

RULES OF AUCTION

FOR SALE OF PROPERTY PLEDGED UNDER THE PROCEDURES OF THE REGISTERED PLEDGES ACT

I. Subject of the auction: 1 782 goods wagons owned by "Holding Bulgarian State Railways" EAD (Holding BDZ) pledged under the Registered Pledges Act (RPA) in favor of "Bulgarian Development Bank" AD (the Bank) to which an execution was started under the RPA with entry No.2016092800780 at the Central Register of Registered Pledges (CRRP).

The wagons are divided into 1 782 lots, sold in their present state, and are described in detail by number and location in Appendix No. 1 to this documentation.

II. Starting auction price and the bid increment:

1. The starting auction price for each lot is described in Appendix No.1 to this documentation;
2. The bid increment for each lot amounts to 10% of the starting auction price. A model calculation of the bid increment is presented in Appendix No. 4 to this documentation;
3. The starting auction price excludes VAT, ex location of the asset;
4. VAT is charged on the price reached at the auction for each lot.

III. Auction type: Sealed-bid auction.

IV. Payment:

1. Deposit for participation in the auction amounting to 10% of the starting auction price for the respective lot, payable to the account of the depositary under RPA, appointed by the Bank - Ivan Yonov Lichev, to bank account in BGN IBAN BG 71 NASB 9620 10 10008402, BIC: NASBBGSF, at "Bulgarian Development Bank" AD, Sofia. The payment order should include the lots for which the deposit is paid.
2. The auction price reached for the respective lots, together with the VAT payable by the buyer, less the deposit paid for participation in the auction for these lots, shall be paid to the account of the depositary under RPA, appointed by the Bank - Ivan Yonov Lichev, to bank account in BGN IBAN BG 71 NASB 9620 10 10008402, BIC: NASBBGSF, at "Bulgarian Development Bank" AD, Sofia, within the period specified in the sales contract - Appendix No. 5 to this documentation;.

In all cases, buyers shall pay VAT on the auction price reached for the goods wagons purchased by them.

Buyers can take steps to recover VAT under the current legislation of the Republic of Bulgaria.

According to Art. 131, para. 1 item 2 of the VAT Act, a document Form No. 20 of the Rules for the implementation of VAT Act shall be drawn up for the sale and the same will be presented to the buyer within 3 days of its issuance.

In relation to Art. 113, para. 8 of VAT Act, no invoice shall be issued for the sale.

V. Date of auction: the auction will be held on 14.11.2016

VI. Deposit for participation in the auction: The deposit for participation in the auction in the amount pursuant to Art. IV item 1 of these Rules of Auction shall be submitted no later than 16.00 h on 10.11.2016, to the designated bank account of the depositary- Ivan Yonov Lichev.

The deposit of the participant designated as winning bidder shall automatically be transformed into part of the sales price. The deposit of the second-ranked participant shall be retained until payment of the sales price by the winner of the auction for the respective lot. The deposits paid by the participants, ranked below second place for the respective lot shall be returned within 3 (three) business days from the date on which the results are announced in accordance with Art. X, item 8 of these Rules of Auction.

No interest shall accrue on the deposits paid.

VII. Terms and conditions for inspection of the assets: inspection of the assets may be carried out at their location, every business day from 8:30 to 16:00 by 10.11.2016, after prior notification at +35929306371, +359 29306302, made at least 24 hours prior to the date of visit and subject to the safety requirements.

VIII. Application and participation in the auction:

1. Only applications received by 16.00 h on 11.11.2016 at the Registry Department of "Bulgarian Development Bank" AD shall be allowed to participate in the auction. The application represents a sealed opaque envelope in which the documents described in section XI of this auction documentation are enclosed.

The envelope shall be marked as follows:

„ДО/ТО
БЪЛГАРСКА БАНКА ЗА РАЗВИТИЕ АД/
"Bulgarian Development Bank" AD

България, София, ул. Дякон Игнатий 1
Bulgaria, Sofia, Dyakon Ignatiy Str. 1

Заявление от/Application by

.....
(физическо или юридическо лице/ individual or legal entity)

Адрес/address:,

Тел./tel:

за участие в търг с тайно наддаване
за продажба на

1 782 броя товарни вагони, разделени в 1 782 лота, в състоянието в което са, собственост на „Холдинг Български държавни железници“ ЕАД и заложен по реда на ЗОЗ в полза на „Българска банка за развитие“ АД, пономерно описани в Приложение 1 към Тръжната документация,

за лот/ове

/
for participation in a sealed-bid auction



for the sale of

1 782 goods wagons, divided into 1 782 lots, in their current state, owned by "Holding Bulgarian State Railways" EAD and pledged under the Registered Pledges Act (RPA) in favor of "Bulgarian Development Bank" AD, described by number in Appendix No. 1 of this auction documentation,
for lot/s"

The bidder shall submit one application for participation in the auction specifying the numbers of the lots for which they participate on the envelope. The participant's name or the name of the authorized person, address and telephone number shall be marked on the envelope.

The application submitted shall be entered in a special register with a reference number, date and time of receipt.

Any supplements to the documents in the submitted application can be made within the period for submission of applications. Changes to the bidding proposal are not allowed.

2. Only candidates who have paid deposits within the specified amounts and terms and who have applied for participation under the current rules shall be allowed to participate in the auction.

IX. List of documents that should accompany the application for participation in the auction

A. For legal entities and sole traders:

1. Legal entities and sole traders registered outside the Republic of Bulgaria should submit a certificate of good standing of the entity, accompanied by a legalized translation, issued not later than 3 (three) months before the date of application, in original or notarized copy.

Legal entities and sole traders registered in the Commercial Register to the Registry Agency should submit an extract from the Commercial Register containing current data on the entity (electronic printout of the file of the entity shall be admissible) certified "True Copy" by the legal representative of the company or by their duly authorized person.

In cases of authorization for participation in the auction, original or notarized copy of explicit notarized power of attorney to participate in the particular auction should also be enclosed.

2. Proof of paid deposit to the account of the depositary in the amount of 10%, VAT excluded, from the starting auction price for the requested lot/lots for which the applicant is bidding - the original or a copy certified by the ordering bank.
3. Declaration form, Appendix No. 2¹ to this documentation - original.
4. Application form for return of the deposit, under (Appendix No.3)¹ to this documentation - original.
5. Bidding proposal for the requested lot/s, put in a smaller opaque sealed envelope, marked:

Наддавателно предложение/Bidding Proposal

От/by

За лот/лотове / for lot/s

The Bidding proposal cannot be lower than the announced initial auction price for the lot. The starting auction price may be increased by an amount equal to the bid increment for the lot, which amounts to 10% of the starting auction price. A model calculation of the proposed price plus the bid increment is given in Appendix 4 to this documentation.

The bidding proposal shall be deemed valid only if written in figures and in words, with no erasures and amendments, and signed by the legal representative/s of the applicant and/or by their authorized person/s. In case of difference in the display of the bidding proposal in figures and in

¹ Legal entities and sole traders registered outside the Republic of Bulgaria should submit the document in bilingual version in Bulgarian and in English

words, the price written in words shall be considered valid.
Each participant can only make one bidding proposal for a particular lot.

B. For individuals:

1. A certified copy of the identity documents of the applicant. In cases of authorization for participation in the auction, a copy of the identity document of the authorized person, and an original or notarized copy of explicit notarized power of attorney for the particular auction should also be applied.
2. Proof of paid deposit to the account of the depositary in the amount of 10%, VAT excluded, from the starting auction price for the requested lot/lots for which the applicant participated - the original or a copy certified by the ordering bank.
3. Declaration form, Appendix No. 2² to this documentation - original.
4. Application form for return of the deposit, under (Appendix No.3)² to this documentation - original.
5. Bidding proposal for the requested lot/s, put in a smaller opaque sealed envelope, marked:

Наддавателно предложение/Bidding Proposal

От/by

За лот/лотове / for lot/s

The Bidding proposal cannot be lower than the announced starting auction price for the lot. The initial auction price may be increased by an amount equal to the bid increment for the lot. A model calculation of the proposed price plus the bid increment is given in Appendix 4 to this documentation.

The bidding proposal shall be deemed valid if only written in figures and in words, with no erasures and amendments, and signed by the applicant and/or by their authorized person/s. In case of difference in the display of the bidding proposal in figures and in words, the price written in words shall be considered valid.

Each participant can only make one bidding proposal for a particular lot.

X. Rules and procedure of the auction:

1. Received proposals for participation in the auction shall be opened and considered by a specially appointed Commission, on 14.11.2016. The opening and consideration of the received applications by the Commission will be performed without the presence of the applicants.
2. An auction shall be held also if a single application for participation has been submitted. The participant shall be declared winner for the respective lot / lots at the price proposed by them.
3. The Commission of the auction shall review the applications in the order of their receipt and shall assess the regularity of the submitted documents. In case the Commission finds that submitted by a participant documents are incomplete or fail to comply with the requirements specified in the tender documentation, the Commission shall disqualify such participant.
4. In the instances when, as a result of disqualification of a participant, only one participant remains, the auction will be conducted and the remaining participant shall be declared winner at the price proposed by them.

² Foreign individuals should submit the document in bilingual version in Bulgarian and in English



5. Duly submitted bid proposals shall be ranked according to the amount of the proposed price for the lot, and the participant offering the highest price shall be declared winner.
6. In the event of an equal bidding price offered by two or more participants, the Chairman of the Commission shall choose by lot the winning bidder and/or the second-ranked candidate for the goods wagons.
7. The deposit shall not be returned to a participant who is designated as the successful bidder, but refuses to sign a contract within the period specified below in the present Rules of Auction, or if they do not pay the proposed price within the terms and conditions of the current tender documents.
8. The results of the auction, containing data on participants ranked first and second, shall be announced on 15.11.2016 on the websites of the "Bulgarian Development Bank" AD (www.bbr.bg), section "Assets for sale", and "Holding BDZ" EAD (www.bdz.bg). Bidders will not receive personal notification of the results, but have to keep track of such results on the websites referred to in the preceding sentence. If the participant ranked first and designated as winning bidder does not sign a contract within the period specified below, or does not pay the due price, the second-ranked participant will be designated as the winning bidder. The latter will be announced on 30.11.2016 on the above mentioned websites. The deposits of participants ranked second shall be returned within 3 (three) business days from the date of announcement of the second classification for the lots for which the originally designated winning bidders signed a contract for sale and paid the price.
9. The sales contract – Appendix No. 5³ of this documentation, shall be signed with the winning bidder within 5 /five/ business days from the date on which the results were announced, under the terms and conditions of the preceding paragraph.

If the participant does not appear to sign the contract within that period, or does not pay the contract price within the specified period, the deposit shall not be returned to them and the participant ranked second shall be announced winning bidder. In the event that the second ranked participant is not present to sign the contract as well or refuses its signing, or does not pay the price within the specified period, their deposit shall not be returned as well.

10. Buyer shall accept the purchased wagons from the relevant place where they have been based under the terms and conditions laid down in the draft contract - Appendix No. 5 to this documentation.
11. "Holding BDZ" EAD will assist, respectively, create the necessary conditions for the buyers for re-registration or termination of the registration of wagons at the registers kept with the competent authorities.

At the request of the buyer, "Holding BDZ" EAD will:

- deliver all documentation for the goods wagon/wagons available at the company and all documentation the Holding is obliged to possess under the regulatory requirements and international agreements to which the Republic of Bulgaria and / or Pledger is a party
- assist in the removal of the wagons from their locations and in their movement on the railway infrastructure on the territory of the Republic of Bulgaria, by providing an offer for such services by its subsidiary that has the technical ability and capacity to render such services.

12. Any costs accompanying the conclusion, registration, etc. of the contract for purchase and sale, as well as any costs associated with the change in ownership, possession and holding of goods wagons, including, but not limited to their movement and re-registration, shall be entirely at the

³ Legal entities and sole traders registered outside the Republic of Bulgaria, as well as foreign individuals should sign the document in bilingual version in Bulgarian and in English



expense of BUYER from the date of transfer of ownership.

The responsibility in terms of any fees and expenses related to the stay of the purchased lots of wagons on the tracks they occupy, shall pass to the buyer as of the time of transfer of ownership.

XI. Circumstances under which bid proposals shall not participate in the ranking:

1. The application for participation in the auction is received at the "Bulgarian Development Bank" AD after expiry of the term under Art. VIII, item 1;
2. The application is submitted in an unsealed and/or transparent envelope;
3. The application does not contain a proof of the deposit paid or the payment order for the deposit paid does not bear the date indicated in these Rules of Auction;
4. Upon failure to provide any of the documents listed in Art. IX, respectively, the documents submitted do not comply with these rules.

Further information at: + 359 2 9306371 Nadya Petrova and +359 2 9306302 Dimitar Babanski

The following appendixes shall be an integral part of the present rules:

Appendix 1 A list of 1 782 goods wagons, divided into 1 782 lots, owned by "Holding BDZ" EAD pledged under the Law on Registered Pledges in favor of "Bulgarian Development Bank" AD to which the execution was started by entry No.2016092800780 at the CRRP;

Appendix 2 Declaration for participation in the auction;

Appendix 2 Declaration for participation in the auction – bilingual;

Appendix 3 Application form for return of the deposit for participation in the auction;

Appendix 3 Application form for return of the deposit for participation in the auction - bilingual

Appendix 4 A model calculation of the bid increment of the lots of wagons offered for sale for steps 1,2,3,4...;

Appendix 5 Draft sales contract

Appendix 5 Draft sales contract - bilingual

This document has been prepared in Bulgarian and in English. In case of discrepancies between the texts, the Bulgarian version shall prevail.