

**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 30.09.2017 - EUR 2 250 000, 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 30.09.2017</b> | <b>As of 31.07.2017</b> | <b>As of 30.06.2017</b> | <b>Ratio that shall be observed by the Company</b> |
|-------------------------|-------------------------|-------------------------|--|
| <b>0.065</b>            | <b>0.101</b>            | <b>0.083</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 30.09.2017</b> | <b>As of 31.07.2017</b> | <b>As of 30.06.2017</b> | <b>Ratio that shall be observed by the Company</b> |
|-------------------------|-------------------------|-------------------------|--|
| <b>0.965</b>            | <b>0.949</b>            | <b>0.957</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 |
|------|------|------|------|
|------|------|------|------|





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| 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) |
|---------------------------|-----------------------------------|----------------|---------------|------------------------------|
| 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                       |
| 14.11.2020                | 92                                | 366            | 3.50%         | 17,882                       |



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|            |    |     |       |        |
|------------|----|-----|-------|--------|
| 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  |

### 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.







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## **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.

### **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 30.09.2017 the Company has made amortization payments on the bond issue with total amount of EUR 2 750 000.

In compliance with the decisions of the General Meeting of the Company's bondholders, held on 11.02.2015, on 13.03.2017 "Intercapital Property Development" ADSIC paid interest in the amount of EUR 36 233 and principal in the amount of EUR 125 000 that were due on 14.02.2017. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.02.2017-13.03.2017 in the amount of BGN 1 039.88 (or BGN 0.207975138 per bond).

Due to the fact that ICPD did not manage till 11.05.2017 to make the interest and principal payment on its bond loan pursuant to the repayment scheme, adopted by the General Meeting of the bondholders, held on 11.02.2015 and in compliance with the decisions of that General Meeting, the interest rate that has been applied over the outstanding bond loan for the next three-month period started on 15.05.2017, has remained in the amount of 5.75% annually.

On 12.06.2017 "Intercapital Property Development" ADSIC paid interest in the amount of EUR 33 299 and principal in the amount of EUR 125 000 that were due on





14.05.2017. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.05.2017-12.06.2017 in the amount of BGN 1116.90 (or BGN 0.22338 per bond).

Due to the fact that ICPD did not manage till 10.08.2017 to make the interest and principal payment owed as of 14.08.2017 on its bond loan pursuant to the repayment scheme, adopted by the General Meeting of the bondholders, held on 11.02.2015 and in compliance with the decisions of that General Meeting, the interest rate that has been applied over the outstanding bond loan for the next three-month period started on 15.08.2017, has remained in the amount of 5.75% annually.

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.

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.

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.





## INTERCAPITAL PROPERTY DEVELOPMENT

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.

30.10.2017 г.

M. Bozhilov  
Investor Relations Director

