

ARTICLES OF ASSOCIATION

ADVANCE TERRAFUND

REAL ESTATE INVESTMENT TRUST

I. GENERAL PROVISIONS:

Art. 1. ADVANCE TERRAFUND Real Estate Investment Trust (REIT), hereinafter referred to as "the COMPANY", shall be a joint-stock special purpose investment company for securitisation of real estate (investment in real estates of funds raised through issuance of securities).

Art. 2. The COMPANY shall be a materially, organizationally and socially separated commercial subject with the status of a legal person according to Bulgarian law, operating with bank accounts of its own and preparing independent balance sheet.

Art. 3. The status and activity of the COMPANY are regulated by the Special Purpose Investment Companies Act ("SPICA") and the provisions of the Public Offering of Securities Act ("POSA") and applicable by-laws thereto apply subsidiarily, as well as the Commercial Act ("CA") except where the provisions of SPICA exclude explicitly applicability of general laws.

II. COMPANY NAME, SEAT, SUBJECT OF ACTIVITY AND TERM OF THE COMPANY:

Company name

Art. 4. /1/ The name of the COMPANY shall be "ADVANCE TERRAFUND" Real Estate Investment Trust.

/2/ In addition, the company name may be written in English as "ADVANCE TERRAFUND" Real Estate Investment Trust (REIT).

/3/ The COMPANY shall be public upon its registration with the register of public companies and other issuers of securities under Art. 30, para. 1, item 3 of the Financial Supervision Commission ("FSC") Act by a duly issued decision of FSC.

Art. 5. The COMPANY may register a reserved letter-graphical trademark, comprising its company name expressed in words and a graphic image.

Seat and Registered Office

Art. 6. /1/ (*amended with Decision of the General Assembly of Shareholders dated 7 July 2009*) The COMPANY shall have its seat in Sofia and its address of management at 1 Zlatovrah Street, Lozenets Region, Metropolitan Municipality.

/2/ The COMPANY shall specify in all its documents the company name, seat and registered office, the court of registration, its court and tax registration numbers and its bank account.

Scope of Business

Art. 7 /1/ The subject of activity of the COMPANY shall be execution of the following transactions:

1. raising funds through issuance of securities;
2. purchase of real estates and real rights in real estates, construction works and improvements for the purpose of making them available for management, letting, leasing or tenancy and selling them;

/2/ The COMPANY may not carry out commercial transactions other than those referred to in para. 1 and those directly related to their execution, unless such other transactions are permitted by SPICA.

/3/ The activity of the COMPANY shall be carried out in compliance with the general and special statutory provisions.

Term

Art. 8. The COMPANY shall be incorporated without limitation of term or any other pre-defined condition for winding up.

III. TYPES OF ASSETS SECURITISED BY THE COMPANY AND INVESTMENT OBJECTIVES

Types of Assets Securitised by the COMPANY

Art. 9. /1/ The COMPANY shall securitize the following real estates and real rights therein:

A/ LAND PROPERTIES /LAND/ located on the territory of the Republic of Bulgaria and categorized according to their primary and specific use, in accordance with the structure drawings and plans and the detailed structure plan as follows:

1. land properties in urbanized territories (population centres and settlements) - intended for residential, public service, production, storage, holiday, villa, sport and entertainment functions;
2. land properties in agricultural territories – arable land (fields, orchards and vegetable gardens, vines, meadows, etc.) and uncultivated land,
3. land properties in wood territories – forests and forest land;

B/ BUILDINGS AND STRUCTURES with residential, public service, commercial, office, production, storage, holiday, villa, sport, entertainment, agricultural and other functions;

/2/ The COMPANY may not acquire real estate which are subject to legal dispute.

/3/ Real estate acquired by the COMPANY shall be located on the territory of the Republic of Bulgaria.

/4/ The Company may acquire new assets (real estate) for securitization.

/5/ The real estate portfolio shall be diversified by means of investing different types of real estate located in different regions in the Republic of Bulgaria in order to reduce the non-systemic risk of the investment portfolio.

Investment objectives:

Art. 10. /1/ The primary objective of the COMPANY's investment activity is to ensure to its shareholders retention and growth of the value of their investments by realizing steady income and balanced risk distribution.

/2/ To enable its shareholders to invest in a diversified real estate portfolio, acting in accordance with the principle of risk distribution.

/3/ The strategy of the COMPANY involves investment in real estate meeting the requirements of Art. 9 for the purpose of receiving operating income from letting, tenancy, lease contracts, ceded right of use, as well as sale of these properties in order to generate steady income.

/4/ To achieve its primary objective the COMPANY may apply suitable strategies to ensure protection against market and currency risks.

/5/ (*New – adopted by a resolution of GAS dated the 9th of October 2019*) Participation in the establishment and/or acquisition of interest or shares in specialized companies within the meaning of Art. 22a of ASIPC.

IV. LIMITATION OF ACTIVITY AND MANAGEMENT COSTS

Limitation of activity

Art. 11. /1/ The COMPANY may not:

1. (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) transform into another type of commercial enterprise save for the instances provided for in Art. [16, para 4](#) of ASIPC;

2. (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) change its scope of business save for the instances provided for in Art. [16, para 4](#) of ASIPC;

3. secure other person's liabilities or grant loans;

4. (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) acquire shares in other companies save for the instances, under the terms and conditions and to the amount of the interest/share participation provided for in Art. 21, para 3-5 of ASIPC;

5. (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) participate in the capital market by investing in assets other than the assets permitted pursuant to the effective laws;

/2/ The COMPANY may:

1. issue debt securities registered for trade on a regulated market;
2. take bank loans for acquisition and putting into operation of the assets subject to securitization;
3. take bank loans of up to 20 per cent of the net book value of the assets used for interest payment, if the loan is for a term of less than 12 months.

Investment of free funds

Art. 12. /1/ (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) The COMPANY may invest its free funds in securities, issued or guaranteed by the Bulgarian state, in bank deposits, in mortgage bonds – up to 10 % of its assets, as well as in other assets permitted pursuant to the effective laws.

Management costs

Art. 13. /1/ Costs for the COMPANY's management shall be all costs for the management and servicing, including costs for remuneration of the members of the COMPANY's board of directors, as well as the costs for remuneration of the servicing companies, the registered auditor, the assessors and the depository bank.

/2/ The maximum amount of costs for the Company's management in a calendar year may not exceed 7% (seven per cent) of the value of the assets in the balance sheet included in the annual financial statements of the Company for the year of costs accrual.

V. CAPITAL, COMPANY SHARES, SHAREHOLDERS' RIGHTS

Amount of Capital

Art. 14. /1/ The capital of the COMPANY shall amount to BGN 500,000 (five hundred thousand leva) ordinary registered dematerialised shares of BGN 1 (one lev) each. The capital may not be reduced below that amount.

/2/ The capital of the COMPANY is paid up in full at the time of filing the application for registration with the Trade Register of Sofia City Court.

Shares: Types. Nominal Value

Art. 15. /1/ The shares of the Company shall be ordinary, registered, dematerialized, freely transferable, entitling their holder to 1 (one) vote in the General Assembly of Shareholders and with a nominal value of BGN 1 (one) each.

/2/ The COMPANY may also issue preference shares. The preference shares entitle their holder to additional dividend and one voting right or non-voting right in the general meeting. Non-voting preference shares shall be included in the nominal value of the capital and shall not exceed ½ (one half) of the shares.

/3/ By a decision of the General Assembly of Shareholders taken by a majority of more than ¾ /three-fourths/ of represented shares the COMPANY may issue shares with a right to additional dividend and non-voting right in the general meeting. Where non-voting preference shares are issued their holders shall be entitled to additional dividend amounting to a per cent of the dividend determined by the general meeting for the current year. The exact amount of the per cent under the foregoing sentence shall be determined by the general meeting that voted the decision on issuance of the preference shares. The Company shall pay out the additional dividend to the shareholders together with the dividend determined for the ordinary shares and in accordance with the terms and procedure specified herein below in the Articles of Association and the decision of the general meeting on profit distribution.

/4/ For taking decisions on limiting the preferences pertaining to non-voting preference shares issued by the Company the consent of the shareholders holding preference shares shall be

required, who shall hold a separate meeting. The meeting shall be validly held if at least 50 (fifty) per cent of the preference shares are represented. The decisions shall be taken by a majority of no less than $\frac{3}{4}$ /three-fourths/ of represented shares. The shares shall acquire voting right upon revocation of preferences.

/5/ The COMPANY may not issue preference shares entitling their holder to more than one vote in the general meeting or to an additional liquidation quota.

Issue Price

Art. 16. /1/ The issue price shall be the value at which the shares are underwritten upon their subscription.

/2/ The issue value may not be lower than the nominal value.

/3/ The issue price of every new issue of shares shall be determined by the decision of the competent body of the Company for carrying out the relevant increase of the Company's capital.

/4/ The difference between the nominal value and the issue price shall be allocated to the Reserve Fund of the Company.

Indivisibility

Art. 17. The shares of the COMPANY shall be indivisible. Where a share is held by several persons, they shall exercise the rights thereto together, designating a proxy who shall be authorized by an express written power of attorney with notary certification of the signature.

Contributions

Art. 18. /1/ Shares of the COMPANY shall be acquired at issue value. The shareholders of the Company may not make partial contributions.

/2/ Contributions to the capital of the COMPANY shall be only in cash.

Register of Members

Art. 19. The Register of Members of the COMPANY shall be kept by Central Depository AD.

Disposal of Shares

Art. 20. Disposal of COMPANY shares shall be effected freely, without limitations or additional conditions, subject to the requirements of applicable legislation for dematerialised securities transactions.

Shareholder's Rights

Art. 21. /1/ Each share shall entitle its holder to one vote, a right to dividend and a liquidation quota, unless otherwise provided for in the decision of the company body on issuance of the relevant issue of shares. A company body may not grant more than 1 (one) vote per share.

/2/ Shares with equal rights shall form a separate class. The rights of individual shareholders of one class may not be limited.

/3/ For taking decisions on limiting the preferences pertaining to non-voting preference shares, if such shares are issued, the consent of the shareholders holding preference shares shall be required, who shall hold a separate meeting. The meeting shall be validly held if at least 50 (fifty) per cent of the preference shares are represented. The decisions shall be taken by a majority of no less than $\frac{3}{4}$ /three-fourths/ of represented shares. The shares shall acquire voting right upon revocation of preferences.

/4/ Each share also entitles its holder to information about the Company's state of affairs, as well as to other rights explicitly stipulated in law or in these Articles of Association.

Voting Right

Art. 22. Each share entitles its holder to one vote in the General Assembly of Shareholders unless it is issued as a non-voting share. The voting right shall be exercised by the persons registered in the registers of the Central Depository as shareholders 14 days before the date of the general meeting.

Right to Dividend

Art. 23. /1/ The right to receive dividend shall have the persons registered in the registers of the Central Depository as shareholders 14 days after the date of the general meeting at which the annual financial statements were adopted and a decision was taken on profit distribution.

/2/ The COMPANY shall distribute dividends, by a decision of the General Meeting, in accordance with the terms and procedure set out in SPICA, POSA and CA.

Obligations of the Shareholders

Art. 24. /1/ The shareholders shall be liable for the obligations of the Company only to the amount of the contributions made by them against the subscribed shares. The contributions of the shareholders under the foregoing sentence by law shall be equal to the full amount of the issue value of the shares determined by the competent company body and the shares may be subscribed subject to payment of the contributions.

/2/ The shareholders shall not harm the Company by their actions.

VI. INCREASE AND REDUCTION OF THE CAPITAL OF THE COMPANY

Methods and Procedures for Capital Increase. Limitations

Art. 25. /1/ The capital of the Company may be increased only by one of the following two methods:

1. issuance of new shares;
2. conversion of bonds issued as convertible into shares.

/2/ The capital of the Company may not be increased through:

1. increase of the nominal value of already issued shares;
2. conversion of bonds issued as non-convertible into shares;
3. capitalization of retained earnings of the Company;
4. in-kind contributions;
5. under a condition that the shares be subscribed by specific persons at a specific price.

Mandatory initial increase of the capital of the Company

Art. 26. /1/ In accordance with the provisions of Art. 5, para. 3 of SPICA the Constituent Meeting of the COMPANY shall obligatorily take a decision on initial crease of the capital through issuance of a new issue from the same class of shares as those subscribed at the constituent meeting. The increase under the foregoing sentence shall have effect provided that the Company is granted a license to operate as a special investment purpose company by the Financial Supervision Commission (FSC). In case the suspensive condition referred to herein occurs, the board of directors shall proceed to immediate execution of the decision for initial increase of the capital after confirmation of the prospectus of the COMPANY by FSC.

/2/ The decision of the Constituent Meeting under the foregoing paragraph may not stipulate an increase of the capital of less than 30% (thirty per cent) of the capital of the Company in accordance with Art. 14 above.

/3/ The increase of the capital under the terms of this Article shall be made on the basis of a prospectus for public offering of shares confirmed by FSC.

/4/ In carrying out the increase, rights within the meaning of para. 1, item 3 of the Supplementary Provisions of POSA shall be issued and the relevant procedure set out in SPICA shall be applied in compliance with the provisions of Art. 112 and following of SPICA for an increase of the capital of a public company through issuance of rights.

/5/ In the mandatory initial increase of the capital the pre-emptive right of the existing shareholders (founders) to acquire shares corresponding to their share in the capital before the increase as per Art. 194, para. 1 of CA and Art. 112, para. 1 of POSA shall not apply.

/6/ The initial increase of the capital shall be serviced by an investment intermediary with a capital of no less than the applicable requirements of the effective legislation for carrying out activity as investment intermediary with full license. The whole issue under paragraph 4 of this Article shall be underwritten by the investment intermediary under the foregoing sentence and shall be offered for public trading on a regulated market.

/7/ The initial increase of the capital shall be carried out up to the amount of the subscribed shares.

Subsequent increase of the capital of the Company

Art. 27. /1/ When increasing the capital of the COMPANY after the mandatory initial capital increase, the pre-emptive right of the shareholders who have acquired shares no later than 14 (fourteen) days after the decision of the General Assembly of Shareholders, the date of publication of the notice of the capital increase under paragraph 5 below respectively, shall apply to the subscription of shares from the capital increase pro rata to their share before the increase. The right of the shareholders under the foregoing sentence may not be limited or cancelled by a decision of a Company's body.

/2/ When increasing the capital of the Company through issuance of new shares, rights shall be mandatorily issued. One right shall be issued against every existing share. One acquired right entitles its holder to acquire such a number of new shares in the capital increase as the body that adopted the decision on the capital increase has determined.

/3/ For the purposes of the capital increase the Company shall publish a prospectus for public offering of shares pursuant to the requirements of Ordinance No. 2 of 17.09.2003 on the prospectuses for public offering of securities and disclosure of information by public companies and other securities issuers ("Ordinance No. 2"), except in the cases where the Company, due to full compliance with the obligations for disclosure of information under chapter VI, section IV of POSA and pursuant to Art. 79, para. 1, item 4 of POSA is exempt from the obligation to submit a prospectus.

/4/ In the cases where the increase of the capital is effected by the General Assembly of Shareholders and no prospectus is issued for the capital increase, included in the agenda of the invitation for convening a General Assembly of Shareholders shall be an item on the increase of the capital, containing the following data:

1. planned use of the capital raised through the issue;
2. risks for the persons who have acquired shares in the Company;
3. general information about and prospects for the Company's development in the current financial year;
4. rights attaching to the shares from the new issue;
5. ratio between issued rights and one new share;
6. the initial and final time limits, the terms and procedure for the assignment of the rights;
7. the initial and final time limits, the terms and procedure for subscribing rights from the new issue by the holder of the rights as well as the issue value of the shares from the new issue;
8. other data set out in an ordinance of FSC.

/5/ In the cases where the decision on the increase of the capital is taken by the board of directors, the Company shall publish a notice containing the data referred to in paragraph 4 above. The notice under the foregoing sentence shall be published in the State Gazette and in 1 (one) central daily newspaper at least 7 (seven) days before the opening term of the subscription.

/6/ The Company shall send to the Deputy Chairman heading the Investment Supervision Division at FSC the invitation under paragraph 4, the notice for public offering under paragraph 5 respectively, at least 14 (fourteen) days before their publication. The Company may promulgate and publish the invitation, the notice respectively, if within the 14-day time limit it has not been notified by the Deputy Chairman heading the Investment Supervision Division at FSC of existing obstacles to the increase of its capital.

/7/ The decision on increasing the Company's capital shall specify the conditions under paragraph 4 above, the investment intermediary servicing the capital increase as well as any other necessary data about the issues of rights and shares.

/8/ After receipt of the decision of the general meeting under paragraph 4 and where the decision on the capital increase is taken by the board of directors, after publication of the notice under paragraph 5 above, the regulated market on which the shares are traded shall notify without delay the last date for effecting transactions therein as a result whereof the transferee of the shares will be entitled to participate in the capital increase.

/9/ On the first working day following the fourteen-day period under paragraph 1 the Central Depository shall open accounts for rights of the persons specified in paragraph 1 based on the Register of Members.

/10/ The regulated market on which the shares of the Company are traded shall accept the rights issued by the Company.

/11/ The time period for the transfer of the rights is from 14 (fourteen) to 30 (thirty) days.

/12/ On the fifth working day after expiry of the time period for transfer of the rights the COMPANY shall offer, through the investment intermediary servicing the issue, on the regulated market for sale under the terms of open auction the rights against which no shares from the new issue have been subscribed until expiry of the time period for transfer of the rights. The COMPANY shall distribute the amount received from the sale of the non-exercised rights less the costs for the sale pro rata among their holders.

/13/ The amounts received from the sale of rights shall be credited to a special account opened with the Central Depository and may not be used before registration of the capital increase.

/14/ The Company shall organize the subscription in a manner that allows distance subscription of shares through the Central Depository and its members.

/15/ At the beginning of every working day during the subscription the Central Depository shall disclose publicly information about the rights exercised by the end of the previous working day.

Reduction of the capital

Art. 28. /1/ The capital may be reduced to the minimum amount set out in SPICA by a decision of the General Assembly of Shareholders of the COMPANY.

/2/ Should there be several classes of shares, voting shall be conducted by class of shares.

/3/ The capital may be reduced through:

1. reducing the nominal value of the issued shares – where the amount of the nominal value allows this.
2. invalidation of shares except in the cases of forceful invalidation.

/4/ The capital of the Company may not be reduced through forceful invalidation of shares.

Simultaneous reduction and increase of the capital

Art. 29. The capital of the Company may be reduced and increased simultaneously so that the reduction shall be valid only after effecting the planned increase.

VII. BODIES OF THE COMPANY. MANAGEMENT AND REPRESENTATION

Bodies of the Company

Art. 30. /1/ The COMPANY shall be managed as one-tier system.

/2/ The management bodies of the COMPANY shall be:

1. General Assembly of Shareholders;
2. Board of Directors.

Subsection I GENERAL ASSEMBLY OF SHAREHOLDERS

Composition of the General Meeting

Art. 31. /1/ The General Assembly of Shareholders shall comprise of all holders of shares of the COMPANY in compliance with Art. 115a, para. 1 of POSA.

/2/ Shareholders shall participate in the meetings of the general meeting in person or through a proxy authorised in compliance with the terms and procedure referred to in Art. 38 herein.

/3/ (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) The members of the Board shall take part in the work of the General Meeting without voting rights, unless they are shareholders. A member of the Board of Directors may not represent a shareholder, except when the shareholder has explicitly stated the manner of voting in each item of the Agenda.

Competence

Art. 32. The General Assembly of Shareholders shall:

1. amend and supplement these Articles of Association;
2. increase and reduce the capital;
3. transform and wind up the COMPANY in compliance with the provisions of SPICA;
4. appoint and dismiss the members of the Board of Directors;
5. determine the remuneration and royalties of the members of the Board of Directors and the term for which they are due as well as their right to obtain shares and bonds of the COMPANY;
6. determine the amount of the management guarantee of the members of the Board of Directors;
7. discharge from liability the Board of Directors;
8. appoint and dismiss certified public accountants – registered auditors;
9. approve the annual financial statements of the COMPANY after they have been audited by a certified public accountant – registered auditor, and take decision on distributing the profit, replenishing the Reserve Fund and dividend payment in compliance with the terms and procedure of SPICA;
10. take a decision on the issuance of bonds and other debt securities;
11. appoint liquidators upon winding-up of the COMPANY except in case of insolvency;
12. resolve other issues pertaining to its competence under the law or these Articles of Association.

Holding of a General Meeting

Art. 33. /1/ The General Meeting shall be held at least once per year at the seat of the COMPANY.

/2/ The first general meeting shall be held no later than 18 months after incorporation of the COMPANY and the following regular meetings shall be held no later than 6 months after the end of the reporting year.

/3/ The General Meeting shall elect a chairman, a secretary of the meeting and vote tellers unless otherwise provided for herein.

Convocation

Art. 34. /1/ The General Meeting shall be convened by the Board of Directors and on demand of shareholders holding shares representing at least 5 per cent of the capital of the COMPANY.

/2/ *(amended with Decision of the General Assembly of Shareholders dated 7 July 2009)* The convocation shall be made by an invitation submitted to the Trade Register and announced as provided for in Article 100, Paragraphs 1 and 3 of the Law on Public Offering of Securities. An invitation shall have contents as required by the effective legislation.

/3/ *(amended with Decision of the General Assembly of Shareholders dated 7 July 2009)* The period as of the invitation announcement till the opening of the session of the General Meeting shall be at least 30 days.

/4/ *(repealed with Decision of the General Assembly of Shareholders dated 7 July 2009).*

Including Items in the Agenda

Art. 35. /1/ Shareholders holding more than three months shares representing at least 5 per cent of the capital of the Company shall be entitled, after publishing of the invitation, to include other issues in the agenda of the General Meeting.

/2/ No later than 15 days before the opening of the General Meeting the persons under paragraph 1 shall present to the Trade Register a list of the issues to be included into the agenda, the proposed decisions and related written materials. The court shall pass a ruling on the request for their presentation at the day of filing thereof or on the following working day at the latest.

/3/ The fact that the shares have been held more than three months shall be ascertained before the court by means of a notary certified declaration.

/4/ At latest on the working day next following the court ruling under paragraph 2 the shareholders shall present the list of issues, the proposed decisions and related written materials

at the seat and registered office of the COMPANY. Article 224 of CA shall apply mutatis mutandis.

Right to Information

Art. 36. /1/ (*amended with Decision of the General Assembly of Shareholders dated 7 July 2009*)

The invitation under Article 115, Paragraph 2 of the Law on Public Offering of Securities, accompanied by the materials under Article 224 of the Law on Commerce relating to the session of the General Meeting, shall be sent to the Commission within the time limit under Article 115, Paragraph 4 of the Law on Public Offering of Securities and published at the website of the Company during the period as of its announcement under Article 115, Paragraph 4 of the Law on Public Offering of Securities till closure of the session of the General Meeting.

/2/ When the agenda includes election of members of the Board of Directors, the materials under paragraph 1 shall also include data about the names, permanent address and professional qualification of the individuals nominated as members. This rule shall be applied also in cases when the issue has been included in the agenda under the terms of Art. 35 of the Articles of Association.

/3/ Upon request the written materials shall be presented to each shareholder free of charge.

List of Attending Shareholders

Art. 37. /1/ A list of the present shareholders or of their proxies and of the number of held or represented shares shall be prepared for the meeting of the General Meeting. The shareholders and the proxies shall certify their presence by signature. The list shall be authenticated by the chairman and the secretary of the General Meeting.

/2/ A shareholder and/or its proxy shall be included in the list of the present shareholders subject to compliance with the requirements set out in Art. 38 hereof and CA and POSA.

Proxies

Art. 38. /1/ Every shareholder may authorize in writing a person to represent him at the General Meeting.

/2/ The written authorization for representation of a shareholder in the General Assembly of Shareholders of the Company shall be for a specific general meeting, shall be express, notary certified and shall have the minimum content set out in the Ordinance on the minimum content of the authorization of representation of a shareholder for the general meeting of a company whose shares were subject of public offering.

/3/ Sub-authorization with the rights under paragraph 2 as well as any authorization given in violation of the rules under paragraph 2 shall be null and void.

/4/ If the authorizing shareholder is a legal person, the authorization shall be signed by the legal representative (legal representatives, if they represent it jointly) of the legal person and shall be accompanied by a certificate of current status issued no earlier than 6 (six) months before the date of the General Meeting.

/5/ The proposal for representing a shareholder or shareholders with more than 5 per cent of the votes in the General Meeting of the investment company shall be published in one central daily newspaper or sent to every shareholder concerned. The proposal shall contain the following data:

1. the agenda of the issues proposed for discussion at the General Meeting and the proposed decisions on them;
2. an invitation for giving instructions by the shareholders regarding the manner of voting on the items from the agenda;
3. a statement of the manner of voting of the proxy on any of the issues included in the agenda if the shareholder that accepted the proposal does not give instructions on the voting.

/6/ The proxy shall vote at the general meeting of the company in accordance with the instructions of the shareholders included in the authorization and where no such instructions are given, in accordance with the statement under item 3 of the foregoing paragraph. The proxy may deviate from the instructions of the shareholders, his statement of the manner of voting respectively, if:

- a) circumstances have arisen which were not known at the time of making the proposal or signing of the authorizations by the shareholders;
- b) the proxy was not able to ask for new instructions and/or make a new statement, or did not receive on time new instructions by the shareholders;
- c) the deviation is necessary for preserving the interests of the shareholders.

/7/ Any person who is authorized to represent a shareholder/s in a specific General Assembly of Shareholders of the COMPANY shall submit at the registered office of the COMPANY the original of the authorization on the basis of which the representation will be effected by 4:00 p.m. two working days before the date of the General Meeting. The COMPANY shall inform the persons present at the General Assembly of Shareholders of the authorizations received at the opening of the general meeting.

/8/ If more than one authorization under paragraph 2 is submitted, issued by one and the same shareholder, the authorization issued at a later date shall be deemed valid.

/9/ If until the opening of the General Meeting the COMPANY is not notified in writing of the death of a shareholder of the COMPANY, judicial disability, legal disability, revocation or withdrawal of the authorization, termination of the powers by virtue of which it was granted or transfer of the shares, the issued authorization shall be deemed valid and a vote cast in accordance with the conditions of the authorization shall be valid irrespective of a preceding death or legal disability of the authorizing person, disability, legal disability, revocation or withdrawal of the authorization, termination of the powers by virtue of which it was granted or transfer of a share for which the vote was authorised.

/10/ If the shareholder attends the general meeting in person the authorization issued by him/her for the said general meeting shall be valid unless the shareholder states otherwise. With regard to the items in the agenda on which the shareholder votes in person, the corresponding right of the proxy shall be cancelled.

Quorum

Art. 39. /1/ The meetings of the General Meeting shall require a quorum of more than half of the shares of the COMPANY. The quorum shall be determined based on the data about the number of shares of the COMPANY, in accordance with a list of shareholders provided by the Central Depository AD for a date preceding 14 days the date of the General Meeting.

/2/ In case of a lack of quorum a new meeting shall be scheduled no earlier than 14 days after the date of the first meeting and such meeting shall be legitimate regardless of the represented capital. The date of the new meeting may be indicated in the invitation for the first meeting.

Majority

Art. 40. /1/ Voting in the General Meeting shall be in person. Voting by proxy shall be allowed subject to compliance with the requirements set out in Art. 38 hereof.

/2/ (*amended by resolution of GAS dated the 11th of August 2005*) The decisions of the General Meeting shall be taken with a simple majority of the shares represented at the meeting unless effective legislation or these Articles of Association require higher majority for taking specific decisions. For taking decisions under Art. 32, items 2 and 3 (only for winding up) a majority of no less than 2/3 (two-thirds) of the shares represented at the meeting shall be required, and for taking a decision under Art. 32, item 1, 3 (for transformation) and 4 - a majority of no less than 3/4 (three-fourths) of the represented capital shall be required.

Decisions

Art. 41. /1/ The General Meeting may not take decisions on issues which were not disclosed in accordance with the provisions of Art. 223 and Art. 223a of CA and these Articles of Association, unless all shareholders are present or are represented at the meeting and none of them objects discussion of the issues raised.

/2/ The decisions of the General Meeting shall become effective immediately, unless their effect is postponed.

/3/ (*amended by resolution of GAS dated the 11th of August 2005*) Amendment and supplement of these Articles of Association and the decisions on transformation or winding up of the

COMPANY shall be admitted upon approval by the Financial Supervision Commission and the decisions shall become effective after their entry with the Trade Register.

/4/ The decisions on appointing and dismissing members of the Board of Directors and on appointing liquidators shall be effective upon their registration with the Trade Register.

Minutes

Art. 42. /1/ Minutes of the General Meeting shall be kept in a special book, specifying:

1. the place and time of holding the meeting;
2. the names of the chairman, the secretary and the vote tellers;
3. present persons who are not shareholders;
4. proposals made in substance;
5. votings conducted and relevant results;
6. objections made.

/2/ The minutes of the General Meeting shall be signed by the chairman, the secretary and the vote tellers.

/3/ Enclosed to the minutes shall be:

1. a list of present persons;
2. the documents relating to the convening of the General Meeting.

/4/ The minutes of the General Meeting shall be sent by the director for liaison with investors to the Deputy Chairman heading the Investment Supervision Division at the Financial Supervision Commission and to the regulated market on which the shares of the COMPANY are traded within 3 (three) working days from holding the meeting. Any shareholder of the Company may acquaint himself/herself with the minutes under the foregoing sentence and receive a copy thereof from the Deputy Chairman heading the Investment Supervision Division at the Financial Supervision Commission.

/5/ Upon request by a shareholder or a member of the Board of Directors the General Meeting may be attended by a Notary who may keep an ascertainment protocol under Art. 488a of the Civil Procedure Code. The costs for the services provided by the Notary under the foregoing sentence shall be at the expense of the shareholder/member of the Board of Directors who requested the presence of the Notary. An excerpt from the ascertainment protocol shall be attached to the minutes of the General Meeting.

/6/ The minutes and attachments thereto shall be kept at least 5 (five) years. Upon request, they shall be submitted to any shareholder for information.

/7/ The book of minutes shall be kept and safeguarded by the director for liaison with investors of the Company.

Subsection II BOARD OF DIRECTORS

General Rules

Art. 43. /1/ The COMPANY shall be managed and represented by a Board of Directors in accordance with the provisions of the legislation of the Republic of Bulgaria, these Articles of Association and the decisions of the General Assembly of Shareholders.

/2/ The Board of Directors shall take decisions on any issues relating to the COMPANY, which fall outside the exclusive competence of the General Assembly of Shareholders.

/3/ The Board of Directors shall report to the General Assembly of Shareholders for its overall activity.

Composition of the Board of Directors

Art. 44. /1/ The Board of Directors shall consist of 3 (three) to 5 (five) legally capable natural and/or legal persons elected by the General Assembly of Shareholders.

/2/ Members of the Board of Directors of the COMPANY may not be persons who at the time of the election have been convicted with enforced sentence for offences against property, the economy or against the financial, tax and social security systems, committed in the Republic of Bulgaria, unless they have been exonerated.

/3/ Legal persons shall be represented in the Board of Directors by their legal representative or a proxy with a notary certified authorization.

/4/ The legal persons shall be severally and unlimitedly liable together with the other members of the Board of Directors for the obligations arising out of the actions of their representatives.

Requirements to the Members of the Board of Directors

Art. 45. /1/ (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) The members of the Board of Directors of the Company, as well as the persons authorized to manage or represent the company must have a higher education degree, professional qualification and experience necessary for the company management and may not be:

1. convicted for intentional crimes of general nature;
2. having declared bankruptcy as a sole proprietor or as a partner in a company with unlimited liability, and are not in bankruptcy proceedings;
3. members of management or supervisory body of a company or cooperation terminate due to bankruptcy in the last two years preceding the date of the resolution for declaring bankruptcy if there are unpaid creditors;
4. prohibited to occupy a position of material responsibility;
5. spouses or up to third degree straight or collateral relatives among themselves or of a member of a managing or supervising body of the servicing company.

/2/ The requirements referred to in paragraph 1 shall also apply to natural persons who represent legal persons – members of the Board of Directors.

/3/ At least one third of the members shall be independent persons. An independent person in the Board of Directors may not be:

1. an employee of the COMPANY;
2. a shareholder who holds directly or indirectly through related parties at least 25 per cent of the votes in the General Meeting or is a related party to the COMPANY;
3. a person who is in long-term commercial relations with the COMPANY;
4. a member of a management body or supervisory body, a procurator or an employee of a company or another legal person under item 2 and item 3 of this paragraph;
5. a person related to another member of the management body of the COMPANY.

Term of Office

Art. 46. /1/ The Board of Directors shall be elected for a term of up to 5 (five) years.

/2/ The members of the first Board of Directors shall be elected for a term of 3 (three) years.

/3/ The members of the Board of Directors may be re-elected without limitations.

/4/ After expiry of their term of office the members of the Board of Directors shall continue performing their functions until election by the General Assembly of Shareholders of a new Board of Directors.

Quorum and Majority

Art. 47. /1/ A Board meeting shall be validly held if all its members are invited no later than three days before the date of the meeting and at least half of its members are present at it, unless the law or these Articles of Association provide for another quorum.

/2/ Unless the law or these Articles of Association provide for otherwise, the decisions of the Board of Directors shall be taken by a majority of 2/3 (two-thirds) of the votes of all directors.

Procedural Rules

Art. 48. /1/ The Board of Directors shall adopt procedural and organisational rules, shall elect a Chairman, a Deputy Chairman and an Executive Director from among its members.

/2/ A meeting of the Board of Directors shall be convened by the Chairman at least twice monthly. If the Chairman fails to convene a meeting of the Board, it may be convened by any other Board member in compliance with the relevant procedure.

- /3/ The meetings of the Board shall be chaired by its Chairman and should he/she be absent, by the Deputy Chairman.
- /4/ The decisions of the Board shall be taken by open voting.
- /5/ Every member of the Board of Directors shall be entitled to one vote.
- /6/ Minutes of the Board meetings shall be kept, which shall be signed by all present members, specifying the result of their voting on the issues deliberated.
- /7/ The Board of Directors may also adopt decisions without attendance if all members have declared in writing their approval of the decision. The minutes of such decision may be signed only by the Chairman and the Secretary of the Board, if the approvals under the foregoing sentences are attached thereto.

Competences of the Board of Directors

Art. 49. /1/ The members of the Board of Directors shall have equal rights and obligations irrespective of the internal distribution of functions among them and the right to management and representation granted to some of them.

/2/ The Board of Directors shall take decisions on the activity of the Company to the extent such decisions do not fall within the exclusive competence of the General Meeting in accordance with effective legislation and these Articles of Association.

/3/ The Board of Directors of the Company shall:

1. assign valuation of real estate prior to their acquisition by the Company to one or more experts with qualification in this field in compliance with the requirements of these Articles of Association and SPICA;
2. take decision on entering into a preliminary contract or a contract in the form of title deed for acquisition and/or disposal of real estate or real right under Article 9 herein in compliance with the limitations provided therein and in the effective legislation;
3. appoint and dismiss Executive Director/s and a Chairman and a Deputy Chairman of the Board of Directors;
4. appoint and dismiss the personnel of the COMPANY, including a director for liaison with investors, and shall determine the amount of their remuneration;
5. carry out activities for preparation of the annual financial statements;
6. adopt a proposal for profit distribution;
7. subject to approval by the FSC, enter into, terminate or avoid contracts with the servicing company/ies and with the depository bank under the terms and on the grounds set out therein or in the effective Bulgarian civil legislation. The Board of Directors shall provide a detailed report on the grounds that led to termination or avoidance of a contract under the foregoing sentence at the first General Assembly of Shareholders after the termination or avoidance;
8. control execution of contracts with the servicing company/ies and with the depository bank and assist the servicing company/ies and the depository bank in the execution of their functions in accordance with effective legislation and these Articles of Association;
9. elect and authorize investment intermediaries to underwrite and/or service the issues of the Company's capital increases and the issues of bonds issued by the Company;
10. adopt its Procedural Rules and approve Organisational Rules of the Company;
11. in the cases provided for by law and/or at the judgement of the Board of Directors shall, upon occurrence of circumstances of material importance for the Company, convene the General Assembly of Shareholders;
- 12 (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) make decisions to invest the Company's free funds in assets under Art. 12 herein in compliance with the restrictions provided thereof;
13. take decision on entering into loan (bank credit) agreement in compliance with the provisions of Art. 11, paragraph 2, items 2 and 3 of these Articles of Association and on provision of collateral for obligations of the Company in compliance with the normatively set limitations;
14. Within 5 (five) years, effective from the date of incorporation of the COMPANY, the Board of Directors may increase the capital of the COMPANY through issuance of new shares. The total amount by which the capital of the COMPANY may be increased under the foregoing sentence may not exceed BGN 150,000,000 (one hundred fifty million leva) irrespective of the number of

realized issues (separate increases) through which the said maximum increase is realized. For an increase under the terms of this provision the rules of Art. 27 hereof shall apply. In case of a successful capital increase under the terms of this provision the Board of Directors shall file the increase for registration with the Trade Register, attaching to the application the confirmation of the prospectus for the increase issued by FSC, an excerpt of the Company's Articles of Association with the recorded amount of the Company's capital and number of shares after the increase;

15. take decisions on effecting all transactions of the Company with interested persons subject to compliance with the limitations hereof and effective legislation. In the cases of the foregoing sentence the decision of the Board of Directors shall specify the material conditions of the transaction, including parties, subject and value, as well as in whose favour the transaction is effected;

16. appoint a procurator of the Company;

17. adopt a programme for good corporate governance of the Company in compliance with internationally recognized standards for good corporate governance determined by the Deputy Chairman heading Investment Supervision Division at the Financial Supervision Commission;

18. Within 5 (five) years effective from the date of incorporation of the COMPANY, the Board of Directors may issue bonds through public offering. The total amount of the nominal value of the bonds issued under the terms of the foregoing sentence may not exceed BGN 150,000,000 (one hundred fifty million leva) irrespective of the number of realized issues through which the said total amount is reached. For every proposal for issuance of a new issue of preference bonds the general meeting/s of bondholders from previous unredeemed issues shall give its/their consent therefore before the competent body of the Company takes a final decision on issuing the bonds. Issuance of bonds by the Company shall be carried out in accordance with the requirements of section V in chapter VI of POSA and the applicable provisions of section VII in chapter XIV of CA;

19. take decisions on insurance of the real estate acquired by the COMPANY;

20. elect and enter into a contract with an investment intermediary with which client sub-accounts for the new shares of their holders shall be opened in case of an increase of the Company's capital in accordance with the provisions of Art. 27a of Ordinance No. 1 of 15.09.2003 on the requirements to the activity of investment intermediaries;

21. *(New– adopted by a resolution of GAS dated the 9th of October 2019)* make decisions on the establishment, acquisition or transfer of equity or shareholding in special purpose companies pursuant to Art. 22a, para 1 of ASPIC subject to the application of the terms and conditions of Art. 114 and Art.114a of the Law on Public Offering of Securities.

22. *(existing item 21– adopted by a resolution of GAS dated the 9th of October 2019)* take decisions on any other issue falling outside the exclusive competence of the General Meeting under a legal provision or these Articles of Association.

/4/ Subject to compliance with the limitations under Art. 114 and following of POSA and effective legislation the Board of Directors of the Company shall be entitled by unanimous decision to authorize initiation of the transactions under Art. 236, para. 2 of the Commerce Act.

/5/ The expression "interested parties" within the meaning of paragraph 3, item 15 of this Article as well as anywhere referred to in these Articles of Association shall cover: the members of the Company's Board of Directors, its procurator (if such is elected), as well as the persons who directly or indirectly hold at least 25% (twenty five per cent) of the votes in the General Meeting of the Company or control it where they or persons related to them:

a) are a party, its representative or intermediary on a transaction with the COMPANY or transactions or actions effected in their favour by the COMPANY; or

b) hold directly or indirectly at least 25% (twenty five per cent) of the votes in the General Meeting or control a legal person that is a party, its representative or intermediary on the transaction or in whose favour the COMPANY effects transactions or actions;

c) are members of the Board of Directors or procurators of the legal person under "b".

Limitations in the Competences of the Board of Directors

Art. 50. /1/ In conducting its management functions the Board of Directors shall strictly observe the limitations of Art. 114 and following of POSA and effective legislation.

Obligations of the Members of the Board of Directors

Art. 51. /1/ A person nominated as a member of the Board of Directors shall, before his/her election, notify the General Assembly of Shareholders of his/her participation in companies as general partner, of his/her holding of more than 25% (twenty five per cent) in the capital of another company and of his/her participation in the management of other companies or co-operatives as a procurator, managing director or a board member. Where these circumstances arise after the person is elected member of the Board of Directors, he/shall notify in writing within seven days from occurrence of the respective event the Chairman of the Board of Directors of the Company, who in turn shall inform the shareholders about the notifications received at the next General Assembly of Shareholders.

/2/ The members of the Board of Directors may, acting on their own behalf or on behalf of other persons, effect commercial transactions, participate in companies as general partners, be procurators, managing directors or members of boards of other companies or co-operatives where a competitive activity is carried out provided that the Company's Board of Directors has issued a prior consent for such participation by unanimous decision of all its members.

/3/ The members of the Board of Directors shall:

1. perform their obligations with due care and shall use best efforts to protect the interests of investors and the COMPANY, using only information which they reasonably deem reliable and complete;

2. be loyal to the Company by:

a) putting the interest of the Company before their own interest;

b) avoiding direct or indirect conflicts between their interest and the Company's interest and where such conflicts arise, disclose them to the Board of Directors or the General Meeting in writing, promptly and completely, and shall not influence the other Board members in taking decisions on such cases.

/4/ The activity of the Board of Directors shall be confidential. The Board members shall not disclose in any manner any information that has come to their knowledge regarding the activity of the Company and the decisions of its bodies. The members of the Board of Directors may not disclose, unless authorized therefore, and seek benefits for themselves or for other persons, facts and circumstances constituting inside information or trade secret, which has come to their knowledge during the performance of their official and professional duties, including after they lose the capacity of Board members until public disclosure of said circumstances. This obligation shall not apply to information which by virtue of a law is publicly accessible or has been already disclosed by the Company.

/5/ The members of the Company's Board of Directors shall provide the statutory required information, data and documents to the Financial Supervision Commission, other authorized bodies and to the shareholders of the Company.

/6/ The members of the Board of Directors shall declare to the Board of Directors within seven days from their election as well as to the Deputy Chairman heading the Investment Supervision Division at the Financial Supervision Commission and the regulated market on which the shares of the Company are admitted for trading information:

a) about the legal persons in which they hold directly or indirectly at least 25% (twenty five per cent) of the votes in the General Meeting or which they control;

b) about legal persons in whose management or supervisory bodies they participate or whose procurators they are;

c) about existing and future transactions that they know of in respect of which they may be recognized as interested parties.

The persons under the first sentence shall update the declaration within seven days from occurrence of such events.

/7/ The members of the Board of Directors shall file every year a declaration of their property and business interests to the Financial Supervision Commission.

Management

Art. 52. /1/ The COMPANY shall be managed operationally by an Executive Director elected by a majority of 2/3 of the votes of the Board of Directors.

/2/ The term of office of the Executive Director shall be equal to the term of office of the Board of Directors and the Executive Director shall continue performing his/her functions until election of a new Executive Director.

/3/ The management authority of the Executive Director shall be determined by the decision of the Board of Directors on his/her election and the management contract.

/4/ Authorisation of the Executive Director may be withdrawn at any time by a decision of the Board of Directors taken with the majority required for his/her election.

/5/ The Executive Director shall report to the Board of Directors for his/her overall activity.

/6/ He/she shall report currently for his/her activity at every meeting of the Board of Directors.

/7/ In his/her absence the management functions of the Executive Director shall be temporarily performed by the Chairman of the Board of Directors.

Representation

Art. 53. /1/ The COMPANY shall be represented by the Executive Director (executive member) elected by the Board of Directors.

/2/ The persons authorized to represent the COMPANY shall have permanent residence in the Republic of Bulgaria;

/3/ The names of the persons under paragraph 1 shall be entered in the Trade Register and shall be promulgated.

Liability

Art. 54. /1/ The members of the Board of Directors shall perform their functions in person and only in the interest of the COMPANY.

/2/ The members of the Board of Directors shall have joint and unlimited liability for damages caused to the COMPANY through their fault.

/3/ A member of the Board of Directors may be released from liability if it is established that the damages in the patrimony of the COMPANY have not been caused through his/her fault.

Art. 55. Every member of the Board of Directors shall provide guarantee for his/her management determined in type and amount by a decision of the General Assembly of Shareholders, whose amount shall not be less than his/her three-month gross remuneration.

Rules for Determining the Remuneration of the Members of the Board of Directors

Art. 55. /1/ (*amended with Decision of the General Assembly of Shareholders dated 7 July 2009*)

The current amounts of the annual remunerations of all members of the Board of Directors may not exceed 0.20% of the registered capital of the Company as at 31 December of the year preceding the year of holding of the session at which the General Assembly of Shareholders determines the remunerations of the members of the Board of Directors.

/2/ By a decision of the General Assembly of Shareholders in case of achieved good financial results by the COMPANY the members of the Board of Directors may receive a bonus representing a per cent of the profit generated by the COMPANY for the respective year.

/3/ In any case the remuneration of the members of the Board of Directors under paragraphs 1 and 2 of this Article shall be subject to the limitations under Art. 13, paragraph 2 hereof, setting out the maximum amount of the COMPANY's management costs.

Director for Liaison with Investors

Art. 56. /1/ The Board of Directors of the COMPANY shall appoint a director for liaison with investors under employment contract.

/2/ The director for liaison with investors shall have the required qualification or experience for performing his/her duties and shall not be a member of the Board of Directors or a procurator of the COMPANY.

/3/ The Director for liaison with investors shall:

1. maintain effective contact between the Board of Directors of the COMPANY and its shareholders and the persons that have shown interest in investment in securities of the COMPANY, providing them with information about the current financial and economic standing of the COMPANY as well as any other information to which they are entitled by law in their capacity as shareholders or investors;

2. be responsible for sending in the legally set term the materials for a convened General Meeting to all shareholders that requested to acquaint with them;
 3. keep and store truthful and complete minutes of the meetings of the Board of Directors of the COMPANY;
 4. be responsible for the timely sending of all required reports and notifications of the COMPANY to the Deputy Chairman heading the Investment Supervision Division at the Financial Supervision Commission, the regulated market on which the COMPANY's securities are traded and the Central Depository;
 5. keep a register of the sent materials under items 2 and 4 as well as of received requests and provided information under item 1, stating the reasons in case of non-submission of requested information.
- /4/ The director for liaison with investors shall report for his/her activity to the shareholders at the General Assembly of Shareholders.
- /5/ The members of the Board of Directors of the COMPANY shall support the director for liaison with investors and shall control the performance of the functions under paragraph 3.
- /6/ Art. 116a, paragraph 1 and Art. 116b of POSA shall apply to the director for liaison with investors.

Inside Information. Insiders

Art. 57. 1/ Within the meaning of these Articles of Association, the definitions "inside information", "persons with access to inside information" and "market abuse of financial instruments" shall have the meaning as provided for in the effective laws.

VIII. VALUATION OF REAL ESTATES

Initial Valuation

Art. 58. /1/ Before acquisition of real estate the COMPANY shall assign their valuation to one or more experts with relevant qualification and experience.

/2/ The valuation may not be assigned to a person who:

1. holds directly or indirectly shares in the Company;
2. is a member of the Board of Directors of the Company;
3. is a related person to a member of the Board of Directors or a person holding directly or indirectly more than 5% (five per cent) of the shares of the Company;
4. is a seller of the real estate, a member of a management or supervisory body, a partner or shareholder in the seller, as well as a person related to the seller, to a member of its management or supervisory body, to its partner or shareholder;
5. may be affected by another form of dependence or conflict of interest.

/3/ The assessors shall file a declaration of absence of the circumstances under paragraph 2.

/4/ The assessors shall be responsible for the damages to the Company or its shareholders caused through their fault, arising from their incorrect valuation.

/5/ The prices at which the Company shall acquire real estate may not be considerably higher, and the prices at which it sells them may not be considerably lower than the valuation made, except in extraordinary circumstances. In this case the persons who manage and represent the Company shall explain their actions in the next regular report.

Subsequent Valuation of Real Estates

Art. 59. /1/ The real estate owned by the COMPANY shall be valued at the end of every financial year or upon a change by more than 5 per cent in the real estate index or in the inflation index set by the National Statistical Institute. Article 58 shall apply mutatis mutandis.

/2/ The valuations under paragraph 1 shall be presented in the financial statements of the COMPANY in accordance with the requirements of the accounting legislation.

IX. DEPOSITORY BANK

Functions of the Depository Bank

Art. 60. /1/ The cash and securities of the Company shall be kept at a depository bank.

/2/ Relationships between the Company and the depository bank shall be established on the basis of a written contract.

/3/ The depository bank shall make all payments for the account of the Company in favour of the persons indicated by the Company against presentation of all the necessary documents by the beneficiary of the payment, if the Company has indicated in advance to the bank that presentation of such documents is a condition for the payment.

/4/ Dematerialized securities held by the Company shall be recorded in the register of the Central Depository to a sub-account of the depository bank, and cash and materialized securities owned by the Company shall be kept in a depository bank.

Contract with the Depository Bank

Art. 61. /1/ The contract with the depository bank shall contain at least:

1/ full data about the parties to the contract;

2/ exact description of the activities subject of the contract;

3/ rights and obligations of the parties;

4/ term of the contract, terms and procedure for amendment, supplement and termination;

5/ expenses by type and distribution between the parties;

6/ responsibility of the parties in case of non-performance of their obligations under the contract and manner of realization thereof;

7/ regime of contract termination by mutual consent and at the initiative of one of the parties, notice term or absence thereof depending on the grounds of termination, consequences of termination;

8/ reasonable and fair way of settling disputes between the parties and filling in gaps in the contract, applicable law;

9/ manner, addresses and contact persons for communication between the parties;

10/ other provisions required under SPICA and POSA.

/2/ The remuneration of the depository bank shall be determined in the contract entered into with it within the general limitation under Art. 13, para. 2 hereof and it may not exceed the usual amount for the services provided.

Requirements to the Depository Bank

Art. 62. /1/ (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) Regarding the depository bank, the relevant requirements of Chapter 5 the Activities of Collective Investment Schemes and Other Collective Investment Enterprises Act shall apply.

/2/ (*existing para 7, amended– adopted by a resolution of GAS dated the 9th of October 2019*) Upon performing its duties, the depository bank shall be guided by the Company interests.

/3/ (*existing para 8, amended– adopted by a resolution of GAS dated the 9th of October 2019*) Replacing of the depository bank is allowed upon the approval of the Financial Supervision Commission.

X. SERVICING COMPANIES

General Provisions

Art. 63. /1/ By unanimous decision of the Board of Directors, the Company shall assign in a written contract to one or more companies possessing the necessary organization and resources (servicing company) the servicing and maintenance of the acquired real estates and performance of construction works and improvements therein.

/2/ The Company may assign in a written contract, by unanimous decision of the Board of Directors, the keeping and maintenance of accounting and other reporting and correspondence, as well as the taking of other necessary actions to one and more companies meeting the requirements specified in paragraph 1 above.

- /3/ The servicing companies shall carry out the activities under paragraphs 1 and 2 in compliance with law and these Articles of Association.
- /4/ The total remuneration paid to all servicing companies taken together within a calendar year may not exceed 6% (six per cent) of the value of the assets in the balance sheet included in the annual financial statements of the Company for the year of expenses accrual.
- /5/ The servicing company may not offset Company's cash against its remuneration.
- /6/ Replacement of the servicing company shall be allowed upon approval by the Financial Supervision Commission.

Minimum Content of the Contract with the Servicing Company

Art. 64. /1/ The contract with the servicing company shall contain at least:

- 1/ full data about the parties to the contract;
- 2/ exact description of the activities subject of the contract;
- 3/ term of the contract;
- 4/ exact amount of the remuneration or a procedure for its determination, method and term of payment;
- 5/ rights and obligations of the Company in its capacity as assignor;
- 6/ rights and obligations of the servicing company in its capacity as assignee;
- 7/ responsibility of the parties in case of non-performance of their obligations under the contract and manner of realization thereof;
- 8/ regime of contract termination by mutual consent and at the initiative of one of the parties, notice term or absence thereof depending on the grounds of termination, consequences of termination;
- 9/ manner and terms of reporting performance and rules for adoption of the reports;
- 10/ reasonable and fair way of settling disputes between the parties and filling in gaps in the contract, applicable law;
- 11/ manner, addresses and contact persons for communication between the parties.

Rights and Obligations of the Servicing Companies

Art. 65. /1/ The servicing company (or companies, if more than one) shall be responsible for the carrying out of some or all of the following activities related to real estates and real rights owned by the Company or in which the Company intends to invest:

- 1/ studying the status of designated real estates and real rights, absence or presence of encumbrances, applicable legal restrictions, owners, collection of required documents in order to obtain as much information as possible about the property and eventual preparation of transfer transaction, including proposal by the Company for entering into contracts in the legally required form for disposal transactions in real estates and real rights;
 - 2/ performing procedures for changing the intended purpose of the real estate owned by the Company;
 - 3/ performing preparatory works for entering into contracts for rent, lease and tenance and/or sale of the real estate owned by the COMPANY;
 - 4/ entering into contracts for rent, lease and tenance and/or sale of the real estate owned by the Company, control over their execution, collection of remunerations due thereon, maintenance of the real estate under the concluded contracts, termination of the contracts and realization of the liability thereon in case of default, including the activity for foreclosure on receivables arising from such contracts;
 - 5/ managing real estate owned by the Company;
 - 6/ designing financial and economic models and structuring investment projects in real estates and real rights;
 - 7/ preparing prospectuses for public offering of securities;
 - 8/ preparing credit justifications for investment loans;
 - 9/ keeping and maintaining accounting and other reporting of the Company and correspondence;
 - 10/ any other actions assigned thereto by the Company in accordance with the contract signed between them within the Company's subject of activity.
- /2/ The servicing company shall report to the Board of Directors for the work done at least once

quarterly.

/3/ The servicing company may represent the Company and perform actions on its behalf and for its account under an explicit written authorization. In performing the assigned activities, after prior reconciliation with the Company and obtained approval from it, the servicing company has the right to use and authorize builders, workers, architects, technical specialists, lawyers, consultants and other companies for performance of specific actions, but it may not assign the overall activity assigned thereto to a third party.

Xa. SPECIALIZED COMPANIES AND RULES FOR RISK MANAGEMENT IN THE EVENT OF PARTICIPATION IN THE ESTABLISHMENT OR ACQUISITION OF INTEREST OR SHARES IN SUCH COMPANIES

Art.65a (*New– adopted by a resolution of GAS dated the 9th of October 2019*) The Company may participate in the establishment and/or acquisition of interest or shares in the capital of a company (specialized company) within the meaning of Art. 22a of ASIPC, whose exclusive scope of business is the acquisition of real estate and property rights over real estate, construction and improvements in order to provide them for management, rent, lease or sale, provided that the Company exercises control over the specialized company within the meaning of § 1, item 14 of the Additional Provisions of the Law on Public Offering of Securities (LPOS).

Art.65b (1) (*New– adopted by a resolution of GAS dated the 9th of October 2019*) The rules required under Art. 7, item 8 of ASIPC shall determine the risk management activities in relation to the Company's participation in the establishment and/or acquisition of interest or shares in a specialized company under Art. 22a of ASIPC.

(2) (*New– adopted by a resolution of GAS dated the 9th of October 2019*) The Company has established and operated systems for risk identification and management accompanying its activities when participating in the establishment and/or acquisition of interest or shares in a company under Art. 22a of ASIPC and supporting their effective management.

(3) (*New– adopted by a resolution of GAS dated the 9th of October 2019*) The Company's Board of Directors has the decisive role regarding the establishment of the risk identification and management system. It performs managing and guiding role as well as ongoing monitoring.

Art.65c (1) (*New– adopted by a resolution of GAS dated the 9th of October 2019*) The functioning of the risk management system is carried out through the following interrelated components:

1. Control environment;
2. Risk management;
3. Controlling activities;
4. Information and communication;
5. Monitoring.

(2) (*New– adopted by a resolution of GAS dated the 9th of October 2019*) The control environment refers to the overall management of the Company and includes any and all mechanisms through which the management bodies can impact the decision-making for participation in specialized companies under Art. 22a of ASIPC.

(3) (*New– adopted by a resolution of GAS dated the 9th of October 2019*) Risk Management is the process of identifying, evaluating and monitoring risks which may affect the accomplishment of the Company's investment goals as well as implementing the necessary controlling activities in order to restrict the risks or to foresee and avoid such risks early.

(4) (*New– adopted by a resolution of GAS dated the 9th of October 2019*) The controlling activities include:

1. Preliminary control of expediency carried out by the Board members before submitting the proposal for participation in specialized companies under Art. 22a of ASIPC for discussion at the General Assembly of Shareholders.
2. Procedures for adopting a preliminary authoritative resolution by the shareholders pursuant to Art. 114, para 1 of LPOS, respectively by the Board of Directors in those instances

where it is not necessary for the shareholders to adopt an authoritative resolution;

3. Implementation of the adopted resolution of the shareholders to participate in specialized companies under Art. 22a of ASIPC;

4. Ongoing expediency analysis of investment in specialized companies.

(5) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Information and communication is the provision of information on any and all information channels by the Company's management regarding its participation in specialized companies. It aims to raise investor awareness in order to achieve the set investment goals.

(6) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Monitoring includes monitoring procedures carried out by the Board members regarding both the Company's activities and the specialized companies under Art. 22a of ASIPC in which the Company is a stakeholder.

Art.65d. (1) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Risk identification is a process within which the Company's Board of Directors compiles a comprehensive list of risks which may provoke, instigate, suspend, increase or delay the achievement of the investment goals related to participating in specialized companies.

(2) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Risk identification consists of reviewing the effect of specific consequences, including side and cumulative effects. The Company's management reviews a wide range of consequences when the source or the cause of the risk of investing in specialized companies may not be obvious.

(3) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The Company's Board of Directors identifies the risk sources, their effect on the Company and the specialized companies and determines the reasons for their manifestation as well as their consequences on the business.

(4) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The risk identification process shall be documented in writing in a resolution of the Board.

Art.65e. (1) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Risk analysis is a process within which the Company's Board of Directors gathers data on risk assessment and decision-making in order to undertake specific actions/measures for affecting the risk. When performing a risk analysis regarding participation in specialized companies, it is permitted to select the most suitable methods and strategies for affecting it, whereas the Board shall choose a specific decision, action and measures depending on the types and levels of risk.

(2) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The risk analysis process includes the accounting of causes and sources of risk, their positive and negative consequences and the possibility for these consequences to affect the implementation of the investment goals regarding the participation in specialized companies under Art. 22a of ASIPC.

(3) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The procedure of risk analysis shall be documented in writing in a resolution of the Board of Directors.

Art.65f. (1) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The Company's Board risk assessment is a process regarding the method the Company's corporate management uses to assess manageable risks.

(2) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The risk assessment includes the comparison of the risk level determined during the analysis with the probability of manifesting this risk. Based on this comparison it is possible to study the level of risk, its effect on companies with special investment purposes and the specialized companies and the need to affect that risk.

(3) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The Company's Board of Directors identifies the following types of risks, relevant for the Company and the specialized companies and their business operations: general (systematic) and specific (non-systematic) risks.

(4) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The general (systematic) risks are related to the macro environment where the specialized companies operate, therefore in most cases they are not subject to management by the corporate

management.

(5) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The specific (non-systematic) risks are directly attributable to the Company's business and the specialized companies and mostly depend on the corporate management. In order to minimize such risks, the Company relies on increasing in-house forecasting and planning effectiveness which provides opportunities to overcome possible negative consequences from an incurred risk.

(6) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The process of risk assessment shall be documented in writing in a resolution of the Board of Directors.

Art.65g. (1) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Regarding the specific (non-systematic) risks, the Board identifies two types of non-systematic risks, namely: sectoral risk concerning the uncertainty of the overall sectoral development and general company risk arising from the specifics of the company in question.

(2) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* When participating in specialized companies, the Company's corporate management identifies the following sectoral risks:

- a) Unfavourable changes in market prices of real estate;
- b) Decrease in the level of lease/rent payments;
- c) Increase in costs for processing, operation, maintenance, insurance and other accompanying activities when investing in real estate;
- d) Increase in insurance premiums;
- e) Delay in acquisition of property;
- f) Illiquid investments;
- g) Company dependence on real estate lessees and renters;
- h) Availability of not leased/rented real estate;
- i) Competition for the restricted objects of investment;
- j) Losses not covered by insurance.

(3) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* When participating in a specialized company carrying out its business under Art. 22a, para 1 of ASIPC, the Company's management identifies the following general company risks:

- a) Dependence of the specialized company on key personnel;
- b) Dependence of the specialized company on the state of the systems for operational, administrative and financial control;
- c) Dependence of the specialized company on financing the planned capital costs and investments;
- d) Currency risk;
- e) Credit risk;
- f) Interest risk;
- g) Liquid risk;
- h) Risk of transactions with related parties under terms and conditions different from the market conditions;
- i) Risk of highly competitive environment in the real estate sector;
- j) Risk of insufficient working capital of the specialized company to pay dividends to special investment purpose companies;
- k) Risk of negative financial results when the specialized company carries out investment activities.

Art.65h. (1) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Due to the exercised control within the meaning of §1, item 14 of the Additional Provisions of the Law on Public Offering of Securities, the Company's management has a decisive role in implementing the main investment goal of the specialized companies in order to maintain and increase the investment value of the shareholders in the public company and to receive income based on the management of identified risks and diversification of the real estate portfolio.

(2) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The specialized companies invest in real estate both within the territory of the Republic of Bulgaria and on the

territory of other EU member-states. The Company's management has a decisive role in making decisions to operate the real estate acquired by the specialized companies through rent, lease or sale.

(3) *(New– adopted by a resolution of GAS dated the 9th of October 2019)* Achieving the investment goals of the specialized companies is carried out through:

- a) realizing current income from real estate operation in the form of lease, rent and other current payments; and
- b) increasing the investment value of real estate owned by specialized companies.

(4) Decreasing the non-systematic risk for the Company when participating in specialized companies is achieved by establishing a dynamic and well-diversified asset portfolio, consisting of various types of real estate.

Art.65i. *(New– adopted by a resolution of GAS dated the 9th of October 2019)* The general plan of the Company's corporate management for risk management when participating in specialized companies under Art. 22a of ASPIC is focused on the unpredictability of the property and financial markets both in Bulgaria and in the EU member-states on whose territory the specialized companies intend to invest, the frequent legislative changes in the sectors where the companies will operate, aiming to minimize the potential negative impact on the financial position both of the public company and the specialized companies.

Art.65j. *(New– adopted by a resolution of GAS dated the 9th of October 2019)* In the event of contradiction in the provisions of these Statutes in their part regarding the rules for risk management when participating in a specialized company with the imperative provisions of ASPIC and LPOS, the provisions of the said laws shall apply.

XI. ANNUAL CLOSING

Annual Closing Documents

Art. 66/ /1/ *(amended– adopted by a resolution of GAS dated the 9th of October 2019)* By the 31st of March each year the Board shall compile the annual financial statements and the annual report on the activity for the previous calendar year and shall present the statements to the certified auditors appointed by the General Meeting.

/2/ The report on the activity shall analyse the key aspects of the organizational and economic activity of the COMPANY, the state of the Company's affairs and shall clarify the annual financial statements.

/3/ *(amended– adopted by a resolution of GAS dated the 9th of October 2019)* The Annual Financial Statements shall be reviewed by the certified auditors appointed by the General Meeting. This review aims to ascertain whether the legal requirements of the Accountancy Act and the Statutes for the annual closing have been met. The General Meeting shall adopt the Annual Financial Statements upon the conclusion of the audit and upon the submission of the Auditors Report.

/4/ *(amended– adopted by a resolution of GAS dated the 9th of October 2019)* When the General Meeting has not selected certified auditors by the end of the calendar year, upon a request by the Board of Directors or by an individual shareholder, they shall be appointed by a Registry Official with the Registry Agency.

Obligation for Disclosure of Company Information

Art. 67. *(amended– adopted by a resolution of GAS dated the 9th of October 2019)* The Company shall disclose publicly any regulated information with minimum content, under terms and conditions as provided for in the applicable laws.

Acceptance

Art. 68. /1/ The management report, the annual financial statements and a proposal of the Board of Directors for profit distribution shall be presented for deliberation at the General Assembly of Shareholders.

/2/ The annual financial statements adopted by the General Assembly of Shareholders shall be submitted to the Trade Register and the notice thereof shall be published in the State Gazette.

Dividend and Dividend Payment

Art. 69. /1/ The COMPANY shall distribute as dividend not less than 90 per cent of the profit for the financial year set out under paragraph 3 and in accordance with the provisions of Art. 247a of the Commerce Act. Art. 246, paragraph 2, item 1 of the Commerce Act shall not apply.

/2/ Dividends shall be paid within 12 months from the end of the corresponding financial year.

/3/ The profit for distribution is the financial result (accounting profit/loss) adjusted as follows:

1. increased/decreased with expenses/income from subsequent valuations of real estates;
2. increased/decreased with losses/profits from transactions for transfer of ownership over the real estate;

3. increased/decreased in the year of transfer of ownership over real estates with the positive/negative difference between:

a) the selling price of the real estate, and

b) the sum total of the historical value of the real estate and subsequent expenses which led to increase in its net book value;

4. increased/decreased with losses/profits from sales reported in the year of conclusion of financial lease contracts;

5. increased/decreased in the year of expiry of the financial lease contract with the positive/negative difference between:

a) the revenue from the sale of the real estate recorded at the beginning of the term of the financial lease contract, and

b) the sum total of the historical value of the real estate and subsequent expenses which led to increase in its net book value.

/4/ The expenses for dividend payment shall be borne by the Company.

/5/ Entitled to receive dividend shall be the persons recorded as shareholders in the registers of the Central Depository on the 14th day after the date of the General Meeting at which the annual financial statements were adopted and a decision on profit distribution was taken.

/6/ The Company shall notify immediately the Deputy Chairman heading the Investment Supervision Division at the Financial Supervision Commission, the Central Depository and the regulated market of the decision of the General Meeting regarding the type and amount of the dividend as well as the terms and procedure for its payment.

/7/ After receipt of the notification under paragraph 5 above the regulated market on which the shares are traded shall notify immediately the last date for conclusion of transactions therein, as a result of which the transferee of the shares is entitled to dividend thereon, voted at the General Meeting.

XII FUNDS

Reserve Fund

Art. 70. /1/ The Company shall set up a Reserve Fund.

/2/ The difference between the issue value and the nominal value of the shares shall be carried to the Reserve Fund.

/3/ Funds from the Reserve Fund may be used for covering the Company's operating losses.

XIII. TRANSFORMATION, WINDING UP AND LIQUIDATION

Transformation

Art. 71. /1/ (*amended– adopted by a resolution of GAS dated the 9th of October 2019*) The Company may not be transformed into another type of business enterprise, nor change its scope of business save for the instances provided in Art. 16, para 4 of ASPIC.

/2/ Transformation through merger or bundling shall be carried out with the authorization of the Financial Supervision Commission only with another special investment purpose company which securitizes real estates.

/3/ Transformation through demerger or separation shall be carried out with the authorization of the Financial Supervision Commission and the newly established company or companies shall also be special investment purpose companies.

Winding Up

Art. 72. /1/ The Company shall be wound up:

1. by a decision of the General Meeting;
2. upon declaring it in bankruptcy;
3. upon withdrawal of its authorisation for carrying out activity by the Financial Supervision Commission;
4. in the other cases stipulated by law.

/2/ An authorization by the Financial Supervision Commission shall be issued for the winding up of the Company.

/3/ The persons designated as liquidators or trustees in bankruptcy of the Company shall be approved by the Financial Supervision Commission.

/4/ Within 7 days from the decision of the General Meeting on the Company's winding up or withdrawal from activity, or on occurrence of other grounds for winding up set out hereof, the Company shall request from the Financial Supervision Commission to withdraw its authorisation for carrying out activity as a special investment purpose company.

/5/ The liquidation of the Company shall be carried out under the terms of chapter XVII of CA, taking into account the applicable provisions of POSA and SPICA.

XIV. CONCLUDING PROVISIONS

Art. 73. For any matters not dealt with in these Articles of Association the provisions of the Special Purpose Investment Companies Act, the Public Offering of Securities Act, the Commerce Act (except for the provisions explicitly excluded under SPICA) and relevant by-laws shall apply.

Art. 74. In case of inconsistency between the provisions of the Articles of Association and a statutory instrument the latter shall apply and the Articles of Association need not be amended unless the statutory instrument provides for otherwise.

Non-issuance of License

Art. 75. Where the Financial Supervision Commission does not issue a license to the Company under SPICA the General Meeting of the Company shall adopt necessary amendments to its structural acts and, unless the General Meeting decides otherwise, the Company shall continue to exist and carry out activity as an ordinary joint-stock company under CA.

These Articles of Association were approved at the Constituent Meeting of the Shareholders – Founders of ADVANCE TERRAFUND REIT held on 12 April 2005 and amended by virtue of a Resolution of the General Assembly of Shareholders made at a session held on 30 July 2005 and continued on 11 August 2005, and amended by virtue of a Resolution of the General Assembly of Shareholders made at a session held on 7th of July 2009, and amended by virtue of a Resolution of the General Assembly of Shareholders made at a session held on 30 May 2017 and on 9th of October 2019.

Chief Executive Officer

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(Radoslav Manolov)