

**MATERIALS**  
**ON THE AGENDA OF THE GENERAL MEETING OF THE SHAREHOLDERS**  
**IN BULGARIAN REAL ESTATE FUND SPV**  
**SCHEDULED FOR 29 MAY 2017**

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**Re: article 1 of the agenda: Annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016;**

Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision under **article 1 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29<sup>th</sup> May 2017:

**‘The General meeting accepts the annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016’.**

*Note: The annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016 is enclosed to the Annual Financial Statements for 2016 of the special purpose vehicle.*

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**Re: article 2 of the agenda: Report of the registered auditor on the audit of the annual financial statements for 2016.**

Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision under **article 2 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29<sup>th</sup> May 2017:

**‘The General meeting accepts the report of the registered auditor on the audit of the annual financial statements for 2016.’**

*Note: The report of the registered auditor on the audit of the annual financial statements for 2016 is enclosed to the Annual Financial Statements for 2016 of the special purpose vehicle.*

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**Re: article 3 of the agenda: Report on the work of the Audit committee of the special purpose vehicle for 2016.**

1. Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 3 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**‘The General meeting approves the Report on the work of the Audit committee of the special purpose vehicle for 2016.’**

2. Report on the work of the Audit committee of the company for 2016.

#### **REPORT**

#### **ON THE WORK OF THE AUDIT COMMITTEE OF BULGARIAN REAL ESTATE FUND SPV FOR 2016**

1. The Audit committee of Bulgarian Real Estate Fund SPV was established in compliance with art. 40e, paragraph 1, of the Independent Financial Audit Act (IFAA)(canceled) at an extraordinary General Meeting of the shareholders in the company held on 05<sup>th</sup> February 2009.

2. The members of the current Audit committee of the company are: Atanas Kirilov Traychev – Chair of the Audit committee; Nikolay Sergeevich Dragomiretski – Member of the Audit committee; Irena Yordanova Daskalova - Member of the Audit committee.

3. The General Meeting of the shareholders in Bulgarian Real Estate Fund SPV fixed a term of office of 3 years of the current Audit Committee on the grounds of a decision of the General Meeting of 16<sup>th</sup> July 2015.

4. The Audit Committee of Bulgarian Real Estate Fund SPV carries out its activity on the grounds of Art. 107 and following of the Independent Financial Audit Act (IFAA), adopted on 29 November 2016.

5. In compliance with the provisions of IFAA the main tasks and functions of the Audit committee are:

- Monitoring of the financial reporting processes in Bulgarian Real Estate Fund SVP;
- Monitoring of the efficiency of the internal control systems of the company;
- Monitoring of the efficiency of the risk management systems of the company;
- Monitoring of the independent financial audit in the enterprise;
- Review of the impartiality of the registered auditor of the enterprise appointed by the General meeting in compliance with the requirements of the law and the Code of ethics of the professional accountants, including

monitoring of the provision of additional services by the registered auditor of the company.

6. While carrying out its work after the check-ups and analyses performed, the Audit Committee established that violations affecting the fair and accurate presentation of the activity and the financial results of Bulgarian Real Estate Fund SPV had not been committed in 2016.

7. In 2016 the registered auditor of the enterprise did not provide additional services to the audited company.

8. The Audit committee of the company recommends the Board of Directors of Bulgarian Real Estate Fund SPV to propose to the ordinary General meeting of the shareholders scheduled for 29th May 2017 to appoint "AFA" OOD, uniform identification code: 030278596, Sofia, Oborishte Region, 38 Oborishte str., to audit and certify the financial statements of the company for 2017.

9. This report has been executed in compliance with art. 108, para. 1, point 8 of IFAA.

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**Re: article 4 of the agenda: 'Approval of the Annual financial statements of the special purpose vehicle for 2016.'**

1. Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 4 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**'The General meeting approves the Annual Financial Statements of the special purpose vehicle for 2016.'**

2. Annex: Annual Financial Statements of the special purpose vehicle for 2016.

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**Re: article 5 of the agenda: Report of the Director of Investor Relations.**

1. Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 5 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**'The General meeting approves the Report of the Director of Investors Relations.'**

2. Report of the Director of Investor Relations.

**REPORT**

**By Alexander Georgiev – Director of Investor Relations in**

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**BULGARIAN REAL ESTATE FUND SPV****To the ordinary annual General meeting of the shareholders in the Company  
scheduled for 29 May 2017**

Dear shareholders, members of the Board of Directors and guests to the General meeting of Bulgarian Real Estate Fund SPV,

The position of Director of Investor Relations in public companies has been introduced as part of the legislative changes aimed at more complete and timely disclosure of information by the public companies to their shareholders, future investors and competent authorities, as well as at protection of the rights of both majority and minority shareholders.

Bulgarian Real Estate Fund SPV is a public company filed in the Companies register in December 2004, and in May 2005 the company was licensed by the Financial Supervision Commission to carry out business as a special purpose vehicle.

The major events related to the activity of Bulgarian Real Estate Fund in 2016 are described in detail in the annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016.

In view of the events related to the activity of Bulgarian Real Estate Fund SPV in 2016, my work as Director of Investor Relations was aimed at the following four main directions:

I. The first direction of my work as Director of Investor Relations in Bulgarian Real Estate Fund SPV was related to forwarding the materials for summoning of the General Meeting to all shareholders, who had requested to review them, within the time limits stipulated by the law.

Each invitation to attend the General meeting of the shareholders of Bulgarian Real Estate Fund SPV, including the materials concerning the agenda, was sent within the time limit set by the law to the Deputy Chair in charge of the Investment Supervision Department, Bulgarian Stock Exchange Sofia AD and in the public domain.

The invitations to convene the General Meeting of the shareholders in Bulgarian Real Estate Fund SPV were announced in due time in the Companies Register.

The materials on the agenda of each session of the General Meeting of the shareholders were available to the shareholders at the registered address of the Company from the date of publication of the invitation in the Companies register and on the website of the company. Additionally, in the cases, when this was expressly requested by individual shareholders in the Company, the materials were sent to be reviewed by them.

II. The second direction of my work was related to my obligations to keep and store the documentation regarding the decision-making process in Bulgarian Real Estate Fund SPV.

The bodies of the Company, which make decisions in connection with its business, are the General meeting of the shareholders and the Board of Directors.

The Board of Directors of Bulgarian Real Estate Fund SPV would convene meetings every time when necessary for the normal operation of the Company.

Detailed minutes were kept for the agenda, made proposals, discussions, voting and passed decisions at each session of the General Meeting of the shareholders and of the Board of Directors. The originals of these minutes are kept with the documentation of Bulgarian Real Estate Fund SPV. The minutes from all sessions of the General meeting and some of the minutes of the sessions of the Board of Directors (in the cases when this is explicitly provided by the law) are sent in due time to the Deputy Chair in charge of the Investment Supervision department of the Financial Supervision Commission and Bulgarian Stock Exchange Sofia AD (and any other authorities/persons, as provided by the law). Each shareholder is entitled to review the contents of the minutes from the session of the General meeting and may also receive a copy thereof (from the Deputy Chair in charge of the Investment Supervision Department of the Financial Supervision Commission).

The presence of the Director of Investor Relations at such sessions is an additional guarantee that the decisions of the General meeting of the shareholders, or the Board of Directors, as the case may be, are discussed and adopted in compliance with the requirements of the acting Bulgarian legislation and the Articles of Association of Bulgarian Real Estate Fund SPV, in the interest of all shareholders in the Company and in a transparent manner.

III. The third direction of my work as Director of Investor Relations in the Company was related to the obligations regarding the disclosure information by Bulgarian Real Estate Fund SPV to the Financial Supervision Commission, Bulgarian Stock Exchange – Sofia AD, Central Depository AD and other persons/authorities.

You are aware that the public companies are subject to a very strict supervision by the Financial Supervision Commission, in particular by the Investment Supervision Department. This, however, applies to a greater extent to special vehicle purposes – alongside with the obligations to disclose information, we are also under the obligation, in the cases provided by the law, to make requests for preliminary approval of series of actions that concern companies such as ours. For example, public companies are obliged to notify the Financial Supervision Commission of any changes in their articles of association only. Unlike these, Bulgarian Real Estate Fund SPV, as a special purpose vehicle, is obliged to submit for approval by the Deputy Chair in charge of the Investment Supervision Department of the Financial Supervision Commission the changes in its articles of association adopted by the General Meeting of the shareholders, provided that such changes may be submitted for filing in the file of the Company in the Companies register kept by the Registry Agency only and after such approval has been granted.

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We have put the necessary efforts to submit in time to the Deputy Chair in charge of the Investment Supervision Department of the Financial Supervision Commission all financial statements (quarterly and annual) and other notices concerning the activity of the Company (such as acquisition or sale of real estates, construction, etc.), provided that these have had contents complying with the requirements of the applicable legislation. The information disclosed to the Financial Supervision Commission was sent within the same time limits and contents to Bulgarian Stock Exchange – Sofia AD and the in the public domain, as well as to other persons/authorities in the cases provided by the law.

During the period since the licensing of the Company until now the Financial Supervision Commission has not imposed any compulsory administrative measures on Bulgarian Real Estate Fund SPV due to failure to comply with its obligations to disclose information or failure to comply with other obligations laid down in the Bulgarian legislation in effect.

IV. The fourth direction of my work was related to the maintenance of efficient relationships and contacts among the members of the Board of Directors and the shareholders in Bulgarian Real Estate Fund SPV and the other persons interested to invest in securities issued by the Company.

In connection with this, in the reporting 2016 we put the necessary efforts to provide you on a timely basis with information about the progress of the Company activity, its ongoing financial and economic position and other details that were material to the current and future investors in Bulgarian Real Estate Fund SPV.

- We would notify in time our shareholders of the summoning of the General Meeting of the shareholders by announcement of an invitation in the Companies register, and the materials of the agenda of each session were made available to the shareholders at the registered address and on the website of the of the Company from the date of announcement of the invitation; the materials were sent for review, subject to a specific request by individual shareholders;
- Simultaneously with the submission of the quarterly and annual financial statements of the Company to the Deputy chair in charge of the Investment Supervision Department of the Financial Supervision Commission and to Bulgarian stock Exchange – Sofia AD, the said reports were made available in the public domain.
- In the past 2016 the Director of Investor Relations and all members of the Board of Directors were available to the shareholders and all other future investors in Bulgarian Real Estate Fund SPV, answering the raised questions about the activity of the Company.

**Re: article 6 of the agenda: Report for enforcement of the Remuneration Policy for 2016**

1. Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 6 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**‘The General meeting adopts the Report for enforcement of the Remuneration Policy for 2016’.**

2. Report for enforcement of the Remuneration Policy for 2016;

**REPORT**

**ON ENFORCEMENT OF THE REMUNERATION POLICY OF  
BULGARIAN REAL ESTATE FUND SPV FOR 2016**

1. Information about the decision-making process while determining the remuneration policy, including, if applicable, information about the term of office and composition of the remuneration committee, names of external consultants, whose services have been employed for the elaboration of the remuneration policy:

The remuneration policy of Bulgarian Real Estate Fund SPV was adopted by the General meeting of the shareholders in the special purpose vehicle held on 15 November 2013. The special purpose vehicle has not appointed a remuneration committee; the special purpose vehicle has not employed external consultants for the elaboration of the Remuneration policy.

2. Information about the relative weight of the variable and fixed remuneration of the members of management and control bodies:

The special purpose vehicle pays only fixed remuneration to the members of the Board of Directors.

3. Information about the criteria for achieved results on the grounds of which options for shares, company shares or other type of variable remuneration are provided and explanation how the criteria under art. 14, paragraph 2 and 3 of Regulation No. 48 of the Financial Supervision Commission contribute to the long-term interests of the Company:

The special purpose vehicle does not provide options for shares, company shares or other type of variable remuneration.

4. Explanation of the applied methods for assessment whether the criteria for achieved results have been complied with:

The special purpose vehicle does not apply assessment methods whether the criteria for achieved results have been complied with.

5. Explanation of the dependence between remuneration and achieved results:

The special purpose vehicle pays only fixed remuneration to the members of the Board of Directors and there is no relation between remuneration and achieved results.

6. Main payments and rationale of annual scheme for payment of bonuses and/or all other additional non-cash remuneration.

There is no annual scheme for payment of bonuses and/or all other additional non-cash remuneration.

7. Description of the main characteristics of the scheme for supplementary voluntary retirement provision and information about the paid and/or payable contributions by the company to the director for the relevant financial year, when applicable:

There is no scheme for supplementary voluntary retirement provision and no contributions were paid or are payable by the special purpose vehicle to the directors for 2016.

8. Information about the periods of delay of the payment of the variable remuneration:

There are no periods of delay of the payment of variable remuneration and there is no variable remuneration.

9. Information about the policy of compensation in case of termination of agreements:

When an agreement with an Executive member of the Board of Directors of the Company is terminated due to expiry and non-renewal of the term of office, the Company does not owe compensation. The maximum amount of the compensation due in case of termination of the agreement with an Executive member of the Board of Directors of the Company ahead of schedule may not exceed the amount the monthly remuneration. When the period of notice in case of termination of the agreement with an Executive member of the Board of Directors of the Company ahead of schedule has not been observed, the compensation due may not exceed the amount of the monthly remuneration.

10. Information about the period, during which the shares may be transferred and the options for shares cannot be exercised, in case of variable remuneration based on shares:

The special purpose vehicle does not provide options for shares, company shares or other type of variable remuneration.

11. Information about the policy to keep certain number of shares until the end of the term of office of the members of the management and control bodies after expiry of the period under art. 10:

There is no policy to keep certain number of shares until the end of the term of office of the members of the Board of Directors.



12. Information about the agreements of the members of the management and control bodies, including the term of each agreement, term of termination notice and details about the compensation and/or other due payments in case of termination ahead of schedule:

The agreements of the members of the Board of Directors are described in the annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016.

13. Full amount of the remuneration and other financial incentives for the members of the management and control bodies for the relevant financial year:

The full amount of the remuneration of the members of the Board of Directors are described in the annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016.

14. Information about the remuneration of each person who was a member of management or control body of a public company for a given term during the relevant financial year.

There are no persons who were members of the Board of Directors in the special purpose vehicle for a term during 2016 and not for the whole 2016.

15. Information about the shares and/or options for shares and/or other incentive schemes based on shares.

The special purpose vehicle does not provide options for shares, company shares or other type of variable remuneration.

16. This report has been executed in compliance with art. 13 of Regulation No. 48 of the Financial Supervision Commission.

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**Re: article 7 of the agenda: Relieving from liability the members of the Board of Directors for their work in 2016**

Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 7 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**‘The General Meeting relieves from liability the members of the Board of Directors for their work in 2016.’**

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**Re: article 8 of the agenda: Passing a decision for distribution of the financial result.**

Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 8 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**‘The General meeting passes a decision to distribute as shareholders’ dividend 90% of the transformed financial result for 2016, determined in compliance with art. 10 of SPV Act, in the amount of BGN 1 487 011.97, or a gross dividend of BGN 0.0737971 per share’.**

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**Re: article 9 of the agenda: Appointment of a registered auditor for 2017 financial year.**

Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 9 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**‘The General meeting appoints “AFA” OOD, uniform identification code: 030278596, Sofia, Oborishte Region, 38 Oborishte str, to audit and certify the financial statements of the special purpose vehicle for 2017 financial year.’**

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**Re: article 10 of the agenda: Re-election of the Audit committee of the company.**

1. Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 10 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**‘The General meeting re-elects the Audit committee in the following composition: Atanas Kirilov Traychev, Nikolay Sergeevich Dragomiretski and Irena Yordanova Daskalova for a new three-year term in office.’**

2. Declarations by Atanas Kirilov Traychev, Nikolay Sergeevich Dragomiretski and Irena Yordanova Daskalova.

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**Re: article 11 of the agenda Approval of Statute of the Audit Committee of the special purpose vehicle.**

Proposal of the Board of Directors of Bulgarian Real Estate Fund SPV for a decision **under article 11 of the agenda** of the ordinary General Meeting of the shareholders scheduled for 29th May 2017:

**'The General meeting approves the Statute of the Audit Committee of the special purpose vehicle.**

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Template of Power of attorney in compliance with art. 116, paragraph 3, of the Securities Public Offering Act

**POWER OF ATTORNEY TEMPLATE**

**for representation of a shareholder at the ordinary General meeting of the shareholders in**

**BULGARIAN REAL ESTATE FUND SPV**

**In case of legal entity shareholder**

I, the undersigned, ....., personal No. ...., identity document No....., issued on ..... by ....., permanent address: City ....., street No. ...., floor ....., apt....., as a representative of ....., having its seat and registered office in ....., .....St., floor ....., uniform identification code: ....., shareholder in Bulgarian Real Estate Fund SPV, holding ..... /...../ registered dematerialised voting shares in the capital of Bulgarian Real Estate Fund SPV, uniform identification code: 131350366, in compliance with art. 226 of the Commercial Act in connection with art. 116, paragraph 1 of the Securities Public Offering Act,

**or**

**In case of physical person shareholder**

I, the undersigned, ....., personal No. ...., identity document No....., issued on ..... by ....., permanent address: City ....., street No. ...., floor ....., apt....., as a shareholder in Bulgarian Real Estate Fund SPV, holding ..... /...../ registered dematerialised voting shares in the capital of Bulgarian Real Estate Fund SPV, uniform identification code: 131350366, in compliance with art. 226 of the Commercial Act in connection with art. 116, paragraph 1 of the Securities Public Offering Act,

**AUTHORISE**

**In case of attorney - physical person**

....., personal No. ...., identity card No....., issued by the Ministry of the Interior on ..... , permanent address: ....., street No. ...., floor ....., apt. ....,

or

**In case of attorney - legal entity**

....., having its seat and registered office in ....., street No. ...., floor ....., uniform identification code ....., represented by ....., personal No. ...., identity document No....., issued on ..... by ....., permanent address: city: ....., ..... street No. ...., floor ....., apt. ...., acting as .....

to represent the company managed by me/to represent me at the ordinary General Meeting of the shareholders in Bulgarian Real Estate Fund SPV, uniform identification code 131350366, to be held on 29 May 2017 at 10:00 in Sofia, 36, Dragan Tsankov Blvd., Interpred – World Trade Center Sofia, 2<sup>nd</sup> floor, block A, Plovdiv hall, and in case of absence of quorum on the date specified in the invitation for the general meeting of the shareholders, on 13 June 2017 at 10:00 at the same place and with the same agenda and to vote with ..... shares in the capital Bulgarian Real Estate Fund SPV on the items of the agenda, according to the instructions below, that is to say:

**1. Annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016;** Draft decision: the General meeting adopts the Annual report of the Board of Directors on the activity and management of the special purpose vehicle in 2016;

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**2. Report of the registered auditor on the audit of the annual financial statement for 2016;** draft decision: The General meeting adopts the report of the registered auditor on the audit of the annual financial statement for 2016;

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**3. Report on the work of the Audit Committee of the special purpose vehicle for 2016;** draft decision: The General Meeting adopts the report on the work of the Audit Committee of the special purpose vehicle for 2016;

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**4. Approval of the Annual financial statement of the special purpose vehicle for 2016;** draft decision: The General Meeting approves the Annual financial statements of the special purpose vehicle for 2016;

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**5. Report of the Director of Investor Relations;** Draft decision: The General Meeting adopts the report of the Director of Investor Relations.

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**6. Report on application of the remuneration policy for 2016;** Draft decision: The General Meeting adopts the report of the on the application of the remuneration policy for 2016;

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**7. Relieving from liability the members of the Board of Directors for their work in 2016;** Draft decision: The General Meeting relieves from liability the members of the Board of Directors for their work in 2016;

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**8. Passing a decision for distribution of the financial result;** Draft decision - The General meeting passes a decision to distribute as shareholders' dividend 90% of the transformed financial result for 2016, determined in compliance with art. 10 of SPV Act, in the amount of BGN 1 487 011.97, or a gross dividend of BGN 0.0737971 per share'.

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**9. Appointment of a registered auditor for 2017 financial year;** draft decision: The General meeting appoints "AFA" OOD, uniform identification code: 030278596, Sofia, Oborishte Region, 38 Oborishte str, to audit and certify the financial statements of the special purpose vehicle for 2017 financial year;

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**10. Re-election of the Audit committee of the company;** Draft decision: The General meeting re-elects the Audit committee in the following composition: Atanas Kirilov Traychev, Nikolay Sergeevich Dragomiretski and Irena Yordanova Daskalova for a new three-year term in office.'

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

**11. Approval of Statute of the Audit Committee of the special purpose vehicle;**  
draft decision: The General meeting approves the Statute of the Audit Committee of the special purpose vehicle.

Voting method: For, against, abstain, the attorney is entitled to decide whether and how to vote;

The attorney shall vote as stated above. In case of instructions to vote 'against', the attorney may consider whether and how to vote, in case of instructions to vote 'abstain' the attorney can make additional proposals on the items of the agenda, as the attorney deems appropriate. The authorisation includes/does not include issues that are included in the agenda under the conditions of art. 231, paragraph 1, of the Commercial Act, and are not reported and published also in compliance with art 223 and art. 223a of the Commercial Act. In the cases under art. 231, paragraph 1, of the Commercial Act the attorney has/does not have the right to decide alone whether and how to vote. In the cases under art. 223a of the Commercial Act the attorney has/does not have the right to decide alone whether and how to vote, as well as to make/not to make proposals for decisions on issues additionally included in the agenda.

In compliance with art. 116, paragraph 4, of the Securities Public Offering Act, subdelegating the above rights shall be null and void.

AUTHORISER

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**Nikolay Hristov Skarlatov, Executive director**

**BULGARIAN REAL ESTATE FUND SPV**