



**REPORT**

**to the bondholders of “Intercapital Property Development” ADSIC**

With regard to the obligation of “Intercapital Property Development” ADSIC pursuant to Art.100e, para 1 and para 2 of the Bulgarian law on the public offering of securities and Art.2, para 1, p.1 and 2 of the Contract with Commercial Bank “Investbank” AD for execution of the function of a „Trustee of the bondholders” of corporate bond issue, with nominal amount as of 30.06.2018 - EUR 2 171 195, herewith we present the necessary information in compliance with the assumed commitments and requirements.

**Obligations of “Intercapital Property Development” ADSIC with regard to observation of particular financial indicators**

1. Ratio between shareholders’ equity and secured debt

The Company is obliged to maintain a ratio between shareholders’ equity and secured debt, calculated as the value of the shareholder’s equity as per the company’s balance sheet is divided by the value of all secured liabilities, at a rate not less than 0.10 (zero point ten) till the complete repayment of the present corporate bond issue.

The ratio, maintained by “Intercapital Property Development” ADSIC on non-consolidated basis is as follows:

<b>As of 30.09.2018</b>	<b>As of 30.06.2018</b>	<b>Ratio that shall be observed by the Company</b>
<b>0.116</b>	<b>0.144</b>	<b>0.10</b>

2. Maximum ratio of Liabilities (Obligations) to Assets as per the company’s balance sheet

The Company is obliged to maintain a maximum ratio of Liabilities to Assets as per the company’s balance sheet at a rate not higher than 0.95 (zero point ninety five) till the complete repayment of the present corporate bond issue.

The ratio, maintained by “Intercapital Property Development” ADSIC on non-consolidated basis is as follows:

<b>As of 30.09.2018</b>	<b>As of 30.06.2018</b>	<b>Ratio that shall be observed by the Company</b>
<b>0.944</b>	<b>0.933</b>	<b>0.95</b>





3. The Company draws up its financial statements in compliance with the requirements of the International Accounting Standards.

4. The registered auditor appointed by the Company verifies and certifies the financial statements of the issuer in compliance with the National Accounting Standards and the International Accounting Standards.

**Information about General Meeting of the Company’s bondholders, held on 11.02.2015**

On 11.02.2015 a General Meeting of the Company’s bondholders was held which took a decision for new restructuring of the liabilities under the corporate bond issue through amendments in some of the parameters of the bond issue as follows:

1. Prolong the maturity of the issue by 24 months (from 14th August 2018 to 14th August 2020);
2. The schedule for payment of the bond issue and interest are amended as follows:
  - 2.1. The principal is payable in the following installments:

2015	2016	2017	2018	2019	2020
Date/amount (euro)	Date/amount (euro)	Date/amount (euro)	Date/amount (euro)	Date/amount (euro)	Date/amount (euro)
14.02./ 62 500	14.02./ 62 500	14.02./ 125 000	14.02. /125 000	14.02./ 187 500	14.02./ 250 000
14.05./ 62 500	14.05./ 62 500	14.05./ 125 000	14.05./ 125 000	14.05./ 187 500	14.05./ 250 000
14.08./ 62 500	14.08./ 62 500	14.08./ 125 000	14.08./ 125 000	14.08./ 187 500	14.08./ 250 000
14.11./ 62 500	14.11./ 62 500	14.11./ 125 000	14.11./ 125 000	14.11./ 187 500	

2.2. Interest payments are due under the following conditions:

- a) The agreed interest rate on the bond issue is reduced to 6% annually, as of 14.02.2015.
- b) The possibility of applying a reduction step in the amount of 0.25% (zero point twenty five percent) on the interest rate of the bond loan is in force, until an interest of 5% annually is reached, provided that there is prompt payment of interest and principal,. The principal and interest payments are considered to be made on time in the event that the total amount payable for the previous three-month period is wired to the bank account of Central Depository AD, servicing the payments of the bond issue, not later than two business days before the relevant maturity.
- c) Interest on the bond loan is payable every three months on the dates listed in the table below:





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Date of interest payments	Number of days in interest period	Number of days	Interest rate	Amount of interest due (EUR)
14.02.2015	92	365	7,00%	52 932
14.05.2015	89	365	6,00%	42 976
14.08.2015	92	365	5,75%	41 668
14.11.2015	92	365	5,50%	38 990
14.02.2016	92	366	5,25%	36 291
14.05.2016	90	366	5,00%	33 043
14.08.2016	92	366	5,00%	32 992
14.11.2016	92	366	5,00%	32 206
14.02.2017	92	365	5,00%	31 507
14.05.2017	89	365	5,00%	28 955
14.08.2017	92	365	5,00%	28 356
14.11.2017	92	365	5,00%	26 781
14.02.2018	92	365	5,00%	25 205
14.05.2018	89	365	5,00%	22 860
14.08.2018	92	365	5,00%	22 055
14.11.2018	92	365	5,00%	20 479
14.02.2019	92	365	5,00%	18 904
14.05.2019	89	365	5,00%	16 002
14.08.2019	92	365	5,00%	14 178
14.11.2019	92	365	5,00%	11 815
14.02.2020	92	366	5,00%	9 426
14.05.2020	90	366	5,00%	6 148
14.08.2020	92	366	5,00%	3 142



3. If, within three (3) days prior to the thirty-day period from the maturity of any outstanding principal and / or interest payment, the Issuer fails to submit to the bondholders' trustee a proper document that the relevant payment has been made to the bank account of "Central Depository" AD, servicing the payments of the bond loan, it is considered that it has defaulted on the bond issue and "Investbank" AD may exercise its rights as a bondholders' Trustee, according to its contract with the Issuer and the applicable laws.
4. The bondholders agree that each payment under the terms of issue, made within the period under item. 3 will be considered as payment of the issue and will not give rise to any adverse effects on the Issuer. A payment that satisfies the conditions of the previous sentence can be made both by the Issuer and by any third party.
5. All other terms and conditions of "Intercapital Property Development" ADSIC's bond issue, except those expressly stated above, shall remain in force and remain in effect as initially agreed, respectively renegotiated by the General Meeting of Bondholders.

In addition the bondholders adopted amendments to the conditions on the collateral presented by the Issuer in pursuant to art. 100z, par. 1 of the Law on Public Offering of Securities which is insurance from Euro Ins AD, covering the risk of non-payment of interest and principal on the Corporate Bond Issue with ISIN Code BG2100019079 with regard to the restructuring of the bond issue.

### **Information about General Meeting of the Company's bondholders, held on 25.09.2017**

On 12.09.2017 with registration number 20170912135558 in the files of Intercapital Property Development ADSIC in the Commercial Register to the Registry Agency it was announced an invitation for convocation of a General Meeting of the Company's bondholders, scheduled for 25.09.2017. The meeting was convoked upon request of the issuer, sent to CB Investbank AD in the capacity of a trustee on the corporate bonds. The agenda of the meeting is presented below:

**„Item one:** Consent to rescheduling and restructuring of the obligations of the issue of corporate bonds with ISIN code BG2100019079, through renegotiation of part of the terms of the issue as follows:

6. Increase the maturity of the issue with 24 months (from 14<sup>th</sup> August 2020 till 14<sup>th</sup> August 2022);
7. The schedule for amortization and interest payments are amended as follows:
  - 7.1. The due principal and interest payment outstanding as of the date of the decision to renegotiate the terms of the issue in total amount of EUR 157,610 shall be capitalized as part of the principal of the bond loan.
  - 7.2. Arrangement of a grace period of 2 (two) years for repayment of the principal on the bond loan from the maturity of the first principal payment, following the date of renegotiation of the terms of the issue. In relation to the agreed grace period, the principal is paid in the following installments:





2019	2020	2021	2022
Date/Amount (EUR)	Date/Amount (EUR)	Date/Amount (EUR)	Date/Amount (EUR)
	14.02. / 62,500	14.02./ 125,000	14.02./ 490,000
	14.05. / 62,500	14.05./ 125,000	14.05./ 490,000
	14.08. / 62,500	14.08./ 125,000	14.08./ 490,000
14.11./ 62,610	14.11. / 62,500	14.11./ 125,000	

**7.3. Interest payments in the extended period:**

Interest payments are due under the following conditions:

**a)** The agreed interest rate on the bond issue is reduced to 3.5% annually, as of 14.02.2018.

**b)** As of 14.02.2018, the proposed step of reducing the interest rate on the bond loan with the amount of 0.25% (zero point twenty five percent) will not apply.

**c)** Interest on the bond loan is payable every three months on the dates listed in the table below:

Date of interest payments	Number of days in interest period	Number of days	Interest rate	Amount of interest due (EUR)
14.11.2017	92	365	5.75%	33,082
14.02.2018	92	365	3.50%	20,137
14.05.2018	89	365	3.50%	19,480
14.08.2018	92	365	3.50%	20,137
14.11.2018	92	365	3.50%	20,137
14.02.2019	92	365	3.50%	20,137
14.05.2019	89	365	3.50%	19,480
14.08.2019	92	365	3.50%	20,137
14.11.2019	92	365	3.50%	20,137
14.02.2020	92	366	3.50%	19,531
14.05.2020	90	366	3.50%	18,569
14.08.2020	92	366	3.50%	18,431



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14.11.2020	92	366	3.50%	17,882
14.02.2021	92	365	3.50%	17,379
14.05.2021	89	365	3.50%	15,746
14.08.2021	92	365	3.50%	15,174
14.11.2021	92	365	3.50%	14,071
14.02.2022	92	365	3.50%	12,968
14.05.2022	89	365	3.50%	8,364
14.08.2022	92	365	3.50%	4,323

### 8. Other conditions:

8.1. Ratio between Equity and Secured Debt: The Company undertakes to maintain a ratio between equity and secured debt, calculated by dividing the balance sheet equity capital of the Company to the sum of all collateralized obligations, not lower than 0.05 (zero point zero five) until the full payment of the bonds of this issue.

8.2. Maximum ratio of Liabilities to Assets according to their book value: The Company undertakes to maintain a maximum ratio of the book value of its Liabilities to the book value of its Assets at an amount of not more than 0.98 (zero point ninety eight) until the full payment of the bonds of this issue.

9. All other terms and conditions of the "Intercapital Property Development" ADSIC bond issue, except those expressly stated above, shall remain in force and remain in effect as originally agreed, respectively renegotiated by the General Meeting of Bondholders.

**Draft Resolution**: The General Meeting of Bondholders consents to reschedule and restructure the obligations of the issue of corporate bonds with ISIN code BG2100019079, through renegotiation of part of the terms of the issue as follows:

1. Increase the maturity of the issue with 24 months (from 14<sup>th</sup> August 2020 till 14<sup>th</sup> August 2022);
2. The schedule for amortization and interest payments are amended as follows:
  - 2.1. The due principal and interest payment outstanding as of the date of the decision to renegotiate the terms of the issue in total amount of EUR 157,610 shall be capitalized as part of the principal of the bond loan.
  - 2.2. Arrangement of a grace period of 2 (two) years for repayment of the principal on the bond loan from the maturity of the first principal payment, following the date of renegotiation of the terms of the issue. In relation to the agreed grace period, the principal is paid in the following installments:





2019	2020	2021	2022
Date/Amount (EUR)	Date/Amount (EUR)	Date/Amount (EUR)	Date/Amount (EUR)
	14.02. / 62,500	14.02./ 125,000	14.02./ 490,000
	14.05. / 62,500	14.05./ 125,000	14.05./ 490,000
	14.08. / 62,500	14.08./ 125,000	14.08./ 490,000
14.11./ 62,610	14.11. / 62,500	14.11./ 125,000	

**2.3. Interest payments in the extended period:**

Interest payments are due under the following conditions:

**a)** The agreed interest rate on the bond issue is reduced to 3.5% annually, as of 14.02.2018.

**b)** As of 14.02.2018, the proposed step of reducing the interest rate on the bond loan with the amount of 0.25% (zero point twenty five percent) will not apply.

**c)** Interest on the bond loan is payable every three months on the dates listed in the table below:

Date of interest payments	Number of days in interest period	Number of days	Interest rate	Amount of interest due (EUR)
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14.05.2022	89	365	3.50%	8,364
14.08.2022	92	365	3.50%	4,323

### 3. Other conditions:

3.1. Ratio between Equity and Secured Debt: The Company undertakes to maintain a ratio between equity and secured debt, calculated by dividing the balance sheet equity capital of the Company to the sum of all collateralized obligations, not lower than 0.05 (zero point zero five) until the full payment of the bonds of this issue.

3.2. Maximum ratio of Liabilities to Assets according to their book value: The Company undertakes to maintain a maximum ratio of the book value of its Liabilities to the book value of its Assets at an amount of not more than 0.98 (zero point ninety eight) until the full payment of the bonds of this issue.

4. All other terms and conditions of the "Intercapital Property Development" ADSIC bond issue, except those expressly stated above, shall remain in force and remain in effect as originally agreed, respectively renegotiated by the General Meeting of Bondholders.

**Item Two:** Amending the conditions under which the Issuer presents collateral by the meaning of art. 100z, para 1 from the Law on Public Offering of Securities and representing insurance from Euro Ins AD, covering the risk of non-payment of interest and principal on the Corporate Bond Issue with ISIN Code BG2100019079.

**Draft resolution:** The General meeting of Bondholders adopts the decision and obliges the Issuer to sign an Annex to the Insurance Policy № 290001753 / 06.08.2010 with Euro Ins AD, reflecting the adopted amendments regarding the terms of the bond issue corporate bonds with ISIN Code BG2100019079, according to the decision adopted under the preceding point.

**Item Three:** Adoption of a resolution for assigning and authorizing the Issuer "Intercapital Property Development" ADSIC to take the relevant decision and to undertake all legal and formal actions necessary in order to carry out the amendments regarding the terms of the bond issue voted on in the previous point.

**Draft resolution:** The General Meeting of bondholders assigns and authorizes the Issuer "Intercapital Property Development" ADSIC to take the relevant decision and to undertake all legal and formal actions necessary in order to carry out the amendments regarding the terms of the bond issue voted on in the previous point, including but not limited to carrying out







personally or through a proxy the necessary notifications to Central Depository AD, Bulgarian Stock Exchange, Financial Supervision Commission.

**Item four:** Miscellaneous”

At the General Meeting of the Bondholders held on 25.09.2017, the proposals on the items of the agenda were not accepted by the bondholders.

On November 22, 2017, ICPD received a notification from Investbank AD in its capacity of a trustee on the bond issue of the company, with which the bank informed the issuer about a general meeting of the bondholders, held on 15.11.2017, summoned by the trustee bank with an invitation published in the Commercial Register at the Registry Agency on 01.11.2017. The notification announces that, according to the decisions of the bondholders, the latter have instructed the trustee to draw up a detailed plan for carrying out specific actions to satisfy the interests of the bondholders in view of the early due date of the bond loan, as well as a decision for the convocation of a new general meeting of the bondholders by the trustee bank to proceed with consideration and acceptance of the detailed plan.

At the end of December 2017, ICPD received a new notification from Investbank AD as a trustee on the bond issue of the company by which the bank informed the issuer about a general meeting of the bondholders held on 18.12.2017, summoned by the trustee bank with an invitation published in the Commercial Register at the Registry Agency on 06.12.2017. The notification announces that the meeting has taken decisions related to the protection of the interests of the bondholders and the possibilities for satisfaction of the claims on the bond issue in view of the early due date of the bond loan, including the decision to take action against the insurer on the bond issue - Insurance Company Euroins AD, and to join in the open against the issuer's bankruptcy proceedings. The bondholders have decided to ensure that the costs incurred in relation to the actions against the insurer and ICPD are provided by the bondholders in proportion to the bonds they hold from the issue for which a specific agreement should be signed. The General Meeting of the Bondholders also examined various law firm candidatures to protect the rights of bondholders in court proceedings against the insurer and with a majority of the votes Zahariev and Milushev Law Firm was selected. As regards the legal protection of claims directly against the issuer, the bondholders have decided to request additional offers and to choose a legal adviser after a further vote.

By a letter under outgoing No 5146-1453/06.03.2018 of Investbank AD, ‘Intercapital Property Development’ ADSIC was informed about a General Meeting of Bondholders of corporate bonds issue, issued by the public company convened on 14.03.2018 and a copy of the invitation for the meeting was attached to the letter. The agenda of the meeting includes the following points:

**POINT ONE:** Adoption of a decision on confirmation of the decision under point 2.4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders authorizes the bondholders` trustee bank to undertake the necessary actions for initiation of claim/s under the rules of the Civil Procedure Code and the relevant Bulgarian legislation in force against ‘Insurance Company Euroins’ AD, UIC 121265113 in its capacity as insurer under insurance policy 29-0000-1753/06.08.2010 for payment of the due insurance indemnity, as well as to represent the bondholders and to protect their rights in the course of court proceedings.





**Draft resolution:** The General Meeting of Bondholders confirms the decision under point 2.4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders authorizes the bondholders` trustee bank to undertake the necessary actions for initiation of claim/s under the rules of the Civil Procedure Code and the relevant Bulgarian legislation in force against `Insurance Company Euroins` AD, UIC 121265113 in its capacity as insurer under insurance policy 29-0000-1753/06.08.2010 for payment of the due insurance indemnity, as well as to represent the bondholders and to protect their rights in the course of court proceedings.

**POINT TWO:** Adoption of a decision on confirmation of the decision under point 3 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, according to which the costs for performance of the actions, envisaged under the decisions adopted under point two of the agenda, relevant to satisfaction of receivables of bondholders (including state fees, attorney`s fees, expert`s fees etc.) shall be mandatorily provided in advance by the bondholders of the bond issue in proportion to the amount of bonds held, with regard to which and in fulfillment of which the bondholders shall sign an explicit written agreement on costs and expenses.

**Draft resolution:** The General Meeting of Bondholders confirms the decision under point 3 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, according to which the costs for performance of the actions, envisaged under the decisions adopted under point two of the agenda, relevant to satisfaction of receivables of bondholders (including state fees, attorney`s fees, expert`s fees etc.) shall be mandatorily provided in advance by the bondholders of the bond issue in proportion to the amount of bonds held, with regard to which and in fulfillment of which the bondholders shall sign an explicit written agreement on costs and expenses.

**POINT THREE:** Adoption of a decision on confirmation of the decision under point 4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders accepts the offer of and elects `Zahariev and Metodiev` Law Firm to represent the bondholders and to maintain the documentation and to act as a counsellor of the bondholders of corporate bonds, issued by `Intercapital Property Development` ADSIC under ISIN Code of the issue BG2100019079 against the insurance company in conformity to a decision of the General Meeting of Bondholders under point 2.4 of point two of the agenda, under all court proceedings in all court instances relevant to satisfaction of receivables of bondholders of the bond issue and assigns to the trustee bank to sign a contract with the law firm at the price and under the terms and conditions of the approved offer.

**Draft resolution:** The General Meeting of Bondholders confirms the decision under point 4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders accepts the offer of and elects `Zahariev and Metodiev` Law Firm to represent the bondholders and to maintain the documentation and to act as a counsellor of the bondholders of corporate bonds, issued by `Intercapital Property Development` ADSIC under ISIN Code of the issue BG2100019079 against the insurance company in conformity to a decision of the General Meeting of Bondholders under point 2.4 of point two of the agenda, under all court proceedings in all court instances relevant to satisfaction of receivables of bondholders of the bond issue and assigns to the trustee bank to sign a contract with the law firm at the price and under the terms and conditions of the approved offer.

**POINT FOUR:** Adoption of a decision and authorization of the bondholders` trustee bank to file an application for initiation of bankruptcy proceedings of the issuer of bonds `Intercapital





Property Development' ADSIC and to represent the bondholders and to protect their rights and interests relevant to satisfaction of their receivables in the course of the bankruptcy proceedings.

**Draft resolution:** The General Meeting of Bondholders adopts a decision and authorizes the bondholders' trustee bank to file an application for initiation of bankruptcy proceedings of the issuer of bonds 'Intercapital Property Development' ADSIC and to represent the bondholders and to protect their rights and interests relevant to satisfaction of their receivables in the course of the bankruptcy proceedings;

**POINT FIVE:** Adoption of a decision on election of a law firm and/or an attorney at law, which shall act as representatives, maintain documentation and act as counsellors of bondholders of corporate bonds, issued by 'Intercapital Property Development' ADSIC under ISIN Code of the issue BG2100019079 in the course of the court proceedings under point 4, initiated upon filed application for initiation of bankruptcy proceedings against the issuer in all court instances, relevant to satisfaction of receivables of bondholders of the bond issue.

**Draft resolution:** The General Meeting of Bondholders adopts a decision on election of a law firm and/or an attorney at law, which shall act as representatives, maintain documentation and act as counsellors of bondholders of corporate bonds, issued by 'Intercapital Property Development' ADSIC under ISIN Code of the issue BG2100019079 in the course of the court proceedings under point 4, initiated upon filed application for initiation of bankruptcy proceedings against the issuer in all court instances, relevant to satisfaction of receivables of bondholders of the bond issue.

**POINT SIX:** Acceptance for information purposes of the Agreement on costs and expenses (including state fees, attorney's fees, expert's fees etc.) signed in fulfilment of point three of the decision, adopted by the General Meeting of Bondholders, held on 18.12.2017 relevant to costs incurred by the trustee bank in relation to the actions of the trustee bank aimed at satisfaction of receivables of bondholders.

**Draft resolution:** The General Meeting of Bondholders accepts information purposes of the Agreement on costs and expenses (including state fees, attorney's fees, expert's fees etc.) signed in fulfilment of point three of the decision, adopted by the General Meeting of Bondholders, held on 18.12.2017 and agrees and confirms that the terms and conditions of the Agreement shall be binding on all bondholders notwithstanding whether they have signed the Agreement.

**POINT SEVEN:** Miscellaneous.

73.74% of bondholders were represented at the General Meeting of Bondholders. The majority of presented bonds voted 'for' the adoption of draft resolutions under points 1, 2 and 3 of the agenda, by means of which the bondholders confirmed the decisions adopted under points 2.4, 3 and 4 of the agenda of the preceding General Meeting of Bondholders, held on 18.12.2017. In addition to these decisions the bondholders accepted for information purposes and approved and confirmed an Agreement on costs and expenses signed in fulfilment of the decision, adopted by the General Meeting on 18.12.2017 relevant to filing of claim/s against the insurer of the bond issue 'Insurance Company Euroins' AD. The general meeting again voted on the proposal for filing of an application on behalf of the bondholders for initiation of bankruptcy proceedings, respectively for election of a law firm, which to represent the bondholders in the course of the court proceedings, but the proposal was not accepted.

The issuer company was not represented at the general meeting and was informed about the results of the meeting by a letter under outgoing No 5146-1600/19.03.2018 of 'Investbank'





AD, to which copies of the minutes of the general meeting and the list of represented bondholders were attached.

**Observation of provisions regarding the spending of the funds from the corporate bond issue**

Pursuant to the Prospectus for admission to trading on a regulated market of the securities from the corporate bond issue, the Company shall use the accumulated funds predominantly for acquisition of real estate properties (plots) within the city of Sofia, that are appropriate for the construction of office areas in the core centre and/or in the new business centre, and/or for the construction of compound multifunctional buildings (with residential and commercial areas). Part of the accumulated funds can be used also for financing the projection of the construction works on the plots that should be purchased in compliance with the parameters in the preceding sentence.

As of the date of the present report the Company has not acquired definitively land plots with funds accumulated through the bond issue. During the fourth quarter of 2007 the Company realized extraordinary revenue from default on a preliminary agreement. That revenue can be treated as related to the corporate bond issue due to the fact that the default was due to a preliminary contract for purchase of a land plot in Sofia, on which the seller did not manage to fulfill his obligations and that's why he paid the negotiated forfeit.

In the end of 2007 the Company concluded a new preliminary agreement for purchase of a land plot facing Todor Alexandrov Blvd. The price that the Company should pay was EUR 600 per sq.r. built up area. The term of the preliminary agreement expired on June 30, 2008. As of today the agreement has been terminated. At present the funds from the corporate bond issue have been used for other projects of the Company till it finds an appropriate investment within the boundaries of Sofia.

**Condition of the collaterals under the corporate bond issue**

The eventual risk of non-payment the full amount of the principle and/or the full amount of the interest payments was guaranteed by Insurance Policy № 29 0000 1753/06.08.2010 and an Annex No.4 to it dated 11.02.2015, concluded between "Intercapital Property Development" ADSIC, CB "Investbank" AD, acting as Trustee on behalf of all insured bondholders and the Insurance Company – "Euro Ins" AD. The insurance policy was valid till the last maturity date of the corporate bond issue.

With regard to a commitment assumed by the Company pursuant to a decision of the General Meeting of the bondholders, held on 06.08.2010 for setting up a mortgage upon 7 835,99 sq.m. of commercial areas in the vacation complex "Marina Cape" in favour of the bondholders' trustee CB "Investbank" AD, "Intercapital Property Development" ADSIC has signed a Notary deed for setting up of a contractual mortgage, deed № 158, volume IV, reg. № 3289, file № 732 from 01.09.2010 of notary Gergana Nedina – acting in the region of Regional Court Pomorie, entered with reg. № 1808 from 01.09.2010, deed № 80, volume 1, file № 1213 in the Registry Office – Pomorie.

With regard to a commitment assumed by the Company pursuant to a decision of the General Meeting of the bondholders, held on 06.02.2013 for setting up a mortgage upon





zoned property with ID 00833.5.409, with address: town Aheloy, region Prechistvatelnata, with size 40 002 sq.m. in favor of the bondholders' trustee CB "Investbank" AD, on 06.03.2013, in front of Mrs Zhiva Barantieva – assistant notary to Mrs Gergana Nedina, a notary with activity within the region of Regional Court – the town of Pomorie, entered in the register of the Notary Chamber under No. 607, a notary deed was signed for the establishment of a mortgage in favour of Investbank AD upon the above-mentioned property. The notary deed is entered in the Registry Agency, Service Registry – town Pomorie, with entry No. 493, act. No. 13, volume 1, file No. 270 dated 06.03.2013.

With letter with No. 2989/6 dated 03.10.2017 received by ICPD ADSIC, Insurance Company EUROINS AD in the capacity of insurer under insurance policy, concluded with regard to the provision of collateral to the bondholders of the bond issue, issued by ICPD ADSIC, hereby informed Investbank AD in the capacity a trustee of the bondholders acting as an insured person and secured creditor of the receivables of all the bondholders, and ICPD ADSIC, that starting from 00.00 h of 03.10.2017 the insurer terminates the insurance agreement with insurance policy No. 29-0000-1753 dated 11.02.2015.

The notification states that with regard to an application filed by Investbank AD with No 2989/4 dated 28.09.2017 for payment of insurance indemnity under the aforementioned insurance policy for a total amount of EUR 157 609.59 (one hundred and fifty seven thousand six hundred nine euro 59 eurocents), representing the owed interest and principal payment on the bond loan as of 14.08.2017, Insurance Company EUROINS AD shall exercise its right under Art. 364, para. 4 of the Insurance Code in the event of a terminated insurance policy and will apply a 50% (fifty percent) reduction of the indemnity for an insurance event occurring prior to the date of termination of the insurance agreement.

**Observation of the other provisions pursuant to decisions of the General Meetings of the Company's bondholders, held on 06.08.2010, 06.02.2013 and 11.02.2015**

In compliance with the decisions of the General meetings of the bondholders up to 30.06.2018 the Company has made amortization payments on the bond issue with total amount of EUR 2 828 805.

As ICPD did not manage to pay out the owed as of 14.08.2017 interest payment in the amount of EUR 32 610 and principal payment in the amount of EUR 125 000, the Company informed Investbank AD, FSC, BSE and the public that pursuant to point 1, Section VII of Insurance Policy No 29 - 0000 - 1753 / 06.08.2010, as amended by Addendum No 4 of 11.02.2015, it will be considered that on 13.09.2017 at 17:30 h, an insurance event will occur and that the occurrence of an insurance event in respect of a particular three-month principal and/or interest payment does not automatically lead to the occurrence of an insurance event in respect of subsequent payments.

As describes above, with letter with No. 2989/6 dated 03.10.2017 received by ICPD ADSIC, Insurance Company EUROINS AD in the capacity of insurer under insurance policy, concluded with regard to the provision of collateral to the bondholders of the bond issue, issued by ICPD ADSIC, hereby informed Investbank AD in the capacity a trustee of the bondholders acting as an insured person and secured creditor of the receivables of all the bondholders, and ICPD ADSIC, that starting from 00.00 h of 03.10.2017 the insurer terminates the insurance agreement with insurance policy No. 29-0000-1753 dated 11.02.2015.





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As a result on 05.10.2017 a partial principal payment in total amount of EUR 78 805 has been made on the corporate bond loan, issued by ICPD which value date was 14.08.2017. The sum of the above-mentioned principal payment on the bond loan, issued by Intercapital Property Development ADSIC has been deposited into a bank account of Central Depository AD from Insurance Company EUROINS AD in the capacity of insurer under insurance policy, concluded with regard to the provision of collateral to the bondholders of the bond loan, issued by ICPD.

On 24.10.2017 ICPD was informed by Investbank AD that the trustee declared the entire bond loan of the issuer as immediately due, due to the fact that the dropping of the contracted insurance collateral constituted a material breach of the issuer's obligations under the prospectus as well as due to the fact, that the overdue of part of the obligations on the issue (due as of 14.08.2017) lasts more than 30 days.

At a meeting of the Board of Directors of BSE-Sofia AD under Protocol No. 55 / 26.10.2017 and on the grounds of Art. 39, para. 1, item 4 of Part III Rules for admission to trading by the Rules and Regulations of BSE-Sofia AD, the Board of Directors of BSE-Sofia has finally ceased the registration of the issue of bonds issued by ICPD with effect from 27.10.2017.

As of the date of the present report, “Intercapital Property Development” ADSIC has limited the payment of liabilities toward IP Intercapital Markets AD as follows:

- The remuneration in the amount of 20% of the profit has become due after the full repayment of the bond issue.
- The remuneration in the amount of 2% per annum of the assets' value has been changed as follows: a fee in the amount of 2% per annum of the value of the equity. That fee has been calculated and paid quarterly, counted as 0.5% of the value of the equity. The difference between the old fee – 2% per annum of the assets' value and the new one - 2% per annum of the equity's value shall become due following the full repayment of the bond issue.

30.10.2018 г.

Velichko Klingov  
Executive Director

