aviation Authority, also in May, provided improved and easier access throughout the enlarged EU. As a result 11 major airlines announced new or additional flight schedules to Bulgaria's four main airports.

Since the announcement of EU accession, eight low cost airlines, including Ryanair, have applied to fly to various Bulgarian airports. In their interim statement Ryanair mentioned Plovdiv, the nearest airport to Pamporovo, as one of those in the frame.

2006 also saw the final decision on the 35 year concession for operating the coastal airports at Varna and Bourgas. Awarded to Fraport of Germany, the decision means that a sum in excess of €427m will be spent on improving and extending the runways, terminals and transfer facilities. The arrival of low cost travel, combined with EU accession should produce a major boost. When Hungary joined the EU in May 2005, tourism in the balance of the year shot up 54%. Given Bulgaria has already achieved powerful growth since 2000, when tourist numbers were 2.3m, it would be wrong to extrapolate such a high 2007 growth rate. However the impact is still likely to be very considerable.

The property market

It seemed at the start of the year that the media was determined to emphasise the negative aspects of buying residential property in Bulgaria, which together with uncertainty about EU accession, unquestionably held back average price growth. House price inflation, which had reached 36.6% in 2005, only added 9.2% in the first nine months of the year, according to official statistics. However once entry had been agreed final quarter growth accelerated to 5.5%, an annualised rate of 23.8%. Since the end of the period under review "The 24 Hour Daily" noted that the price of an average house in Bulgaria has risen by approximately 10% in the first two months of 2007.

Much print has been given over to the subject of oversupply in the second homes market in Bulgaria. As a result we commissioned a report by Colliers International midway through 2006. The Survey concluded that there were a total of 22,564 apartments under construction or approved for construction at that stage in 2006, a 37% increase on the number built in 2005. More than one third of these were in Sunny Beach, where the Fund is not active, with only 11% of the total of the size typical of the Fund's involvement. In the mountain resorts there was an increase in new units from 4,842 apartments to 12,185. Two thirds of these were in Bansko, again where the Fund is not involved. Only 4% of the total were substantial complexes.

In all 34,749 second homes were under construction on the coast and in the mountains. This compares with annual UK demand alone for international second homes in excess of 53,000 in 2005, whereas the principal buyers in Bulgaria are Russian, Scandinavian and German. Viewed as part of the Bulgarian market as a whole, some 260,000 residential properties changed hands last year to a value of approximately €5bn. It would seem therefore that although the supply situation has to be watched closely, some of the more extreme comments are unfounded.

Our own experience of sales on the Magnolia site at Pamporovo and the Yoo development at Obzor, is that there is a lot of property on the market but not enough at the quality end of the spectrum, where the Fund is positioned. We have seen a considerable number of enquiries for blocks from Scandinavian and eastern European investors, and sales have tended to be of the premium units at strong price levels.

The outlook for the 2007 property market seems positive, especially if latest press reports are to be believed. The "24 Hour Daily" apart, FC Exchange, a property and money broker, believes that Bulgaria will be one of the international property hotspots for 2007, whilst Knight Frank's latest quarterly international property report puts annual investment returns in Bulgaria just short of 20%, a figure only exceeded in their universe by Latvia.

Outlook

With Bulgaria now a full member of the EU a lot of the uncertainty surrounding the country's future has been alleviated. Economic growth remains strong, without causing too many concerns about overheating and many of the terms attached to EU/IMF funding should ensure economic discipline is maintained. Tourism continues to expand and the growth in the number of carriers, particularly the low cost airlines, is very promising. Thus the underlying conditions remain positive for the sector. The property market remains attractive particularly for quality product and it is this differentiation that will mark out the most successful developments. Overseas property investment has always been a hot topic with the UK media and despite some disparaging reports at the beginning of 2007, Bulgaria, we believe, will remain as one of the top areas to buy.

Development Capital Management (Jersey) Limited
May 2007

Consolidated Balance Sheet

As at 31 December 2006

| | | Group 2006 | Company 2006 | Group 2005 | Company 2005 |
|-------------------------------------------------------|-----------|-------------------|-------------------|-------------------|-------------------|
| | Notes | £ | £ | £ | £ |
| Non-Current Assets | | | | | |
| Investments in subsidiaries | 9 | - | 17,199 | - | 4,300 |
| Land | 6 | 247,238 | - | - | - |
| Exercised options over property | 6 | 150,799 | 150,799 | 138,313 | 138,313 |
| Interest in property | 6 | 518,561 | - | - | - |
| Loans & receivables | 6 | 14,446,857 | 15,396,339 | 729,696 | 765,379 |
| | | <u>15,363,455</u> | <u>15,564,337</u> | <u>868,009</u> | <u>907,992</u> |
| Current assets | | | | | |
| Other receivables | 10 | 10,019 | 9,820 | 35,300 | 35,300 |
| Investments at fair value through profit or loss | 7 | 23,424,780 | 23,424,780 | 39,132,200 | 39,132,200 |
| Cash and cash equivalents | | 3,213,477 | 3,009,810 | 4,467,734 | 4,431,318 |
| | | <u>26,648,276</u> | <u>26,444,410</u> | <u>43,635,234</u> | <u>43,598,818</u> |
| Total assets | | 42,011,731 | 42,008,747 | 44,503,243 | 44,506,810 |
| Current liabilities | | | | | |
| Other payables | 11 | (216,503) | (176,040) | (275,059) | (274,374) |
| | | <u>41,795,228</u> | <u>41,832,707</u> | <u>44,228,184</u> | <u>44,232,436</u> |
| Net assets | | 41,795,228 | 41,832,707 | 44,228,184 | 44,232,436 |
| Equity | | | | | |
| Share capital | 12 | 50,138,313 | 50,138,313 | 50,138,313 | 50,138,313 |
| Retained earnings | | (8,343,085) | (8,305,606) | (5,910,129) | (5,905,877) |
| Total equity | | 41,795,228 | 41,832,707 | 44,228,184 | 44,232,436 |
| Net asset value per Ordinary share (pence) | 13 | 16.7 | 16.7 | 17.6 | 17.6 |

Consolidated Income Statement

For the Year Ended 31 December 2006

| | | Year ended 31 Dec 2006 | 27 January to 31 Dec 2005 |
|------------------------------------|-------|---------------------------|------------------------------|
| | Notes | £ | £ |
| Bank interest | | 173,143 | 186,246 |
| Loan interest | | 579,017 | 8,245 |
| Total revenue | | 752,160 | 194,491 |
| Gain/(Loss) on investments | 8 | 90,016 | (123,640) |
| Currency losses | | (23,540) | - |
| Total income | | 818,636 | 70,851 |
| Operating expenses | | | |
| Management fee | 2 | (1,000,000) | (802,740) |
| Other operating expenses | 3 | (2,222,441) | (669,031) |
| Total operating expenses | | (3,222,441) | (1,471,771) |
| Loss before tax | | (2,403,805) | (1,400,920) |
| Tax | 5 | (35,057) | - |
| Loss for the year | | (2,438,862) | (1,400,920) |
| Basic earnings per share (pence) | 4 | (1.0) | (0.6) |
| Diluted earnings per share (pence) | 4 | (1.0) | (0.6) |

Consolidated Statement of Changes in Equity

Group

For the period 27 January 2005 to 31 December 2005

| | Share capital £ | Retained earnings £ | Total £ |
|--------------------------------------------|-----------------------|---------------------------|-------------|
| Net operating loss for the period | - | (1,400,920) | (1,400,920) |
| Foreign exchange on subsidiary translation | - | 15,791 | 15,791 |
| Issue of Ordinary share capital | 50,138,313 | - | 50,138,313 |
| Sales commission and formation expenses | - | (4,525,000) | (4,525,000) |
| At 31 December 2005 | 50,138,313 | (5,910,129) | 44,228,184 |

For the year ended 31 December 2006

| | Share capital £ | Retained earnings £ | Total £ |
|--------------------------------------------|-----------------------|---------------------------|-------------|
| As at 1 January 2006 | 50,138,313 | (5,910,129) | 44,228,184 |
| Net operating loss for the year | - | (2,438,862) | (2,438,862) |
| Foreign exchange on subsidiary translation | - | 5,908 | 5,908 |
| At 31 December 2006 | 50,138,313 | (8,343,085) | 41,795,228 |

Consolidated Statement of Cash Flows

For the year ended 31 December 2006

| | Group | Company | Group | Company |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| | 2006 | 2006 | 2005 | 2005 |
| | £ | £ | £ | £ |
| Operating activities | | | | |
| Loss before tax for the period | (2,403,805) | (2,366,521) | (1,400,920) | (1,380,877) |
| Gain/(Loss) on investments held at fair value through profit or loss | (90,016) | (90,016) | 123,640 | 107,674 |
| Currency losses | 23,540 | 23,540 | - | - |
| Increase in loan interest receivable | (287,511) | (306,230) | (8,245) | (9,573) |
| Decrease/(Increase) in other receivables | 281 | 480 | (10,300) | (10,300) |
| (Decrease)/Increase in other payables | (93,613) | (98,334) | 275,059 | 274,374 |
| Net cash outflow from operating activities | (2,851,124) | (2,837,081) | (1,020,766) | (1,018,702) |
| Investing activities | | | | |
| Loans to developers | (14,413,890) | - | (706,881) | - |
| Loans to subsidiaries | - | (14,592,343) | - | (739,843) |
| Options over property payment | (12,486) | (12,486) | - | - |
| Purchase of property subsidiary | - | (12,896) | - | (4,297) |
| Purchase of accumulation money market funds | (2,385,090) | (2,385,090) | (59,668,115) | (59,668,115) |
| Sales of accumulation money market funds | 18,385,014 | 18,385,014 | 20,412,275 | 20,412,275 |
| Net cash outflow from investing activities | 1,573,548 | 1,382,199 | (39,962,721) | (39,999,980) |
| Financing activities | | | | |
| Share issue | - | - | 50,000,000 | 50,000,000 |
| Share issue expenses | 25,000 | 25,000 | (4,550,000) | (4,550,000) |
| Net cash inflow from financing activities | 25,000 | 25,000 | 45,450,000 | 45,450,000 |
| Net increase in cash and cash equivalents | (1,252,576) | (1,429,882) | 4,466,513 | 4,431,318 |
| Cash and cash equivalents at start of the period | 4,467,734 | 4,431,318 | - | - |
| Effect of foreign exchange rates | (1,681) | 8,374 | 1,221 | - |
| Cash and cash equivalents at 31 December 2006 | 3,213,477 | 3,009,810 | 4,467,734 | 4,431,318 |

Notes to the Financial Statements

1 Accounting Policies

The consolidated financial statements of the Fund for the period ended 31 December 2006 comprise the Fund and its subsidiaries (together, the 'Group') and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Committee of the IASB (IFRIC).

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit and loss are measured at fair value.
- investment property is measured at fair value.

(b) Functional and presentation currency

These consolidated financial statements are presented in GBP, which is the Fund's functional currency.

(c) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Revenue recognition

Interest receivable on fixed interest securities is recognised in 'Interest income' using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial asset or a financial liability (or groups of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contra actual terms of the financial instrument but not future credit losses. The calculation includes all amounts paid or received by the Fund that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

Interest on impaired financial assets is calculated by applying the original effective interest rate of the financial asset to the carrying amount as reduced by any allowance for impairment.

(e) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Fund and entities controlled by the Fund (its subsidiaries) made up to 31 December each year. Control exists when the Fund has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences up to the date that control ceases.

(f) Expenses

Expenses are charged through the income statement, except for expenses which are attributable to the disposal of an investment which are deducted from the disposal proceeds of the investment. In addition certain expenses associated with the acquisition of an investment have been capitalised.

(g) Investments

General

Assets are recognised at the trade date of acquisition, and are recognised initially at fair value plus any directly attributable transaction costs.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Fund manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables include loans and advances originated by the Fund which are not intended to be sold in the short term and are recognised on an amortised cost basis. Loans and receivables are recognised when cash is advanced to borrowers and are derecognised when the borrowers repay their obligations, the loans are sold or written off or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses. Where they are denominated in a foreign currency they are translated at the prevailing balance sheet exchange rate.

Where the interest rate associated with such loans and receivables is below market, an adjustment is made to reflect the fair value accordingly.

Investment property

Investment property is stated at fair value. Any gain or loss arising from a change in fair value is recognised in the income statement. Land held for capital appreciation or for development as an investment property is immediately classified as investment property.

Interest in Property

Interest in property represents amounts capitalised in relation to non-derivative options to acquire property at future dates. Amounts capitalised are amortised over the period of the corresponding options.

(h) Movements in fair value

Changes in the fair value of all held-at-fair-value assets are taken to the income statement. On disposal, realised gains and losses are also recognised in the income statement.

(i) Cash and cash equivalents

Cash and cash equivalents comprise current deposits with banks.

(j) Taxation

The Fund is an Exempt Company for Jersey taxation purposes. The Fund pays an exempt company fee, for each company within the group, which is currently £600 per annum.

The subsidiary BSPF Magnolia AD will be liable for Bulgaria corporation tax at a rate of 15%. The subsidiary is not liable for any further local taxes, however withholding tax is liable on repatriation of assets and income to the Fund, as the withholding tax is not recoverable by the fund.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

(k) Foreign currency

The results and financial position of the Fund are expressed in pounds Sterling, which is the functional currency of the Fund. Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items and non monetary assets and liabilities that are fair valued and that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the period where investments are classified as fair value through profit or loss. Exchange differences on translation of the company's net investment in foreign operations are recognised directly in equity.

(l) Share Capital

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction to reserves.

Founder shares

Founder shares are classified as equity.

(m) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these consolidated financial statements:

IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative

and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS1, which become mandatory for the Fund's 2007 financial statements, will require extensive additional disclosures with respect to the Fund's financial instruments and share capital. IFRIC 8 Scope of IFRS 2 Share-based Payment addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Fund's 2007 financial statements, with retrospective application required. The Fund has not yet determined the potential effect of the interpretation.

IFRIC 9 Reassessment of Embedded Derivatives requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Fund's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.

IFRIC 10 Interim Financial Reporting and Impairment prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Fund's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Fund first applied the measurement criteria of IAS 36 and IAS 39 respectively. The adoption of IFRIC 10 is not expected to have any impact on the consolidated financial statements.

2 Management fee

| | Group 2006 £ | Group 2005 £ |
|----------------|--------------------|--------------------|
| Management fee | 1,000,000 | 802,740 |

The management fee paid to Development Capital Management (Jersey) Limited is 2% per annum of the amount subscribed plus any gains retained by the Fund for reinvestment. The management agreement between the Fund and the Manager is terminable by either party on twelve month's notice, subject to an initial term of 36 months from admission.

The Manager is entitled to receive a performance fee of 20% of any cash returns from the sale of a property investment above a hurdle rate of 10% compound per annum up to 100% and 30% of any returns in excess of this. As at 31 December 2006 there is no contingent performance fee. 20% of the performance fee calculated is subject to a claw back retention against the future performance of the Fund.

3 Other operating expenses

| | Group 2006 £ | Group 2005 £ |
|---------------------------------|--------------------|--------------------|
| Marketing and public relations | 827,230 | 69,903 |
| Amortisation charge | 291,506 | - |
| Legal and professional fees | 167,102 | 179,371 |
| Investment expenses | 497,036 | - |
| Advisory and consultancy fees | 113,007 | 113,331 |
| Directors' remuneration | 70,120 | 60,103 |
| Admin fees | 55,933 | 43,293 |
| Travel and subsistence | 47,163 | 48,096 |
| Auditor's remuneration for: | | |
| Audit services | 45,500 | 38,295 |
| Non audit services | 27,687 | 42,504 |
| Custodian fees and bank charges | 19,490 | 16,433 |
| Other | 60,667 | 57,702 |
| | 2,222,441 | 669,031 |

The company has no employees. All operational activities are carried out by the Manager on behalf of the Fund.

4 Earnings per share

The earnings per Ordinary share is based on the net loss for the period of £2,438,862 (2005: £1,400,920) and on 250,691,563 (2005: 250,691,563) Ordinary shares. The diluted return per Ordinary share is based on the net loss for the period and 251,728,907 (2005: 251,728,907) Ordinary shares, which reflects the potential dilution as discussed in note 17.

5 Tax

| Group | Group |
|-------|-------|
|-------|-------|

| | | | |
|----------------------------|--------|---|------|
| | 2006 | | 2005 |
| | £ | | £ |
| Irrecoverable overseas tax | 35,057 | - | |

This tax represents irrecoverable withholding tax on the interest on loans to subsidiaries and third parties.

6 Investing activities

(a) Land

| | | | |
|-------------------|---------|---|-------|
| | Group | | Group |
| | 2006 | | 2005 |
| Opening book cost | - | | - |
| Purchases at cost | 247,238 | - | |
| Closing book cost | 247,238 | - | |

The Fund has paid a 5% deposit for land at Borovets. The balance is due to be paid upon completion of the notary deed once final approval of the build density is obtained and other conditions are satisfied.

(b) Exercised options over property

| | | | |
|----------------------|-----------------|--|-----------------|
| | Group & Company | | Group & Company |
| | 2006 | | 2005 |
| | £ | | £ |
| | Unlisted | | Unlisted |
| Opening book cost | 138,313 | | - |
| Purchases at cost | - | | 138,313 |
| Expenses capitalised | 12,486 | | - |
| Closing book cost | 150,799 | | 138,313 |

(c) Interest in property

| | | | | |
|----------------------|---------|---------|-------|---------|
| | Group | Company | Group | Company |
| | 2006 | 2006 | 2005 | 2005 |
| | £ | £ | £ | £ |
| Interest in property | 518,561 | - | - | - |
| | 518,561 | - | - | - |

An Interest free loan has been made to a third party in order to secure an option to acquire land at Byala, at a future date, under certain conditions. This interest free loan is accounted for at amortised cost, using the effective interest rate method. As the loan bears interest at a rate below a market rate, a discount arises under the effective interest rate method. This discount has been separately capitalised as 'interest in property' in recognition of the asset that the option represents, and is being amortised over its useful economic life.

(d) Loans

| | | | | |
|----------------------|------------|------------|---------|---------|
| | Group | Company | Group | Company |
| | 2006 | 2006 | 2005 | 2005 |
| | £ | £ | £ | £ |
| Loans and interest | 14,215,094 | 15,164,575 | 729,696 | 765,379 |
| Expenses capitalised | 231,763 | 231,764 | - | - |
| | 14,446,857 | 15,396,339 | 729,696 | 765,379 |

The Fund has made loans totalling €5,521,096 to its subsidiary BSPF Magnolia AD, on 14 November 2005, 23rd May 2006 and 18th November 2006 respectively. The interest rate is a multiple of 1.25 times the aggregate of 5% and the six month Euribor rate, the loan and interest are payable on the sale of property by the developer. BSPF Magnolia has subsequently made loans totalling €5,248,245 to a developer, Magnolia Holidays EOOD, on the same terms.

The Fund has made loans totalling €9,709,200 to its subsidiary BSPF Property Ltd, which has then lent on the funds to the Bulgarian Property Investment Trust. No interest is accruing on these loans and they are repayable on property completion.

The Fund has made loans totalling €360,720 to its subsidiary BSPF Property 2 Ltd, interest is payable at 5% per annum and repayable on property completion.

The Fund has made loans totalling €1,114,680 to its subsidiary BSPF Property 3 Ltd, which has then lent on the funds to Sirius-49. No interest is accruing on these loans and they are repayable on property completion. Subsequent to the year end this loan has been repaid.

The Fund has made loans totalling €4,006,605 to its subsidiary BSPF Property 4 Ltd, which has then lent on the funds to Bulmix 97 Group OOD. Interest is accruing at 7% per annum on these loans and they are repayable on property completion.

The Fund has made loans totalling €1,350,000 to its subsidiary BSPF Property 5 Ltd, which has then lent on the funds to Black Sea Investment Trust AD. Interest is accruing at 7% per annum on these loans. The loan to Black Sea Investment Trust has been secured by a share pledge, over its entire share capital of 10,000 registered shares.

7 Investments held at fair value through profit or loss

| | Group & Company 2006 £ | Group & Company 2005 £ |
|-------------------------------------------------------|------------------------------|------------------------------|
| Accumulation money market funds | Listed | Listed |
| Opening book cost | 38,903,523 | - |
| Movements in year: | | |
| Purchases at cost | 2,385,090 | 59,668,115 |
| Sales - proceeds | (18,385,014) | (20,412,275) |
| - realised gain on sales | 485,798 | 25,795 |
| - realised exchange losses on sales | (343,962) | (378,112) |
| Closing book cost | 23,045,435 | 38,903,523 |
| Closing unrealised appreciation on Money Market Funds | 974,152 | 633,230 |
| Closing unrealised exchange loss Closing fair value | (594,807) | (404,553) |
| | 23,424,780 | 39,132,200 |

8 Gain/(Loss) on Investments

| | 2006 £ | 2005 £ |
|---------------------------------------|-----------|-----------|
| Foreign exchange on loans | (202,488) | - |
| Movement in unrealised appreciation | 150,668 | 228,677 |
| Gain on disposal of Money Market Fund | 141,836 | (352,317) |
| Net loss on investments | 90,016 | (123,640) |

9 Investment in subsidiary undertakings

| | Company 2006 | | Company 2005 | |
|---------------------------|-----------------|--------|-----------------|-------|
| | € | £ | € | £ |
| BSPF Magnolia AD | 25,562 | 17,194 | 6,383 | 4,295 |
| BSPF Property Limited | 1 | 1 | 1 | 1 |
| BSPF Property (2) Limited | 1 | 1 | 1 | 1 |
| BSPF Property (3) Limited | 1 | 1 | 1 | 1 |
| BSPF Property (4) Limited | 1 | 1 | 1 | 1 |
| BSPF Property (5) Limited | 1 | 1 | 1 | 1 |
| Bulgarian Subsidiaries | 25,567 | 17,199 | 6,388 | 4,300 |

| | | | | |
|---------------------|--------|--------|-------|-------|
| Tcherno More AD | - | - | - | - |
| BSPF Super Borovetz | - | - | - | - |
| | 25,567 | 17,199 | 6,388 | 4,300 |

The €25,562 has been translated at rate prevailing at the date of acquisition. The Fund holds 50,000 Ordinary shares of Bulgarian Lev 1 in BSPF Magnolia AD, which is incorporated in Bulgaria. These shares are fully paid and represent the entire issued share capital. The Fund also holds 1 Ordinary share of EUR 1 in each of the remaining subsidiaries which are incorporated in Jersey. This represents the entire issued share capital of these companies. The authorised share capital of each is €10,000.

10 Debtors

| | Group 2006 £ | Company 2006 £ | Group 2005 £ | Company 2005 £ |
|--------------------------------------|--------------------|----------------------|--------------------|----------------------|
| Bank and deposit interest receivable | - | - | 2,491 | 2,491 |
| Prepayments | 10,019 | 9,820 | 3,809 | 3,809 |
| Other debtors | - | - | 29,000 | 29,000 |
| | 10,019 11 | 9,820 | 35,300 | 35,300 |

11 Creditors - amounts falling due within one year

| | Group 2006 £ | Company 2006 £ | Group 2005 £ | Company 2005 £ |
|-----------------------------|--------------------|----------------------|--------------------|----------------------|
| Amounts due to subsidiaries | - | (3) | - | (3) |
| Accruals | (216,503) | (176,037) | (275,059) | (274,371) |
| | (216,503) | (176,040) | (275,059) | (274,374) |

12 Called up share capital

| | | |
|------------------------------------------|------------|------------|
| Authorised: | 2006 | 2005 |
| Founder shares of no par value | 10 | 10 |
| Ordinary shares of no par value | Unlimited | Unlimited |
| Issued and fully paid: | £ | £ |
| 2 Founder shares of no par value | - | - |
| 250,691,563 Ordinary shares no par value | 50,138,313 | 50,138,313 |

Founder shares are not eligible for participation in Fund investments and carry no voting rights at general meetings of the Fund. A further 1,037,344 shares will be issued contingent upon final construction permits being granted for the options over the sites at Shabla and Kavarna.

13 Net Asset Value per share

The net asset value per Ordinary share is based on the net assets attributable to equity shareholders of £41,795,228 (2005: £44,228,184) and on 250,691,563 (2005: 250,691,563) Ordinary shares, being the number of Ordinary shares in issue at the period end.

14 Financial instruments

The Fund's financial instruments comprise money market funds, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income. The main risks the Fund faces from its financial instruments are (i) market price risk, being the risk that the value of investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movement, (ii) currency risk, (iii) credit risk, (iv) interest rate risk and (v) liquidity risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures exclude short-term debtors and creditors.

Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Fund's operations. It represents the potential loss the Fund might suffer through holding market positions as a consequence of price movements and movements in exchange rates. It is the Board's policy to hold a broad spread of fixed interest investments using collective schemes in order to reduce risk arising from factors specific to a particular country or sector. The Manager monitors the prices of the money market funds throughout the year and reports to the Board, which meets regularly in order to review investment strategy.

Currency risk

The functional currency and presentational currency of the Fund is Sterling. Options over property, loans and other investments are denominated in Euros and the Fund is therefore exposed to movements in the exchange rate between the Euro and Sterling. The Fund does not hedge this risk.

Currency rate exposure

An analysis of the Group's currency exposure is detailed below:

| | 2006 | | 2005 | |
|----------------------------|-----------------------|---------------------|-----------------------|---------------------|
| | Financial Investments | Net monetary assets | Financial Investments | Net monetary assets |
| | £ | £ | £ | £ |
| Euro | 37,871,637 | 1,401,425 | 39,861,896 | 66 |
| Bulgarian LEV cash balance | - | 5,322 | - | - |
| | 37,871,637 | 1,406,747 | 39,861,896 | 66 |

Credit risk

The Fund places funds with third parties and is therefore potentially at risk from the failure of any such third party of which it is a creditor. As part of the management of its liquid assets, the Fund places cash on a short term basis in collective money market investments.

The majority of the Fund's loans are ultimately made to property developers and recovery is dependent on the successful completion and sale of the property over which the loan relates.

Interest rate risk

The interest rate risk profile of financial assets at the balance sheet date was as follows:

| | 2006 | | | 2005 | | |
|------------------------------|----------------|---------------|----------------------|----------------|---------------|----------------------|
| | Fixed interest | Floating rate | Non-interest bearing | Fixed interest | Floating rate | Non-interest bearing |
| | £ | £ | £ | £ | £ | £ |
| Euro loans | 3,788,377 | 3,859,396 | 7,317,645 | - | 729,696 | - |
| Euro cash deposit/investment | - | 1,401,425 | 23,424,780 | - | 66 | 39,132,200 |
| Bulgarian LEV cash deposit | - | 5,322 | - | - | - | - |
| Sterling cash deposit | - | 1,806,730 | - | - | 4,467,668 | - |
| | 3,788,377 | 7,072,873 | 30,742,425 | - | 5,197,430 | 39,132,200 |

The floating rate assets consist of cash deposits on call earning interest at the prevailing rate. The non-interest bearing assets consist of accumulation money market funds. Both of these categories are redeemable on demand. The fixed interest rate loan is detailed in note 6.

Liquidity risk

The Fund's assets mainly comprise cash balances and readily realisable securities, which can be sold to meet funding commitments if necessary.

15 Post balance sheet events

Following the year end the Fund purchased 24,599m² of development land in the Malinova district of Sofia at a purchase price of €4m.

The Fund also terminated the loan agreement in respect of the South Beach investement at Tsarevo. The loan amount of €1,140,680 has been returned. The effective interest on this loan has been adjusted to reflect the early payment.

16 Commitments

The Fund has an agreement to advance €5,274,750 to the developer of the site at Obzor. At the period end €2,213,398 of this loan has been advanced. The Fund has also signed an agreement to advance up to €4,649,625 for the site at Kavarna. No advances have yet been made on this loan.

17 Related party transactions

The Fund purchased three options at launch from the Manager. The option over the Obzor development was purchased in exchange for 691,563 shares. The two remaining options have been assigned to the Fund. Consideration of 1,037,344 shares will be issued contingent upon final construction permits being granted. At the period end, final construction permits had not been issued on either site and therefore no value has been ascribed. Information regarding subsidiaries and subsidiary loans can be found in notes 7 and 9.

18 Directors interests

Total compensation to the Directors over the period was £70,120. Melville Trimble, Roger King and Roger Maddock each hold 50,000 Ordinary shares. Roger Maddock is both a Director of the Fund and non-executive Chairman of the Manager.

19 Fund domicile

The Black Sea Property Fund Limited is a company domiciled in Jersey, Channel Islands.