

PROCEDURE

for increasing the par value of the shares issued by BULGARIAN REAL ESTATE FUND SPV from BGN 1 to BGN 3 and simultaneous reduction of the number of the shares from 60 450 000 to 20 150 000, thus keeping the amount of the company capital of BGN 60 450 000.

The reasons of the Board of Directors of BULGARIAN REAL ESTATE FUND SPV to propose to the shareholders of the special purpose vehicle to resolve to increase the par value of the shares issued by BULGARIAN REAL ESTATE FUND SPV from BGN 1.00 to BGN 3.00 and simultaneous reduction of the number of the issued shares from 60 450 000 to 20 150 000, thus keeping the amount of the company capital of BGN 60 450 000, are aimed at limiting the chance of underestimation of the shares of the company under the conditions of a crisis on the real estate market in the Republic of Bulgaria, where the special purpose vehicle carries out its main objects. The conditions, under which the procedure is implemented, protect to the maximum possible degree the rights of all shareholders, including minority shareholders in the special purpose vehicle.

The procedure provides that following the resolution of the General Meeting of the shareholders the par value of the shares issued by BULGARIAN REAL ESTATE FUND SPV will be increased from BGN 1.00 to BGN 3.00 and the number of the shares will be simultaneously reduced from 60 450 000 to 20 150 000, thus keeping the amount of the company capital of BGN 60 450 000.

The date as at which the number of the shares held by the shareholders in BULGARIAN REAL ESTATE FUND SPV, whose par value is increased from BGN 1 to BGN 3 and whose number is reduced accordingly, thus keeping the total amount of the capital of BGN 60 450 000, is the date of the General Meeting of the shareholders.

The number of the new shares, into which the capital of the company will be divided after completion of the procedure involving simultaneous increase of the par value of the shares, issued by BULGARIAN REAL ESTATE FUND SPV and the corresponding reduction of the number of those shares, thus keeping the amount of the capital of the company of BGN 60 450 000, shall be determined by dividing the amount of the capital of BULGARIAN REAL ESTATE FUND SPV in the amount of BGN 60 450 000 by the proposed new par value of the shares, i.e. BGN 3.00.

The number of the shares that each shareholder in BULGARIAN REAL ESTATE FUND SPV will hold after completion of the procedure involving simultaneous increase of the par value of the shares, issued by BULGARIAN REAL ESTATE FUND SPV, and the corresponding reduction of the number of those shares, thus keeping the amount of the capital of the company of BGN 60 450 000, is determined by dividing the number of the shares held by each shareholder on the date of the general meeting of the shareholders,

at which the resolution for the procedure is adopted, by the new par value of the shares, i.e. BGN 3.00.

If on the day of the general meeting of the shareholders at which the resolution for the procedure involving simultaneous increase of the par value of the shares, issued by BULGARIAN REAL ESTATE FUND SPV, and the corresponding reduction of the number of those shares, thus keeping the amount of the capital of the company of BGN 60 450 000, is made, a shareholder owns less than 3.00 shares, BULGARIAN REAL ESTATE FUND SPV and its servicing company MNI OOD shall compensate each shareholder with owns shares of the latter, so that such shareholder owns at least 1 new share.

If, as a result of the simultaneous increase of the par value of the shares issued by BULGARIAN REAL ESTATE FUND SPV and the corresponding reduction of the number of those shares, thus keeping the amount of the company capital of BGN 60 450 000, the new number of shares owned by any of the shareholders of the company is not a whole number, BULGARIAN REAL ESTATE FUND SPV and its servicing company MNI OOD shall compensate with own shares of the latter each such shareholder, so that the number of shares owned by such shareholder is rounded to the larger whole number.

If on the date of the General Meeting of the shareholders, at which the resolution to implement the procedure for simultaneous increase of the par value of the shares, issued by BULGARIAN REAL ESTATE FUND SPV, and the corresponding reduction of the number of those shares, thus keeping the amount of the capital of the company of BGN 60 450 000, is made, a bank or an investment broker are shareholders in the company holding in an escrow account shares of other people (foreigners in compliance with article 41, paragraph 1, of the Markets and Financial Instruments Act, who have acquired shares in the capital of BULGARIAN REAL ESTATE FUND SPV in their own name, however on behalf of other foreigners), the Board of Directors of BULGARIAN REAL ESTATE FUND SPV shall perform the necessary legal actions and actions of fact in order to establish the number such people and the number of the shares they own. In such case BULGARIAN REAL ESTATE FUND SPV and its servicing company MNI OOD shall compensate with owns shares of the latter each such person – end shareholder, so that such person owns at least 1 new share (if as at the date of the General Meeting of the shareholders such end-shareholder owns less than 3.00 shares), or that the new number of the shares owned by such shareholder is rounded to the larger whole number (if, as a result of the procedure, the new number of the shares owned by such end-shareholder in the company is not a whole number).

The shareholders, who will be compensated, as provided in the above cases with the own shares of MNI OOD, shall not pay for such compensation and it will be made free of charge.

BULGARIAN REAL ESTATE FUND SPV and its servicing company MNI OOD have explicitly consented to the compensation with own shares of the latter of each shareholder in the above cases, which consent is attached to this procedure.

In view of the protection of the interests of all shareholders in the course of the procedure, the Board of Directors of BULGARIAN REAL ESTATE FUND SPV will undertake the necessary legal actions with Bulgarian Stock Exchange - Sofia AD and Central Depository AD for suspension of trade, as of the second working day, preceding the date of the General Meeting of the shareholders until the filing with Bulgarian Stock Exchange-Sofia AD of the new par value, the total number of shares and the total number of the shares owned by each shareholder, issued by BULGARIAN REAL ESTATE FUND SPV.

The procedure shall be performed in compliance with the requirements of article 110b and 110c of the Securities Public Offering Act (SPOA) on equality of the shareholders in the same position and for provision of all necessary conditions and information, so that the shareholders can exercise their rights and make a justified investor's resolution.

BOARD OF DIRECTORS OF BULGARIAN REAL ESTATE FUND SPV:

Todor Lyubomirov Breshkov

Chavdar Ivanov Donkov

Nikolay Hristov Skarlatov
