

"Intercapital Property Development" REIT

PROSPECTUS FOR PUBLIC OFFERING OF SECURITIES

24 045 24 904 NUMBER ORDINARY, REGISTERD, FREELY TRANSFERABLE SHARES WITH
NOMINAL VALUE BGN 1

ISIN ISSUE CODE: BG1100018057

	<u>Total for the show at maximum recording</u>	<u>Total for the minimum subscription issue</u>
Nominal value of the shares:	24 045 904	15 255 474
Issue value of the shares:	24 045 904	15 255 474
Total Public Offering Costs (Forecast)	7 927	7 927
Net proceeds from the public offering (forecast):	24 037 977	15 247 547
Nominal value of 1 share:	1 BGN (ONE BGN)	
Issue value per 1 share:	1 BGN (ONE BGN)	

DATE: 14.07.2020.

This document is a prospectus for a public offering of issue shares from a capital increase of „Intercapital Property Development" REIT (the "Company"). The Prospectus contains all the information that, according to the specific features of the Issuer and the securities offered through public offering, is necessary for investors to accurately assess the economic and financial condition, assets and liabilities, financial results, prospects for development of the Issuer, and of rights related to securities.

THE PROSPECTUS WAS APPROVED BY THE FINANCIAL SUPERVISION COMMISSION (FSC) BY DECISION № [560-E] OF 30.07.2020, IN ITS CAPACITY AS A COMPETENT AUTHORITY UNDER REGULATION (EU) 2017/1129. THE FSC APPROVES THIS DOCUMENT ONLY IF IT MEETS THE STANDARDS IMPOSED BY REGULATION (EU) 2017/1129 FOR COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY OF THE INFORMATION IN IT. THIS APPROVAL SHOULD NOT BE SEEN AS AFFIRMATION OF THE ISSUER AND / OR CONFIRMATION OF THE QUALITY IT OF SECURITIES SUBJECT TO THE PROSPECTUS AND. THE FINANCIAL SUPERVISION COMMISSION IS NOT RESPONSIBLE FOR THE ACCURACY AND COMPLETENESS OF THE DATA CONTAINED IN THE PROSPECTUS. INVESTORS MUST JUDGE FOR THEMSELVES THE APPROPRIATENESS OF INVESTING IN SECURITIES (SHARES).

The prospectus is prepared as a single document in accordance with:

- Regulation (EU) (1129/2017 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71 / EC;
- Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards regulatory technical standards on the basic financial information contained in the summary of the prospectus, publication and the classification of prospectuses, securities advertisements, supplements to prospectuses, as well as the portal for notifications and repeals of Commission Delegated Regulation (EU) № 382/2014 and Commission Delegated Regulation (EU) 2016/301;
- Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, verification and approval of the prospectus to be published in the the public offering of securities or their admission to trading on a regulated market, and repealing Commission Regulation (EC) (809/2004;

and

- Ordinance 2 of 17 September 2003 on the prospectuses for public offering and admission to trading on a regulated securities market and on the disclosure of information (Title supplemented, SG No. 82/2007, amended, SG No. 63) since 2016).

Initial public offering of shares (New Shares), in connection with this capital increase (the Offering) will cover the supply of subscription of new shares and rights to subscribe to new shares (rights) that rights will be listed for trading of the Bulgarian Stock Exchange AD.

The proposed New Shares will be of the same class and with the same characteristics as the Existing Shares, which are ordinary dematerialized shares registered in the Central Depository with ISIN BG1100018057. All existing shares of Intercapital Property Development REIT are admitted to trading on the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange.

After successful completion of the subscription of the New Shares, the increase of the Issuer's capital will be registered in the Commercial Register at the Registry Agency. The new shares will be registered in Central Depository AD and an application will be submitted for entry in the register under Art. 30, para. 1, item 3 of the Law on the Financial Supervision Commission of the new issue of shares. After receiving the decision of the FSC for entry of the issue in the register, an application will be submitted to the Bulgarian Stock Exchange AD for admission of the issue new shares to trading on the regulated market.

"Intercapital Property Development" REIT will take action to admission of this issue of shares to exchange trading on the Alternative Market of the Bulgarian Stock Exchange (www.basemarket.bg), and will APPLICANT t st new shares can be added to existing stocks trading on the alternative market "NewConnect" (<https://newconnect.pl/en-home>) organized by the Warsaw Stock Exchange.

Shares will be traded on a regulated market organized by the BSE on a date set by the BSE Board of Directors. It is expected that if the public offering of the New Shares is successful, the decision to admit to trading of the Shares, as well as determining the start date of trading to take empowered during late July - early August 2020 g., while the Warsaw stock Exchange by the end of 20 20 g.

IMPORTANT NOTICES

The Prospectus contains all the information on Intercapital Property Development REIT necessary for making an investment decision, including the main risks related to the Issuer and its activities, which is presented in one document. It is in the interest of investors to familiarize themselves with the information in the Prospectus for public offering of shares before making an investment decision.

This Prospectus has been prepared in order to provide information to potential investors on the basis of which they can assess their possible investment in the Shares. In this regard, the information contained in the Prospectus regarding the Issuer and the Shares has been selected and summarized. In the Prospectus contains no commitments or waiver and does not create tons rights to any person other than to potential investors in the shares.

Intercapital Property Development REIT informs potential investors that investing in securities is associated with certain risks. It is in the interest of investors to be aware of the risk factors affecting the company, the sector in which it operates and the investment in the offered shares, which are presented in detail in point 3. *Risk Factors* of this Prospectus.

Information on the responsible persons, including the persons who prepared the Prospectus, and the scope of their responsibility is presented in item 4 *“Responsible persons for preparation of the Prospectus”* of this Document.

If this Prospectus contains information provided by reference, the information from these documents must be read together with the Prospectus.

Potential investors should keep in mind that they should rely only on the information provided in the Prospectus. With the exception of the cases provided for in mandatory legal provisions Issuer is seen not authorized any person to provide any other information or make any representations about the Company and the shares offered, other than those contained in this Prospectus and if they are available, it this information or declarations must not be accepted as given with the permission of the Company.

The information provided in the Prospectus, as well as any other information regarding the initial public offering of the New Shares until trading on the BSE, should not be considered as legal, financial, business or tax advice, and it does not constitute a basis for any is an assessment of the Issuer and should not be considered as a recommendation by the Issuer or INTERCAPITAL MARKETS AD in its capacity of authorized investment intermediary - issue manager to any investor for subscription or purchase of Shares.

Each investor must make its own independent assessment of the financial condition of the Issuer, as well as seek and consult its own legal, financial or tax advisor, as well as a broker, lawyer, accountant or other consultants it deems appropriate. to understand is the nature of the shares and the nature of the activities of the Issuer before deciding whether to invest in

Shares. Investors should keep in mind that the price of the Shares and the income from them may decrease as well as increase. The investment in Shares is not subject to a recommendation of the Financial Supervision Commission or another state body in the Republic of Bulgaria.

This Prospectus is valid for 12 months from its approval. The information in the Prospectus and is current at the date of preparation mentioned above and is the only information whose reliability and completeness issuer assumes responsibility.

Members of the Board of Directors of "Intercapital Property Development " REIT jointly liable for damages caused by false, misleading or incomplete information in this Prospectus. Drafter of financial these statements of the Company is jointly liable with the above-mentioned persons for damages caused by false, misleading or incomplete data in the financial statements of the Company and the registered auditor - for damages caused by the audited financial statements. In this connection, the said persons have declared the circumstances required by the applicable legislation.

In preparing this Prospectus does not include statements or reports written by a person as an expert p Oradea, which to this document does not include statements and / or reports made by certain persons in their capacity as experts.

In certain parts of the Prospectus, the Issuer has included reports and statements from third parties, with their explicit indication, namely:

- Ministry of Finance - www.minfin.bg ;
- National Statistical Institute - www.nsi.bg ;
- European Commission - www.ec.europa.eu ;
- International Monetary Fund - www.imf.org ;
- Trade Register - www.brra.bg ;
- Property Register - www.registryagency.bg/bg/registri/imoten-registar.

The information received from these third parties is reproduced exactly in this Document, and as far as the Issuer is aware and can verify the information published by these third parties, no facts have been omitted that would make the reproduced information inaccurate or misleading.

The distribution of this Prospectus does not constitute an offer to offer and subscribe for shares by persons in any jurisdiction where such offering or invitation to such persons may be restricted by law. The public offering of Shares will take place only on the territory of the Republic of Bulgaria. The Offered Shares are issued in accordance with the Bulgarian legislation.

THIS PROSPECTUS HAS BEEN APPROVED BY THE FINANCIAL SUPERVISION COMMISSION (FSC), IN ITS CAPACITY AS A COMPETENT AUTHORITY IN ACCORDANCE WITH REGULATION (EU) 2017/1129. THE FSC APPROVES THE PROSPECTUS ONLY IF IT MEETS THE STANDARDS FOR COMPLETENESS, COMPREHENSIBILITY AND COHERENCE / CONSISTENCY IMPOSED BY REGULATION (EU) 2017/1129. THIS APPROVAL SHOULD NOT BE CONSTRUED AS AN ENDORSEMENT OF THE ISSUER AND / OR THE QUALITY OF THE SECURITIES SUBJECT TO THIS PROSPECTUS, AND INVESTORS MUST JUDGE FOR THEMSELVES THE APPROPRIATENESS OF THE INVESTMENT IN THE SECURITIES.

Potential investors can get acquainted with the original Prospectus and to receive a free copy and more information on it than "Intercapital Property Development " ADSIC and authorized investment firm every day from 10:00 to 17:00 h.:

Issuer:	„Intercapital Property Development" REIT
Address:	Sofia 1000, Sredets district, 6 Dobrudja Str., 4th floor
Phone:	(+359 2) 921 05 18
Fax:	(+359 2) 921 05 37
Contact person:	Velichko Klingov
Contact email and notifications:	office @ icpd.bg
Internet page	www.icpd.bg

Investment firm:	INTERCAPITAL MARKETS AD
Address:	Sofia 1000, Sredets district, Dobrudzha Str. № 6, floor 3
Phone:	(+359 2) 921 05 13
Fax:	(+359 2) 921 05 21
Contact person:	Nicholas the Master
Contact email and notifications:	office@intercapitalmarkets.com
Web page	www.intercapitalmarkets.com

The prospectus of "Intercapital Property Development " REIT may be obtained from the public register of the Financial Supervision Commission (www.fsc.bg) after the approval of the Prospectus ; from the Bulgarian Stock Exchange AD (www.bse-sofia.bg) after the acceptance of the securities of the Company - subject of offering with this Prospectus for stock exchange trading. The prospectus will be available on the website of the Issuer ([www. icpd .bg](http://www.icpd.bg)) and the authorized

investment intermediary - manager (www.intercapitalmarkets.com).

More important abbreviations used	
FSC	Financial Supervision Commission
BSE	Bulgarian Stock Exchange AD
CD	Central Depository AD
IDES	Institute of Certified Public Accountants
LPOS	Law on Public Offering of Securities
LIMAMAFI	Law on the implementation of measures against market abuse of financial instruments
ZKPO	Corporate Income Tax Act
ZDDFL	Personal Income Tax Act
ZKFN	Law on the Financial Supervision Commission
MFIA	Markets in Financial Instruments Act
CL	Commercial Law
LOC	Law on Obligations and Contracts
SIDDO	Double taxation agreements
REIT	Real Estate Investment Trust
SIPC	Special investment purpose company
Regulation or Regulation a on prospectuses	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71 / EC
Delegated Regulation or Delegated Regulation for prospectuses	Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, verification and approval of the prospectus to be published in the the public offering of securities or their admission to trading on a regulated market, and repealing Commission Regulation (EC) (809/2004
Delegated Regulation or Delegated	Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards regulatory technical standards on the basic

Regulation for prospectuses	financial information contained in the summary of the prospectus, publication and classification of prospectuses, advertisements for securities supplements to the prospectus, as well as portal notifications and repealing delegated Dr. EGULATION (E C) № 382 /20 1 4 Commission and Commission delegated Regulation (EU) № 2016/301 of The Commission.
Issuer	References to the Issuer or the Company in this Prospectus refer to "Intercapital Property Development" REIT.
BoD	Board of Directors

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20 INFORMATION ABOUT THE SECURITIES TO BE OFFERED _____

20.1 General description of the offered shares (type, class, ISIN code) _____

20.2 Legislation under which the securities are created _____

20.3 Description of the rights relating to the securities, including any restrictions on those rights and the procedure for exercising those rights _____

20.4 Decisions, permits and approvals related to admission to trading _____

20.5 Expected date of the securities issue _____

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This Prospectus has been prepared in accordance with Art. 6, para. 3 of the Prospectus Regulation (Regulation (EU) 2017/1129 of the European Parliament and of the Council) as a single document and contains information in accordance with the elements of Annex 1 and Annex 1 1 of the Delegated Regulation (Delegated Regulation (EU) 2019/980 of Commission in January s). The location of the information is indicated in this Directory.

1.1 INFORMATION REQUIRED FROM ANNEX 1 :

№ in the order of Annex 1	Name	Point from the prospectus
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1.2 INFORMATION REQUIRED FROM ANNEX 1 1 :

No in accordance with Annex 11	Name	Point on the prospectus
1.	Responsible persons, third party information, expert reports and approval by the competent authority	item 4
2.	Risk factors	item 3
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2 SUMMARY OF THE PROSPECTUS PURSUANT TO ARTICLE 7 OF THE PROSPECTUS REGULATION

2.1 SECTION A : INTRODUCTION, CONTAINING WARNINGS

2.1.1 NAME OF THE SECURITIES AND ISIN CODE

Subject to public offering are 24,045,904 (twenty-four million forty-five thousand nine hundred and four) ordinary, dematerialized, registered, freely transferable shares with a nominal value of BGN 1, ISIN issue code: BG1100018057. The shares of this issue are of the same class as the already issued shares of the Company. This public offering will be carried out only on the territory of the Republic of Bulgaria.

2.1.2 IDENTIFICATION DATA, IDENTIFICATION CODE OF A LEGAL ENTITY AND CONTACT DETAILS WITH THE ISSUER

"Intercapital Property Development" REIT has a unique identification code (UIC) 131397743 and identification code of a legal entity (ICPS / LEI) 25490027CZAZKV10Y612.

Contact details of the Issuer:

Issuer:	Intercapital Property Development REIT
Headquarters and address of address / correspondence address:	Republic of Bulgaria, Sofia 1000, 6 Dobrudja Str., 4th floor
Phone:	(+359 2) 921 05 18
Contact email and notifications:	office@icpd.bg
Web page:	www.icpd.bg

2.1.3 IDENTIFICATION AND CONTACT DETAILS FOR THE AUTHORIZED INVESTMENT INTERMEDIARY

The authorized investment intermediary for the current offering of shares is INTERCAPITAL MARKETS AD, has a unified identification code (UIC) 131057477 and an identification code of a legal entity (ICPS / LEI) 549300MWSEJVHQAMN503.

Details to contact an authorized investment intermediary:

Investment firm:	INTERCAPITAL MARKETS AD
Address:	Sofia 1000, Sredets district, 6 Dobrudja Str., 3rd floor
Phone:	(+359 2) 921 05 13
Fax:	(+359 2) 921 05 21
Contact person:	Nicholas the Master
Contact email:	office@intercapitalmarkets.com
Web page:	www.intercapitalmarkets.com

2.1.4 IDENTIFICATION AND CONTACT DETAILS OF THE COMPETENT AUTHORITY THAT APPROVED THE PROSPECTUS

Contact details of the competent authority that approved the Prospectus:

Competent authority	Financial Supervision Commission
Headquarters and address of address / correspondence address:	Republic of Bulgaria, Sofia 1000, Oborishte district, Budapest Street № 16
Phone:	(+359 2) 2 9404 999
Contact email and notifications:	delovodstvo@fsc.bg
Web page:	www.fsc.bg

2.1.5 DATE OF APPROVAL OF THE PROSPECTUS

THE FINANCIAL SUPERVISION COMMISSION HAS CONFIRMED THIS PROSPECTUS WITH DECISION № [] OF [] D.

2.1.6 WARNINGS TO INVESTORS:

(a) This summary should be construed and interpreted as an introduction to the Prospectus ; (b) Any decision to invest in securities should be based on an investor 's examination of the entire Prospectus ; (c) The investor may lose all or part of the invested capital; (d) Where an action is brought before a court concerning the information contained in the Prospectus, the claimant investor may, under national law, be liable for the costs of translating the Prospectus before proceeding with legal proceedings; (e) Civil liability is borne only by the persons who have prepared the summary, including its translation, but only when it is misleading, inaccurate or inconsistent with the other parts of the Prospectus, when considered together with the other parts of the Prospectus, or when - considered together with others parts of the Prospectus - does not provide essential information to help investors decide whether to invest in these securities; (f) The requirements of Article 8 (3) (b) of Regulation (EU) № 1286/2014 of the European Parliament and of the Council of 26 November 2014 on the basic information documents for packages of investment products of retail and insurance-based investment products.

2.2 SECTION B : BASIC INFORMATION ABOUT THE ISSUER

2.2.1 WHO IS THE ISSUER OF THE OFFERED SHARES?

a) **HEADQUARTERS AND LEGAL FORM, IKPS, law under which it operates AND COUNTRY OF INCORPORATION** issuer of shares offered is „Intercapital Property Development " REIT (Intercapital Property Development ADSIC) - a joint stock company with special purpose vehicles created under Bulgarian law with registered office and address of management: Bulgaria, Sofia, 6 Dobrudja Str., 4th floor, UIC 131397743 and LEI code 25490027CZAZKV10Y612.

b) **MAIN ACTIVITY** - The main activity of the Company is related to investing funds raised through the issuance of securities in the purchase of real estate and limited real rights (over real estate), development of own real estate through construction and improvements, sale of real estate, rental (leasing, renting) or management of own real estate and any other activity related to the securitization of real estate and permitted

by law. By decision № 702-FVC of 16.11.2005 of the Financial Supervision Commission, the Company received a license to operate as a special investment purpose company.

Intercapital Property Development REIT is a public joint stock company within the meaning of the POSA. The shares of the company are traded on BSE AD, alternative market BaSE Market, with stock exchange code: 4IC. The company's shares are also traded on the Warsaw Stock Exchange, Poland, on the NewConnect market with a stock code: ISD.

c) MAIN SHAREHOLDERS - Intercapital Property Development REIT for the period of the considered historical financial information and as of the date of the Prospectus there are no shareholders holding a majority share of its capital.

Shareholders with direct participation over 5% in the capital of the Issuer as of the date of the Prospectus:

Name of the company	Country	Share of the total number of shares	Number of shares
FINANCE DIRECT AD	Bulgaria	6.61%	397 579
KRAJOWY DEPOZYT PAPIEROW WARTOSCIOWYCH S. - trustee account	Poland	16,34%	981 983
DF Invest Classic	Bulgaria	8.89%	534 679
INVEST ASSET MUTUAL FUND	Bulgaria	12.81%	770 246

At present there are no shareholders with majority participation in the capital of the Issuer, there is no natural or legal person to exercise direct or indirect control within the meaning of §1, item 14, letter a) of the Additional Provisions of LPOS to Intercapital Property Development "REIT, as a person who holds over 50 percent of the number of votes in the General Meeting of the Issuer within the meaning of §1, item 14, letter a) of the Additional Provisions of the POSA.

Economic Group - The Issuer is the sole owner of the capital of Marina Cape Management EOOD, Bulgaria and exercises direct control over its subsidiary. For its part, Marina Cape Management EOOD is the sole owner of the capital of Marina Cape Tours EOOD, Bulgaria. Intercapital Property Development REIT exercises indirect control over Marina Cape Tours EOOD.

d) INFORMATION ABOUT THE MAIN MANAGING DIRECTORS - The Company, Intercapital Property Development REIT has a one-tier management system. At the date of preparation of this Prospectus Board of Directors of "Intercapital Property Development REIT" consists of three members, namely:

Velichko Stoychev Klingov	CEO
Tsvetelina Chavdarova Hristova	independent member of the Board of Directors
AHELOY 2012 EOOD, represented by Petya Georgieva Yordanova	independent member of the Board of Directors

e) INFORMATION ABOUT THE LEGALLY DEFINED AUDITORS - The auditor of the Company during the period covered by the financial information considered in the Prospectus (2017, 2018 and 2019) is Nikolay Polinchev, member of the Institute of Certified Public Accountants (ICPA). with registration number 0684, exercising activity through NIBOS EOOD, Sofia, 1111, Slatina district, residential complex Geo Milev, 15 Geo Milev Str., Apt. 10 (business address), UIC 200635432. NIBOS EOOD is represented and managed by the sole owner of the capital Nikolay Mihailov Polinchev.

2.2.2 BASIC FINANCIAL INFORMATION ABOUT THE ISSUER

As of the date of the Intercapital Property Development Prospectus, REIT prepares financial statements both on an individual basis and on a consolidated basis. Information on the financial condition of the Company and the changes that occurred during the considered historical financial periods 2017, 2018 and 2019 is presented on an audited annual individual and audited annual consolidated basis. The interim unaudited financial information presented in this Prospectus is on an individual basis and covers the period of the first quarter of 2020 and the comparable period of the first quarter of 2019.

➤ Assets, according to audited annual individual financial statements for the period 2017 - 2019

ASSETS	Annual individual					
	12/31/2019	Title *	12/31/2018	Title *	12/31/2017	Title *
	<i>(audited data in thousands of BGN)</i>					
Total non-current assets	38 440	87.7%	36 712	84.4%	40 251	85.2%
Total current assets, including :	5 383	12.3%	6 777	15.6%	6 973	14.8%
- Money and cash equivalents	13	0.0%	2	0.0%	14	0.0%
Total Assets	43 823	100.0%	43 489	100.0%	47 224	100.0%
Equity	942		(495)		3 973	
Total non-current liabilities	13 070	30.5%	17 549	39.9%	17 665	40.8%
Total current liabilities	29 811	69.5%	26 435	60.1%	25 586	59.2%
Total liabilities	42 881	100%	43 984	100%	43 251	100%
Net financial liabilities (Liabilities - cash)	42 868		43 982		43 237	

* The share shown in the table is calculated to the total value of the assets, respectively the liabilities for the respective financial year. Source: Intercapital Property Development REIT

➤ Assets, according to unaudited interim separate financial statements as of 31.03.2020 and 31.03.2019.

ASSETS	Intermediate individual			
	03/31/2020	Title *	03/31/2019	Title *
	<i>(unaudited data in thousands of BGN)</i>			
Total non-current assets	38 371	88,11%	36 698	84,52%
Total current assets, including:	5 177	11,89%	6 721	15,48%
- Money and cash equivalents	160	0,37%	9	0,02%
Total Assets	43 548	100,00%	43 419	100,00%
Equity	718		(878)	
Total non-current liabilities	13 073	30,52%	17 518	39,55%
Total current liabilities	29 757	69,48%	26 779	60,45%

Total liabilities	42 830	100%	44 297	100.00%
Net financial liabilities (Liabilities - cash)	42 670		44 288	

* The share shown in the table is calculated to the total value of the assets, respectively the liabilities for the respective interim financial period. Source: Intercapital Property Development REIT

➤ Assets, according to audited annual consolidated financial statements for the period 2017 - 2019.

ASSETS	Annual consolidated					
	12/31/2019	Title *	12/31/2018	Title *	12/31/2017	Title *
	<i>(audited data in thousands of BGN)</i>					
Total non-current assets	38 864	85.7%	37 073	85.2%	40 644	86.5%
Total current assets	6 503	14.3%	6 463	14.8%	6 320	13.5%
- Money and cash equivalents	126	0.3%	98	0.2%	172	0.4%
Total Assets	45 367	100.0%	43 536	100.0%	46 964	100.0%
Equity	(1,005)		(219)		4 166	
Total non-current liabilities	15 447	33.3%	18 869	43.1%	18 538	43.3%
Total current liabilities	30 925	66.7%	24 886	56.9%	24 260	56.7%
Total liabilities	46 372	100.0%	43 755	100%	42 798	100%
Net financial liabilities (Liabilities - cash)	46 246		43 657		42 626	

* The share shown in the table is calculated to the total value of the assets, respectively the liabilities for the respective financial year. Source: Intercapital Property Development REIT

➤ Structure of revenues, expenses and profits / losses, according to audited annual separate financial statements for the period 2017 - 2019 and unaudited interim separate financial statements as of 31.03.2020 and 31.03.2019.

Indicator	Intermediate individual		Annual individual		
	03/31/2020	03/31/2019	2019	2018	2017
	<i>(unaudited data in thousands of BGN)</i>		<i>(audited data in thousands of BGN)</i>		
Total operating income			2 101	2 118	18 749
Total operating costs	(107)	(143)	(1,325)	(3,197)	(7,718)
Profit / (Loss) from operating activities	(43)	(143)	776	(1,079)	11 031
Financial income / expenses (net)	(181)	(240)	(897)	(1,588)	(6,428)
Changes in the fair value of investment property	-	-	55	(1,716)	(4,507)
Profit / (Loss) for the year	(224)	(383)	(66)	(4,383)	96
Earnings per share	(0.04)	(0.06)	(0.01)	(0.73)	0.02

Source: Intercapital Property Development REIT

➤ Structure of revenues, expenses and profits / losses, according to audited annual consolidated financial statements for the period 2017 - 2019.

Indicator	Annual consolidated		
	2019	2018	2017
	<i>(audited data in thousands of BGN)</i>		
Total operating income	3 269	3 632	21 656
Total operating costs	(2,981)	(4,595)	(10,184)
Profit / (Loss) from operating activities	288	(963)	11 472
Changes in the fair value of investment property	55	(1,716)	(4,507)
Profit / (Loss)	(1,986)	(4,290)	382
Tax expenses	-	(10)	(39)
Profit / (Loss) for the year	(1,986)	(4,300)	343
Earnings per share	(0.33)	(0.72)	0.05

Source: Intercapital Property Development REIT

➤ Cash flows according to individual audited annual financial statements for the period 2017 - 2019 and unaudited interim financial statements individual is so and to 31.03.2020 and on 31.03.2019, the

Individual cash flow statement (thousand BGN)	Intermediate		Annual		
	3/31/2020	3/31/2019	2019	2018	2017
	<i>(unaudited data)</i>		<i>(audited data)</i>		
Net cash flow from operating activities	296	7	485	(12)	(20)
Net cash flow from investing activities	-	-	-	-	-
Net cash flow from financing activities	(149)	-	(474)	-	-
Net change in cash and cash equivalents	147	7	11	(12)	(20)
Cash and cash equivalents at the beginning of the year	13	2	2	14	34
Cash and cash equivalents at the end of the year	160	9	13	2	14

Source: Intercapital Property Development REIT

➤ Cash flows, according to audited annual consolidated financial statements for the period 2017 - 2019.

Consolidated statement of cash flows	Annual		
	2019	2018	2017
	<i>(audited data in thousands of BGN)</i>		
Net cash flow from operating activities	502	(74)	(239)
Net cash flow from investing activities	-	-	(1)
Net cash flow from financing activities	(474)	-	-
Net change in cash and cash equivalents	28	(74)	(240)

Cash and cash equivalents at the beginning of the year	98	172	412
Cash and cash equivalents at the end of the year	126	98	172

Source: Intercapital Property Development REIT

At the time of preparation of this Prospectus, the Issuer has not prepared estimated financial data and has not made assumptions about estimated or approximate values of profits.

2.2.3 BRIEF DESCRIPTION OF ALL OBSERVATIONS IN THE AUDIT REPORT RELATING TO FINANCIAL INFORMATION FOR PAST PERIODS:

Opinion of the independent auditor's report for 2019 - audited individual financial statements :

Qualified Opinion - "In our opinion, except for the possible effect of the issue described in the section of our report Basis for expressing a qualified opinion, the attached financial statements present reliably, in all material respects, the financial condition of the Company as of December 31, 2019. and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Opinion from the independent auditor's report for 2018 - audited individual financial statement :

Qualified opinion - "In our opinion, except for the possible effect of the issue described in the section of our report Base for expressing a qualified opinion, the attached financial statements present reliably, in all material respects, the financial condition of the Company as of December 31, 2018. and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Opinion of the independent auditor's report for 2017 - audited individual financial statements :

Qualified Opinion - "In our opinion, except for the possible effect of the issue described in the section of our report Basis for expressing a qualified opinion, the attached financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017. and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Opinion of the independent auditor's report for 2019 - audited consolidated financial statements :

Qualified opinion - "In our opinion, except for the possible effect of the issue described in the section of our report Basis for expressing a qualified opinion, the attached financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019. and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Opinion of the independent auditor's report for 2018 - audited consolidated financial statements :

Qualified opinion - "In our opinion, except for the possible effect of the issue described in the section of our report Base for expressing a qualified opinion, the attached financial statements present reliably, in all material respects, the financial condition of the Company as of December 31, 2018. and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Opinion of the independent auditor's report for 2017 - audited consolidated financial statements :

Qualified opinion - "In our opinion, except for the possible effect of the issue described in the section of our report Basis of qualified opinion, the attached financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017. and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

2.2.4 WHAT ARE THE MAIN RISKS CHARACTERISTIC OF THE ISSUER?

The main risks typical for the Issuer are related to its subject of activity regulated by the Law for the companies with special investment purpose - securitization of real estates:

- Risk related to management;
- Risk that the Issuer fails to finance its planned capital expenditures and investments;
- Risk related to the dependence on the activity of the servicing companies;
- Dependence on other real estate owners - bought apartments in the holiday complex;
- Risk related to a possible increase in the costs of maintenance of the complex and the service hired staff ;
- Risk related to the employment of investment (holiday) properties ;
- Risk associated with adverse changes in real estate market prices;
- Risk of change in the regulations concerning the company's activity ;
- Risks of occurrence of force majeure events, etc.
- Risk related to the possibility of the Issuer or any of the companies in the group to be decapitalized

2.3 SECTION C : SECURITIES INFORMATION

2.3.1 WHAT ARE THE MAIN CHARACTERISTICS OF THE PROPOSED SHARES?

TYPE, CLASS AND ISIN - Subject of the Offer are 24 045 904 new, ordinary, registered, dematerialized, freely transferable shares from capital increase of Intercapital Property Development REIT, with voting right, dividend right and liquidation share right, proportional to their nominal value. The shares of this issue have ISIN code BG1100018057 and are of the same class as the already issued shares of the Company.

CURRENCY, SINGLE NOMINAL VALUE, TOTAL NOMINAL VALUE, NUMBER AND PERIOD OF SHARES :

Currency - The issue of shares for capital increase of Intercapital Property Development REIT is denominated in Bulgarian levs (BGN). After the successful completion of the capital increase, the shares will be quoted and traded in Bulgarian levs on the Bulgarian Stock Exchange AD and in Polish zlotys on the Warsaw Stock Exchange.

Nominal value - The nominal and issue value of the current issue of shares is BGN 1 (one BGN).

Total nominal value - The offered shares have a total maximum nominal value of BGN 24,045,904 (twenty-four million forty-five thousand nine hundred and four). The total number of offered shares is a maximum of 24,045,904 (twenty-four million forty-five thousand nine hundred and four).

Term securities - "Intercapital Property Development" ADSIC is not limited by time of existence, issue new shares and is not limited by time.

RIGHTS MATERIALIZED IN THE SHARES - Each subscribed share of this issue carries to its holder the following :

Fundamental rights : Dividend right; Right to vote; Right to a liquidation share in proportion to the nominal value of the shares ; Right to information; Right to participate in the management by resolving the issues within the competence of the GMS; Right to subscribe for part of the new shares upon increase of the capital of the Company, in proportion to the shares held until the increase and right to preferential acquisition of securities ; Right to protection of membership and individual membership rights (Article 71 of the CA); The right of every shareholder to attack before the court decisions of the General Meeting of Shareholders, contrary to the law or the Articles of Association (Article 74 of the CA).

Minority rights - (shareholders holding together or separately at least 5 percent of the capital of the public company): Right to sue the Company against third parties, in case of inaction of its management bodies, which endangers the interests of the Company; Right to file a claim before the district court at the seat of the Company for compensation of damages caused to the Company by actions or inactions of the members of its management and control bodies and its procurator; The right to request from the General Assembly or the district court the appointment of controllers; The right to request the district court to convene a General Assembly; The right to request the inclusion of issues and to propose decisions on issues already included in the agenda of the General Meeting under Art. 223a of the CA. This right shall not be applied when an item under Art. 114, para. 1 of LPOS.

PROCEDURE OF THE CLAIMS OF THE SHARES IN THE CAPITAL STRUCTURE OF THE ISSUER IN CASE OF INSOLVENCY - The shares represent a capital instrument, which certifies the participation of their holder in the Company and in its capital and property. In case of insolvency of the Issuer, the shareholders would receive part of the Issuer's property provided that after the satisfaction of the claims of all creditors there is property left for distribution among the shareholders, respectively up to the amount of this property. Therefore, the receivables of the holders of shares of the residual property of the Company in case of bankruptcy are practically subordinated to all other secured and unsecured creditors of the Issuer.

RESTRICTIONS ON THE FREE TRANSFER OF SHARES - The shares issued by Intercapital Property Development REIT are transferred freely, without restrictions.

DIVIDEND POLICY - Intercapital Property Development REIT must distribute as dividend at least 90% of the profit for the past financial year, determined under Art. 10, para. 3 of the SPV Act and in compliance with the requirements of Art. 247a of the CA. The right to receive a dividend have the persons entered in the registers of the Central Depository as persons entitled to a dividend on the 14th day after the day of the General Meeting, at which the annual financial statements are adopted and a decision is made for distribution of the profit. The annual dividend is paid within 12 months from the end of the respective financial year (according to Article 132 of the Articles of Association).

2.3.2 WHERE WILL THE OFFERED SHARES BE TRADED?

Upon successful subscription of the Offered Shares, the Issuer will perform the necessary procedures for their admission to stock exchange trading on the Alternative Market of the Bulgarian Stock Exchange (www.basemarket.bg). The stock exchange trading will be able to start on the date set by the Board of Directors of the BSE. The issuer will declare the new shares for trading on the alternative market "NewConnect" (<https://newconnect.pl/en-home>) organized by the Warsaw Stock Exchange, where the already issued shares of the Company are traded.

2.3.3 IS THERE A GUARANTEE RELATED TO THE SECURITIES?

No guarantee issued shares offered by an increase in ka p Italy Issuer.

2.3.4 WHAT ARE THE MAIN RISKS CHARACTERISTIC OF THE PROPOSED SHARES?

- Price Risk ;
- Risk of unsuccessful implementation of the public offering of securities ;
- Lack of liquidity for the company's shares ;
- Dividend risk ;
- Risk of changing the tax regime of investments in securities.

2.4 SECTION D : BASIC INFORMATION ON THE PUBLIC OFFERING OF SHARES

2.4.1 UNDER WHAT CONDITIONS AND ON WHAT SCHEDULE CAN I PARTICIPATE IN THE OFFER?

The expected date of the issue is based on the assumption that the procedures in the respective institutions will take place and be completed approximately in the shortest possible time limits and in accordance with the practice established by them. Changes in the respective dates may occur as a result of a change in the date of approval of the Prospectus by the FSC, in the initial date of the offer due to delay of the respective publications of the Communication under Art. 92a, para. 1 of POSA to the website of specialized financial media X3News, the Issuer and investment in January intermediaries k, and depending on the date of registration of the capital increase in the Commercial Register to the Registry Agency, registration in "Central Depository" AD, the entry of the issue in the register kept by the FSC and the admission of the shares for trading on a regulated market.

EXPECTED / APPROXIMATE PROPOSAL SCHEDULE:

Approval of the previously submitted prospectus by the FSC	7/30/2020
Disclosure of the Public Offering Notice through information media and on the websites of the issuer and the authorized investment intermediary	7/31/2020
Registration of the rights of BSE-Sofia AD	8/3/2020
Start date for transfer of rights	8/10/2020
Expiration of the term for transfer of rights	8/25/2020

Conducting an auction on BSE-Sofia AD	9/1/2020
Start date for subscription of shares	8/10/2020
Expiration of the term for subscription and payment of the shares	9/17/2020
Issuance of a bank certificate for the amounts collected on the accumulation account and for the subscribed shares	9/17/2020
Application for entry of the issue in the Commercial Register	9/17/2020
Pronouncing the Commercial Register and entering the issue	9/25/2020
Registration of the issue in the Central Depository	9/30/2020
Registration of the issue in the FSC	10/5/2020
Submission for registration of the new shares on the BSE	10/6/2020
Registration of the new shares on the BSE	10/14/2020

TERMS, CONDITIONS AND DETAILS OF THE ADMISSION TO TRADING ON A REGULATED MARKET - Scope of supply are up to 24 045 904 new shares from the capital increase of „Intercapital Property Development " REIT. The offered shares have a nominal value and an issue value of BGN 1 (one BGN). The capital will be increased only if at least 15,255,474 of the offered shares are subscribed and paid, in which case the capital will be increased only by the value of the subscribed shares.

Pursuant to Art. 112b, para. 2 of LPOS the right to participate in the capital increase have the persons, who have acquired shares not later than 7 (seven) days after the date of publication of the announcement under art. 92a, para. 1 of POSA - the publication on the website of specialized financial media **X3News (www.x3news.com)**, as well as the websites of "Intercapital Property Development " REIT and the authorized investment intermediary. One right is issued against each share existing at the end of the specified term. Each right gives the opportunity to subscribe for 4 new shares. The starting date for the transfer of rights is the first working day following the expiration of 7 days from the publication of the Notice of Offer in the above order. The deadline for the transfer of rights is the first working day following the expiration of 7 days from the starting date for the transfer of rights. According to the BSE Rules, the last date for concluding stock exchange transactions with rights is 2 working days before the deadline for transfer of rights according to the previous sentence. Investors should keep in mind that all rights not exercised by the deadline are offered for sale at the official auction organized by the BSE. On the 5th working day after the deadline for transfer of rights "Intercapital Property Development " REIT through authorized investment firm, offered for sale in the open auction all rights that are not exercised / against are not recorded new shares until the end of the term for transfer of rights. The starting date for subscription of shares coincides with the date from which the offering of the rights begins - the first business day following the expiration of 7 days from the date of publication of the Notice of Offer. The deadline for subscription of shares by rights holders is the first business day following the expiration of 15 days from the day on which a period is seen to transfer rights.

The subscription of the New Shares is done by the holders of rights submitting written applications (" Applications " to the investment intermediaries - members of the Central Depository, where the client accounts for the rights held by the applicants are kept. Payment of the issue value of the subscribed shares is made by special collection account opened in the name of the issuer, which will be specified in the Notice of public offering of Art. 92a of POSA. According to the preliminary schedule, the subscription of the new shares will start on or about 09. 7 0.2020 and will end on or about 14. 8.2020. immediately after the registration of the new shares in the Commercial register, the Central Depository and the FSC will be an application for admission to trading of the offered shares on the unofficial market of the BSE, which is expected to be around 01. 9 0.2020, the expected the issue is to be admitted to trading on the Bulgarian Stock Exchange AD at the beginning of September 2020, and on the Warsaw Stock Exchange in the period end of 2020 at the latest. by the end of February 2021

DISTRIBUTION AND PLACING PLAN - The current shareholders of Intercapital Property Development REIT, holding shares of the same class as the offered shares, are entitled to a privileged participation in the increase of the Company's capital (Art. 112b, para. 2 of the PPA). All other investors have the opportunity on equal terms to participate in the capital increase of the Company by purchasing rights within the term for their transfer / trading, and to exercise the rights, each person may subscribe at least one new share at an issue value of 1.00 BGN (one lev) and at most such number of shares, which is equal to the acquired or owned rights, multiplied by 4 (four), and upon receipt of a number that is not an integer, it is rounded to the smaller integer. There is no reason for privileged offering of securities to a certain group of investors. There are also no opportunities or limits on the number of shares that can be acquired by one person or related parties. The public offering of the shares of this issue will be made on the Bulgarian Stock Exchange AD, Republic of Bulgaria.

NET REVENUES AND EXPENSES FOR THE ISSUE - The total costs per share, calculated as the total estimated costs directly related to the current public offering of securities (BGN 7,927.00) are divided by the maximum number of shares that will be offered publicly. 045 904), are BGN 0.000 3 per share. In case of capital increase with the minimum number of offered shares (15,255,474 shares), in which case the procedure is considered successful, the estimated costs per share amount to BGN 0,000 5 per share.

Upon increase of the Issuer's capital by the maximum number of offered shares, the net revenues from the public offering will amount to BGN 24,037,977 (twenty-four million thirty-seven thousand nine hundred and seventy-seven).

In case of increase of the Issuer's capital with the minimum number of offered shares, where the procedure is considered successful, the net revenues from the public offering will amount to BGN 15,247,547 (fifteen million two hundred forty-seven thousand five hundred forty-seven). At the expense of investors will only be the costs of concluding transactions with rights and shares, incl. the commissions of the investment intermediaries and the other fees (fees of the BSE and the Central Depository), if the same are not included in the total commission of the investment intermediaries.

DILUTION - The issue value of one share of the current issue from the capital increase in the amount of BGN 1.00 per share is higher than the current book value of one share of the ordinary shares already issued in the capital, which amounts to BGN 0.12 per share, calculated as of the date of the last published unaudited interim separate financial statement of the Company as of 31.03.2020.

Assuming that the new shares would be issued as of the date of the last prepared unaudited interim separate financial statement of the Issuer as of 31.03.2020, then:

✓ In case of increase of the Issuer's capital with the maximum number of offered shares, the equity after the increase in the maximum amount and after deduction of the expenses on the public offering of the issue will have a value of 24 755 977 (twenty four million seven hundred fifty five thousand nine hundred seventy and seven) levs. In this case, the total number of shares after the increase in the maximum amount will

amount to 30,057,380 (thirty million fifty-seven thousand three hundred and eighty) shares. The book value of one share upon subscription of the maximum amount of the offer will increase to BGN 0.82.

✓ In case of increase of the Issuer's capital with the minimum number of offered shares, the equity after the increase in the minimum amount and after deduction of the expenses on the public offering of the issue will have value of 15 965 547 (fifteen million nine hundred sixty five thousand five hundred forty seven) leva. In this case, the total number of shares after the increase in the maximum amount will amount to 21,266,950 (twenty-one million two hundred sixty-six thousand nine hundred and fifty) shares. The book value of one share upon subscription of the minimum amount of the offer will increase to BGN 0.75.

It is evident from the calculations made that in case of capital increase in maximum amount and in case of increase in minimum amount, the value of one share will remain higher than the book value of one share before the capital increase. Therefore, the current public offering does not show a dilution effect on the book value of one share, regardless of the amount of subscribed and paid shares of the current issue, as a result of which the existing shareholders of Intercapital Property Development REIT will not be diluted.

DILUTION DUE TO REDUCTION OF THE PERCENTAGE SHARE IN THE ISSUER'S CAPITAL - It is possible to reduce the percentage share of the Issuer's capital held by the shareholders if they do not subscribe to the capital increase due to them. The direct dilution of the percentage share in the capital of the Issuer, for a shareholder who does not participate in the increase of the capital of the Company, will be determined on the basis of the share of its shares, compared to the total number of shares issued by the Company. current issue). If a shareholder holding an old share does not subscribe the new shares due to him, but sells the rights due to him, then his share in the capital of the Company would decrease as follows: by 80.00% with a maximum subscription of the offered shares of 0.00002% to 0.000003%; by 71.73% with a minimum subscription of the offered shares, respectively from 0.00002% to 0.000005%;

2.4.2 WHY WAS THIS PROSPECTUS PREPARED?

OBJECTIVE - The purpose of this proposal is to raise funds to finance the investment intentions of the Issuer regarding the reconstruction of existing investment property, modernization and modernization of any of the services offered in the property, improving the financial condition of the issuer by paying current liabilities. and to respond to the challenges, risks and opportunities posed and redefined by the global COVID-19 pandemic.

USE OF FUNDS - The raised capital from this public offering will be used to carry out the main activity of the Company related to the investment and development of real estate, permitted by law. The plans of the Company envisage spending in two directions, namely:

A. **Expansion and modernization of owned investment property, including:**

1. reconstruction of the internal distribution of the residential floors, upgrading and finishing works of the constructed buildings in "Zone 4" representing "Sector 26" and "Sector 27" of the holiday complex "Marina Cape", Aheloy (including furniture);
2. purchase and installation of solar panels and heat exchanger for outdoor pool;
3. in the presence of funds, other activities related to modernization and modernization of the services offered in the complex are planned, such as further development of the children's club and construction of additional playgrounds and attractions, separation of sports grounds and facilities, as well as other related with increasing the quality of the offered entertainment services in the complex. According to preliminary data, the necessary funds under item A of the current objectives will amount to BGN 2,500,000.

B. **Repayment of current liabilities of the Issuer**

1. repayment of the majority of the Issuer's current liabilities.

As of the date of the Prospectus, the Issuer has other current liabilities to third parties in the amount of BGN 27,090,000. The purpose of the present offering of shares presented in Objective B. "**Repayment of current liabilities of the Issuer**" is to raise funds sufficient to repay part of these liabilities in the amount of a minimum of 45% to a maximum of 80% and more of the total current liabilities to third parties (depending on the amount of funds raised). The repayment of part of the current liabilities of the Company will improve its capital structure and financial condition, which will lead to a significant improvement of the liquidity and indebtedness ratios of the Issuer.

➤ **Fulfillment of the objectives for maximum subscription** - Upon subscription and payment of the maximum offered number of shares from the current public offering, the raised net funds in the amount of BGN 24,037,977 (twenty-four million thirty-seven thousand nine hundred seventy-seven) will be spent, as follows:

1. expansion and modernization of Zone 4, from the holiday complex "Marina Cape", Aheloy. According to preliminary data, the investment will amount to approximately BGN 2,500,000;
2. repayment of current liabilities of the Company amounts to 21 537 977 (twenty one million five hundred and thirty-seven thousand nine hundred seventy-seven) lev, representing 79.5% of current liabilities of the Company to third parties. Priority to repay Javan of duties : in cessions to "Marina Cape Properties" LTD - 15 922 thousand. Lev, redemption of bonds amounted to 4205 thousand. Lev, partly in other current liabilities of the Company in the amount of 1 BGN 411 thousand

➤ **Meeting the minimum subscription targets** - When subscribing and paying for the minimum required shares, the net cash raised in the amount of 15,247,547 (fifteen million two hundred forty-seven thousand five hundred forty-seven) will actually be fully used to achieve the same purpose, but the amount of capital raised by first goals will be carried out under item A. "Expansion and modernization of the owned investment property" and the rest of 12 747 547 (twelve million seven hundred forty seven thousand five hundred and forty-seven) BGN will be repaid part of the current debt obligations of the Issuer, representing 47% of the current liabilities of the company to third parties, namely part of the obligations under assignments to Marina Cape Properties OOD (BGN 12,747,547) representing 80% of the total liability in the amount of BGN 15,922 thousand.).

➤ **Priority for achieving the objectives:** There will be no differences in the use of funds and their hierarchy in the minimum and maximum net capital raised - all funds will be directed to the implementation of the above activities as in the case of capital increase is smaller than the maximum, first funds will be set aside for the planned investments in the holiday complex "Marina Cape" (according to the objectives described under item A. "**Expansion and modernization of owned investment property**"), and the remaining amount from the collected net funds current liabilities to third parties will be repaid (according to the objectives described under item B. "**Repayment of current liabilities of the Issuer**"). The proceeds from the issue will not be used for acquisitions of assets other than the ordinary business activity of the Issuer, regulated by the Law on Special Investment Purpose Companies and in the Articles of Association of the Company.

3 RISK FACTORS

Investing in shares issued by “Intercapital Property Development REIT”, it involves a number of risks that could affect their value and profitability. Potential investors should carefully consider the risks described below, together with the other information presented in this Prospectus, before deciding to acquire the shares offered by this document.

The company cannot guarantee the realization of its investment goals, nor the achievement of certain results. Each of the described risk factors may have a significant negative impact on the activities of the Company, and some of the risks are beyond the possibilities of control or counteraction on its part.

The consistency in the presentation of the risk factors reflects the view of the Board of Directors regarding their specific significance at present for the activity of the Company. All factors that, in the opinion of the issuer, can have a significant impact on making an investment decision are discussed. In the course of carrying out its activity, the Company, respectively its investors, may be exposed to other risks, which at the moment cannot be foreseen or are insignificant at the discretion of the compilers as of the date of this document.

A. SYSTEMATIC RISKS

Systematic risks are related to the market and the macro environment in which the Company operates, therefore they cannot be managed and controlled by the management team.

- **Macroeconomic Risk**

This risk is seen linked to economic stability and growth prospects of the national economy, including entering and government policies on taxes, inflation, GDP, budget deficit and external debt, unemployment of the countries and regulations and decisions taken by central banks that influence monetary and interest rate policy in order to stimulate or stop an economy.

Bulgaria has an open economy, therefore its development depends directly on international financial money. An example is the emergence of a raging financial crisis in the US because of the aggressive funding of banks with mortgage loans in 2008 and subsequently grew into a global economic crisis, led to a reduction in interest rates by central banks to stimulate global economies developed countries. As a result of this, increased debt levels, including many EU countries, on the one hand lead to a rise in consumption in the short and medium term, but on the other led to unstable debt levels of both government and corporate level. Also the global economic crisis led to a decline in exports leading to a flow of foreign capital, reduced lending by financial institutions in our country. The factors estate market shrank significantly after onset of the last global economic crisis, not only because of deteriorating credit conditions but also because of reduced investment appetite for investment in riskier countries.

The activity of the company, the results of its operational and financial condition depend on the stability of the Bulgarian economy. Each worse not one or more macroeconomic factors (interest rates, inflation, unemployment, foreign investment) may negatively affect the Company, including operational and financial position.

- **Political risk**

This is the risk arising from the political processes in the country - the risk of political destabilization, changes in governance, legislation, economic policy and the tax system. Any risk associated with the possibility the government of a country to dramatically change the course of policy as a result of which

the occurrence of negative economic changes in January and business climate of the country. Deteriorating market conditions lead to losses for both the companies operating in it and the investors.

Among the political risks are successful continuation of the integration of Bulgaria into EUROPEAN C ayuz (EU). After the country's accession to the EU at the beginning of 2007 on were imposed economic reforms in the name of integration of our country into the European Union. In the future, economic growth will depend on the political will to continue economic reforms, in order to introduce the best market practices of the EU in economic, political, social, legal, financial terms.

Political climate of Bulgaria as a member of NATO and the European Union is stable and portends serious risks to future economic policy. Our country's course towards the Eurozone, thanks to the strict fiscal government discipline, expressed in moderate government debt to gross domestic product in the country, also help reduce political risk and relatively cheap financial resources with which our country can finance government your projects.

However, a potential instability of the institutions in the country may have a significant adverse effect on the issuer's operations, operating results and financial condition. The company is also vulnerable to foreign policy risks and their effects on the country's economy. All potential investors must take into account the existence of political risk in accordance with their own understandings and expectations, taking it into account when making a decision on investing in securities of the Issuer.

- **Risk of force majeure**

Force majeure are all natural, political and other cataclysms (floods, earthquakes, civil disobedience, clashes, strikes, etc.) that are unforeseen. Force majeure circumstances can also be errors and accidents on the material base of mechanical nature, due to human or non-systemic error. The occurrence of such events may have a direct and immediate impact on all activities related to tourist real estate and disrupt the normal activities of the Issuer, which in turn will affect its financial condition.

At the date of preparation of this Prospectus in the world there is a force majeure, in connection with the announced on 11/03/2020, the World Health Organization (WHO) pandemic coronavirus (Covid-19). The Republic of Bulgaria has declared a state of emergency on the territory of the country, as such has been declared in a number of countries in Europe and around the world. The spread of the virus has an adverse effect on economic activity in the country and the world, stock markets, tourism, transport and many other industries. Supply is expected to decline due to the impact of production chains on the global new, which is likely to lead to a global recession.

The disruption of normal economic activity in the Republic of Bulgaria as a result of Covid-19 may adversely affect the operations of Intercapital Property Development REIT, in particular on the revenues and management of holiday properties. The management of the company has taken timely measures in order to deal with the global force majeure situation, including in Bulgaria, in connection with which a public offering of shares subject to this Prospectus has been undertaken.

Intercapital Property Development REIT, in its capacity as a public company, will disclose as soon as possible information on the impact of Covid-19 on its operations. Due to the dynamic situation and the new measures taken by the governments of the affected countries to deal with the epidemic, as of the date of preparation of this Prospectus, the Issuer is not able to assess the impact on the development of its activities and financial condition.

- **Inflation risk**

Inflation risk is associated with the likelihood that inflation will reduce the purchasing power of the local currency, and hence the real return and savings of investors in it. A decrease in real incomes will have a negative impact on domestic consumption. The main risks associated with the inflation forecast relate to the dynamics of international prices and the rate of economic growth in Bulgaria. Over the last three years, the inflation rate, measured by the consumer price index, has been growing on an annual basis from 2.1% to 2.8% in 2018 compared to 2017, and for the last year it has increased to 3.8%. According to the forecast of the Ministry of Finance, the growth rate of the country's economy is expected to slow down slightly to 3.3% for the period 2020-2022.

Inflation may also affect the amount of the Issuer's expenses, as part of the Company's liabilities are interest-bearing. Their service is related to interest rates, which also reflect the levels of inflation in the country. Therefore, maintaining low inflation levels in the country is considered a significant factor in the activities of Intercapital Property Development REIT.

As far as Bulgarian Government maintains course for the country's accession to the Eurozone in the foreseeable future level H and inflation is not expected to exceed 2-3% per annum. Thus, at present the mechanism of the currency board provides guarantees that inflation in the country will remain under control and will not have an adverse impact on the economy of the country, and in particular on the activities of the Company. However, every investor must take into account the presence of inflation and take into account both current and expected levels of inflation risk.

- **Currency risk**

The currency risk arises from the fact that the shares of the Issuer are denominated in Bulgarian levs. Any depreciation of the lev against another currency (other than the euro) would lead to a loss of investors, compared to the return they would receive from an investment under the same conditions, but expressed in foreign currency. The fixed exchange rate of the lev to the euro at a ratio of 1 EUR = 1.95583 BGN, after the introduction of the currency board system in the country on July 1, 1997, limited the fluctuations of the lev to the major international currencies by imposing a currency board in Bulgaria. As a result, the presence of currency risk was largely eliminated.

Currency risk exists when at x audits and expenditure of a company formed by different currencies. This type of risk can be reduced through complex financial instruments called derivatives. Currently, the Company does not generate income and expenditure with and in av currencies other than Bulgarian lev, so that risk is minimized.

- **Government credit risk**

Credit risk is the probability that a country's international credit rating will deteriorate. A low credit rating of the country could result in higher interest rates, more severe financing conditions for economic actors, including the Issuer.

On 29.05.2020 the international rating agency S&P Global Ratings confirmed the long-term and short-term credit rating of Bulgaria in foreign and local currency 'BBB / A-2' and revised the outlook from positive to stable.

The revision reflects expectations for a significant deterioration in growth in Bulgaria, as well as in other countries, in 2020, as a result of the introduction of measures to control the Covid-19 pandemic. The rating agency reports an increase in macroeconomic and fiscal risks, but given that in recent years the country's macroeconomic imbalances have shrunk significantly, analysts expect that the Bulgarian economy will recover in 2021.

According to S&P Global Ratings, Bulgaria is entering the current recession with a strong external position, after years of current account surplus. Government debt is low and the country has reported budget surpluses over the past four years. According to the rating agency, the response of the policy to overcome the consequences of the pandemic will not endanger the stability of public finances, stating that the currency board regime in the country promotes prudent fiscal policy. Analysts from S&P Global Ratings also note that Bulgaria is making steady progress towards joining VM II and the banking union. Limitations to the rating are the institutional environment and the low GDP per capita, compared to other European countries.

Among the main factors that could lead to an upgrade are a return to the previous growth trajectory, without the accumulation of large macroeconomic imbalances, as well as an improvement in external balances, exceeding the expectations of the agency. Accordingly, among the factors that would lead to a downgrade are the emergence of external, macroeconomic or fiscal imbalances.

The risk of deteriorating credit rating of the country due to unstable governance of the country would have a negative impact on both the company's costs, as part of the Company's liabilities are interest and their servicing is related to interest rates, and on its future opportunities for external financing.

- **Interest rate risk**

The interest rate risk is related to the possibility that the current interest rates at which the Issuer finances its activity may increase. The increase of interest rates, other things being equal, would adversely affect the price of the financial resources used by the Issuer in the implementation of various business projects and as a result the net profits of the Company would decrease. The company can reduce interest rate risk through the balanced use of different sources of financing.

The company is exposed to the risk of changes in market interest rates coming from debt financing through loans from financial institutions.

- **Unemployment risk**

In market economies, unemployment is recognized as a social risk due to work. As a socially assessed risk, unemployment is subject to compulsory social insurance and compensation under certain conditions. The overall activity of the formation and implementation of the state policy on social insurance of unemployment, as well as the promotion and support of the unemployed in finding and starting work and / or other type of economic activity, gives the content of the process of managing this social risk.

High levels of unemployment can seriously jeopardize the economic growth in the country, which in turn can lead to shrinking consumption and reducing revenues generated by businesses in the country, including revenues generated by the Issuer and its subsidiaries.

In the fourth quarter of 2019 g. unemployment rate in Bulgaria has decreased from the previous quarter. According to the latest published NSI data, the unemployment rate in the country for the fourth quarter of 2019 is 4.1% or 0.6 percentage points lower than in the fourth quarter of 2018. The number of people in 2019 without work is equal to 138.5 thousand people. During the same period, the unemployment rate was 4.4 percentage points for men and 3.8 percentage points for women. Of all unemployed persons, 9.5% have higher education, 45.9% - secondary education, and 44.6% - primary or lower education. Unemployment rates by level of education are 1.3% for higher education, 3.3% for secondary education and 13.8% for primary and lower education, respectively.

Source: www.nsi.bg.

At the date of preparation of the Prospectus no official data on the unemployment rate in the country for the last few months of 2020 are expected in connection with the raging global pandemic with COVID-19,

and there number of changes in economic activity, the organization of work, employment, and discontinued so activity of a number of businesses after the announcement that Parliament and of emergency in the country, to observe an increase in the unemployment rate at present. In this regard, a number of governments, incl. Bulgarian and introduced plans and taken measures to help businesses and individuals to overcome the consequences of the economic and social crisis resulting from the pandemic. At the same time, at the moment there is no complete picture of what is happening at micro and macro level, what is the scope and scale of the effects of the crisis and, respectively, of the anti-crisis measures taken.

- **Risks related to changes in the tax and regulatory framework**

The issuer's results may be affected by changes in the regulatory framework. The possibility of more radical changes in the regulatory framework in Bulgaria may have an adverse effect on the activities of the Issuer as a whole, its operating results and its financial condition. Of crucial importance for the financial result of Intercapital Property Development REIT is the preservation of the current tax regime for the Company's activities, in particular the exemption of the Company's profit from corporate taxation. Taxing the profits of Intercapital Property Development REIT with corporate tax would reduce the Company's net profit and the amount of dividend it distributes to its shareholders. There is no guarantee that laws and regulations, co and it is directly relevant to the Company will not Bud and so amended and in a direction that would lead to significant unforeseen costs and consequently adversely affect its earnings. The taxation system in Bulgaria is still developing, as a result of which a contradictory tax practice may arise. Investors should also take into account that the value of the investment in shares may be adversely affected by changes in existing tax legislation, including its interpretation and application. Despite these assumptions, it should be borne in mind that the local legislation on the part of special investment purpose companies is well functioning, which suggests that the favorable regulatory model of this type of companies will be maintained in the future.

- **Risk associated with environmental pollution**

These risks are usually associated with environmental pollution, e.g. by using in the construction of materials harmful to human health or purchasing contaminated properties and imposing on the Company an obligation to remove contaminants of properties owned by it. These risks will be controlled through a careful preliminary analysis of the properties being purchased.

B. NON - SYSTEMIC RISKS

Non-systematic risks can be divided into two types: sectoral (sectoral) risk, related to the uncertainty in the development of the industry as a whole, and corporate risk arising from the characteristics of a Company.

RISKS WHEN INVESTING IN THE REAL ESTATE MARKET (SECTORAL RISKS)

The specific risks that affect the sector in which the Issuer operates arise from changes in the business environment with real estate and tourism. They are the result of external factors for the Company, over which it cannot influence.

- **Adverse changes in market prices of real estate**

The main part of the Company's assets are invested in real estate. Therefore, the dynamics of prices on the real estate market, including the prices of construction, rents and other related services (insurance, maintenance, etc.) will have a decisive effect on the Company's profit and the value of its capital.

It is possible that a possible decrease in real estate prices and / or rents will reduce the Company's profit. The Company seeks to reduce the indirect risk of potential reduction in rental levels by constructing

and offering for sale specific properties whose rents are less likely to fall or such properties that are primarily for the personal use of buyers. Part of the funds raised through the current capital increase of the Company will be invested in the construction of new buildings and reconstruction of existing ones, due to which an increase in the prices of design, construction and installation materials and construction materials, other things being equal, will negatively affect the profitability of the Company.

- **Low Real Estate Liquidity**

Real estate investments are relatively illiquid assets. This means that a property owned by Intercapital Property Development REIT is likely not to be sold quickly and at low cost, at a fair price. This, in turn, will reduce the planned return on the Company's operations. In order to meet short-term cash needs, the Company will take action to repay current liabilities with the funds raised through the current capital increase. Actions will also be taken to renegotiate the remaining current liabilities to third parties into non-current liabilities. The Company will review and optimize at the group level inventories and all other costs that it may affect. If there are free funds, they will be invested in super liquid instruments (cash on hand, bank deposits - termless or up to three months and securities with a residual maturity of up to 90 days).

- **The increase in costs for construction and repair of real estate.**

The investment strategy of the Company envisages a significant part of the raised equity and attracted capital to be invested in construction / repair of real estate. The company will bear the risk associated with the ability of the hired construction companies to complete the sites within the estimated costs, in accordance with construction and architectural plans and regulations, and especially within the specified deadlines. Failure by a construction company may necessitate legal action. However, the impossibility of the contractor can also be caused by factors beyond his control. Irrespective of whether there is a fault in the delay in the execution, preliminary contracts for sale or rent and / or payment of compensations may be terminated. Occurrence of events such as those described above would have a significant negative effect on the Company's profitability. To minimize this risk, the Company will carefully study its potential contractors and enter into contracts with those for whom there are sufficient grounds to believe that they are able to perform the assigned work qualitatively, on time and within the budget..

- **The increase in the price and / or non-coverage by the real estate insurances.**

In accordance with the requirements of the law, the Company insures the real estate owned by it against fire and natural disasters, in accordance with the usual prudent practice in the country. However, there are risks that are not covered by insurance companies or whose insurance at the actual value of the property is not economically justified due to the high premiums that will have to be paid (eg the risk of a terrorist act). If damages arise from an insurance event over the insurance coverage, the Company will incur losses, which may be up to the amount of the capital invested in the respective real estate. P OST insurance are current expense that the Company performs in increasing insurance Prima, its financial result decreased.

- **Depending on other owners of real estate - bought apartments in the holiday complex.**

When renting a property rental company, will be dependent on the financial stability of the owners purchased apartments in in a complex, in the event that they are difficult to carry out payments for maintenance fee, according to the signed agreements between countries they due to financial or other reasons - will is likely to be reflected in a decrease in the collection, income, and hence the profit of the Group.

- **Risk associated with a possible increase in the maintenance costs of the complex and the service staff**

The increase in the costs for maintenance of the properties in the holiday complex above the certain fee paid by the other real estate owners - who bought apartments in the holiday complex, will have an adverse effect on the results of operations and financial condition of the Company. "Intercapital Property Development " REIT manage and minimize this risk by closely monitor and analyze the economic situation in the country and the possibility of increase in utility costs and the labor market in the tourism sector related to the value of remuneration of the other apartment owners from the holiday property management fee for maintenance of the complex.

- **Risk related to the employment of investment (holiday) properties**

It is possible in certain periods of time for some of the Issuer's own properties, leased by the servicing (subsidiary) company to tourists and organizations, for the purpose of tourism and organization of business and group events to lack visitors. In these cases, for the period in which the subsidiary will not be able to fill its capacity, it will not receive income from the respective property (holiday apartment). To reduce these risks, Gr at Bang will apply flexible approach as regular monitoring on the demand for such type of properties and will offer improvements to existing as well as new and attractive tourism and related services to attract customers and new target groups.

COMPANY - SPECIFIC RISKS

These risks arise from factors and changes directly related to the activity of the Issuer and its business model. They relate specifically to the Company and it can have the greatest influence on them.

- **Choosing an inappropriate market strategy**

The future profits as well as the market value of the Issuer depend on the business strategy chosen by the top management team of the company. The company strives to control the strategic risk by constantly monitoring its market strategy and results in order to adjust them in a timely manner if necessary in order to protect the investor's interest. Inappropriate or delayed changes in the strategy of the Company, could have a serious adverse effect on its business, measuring in losses or lost profits in financial and operational condition.

- **Liquidity Risk**

Inability of the Company to meet its counterpart obligations under their matriculation so leads to liquidity risk. Liquidity depends mainly on the availability of highly liquid assets, mainly cash or their respective equivalents.

Effective liquidity risk management requires a conservative policy by constantly maintaining optimal and liquid assets, flexible loans to finance the company's activities, adequate credit resources, daily inspection of available liquid assets to cover the upcoming maturities arising from the Company's liabilities.

Investments in real estate assets are generally low liquidity - it is likely that a property will not be sold at a fair market price, with low costs and quickly, due to the long terms of the transfer, legal and factual complications associated with the transfer of ownership. This means that in order to avoid this type of risk, very careful monitoring and assessment of the Company's liquidity is required.

- **Credit Risk**

This type of risk arises when borrowings occur and the borrower is likely to fail to meet late, partial or full commitments in the contract between him and the lender or when the company's customers are unable to repay part or all of their due schedule. Amounts, which will lead to losses for the company. To control this risk, the Company has created an organization currently monitoring the collection and preparation of analysis of the current status of receivables to customers and other counterparties to it and use this and Mr. formation control credit risk. Also, Issuer seen to monitor closely the emergence of new obligations and their timely payment.

The Law on Special Investment Purpose provides a mechanism to limit this risk by requiring all of company property to be assessed by independent experts with appropriate qualifications and experience.

- **Currency risk**

In Bulgaria since 1999 the local currency is pegged to the euro. A sharp change in the macro-framework of any of the countries in the Region may have a negative effect on the results in Bulgaria. The company carries out its transactions mainly on the domestic market. Sales of services are made in BGN. The company is not exposed to significant currency risk because almost all its operations and transactions are denominated in Bulgarian levs and euros, and the latter has a fixed exchange rate against the lev.

Currency risk exists for investors whose initial funds are denominated in US dollars or another currency other than BGN and EUR due to the constant movements of exchange rates. Investors who assume currency risk when purchasing the current issue would increase or decrease the effective return on their investments due to the strengthening or weakening of the euro against the respective currency.

- **Risks related to the activity and structure of the issuer**

As of the date of the Intercapital Property Development Prospectus, REIT has no majority shareholder and does not belong to a specific economic group. In a possible need to fund the implementation of the investment policy of the Issuer, so OVA circumstance can ferret odes risk to the Issuer by the lack of support of a majority shareholder in deciding to issue debt securities applying for a bank loan or a capital increase of the Company.

- **Operational risks. Risks related to the management of the issuer**

The operational risks are related to the management of the Company. This is the risk of unexpected losses or expenses related to the Company's activities as a result of inadequate actions or non-functioning internal processes. The main risk is related to making wrong investment decisions of the company's management, actions of the servicing company and the depository bank. These risks could lead to losses for the Company, and hence deterioration of the Issuer's liquidity. Other operational risks could be - possible technical errors of the unified information system; leaving key employees and inability to hire staff with the necessary qualities; risk of excessive increase in management and administration costs, leading to a decrease in the overall profitability of the company.

The persons who would invest in the Company's securities expect the investment to be affected by the main risks related to the activity of the Company - Issuer. The actual occurrence of these risks during the period of holding the securities leads to a decrease in cash receipts for the Issuer, and hence to the possibility of generating profit for the Company and its shareholders.

- **Dependence on key personnel**

The construction of new and innovative business, economic and financial models requires a very specific qualification in the company's staff - the lack of such specialists in the country due to high competition between employers in Bulgaria and European markets, leads to a serious shortage of their number. The success of the company's goals will depend, to some extent, on its ability to retain its managers. Failure

to maintain sufficient experienced and qualified staff in key and positions the company could have a material adverse effect on the financial and operational condition. At this time, the Company has not taken out key personnel insurance.

- **Risk related to the dependence on the activity of the service companies**

The financial condition of the Company is directly dependent on the activities of the servicing companies. In order to limit possible losses, Intercapital Property Development REIT has entered into written agreements with the servicing companies, which clearly regulate the rights, obligations and responsibilities of the parties in case of breach of contract.

- **Risk, Issuer seen to be unable to finance its planned capital expenditure and investments**

Real estate investments require solid capital expenditures. In case of unfavorable economic, financial or other negative events for the Company, it may be necessary to finance these costs mainly from external sources. However, there is no certainty that external funding can be found and attracted on acceptable terms. As a result, it is probable that the Company will need to reduce capital expenditures and investments, which would adversely affect its operating results and financial condition. In order to minimize this risk, the Company carries out strict planning of future investments and the need for financing in order to take timely action to ensure it, in order to avoid delays and lost profits.

- **Risk of insufficient working capital for payment of dividends**

Special investment purpose companies are obliged to distribute at least 90% of the converted profit for the year (according to the provisions of Article 10, paragraph 3 of the SPV Act and Article 247a of the CA) in the form of a dividend. Therefore, the Board of Directors is responsible for the precise management of the inflows and outflows of the Company so that it has sufficient cash to pay the dividend due. In the event of adverse economic and financial consequences, these costs may need to be financed mainly from external sources such as bank loans or other credit lines. However, there is no certainty that, if external funding is needed, it can be raised on acceptable terms.

- **Unethical and illegal behavior**

This is the risk that the Company may suffer damage due to unethical behavior of persons with whom it is in contract with subsidiary incl. persons from the governing bodies of companies in the group. To avoid this risk, the Board of Directors intends to adhere to strict rules for transparency in decision-making and to avoid conflicts of interest. The risk of unethical and illegal behavior of external counterparties of the Company will be minimized through a preliminary analysis of these partners and their reputation.

- **Risk of possible transactions between the Company and its related parties, in different from market conditions**

All transactions of the Issuer with related parties, incl. the owners, its subsidiaries and key management personnel are entered into under market conditions. Although the Issuer's management expects that all future transactions or agreements will be concluded on terms not worse for Intercapital Property Development REIT than those in which it may enter into transactions with unrelated parties, the possibility of a similar situation has arisen.

- **Risk related to the possibility of the Issuer or any of the companies in the group to be decapitalized**

As far as the date of the last drawn auditor annual financial statements of the Issuer and its subsidiary, size is seen in own capital is lower than the primary (equity) capital at risk, the Issuer or its subsidiary companies and be undercapitalized. In this regard, "Intercapital Property Development" ADSIC

has taken measures to overcome the current deleveraging through this public offering, described in the justification of the purpose of spending the funds raised from the increase in resources (ie. 19. 4 " *Reasons for the offer and use of receipts* '). After the successful completion of the increase of the share capital, the Issuer will significantly improve its capital structure on an individual and consolidated level, and the effect for this will be achieved through the following actions and benefits :

- ✓ by increasing the share capital - the amount of the Company's equity will increase significantly;
- ✓ through the planned reconstruction and completion of "Zone 4" of the holiday complex "Marina Cape" :
 - the Issuers' own sold in advance apartments will become more attractive for the buyers and the possibility for concluding real estate purchase and sale transactions will improve, which will generate profits from the activity and will increase the Issuer's equity;
 - the rented (by the servicing-subsiary) rental holiday properties will become more profitable, which will lead to an increase in revenues, reduction of costs and increase in the result of their management;
- ✓ through the planned payment of current liabilities - interest costs will be reduced, which will allow for the generation of larger profits, and hence an increase in equity;
- ✓ through modernization and modernization of some of the services offered in the property - the servicing (subsidiary) of the Issuer will have the opportunity to: extend the active season to 8 months per calendar year; improving the infrastructure in the complex and increasing the quality of service. All this will lead to the expansion of the customer segment after a significant improvement in the conditions for offering and organizing business events, seminars, team building, children's and sports camps and other group events. Ultimately, this will help increase employment and fill the capacity of the complex, generate profits for the subsidiary and improve its equity. All this will increase the possibility for regular payment to the Issuer of the fee agreed in the investment property management contract;
- ✓ by optimizing the costs at group level - including: stocks, costs for consumables, interest, external services, etc.

The management of Intercapital Property Development REIT believes that through the measures taken to overcome the current decapitalization, the Issuer will be able to significantly improve its financial condition, including the structure of its equity. However, the full effect, in which the amount of equity reaches the core, will be achieved in the next few financial periods with the realization of a consistent positive financial result from the activity.

- **Competition risks**

The real estate market is highly competitive and has many participants. The main competitors of the Company are the other companies with special investment purpose securitizing real estate and in particular those aimed at offering tourist and holiday services.

The main part of the company's assets are real estate in the town of Aheloy (holiday complex "Marina Cape"), the other asset is in the resort. Borovets (unfinished construction). The holiday property market is highly competitive, and it is not possible to name individuals who have a significant market share and can influence the economic environment. The price of real estate owned by Intercapital Property Development REIT depends on the general state of the holiday property market.

There are no guarantees that Intercapital Property Development REIT will be able to achieve better returns than its competitors and / or attract more tourists and partner organizations to hold events at the Marina Cape holiday complex.

- **Risk of unsuccessful implementation of the public offering of securities**

In case of unsuccessful implementation of the public offering, the Company will face the impossibility to provide in whole or in part the necessary resource for financing and achieving the investment goals set in the Prospectus.

In order to minimize this risk, although there are no guarantees that it will be successful, in a specific such situation, along with additional cost optimization, the Company's management will implement a flexible policy to provide the legally permitted sources and forms of financing, and restructuring available in January his loan is Mr capital. There is a risk that if the current public offering of securities fails, the Company will continue to be decapitalized. In the event of such a confluence of circumstances to overcome the decapitalization and significant uncertainty associated with the assumption of a going concern, the sale of assets will be sought quickly - preferably the realization of the unfinished investment property "Grand Borovets", in addition Efforts will be directed to carry out transactions for purchase and sale of the Company's own apartments in the holiday complex "Marina Cape", Aheloy. In case of insufficiency of the improvement of the own capital after generated profits from the sale of properties, a new public issue will be offered for increase of the fixed capital, but this time in a smaller amount necessary for covering the shortage of the own capital.

C. RISK FACTORS CHARACTERISTIC OF THE SHARES SUBJECT OF THE PUBLIC OFFER

Investing in stocks is associated with a high degree of risk. Each investor should be informed about the nature and specifics of the risks to which he is exposed as an investor in shares described in this Prospectus.

It is recommended that each investor be acquainted historically with the trading of the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange / Giełda Papierów Wartościowych w Warszawie (Warsaw Stock Exchange) / of the existing issue of ordinary shares of the Company in order to better understand and acceptance of the risks described below for investing in the proposed New Shares of the Company.

- **Price Risk**

The market value of the Issuer's shares, including those subject to this Prospectus, after their registration for trading on a regulated market is determined on the basis of supply and demand. The share price is also influenced by the economic and financial results of the Company together with the other publicly disclosed information, as well as by external factors influencing the capital markets in the country, over which the Issuer cannot exercise influence. Therefore, the Company does not guarantee to investors that the price of its shares will remain stable and / or will increase its value in the future. Shareholders should be aware that events may occur that will cause sharp fluctuations in market prices of shares, as previously manifested in the Bulgarian capital market and international financial markets, and that these movements are likely to affect in unfavorable direction of the shares of the Company.

- **Liquidity risk**

Liquidity risk is related to the liquidity of the securities market itself and expresses the potential opportunity to buy or sell in a short time and normal volumes of the given securities on the secondary market. In case of low liquidity and in particular lack of active market demand for shares, concluding transactions with them may be difficult, which may lead to the impossibility of making capital gains or to

preventing possible losses by individual investors..The registration of shares they of "Intercapital Property Development" AD JRC free trade "Bulgarian Stock Exchange" JSC and " WSE " limited impact of this risk.

- **Inflation risk**

Inflation risk is the probability of an increase in the general level of prices in the economy, as a result of which the purchasing power of the local currency - the lev - decreases. Inflationary processes lead to a decrease in the real return that investors receive.

Investing in securities is considered to be the main instrument for hedging against inflation risk, as the increase in the general level of prices leads to an increase in the market value of the real assets owned by the company, and hence to an increase in the net asset value distributed. per share.

- **Currency risk**

A change in the exchange rate of the lev against another currency would change the return that investors expect to receive by comparing it with the return they would receive from an investment denominated in another currency. A possible devaluation of the lev in such a situation would lead to a decrease in the return on investment in the Company's securities. On the other hand, a reduction in profitability would lead to a decline in investor interest and, consequently, to a reduction in share prices. The Bulgarian lev is fixed by law to the euro, which largely eliminates the presence of currency risk and determines the movement of the lev against other international currencies, subject entirely to the behavior of the common European currency. Until the abolition of the currency board system in the country, the currency risk when investing in shares of the Company will be reduced to the risk of depreciation of the euro.

- **Risk of unsuccessful implementation of the public offering of securities**

In case the Company fails to increase its capital by the specified minimum amount, so that the issue is considered successful, the Company is at risk of not being able to meet its main business and financial objectives set out in the Prospectus for the public offering.

- **Lack of liquidity for the company's shares**

At the moment there is not much active trading in the shares of the Company on the BSE and on the Polish stock exchange, where the shares are also traded. After the New Shares are admitted to trading, there is no certainty that an active stock market will be created and exist for them or that their issue value will correspond to the price at which they will be traded on the stock market. In the case of sales of significant quantities of shares or the expectation that such sales may occur, the market price of the shares may be adversely affected. The degree of liquidity of the securities may adversely affect the price at which the investor wishes to make a sale.

- **Risk of dilution of capital**

The risk of dilution is the probability of a reduction in the shareholder's proportionate share of the issuer's profits, dividends and liquidation shares, voting rights at the general meeting of shareholders and even the loss of certain specific rights. In order to avoid such dilution, each shareholder in the company receives free rights, which provide him with the opportunity to subscribe for a proportional part of the new issue of securities, corresponding to his percentage before the capital increase. In the event that the shareholder exercises these rights in full, the risk of dilution is eliminated. This risk can only occur when shareholders do not exercise their rights and do not subscribe for a proportionate share of the new shares.

- **Risk of non-payment of dividend**

The payment of dividend depends on the realization of a positive financial result from the activity of the Company. Investors should keep in mind that it is possible for a given financial year that the Company does not make a profit at all and accordingly does not distribute a dividend.

- **Risk associated with reinvestment**

Reinvestment risk is expressed in the investor decide to dispose of owned shares of the Company earlier than their original investment decision. Then there is a risk for the investor not to find other securities with the same or better yield in which to reinvest.

- **Risk of Volatility**

There is a possibility of sharp movements in the share prices of the Company. They can be caused both by fundamental factors specific to the Issuer itself (eg publication of financial results, corporate event such as change of ownership, merger and acquisition) and external factors beyond the control of Intercapital Property Development REIT occurring on local and / or international financial markets (eg collapse of trading systems, computer errors, drying of market liquidity, etc.). Volatility caused by sharp movements in stock prices can lead to significant losses for investors in them.

- **Risk of changing the tax regime of investments in securities**

The taxation of the income realized from transactions with shares of public companies on a regulated and unregulated market, as well as the income from dividends and liquidation shares, is discussed in detail in item 20.9 "Tax legislation" of this Document.

The risk of changing the described tax regime consists in the possibility to change the specified tax status of income from securities, dividends and liquidation shares, in the direction of increasing the tax burden for shareholders and reducing their profits.

4 PERSONS RESPONSIBLE FOR PREPARING THE PROSPECTUS

The preparation of the entire Prospectus - presented in a document, is assigned to the Board of Directors of "Intercapital Property Development" REIT (more information about them is presented in the item. 1.2 "management and supervisory bodies and senior management"), namely:

- Velichko Stoychev Klingov - From filler e n Director ;
- Tsvetelina Chavdarova Hristova - independent member of the Board of Directors;
- "Aheloi 2012" Ltd., UIC 202371390, c. Sofia - independent member of the Board of Directors, p redstavlyavano in SD by Petya Georgieva Yordanov while.

The business address of the members of the Board of Directors is Sofia 1000, Sredets district, 6 Dobrudzha Str., 4th floor.

Independent oh Ditore of the Company for 2019, 2018 and 2017 Nikolay Polinchev, a member of the Institute of Chartered Accountants ("IDES"), reg. № 0684 operating a business through a company "NIBOS" Ltd., UIC 200635432, with the address of management and business address Sofia, 1111, district Slatina, zh.k. Geo Milev, 15 Geo Milev Str., Apt. 10. NIBOS EOOD is represented and managed by the sole owner of the capital Nikolay Mihailov Polinchev.

Compiler of the audited annual individual financial statements and the audited annual consolidated financial statements of the Company for 2017, 2018. and 2019, and unaudited interim individual financial statements as of 31/03/2020 year and unaudited interim individual financial statements as of 31/03/2019, the discussed in this Prospectus is "Optima Audit " AD, c. Sofia, UIC 130582707, here representing the company noble and Svilenova Atanasov and in her capacity as CEO. Optima Audit AD is also a compiler of all prepared and published historically unaudited interim separate financial statements and unaudited interim consolidated financial statements of the Issuer (which are not presented in this Prospectus, but are available in the public sources shown in the Prospectus), in its capacity a servicing company and accounting services under a contract concluded between the parties from 2005 g. Seat it and address and the management of "Optima Audit " AD is the town. Sofia 1000, Oborishte, bul. " GS Rakovski " № 76. The business address of the company is Sofia, 1680, 23 Kyustendil Str., 1st floor, office 2.

Responsible for the information in the entire Prospectus is Intercapital Property Development REIT as an Issuer of shares from the current public issue.

The information included in the Prospectus has been provided to the compiler by the Issuer or has been collected from public sources.

Intercapital Property Development REIT, in its capacity as Issuer of the offered shares assumes responsibility for the completeness and accuracy of the information contained in this Document. The members of the Board of Directors of the Issuer declare with their signatures at the end of the document that to the best of their knowledge the information contained in the Prospectus corresponds to the facts and that there are no omissions in the Document that could affect its meaning.

In addition, according to Art. 81, para. 2 of the POSA, the representative of Intercapital Property Development REIT declares with its signatures, placed at the end of the Document, that the Prospectus meets the requirements of the law.

According to Art. 81, para. 3 of the POSA, the members of the Board of Directors of Intercapital Property Development REIT are jointly and severally liable for any and all damages caused by erroneous, misleading or incomplete data in the Prospectus. The persons responsible for the preparation of the financial statements are jointly and severally liable with the persons from the previous sentence for any and all damages caused by erroneous, misleading or incomplete data in the financial statements of the Company, and the auditors of the Company - for damages caused by reports on the audited financial statements of the Company.

In accordance with Art. 81, para. 5 of the Public Offering of Securities Act (POSA), all the above-mentioned persons responsible for the content of the Prospectus declare that to the best of their knowledge and after making all reasonable efforts to verify this information in the Prospectus, respectively in the specified parts of it for which they are responsible is true and complete as it corresponds to the facts and does not contain an omission that is likely to affect its meaning.

The declarations under Art. 81, para. 5 of LPOS by the above-mentioned responsible persons are presented as separate appendices to the Prospectus and represent an integral part of the same.

5 STATUTORY DETERMINE DEER AND AUDITORS

The Company's auditor during the period covered by the Financial Information considered in the Prospectus (2017, 2018 and 2019) is Nikolay Polinchev, a member of the Institute of Certified Public Accountants (ICPA), which is the professional body of the certified public accountants. - with chat leaders in the Republic of Bulgaria. with registration number 0684, exercising activity through the company "NIBOS" EOOD, Sofia, 1111, Slatina district, residential complex Geo Milev, ul. Geo Milev № 15, Apt. 10 (business address), UIC 200635432. NIBOS EOOD is represented and managed by the sole owner of the capital Nikolay Mihailov Polinchev.

The auditor of the Company has performed an audit of the annual individual financial statements for 2 017 2018 and 2019. As well as the annual consolidated financial statements for 2017 in 2018 and 2019 in accordance with International Accounting Standards (IAS) and in accordance with professional production 's requirements Internal accepted audit standards.

Auditor Nikolay Mihailov Polinchev with registration number 0684 is registered as an auditor responsible for the audit of the annual individual and annual consolidated financial statements for 2017, 2018 and 2019 of the Issuer.

In the period covered by the historical and financial information presented in this Prospectus, the auditor of the Issuer has not resigned.

6 ISSUER INFORMATION

6.1 LEGAL AND COMMERCIAL NAME. HEADQUARTERS AND CONTACTS

LEGAL AND TRADE NAME	INTERCAPITAL PROPERTY DEVELOPMENT REIT. The name of the Company has not been changed since its establishment.
LEGAL FORM	Joint Stock Company with Special Investment Purpose (REIT)
PLACE OF REGISTRATION	Bulgaria
LEGISLATION	Bulgarian
UNIQUE IDENTIFICATION CODE (UIC)	131397743
LEGAL ENTITY IDENTIFICATION CODE (LEI)	25490027CZAZKV10Y612

HEADQUARTERS AND ADDRESS OF MANAGEMENT / ADDRESS FOR CORRESPONDENCE	Republic of Bulgaria, Sofia, 6 Dobrudzha Str., 4th floor
PHONE	(+359 2) 921 05 18
CONTACT EMAIL AND NOTIFICATIONS:	office@icpd.bg
WEB PAGE	www.icpd.bg

With the exception of the documents to which the Prospectus refers, the content of the Issuer's website does not form part of this Prospectus.

6.2 DATE OF ESTABLISHMENT AND DURATION OF THE ISSUER'S ACTIVITY

Intercapital Property Development REIT is a joint stock company with a special investment purpose, which was established on 18.02.2005 under the terms and conditions of the Special Investment Purpose Companies Act (SPIF) and is entered in the register of the Sofia City Court with Decision № 1 of March 29, 2005, part. № 92329, Volume 1204, Reg. I, p. 23 in the company file № 3624/2005.

By decision № 702-FVC of 16.11.2005 of the Financial Supervision Commission, the Company received a license to operate as a special investment purpose company. The same decision also confirmed the Prospectus for public offering of 750,000 new shares of the Company, issued for the purpose of initial increase of the company's capital.

The company is not limited in time.

"Intercapital Property Development" REIT is a public limited oh company under POSA.

The shares of the company are traded on BSE AD, alternative market BaSE Market, with stock exchange code: 4IC.

The Company's shares are admitted to trading on the WSE (Warsaw Stock Exchange), Poland, the market "NewConnect" by ticker: ISD.

6.3 ACCOUNTING SERVICES SERVICE COMPANY

LEGAL AND TRADE NAME	Optima Audit AD
UNIQUE IDENTIFICATION CODE (UIC)	130582707
HEADQUARTERS AND ADDRESS OF MANAGEMENT	Republic of Bulgaria, Sofia, GS Str. Rakovski "№ 76
BUSINESS ADDRESS	Sofia, 1680, 23 Kyustendil Str., 1st floor, office 2
PHONE	(+359 2) 981 11 31

WEB PAGE	www.optimaudit.com
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The accounting is carried out by Optima Audit AD, with UIC 130582707 with registered office and address of management: Sofia, GS Str. Rakovski "76, with business address: Sofia, 1680, 23 Kyustendil Str., 1st floor, office 2; Phone: (+359 2) 981 11 31.

Significant conditions of the concluded contract between the special investment purpose company and the servicing company for accounting services, including the conditions for termination.

Optima Audit AD has been a servicing company for accounting services of the Issuer since 2005. According to the contract with Optima Audit AD, the same provides the Company with the following accounting services: keeping the accounting and other reporting and correspondence of the Company; providing financial advice in connection with the activities of the Company and the current regulations.

The accounting services company may be replaced by another service company.

The contract for accounting services is concluded for a period of one year, after the expiration of which it is considered automatically extended for a new period of 1 year, unless one of the parties explicitly expresses its desire to terminate it. The contract may be terminated or terminated except in the general cases provided for in the CPA and CA, and with 1 month written notice from each party, upon revocation of the license of the contracting authority by the FSC, as well as withdrawal from the contract by the contracting authority - if the servicing company has ceased to meet the requirements of the law, or of the Articles of Association or the Prospectus of the assignor. In case of termination of the contract with the servicing company, it will be promptly replaced by another servicing company for accounting services.

6.4 SERVICE COMPANY FOR MANAGEMENT AND MAINTENANCE OF REAL ESTATE (SUBSIDIARY)

LEGAL AND TRADE NAME	Marina Cape Management EOOD
UNIQUE IDENTIFICATION CODE (UIC)	175158218
HEADQUARTERS AND ADDRESS OF MANAGEMENT	Republic of Bulgaria, Sofia, 6 Dobrudja Str
BUSINESS ADDRESS	Sofia, 6 Dobrudja Str
PHONE	(+359 2) 921 05 13
EMAIL ADDRESS	office@marinacape.com
WEB PAGE	www.marinacape.bg

Marina Cape Management EOOD was registered with a decision of 18.10.2006 of the Sofia City Court in a company case № 12083/2006 and was entered in the Commercial Register at the Registry Agency with entry number 20080313190856. The capital of the company is in amount of BGN 5,000.

Marina Cape Management EOOD is a 100% subsidiary of Intercapital Property Development REIT, established in 2006 in order to take over the maintenance and management of the apartments and retail space in the Marina Cape holiday complex. Since the establishment of the company in 2006 until now, Marina Cape Management EOOD is the only servicing company of Intercapital Property Development REIT that has performed the activity of servicing and managing the Marina Cape holiday complex.

Marina Cape Management EOOD is represented and managed by Radostina Panteleeva and Nedyalko Dinev. At a meeting of the Board of Directors of Intercapital Property Development REIT on April 18, 2018, a decision was made to appoint a second manager of Marina Cape Management EOOD, namely Nedyalko Zafirov Dinev, to represent and manage the company together with the current Manager Radostina Krалеva Panteleeva. "Marina Cape Management" Ltd. is a company with which all customers who have acquired properties in the holiday complex "Marina Cape" enter into a contract for maintenance and management with an annual fee of 12 euros per square meter.

The main activity of "Marina Cape Management" Ltd. according to its articles of association is: Maintenance and management of real estate, incl. agricultural land; rental of real estate; consulting and mediation activities; establishment and management of catering establishments offering traditional Bulgarian, European and Asian (including Pakistani, Thai and Indian) cuisine; construction, equipment and management of sports and recreation centers offering exotic and Asian procedures and therapies for recreation and recovery; consulting and intermediary services in the purchase, sale, rental or lease of agricultural land, consulting activities for management and cultivation of agricultural land; warehousing transactions, as well as any other commercial activity that is not prohibited by law.

Marina Cape Management EOOD is a service company of Intercapital Property Development REIT according to the Law on Special Investment Purpose Companies. It deals mainly with the operation of the sites built by the parent company. The activity of the Company includes servicing of the apartments in the holiday complex "Marina Cape" and operation of the commercial areas in the complex.

The average staff of the service company in 2019 is 35 employees.

Marina Cape Management EOOD has an investment in a subsidiary:

Marina Cape Tips EOOD is a 100% subsidiary of Marina Cape Management EOOD. The acquisition of the company was entered in the Commercial Register on 04.11.2009. The subject of activity of Marina Cape Tips EOOD is offering tourist services and mediation. The company is represented and managed by Radostina Panteleeva.

Revenues from the activities of Marina Cape Management EOOD in 2019 can be divided into two areas: revenues from the operation of retail space in the holiday complex "Marina Cape" (including restaurants, water bar, spa and sports center, conference center, shops, etc.) and from providing services to the owners and tenants in the complex (including property maintenance, renting, etc.).

Marina Cape Management EOOD also generates other revenues from activities and services such as tourist transportation and additional cleaning, provision of Internet services, provision of safes for storing belongings of tourists, etc.

Significant conditions of the concluded contract between the special investment purpose company and the servicing company for management and servicing of real estate, including the conditions for termination.

On April 1, 2019, Intercapital Property Development REIT concluded a new contract with Marina Cape Management EOOD, according to which the servicing company, in its capacity of Manager, uses and operates all real estate owned by the Issuer and located in Vacation Marina Cape complex, Aheloy according to their purpose. The service company also has the right to sublet and / or operate them in any other way, collecting income from it.

The term for which the contract is concluded is 10 (ten) years, as of the date of its signing.

For the use and operation of the properties, the Manager undertakes to pay to the Owner an annual fee of 75% (seventy-five percentage points) of the net amount of the annual positive financial result of the Manager's activity on the territory of the entire Marina Cape Holiday Complex., Aheloy, for the respective reporting financial year, before taxes, but not less than 420,000 (four hundred and twenty thousand) euros without VAT.

The following conditions have been agreed under which the contract is terminated:

- upon expiration of the term;
- by mutual agreement between the parties, expressed in writing;
- upon termination of the contract, the Manager is obliged to terminate the activities under this contract, and to report and hand over to the Owner the Properties, equipment and furniture in them within seven days, in the condition in which he accepted them, taking into account the normal wear and tear for the period. of their use and operation.

6.5 DEPOSITORY BANK

LEGAL AND TRADE NAME	"UniCredit Bulbank AD
UNIQUE IDENTIFICATION CODE (UIC)	831919536
HEADQUARTERS AND ADDRESS OF MANAGEMENT	Republic of Bulgaria, Sofia, 7 Sveta Nedelya Square
DATE OF INCORPORATION	16.05.1990, according to Decision № 1 of the same date of the Sofia City Court in a company case № 2010/1990
LICENSE NUMBER AND DATE	License for performing banking activity according to Order № RD 22-0841 of 07.05.2007 of the Governor of the Bulgarian National Bank
BUSINESS ADDRESS	Sofia, 7 Sveta Nedelya Square
PHONE	0700 1 84 84 (Vivacom); 1 84 84 (M-Tel and Telenor)
WEB PAGE	www.unicreditbulbank.bg

UniCredit Bulbank AD meets the requirements of Art. 9, para. 4 of the SPV Act, respectively Art. 28 and Chapter Five of the Law on the Activity of Collective Investment Schemes and Other Collective Investment Enterprises.

Essential conditions of the contract concluded between the special investment purpose company and the depository bank, including the conditions for termination.

Pursuant to a depository services agreement concluded between the issuer and Unicredit Bulbank AD, the depository bank is assigned, on the grounds and under the conditions established and admissible by law, to perform indefinitely the functions of the Depository Bank, consisting of depository financial services, namely:

- acceptance for safekeeping of cash and securities of the Company;
- opens and maintains accounts in the name of the Company for the funds and securities owned by it;
- maintains a register of securities issued in the Republic of Bulgaria and held by the Company, which are entered in the register of the Central Depository and the register of the BNB to the sub-account of Unicredit Bulbank AD;
- makes payments and operations by order of the Company on its behalf and for its account during and on the occasion of servicing and administration of its assets in money and securities, up to the amount of the respective cash on its accounts in the Company for money and / or securities;
- collects income related to the securities issued in the Republic of Bulgaria and transfers them to the accounts of the Company;
- reports to the Company for the assets entrusted to it and the performed operations.

The Custodian Bank has all obligations under the contract, which are required by the SPV Act, the POSA and the regulations on their implementation, including: to store and report separately the assets of the Company from its own and other assets accepted for safekeeping; to make all payments in compliance with the conditions provided in the Articles of Association of the Company and ensure the use of the revenues of the Company in accordance with these acts and the law, including monitoring compliance with the statutory limit on the costs of the Company.

The contract is terminated without notice under the following conditions:

- by mutual consent of the parties with a written agreement, in which the relations between them on it and their property consequences are obligatorily and finally settled;
- upon termination of the Company, including upon opening of liquidation or bankruptcy proceedings;
- upon initiation of liquidation or bankruptcy proceedings under Art. 22 of the Law on Banks against the Custodian Bank;
- upon deletion of the Depository Bank from the list of banks that meet the requirements of Art. 35 of ACISCIPA (Law on the Activity of Collective Investment Schemes and Other Collective Investment Enterprises), approved by the Deputy Chairman of the Financial Supervision Commission, Head of the Investment Supervision Department and the Bulgarian National Bank;
- in case the Custodian Bank is elected as a member of the Board of Directors of the Company or as a person performing management or control functions in the Company, or is a related person with a member of the Board of Directors of the Company or with another person performing management or control functions in the Company or with a person who controls the Company;
- in case the Custodian Bank concludes a contract with the Company, by which it assumes the functions of an investment intermediary of the Company;

- in case the Depository Bank becomes a creditor or guarantor of the Company except for its receivables under the depository services contract.

The Agreement may also be terminated by unilateral written notice by either party to it: one month in respect of the Company and two months by the Custodian Bank.

In case of termination of this agreement, the Custodian Bank shall transfer the assets of the Company, as well as all necessary documents to the new Custodian Bank specified by it. The transfer of the cash and the securities shall be made within five working days from the designation by the Company of the new depository bank, and for the cash the term shall run from the indication of specific cash accounts with it. The Custodian Bank undertakes to transfer the documents necessary to the new Custodian Bank for the performance of its functions.

From the beginning of the Company's activity until the date of preparation of this Prospectus, the Custodian Bank has not been replaced.

6.6 EVALUATORS

The main appraiser of the real estates is Dobi 02 EOOD, with UIC 130962200, with registered office and address of management: Sofia, 8 22nd Septemvri Str., Bl. 219, ent. B, ap. 21.

Dobi 02 EOOD specializes in providing expert and consulting services on issues related to: privatization projects and valuations, business diagnostics, property valuations of companies, consultations on problems in the privatization process. The company works with a team of evaluators with specialized academic education licensed to this activity by the Privatization Agency and a line rich practical experience. Dobi 02 EOOD, holds License № 10 502/2004. by the Privatization Agency for assessment of: real estate, machinery and equipment, intellectual and industrial property rights and other factual relations and commercial enterprises.

Dobroslav Diev has a Master's degree in Economics from the University of National and World Economy - Sofia and holds: License for real estate appraisal № 5890, License for appraisal of entire enterprises № 5889 and License for appraisal of intellectual and industrial property rights № 7988. His professional experience in The field of business valuation is from 1997, as head of "Dobi - 02" Ltd. and includes participation in projects, of which: Valuation to determine the value of separate parts or entire enterprises ("Mashinoexport" JSC Sofia, "Optical Mechanical Plant EOOD, Sofia, Fintex AD, Gabrovo, etc.); Valuations for the purpose of determining the value of units, shares, receivables (Burgas Shipyards EAD, Burgas, Electroimpex AD, Sofia, Separate parts of Vointech EOOD, Sofia, etc.); Estimates in order to determine the value of more than 170 sites representing land, apartments, houses, warehouses, manufacturing enterprises, as collateral to banking institutions.

6.7 MAXIMUM ALLOWABLE AMOUNT OF MANAGEMENT EXPENSES OF THE COMPANY

According to Art. 60 of the Articles of Association of the company, the maximum amount of all expenses for management and servicing of the Company at no time may exceed 30% (thirty percent) of the value of the assets on the balance sheet of the Company.

The management costs related to the servicing company, which provides investment advice and consultations, may not exceed 20% (twenty percent) of the value of the assets on the balance sheet of the Company at the end of each financial year.

The management costs of the company, other than those mentioned above, related to the servicing company, may not exceed 10% (ten percent) of the value of the assets on the balance sheet of the Company at the end of each financial year.

According to the Articles of Association of the Company (Art. 63), the remuneration of the Board of Directors may consist of :

- (a) A fixed monthly salary determined by the General Assembly for the entire term of the Council at its election, which may not exceed 10 minimum wages;
- b) Bonuses amounting to no more than 0.1% of the company's profits before the distribution of dividends for each member of the Board, but not more than 0.5% of the total for the entire Board.

7 OVERVIEW OF ECONOMIC ACTIVITY

7.1 MAIN ACTIVITIES

The main activity of the Issuer according to its Articles of Association is related to investing funds raised through the issuance of securities in the purchase of real estate and limited real rights (over real estate), development of own real estate through construction and improvements, sale of real estate, renting (leasing, renting) or for managing own real estate and any other activity related to the securitization of real estate and permitted by law.

7.1.1 INFORMATION ABOUT THE REAL ESTATE OF THE COMPANY. DESCRIPTION AND RELATIVE SHARE OF PROPERTY TYPES IN THE TOTAL SECURITIZED REAL ESTATE.

(a) the type of immovable property and the relative share of each type of immovable property in the total securitized immovable property

The structure of the investment portfolio by types of properties as of the date of the last prepared audited individual financial statement - 31.12.2019 and as of the date of the Prospectus consists only of real estate in the field of holiday properties, namely: holiday complex "Marina Cape" and " Grand Borovets.

The total book value of the real estates owned by Intercapital Property Development REIT as of 31.12.2019 is lands (plots) in the amount of BGN 7,422 thousand and investment properties in the amount of BGN 30,968 thousand, of which in construction process BGN 7,273 thousand. As of the date of the Prospectus, there has been no change in the type, amount and relative share of the investment properties owned by the Company, as well as in their location.

b) location and description of the real estate

The location of the real estates owned by Intercapital Property Development REIT is as follows:

✓ Investment property in the town of Aheloy (the holiday complex "Marina Cape"), representing a regulated plot of land with identifier 00833.5.409, with address: the town of Aheloy, Purification area, with an area of 40 002 sq.m., together with those built in it property of the company, namely:

- Residential properties: 99 with a total area of 9,347.26 sq. M.
- Commercial properties: 25 units with a total area of 7,919.85 sq. M.

The holiday complex was fully completed in August 2010 and put into operation. It consists of four separate zones, spread over a property with an area of 40,000 sq.m. and forming a total area of over

66,000 square meters, with a total of 761 apartments. The complex has 4 restaurants, 4 cafes, 14 shops, two squash halls, a room for Medical and Dental Center, fully equipped and working fitness and spa center, bowling, children's center, a room provided for a bank office, administrative part, offices, two swimming pools and service rooms to the respective sites. The total part of the commercial and public service facilities in the complex is nearly 12,000 square meters.

Each of the zones consists of separate sectors (27 in total), with the predominant part being residential.

In the central part of the complex is situated pool with a total area of 910 square meters with pool bar and children's pool, and in the Northeast is situated a pool an area of 470 square meters

A special landscaping project has been developed for the surrounding area of the complex, and the ground floor apartments of most of the buildings have separate trees.

For the needs of the complex a new water supply, sewerage and electricity transmission network has been built and put into operation, the existing roads and streets in the region have been rehabilitated, and an entirely new road connection has been built. The necessary systems for providing telephones and the Internet have been implemented, including a wireless internet network, as well as fire alarm and video surveillance systems.

As of 31 December 2019 and the date of preparation of this Prospectus, the first mortgages have been established on all properties in connection with a bank loan received by the Company in favor of the creditor bank, as well as the first mortgages in connection with an issued bond loan, in which second mortgages have been established on the commercial areas in favor of the bondholder's trustee Investbank AD.

At the end of 2019 above-quoted bond loan is fully repaid and withdrawn from registration of the Central Depository as yet and removal from the register FSC, in view of what is currently the Company is in the process of deletion of the liens in favor of the trustee of the bondholders Investbank AD.

According to the audited financial statements of the Company on 12.31.2019, the carrying amount of property, located in in a vacational complex "Marina Cape" is as follows:

- Lands (terrains): BGN 4,390,000.
- Investment properties: BGN 23,695,000.

As of the date of the Prospectus, there has been no change in the carrying amount of these properties.

✓ Investment property in the resort complex Borovets ("Grand Borovets"), representing a regulated plot of land with identifier 65231.918.189., With address: in kk. Borovets, with an area of 6,600 sq.m., together with the properties of the Company built in it under construction, namely:

- Residential properties under construction with area: 5 175 sq.m.
- Commercial properties with a total area of 3,140 sq.m.
- Parking with area: 1 685 sq.m.

In May 2008 the Company has received permission and has started to construction works. The land on which the project is built has an area of 6,600 square meters. The site has an area of 10,000 square meters and includes a living area of 5,175 square meters and retail space of 3,140 km. m., as well as underground garages of 1 685 sq. m.

The project envisages the construction of residential properties mainly for holiday use in a separate complex of buildings. The complex bears the trade name "Grand Borovets". It is located in the area of the resort. Borovets. Borovets is located 62 km. Southeast of Sofia. Borovets is one of the oldest and most

famous winter resorts in Bulgaria. The ski season usually lasts from mid-December to April. The resort offers excellent conditions for winter sports: alpine skiing, snowboarding, cross-country skiing, maintaining marked trails with a total length of 58 km, the longest of which is 12 km. The resort has 12 lift facilities with a total length of over 14 km. The lifts provide access to the surrounding peaks - Musala peak, Malka Musala peak, Irechek peak, Deno peak, Aleko peak.

The project is an "L" -shaped building, situated in the southeastern part of the plot, with access to two streets. The first two levels of the building are half-dug due to the large displacement of the terrain. The three residential floors and the penthouse under the roof are completely above the terrain. Hotel complex "Grand Borovets" is located in the old center of Borovets. In the past, a summer cinema operated in the same place. The property was part of the forest fund, in its northwestern part there is a dense forest, and in the southwest it borders a small river.

The commercial and administrative area and the service facilities for the complex are located on the ground floor and basement. They include a reception lobby with reception and administration, lobby bar, restaurant for 110 seats with banquet hall and covered terrace, two shops, ski wardrobe, fitness and SPA center, indoor pool, children's center, bowling, hairdresser, lobby with reception, as well as and technical and office premises and bathrooms, including for people with disabilities. The total area of the commercial sites is 3,140 sq.m. The complex also has a covered parking on two levels for 34 parking spaces, as well as an open one with 16 parking spaces.

The residential part of the complex consists of 75 apartments with a total built-up area of 5,175 sq.m. They represent 41 studios, 14 apartments, mostly one-bedroom, and a wide variety of penthouses.

In the adjacent surrounding area, a landscaping project is planned, with alleys and park lighting, and the coniferous forest will be preserved.

On December 17, 2013 Intercapital Property Development REIT concluded a contract for financial leasing of real estate with Bulgaria Leasing EAD with a leasing object: the investment project Grand Borovets. As a result, and under the terms of a reverse lease, Intercapital Property Development REIT received from the lessor the possession of the properties subject to the Financial Leasing Agreement.

As a result of a 3-tranche agreement signed on November 13, 2019 between Intercapital Property Development REIT, Bulgaria Leasing EAD and Investbank AD, Bulgaria Leasing EAD was replaced as a lessor by Investbank AD with UIC 831663282 and with registered office and address of management, Sofia, Triaditsa district, 85 Bulgaria Blvd. To date, all other clauses of the contract have remained unchanged.

According to the audited individual financial statements of the company as of 31.12.2019, the carrying amount of the properties is as follows:

- Lands (terrains): BGN 3,032,000.
- Investment properties under construction: BGN 7,273,000.

Grand Borovets Investment Property is currently under construction (this procedure has been suspended for an unknown period of time) and has not been put into operation. Finalization of construction works and the introduction of investment property in operation are necessary in imminent amounts She will of approximately 2.5 million euros.

In case the Company fails to sell the investment property in the short - medium term, the necessary funds for completion of the property and its commissioning will be financed through loans or a new issue of securities. The same will be done in the long run, as the commissioning of Grand Borovets does not affect the investment plans of the Company in the medium term.

During these historical periods, although management of the Company has been no decision on sale of investment property "Grand Borovets" and the same has been announced publicly, not seeking active o buyer. From the beginning of 2020, the management intensified its actions in search of an investor wishing to buy the unfinished property, considering that in the short to medium term, although as of the date of the Prospectus this is not yet a fact, it will be able to reach a purchase agreement. -sale of the investment property.

As of the date of the Prospectus, there has been no change in the carrying amount of these properties.

c) Share of securitized properties

In the activity of the Company there is no defined relative share of the different types of properties from the total securitized real estates. As of 31 December 2019 and the date of preparation of the Prospectus, there is only one type of securitized real estate in the Issuer's portfolio, namely in the field of holiday properties.

7.1.2 INVESTMENT AND FINANCIAL GOALS OF THE COMPANY

a) investment objectives

According to Art. 10 of the Articles of Association, the investment objectives of the Company are:

- ensuring maximum return on the capital of its shareholders with an optimal ratio of risk and return on investment;
- increase in the value of the Company's shares;
- providing current income to shareholders in the form of a cash dividend;
- increasing the value of the real estate owned by the Company through their development, construction and / or improvement.

The investment activity of the Company is limited by the requirements of the Law on Special Investment Purpose Companies, the provisions of the Articles of Association, the decisions of the General Meeting and the provisions of the Prospectuses for public offering of securities. The bodies of the Company have no other restrictions in the search for an optimal ratio between the assets in which the investment is made and the risk of the investment at the best possible levels of return for investors.

According to the Articles of Association of the Company, it may invest in any type of real estate (land and buildings) and in limited real rights over them on the territory of the Republic of Bulgaria, as well as to perform constructions and improvements in the acquired real estate, including but not limited to:

- undeveloped and built-up plots, in or out of regulation;
- residential buildings;
- commercial, industrial and office buildings;
- hotels;
- agricultural lands and forests, etc., as well as in the acquisition of limited real rights over such properties.

The Company may not acquire real estate or limited real rights over them, which are subject to legal dispute or are not located on the territory of the Republic of Bulgaria.

✓ financial goals

The set financial goals of the Company are the generation of revenues and operating cash flows, which will allow it to service its obligations, as well as to lead to a return on investment.

Specific financial objectives in the short and medium term:

- Stabilization of the financial condition of the Company;
- Reduction of indebtedness, and hence the associated costs;
- Ensuring regular cash flows from operating activities, including profitability from investment property management and sale of own apartments;
- Prevention of arrears on loans;
- Improving the equity of the Company above the statutory minimum;
- Generation of profit from the activity;
- Rising price of the Issuer's shares, and hence the profitability of investors.

7.1.3 SOURCES OF FUNDING. MAXIMUM AMOUNT OF EXTERNAL FINANCING IN RELATION TO THE VALUE OF ITS OWN CAPITAL.

In order to finance its investments, the Company may increase its capital indefinitely by issuing new shares. It can also use the attracted capital to finance the investments of the Company.

Sources of financing of the company for acquisition and putting into operation of the securitization assets can be:

✓ **own funds of the Company, including:**

- generated by its operational activity;
- raised through a public offering of shares.

✓ **borrowed funds in the form of:**

- issuance of bonds registered for trading on a regulated securities market;
- bank loans intended for acquisition and commissioning of the acquired assets;
- bank loans with a maturity of no more than 12 months for interest payments. These loans at no time may exceed 20% (twenty percent) of the book value of assets.

According to Art. 54. of the Articles of Association of Intercapital Property Development REIT, the funds contributed by the Company may not at any time exceed 10 (ten) times the capital of the Company.

7.1.4 THE RESTRICTIONS IN THE INVESTMENT POLICY OF THE COMPANY, WITHIN WHICH THE COMPANY MAKES INVESTMENT DECISIONS. RELATIVE SHARE OF PROPERTY TYPES IN TOTAL SECURITIZED PROPERTIES

The Articles of Association of the Issuer set the following restrictions on the type of real estate in which the Company may invest, namely:

Art. 13. The Company may invest in all types of real estate located on the territory of the Republic of Bulgaria.

Art. 14. The company may not acquire real estate or limited real rights, which are subject to legal dispute at the time of the investment.

The Articles of Association of the Company do not provide for restrictions on the type of real estate in which the Company may invest, provided that they meet its investment objectives.

For the Company there is no defined relative share of the different types of properties from the total securitized real estates. During the analyzed historical period and the date of the Prospectus, the Issuer securitized their only vacation properties.

7.1.5 FREE INVESTMENT POLICY

According to the Articles of Association of the Company, the Issuer may invest its free funds as follows:

Art. 57. The Company may invest its free funds in securities issued or guaranteed by the Bulgarian state and in bank deposits.

Art. 58. The company may invest up to 10 (ten) percent of its assets in mortgage bonds.

Art. 58. The company may invest its free funds in other assets eligible under applicable law.

7.1.6 DESCRIPTION OF THE COMPANY'S POLICY REGARDING THE ACQUISITION OF A NEW ASSET OR ASSETS.

According to the provisions of Art. 12 of the Articles of Association, the investment policy of the Company is the purchase of undeveloped real estate, regulated or unregulated real estate, and / or construction of buildings in the real estate owned by the Company for the purpose of their sale.

According to Art. 13 of the Articles of Association, the Company may invest in the acquisition of all types and types of real estate located on the territory of the Republic of Bulgaria, including, but not limited to, undeveloped and built-up plots, or out of regulation; residential buildings; commercial, industrial and office buildings; hotels; agricultural lands and forests, etc., as well as in the acquisition of limited real rights over such properties.

Acquired real estate or limited real rights cannot be the subject of a legal dispute at the time of the investment (according to Article 14 of the Articles of Association).

The company, may acquire new assets periodically without limitation in the type, location and value of the property subject to the applicable provisions of Bulgarian legislation and the Constitution (according to Art. 15 of the Statute).

Intercapital Property Development REIT does not provide conditions, prerequisites and restrictions for the acquisition of new properties outside those regulated by the Articles of Association and the Law.

When making a decision to acquire a new asset, the Board of Directors of the Company, assisted by the servicing company, will consider the possibility of acquiring a new investment asset only after an assessment of all significant factors such as location of the property, possibility for possible development and reconstruction, potential for income generation, prospects for increasing the price of the property or the rental price, financial stability of the main tenants, liquidity, tax considerations, etc. In case of a negative opinion of the servicing company regarding the expediency of the investment, the same cannot be made.

The Board of Directors may not acquire or sell real estate or other real rights at prices significantly higher than the assessment made without the prior approval of the General Meeting.

Before the acquisition and / or sale of real estate, Tip is seen of Directors assign their valuation of one or more experts with qualifications and experience in this area that meet the requirements of Art. 46 of the Articles of Association, namely - The appraisal of real estate, cannot be assigned to persons who:

- ✓ own directly or indirectly shares of the Company;
- ✓ are members of the Board of Directors of the Company;
- ✓ are persons related to a member of the Board of Directors or to a person who directly or indirectly owns more than 5 percent of the shares of the Company;
- ✓ are sellers / buyers of real estate, members of a management or control body, a partner or shareholder in the seller / buyer, as well as a person related to the seller / buyer, a member of its management or control body, a partner or shareholder;
- ✓ may be influenced by another form of dependence or conflict of interest.

7.1.7 CRITERIA MET BY THE REAL ESTATE IN WHICH THE COMPANY WILL INVEST.

In the acquisition of real estate so far, as well as in future acquisitions, the Company is guided by the following criteria:

Acceptable initial investment. The amount of the initial investment (the acquisition price of the respective properties) must correspond as an absolute amount to the Company's ability to purchase it (taking into account the equity raised at the time and the specific opportunities for obtaining external financing), at all times monitoring compliance with the general limit for maximum debt-to-equity ratio (according to the Articles of Association). It is possible to buy a specific property using only equity. It is also possible to purchase a property using only debt, if this will not violate the debt to equity ratio for the total assets of the Company. The main criteria when choosing a property to buy are: price, location, development indicators.

Expected annual return on investment. It will be calculated taking into account the internal rate of return and taking into account the amount and timing of all expected cash flows on an investment. The company makes investments only if their expected annual return is at least equal to the normal average return on similar activity in the country.

Term of realization. This period covers the time from the first cost or payment for the acquisition of a property to the sale of the property, respectively until the conclusion of lease / rental agreements. Since it is possible within one investment (for example, sale or lease of agricultural land) to be sold or rented, many separate plots, the period of realization includes two values: the period from the first cost to the sale, respectively the conclusion of a contract for rent on the last plot; as well as a weighted average period from the realization of the costs to the receipt of the revenues under the project. The company will prefer investments with shorter realization terms under equal other conditions (eg the direct purchase of consolidated properties over those that need consolidation).

Level of risk. The company takes into account the risks associated with the realization of investments. The company will prefer projects with lower expected risk, other things being equal. This means, for example, that investments that have a lower risk of a change (decrease) in sales prices or rent payments will be preferred.

Asset diversification. When choosing investments in the long run, the Company will strive to avoid concentration in one geographical area. Nevertheless, in view of the change in market conditions and investment opportunities, it is possible that investments at a given time (especially at the beginning of the investment activity) will be concentrated in properties in one geographical region.

Opportunity for debt financing. The company seeks to finance its investment projects with a combination of own funds and attracted (debt) resources. This is due to the favorable effect of the financial leverage - the profitability of the projects is expected to be higher than the interest rates on debt financing. All other things being equal, the Company will prefer projects whose implementation can be carried out with a larger share of debt financing.

7.1.8 COMPLETED CONSTRUCTIONS, REPAIRS AND IMPROVEMENTS OF THE REAL ESTATES

During the historical periods under consideration and as of the date of the Intercapital Property Development Prospectus, REIT has not made investments in construction, repairs and real estate improvements. Such activities are to be performed upon successful completion of the current subscription for capital increase of the Company and are described in detail in item 19.4 "Justification for the supply and use of revenue".

7.1.9 REAL ESTATE LEASED FOR PAYMENT AND THEIR RELATIVE SHARE OF THE TOTAL SECURITIZED REAL ESTATE

As of the date of the last prepared annual individual financial statement of the company - 31.12.2019 (which is audited), as well as as of the unaudited interim separate financial statement for the first quarter of 2020 and as of the date of the Prospectus, Intercapital Property Development REIT It was given for the management of its subsidiary "Marina Cape management" EOOD (management company) real estate worth 2 8 085 thousand. lev (including buildings and land), representing 73 % of total securitized assets.

The activity of the Issuer is focused in the field of tourism, in this sense the company leases its investment properties against the use of tourists and business groups for holding events. All investment properties located in the holiday complex "Marina Cape" are leased through the subsidiary (service company) "Marina Cape Management" EOOD for temporary use. The tourist activity has a seasonal character, as the active season is in the months of June - September. However, measures have been taken in the complex and an organization has been set up to extend the active season.

The complex is operated all year round. During the winter season 2018-2019, 2 of the 4 restaurants operated, as well as the bowling alley, the spa center, the gym and the squash courts. At least 100 apartments were maintained for renting to tourists - casual and organized visitors.

During the summer season 2019, the complex operated at over 90% occupancy (for apartments owned by the company and those not owned by it, but managed by the subsidiary Marina Cape Management EOOD).

The complex regularly hosts conference-type events, and the company actively strives to develop this type of tourism.

The other investment property "Grand Borovets" is currently under construction (this procedure has been suspended for an unknown period of time) and has not been put into operation.

7.1.10 RELATIVE SHARE OF UNPAID RENTS, LEASE AND RENT INSTALLMENTS OF THE TOTAL VALUE OF RECEIVABLES ARISING FROM ALL LEASE, RENTAL AND LEASE AGREEMENTS CONCLUDED BY THE COMPANY

As of the date of the last prepared individual financial report of the Issuer - 31.12.2019 (which has been audited) the value of the receivables of the Company arising under a contract for management and maintenance with Marina Cape Management EOOD amounts to BGN 1,762 thousand., for comparison according to audited data as of 31.12.2018 the receivables of the Issuer from management and maintenance fees amounted to BGN 2,621 thousand. The comparison shows that during the last reporting period the Company has improved the collection from its main activity.

As of the end of the first quarter of 2020, the Issuer has a receivable from its subsidiary in the amount of BGN 1,448 thousand. The receivable represents the issuer's income from the investment properties managed by the subsidiary over the years, under the contract between them / information for the servicing company and specified in item 6.4 of the prospectus /. This income represents the net result from the income from the investment properties of the Company, reduced by the remuneration for the service company, which from April 2019 is 25% of the net amount of the annual positive financial result from the activity of the service company on the Marina Cape Holiday Complex. Aheloy. All receivables of the subsidiary Marina Cape Management EOOD, arising on the basis of remuneration for the performance of the function of a servicing company have been assigned by Marina Cape Management EOOD. For this reason, the Issuer has no obligation to its servicing company.

In view of the forthcoming sale of Marina Cape Management EOOD, the receivable will be paid to the Issuer from the generated operating cash flows of the subsidiary (servicing) company. After the sale of Marina Cape Management EOOD, the same will remain an operating service company of the Issuer in terms of investment property management, which means that for future financial periods between the two parties will continue to have trade relations.

The company has not concluded any other contracts for rent, leasing, lease, management and maintenance of real estate except the contract for management of the holiday complex "Marina Cape".

7.1.11 INDICATION OF THE INSURANCE COMPANIES WITH WHICH THE REAL ESTATES ARE INSURED, AS WELL AS THE ESSENTIAL CONDITIONS OF THE INSURANCE CONTRACTS

All properties of the Company are insured and include mandatory coverage of all risks covered by clauses - fire, natural disasters, accidents and clause - earthquakes. For the insured properties, the insurance also includes additional risk coverage.

- **Holiday complex "Marina Cape" Aheloy** - all investment properties located in the complex are insured by insurance company "DZI - General Insurance" EAD, UIC 121718407 under the following conditions:

Insurance risk : A - basic coverage; A1 - malicious actions; B - natural disasters; D1 - earthquake; D2 - leakage of water and steam; D4 - implosion; E5 - landslides or / or action of groundwater; D7 - impact from a vehicle and / or animal; and D15 - short circuit and / or electric shock.

Sum insured : 7 007 000 in deductibles than 1%.

Additional risks:

- D9 - breaking glass - 10,000 Euro per event or 20,000 Euro for all events;
- Other costs - 25,000 Euro limit for one event and for all events

Insurance premium: 2 371.35 Euro

Insurance period : 25.07.2019 to 25.07.2020 *

* the expiry of the insurance period, the policy that will be resumed at the same insurer and shown above risks.

- **"Grand Borovets" kk Borovets** - all investment properties located in the complex are insured by the insurance company ZD Euroins AD, UIC 121265113, under the following conditions:

Insurance risk : A - basic coverage; B - fire, natural disasters and other risks; C - Earthquake.

Sum insured : EUR 930,000, with a deductible of 1%.

Additional risks: B3 - malicious actions of third parties - sum insured 930 000 Euro.

Insurance premium : BGN 1,298.72

Insurance period : 21.12.2019 to 20.12.2020

7.1.12 VALUATION OF THE REAL ESTATE OF THE COMPANY

As of the end of each reporting year, all investment properties owned by the Company are revalued on the basis of market valuations prepared by appraisers. Revaluations are performed in order to update the price of properties with market levels in the annual financial statements. The last real estate appraisal was made by the Company as of 31.12.2019.

The last assessment of the fair value of the real estate of the Company as of 31.12.2019 was prepared by the said appraiser in item 6.6 "Appraisers".

The appraiser considered the following valuation methods to be the most appropriate for determining the market value of the sites:

- ✓•For construction and infrastructure elements
 - Real Value Method; (for the evaluated site "Grand Borovets")
 - The "Comparative Value" method; (for both sites)
 - Method of "Revenue value" (for the assessed site holiday village "Marina Cape").
- ✓•For the field
 - Comparative value method (for both sites)

Summary of the assessment regarding the holiday village "Marina Cape"

Object of evaluation	Land and the apartments and commercial areas built in it from the holiday village "Marina Cape" in the land of the town of Aheloy, Pomorie municipality
Date of inspection of the real estate by the appraisers	10.02.2020
All real estate data required for valuation purposes	<ul style="list-style-type: none">- documents formulating real rights over real estate- an on-site inspection by representatives of the evaluation team- the information gathered during the site inspection- information on similar sites held by the appraiser- newsletters, price lists and directories from official publications of the Ministry of Regional Development and Public Works, the Bulgarian Construction Chamber, etc.

Applied assessment standards	<p>For construction and infrastructure elements:</p> <ul style="list-style-type: none"> ✓•Revenue value method ; ✓•method of "Comparative value"; <p>For the field:</p> <ul style="list-style-type: none"> ✓•Comparative value method.
Date of evaluation	March 7, 2020
Validity of the assessment	as of the date of the assessment - 07.03.2020
Purpose of the evaluation	Determining fair market value
Market value	<p>Terrain : BGN 4,390,000;</p> <p>Living areas : BGN 10,880,000.</p> <p>Commercial, office space and attractions : BGN 12,815,000.</p>
Approach method (s) used for evaluation	The determination of the fair market value of the object of assessment is performed using the approved methods - described above
Value of the real estate according to the annual financial report as of 31.12.2019	<p>Property - 23 695 000 thousand. Lev, incl.:</p> <ul style="list-style-type: none"> - residential areas: BGN 10,880,000. - retail, office space and attractions: BGN 12,815,000. <p>Land (land) : BGN 4,390,000;</p>
Analogs	<p>Plot (land) : offered price per sq.m.</p> <p>Analogue BGN 1- 195.58 / sq.m.</p> <p>Analog 2 - BGN 91.57 / sq.m.</p> <p>Analog 3 - BGN 97.79 / sq.m.</p> <p>Analog 4 - BGN 146.69 / sq.m.</p> <p>Analog 5 - BGN 351.79 / sq.m.</p> <p>Weighted market value per 1 sq.m. used in the assessment of the site - BGN 109.75 / sq.m.</p> <p>Real estate and property and : offered price per sq.m.</p> <p style="padding-left: 40px;">1. office space</p> <p>Analogue 1- 1000 euros / sq.m.</p>

Analog 2 - 1007.7 euros / sq.m.

Analogue 3 - 625 euros / sq.m.

Analogue 4 - 650 euros / sq.m.

Analog 5 - 541.9 euros / sq.m.

Average price of analogues - 765 euro / sq.m.

Adjusted market value of Mr. and one square meter used in the assessment of the site - 6 96 euro /sq.m. (1361 BGN / sq.m.)

2. shops and restaurants

Analog 1 (shop) - 1797.6 euros / sq.m.

Analog 2 (shop) - 2046.5 euros / sq.m.

Analog 3 (shop) - 1800 euros / sq.m.

Analog 4 (establishment) - 756.9 euros / sq.m.

Analog 5 (establishment) - 866.7 euros / sq.m.

Analog 6 (establishment) - 700 euros / sq.m.

Average price of analogues - 1328 euro / sq.m.

Adjusted market value per 1 sq.m. used in the assessment of the site - 1180 euro / sq.m. (2308 BGN / sq.m.)

3. warehouse

Analogue 1- 430.2 euro / sq.m.

Analogue 2 - 247, 8 euros / sq.m.

Analogue 3 - 874.5 euros / sq.m.

Average price of analogues - 549 euro / sq.m.

Adjusted market value per 1 sq.m. used in the assessment of the site - 454 euro / sq.m. (887 BGN / sq.m.)

4. one-bedroom apartments

Analogue 1- 833 euros / sq.m.

Analogue 2 - 700 euros / sq.m.

Analogue 3 - 694 euros / sq.m.

Analogue 4 - 733 euros / sq.m.

Analogue 5 - 800 euros / sq.m.

Average price of analogues - 752 euro / sq.m.

Adjusted market value per 1 sq.m. used in the assessment of the site - 674 euro / sq.m. (1319 BGN / sq.m.)

	<p>5. one -bedroom apartments</p> <p>Analogue 1- 625.5 euros / sq.m.</p> <p>Analog 2 - 757.6 euros / sq.m.</p> <p>Analog 3 - 1010.3 euros / sq.m.</p> <p>Analogue 4 - 850 euros / sq.m.</p> <p>Analog 5 - 1049.9 euros / sq.m.</p> <p>Average price of analogues - 859 euro / sq.m.</p> <p>Adjusted market value per 1 sq.m. used in the assessment of the site - 758 euro / sq.m. (1483 BGN / sq.m.)</p> <p>6. two -bedroom apartments</p> <p>Analogue 1- 1000 euros / sq.m.</p> <p>Analogue 2 - 916 euros / sq.m.</p> <p>Analog 3 - 989 euros / sq.m.</p> <p>Analogue 4 - 990 euros / sq.m.</p> <p>Analog 5 - 1008 euros / sq.m.</p> <p>Average price of analogues - 980 euro / sq.m.</p> <p>Adjusted market value per 1 sq.m. used in the assessment of the site - 822 euro / sq.m. (1608 BGN / sq.m.)</p>
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Summary of the assessment of the Grand Borovets site

Object of evaluation	Land property and unfinished construction located in Borovets resort, Samokov municipality.
Date of inspection of the real estate by the appraisers	10.02.2020
All real estate data required for valuation purposes	<ul style="list-style-type: none"> - documents formulating real rights over real estate - an on-site inspection by representatives of the evaluation team - the information gathered during the site inspection - information on similar sites held by the appraiser <p>newsletters, price lists and directories from official publications of the Ministry of Regional Development and Public Works, the Bulgarian Construction Chamber, etc.</p>

Applied assessment standards	<p>For construction and infrastructure elements:</p> <ul style="list-style-type: none"> ✓ Method of "Real Value"; ✓ method of "Comparative value"; <p>For the field:</p> <ul style="list-style-type: none"> ✓ Comparative value method.
Date of evaluation	March 7, 2020
Validity of the assessment	as of the date of the assessment - 07.03.2020
Purpose of the evaluation	Determining a fair market as of 31.12.2019
Market value of real estate as of 31.12.2019	<p>Terrain : BGN 3,032,000;</p> <p>Residential areas : 2 678 000 lev.</p> <p>Commercial, office space and attractions : BGN 4,595,000.</p>
Approach method (s) used for evaluation	The determination of the fair market value of the object of assessment is performed using the approved methods - described above
Value of the real estate according to the annual financial report as of 31.12.2019	<p>Property - 7 273 000 lev, incl.:</p> <ul style="list-style-type: none"> - Living area: 2 678 000 lev. - retail, office space and attractions: BGN 4,595,000. <p>Land (land) : BGN 3,032,000;</p>
Analogs	<p>Plot (land) : offered price per sq.m.</p> <p>Analogue BGN 1-708.99 / sq.m.</p> <p>Analogue 2 - BGN 552.15 / sq.m.</p> <p>Analogue 3 - BGN 494.10 / sq.m.</p> <p>Analogue 4 - BGN 217.02 / sq.m.</p> <p>Analogue 5 - BGN 176.90 / sq.m.</p> <p>Weighted market value of Mr. and one square meter used in the assessment of the site - BGN 468.26 / sq.m.</p> <p>Real estate : offered price per sq.m.</p> <p style="padding-left: 40px;">4. one bedroom apartments</p> <p>Analogue 1- 569 euro / sq.m.</p>

	<p>Analog 2 - 752 euros / sq.m.</p> <p>Analogue 3 - 694 euros / sq.m.</p> <p>Analogue 4 - 728 euros / sq.m.</p> <p>Analogue 5 - 818 euros / sq.m.</p> <p>Average price of analogues - 712 euro / sq.m.</p> <p>Adjusted market value of Mr. and one square meter used in the assessment of the site - 614 euros /sq.m. (1 201 BGN / sq.m.)</p> <p style="text-align: center;">5. one bedroom apartments</p> <p>Analogue 1- 667.5 euros / sq.m.</p> <p>Analog 2 - 755.1 euros / sq.m.</p> <p>Analogue 3 - 684.3 euros / sq.m.</p> <p>Analog 4 - 701.9 euros / sq.m.</p> <p>Analog 5 - 609.4 euros / sq.m.</p> <p>Average price of analogues - 684 euro / sq.m.</p> <p>Adjusted market value per 1 sq.m. used in the assessment of the site - 610 euro / sq.m. (BGN 1,192 / sq.m.)</p> <p style="text-align: center;">6. two-bedroom apartments</p> <p>Analogue 1- 991 euro / sq.m.</p> <p>Analog 2 - 905 euros / sq.m.</p> <p>Analog 3 - 1106 euros / sq.m.</p> <p>Analogue 4 - 1007 euros / sq.m.</p> <p>Analogue 5 - 716 euros / sq.m.</p> <p>Average price of analogues - 945 euros / sq.m.</p> <p>Adjusted market value per 1 sq.m. used in the assessment of the site - 680 euro / sq.m. (1331 BGN / sq.m.)</p>
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Accounting policy for the revaluation of investment property

The company, recognized as investment property land and / or buildings held to earn rentals and / or for capital appreciation in the fair value model.

Investment property is initially measured at cost, including the purchase price and any costs that are directly attributable to the investment property, such as legal fees, property transfer taxes and other transaction costs.

Investment properties are revalued on an annual basis and are included in the statement of financial position at their market values. They are determined by independent appraisers with professional

qualifications and significant professional experience depending on the nature and location of the investment properties, based on evidence of market conditions.

Any gain or loss on a change in fair value or on the sale of an investment property is recognized immediately in profit or loss on the line "Change in fair value of investment property" in the annual financial statements for comprehensive income.

Subsequent expenditure on investment property that is already recognized in the Company's financial statements is added to the carrying amount of the property when it is probable that future economic benefits associated with the item will flow to the Company. All other subsequent costs are recognized as an expense in the period in which they are incurred.

The company, investment property is derecognized on disposal or when it is permanently withdrawn from use in case, do not expect any economic benefits from their release. Gains or losses arising from decommissioning or sale are recognized in the statement of comprehensive income and are determined as the difference between the net proceeds from the disposal of the asset and its carrying amount.

Rental income and operating expenses related to investment property are presented in the statement of comprehensive income in the line "Revenues" and the line "Other expenses" respectively.

7.1.13 DESCRIPTION AND KEY FACTORS RELATING TO THE NATURE OF THE ISSUER'S OPERATIONS AND ITS PRINCIPAL ACTIVITIES, INDICATING THE MAIN CATEGORIES OF PRODUCTS SOLD AND / OR SERVICES PERFORMED FOR EACH FINANCIAL YEAR FOR THE PERIOD COVERED BY THE HISTORICAL FINANCIAL INFORMATION

The subject of activity of the Issuer entered in the commercial register is:

" Investing funds raised through the issuance of securities in the purchase of real estate and limited real rights, development of own real estate through construction and improvements, sale of real estate, rental or management of own real estate and any other activity related to the securitization of real estate and permitted by law. "

Pursuant to the Special Investment Purpose Companies Act, the Company may not conduct other commercial transactions other than those described in its subject of activity, unless they are permitted by the Special Investment Purpose Companies Act.

During the considered historical periods until the date of the Prospectus, the Company generates its revenues from renting its own properties and selling real estate (apartments in the built holiday complex "Marina Cape").

7.1.14 INFORMATION ON THE SIGNIFICANT NEW PRODUCTS AND / OR SERVICES THAT HAVE BEEN INTRODUCED AND, INSOFAR AS THE DEVELOPMENT OF NEW PRODUCTS OR SERVICES HAS BEEN MADE PUBLIC, INFORMATION ON THE STAGE OF THEIR DEVELOPMENT.

The activity of Intercapital Property Development REIT is strictly regulated. The company operates its activities in accordance with the Law on Special Investment Purpose Companies and in accordance with the license it holds. For the period covered by the historical financial information (2017 to 31.03.2020 years), as well as at the date hereof, the Company has introduced new products and services. At present the Company does not carry out activity on development of new products or services.

7.2 MAJOR MARKETS

7.2.1 DESCRIPTION OF THE MAIN MARKETS IN WHICH THE ISSUER COMPETES

Intercapital Property Development AD is positioned only on the Bulgarian real estate market and more precisely on the holiday property market.

The management of the Company does not have official statistical information on the market share of Intercapital Property Development REIT. In general, the Issuer's market share is relatively small. The specifics of the real estate market is very extensive, namely different categories of real estate, with different purpose and profitability, existing many companies operating in one or more categories of real estate. Intercapital Property Development REIT operates only on the holiday property market. In this regard, it is not possible to make accurate statistics and calculate a specific market share of the Company in the specific market real estate segment in which it operates.

The main activity of the Company is related to construction entrepreneurship. The company has completed the construction and commissioning of a gated complex with apartments for seasonal use located near the village of Aheloy, Pomorie Municipality, Burgas District. The market of holiday properties on the Bulgarian Black Sea coast is developing dynamically in recent years. According to the management, the most significant developments are the following:

- Increased differentiation of properties according to their proximity to the sea. A few years ago, the difference in the prices of holiday apartments on the first line and those more than 500 meters from the sea was insignificant. On the first line it was sold for about 800 euros per square meter, while the apartments far from the sea were sold for about 650 euros per square meter. At the moment, the difference in price can be many times. Luxury properties on the first line are sold at prices of 2,000 euros (in places up to 3,500 euros per square meter). This process of market differentiation according to location was expected by the Company. In our opinion, it is due to the relative rarity of land properties that combine a real first line to the sea, the availability of capacity in the infrastructure in the area and proximity to an international airport. This rarity of land is a natural barrier to the entry of many competitors and the start of many front-line projects. On the other hand, inland land prices (1-2 km from the coast) are still relatively low; the supply of such land is large and many entrepreneurs prefer to start projects there. In these projects, the margins (profit) for the entrepreneur are relatively low, but a relatively large volume can be achieved.
- Holiday property buyers change dynamically according to their country of origin. Holiday properties on the Black Sea coast were still bought mainly by foreign individuals. Until a few years ago, the main buyers were from Western Europe - England, Ireland. Now buyers are mostly meat. This makes the work of entrepreneurs relatively more difficult. They need to adapt quickly to the different claims and preferences of new customers; new distribution channels must be organized, etc.
- Less is sold "green". A few years ago, about 60% of a project had already been sold before construction reached elevation 0. Most sales now occur when buildings are already built at least on rough construction. There are several reasons for this development. The first is related to the change of buyers. The Irish and the British were used to buying green. Danes and Russians prefer to see the finished product before making a final decision. The second reason is related to the sources of funding. Until a few years ago, advance payments from customers were almost the only way for an entrepreneur to finance the construction of a project. Now more banks are willing to lend to finance projects. Those entrepreneurs who have secured access to such loans prefer to sell at a later stage, because then they can get higher prices.

The company has also purchased a plot of land in the resort. Borovets. A building has been built on the property - unfinished as of the Prospectus with a total built-up area of about 10,000 square meters, which will include holiday studios and apartments, as well as a common area with indoor pool, spa, restaurant and covered parking. In the resort Borovets has 58 km. alpine ski slopes and 35 km. tracks suitable for cross-country skiing, there are 14,000 meters of lifts, including a gondola, two high-speed four-seater chairlifts, two ordinary four-seater chairlifts, and seven ski lifts. Borovets is the least developed of the

three major ski resorts in Bulgaria, and for the last 5 years only a few new projects have been started. Borovets Ski Resort is defined as a tourist area of national importance, which means that obtaining a building permit and licensing is a complex and lengthy procedure that must be approved by the local municipality, the Ministry of Agriculture and the Ministry of Regional Development. Currently, the bed capacity of the existing hotels in the resort has a total capacity of about 7,000 beds. The project, called Super Borovets, aims to expand the existing resort and increase the capacity of hotels to 600,000 square meters.

7.2.2 TOTAL REVENUE BY ACTIVITY CATEGORY AND GEOGRAPHIC MARKET

Revenues by categories of activity	Intermediate individual (Not audited figures in thousands. Lev)				geographic market
	31.03.2020		31.03.2019		
	Share in%	amount	Share in%	amount	
Sales revenue, incl.	-	-	-	-	-
<i>Sale of investment properties</i>	-	-	-	-	-
<i>Investment property management</i>	-	-	-	-	-
Other income - sale of goods	100%	64	-	100%	Bulgaria
Total operating income	100%	64	-	100%	Bulgaria

Source: Intercapital Property Development REIT

Note: "Share in%" of all indicators is calculated in relation to the total operating income

Revenues by categories of activity	Annual individual (audited data in thousands of BGN)						Geographic market
	2019		2018		2017		
	Share in%	amount	Share in%	amount	Share in%	amount	
Sales revenue, incl.	38%	803	95%	2 002	20%	3 726	Bulgaria
<i>Sale of investment properties</i>	7%	156	78%	1 645	18%	3 364	Bulgaria
<i>Investment property management</i>	31%	647	17%	357	2%	362	Bulgaria
Total operating income	100%	2 101	100%	2 118	100%	18 749	Bulgaria

Source: Intercapital Property Development REIT

Note: "Share in%" of all indicators is calculated in relation to the total operating income

Revenues by categories of activity	Annual consolidated (audited data in thousands of BGN)						Geographic market
	2019		2018		2017		
	Share in%	amount	Share in%	amount	Share in%	amount	
Sales revenue, incl.	56%	1 839	98%	3 556	25%	5 354	Bulgaria
<i>Income from sale of investment properties</i>	5%	156	45%	1 645	16%	3 364	Bulgaria
<i>Revenues from sales of products</i>	7%	244	10%	350	1%	211	Bulgaria
<i>Revenues from sales of goods</i>	2%	51	1%	37	1%	210	Bulgaria
<i>Revenues from the provision of services</i>	41%	1 354	38%	1 370	6%	1 306	Bulgaria
<i>Other incomes</i>	1%	34	4%	154	1%	263	Bulgaria

Total operating income	100%	3 269	100%	3 632	100%	21 656	Bulgaria
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Source: Intercapital Property Development REIT

Note: "Share in%" of all indicators is calculated in relation to the total operating income

From the information above information on an individual and consolidated basis for the period of consideration historical financial information shows that the Issuer and its subsidiaries performed so active only in the Bulgarian market.

The share of the realized revenues on an individual basis during the considered historical financial periods is influenced by the realized transactions for sale of own apartments (real estate market), located in the holiday complex "Marina Cape" and the realized revenues from investment property management fee (market of management of tourist properties, activity performed by the servicing subsidiary "Marina Cape Management").

On a consolidated basis, in addition to the described types of revenues on an individual basis and the impact of their share in relation to total operating revenues, there are also revenues from sales of products and revenues from sales of goods. These revenues are realized by the subsidiary "Marina Cape Management" from the activities accompanying the holiday complex, such as restaurants, spa, fitness, outdoor bar, children's center and others, and their amount depends on the amount of services used.

7.3 IMPORTANT EVENTS IN THE DEVELOPMENT OF THE BUSINESS ACTIVITY OF THE ISSUER

7.3.1 BOND ISSUE

In 2007 Intercapital Property Development REIT issued a bond issue secured only by a financial risk insurance policy issued by Euroins Insurance Company AD. The memorandum for placement of the issue envisages the funds to be used as a priority for the purchase of land properties in Sofia. The issue was issued on August 14, 2007 with the following parameters: term bond loan 3 years; amount of funds raised EUR 5 million (BGN 9,779 thousand); repayment of the principal at the end of the period; payment of interest for a 6-month period; 9% issue coupon. The issue is due on August 14, 2010.

The total cost of the Company on the issued bond loan, together with the price under the insurance policy, amounted to about 10.2% per year.

Subsequently, the parameters of the issue were renegotiated at general meetings of the bondholders in 2010, 2013 and 2015, respectively, incl. the bondholders have made decisions for change of maturity, interest, provided collaterals (established additional collaterals mortgages of commercial sites and of regulated land property), etc.

In the month of December 2019, the Company entered into a transaction with as ZD Euroins AD (ko is it company at that time is the holder of all issued by ISPD bonds) Redemption emitted corporate bond with ISIN: BG 2100019079 in price by 2.15 million euros. As of 12/31/2019, the bond issue is der e gistrirana of registration er River and the CD is forthcoming and deregistration from the FSC register. Consequence of the transaction, the Company realized a positive financial result of 632 thousand. Lev, due to the difference of Nomi lnal amount of debt and the repurchase price.

In this regard, ISPD REIT has committed to IC Euroins AD for the entire amount under the repurchase agreement. In the middle of the month yuni 2020 g. issuer is notified under the LOC to contract for cession of this obligation, under which the obligation of the ICPD REIT is transferred to the " Marina Cape

Properties " LTD. On June 18, 2020. between ICPD REIT and " Marina Cape Properties " Ltd. has entered into an agreement in respect of which, the agreed date for payment of that obligation 31/12/2020 d. It has also been agreed that no interest will be charged and owed until its payment. Based on the concluded repurchase agreement and the subsequent agreement dated 18.06.2020, the obligation under the issued bond loan has been restructured into an unsecured commercial obligation in the amount of EUR 2,150,000 (BGN 4,205 thousand) and as of the date of the prospectus continues to will be 2,150,000 euros.

7.3.2 ASSIGNED LIABILITIES ON BANK LOANS

In connection with three investment bank loan agreements concluded between Intercapital Property Development REIT and Piraeus Bank Bulgaria AD, the following assignments for transfer of receivables have been concluded:

➤ Assignment - Marina Cape Properties Ltd.

On 04.07.2017, Intercapital Property Development REIT, with UIC 131397743, was notified of the conclusion of a contract for transfer of receivables on principal and interest arising from concluded three bank loan agreements between Piraeus Bank Bulgaria AD, with UIC 831633691, as assignor, and Marina Cape Properties OOD, with UIC 204372411, as assignee.

According to an agreement dated 27.12.2017, Intercapital Property Development REIT and Marina Cape Properties OOD have agreed that the debt of Intercapital Property Development REIT to Marina Cape Properties OOD in the amount of 6,444,263 EUR 63 (representing interest receivable under the above-described cession with Piraeus Bank Bulgaria AD) is repaid by giving instead of execution, and by March 31, 2018 it is necessary:

- 1) to be paid an amount of EUR 30,000;
- 2) Intercapital Property Development REIT to transfer to Marina Cape Properties OOD all company shares in the capital of its subsidiary Marina Cape Management EOOD.

With Annex No. 1 of March 29, 2018 to the agreement "Intercapital Property Development" REIT and "Marina Cape Properties" Ltd. have agreed that the deadline for payment of the above amount of EUR 30,000 to be extended to May 15, 2018 and the deadline for signing The contract for purchase and sale of the company shares from the capital of Marina Cape Management EOOD to be changed from 31.03.2018 to 15.05.2018.

As of 31.12.2019 and as of the date of the Prospectus the price of the company shares of the capital of Marina Cape Management EOOD has not been paid, as the transaction has not been canceled and its completion is expected in the third quarter of 2020 according to a signed Annex 3a 2 for extension of the term until 31.12.2020.

As of 31 December 2019 the Issuer's liability to Marina Cape Properties OOD arising under the contract for granting instead of performance amounts to BGN 144 thousand, of which principal payments BGN 144 thousand. As of the date of the Prospectus, the same liability is in the amount of BGN 144 thousand, of which principal payments BGN 144 thousand.

From the moment Marina Cape Management EOOD leaves the economic group of Intercapital Property Development REIT, the Issuer will not prepare consolidated financial statements. Marina Cape Management EOOD will continue to perform the function of the issuer's servicing company, in its capacity of Manager under a contract concluded between the parties.

- **Assignment - Futures Capital AD**

On 18.08.2017, Intercapital Property Development REIT, with UIC 131397743, was notified by Marina Cape Properties OOD that according to a Contract for transfer of receivables, Marina Cape Properties OOD, with UIC 204372411 Futures Capital AD, with UIC 201624613 receivables on principal under investment loan agreements concluded with Piraeus Bank Bulgaria AD, described in the previous paragraph, namely Investment Loan Agreement № 1236/2007 dated 19.10.2007, Agreement for an investment loan № 736/2008 dated 07.07.2008 and an Investment Loan Agreement № 327/2009 dated 14.12.2009. The total value of the transferred receivables on principal is EUR 8,229,045.97.

On July 1, 2019, Intercapital Property Development REIT / debtor / and Futures Capital AD / creditor / agreed on the following:

1. Intercapital Property Development REIT and the joint and several debtor Marina Cape Management EOOD do not dispute and acknowledge the existence, obligation and enforceability of the receivable owned by Futures Capital AD.

2. The parties agree that from now on the servicing of the obligation of "Intercapital Property Development" REIT, specified in the previous item 1. the above will be implemented with the following basic parameters:

- 2.1. The deadline for payment of all liabilities is 01.07.2022.

- 2.2. The repayment of the principal will be made once on 01.07.2022.

- 2.3. The term for repayment of the principal is agreed in favor of the Lender. The Debtor has no right to repay in full or in part the principal before 01.07.2022, without first obtaining the written consent of the Lender.

- 2.4. Intercapital Property Development REIT pays to the Lender an administrative fee in the amount of 1.5% (one whole and five percent) per year on the amount of the principal obligation, for its maintenance costs.

- 2.5. For the first year of the term under item 2.1. above, the principal of the amount described above shall bear interest at the rate of the total annual interest rate, determined as the sum of the quarterly EURIBOR calculated and published by the European Money Markets Institute (EMMI) or other substitute organization, plus a margin of 5 % (five) percentage points. In case the values of the quarterly EURIBOR are negative, the same, for the purposes of this contract, is considered 0 (zero).

- 2.6. For each of the next two years of the term under item 2.1. above, the principal bears interest at the total annual interest rate specified in item 2. 5. above, but with an additional allowance of 1% (one percentage point) per year over the allowance specified in item 2. 5. or a total of 3m for the second year. EURIBOR plus a surcharge of 6% (six percentage points) and a total of 3m for the third year. EURIBOR plus a surcharge of 7% (seven percentage points).

2.8. The debtor and the joint and several debtor Marina Cape Management EOOD are obliged within 10 working days from the signing of this additional agreement to establish in favor of the Lender the first special pledge on current and future receivables from all current accounts of the Borrower and the joint and several debtor Marina Cape Management EOOD. The pledge also extends to all current accounts of the borrower and the joint and several debtor Marina Cape Management EOOD, which will be opened in the future.

2.9. Intercapital Property Development REIT opens a current account in EUR in a bank specified by the Lender, also called the Reserve Debt Service Account (DSRA), on which account the obligation specified in item 1 will be serviced. above. The Reserve Debt Service Account (DSRA) must be maintained until the repayment of all obligations of the Borrower arising from the terms agreed in this Supplementary Agreement.

2.10. The Borrower undertakes to deposit in the Debt Reserve Account (DSRA) an amount equal to the amount of quarterly interest payments within 10 (ten) working days from the signing of this supplementary agreement as agreed in item 2.6. above.

In 2019, Futures Capital AD transferred its receivables, described above, at an agreed price of EUR 6,000,000, to a financial institution while maintaining the above agreed terms.

As of 31 December 2019 the Issuer's liability to the financial institution arising under the assignment agreement amounts to BGN 11,735 thousand, of which principal payments BGN 11,735 thousand. As of the date of the Prospectus the same liability amounts to BGN 11,735 BGN thousand, of which principal payments BGN 11,735 thousand

➤ **Assignment - ACM CONSULT EOOD**

On April 1, 2019, Intercapital Property Development REIT, with UIC 131397743, was notified of the conclusion of a contract for transfer of receivables, between Marina Cape Management EOOD, with UIC 175158218, as assignor, and ACMC "EOOD, with UIC 122052919, as assignee. Pursuant to this contract, Marina Cape Management EOOD, with UIC 175158218 has transferred in favor of ACM CONSULT EOOD, with UIC 122052919 receivables in the amount of BGN 2,834,609 to Intercapital Property Development Contract REIT for real estate management from 01.10.2007, together with all privileges, collaterals and their other accessories.

In June 2019, AMC CONSULT EOOD sold its receivable from the Issuer to Marina Cape Properties OOD. As of December 31, 2019 and as of the date of the Intercapital Property Development Prospectus, REIT has no liabilities to ACM CONSULT EOOD.

➤ **Assigned other liabilities to Marina Cape Properties**

In 2019 Marina Cape Properties OOD in its capacity of Assignee has purchased other liabilities of Intercapital Property Development REIT arising under several commercial contracts in the process of carrying out the Issuer's activities, which are not interest-bearing and unsecured. As a result of this action, at the end of 2019 the liability of Intercapital Property Development REIT to Marina Cape Properties OOD amounts to BGN 15,922 thousand. As of the date of the Prospectus there is no change in the amount of the liability. According to an agreement between the two parties, the deadline for payment of the debt must be settled by the end of 2020.

7.3.3 LEASING

The company has acquired lands and buildings under construction contracts under financial leasing. The net book value of the assets acquired under financial leasing contracts amounts to BGN 13,171 thousand, including the Grand Borovets project with a book value of BGN 10,305 thousand, as well as the sites - spa and bowling from the resort. Marina Cape with a market value of BGN 2,866 thousand. The assets are included in the groups "Land" and "Assets under construction" from the note "Property, plant and equipment" of the audited annual individual financial statements for the financial condition for 2019 and the unaudited separate financial statements for the first quarter of 2020.

The company has concluded two contracts for financial leasing with Bulgaria Leasing EAD for Grand Borovets dated December 17, 2013 and with RES Project AD for the sites - spa and bowling from the resort. Marina Cape dated 30 December 2011. The financial leasing liabilities are secured by the respective assets acquired under the financial leasing conditions.

On December 17, 2013 the Company entered into a contract for financial leasing of real estate with Bulgaria Leasing EAD with a leasing object: investment project Grand Borovets, owned by Intercapital Property Development REIT. The leasing price under the concluded financial leasing contract amounted to EUR 2,927,724.36 without VAT. Initially, the lease price was to be paid within 2 years of the transfer of possession of the leased objects, of which 6 months grace period, through 24 lease payments due on the 20th of the month for which the installment is due, at a fixed annual interest rate of 9 %. By mutual agreement between the parties from 2014 deadline for repayment of lease payments was extended to 20.12.2019, as a result of which the leasing price was changed to 3 183 968.45 euros without VAT. At the end of 2016, a new agreement was signed between the parties, according to which the term for repayment of the lease installments was extended until 20.12.2021, and the lease price was changed to EUR 3,411,746 without VAT. Pursuant to this agreement, on December 17, 2013 Intercapital Property Development REIT transferred by notary the right of ownership over the land property with identifier 65231.918.189, located in the town of Samokov, Samokov Municipality, Sofia District, and the one built in this property building, representing a hotel apartment complex with service facilities with identifier 65231.918.189.2, of the lessor Bulgaria Leasing EAD. As a result, and under the terms of a reverse lease, Intercapital Property Development REIT received from the lessor the possession of the properties subject to the Financial Leasing Agreement.

On November 13, 2019, the Company signed an agreement by which Bulgaria Leasing EAD was replaced by Investbank AD as a lessor, and all other clauses of the contract remain unchanged.

As of 31 December 2019 the Issuer's liability under the lease agreement with Investbank AD amounts to BGN 1,453 thousand, of which principal payments BGN 1,453 thousand. As of the date of the Prospectus the same liability amounts to 1 BGN 465 thousand, of which principal payments BGN 1,453 thousand and interest BGN 12 thousand.

On December 30, 2011, Intercapital Property Development REIT concluded a contract with RES Project AD for the sale of the spa center and the bowling alley, both located in the Marina Cape holiday complex, Aheloy:

On 01.02.2016 RES Project AD and Intercapital Property Development REIT signed an Annex to the contract dated 30.12.2011, according to which the parties agreed the term in which Intercapital Property

Development REIT should pay to RES Project AD the remainder of the sale price of the invisible properties, subject of the Contract, which as of 01.02.2016 amounts to EUR 841,989.39, incl. VAT to be extended until 30.09.2021, as the condition of the deferred payment is changed as follows:

- Interest: 6.5% per annum for extension of the contract, which becomes applicable as of 01.02.2016.
- Deadline: 30.09.2021
- Payment of interest: every month until the last day of the respective month until the expiration of the term of the deferred payment;
- Payment of the remainder of the sale price: in 9 equal monthly installments maturing from 30 January 2021 to 30 September 2021.

As of 12.31.2019, the "RES Project" PLC has sold its claim of "Intercapital Property Development REIT 'contract for the lease of "Marina Cape Properties "Ltd. (see" *assigning other duties to Marina Cape Properties* ").

7.3.4 DATA ON THE ISSUER 'S INTENTIONS REGARDING REPAYMENT OF THE COMPANY'S OBLIGATIONS RELATED TO ASSIGNMENTS AND FINANCIAL LEASING CONTRACT IN CASE THE CURRENT PUBLIC OFFERING OF SHARES FAILS

There is a possibility that in case of unsuccessful public offering of shares the Company will not be able to fulfill the set for the purpose of this issue settlement of most of the above-described obligations under assignments (current obligations) described in detail in item 19.4. "Justification of the supply and use of proceeds", letter A. "Repayment of current liabilities of the Issuer".

In the event of such a circumstance, the Issuer intends to take the following actions and mechanisms:

- Additional cost optimization;
- Implementation of a flexible policy for securing the sources and forms of financing permitted by law;
- Restructuring of its current loan capital into non-current, by refinancing and / or renegotiating the existing loan funds in the form of assignments;
- For payment of the obligations accumulated in connection with the agreed financial leasing of the unfinished investment property "Grand Borovets", its quick realization through sale will be sought;
- In addition, efforts will be directed to the implementation of transactions for the sale of apartments of the Company in the holiday complex "Marina Cape", Aheloy.

After performing these activities, in case of unsatisfactory level of repayment and / or renegotiation of the currently accumulated liabilities, as well as insufficient improvement of the own capital after generated profits from the sale of real estate, a new public issue will be offered to increase the share capital. in a smaller amount sufficient to cover the shortfall in equity and repay non-negotiated loans.

7.4 STRATEGY AND GOALS

The issuer, aims to achieve maximum return on investment of the funds raised in this public offering at a low level of risk. The investment strategy of the Company envisages part of the raised capital to be invested in construction / repair of real estate.

The main goal of the Issuer is to provide its shareholders with a growing value of the Company's shares and current income through the distribution of dividends.

The investment short-term and medium-term goals of Intercapital Property Development REIT are as follows:

- ✓ implementation of the planned investments in the holiday complex "Marina Cape";
- ✓ sale at a higher price of investment properties (apartments) part of the holiday complex "Marina Cape";
- ✓ sale of the investment project "Grand Borovets" (unfinished construction) or providing financing for its completion and commissioning.

Based on the planned investments, the Issuer aims to increase the operating revenues, thus providing a better return for its shareholders.

7.5 SUMMARY INFORMATION ON THE EXTENT TO WHICH THE ISSUER DEPENDS ON PATENTS OR LICENSES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS, OR NEW PRODUCTION PROCESSES

The issuer is not dependent on patents and licenses, with the exception of the license for a special investment purpose company obtained by Decision № 702-FVC of 16.11.2005 of the Financial Supervision Commission.

Dependence of the Issuer on industrial, commercial or financial contracts

In the process of performing its main activity, Intercapital Property Development REIT is dependent on the two servicing companies with which as of the date of the Prospectus it has concluded management contracts, namely:

- ✓ Optima Audit AD - servicing company for accounting services of the Issuer since 2005. According to the contract with Optima Audit AD, the same provides the Company with the following accounting services: keeping the accounting and other reporting and correspondence of the Company; providing financial advice in connection with the activities of the Company and the current regulations.
- ✓ Marina Cape Management EOOD - 100% subsidiary of Intercapital Property Development REIT, established in 2006 in order to take over the maintenance and management of the apartments and retail space in the holiday complex Marina Cape. Since the establishment of the company in 2006 until now, Marina Cape Management EOOD is the only servicing company of Intercapital Property Development REIT that has performed the activity of servicing and managing the Marina Cape holiday complex.

In the event of termination by any of the above-quoted servicing company and, then the Issuer will be dependent on new companies that will contract for servicing company respectively for accounting services and / or property management.

As of the date of the Prospectus, the Company has debts on assigned liabilities and financial leasing in large amounts described respectively in item. 7.3.2 "*ceded liabilities on bank loans*" and so on. 7.3.3 "*Leasing*" in this sense, at present the financial condition of the Issuer is dependent on these obligations.

7.6 THE GROUNDS FOR THE DECLARATIONS MADE BY THE ISSUER IN CONNECTION WITH ITS COMPETITIVE POSITION

Intercapital Property Development REIT has a subject of activity determined by law, namely real estate securitization. The company operates only on the Bulgarian market, focusing its efforts on the construction of holiday properties. All this predetermines for its competitors all Bulgarian companies with special investment purpose in the field of real estate securitization, companies operating in the field of construction and sale of holiday properties and companies offering tourists and business clients renting premises for tourism and conducting at corporate events. All this determines the Company to operate in a highly competitive environment, taking into account the development of the real estate sector in the country.

Another type of competitors of the Company are foreign investors who make significant investments in the construction of business buildings and holiday properties in the country. This further increases the competition on the Bulgarian real estate market.

There are many large companies on the market with established access to financing, part of stable organizational structures having the support of their majority shareholders, while these factors are not valid for the Issuer, as it is not part of an economic group.

The possibilities of Intercapital Property Development REIT to provide capital for financing investments is possible only through bank loans, increase of the company's capital or issuance of bond issues. These restrictions lead the Company to an unfavorable position compared to a large number of competitors.

The main advantages of the Issuer are on the one hand the good location of the holiday complex "Marina Cape". The holiday village is located on the shores of Aheloy Bay - only five minutes from Sunny Beach, Nessebar and Pomorie, and only 19 km from Bourgas International Airport. The complex offers everything in one place - sea views, swimming pools and parks, a small port for yachts and fishing boats, private beach, spa complex, sports areas, restaurants, cafe and wet bar, outdoor summer scenes, conference center, specially designed for business forums, seminars and team building. The coast allows the practice of windsurfing and body surfing, which are becoming increasingly popular in Bulgaria.

The complex, is gated with everything necessary to meet the needs of each client is accessible year-round, not just in the summer season.

On the other hand, for those who have to combine leisure and work, there is a conference center with a main hall for 350 people and 6 smaller halls designed to accommodate 50 to 150 people. The complex is extremely suitable for group visits by children, students, athletes, corporate clients and partner organizations.

The public status of the REIT, the trading in shares of the company of the Bulgarian Stock Exchange AD, the legal requirement for distribution of at least 90% of the profit as dividend, as well as the supervision of the FSC create conditions for transparency, reliability and return on investment, which attracts investors to the companies with special investment purpose and has a positive impact on the activity.

7.7 INVESTMENTS

7.7.1 DESCRIPTION (INCLUDING AMOUNT) OF THE SIGNIFICANT INVESTMENTS MADE BY THE ISSUER IN EACH FINANCIAL YEAR FROM THE BEGINNING OF THE PERIOD COVERED BY THE FINANCIAL INFORMATION FOR PREVIOUS PERIODS UNTIL THE DATE OF THE REGISTRATION DOCUMENT.

For the considered historical period up to the date of the Prospectus, the Issuer and its subsidiary have not made significant investments that would affect the results of operations and be reflected in the statement of financial position, both on an individual basis and on a consolidated basis.

The only investments made by the subsidiary (service) company "Marina Cape Management" EOOD are related to activities for maintenance of the material base, elimination of damages and cosmetic repairs related to wear and the need for replacement. Such activities are carried out in order to prepare the holiday complex for the summer season of the year.

The total amount of these investments in all three historical periods up to the date of the Prospectus is reported in the income statement of the subsidiary due to their low value and falling below the materiality threshold.

Under the Group's accounting policies, subsequent costs associated with an asset of property, plant and equipment are added to the carrying amount of the asset when it is probable that the economic benefits associated with the asset will exceed the carrying amount of the asset. All other subsequent expenses are recognized as an expense in the period in which they are incurred. The selected materiality threshold for property, plant and equipment, as well as for intangible assets of the group amounts to BGN 700.

7.7.2 A DESCRIPTION OF ALL SIGNIFICANT INVESTMENTS OF THE ISSUER THAT ARE IN PROGRESS OR FOR WHICH FIRM COMMITMENTS HAVE BEEN MADE, INCLUDING THEIR GEOGRAPHICAL DISTRIBUTION (IN THE ISSUER'S COUNTRY OR ABROAD) AND THE METHOD OF FINANCING (INTERNAL OR EXTERNAL).

Intercapital Property Development REIT can operate only on the Bulgarian real estate market.

As of the date of the Prospectus, the management of the Issuer has not made any firm commitments to implement significant investments.

The intentions of the management of the Company at the moment are directed to the holiday complex "Marina Cape", namely investing in the reconstruction and expansion of "Zone 4", from the resort. "Marina Cape Aheloy", as well as in and modernization of some of the services provided.

The activities are scheduled to be made in this regard, are as follows:

1. reconstruction of the internal distribution of the residential floors, upgrading and finishing works of the constructed buildings in "Zone 4" representing "Sector 26" and "Sector 27" of the complex;
2. purchase and installation of solar panels and heat exchanger for outdoor pool;
3. further development of the children's club and construction of additional playgrounds and attractions;
4. in the presence of funds, other activities related to modernization and modernization of the services offered in the complex can be performed.

All these activities are described in detail for the purposes of this Prospectus, including the benefits for the Issuer, which will lead to their implementation.

According to preliminary data, the investment will amount to approximately BGN 2,500,000. As of the date of the Prospectus, information is still being collected on some of the activities, due to which an exact quantitative value account for each of the activities cannot be given. According to preliminary studies, the rough construction will amount to over BGN 700,000, and the final price of the investment will become clear after receiving offers for all activities, due to which an exact quantitative value account for each of

the activities cannot be given. However, the management has estimated that the value of the entire investment will not exceed BGN 2.5 million.

The estimated term for realization of the investment intention in good circumstances is in the order of about 4 months.

The funds necessary for the realization of the above-described investments will be raised during the public offering of shares from the capital increase of the Company subject to this Prospectus.

In case the capital increase is not completed successfully, the Issuer will seek borrowed funds to meet the set investment objectives.

Regarding the second investment project of the Issuer "Grand Borovets", at present the Company has frozen the construction activities for the completion of this project in the resort. Borovets due to lack of funds for its financing. The funds for its finalization and commissioning amount to approximately EUR 2,500,000, which will be sought at a later stage and do not affect the Company's investment plans in the medium term. In case of interest from an investor, the Issuer is ready to sell this investment project and repay its liabilities with the funds received from its implementation, which will significantly improve its capital structure, debt ratios and financial autonomy and overall financial condition.

7.7.3 INFORMATION ABOUT THE JOINT VENTURES IN WHICH THE ISSUER HOLDS A SHARE OF THE CAPITAL, WHICH SHARE MAY HAVE A SIGNIFICANT EFFECT ON THE VALUATION OF THE ISSUER'S OWN ASSETS AND LIABILITIES, ITS FINANCIAL CONDITION OR PROFIT OR LOSS.

During the historical period under review and as of the date of the prospectus, the Issuer does not hold a share in the capital of joint ventures.

7.7.4 DESCRIPTION OF POSSIBLE PROBLEMS RELATED TO ENVIRONMENTAL PROTECTION THAT MAY AFFECT THE ISSUER'S USE OF TANGIBLE FIXED ASSETS.

The issuer, in carrying out its activities, actively works in the direction of environmental protection. As a real estate investor, his responsibility is limited to compliance with all regulatory requirements for construction and disposal of construction waste that has a specific composition (eg - cement, cardboard, plaster, iron, gypsum, plastic, various construction mixtures containing aggressive chemicals, paints, varnishes, adhesives, etc.), which makes them more aggressive to the environment and human health. In this regard, the Issuer carefully analyzes the construction companies and concludes performance contracts with those that do not use materials harmful to human health and pollute the environment, and which are responsible for the disposal and treatment of construction waste.

Intercapital Property Development REIT together with its subsidiary Marina Cape Management EOOD (as a service company and manager) have developed an informal policy for reducing the risks of pollution and for efficient use of resources in the holiday complex Marina Cape, including reducing the cost of consumables, electricity and water, avoiding plastic packaging and more.

In the direction of environmental protection, a special landscaping project has been developed and is maintained, and the ground floor apartments of most of the buildings have separate private courtyards. Separate small landscaped parks, which are maintained flowers and fruit trees.

Continuing the policy of reducing resources, the Issuer has decided to purchase a solar system for heating a pool (at the beginning and end of the season), instead of being based on electricity. The solar system will also be used to reduce the use of electrical resources in restaurants, outdoor bars, shops and more. The purchase of the solar system is part of the objectives of the current public offering of shares.

8 AUTHORITY IZATIONNA STRUCTURE

"Intercapital Property Development" REIT for the period in question historical financial information and the date of the Prospectus no shareholder majority is Mr. share of no intermediate its capital. This is valid as for the historical period 2017 - 31.03.2020, as of the date of this Prospectus.

The following table provides information on data from the shareholders' book of the Issuer at the time of the last prepared unaudited financial statements as at 31.03.2020, with the direct participation of more than 5% shareholding.

Name of the company	Country	Share of the total number of shares	Number of shares
FINANCE DIRECT AD	Bulgaria	6.61%	397 579
KRAJOWY DEPOZYT PAPIEROW WARTOSCIOWYCH S. - trustee account	Poland	16,34%	981 983
DF Invest Classic	Bulgaria	8.89%	534 679
DF Invest ACTIVE	Bulgaria	12.81%	770 246
Other legal entities		27,79%	1 670 386
Other individuals		27,56%	1 656 603
A COMMON number of shares		100%	6 011 476 lv.

For the period 31.03.2020 until the date of the Prospectus no changes have occurred in the shareholding structure of the Issuer.

According to detailed information about the shareholders holding direct participation from the capital of the Issuer, it is presented in item 1.6 "Majority shareholders". As of 31.12.2019 and as of the date of the Prospectus in respect of the Issuer there is no notification for indirect possession of shares / voting rights in the GMS within the meaning of Art. 146 of the POSA.

Economic group

The issuer is the sole owner of the capital of Marina Cape Management EOOD, and exercises direct control over its subsidiary.

For its part, Marina Cape Management EOOD is the sole owner of the capital of Marina Cape Tours EOOD, Bulgaria. Intercapital Property Development REIT exercises indirect control over Marina Cape Tours EOOD.

In view of this, the Issuer 's economic group includes:

Intercapital Property Development REIT - parent company;

- ✓ Marina Cape Management EOOD - a subsidiary 100%;
- Marina Cape Tours EOOD - a 100% subsidiary of Marina Cape Management EOOD.

The share capital of the Issuer is BGN 6,011,476 (six million eleven thousand four hundred and seventy-six), distributed in the number of ordinary registered dematerialized fully paid-up shares with a nominal value of BGN 1 each. All shares are subscribed and paid. All issued shares of the Issuer are of the same class and give one voting right in the General Meeting. During the period covered by the historical financial information and as of the date of the Prospectus no change in the share capital has been made.

At present there are no shareholders with majority participation in the capital of the Issuer, there is no natural or legal person to exercise direct or indirect control within the meaning of §1, item 14, letter a) of the Additional Provisions of LPOS to Intercapital Property Development "REIT, as a person who holds over 50 percent of the number of votes in the General Meeting of the Issuer within the meaning of §1, item 14, letter a) of the Additional Provisions of the POSA.

Intercapital Property Development REIT has no agreements with other persons, nor is it aware of such agreements, the effect of which may lead to a specific future change in the control relationship with the Company.

The issuer is part of an economic group, in this sense its activity is dependent on the companies part of its economic group and in particular on the subsidiary Marina Cape Management EOOD, which is also its service company in terms of investment property management.

"Intercapital Property Development REIT 'n has been dependent on other legal entities or natural persons, except members of the Board of Directors.

9 OPERATIONAL AND FINANCIAL REVIEW

As of the date of the Intercapital Property Development Prospectus, REIT owns a subsidiary, in this sense the Company prepares financial statements both on an individual basis and on a consolidated basis.

Pay attention! At the date of the Prospectus "Intercapital Property Development" REIT is in the process of selling its only subsidiary "Marina K is YP Management" LTD. Following the sale of the subsidiary and its write-off of the Issuer's assets, Intercapital Property Development REIT will not have any investments in subsidiaries. As of the date of sale, the Issuer will no longer be required to prepare and publish consolidated financial statements. The only financial statements that Intercapital Property Development REIT will prepare and publish after this point will be unaudited interim separate financial statements and audited annual separate financial statements.

The information in the section " FINANCIAL INFORMATION " includes historical data from the annual audited individual financial statements, including the prepared reports on the activities of „Intercapital Property Development " REIT for 2017, 2018 and 2019, as well as from the annual audited consolidated financial statements. reports of the Company, including the prepared activity reports for 2017, 2018 and 2019 as all financial data in this Prospectus are taken from these reports.

As of the date of preparation of this Prospectus, Intercapital Property Development REIT is obliged to prepare interim six-month financial separate financial statements and interim six-month consolidated financial statements, which are not audited in accordance with the provisions of Art. 100o of LPOS. The company has chosen to disclose in abbreviated form, by notifying its financial condition on an individual and consolidated basis for the first, third and fourth quarters in accordance with the provisions of Art. 100o¹ of LPOS, which information is not audited.

As of the date of preparation of this Prospectus, after the date of the last audited individual and consolidated financial statements for 2019, the Issuer has prepared and published interim quarterly financial information on an individual basis for the first quarter of 2020 in abbreviated form and this

financial information is presented in this Prospectus. In this sense, the interim separate financial statements as of 31.03.2020 (unaudited) have been prepared and published only in the following format "Forms of financial statements approved by the Deputy Chairman, Head of the Investment Supervision Department of the Financial Supervision Commission."

As of the date of the Prospectus, the Issuer has not prepared and published consolidated financial information for the first quarter of 2020 due to the fact that the deadline for its preparation has not expired.

All prepared and published by the Issuer, audited annual individual and consolidated financial statements of the Company for the respective financial year, as well as the prepared unaudited interim financial information for the first, third and fourth quarters of the respective financial year, as well as the unaudited interim six-month financial audited individual and the accounts for the financial year concerned have been drawn up in accordance with International Financial Reporting Standards as adopted by the Union pursuant to Regulation (EC) No 1606/2002.

9.1 FINANCIAL POSITION

Information on the financial condition of the Company and the changes that occurred during the considered historical financial periods 2017, 2018 and 2019 is presented on an audited annual individual and audited annual consolidated basis.

The interim unaudited financial information presented in this Prospectus is on an individual basis and covers the period of the first quarter of 2020 and the comparable period for the first quarter of 2019 (individual basis). The analysis of the balance sheet positions of intermediate s individual financial statements as of 31/03/2020, the made to balance sheet data as of 31.12.2019, and the analysis of income and expenses, profits / losses for the interim period is made compared to the comparable interim reporting period - the first quarter of 2019.

ASSETS

➤ Assets, according to audited annual individual financial statements for the period 2017 - 2019

ASSETS	Annual individual					
	12/31/2019	%	12/31/2018	%	31 Dec 2017	%
	<i>(audited data in thousands of BGN)</i>					
Non-current assets, incl.						
Property, plant and equipment	14 740	33.6%	12 961	29.8%	13 100	27.7%
Investment property	23 695	54.1%	23 746	54.6%	26 699	56.5%
Investments in subsidiaries	5	0.0%	5	0.0%	5	0.0%
Other receivables	-	-	-		447	0.9%
Total non-current assets	38 440	87.7%	36 712	84.4%	40 251	85.2%
Current assets incl.						
Unfinished construction	293	0.7%	295	0.7%	328	0.7%
Trade receivables	3 083	7.0%	3 126	7.2%	3 356	7.1%
Advances provided	38	0.1%	9	0.0%	3	0.0%
Receivables from related parties	1 797	4.1%	2 864	6.6%	2 701	5.7%

Other receivables	159	0.4%	481	1.1%	571	1.2%
Cash and cash equivalents	13	0.0%	2	0.0%	14	0.0%
Total current assets	5 383	12.3%	6 777	15.6%	6 973	14.8%
Total Assets	43 823	100.0%	43 489	100.0%	47 224	100.0%

* The share shown in the table is calculated to the total value of assets for the respective financial year

Source: Intercapital Property Development REIT

The value of total assets of "Intercapital Property Development REIT" on an individual basis to 31.12.2019 was EUR 43 823 thousand. Lev, as compared to the same period last year, the carrying value of assets almost remained unchanged notes yki slight increase from 334 thousand BGN

Non-current assets increased by BGN 1,728 thousand, which is due to revaluation of property, plant and equipment in connection with the assessment of fair value as of 31.12.2019. Non-current assets represent 87.7% of the total assets and VK I incorporating the value of investment property of the Company and properties (land), plant and equipment.

At the same time, current assets decreased its size 6 77 7 thousand. Lev at the end of 2018 to 5 383 thousand. Lev to 31/12/2019, the due to the reduced amount of receivables from related parties.

➤ **Assets, according to unaudited interim separate financial statements as of 31.03.2020 and 31.03.2019.**

ASSETS	Intermediate individual			
	31.03.2020	%	31. 03.201 9	%
<i>(Not audited figures in thousands. Lev)</i>				
Non-current assets, incl.				
Property, plant and equipment	14 727	33,82%	12 947	29,82%
Investment property	23 639	54,28%	23 746	54,69%
Investments in subsidiaries	5	0.01%	5	0.01%
Other receivables	-	-	-	-
Total non-current assets	38 371	88,11%	36 698	84,52%
Current assets incl.				
Unfinished construction	293	0.67%	295	0.68%
Trade receivables	3082	7.08%	3232	7.44%
Advances provided	38	0.09%	9	0.02%
Receivables from related parties	1448	3.33%	2806	6.46%
Other receivables	156	0.36%	370	0.85%
Cash and cash equivalents	160	0.37%	9	0.02%
Total current assets	5 177	11.89%	6 721	15.48%
Total Assets	43 548	100.00%	43 419	100.00%

* The share shown in the table is calculated to the total value of assets for the respective interim financial period

Source: Intercapital Property Development REIT

The value of total assets of "Intercapital Property Development REIT" on an individual basis at 31 03 0.20 20 totaled 43 548 thousand. Lev as decreased by 275 thousand. Lev to total assets at 31.12.2019, the

Non-current assets change insignificantly compared to the end of 2019 in connection with reported depreciation for the first three months of 2020 amounting to BGN 38,371 thousand at the end of the first quarter of 2020. Non-current assets also decreased by 5 383 thousand. lev to 12/31/2019 until 5 177

thousand. lev at the end of the first quarter of 2020, this is due to us and flax 349 thousand. lev amount receivable from related parties.

At the same time, the Company increased its free cash (cash and cash equivalents) to BGN 160 thousand compared to BGN 13 thousand as of 31.12.2019.

➤ **Assets, according to audited annual consolidated financial statements for the period 2017 - 2019.**

ASSETS	Annual consolidated					
	12/31/2019	%	12/31/2018	%	12/31/2017	%
<i>(audited data in thousands of BGN)</i>						
Non-current assets, incl.						
Property, plant and equipment	15 148	33.4%	13 306	30.6%	13 477	28.7%
Investment property	23 695	52.2%	23 746	54.5%	26 699	56.8%
Investments in subsidiaries	21	0.0%	21	0.0%	447	1.0%
Other receivables	-	-	-	-	21	0.0%
Total non-current assets	38 864	85.7%	37 073	85.2%	40 644	86.5%
Current assets incl.						
Materials and goods	946	2.1%	942	2.2%	1 060	2.3%
Unfinished construction	293	0.6%	295	0.7%	328	0.7%
Trade and other receivables	5 128	11.3%	5 118	11.8%	4,750	10.1%
Tax and Other receivables	10	0.0%	10	0.0%	10	0.0%
Cash and cash equivalents	126	0.3%	98	0.2%	172	0.4%
Total current assets	6 503	14.3%	6 463	14.8%	6 320	13.5%
Total Assets	45 367	100.0%	43 536	100.0%	46 964	100.0%

* The share shown in the table is calculated to the total value of assets for the respective financial year

Source: Intercapital Property Development REIT

The value of the total consolidated assets of Intercapital Property Development REIT as of 31 December 2019 amounts to BGN 45,367 thousand, as compared to the same period last year the book value of the assets increased by 4.2%.

Both on an individual basis and on a consolidated basis, the predominant assets of the Company are non-current assets, which occupy 85.7% of the total consolidated assets and represent investment property, property (land), machinery and equipment.

The current consolidated assets amount to BGN 6,503 thousand and there is almost no deviation from the comparable period on 31.12.2018.

OWN CAPITAL AND LIABILITIES

EQUITY

➤ **Equity, according to audited annual individual financial statements for the period 2017 - 2019.**

EQUITY	Annual individual		
	12/31/2019	12/31/2018	12/31/2017

	<i>(audited data in thousands of BGN)</i>		
Main (shareholders) capital	6 011	6 011	6 011
Premiums on issues	7 651	7 651	7 651
Reserves	7 382	5 879	5 964
Uncovered loss	(20 102)	(2 0 036)	(15,653)
Equity	942	(495)	3 973

Source: Intercapital Property Development REIT

During the three audited reporting periods under review, no increase in the share capital of the Company was made.

At the end of 2018 the equity of the Company with a deteriorated as the same becomes negative at EUR (495) thousand. Lev due to a realized loss for the reporting period.

At the date of the last audited and prepared separate financial statements for 2019, the equity of the company amounted to 942 thousand. Lev recognizing significant improvement in the amount of 1 437 thousand. Lev. This is due to the increased using a PB of subsequent appraisals of assets with BGN 1,503 thousand

➤ **Equity, according to unaudited interim separate financial statements as of 31.03.2020 and 31.03.2019.**

EQUITY	Intermediate individual	
	31. 03.20 20	31. 03.201 9
	<i>(Not audited figures in thousands. Lev)</i>	
Main (shareholder) capital	6 011	6 011
Premiums on issues	7 651	7 651
P reserves	7 382	5 879
Uncovered loss	(20,326)	(20,419)
Equity	718	(878)

Source: Intercapital Property Development REIT

At the end of the first quarter of 20 20 the equity of the Company registered a slight decrease of BGN 224 thousand compared to its amount as of 31.12.2019, the reason for this is the realized loss for the last interim period for the first quarter of 2020.

➤ **Equity, according to audited annual consolidated financial statements for the period 2017 - 2019.**

EQUITY	Annual consolidated		
	12/31/2019	12/31/2018	12/31/2017
	<i>(audit our data in thousands. I in.)</i>		
Fixed (share) capital	6 011	6 011	6 011
Premiums on issues	7 651	7 651	7 651
P reserves	7 382	5 879	5 96 4
Uncovered loss	(22,049)	(19,760)	(15,460)
Equity	(1,005)	(219)	4 166

Source: Intercapital Property Development REIT

On a consolidated basis, there is a tendency for deterioration of the capital structure, as equity is a negative value in 2018 and continues to deteriorate in 2019, when it amounts to (1,005) thousand BGN. The decrease in the amount of consolidated equity due to realized so in 2019 a loss of subsidiary "Marina Cape Management" EOOD in size (1 917) thousand. lev mainly due to realized financial expenses amounted to (1 432) thousand. lev and negative result from main activity in the amount of (485) thousand BGN

LIABILITIES

Liabilities to creditors are classified as non-current and current liabilities, which cover outstanding settlements with suppliers, creditors, customers who have provided advances against future sales, staff, state and municipal budgets for accrued and unpaid taxes, insurance funds for accrued, but unpaid social and health insurance contributions, income for future periods and others.

During the considered historical periods the company The Company had the following attracted capital:

➤ **Borrowed capital, according to audited annual individual financial statements for the period 2017 - 2019.**

	Annual individual and					
	12/31/2019	%	12/31/2018	%	31. 12.2017	%
	<i>(audited data in thousands of BGN)</i>					
Non-current liabilities						
Liabilities on loans from banks and non-bank financial institutions	11 735	27.4%	16 0 95	36.6%	16 095	37.2%
Others	1 335	3.1%	1 454	3.3%	1 570	3.6%
Total non-current liabilities	13 070	30.5%	17 549	39.9%	1 7 665	40.8%
Current liabilities						
Liabilities on loans from banks and non-bank financial institutions	-	-	997	2.3%	386	0.9%
Debt issuance detentions	-	-	4 838	11.0%	4 407	10.2%
Financial leasing liabilities	118	0.3%	342	0.8%	366	0.8%
Liabilities to related companies	13	0.0%	2 987	6.8%	2 830	6.5%
Trade liabilities	414	1.0%	1 076	2.4%	1 446	3.3%
Advances received	1 951	4.5%	3 987	9.0%	5 189	12.0%
Obligations to staff and social security institutions	167	0.4%	1 53	0.3%	121	0.3%
Tax obligations	58	0.1%	525	1.2%	130	0.3%
Other obligations	27 090	63.2%	11 579	26.3%	10 711	24.8%
Total current liabilities	29 811	69.5%	2 6 4 35	60.1%	2 5 586	59.2%
Total liabilities	4 2 881	100%	43 984	100%	47 251	100%
Net financial liabilities (Liabilities - cash)	42 868		43 98 2		47 2 37	

* The share shown in the table is calculated to the total value of liabilities for the respective financial year

Source: Intercapital Property Development REIT

During the considered historical periods the Company has managed to reduce its liabilities from BGN 47 2 51 thousand (31.12.2017) to BGN 42 881 thousand as of the end of 2019. For the last financial period 2019 the reported decrease in the liabilities compared to 2018 is 2.5%.

Non-current liabilities gradually reduce its size by 17 665 thousand. Lev to 2017 g. to 13 070 thousand. Lev and represent 30.5% of all liabilities of the company. This is due to the reduced amount of liabilities on loans from banking institutions by BGN 4,360 thousand.

The liability to a financial institution in the amount of BGN 11,735 thousand (EUR 6,000 thousand) represents secured liabilities (originating from a bank loan) on receivables transferred from Futures Capital AD through an assignment agreement to a financial institution. Parameters on the duty of a detail described in the item. 7.3.2. " *Assigned liabilities on bank loans* " .

The analysis of liabilities shows a gradual increase in current liabilities from BGN 25,586 thousand (31.12.2017) to BGN 29,811 thousand at the end of 2019 when 69.5% of all liabilities of the Company are current. The largest share of current liabilities is occupied by other liabilities, representing liabilities on loans and other trade liabilities to unrelated parties arising in the ordinary course of business of the company.

Current borrowings on loans and other trade payables to unrelated parties are as follows:

- a) Duty to a company value of 4 205 thousand. lev - unsecured loan in treasury issued by the Company in 2007 Corporate bonds with ISIN BG2100019079.
- b) Assigned liabilities to the company Marina Cape Properties EOOD in the amount of BGN 15,922 thousand.
- c) Due to the company "BGI Imo" EAD occurred, in connection with the repayment obligation of the Issuer under contract for purchase of immovable property, namely unfinished investment property "Grand Borovets" amounted to 6 248 thousand. lev.
- d) The company has other current liabilities in the amount of BGN 715 thousand, which arose in the course of the activity.

Information and parameters on the described current liabilities under point a) are available in item 7.3.1 " *Bond issue* ", under point b) to point c) are available in item 7.3.2 " *Assigned liabilities on bank loans* " .

➤ **Borrowed capital, according to unaudited interim separate financial statements as of 31.03.2020 and 31.03.2019.**

	Intermediate individual and			
	31.03.2020	%	31.03.2019	%
	<i>(Not audited figures in thousands. Lev)</i>			
Non-current liabilities				
Liabilities on loans from banks and non-bank financial institutions	11 735	27,40%	16 095	36,33%
Others	1 338	3.12%	1 423	3.21%
Total non-current liabilities	13 073	30,52%	17 518	39,55%
Current liabilities				

Liabilities on loans from banks and non-bank financial institutions		0.00%	5996	13.54%
Debt issuance detentions		0.00%		0.00%
Financial leasing liabilities		0.00%		0.00%
Liabilities to related companies	13	0.03%	3 181	7.18%
Trade liabilities	384	0.90%	1 190	2.69%
Advances received	1 881	4.39%	3 938	8.89%
Obligations to staff and social security institutions	178	0.42%	163	0.37%
Tax obligations	64	0.15%	417	0.94%
Other obligations	27 237	63,59%	11 894	26,85%
Total current liabilities	29 757	69,48%	26 779	60,45%
Total liabilities	42 830	100%	44 297	100.00%
Net financial liabilities (Liabilities - cash)	42 670		44 288	

* The share shown in the table is calculated to the total value of liabilities for the respective financial year

Source: Intercapital Property Development REIT

The liabilities of the Company at the end of the first quarter of 2020 amount to BGN 42,830 thousand and remain relatively constant and unchanged during the period covering the last interim reporting period compared to the balance sheet data at the end of 2019.

➤ **Borrowed capital, according to audited annual consolidated financial statements for the period 2017-2019.**

Raised capital	Annual consolidated					
	12/31/2019	%	12/31/2018	%	12/31/2017	%
	<i>(audited data in thousands of BGN)</i>					
Non-current liabilities						
Liabilities on loans from banks and non-bank financial institutions	11 735	25.3%	16 095	36.8%	16 095	37.6%
Financial leasing liabilities	1 396	3.0%	1 454	3.3%	1 570	3.7%
Other obligations	2 316	5.0%	1 320	3.0%	873	2.0%
Total non-current liabilities	15 447	33.3%	18 869	43.1%	18 538	43.3%
Current liabilities						
Liabilities on loans from banks and non-bank financial institutions	-	-	997	2.3%	386	0.9%
Debt issuance detentions	-	-	4 838	11.1%	4 407	10.3%
Financial leasing liabilities	134	0.3%	342	0.8%	366	0.9%
Trade liabilities	2 766	6.0%	5 643	12.9%	7 304	17.1%
Obligations to staff and social security institutions	280	0.6%	404	0.9%	296	0.7%
Tax obligations	92	0.2%	954	2.2%	467	1.1%
Other obligations	27 653	59.6%	11 708	26.8%	11 034	25.8%
Total current liabilities	30 925	66.7%	24 886	56.9%	24 260	56.7%
Total liabilities	46 372	100.0%	43 755	100%	42 798	100%
Net financial liabilities (Liabilities - cash)	46 246		43 657		42 626	

* The share shown in the table is calculated to the total value of liabilities for the respective financial year

Source: Intercapital Property Development REIT

Block Level liabilities during the period experienced growth of 8.4% by the end of 2017 they amounted to 42 798 thousand. Lev and pomegranate with How- ever, with nearly 1 million. Lev in 2018 to reach 30 925 thousand. lev to 31/12/2019, the consolidated liabilities increased identical to the increase in the liabilities of the Issuer on an individual basis.

In 2019, there are no off-balance sheet transactions in Intercapital Property Development REIT on an individual and consolidated level.

9.2 OPERATIONAL RESULTS FROM THE ACTIVITY

For the considered historical financial periods 2017, 2018 and 2019, the tables below present information at the individual and consolidated level on the income and expenses, profits / losses of Intercapital Property Development REIT, structured by types of activities.. As well as comparative interim financial information for the first quarter of 2020 and the comparable period of 2019 prepared on an individual basis, as the same has not been audited.

➤ Structure of revenues, expenses and profits, according to audited annual individual financial statements for the period 2017 - 2019

Indicator	Annual individual		
	2019	2018	2017
	<i>(audited data in thousands of BGN)</i>		
Income			
Sales revenue, incl.	803	2 002	3 726
<i>Sale of investment properties</i>	156	1 645	3 364
<i>Investment property management</i>	647	357	362
Other income - written off liabilities	1 298	116	15 023
Total operating income	2 101	2 118	18 749
Expenses			
Material costs	(16)	(2)	(53)
Costs for external services	(207)	(467)	(556)
Staff expenses	(46)	(39)	(40)
Depreciation costs	(55)	(54)	(54)
Other expenses	(895)	(1,052)	(2,321)
Book value of assets sold	(106)	(1,583)	(4,694)
Total operating costs	(1,325)	(3,197)	(7,718)
Profit / (Loss) from operating activities	776	(1,079)	11 031
Income from deposits. differences			
Oper TIONS finance EW assets and instruments - treasury bonds	632	-	-
Interest expenses	(1,440)	(1,588)	(6,428)
Other financial expenses	(89)	-	-
Financial income / expenses (net)	(897)	(1,588)	(6,428)
Changes in the fair value of investment property	55	(1,716)	(4,507)
Profit / (Loss) for the year	(66)	(4,383)	96
Earnings per share	(0.01)	(0.73)	0.02

Source: Intercapital Property Development REIT

In 2019 the Company reported total operating income of EUR 2 101 thousand. Lev formed corresponding revenue from sales and other BC and walk.

Revenues from sales are amounting to 803 thousand. Lev from their revenue from sales of property - residential buildings for seasonal use in complex "Marina Cape" are EUR 156 thousand. Lev total area of apartments sold is 84 square.m.

At the same indicator is reported and revenue from management of investment properties, which for 2019 amounted to 647 thousand. Lev actual management of investment properties is carried out by the subsidiary "Marina Cape Management" EOOD (management company) p o agreements concluded between the parties a new contract (from 01.04.2019). For the use and operation of the properties the servicing company is obliged to pay to the owner Intercapital Property Development REIT an annual remuneration in the amount of 75% (seventy-five percentage points) of the net amount of the annual positive financial result from the activity for the respective year, before taxes, but not less than 420,000 (four hundred and twenty thousand) euros excluding VAT.

In terms of sales revenues, it is noteworthy that in 2019 they were realized by BGN 1,199 thousand less compared to 2018, which is due to the lack of real estate sales. On the other hand, the revenues from investment property management increased by 81.2%.

Other revenue is generated from derecognition of liabilities respectively EUR 1 298 thousand. Lev (2019) and 10 thousand. Lev (about 2018). Liabilities in the amount of BGN 15,023 thousand were written off for the 2017 reporting year. The main part of them is a written-off interest liability with an agreement dated 27.12.2017, with which Intercapital Property Development REIT and Marina Cape Properties Ltd. have agreed that the debt of Intercapital Property Development REIT to Marina Cape Properties Ltd. in the amount of EUR 6,444,263.63 (BGN 12,603,884 thousand) is repaid by giving instead of the performance described in item 7.3.2. "*Assigned liabilities on bank loans*". According to the agreement "Intercapital Property Development REIT ' derecognised obligation of interest to " Marina Cape Properties "Ltd he transferred all the shares in the capital of the subsidiary " Marina Cape Management " Ltd. and pays an additional sum amounting to 30,000 euros (BGN 58 675).

To 12.31.2019 and on the date of the Prospectus "Intercapital Property Development REIT ' has written off at the end of 2017 its obligation to " Marina Cape Properties "Ltd. in the amount of 6 444 263.63 euros (12 603 884 thousand. lev) as of the date of the Prospectus transfer of the subsidiary "Marina Cape Management" EOOD has not yet been realized because of some administrative obstacles, such as tax and municipal obligations and lawsuits. At present, these obstacles have been overcome and it is expected that the finalization of the transaction will take place in the third quarter of 2020 according to a signed annex for extension of the term until 31.12.2020.

The transaction will be finalized after payment by the Issuer of current liabilities to Marina Cape Properties OOD in the total amount of BGN 144 thousand, part of which is the above-mentioned agreed amount of EUR 30,000 (BGN 58,675). and transfer of the company shares from the capital of Marina Cape Management EOOD to patrimony and of Marina Cape Properties OOD.

No other financial parameters are available for the Issuer, except the ones described above, which would lead to a change in the financial condition of the Company in the future reporting period.

The operating expenses amounted to (1 325) thousand. Lev for 2019 taking into account the significant reduction compared to the previous reporting period 1 372 thousand. Lev Due to the specific activity of the company Mr. Yi - a significant impact on operating costs has the amount of the written-off book value of the sold assets during the respective reporting period.

The net result from financial activity (897) thousand. Lev, which reported revenue gains from transactions with financial assets and instruments - treasury bonds amounted to 632 thousand. Lev u -financial costs

of EUR (1 440) thousand. lev represent She will totally interest expense and other costs of EUR (89) thousand. lev.

Despite the realized profit in the amount of BGN 776 thousand from its operating activity, the Issuer for 2019 reports a net financial result loss in the amount of BGN (66) thousand and earnings per share (BGN 0.01).

➤ **Structure of revenues, expenses and profits, according to unaudited interim separate financial statements as of 31.03.2020 and on 30.03.2019.**

Indicator	Intermediate individual	
	31.03.2020	31.03.2019
	<i>(Not audited figures in thousands. Lev)</i>	
Income		
Sales revenue, incl.	-	-
<i>Sale of investment properties</i>	-	-
<i>Investment property management</i>	-	-
Other income - sale of goods	64	-
Total operating income	64	-
Expenses		
Material costs	-	(1)
Costs for external services	(9)	(6)
Staff expenses	(12)	(11)
Depreciation costs	(13)	(14)
Other expenses	(17)	(111)
Book value of assets sold	(56)	-
Total operating costs	(107)	(143)
Profit / (Loss) from operating activities	(43)	(143)
Income from deposits. differences Oper TIONS finance EW assets and instruments - treasury bonds	-	-
Interest expenses	(181)	(240)
Other financial expenses	-	-
Financial income / expenses (net)	(181)	(240)
Changes in the fair value of investment property	-	-
Profit / (Loss) for the year	(224)	(383)
Earnings per share	(0.04)	(0.06)

Source: *Intercapital Property Development REIT*

For the period of the first quarter of 2020 the Company reports only revenues from the sale of goods in the amount of BGN 64 thousand and for the comparable period no revenues from the activity are reported.

The operating expenses amount to BGN (107) thousand for the first three months of 2020, reporting a decrease compared to the previous reporting period by BGN 36 thousand.

For the first quarter of 2020 the Company reported a negative result from operating activities in the amount of BGN (43) thousand for comparison for the comparable period on this indicator a loss of BGN (143) thousand was reported.

There is a sharp decrease in interest expenses from (240) thousand BGN as of 31.03.2019 decreased to (181 thousand) as of 31.03.2020. The decrease in interest is due to the measures taken by the Company in 2019. to stabilize its financial position, aimed at debt restructuring and negotiating lower interest rates, as well as reducing interest-bearing maturing liabilities and replacing them with non-interest-bearing liabilities.

Net tons financial result to 31. 03.2020 was a loss of EUR (224) thousand. Lev and earnings per share (0.04) lev For comparison, the net financial result at 31/03/2019 was a loss of EUR (383) thousand BGN and income per share (0.06) BGN

➤ **Structure of revenues, expenses and profits, according to audited annual consolidated financial statements for the period 2017 - 2019.**

Indicator	Annual consolidated		
	2019	2018	2017
	<i>(audited data in thousands of BGN)</i>		
Income			
Sales revenue, incl.	1 839	3 556	5 354
<i>Income from sale of investment properties</i>	156	1 645	3 364
<i>Revenues from sales of products</i>	244	350	211
<i>Revenues from sales of goods</i>	51	37	210
<i>Revenues from the provision of services</i>	1 354	1 370	1 3 06
<i>Other incomes</i>	34	154	263
Other income - written off liabilities	1 430	76	16 302
Total operating income	3 269	3 632	21 656
Expenses			
Material costs	(431)	(335)	(302)
Costs for external services	(713)	(558)	(993)
Staff expenses	(613)	(361)	(301)
Depreciation and impairment expenses	(85)	(89)	(113)
Other expenses	(1,139)	(3,252)	(8475)
Total operating costs	(2,981)	(4,595)	(10,184)
Profit / (Loss) from operating activities	288	(963)	11 472
Income from deposits. differences Oper TIONS finance ansovi assets and instruments - treasury bonds	632	-	-
Interest expenses	(1,586)	(1,600)	(6,575)
Expenses from operations with financial assets	(1,276)		
Other financial expenses	(99)	(11)	(8)
Financial income / expenses (net)	(2,329)	(1,611)	(6,583)
Changes in the fair value of investment property	55	(1,716)	(4,507)
Profit / (Loss)	(1,986)	(4,290)	382
Tax expenses	-	(10)	(39)
Profit / (Loss) for the year	(1,986)	(4,300)	343
Earnings per share	(0.33)	(0.72)	0.05

Source: Intercapital Property Development REIT

In 2019 the Group reported total operating income amounted to 3269 thousand. Lev formed respectively by sales revenue and other BC and walk.

Earnings they sales amounted to 1839 thousand. Lev, of which revenues from sales of property - residential buildings for seasonal use in complex "Marina Cape" are EUR 156 thousand. Lev, revenues from the sale of production in the amount of BGN 244 thousand, revenues from sales of goods BGN 51 thousand, revenues from the provision of services BGN 1,354 thousand and other revenues in the amount of BGN 34 thousand

Other revenues represent written-off liabilities in the amount of BGN 1,430 thousand and other revenues in the amount of BGN 10,000.

The group expenses for the activity amount to BGN (2,981 thousand) for 2019, reporting a significant decrease compared to the previous reporting period by (BGN 1,614 thousand). assets sold during the relevant reporting period, included in the amount of other expenses.

The net result from financial activity is BGN (2,329) thousand, which reports income from positive differences from operations with financial assets and instruments - repurchased own bonds in the amount of BGN 632 thousand, financial expenses in the amount of (1,586) thousand. BGN representing entirely interest expenses, other expenses in the amount of BGN (99) thousand, as well as expenses from operations with financial assets (BGN 1,276) thousand.

The Group realized a profit of BGN 288 thousand from its operating activities, and reported a net financial result for 2019 of a loss of BGN (1,986) thousand with earnings per share (BGN 0.33).

9.2.1 INFORMATION ABOUT SIGNIFICANT CHANGES IN NET SALES OR REVENUE DURING THE PERIOD OF THE HISTORICAL FINANCIAL INFORMATION IN QUESTION

In December 2017, the "Intercapital Property Development" REIT generates other revenue amounted to 12 604 thousand. Lev in connection with an agreement dated 27.12.2017, the, which "Intercapital Property Development REIT 'and' Marina Cape Properties "Ltd. have agreed that the debt of "Intercapital Property Development "REIT's" Marina Cape Properties "Ltd. in the amount of 6 444 263.63 euros (12 603 884.14 lev) is repaid by giving instead of execution. In this respect a contract for sale of the subsidiary "Marina Cape Management" Ltd in exchange for repayment of debt interest of EUR 12 604 thousand. Lev (see. In point. 7.3.2 "*ceded liabilities on bank loans*" information: "*Assignment -" Marina Cape Properties "Ltd"*).

This type of income (write-off of debt) amounted to 12 604 thousand. Lev is formed 157% of the total income of the company for 2017 g.

As of the date of preparation of the Prospectus, the sale of the subsidiary Marina Cape Management EOOD has not yet been realized due to the presence of some administrative obstacles, such as tax and municipal liabilities and lawsuits. At present, these obstacles have been overcome and the deal is expected to take place in the third quarter of 2020.

After completion of the sale of the subsidiary "Marina K is YP Management" Ltd., and exits from the assets of the Issuer "Intercapital Property Development" REIT does not hold investments in subsidiaries. As of the date of sale for the Issuer, the requirement for preparation of consolidated financial statements will be eliminated.

There were no other significant changes in net sales or revenues during the period of the reviewed historical financial information (2017 - 31.03.2020), as well as as of the date of the Prospectus.

9.2.2 INFORMATION REGARDING SIGNIFICANT FACTORS, UNUSUAL OR ACCIDENTAL EVENTS OR NEW CIRCUMSTANCES THAT AFFECT SIGNIFICANTLY ON THE REVENUES OF THE ISSUER OF ACTIVITIES, INCLUDING THE EXTENT OF THIS IMPACT ON REVENUE

The factors that affect or could affect the results of the Company are external, namely :

- changes in interest rates;
- market competition;
- the macroeconomic environment in the country and the international economic situation;
- changes in the tax they levy;
- legislative changes;
- unfavorable climatic conditions ;
- force majeure circumstances ;
- change in the prices of the real estate sales levels;
- change in construction prices;

The impact of each group of factors on the Issuer is described in detail in item 3 "*Risk factors*" of this Document.

The extent of the impact of any one factor on the Issuer can not be determined in advance because overall external factors influence as immediately and directly to the company and can act indirectly by influencing other factors. Companies cannot change these factors in their own interest and prevent their negative impact on their own financial results. To some extent, these direct and indirect factors are unpredictable and uncontrollable.

During the considered historical period 2017 - 2019 there are no unusual or rare events that have significantly affected the results of the Issuer's activity. The development of the activities and the results obtained is described above in section. 9.1 "*Financial position*" and so on. 9.2 "*Operational performance*".

As of the date of the Prospectus, it can be said that the activity of the Issuer in the current 2020 will be influenced by the following factors: force majeure circumstances and the macroeconomic environment in the country and the international economic situation. The influence of these factors is caused by the spread of the coronavirus pandemic (COVID-19). Management expectations are ordinary business of the Company to be impaired, which will have an impact on revenue from the sale and from the management of vacation properties. Due to the unpredictable dynamics of COVID-19, at this stage it is impossible to make a reliable assessment and determine the extent of the potential effect and impact of the pandemic on the results of the Company.

9.2.3 RESEARCH AND DEVELOPMENT

Intercapital Property Development REIT has not carried out research and development activities and will not do so in the future, given the specifics of its activities defined by the Law on Special Investment Purposes Companies.

9.2.4 PROBABLE FUTURE DEVELOPMENT

The main and future activity of the Company is related to investing funds raised through the issuance of securities in the purchase of real estate and limited real rights over real estate, development of own real estate through improvements, sale of real estate, leasing rental or management of own real estate and any other activity related to the investment and development of real estate permitted by law.

The management of the Issuer will focus its efforts on the development of the holiday complex "Marina Cape", Aheloy, in fulfillment of the objectives set in this Prospectus, and will strive to increase revenues and profits from the activity, reduce borrowed funds, and hence the improvement of the financial condition of the Company.

Another direction in which to work, the Company is realizing through the sale of unfinished projects "Grand Borovets" co is it will lead to reduction of the ongoing obligations of the Issuer and will allow the focus to the development of a holiday complex "Marina Cape ", Aheloy.

9.3 CAPITAL RESOURCES

9.3.1 INFORMATION ON THE ISSUER'S CAPITAL RESOURCES (BOTH SHORT-TERM AND LONG-TERM)

Intercapital Property Development REIT, if necessary to finance its activities, procures capital resources through: internal sources (own funds) and external sources (borrowed funds).

Sources of funding:

- **•Company's own funds may be:**
 - ✓•Generated from its operational activity;
 - ✓•Raised through subsequent increases in share capital.

The Company's own funds include share capital, reserves and profit.

- **•Borrowed funds of the Company may be from:**
 - ✓•Issuance of bonds registered for trading on a regulated securities market;
 - ✓•Bank loans intended for acquisition and commissioning of the acquired assets;
 - ✓ company has the right, according to its memorandum of association, to take bank loans amounting to 20 percent of the book value of the assets, using the funds from them to pay interest if the loan for the term is not more than 12 months.

During these historical periods the Company 's finance lo activities through borrowed capital in the form of bank loans and issued bonds.

- **•Capital and resources, according to audited annual individual financial statements 2017 - 2019 and unaudited interim separate financial statements as of 31.03.2020.**

Capital structure - <u>individual base</u>	Reporting period			
	03/31/2020	2019	2018	2017
	(Not audited data, thousand. Lev)	(audited data, thousand BGN)		

1. Equity	718	942	(495)	3 973
2. Non-current liabilities	13 073	13 070	17 549	17 665
3. Current liabilities	29 757	29 811	26 435	25 586
4. Total liabilities (2 + 3)	42 830	42 881	43 984	43 251
5. Assets	43 548	43 823	43 489	47 224
Equity / Assets (1: 5)	0.02	0.02	(0.01)	0.08
Non-current liabilities / Equity (2: 1)	18.21	13.87	(35.45)	4.45
Coefficient of financial autonomy (1: 4)	0.02	0.02	(0.01)	0.09
Indebtedness ratio (4: 1)	59.65	45.52	(88.86)	10.89

Source: *Intercapital Property Development REIT*

The debt ratios of the companies help to assess the Company's ability to balance its own and borrowed funds. Depending on the nature and amount of the Company's financing, its capital structure changes. During the historically considered financial periods of 2017, 2018, 2019 and 31.03.2020, the indicators characterizing the capital structure change significantly in different directions.

As of 31.12.2019 due to the low value of equity representing 0.02 of the value of assets, the Issuer has reported a high level of indebtedness, with a ratio of 45.52 and a low level of financial autonomy of 0.02. At the same time, the ratio of non-current liabilities to equity is 13.87.

At the end of 2018, the equity on an individual basis has a negative value of BGN (495 thousand), which shows that the Company has been decapitalized. In 2019, the Issuer has worked towards improving this indicator as it reaches a positive amount of BGN 942 thousand. The large amount of the Issuer's liabilities arose in connection with financing the implementation of its investment program.

As of 31.03.2020 the Company has slightly deteriorated its financial indicators as a reason for this is the reported loss for this reporting period, which was reflected in a decrease in the Issuer's equity.

➤ **Capital resources, according to audited annual consolidated financial statements 2017 - 2019.**

Capital structure - consolidated base	Reporting period (audited data BGN thousand)		
	2019	2018	2017
1. Equity	(1,005)	(219)	4 166
2. Non-current liabilities	15 447	18 869	18 538
3. Current liabilities	30 925	24 886	24 260
4. Total liabilities (2 + 3)	46 372	43 755	42 798
5. Assets	45 367	43 536	46 964
Equity / Assets (1: 5)	(0.02)	(0.01)	0.09
Non-current liabilities / Equity (2: 1)	(15.37)	(86.16)	4.45
Coefficient of financial autonomy (1: 4)	(0.02)	(0.01)	0.10
Indebtedness ratio (4: 1)	(46.14)	(199.79)	10.27

Source: *"Intercapital Property Development " REIT*

During the considered historical periods, both on an individual basis and on a consolidated basis, an excess of attracted funds over equity is observed. In the periods 2018 and 2019 the equity of the company on a consolidated basis decreases to a negative value due to reported operating losses. The consolidated debt ratio at the end of 2019 is (46.14), and the financial autonomy ratio is less than one : (0.02).

- **Equity structure as of 31.12.2019 according to audited annual individual and audited annual consolidated data 2017 - 2019 and unaudited interim individual financial statements as of 31.03.2020, respectively:**

Indicator	Intermediate individual base - March 30, 2020	Annual Individual base - 2019	Annual Consolidated base - 2019
	<i>(Not audited data, thousand. Lev)</i>	<i>(audited data, thousand BGN)</i>	
Fixed capital	6 011	6 011	6 011
Reserves	15 033	15 033	15 033
Retained earnings	(20,326)	(20 102)	(22 049)
Total Equity	718	942	(1 005)

Source : Intercapital Property Development REIT

The low values of the equity in all three considered periods, both on an individual and consolidated basis is one of the main reasons for the decision to increase the capital of the Issuer and is part of the measures taken to improve the financial condition, capital structure and does not control the credit indebtedness of the Company.

9.3.2 EXPLANATION AND DESCRIPTION OF THE SOURCES OF THE ISSUER'S CASH FLOWS, AS WELL AS AN EXPLANATION OF THEIR AMOUNTS.

As of 31. 12. 2019 on an annual consolidated basis the main sources of cash flows for the issuer are from main activity, including income from customers and other income from main activity.

- **Cash flows, according to audited annual individual financial statements for the period 2017 - 2019 and unaudited interim individual financial statements as of 31.03.2020 and 31.03.2019.**

Individual cash flow statement (thousand BGN)	Intermediate		Annual		
	3/31/2020	3/31/2019	2019	2018	2017
	<i>(unaudited data)</i>		<i>(audited data)</i>		
Operations					
- Revenues from customers	296	7	493	30	23
- Payments to suppliers	-	-	-	-	(1)
- Remuneration payments	-	-	(1)	(1)	-
- Paid / refunded taxes (excluding corporation tax)	-	-	(7)	(4 1)	-
- Other operating income, Net	-	-	-	-	(42)
Net cash flow from operating activities	296	7	485	(12)	(20)
Investment activity					
Net cash flow from investing activities	-	-	-	-	-
Financial activity					
- Payments of interest, fees and commissions	(149)	-	(474)	-	-
Net cash flow from financing activities	(149)	-	(474)	-	-
Net change in cash and cash equivalents	147	7	11	(12)	(20)

Cash and cash equivalents at the beginning of the year	13	2	2	14	34
Cash and cash equivalents at the end of the year	160	9	13	2	14

Source: Intercapital Property Development REIT

The net cash flows from operating activities of the Company are negative as of 31.12.2017 and 31.12.2018 on an annual individual basis, and are respectively (20) thousand BGN and (12) thousand BGN. In 2019 the net cash flow from operating activities activity is BGN 485 thousand, after realized revenues from clients in the amount of BGN 493 thousand.

Income from net cash flows from investing activities is not available for all three reporting periods.

Only in 2019 the Company reports net payments from financial activities in the amount of BGN (474 thousand), incurred in connection with the payment of interest on loans and other financial expenses.

At the end of 2019 the Company stationing d and 13 thousand. Lev free cash and cash equivalents. While as of the date of the last prepared interim individual financial statement 31.03.2020 the Company has cash in the amount of BGN 160 thousand.

➤ **Cash flows, according to audited annual consolidated financial statements for the period 2017 - 2019.**

Consolidated statement of cash flows	Annual		
	2019	2018	2017
	<i>(audited data in thousands of BGN)</i>		
Operations			
- Revenues from customers	1 494	1 510	1 586
- Payments to suppliers	(1,775)	(1,087)	(1,090)
- Remuneration payments	(779)	(433)	(452)
- Paid / refunded taxes (excluding corporation tax)	(431)	(97)	(3)
- Paid corporate tax	(63)	-	-
- Other operating income, Net	2 082	33	-
- Other payments for operating activities	(26)	-	(280)
Net cash flow from operating activities	502	(74)	(239)
Investment activity			
Net cash flow from investing activities	-	-	(1)
Financial activity			
- Payments of interest, fees and commissions	(474)	-	-
Net cash flow from financing activities	(474)	-	-
Net change in cash and cash equivalents	28	(74)	(2 4 0)
Cash and cash equivalents at the beginning of the year	98	1 72	4 12
Cash and cash equivalents at the end of the year	1 26	98	1 72

Source: Intercapital Property Development REIT

The net cash flows from operating activities at the consolidated level are again negative as at 31 December 2017 and 31 December 2018 on an annual consolidated basis, and are BGN (239 thousand) and (74) thousand BGN respectively. In 2019, the net cash flow from operating activities activity is BGN 502 thousand, after realized receipts from clients in the amount of BGN 1 494 thousand.

The net cash flow from investing activities for 2017 amounts to BGN (1) thousand, while in 2018 and 2019 no cash flows from such activities arose.

Only in 2019 the company reports net payments from financial activities (representing interest, fees and commissions) in the amount of BGN (474 thousand).

On a consolidated basis, the Issuer has BGN 126 thousand in cash and cash equivalents at the end of 2019.

9.3.3 INFORMATION ON THE NEEDS FOR LOANS AND STRUCTURE OF THE ISSUER'S FINANCING.

According to the SPV Act and its Articles of Association, the Issuer may use borrowed funds only for financing construction activities and the purchase of real estate.

At present, the Company is Mr. uzhd af of financing investment in the expansion and modernization of part of owning an investment property, located in c. C. Marina Cape, Aheloy, representing Sector 26 and Sector 27 (the so-called Zone 4 in the site), as well as for repayment of current debt obligations of the Issuer - described in detail in item 19 .4. "Justification for the supply and use of revenue". In connection with the financing described in the rationale activities, Issuer is seen has taken a decision to start a current ATA procedure for increasing the capital of the Company, with the goal Dial ation of necessary funds through shareholders, not the formation of new debt.

Given that the public offering subject of this Prospectus is not successful, the Company will seek finanirane for investment in " Marina Cape " city. Aheloi (Zone 4) by loan capital at the same time will seek and implement their own apartments available in the same complex in order to obtain liquidity. Regarding the repayment of current liabilities, the management will work towards their renegotiation and restructuring.

9.3.4 INFORMATION ON POSSIBLE RESTRICTIONS ON THE USE OF CAPITAL RESOURCES THAT HAVE SIGNIFICANTLY AFFECTED OR COULD SIGNIFICANTLY AFFECT, DIRECTLY OR INDIRECTLY, THE ACTIVITY OF THE ISSUER.

Before the Issuer there are no restrictions on the use of capital resources except for the restrictions arising from its legal form - a joint stock company with a special investment purpose securitizing properties. Restrictions on the use of capital resources are set out in the Law on Special Investment Purpose Companies (SIPC). Art. 6 of the SPV Act regulates the minimum capital of special investment purpose companies (SPVs), which is BGN 500,000, and the contributions can only be in cash. Art. 9. of the SPV Act regulates the amounts collected from the issuance of securities to be paid by the persons, who have purchased the securities, to a bank account, specially opened by the FVC. The cash and securities of the Special Investment Purpose Company are kept in a depository bank. After obtaining a license to operate as a special investment purpose company, it is obliged to make an initial capital increase of at least BGN 150,000, and the initial capital increase of the special investment purpose company is made only on the basis of on a prospectus approved by the Commission.

In exercising its activity, the FVC is faced with legally defined opportunities for investing the funds raised under the previous paragraph. In Art. 21 of the SPV Act describes the general restrictions for companies, and in Art. 22 and 22a the restrictions on investing the free funds of the company.

According to the Issuer's Articles of Association, there are the following restrictions on the use of capital resources, namely:

- Art. 49. cannot secure other people's debts or provide loans;
- Art. 50. may not invest more than 10% (ten percent) of its capital in service companies;
- Art.51. may not invest in equity participation in companies other than those specified in Art. 50 ;
- Art. 51. H is able to participate in the capital market by investing assets other than those specified in Item. 57 and t. 58 of the Statute.

According to the Issuer's Articles of Association, the free funds may be invested as follows:

- Art. 57. may invest its free funds in securities issued or guaranteed by the Bulgarian state and in bank deposits;
- Art. 58. may invest its free funds up to 10 (ten) percent of its assets in mortgage bonds;
- Art.51. may invest its free funds in other assets eligible under applicable law.

9.3.5 INFORMATION ON THE EXPECTED SOURCES OF FUNDS REQUIRED TO FULFILL THE COMMITMENTS REFERRED TO IN POINT 7.7.2 "DESCRIPTION OF ALL SIGNIFICANT INVESTMENTS OF THE ISSUER THAT ARE IN PROGRESS OR FOR WHICH FIRM COMMITMENTS HAVE BEEN MADE"

In connection with the commitments described in item 7.7.2. " *Description of all significant investments of the issuer, which are in the process of implementation or for which firm commitments have been made* ", the Company expects the same to be acquired through the current public offering of securities.

In case of unsuccessful completion of the subscription, the Company will seek other sources of borrowed funds for the implementation of the forthcoming investments described in the justification of the offer, as well as will seek the realization of owned real estate (apartments) in the resort. Marina Cape Aheloy in order to provide liquidity. Regarding the repayment of current liabilities, the Issuer will take action in their renegotiation and their qualification as long-term liabilities.

The company will focus its efforts on the realization of the unfinished investment project "Grand Borovets" through sale, which will reduce the current liabilities of the Issuer and will allow focusing on the development of the holiday complex "Marina Cape", Aheloy.

9.4 FINANCIAL INFORMATION FOR PAST PERIODS

9.4.1 AUDITED FINANCIAL INFORMATION FOR PREVIOUS PERIODS, COVERING THE LAST THREE FINANCIAL YEARS, AS WELL AS THE AUDIT REPORTS FOR EACH OF THESE YEARS.

Independent auditor of the Company for 2019, 2018 and 2017 is Nikolay Mihailov Polinchev, member of the Institute of Certified Public Accountants (ICPA) with registration number 0684, exercising the activity of auditor through the company "NIBOS" EOOD, UIC 200635432, Sofia, zh.k. Geo Milev, 15 Geo Milev Str., Apt. 10 (business address). Nikolay Mihailov Polinchev is a manager and sole owner of the capital of NIBOS EOOD.

Auditor Nikolay Mihaylov Polinchev with registration number 0684 is registered as the auditor responsible for the audit of the separate and consolidated financial statements for 2017, 2018 and 2019 of the Issuer.

The historical annual financial information on an individual basis, as well as the annual financial information on a consolidated basis is audited and compiled in accordance with the requirements of IFRS. Apart from the audited historical annual information on an individual and consolidated basis, there is no other information in the Prospectus that has been audited by an independent auditor.

The annual audited individual financial statements for 2017, 2018 and 2019 are part of this Prospectus and include:

- Balance sheet;
- Profit or loss statement and other comprehensive income;
- Statement of changes in equity;
- Cash Flow Statement;
- Notes to the financial statements;
- Annual activity report;
- Report of Independent Auditor;
- Corporate governance statement.

The annual audited consolidated financial statements for 2017, the 2018, the 2019, were part of this Prospectus and include:

- Statement of financial condition;
- Statement of profit or loss and other comprehensive income;
- Statement of changes in equity;
- Cash flow statement;
- Notes to the financial statements;
- Annual activity report;
- Independent auditor's report;
- Declaration of corporate governance.

The annual audited individual and the annual audited consolidated financial statements for the considered historical periods are available on the websites of the X3news news agency - www.x3news.com, the Financial Supervision Commission - www.fsc.bg, the Bulgarian Stock Exchange AD - www.bse-sofia.bg, where they were released by "Intercapital Property Development REIT" as a company with special investment purpose and as issuer of shares admitted to trading on the "Bulgarian Stock Exchange" JSC alternative market BaSE market, with the ticker 4IC, as well as on the company's website www.icpd.bg.

The issuer has contracted with financial news agency "X3news" for regular disclosure and disclosure of financial and other information.

The Issuer provides identical regular information prepared in English and through the platform - 4brokernet.gpw.pl - Poland.

DATA FROM AUDIT REPORTS

In the audit reports of the independent Auditor, on the audited annual individual financial statements of Intercapital Property Development REIT for 2019, 2018 and 2017, the auditor of the company expresses the following opinion:

✓ **Review of the report of the independent auditor for 2019 g. - audited financial statements :**

Qualified opinion

" We have audited the financial statements of Intercapital Property Development REIT, consisting of the statement of financial position as of 31.12.2019 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended date, as well as the explanatory notes to the financial statements, including the summary disclosure of significant accounting policies.

In our opinion, except for the possible effect of the issue described in the section of our report Basis for expressing qualified opinion, the attached financial statements present fairly, in all material respects, the financial condition of the Company as of December 31, 2019 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Basis for expressing a qualified opinion

„ 1. In the statement of the financial condition of the Company as of December 31, 2019 are presented trade and other receivables in the amount of BGN 5,039 thousand, as disclosed in notes 12. Trade receivables, 13. Granted advance, 14. Other receivables and 33. Receivables from related parties. The company has over 79% overdue, impaired receivables over one year. In our opinion, for the receivables amounting to BGN 3,035 thousand, the value of the receivables exceeds the value of the net assets of the debtors, which creates uncertainty that the company will be able to collect its receivables in full. As a result, we were unable to obtain sufficient assurance that the carrying amount of the receivables presented in the statement of financial position as at 31 December 2019 did not exceed their recoverable amount. For this reason, we are not able to determine whether and what are the effects of the receivables presented in this way on the company's net assets as of December 31, 2019.

2. In 2017, the company entered into a contract for the sale of its subsidiary Marina Cape Management EOOD in exchange for repayment of an interest liability in the amount of BGN 12,604 thousand. The shares of the company were to be transferred within 31 March 2018. As of the date of this report, the transfer has not taken place. Termination of the sales contract would have a material effect on the company's financial statements. Significant uncertainty related to the going concern assumption

We draw attention to the Explanatory Note Principle of the operating enterprise to the financial statements, which describes the uncertainty associated with the company's ability to realize sufficient cash flows from its activities, which in turn does not allow it to repay its liabilities on an ongoing basis.

These conditions are an indication that there is significant uncertainty that could cast significant doubt on the entity's ability to continue as a going concern. Our opinion has not been modified on this issue. "

Pay attention

" We draw attention to the Explanatory Note Information on significant events after the balance sheet date in the financial statements, which discloses a material non-corrective event related to the spread of the coronavirus pandemic (COVID-19). The disruption of normal economic activity in the Republic of Bulgaria as a result of COVID-19 may adversely affect the operations of Intercapital Property Development REIT, in particular the revenues from the sale and management of holiday and property.

Due to the unpredictable dynamics of COVID-19, at this stage it is practically impossible to make a reliable assessment and measure the potential effect of the pandemic. Our opinion has not been modified on this issue. “

✓ **Opinion from the independent auditor's report for 2018 - audited individual financial statement :**

Qualified opinion

" We have audited the financial statements of Intercapital Property Development REIT, consisting of the statement of financial position as of 31.12.2018 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended date, as well as the explanatory notes to the financial statements, including the summary disclosure of significant accounting policies.

In our opinion, except for the possible effect of the issue described in the section of our report Basis for expressing qualified opinion, the attached financial statements present fairly, in all material respects, the financial condition of the Company as of December 31, 2018 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). “

Basis for expressing a qualified opinion

„ 1. In the statement of the financial condition of the company as of December 31, 2018 are presented trade and other receivables in the amount of BGN 6,480 thousand, as disclosed in notes 12. Trade receivables, 14. Other receivables and 33. Receivables from affiliates. The company has over 90% overdue, impaired receivables over one year. In our opinion, for the receivables amounting to BGN 3,066 thousand, the value of the receivables exceeds the value of the net assets of the debtors, which creates uncertainty that the company will be able to collect its receivables in full. As a result, we were unable to obtain sufficient assurance that the carrying amount of the receivables presented in the statement of financial position as at 31 December 2018 did not exceed their recoverable amount. For this reason, we are not able to determine whether and what are the effects of the receivables presented in this way on the net assets of the company as of December 31, 2018.

2. In 2017, the company entered into a contract for the sale of its subsidiary Marina Cape Management EOOD in exchange for repayment of an interest liability in the amount of BGN 12,604 thousand. The shares of the company were to be transferred within 31 March 2018. As of the date of this report, the transfer has not taken place. Termination of the sales contract would have a material effect on the company's financial statements. “

Significant uncertainty associated with the going concern assumption

" We draw attention to the Explanatory Note Principle of the operating enterprise to the financial statements, which describes the uncertainty associated with the company's ability to realize sufficient cash flows from its activities, which in turn does not allow it to repay its liabilities on an ongoing basis. These conditions are an indication that there is significant uncertainty that could cast significant doubt on the entity's ability to continue as a going concern. Our opinion has not been modified on this issue. “

✓ **Opinion from the independent auditor's report for 2017 - audited individual financial statements :**

Qualified opinion

" We have audited the financial statements of Intercapital Property Development REIT, consisting of the statement of financial position as at 31 December 2017 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended date, as well as the explanatory notes to the financial statements, including the summary disclosure of significant accounting policies.

In our opinion, except for the possible effect of the issue described in the section of our report Basis for expressing qualified opinion, the attached financial statements present fairly, in all material respects, the financial condition of the Company as of December 31, 2017 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Basis for expressing a qualified opinion

" In the statement of the financial condition of the company as of December 31, 2017 are presented trade and other receivables in the amount of BGN 6,628 thousand, as disclosed in notes 10. Trade receivables, 12. Other receivables and 33. Receivables from related parties. The company has over 90% overdue, impaired receivables over one year. In our opinion, for the receivables in the amount of BGN 3,068 thousand, the value of the receivables exceeds the value of the net assets of the debtors, which creates uncertainty that the company will be able to collect its receivables in full.

As a result, we were unable to obtain sufficient assurance that the carrying amount of the receivables presented in the statement of financial position as at 31 December 2017 did not exceed their recoverable amount. For this reason, we are unable to determine whether and what the effects of the receivables presented in this way are on the company's net assets as of December 31, 2017. "

Significant uncertainty associated with the going concern assumption

" We draw attention to the Explanatory Note Principle of the operating company to the financial statements, which describes the uncertainty associated with the ability of the company to realize sufficient cash flows from its activities, which in turn does not allow it to repay its liabilities on an ongoing basis.

These conditions are an indication that there is significant uncertainty that could cast significant doubt on the entity's ability to continue as a going concern. Our opinion has not been modified on this issue. "

Pay attention

We draw attention to Note 34. Contingent liabilities to the financial statements, which describes the uncertainty related to the outcome of the lawsuit filed by AVI CONSULT EOOD against Intercapital Property Development REIT. Our opinion has not been modified on this issue.

In auditing e REPORTS Independent Auditor, on the audited annual consolidated financial statements of "Intercapital Property Development" REIT for 2019 g., 2018 g. and 2017 g. auditor of the company expressed the following opinion:

✓ **Opinion from the independent auditor's report for 2019 - audited consolidated financial statements :**

Qualified opinion

" We have audited the consolidated financial statements of the INTERCAPITAL PROPERTY DEVELOPMENT REIT Group, consisting of the statement of financial position as at 31 December 2019 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows. this date, as well as the explanatory notes to the financial statements, including the summary disclosure of significant accounting policies.

In our opinion, with the exception of the possible effect of the issue described in the section of our report Basis of qualified opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial results. of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Basis for expressing a qualified opinion

" 1. The statement of financial position of the Group as at 31 December 2019 presents trade and other receivables in the amount of BGN 5,128 thousand, as disclosed in Note 11 Current trade and other receivables. The Group has over 90% overdue, impaired receivables over one year. In our opinion, for receivables in the amount of BGN 4,586 thousand, the value of receivables exceeds the value of net assets of debtors, which creates uncertainty that the Group will be able to collect its receivables in full. As a result, we were unable to obtain sufficient assurance that the carrying amount of the receivables presented in the statement of financial position as at 31 December 2019 did not exceed their recoverable amount. Therefore, we are not able to determine whether and what are the effects of the receivables presented in this way on the net assets of the Group as of December 31, 2019.

2. In 2017, the parent company entered into a contract for the sale of its subsidiary Marina Cape Management EOOD in exchange for repayment of an interest liability in the amount of BGN 12,604 thousand. The shares of the company were to be transferred by March 31, 2019. As of the date of this report, the transfer has not taken place. Termination of the sales contract would have a material effect on the Group's financial statements.

3. In the consolidated report of the Group as of December 31, 2019 are consolidated the reports of Marina Cape Management EOOD and Marina Cape Tours EOOD (Marina Cape Group). The Marina Cape Group reports consolidated assets in the amount of BGN 2,960 thousand, a negative net asset value (BGN 1,622 thousand) and revenues in the amount of BGN 1,815 thousand. We have not received sufficient confirmation from third parties and have not been able to be satisfied with a reasonable degree of certainty as to the reliability of the Marina Cape Group's results described above. For this reason, we are not able to determine whether there are and what are the effects on the net assets of the group as of December 31, 2019. "

Pay attention

" We draw attention to the Explanatory Note Information on events after the balance sheet date in the consolidated financial statements, which discloses a material non-adjusting event related to the spread of the coronavirus pandemic (COVID-19). The disruption of normal economic activity in the Republic of Bulgaria as a result of COVID-19 may adversely affect the Group's operations, in particular revenues from the sale and management of holiday and property.

Due to the unpredictable dynamics of COVID-19, at this stage it is practically impossible to make a reliable assessment and measure the potential effect of the pandemic. Our opinion has not been modified on this issue. “

✓ **Opinion from the independent auditor's report for 2018 - audited consolidated financial statements :**

Qualified opinion

" We have audited the consolidated financial statements of the INTERCAPITAL PROPERTY DEVELOPMENT REIT Group, consisting of the statement of financial position as at 31 December 2018 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows. this date, as well as the explanatory notes to the financial statements, including the summary disclosure of significant accounting policies.

In our opinion, with the exception of the possible effect of the issue described in the section of our report Basis for expressing qualified opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). “

Basis for expressing a qualified opinion

“ 1. The statement of financial position of the Group as at 31 December 2018 presents trade and other receivables in the amount of BGN 5,118 thousand, as disclosed in Notes 11.1 Trade receivables. The Group has over 90% overdue, impaired receivables over one year. In our opinion, for receivables in the amount of BGN 4,401 thousand, the value of receivables exceeds the value of net assets of debtors, which creates uncertainty that the Group will be able to collect its receivables in full. As a result, we have not been able to obtain sufficient assurance that the carrying amount of the receivables presented in the statement of financial position as at 31 December 2018 does not exceed their recoverable amount. Therefore, we are not able to determine whether there are and what are the effects of the receivables presented in this way on the net assets of the Group as of December 31, 2018.

2. In 2017, the parent company entered into a contract for the sale of its subsidiary Marina Cape Management EOOD in exchange for repayment of an interest liability in the amount of BGN 12,604 thousand. The shares of the company were to be transferred by March 31, 2018. As of the date of this report, the transfer has not taken place. Termination of the sales contract would have a material effect on the Group's financial statements.

3. In the consolidated report of the Group as of December 31, 2018 are consolidated the reports of Marina Cape Management EOOD and Marina Cape Tours EOOD (Marina Cape Group). The Marina Cape Group reports consolidated assets in the amount of BGN 5,298 thousand, negative net asset value (BGN 169) and revenues in the amount of BGN 2,146 thousand. We have not received sufficient confirmation from third parties and have not been able to be satisfied with a reasonable degree of certainty as to the reliability of the Marina Cape Group's results described above. For this reason, we are unable to determine whether and what the effects are on the Group's net assets as of December 31, 2018. "

✓ **Opinion from the independent auditor's report for 2017 - audited consolidated financial statements :**

Qualified opinion

" We have audited the consolidated financial statements of the Intercapital Property Development REIT Group, consisting of the statement of financial position as at 31 December 2017 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ending on that date, as well as the notes to the financial statements, including the summary disclosure of significant accounting policies.

In our opinion, except for the possible effect of the issue described in the section of our report Basis of qualified opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). "

Basis for expressing a qualified opinion

" In the statement of financial position of the Group as of December 31, 2017 are presented trade and other receivables in the amount of BGN 5,197 thousand, as disclosed in Notes 10. Trade and Other receivables. The Group has over 90% overdue, impaired receivables over one year. In our opinion, for receivables in the amount of BGN 3,068 thousand, the value of receivables exceeds the value of net assets of debtors, which creates uncertainty that the Group will be able to collect its receivables in full.

As a result, we were unable to obtain sufficient assurance that the carrying amount of the receivables presented in the statement of financial position as at 31 December 2017 did not exceed their recoverable amount. Therefore, we are not able to determine whether and what are the effects of the receivables presented in this way on the net assets of the Group as of December 31, 2017.

Significant uncertainty associated with the going concern assumption

" We draw attention to the Explanatory Note Principle of the operating entity to the financial statements, which describes the uncertainty associated with the Group's ability to generate sufficient cash flows from its operations, which in turn prevents it from repaying its liabilities on an ongoing basis.

These conditions are an indication that there is significant uncertainty that could cast significant doubt on the entity's ability to continue as a going concern. Our opinion has not been modified on this issue. "

9.4.2 CHANGE OF REFERENCE BALANCE DATE

For the period of the considered historical financial information, the Issuer has not changed its reference balance date.

9.4.3 ACCOUNTING STANDARDS

The financial information has been prepared in accordance with IFRS (International Financial Reporting Standards) adopted by the Union pursuant to Regulation (EC) No 1606/2002.

9.4.4 CHANGING THE ACCOUNTING FRAMEWORK

The latest audited financial information about the Issuer, presented in this Prospectus, including comparative information for the previous year, is presented and prepared in a form consistent with the framework for accounting standards. The Issuer does not intend to change the accounting framework on

the basis of its next published annual financial statements, on the basis of which it prepares and presents its annual and interim financial statements.

9.4.5 CONSOLIDATED FINANCIAL STATEMENTS

Intercapital Property Development REIT prepares financial statements both on an individual basis and on a consolidated basis. The registration document contains financial information from the audited individual financial statements and from the audited annual consolidated financial statements for the considered historical period and 2017, 2018 and 2019.

9.4.6 LIMITATION OF FINANCIAL INFORMATION

The latest audited financial information on an individual basis is from the audited annual individual financial statements of the company for 2019, and on a consolidated basis from the audited annual consolidated financial statements of the company for 2019.

The following unaudited interim financial information presented in the Prospectus is from the unaudited interim separate financial statements for the first quarter of 1920.

9.4.7 INTERIM AND OTHER FINANCIAL INFORMATION

Intercapital Property Development REIT has an obligation to prepare interim six-month financial individual reports and interim six-month consolidated financial statements, which are not audited in accordance with the provisions of Art. 100o of LPOS. The company has chosen to disclose in abbreviated form, by notifying its financial condition on an individual and consolidated basis for the first, third and fourth quarters in accordance with the provisions of Art. 100o¹ of LPOS, which information is not audited.

As of the date of preparation of this Prospectus, Intercapital Property Development REIT is obliged to prepare interim six-month financial individual reports and interim six-month consolidated financial statements, which are not audited in accordance with the provisions of Art. 100o of LPOS. The company has chosen to disclose in abbreviated form, by notifying its financial condition on an individual and consolidated basis for the first, third and fourth quarters in accordance with the provisions of Art. 100o¹ of LPOS, which information is not audited.

As of the date of preparation of this Prospectus, after the date of the last audited individual and consolidated financial statements for 2019, the Issuer has prepared and published interim quarterly financial information on an individual basis for the first quarter of 2020 in abbreviated form and this financial information is presented in this Prospectus. In this sense, the interim separate financial statements as of 31.03.2020 (unaudited) have been prepared and published only in the following format "Forms of financial statements approved by the Deputy Chairman, Head of the Investment Supervision Department of the Financial Supervision Commission."

All prepared and published by the Issuer, audited annual individual and consolidated financial statements of the Company for the respective financial year, as well as the prepared unaudited interim financial information for the first, third and fourth quarters of the respective financial year and the unaudited interim six-month financial audited individual and of the relevant financial year have been drawn up in accordance with International Financial Reporting Standards as adopted by the Union pursuant to Regulation (EC) (1606/2002).

The issuer, is not prepared and published consolidated financial information for the first quarter of 2020 because the deadline for its preparation has not occurred. However, given the fact that the activity of the Issuer's subsidiary has a seasonal character, actively manifested in the months of June - September, in the first three months of 2020 no significant income and expenses from the activity of the subsidiary were

reported. Also, no significant events have occurred for the subsidiary that have a significant impact on its financial condition. In this regard, the Issuer states that the consolidated financial statements for the first quarter of 2020 after its preparation would not have shown significant changes in financial position on a consolidated basis to the financial condition stated in the audited consolidated financial statements for 2019

The interim financial information shall be prepared in accordance with the requirements of Regulation No 1606/2002.

Interim unaudited half-yearly individual accounts and interim unaudited half-yearly consolidated financial statements and disclosed financial information for first, third and fourth quarter on an individual and consolidated basis for consideration in the prospectus historical periods are available on the website of news agency of X3news - www.x3news.com, the Financial Supervision Commission - www.fsc.bg, Bulgarian Stock Exchange AD - www.bse-sofia.bg, as well as on the company's website www.icpd.bg.

9.4.8 AUDIT OF FINANCIAL INFORMATION FOR PREVIOUS PERIODS

Annual financial information for previous periods has been independently audited. The audit report for these periods has been prepared in accordance with Directive 2014/56 / EU of the European Parliament and of the Council and Regulation (EU) (537/2014 of the European Parliament and of the Council.

The audited annual financial information for previous years is audited by an independent auditor and gives a true and fair view in accordance with applicable auditing standards.

All opinions, attention and opinions of the independent auditor in the audit of annual financial information on an individual and consolidated basis for the considered historical periods is reproduced in item 9.4. 8. " *Audited financial information for previous periods, covering the last three financial years, as well as the audit reports for each of these years*" above.

9.4.9 OTHER INFORMATION IN THE PROSPECTUS THAT HAS BEEN AUDITED BY THE AUDITORS

This Prospectus does not have any information other than that audited information from individual annual financial statements for 2017, 2018 and 2019, as well as audited minute information from annual consolidated financial statements for 2017, 2018 and 2019., which has been audited or reviewed by statutory auditors, and no report on such other information has been prepared.

9.4.10 SOURCE OF THE FINANCIAL INFORMATION PRESENTED IN THE PROSPECTUS AUDITED BY THE AUDITORS

The financial information presented in this Prospectus is derived only from the audited annual separate financial statements and the audited annual consolidated financial statements for 2017, 2018 and 2019 and from the unaudited interim separate financial statements for the first quarter of 20 20, as well as individual unaudited interim financial statements for the first quarter of 201 9, the

There is no other financial information that has been extracted from other sources.

9.4.11 PRO-FORMA FINANCIAL INFORMATION

At the time of preparing this Prospectus, the Issuer has not been prepared projected financial data and has not done I assumptions for forecast or estimates of profits.

9.4.12 DIVIDEND POLICY

Intercapital Property Development REIT must distribute as dividend at least 90% of the profit for the past financial year, determined under Art. 10, para. 3 of the SPV Act and in compliance with the requirements of Art. 247a of the CA.

Right to shareholders who have registered with the Central Depository as persons entitled to a dividend of 14 items day after day of the General Meeting which approved the annual financial statement and decision on profit distribution. The Company does not apply restrictions or special provisions in the distribution of dividends in favor of foreign persons.

The annual dividend is paid within 12 months from the end of the respective financial year (according to Article 132 of the Articles of Association).

9.4.13 THE AMOUNT OF THE DIVIDEND PER SHARE FOR EACH FINANCIAL YEAR OF THE PREVIOUS PERIOD COVERED BY THE FINANCIAL INFORMATION, ADJUSTED FOR CHANGES IN THE NUMBER OF SHARES OF THE ISSUER IN VIEW OF ITS COMPARABILITY.

For the period of the considered historical financial information - 2017, 2018 and 2019, the Company has not distributed dividends to its shareholders due to the fact that after conversion of the financial result for 2017, 2018 and 2019 according to the provisions of art. 10, para. 3 of the SPV Act and Art. 247a of the CA, a financial result subject to distribution has not been realized.

9.5 NORMATIVE ENVIRONMENT

Regulatory review

The legislation concerning the special status of the Company as a REIT is codified in the Law on Special Investment Purpose Companies (SPIF), adopted by the National Assembly on May 7, 2003.

The subject of activity of REITs can in principle be carried out by any joint stock company, but due to the introduction of specific requirements regarding the establishment and functioning of these companies, they are characterized as a new type of legal entity. Both large institutional investors and individuals are involved in the structure of the REIT. According to the definition in the SPV Act for real estate securitization, the company can perform only this type of activity after licensing, namely: purchase of real estate and real rights over real estate, construction and improvements in order to provide them for management, lease renting, leasing or renting and selling them.

According to Art. 6 of the SPV Act, the capital required for the establishment of the REIT may not be less than BGN 500,000 and must be in the form of cash contributions. At least 30% of the initial capital must be subscribed by institutional investors. A REIT is established at a constituent assembly, which is attended by all persons who subscribe for shares. A REIT can neither be reorganized into another type of company nor change its scope of activity. The Constituent Assembly must adopt a decision for initial capital increase with the same class of shares as those subscribed at the Constituent Assembly from the moment the company is issued a license by the FSC. The increase must be not less than 30 percent of the company's capital.

The management of the REIT's assets is performed with the care of a good owner, preferring the interest of the shareholders to their own and maintaining an optimal ratio between reliability and profitability. Prior to the acquisition of real estate and receivables, the REIT assigns their appraisal to appraisers with qualifications and experience in this field who meet the requirements of the law. The investment properties or receivables owned by the REIT are valued at the end of each financial year or in the event of a change of more than 5% in the investment property price index or in the inflation index determined by the National Statistical Institute. Estimates are presented in the financial statements of the REIT in accordance with the requirements of the accounting legislation.

The REIT assigns to one or more commercial companies with the necessary organization and resources (service company), servicing and maintenance of the acquired real estate, construction and

improvements, keeping and storing accounting and other reporting and correspondence, as well as performing other necessary activities.

The introduction of the REIT format in Bulgaria in 2004 gave a significant impetus to the Bulgarian capital market. On the one hand, the special form enriched the palette of financial instruments for investors, and on the other hand, it gave banks and the founders of such companies the opportunity to achieve a more efficient use of capital in the economy.

In order to protect the interest of investors in such financial instruments as REITs, the law provides for a number of provisions, such as:

- ✓ There January SNI requirements for the establishment and management of the REIT, as well as servicing company and depository bank by the Financial Supervision Commission approved the choice and conditions under which the latter work for REIT ;
- ✓ Clear requirements are set for the activity of the REITs themselves, so that they participate only in transactions directly related to the purpose for which they were established ;
- ✓ It is envisaged tax relief Bulgarian SPV are exempt from income tax under the Corporate Income Tax;
- ✓ 90% of the annual profit of the REIT is required to be distributed as a dividend. The distribution of dividends to foreign and domestic persons is subject to withholding tax.

In addition to the provisions of the SPV Act, the provisions of the Commercial Law, the Corporate Income Tax Act, the Personal Income Tax Act, the Insurance Code, the Public Offering of Securities Act, the Market Abuse of Financial Instruments Act also apply to the company's activities. Financial Supervision Commission Act, Markets in Financial Instruments Act and by-laws.

Macroeconomic environment - government, economic, tax and monetary policy, political course

The issuer is a company registered in the Republic of Bulgaria and in this sense it is dependent on all political, economic, tax and monetary policies that the country pursues.

The political situation in the country is relatively stable and at present there is no immediate risk of political and social upheaval.

According to the Constitution, Bulgaria is a republic with parliamentary government, a unified state with local self-government. All citizens are equal before the law, with no restrictions on rights or privileges based on nationality, race, ethnicity, gender, origin, religion, education, beliefs, political affiliation, personal and social status or property status. State power is divided into legislative, executive and judicial. The country is governed by the supreme law - the Constitution, adopted in 1991, and the laws of the country, and political life is based on the principle of political pluralism.

The economy in the Republic of Bulgaria is based on free economic initiative, it is market, open, with a developed private sector and a limited number of state enterprises. The Bulgarian economy is characterized by economic, political and financial stability. The country has a strategic geographical location and liberalized access to markets.

Bulgaria has been a member of the European Union (EU) since January 1, 2007, which makes it significantly more attractive for foreign investments and facilitates the operation in the country of foreign and rather European companies. This applies especially to the financial sector, due to the possibility of credit, insurance and other financial institutions licensed in other EU Member States to conduct business directly in Bulgaria under the conditions of free provision of services. The country's membership in the

European Union and the stable macroeconomic framework favored the process of lowering interest rates in the country and reducing their difference with those of the euro area.

Government policy is aimed at maintaining fiscal sustainability and predictable and consistent fiscal policy, contributing to improving the business environment, encouraging investment, stimulating the labor market and sustainable economic growth.

Bulgaria, as a member state of the European Union is obliged to comply with European regulations, which ensures improving the quality of local legislation and unification of a large part of it with the normative practice of the European Union, and hence with the practices of more developed member states. EU.

Our country started the process of joining the monetary mechanism Our country started the process of joining the monetary mechanism ERM II (the so-called waiting room of the euro area) in July 2018, when a request for close cooperation of the BNB with the European Central Bank was submitted (ECB). The adoption of the euro is among the key, strategic and political tasks facing Bulgaria. According to the current legislation and the conditions of the Currency Board, as of the date of the Prospectus, the Bulgarian lev is fixed to the euro in the ratio of 1 euro for BGN 1.95583. The risk of a possible early abolition of the currency board regime in the country seems unlikely, as expectations are to keep the currency board until the country's accession to the Eurozone, when the national currency (Bulgarian lev) will be replaced by the euro.

In recent years, the Bulgarian government has maintained a strict fiscal policy and one of the smallest amounts of government debt of EU countries. The country is characterized by a predictable and stable fiscal policy that supports and stability of the tax system. However, there is no guarantee that under the influence of political, economic or demographic factors in the future the taxation system will not change in a negative direction for businesses.

As of the date of the Prospectus, the tax system in Bulgaria is one of the most favorable for business in terms of the fixed corporate tax of 10% and the fixed personal income tax, which is also 10%. The favorable tax rate is one of the biggest advantages of the Bulgarian economy for attracting foreign investors and developing business in the country. In the medium term, low tax rates on corporate taxes and those on personal income are expected to remain, which aims to stimulate economic growth and labor supply and demand.

Apart from the above-mentioned factors related to the political, economic and tax policies pursued in the country, there are no other factors that have significantly affected or could significantly affect, directly or indirectly, the activity of the Issuer.

9.6 LEGAL AND ARBITRATION PROCEEDINGS

In the last 12 months the Company has not been a party to pending arbitration proceedings, but has been a party to court and enforcement proceedings within the historical period considered below. As a result of the efforts made by the management to settle the claims against the Company at the moment, the structure of the cases is as follows :

Pending lawsuits

Civil case № 28481/2014 on the list of Sofia District Court, Civil Court, 39 panel, formed by "WATER SUPPLY AND SEWERAGE" EAD for payment of delivered quantities of water to the holiday complex "Marina Cape"

The case was brought by a claim of "WATER SUPPLY AND SANITATION" JSC, which is a court to plead found in favor of " "Intercapital Property Development " REIT delivered quantities of water for holiday complex" Marina Cape "according to invoices issued for the period from 21.02.2013 to 17.12.2013, which have not been paid. According to the plaintiff, the total value of the delivered water amounts to BGN 67,383.34. Submitted a response to the application that the claim of "WATER SUPPLY AND SANITATION" EAD is fully challenged.

By decision of 06.01.2020 the claim was rejected in full due to payment of the claimed amount after the initiation of the case. At the moment the decision has not entered into force and there is a term for appeal by the Parties.

Commercial case № 6/2015 on the list of the District Court - Burgas, TO, I panel, filed by Maxim Viktorovich Goncharov against "INTERCAPITAL PROPERTY DEVELOPMENT" REIT for payment of amounts under preliminary contracts for purchase and sale of real estate, which contracts Goncharov considers spoiled

The case was instituted at the request of Maxim Viktorovich Goncharov with legal grounds Art. 55 of the CPA, requesting "Intercapital Property Development " REIT ordered to return payments made by the applicant in number four preliminary agreements for sale and purchase of real estate - apartments № 37_11, № 37_12, № 37_13 and № 37_14, located in the holiday complex "Marina Cape" - Aheloy. The price of the filed claims amounts to EUR 80,503.84, together with the legal interest on this amount, due from the date of cancellation of the contracts until the full repayment of the obligation.

Opposition to the territorial jurisdiction of "Intercapital Property Development " REIT case is terminated and transferred competence to the Sofia City Court, where he initiated a civil case № 5304/2015 according to the inventory of the Sofia City Court, GO 1 - 2 composition. With a decision of 12.12.2016, the Sofia City Court upheld the claim up to the amount of EUR 70,503.84, together with the legal interest from 07.01.2015 until the date of the final payment. The claim was rejected for the amount over EUR 70,503.84. The decision was appealed in time before the Sofia Court of Appeal. By a decision of 13.09.2017, the Sofia Court of Appeal upheld the first instance decision. The decision of the Sofia Court of Appeal was appealed in time before the Supreme Court of Cassation.

The Supreme Court of Cassation overturned the decision of the Sofia Court of Appeal and returned the case for a new ruling. With a decision on v.gr.d. № 5364/2018 on the list of the Court of Appeal Sofia, 8 s- in the decision of the Sofia City Court of 12.12.2016 was reaffirmed, whereby the claims were upheld up to the amount of EUR 70,503.84, together with the legal interest of 07.01.2015 until the date of final payment. By "Intercapital Property Development " REIT filed an appeal on time.

Other lawsuits with effect in the last 12 months

Civil case № 20308/2014 on the list of the Sofia City Court, Civil Court I - 11 panel, instituted by Nina Yurevna Tereshchenko for payment of amounts under a preliminary contract for purchase and sale of real estate, which contract Tereshchenko considers void

The case was initiated at the request of Nina Yurevna Tereshchenko with legal grounds Art. 55 of the CPA, requesting "Intercapital Property Development " REIT ordered to return payments made by the plaintiff in the preliminary contract of sale of immovable property located in a residential complex "Marina Cape" - city. Aheloi. The price of the filed claim is in the amount of EUR 94,000, together with the legal interest on this amount, due from the date of filing the claim, until the full repayment of the obligation.

With a decision of 07.07.2017 the claim was fully upheld by the Sofia City Court. An appeal was filed against the decision. The decision of the Sofia City Court, by which the claim is upheld, entered into force on 24.10.2017. On the basis of a writ of execution, an enforcement case was initiated against IKPD.

Upon completion of the proceedings between the parties in 2019 it signed an agreement under which "Intercapital Property Development " REIT transferred Nina Yurevna Tereshchenko property subject to preliminary agreement on repayment of the sum of 94,000 euros. In addition, "Intercapital Property Development " REIT undertook to pay Nina Yurevna Tereshchenko total of 10,000 euros, representing expenses for the conduct of proceedings in the above cases. The amount to be paid within 09.30.2024 On the basis of this agreement enforcement case against "Intercapital Property Development " REIT is terminated.

Private civil case № 11196/2016 according to the inventory of the Sofia District Court, Civil Court, 50 panel, formed by "WATER SUPPLY AND SEWERAGE" EAD for payment of delivered quantities of water to the holiday complex "Marina Cape"

The case was instituted on an application for issuance of an enforcement order under Art. 410 of the CPC of "WATER SUPPLY AND SANITATION" JSC, which requests court order "Intercapital Property Development " REIT to pay the price for the quantities delivered water holiday complex "Marina Cape" of EUR 57 654.12 lev, according to invoices issued for the period from 02.12.2014 to 01.12.2015. The applicant claims to be paid legal interest for the obligations from the date of initiation of the proceedings until the full payment of the obligations, as well as the costs for initiating and conducting the case.

„Intercapital Property Development " REIT filed an objection against the enforcement order. WATER SUPPLY AND SEWERAGE EAD has filed a declaratory claim for the receivable under the enforcement order.

It was formed, etc. № 5781/2016 according to the inventory of the Sofia City Court, VI-14 composition. The Sofia City Court issued a decision upholding the declaratory action. An appeal was filed in time before the Sofia Court of Appeal. Before the Court of Appeal Sofia was formed etc. № 3598/2017, on which a decision was issued, which fully confirmed the first instance decision. With the Order of 07.03.2019, etc. № 2184/2018 on the list of the Supreme Court of Cassation no cassation appeal was allowed and the decision of the Court of Appeal Sofia to confirm the decision of the Sofia City Court entered into force. The amount was paid to the plaintiff.

Private civil case № 1727/2016 on the list of SRS, initiated by "WATER SUPPLY AND SEWERAGE" EAD for payment of delivered quantities of water to the holiday complex "Marina Cape"

The case was instituted on an application for issuance of an enforcement order under Art. 410 of the CPC of "WATER SUPPLY AND SANITATION" JSC, which requests court order "Intercapital Property Development " REIT to pay the price for the quantities delivered water holiday complex "Marina Cape" in the amount of 62 875.46 lev, according to invoices issued in the period 21.01.2014 - 18.12.2014. The applicant claims to be paid legal interest for the obligations from the date of initiation of the proceedings until the full payment of the obligations, as well as the costs for initiating and conducting the case.

„Intercapital Property Development " REIT filed an objection against the enforcement order. WATER SUPPLY AND SEWERAGE EAD has filed a declaratory claim for the receivable under the enforcement order.

It was formed, etc. № 7255/2016 according to the inventory of the Sofia City Court, TO 6-21 pp. With a decision of 21.07.2017 the Sofia City Court upheld the establishment claim only up to the amount of BGN 3639.64 and rejected the claim of "WATER SUPPLY AND SEWERAGE EAD for the remaining amounts under the enforcement order. The decision was appealed by WATER SUPPLY AND SEWERAGE EAD before the Sofia Court of Appeal. With a decision of 12.05.2018 on case file № 2429/2018 on the list of the Court of Appeal Sofia the appellate instance annulled the decision of the Sofia City Court in the part by which the claim was upheld only up to the amount of BGN 3639.64. and issue a decision by which the claim is upheld to the extent the total amount of 12 875, 16 lev The remainder of the action is dismissed as "Intercapital Property Development " REIT paid the amounts claimed.

Civil case № 223/2015 on the list of the District Court - Burgas, Civil Code, I Panel, filed by Lyudmila Nikolaevna Skomorovska and Alexander Viktorovich Skomorovsky against "INTERCAPITAL PROPERTY DEVELOPMENT" REIT for payment of contract of sale before purchase of real estate, which the plaintiffs consider to be void

The case was instituted at the request of Lyudmila Nikolaevna Skomorovska and Alexander Viktorovich Skomorovsky with legal grounds Art. 55 of the CPA, requesting "Intercapital Property Development " REIT ordered to return payments made by the plaintiffs in the preliminary contract of sale of immovable property located in a residential complex "Marina Cape" - city. Aheloi. The price of the filed claim is in the amount of EUR 67,000, together with the legal interest on this amount, due from the date of filing the claim, until the full repayment of the obligation.

On our objection for lack of competence of the Burgas District Court to consider the claim, the case was terminated and sent to the Sofia City Court. Before the Sofia City Court a gr.d. № 8306/2015 according to the inventory of the Sofia City Court, Civil Code 1-11 p.

With a decision of 09.03.2016 the claims were upheld in full. The decision was appealed by the Company. On the appellate appeal of the Company an appellate gr.d. № 3458/2016 under the inventory of the Court of Appeal Sofia, Civil Code, 1 p.

By a decision of 13.09.2017, the Sofia Court of Appeal upheld the first instance decision. The decision of the Sofia Court of Appeal was appealed in time before the Supreme Court of Cassation. With a ruling of 02.05.2018, the Supreme Court of Cassation did not allow a cassation appeal and the decision of the Sofia Court of Appeal entered into force.

Enforcement cases

Civil case № 16919/2015 on the list of the Sofia City Court, filed by Gennady Grishin against Intercapital Property Development REIT for payment of amounts under a preliminary contract for purchase and sale of real estate, which contract Gennady Grishin considers void

The price of the claim is in the amount of 105,312 euros, representing the paid sale price of the property - Apartment № 1_11, located in the holiday complex "Marina Cape", together with the legal interest until the final payment of the debt.

With a decision of 09.07.2018 the filed claim in the amount of 105 312 euros, together with the legal interest from 29.12.2015 was fully respected. The decision came into force on March 23, 2019.

The enforcement case № 550/2019 on the list of PEA Delyan Nikolov, with registration № 804 of the BCPEA, with area of action District Court - Burgas was initiated on the basis of a writ of execution issued in favor of Gennady Grishin for the amount of EUR 105 312 principal, representing an amount due in connection with the cancellation of the preliminary contract described above.

Civil case № 45799/2014 on the list of Sofia District Court, Civil Court, 32 panel, formed by Alexander Sergeevich Solovyov against „Intercapital Property Development " REIT for payment of amounts under preliminary contracts for purchase and sale of real estate, which Solovyov contracted considered spoiled

The price of the filed claims amounts to EUR 14,000, as a partial claim of EUR 127,600, formed as follows:

- for apartment 21_3, located in the holiday complex "Marina Cape" - Aheloy, a claim was filed for an amount of 7,000 euros, a partial claim of the price paid under a preliminary contract for the property in the amount of 92,000 euros;
- for apartment 34_13, located in the holiday complex "Marina Cape" - Aheloy, a claim has been filed for an amount of 7,000 euros, a partial claim of the price paid under a preliminary contract for the property in the amount of 35,600 euros

With a Decision of 31.08.2015 the claim was upheld. The decision was appealed in time before the Sofia City Court. An appeal was formed on the appeal. № 597/2016 according to the inventory of the Sofia City Court, Civil Code, res. IV-b composition. With a decision of 10.11.2016, the Sofia City Court fully confirms the decision of the RCC. The decision was appealed in time and at the moment the appeal procedure is pending.

In view of the reprehensible appeal a decision of Sofia City Court, the applicant received a writ of execution against "Intercapital Property Development " REIT for payment of the amounts awarded. The decision of the Sofia City Court was appealed before the Supreme Court of Cassation. The Supreme Court of Cassation has issued a ruling, which did not allow a cassation appeal of the decision of the Sofia City Court and the same came into force on 23.11.2017.

Based on the decision of the Sofia City Court, Alexander Sergeevich Solovyov obtained a writ of execution and filed an enforcement case against the ICPD № 50/2017 on the list of PEA Delyan Nikolov, Burgas.

Civil case № 15692/2015 on the list of the Sofia City Court, filed by Alexander Sergeevich Solovyov against Intercapital Property Development REIT for payment of amounts under preliminary contracts for purchase and sale of real estate, which Solovyov considers to be void contracts

The price of the filed claims is as follows:

- for apartment 21_3, located in the holiday complex "Marina Cape" - Aheloy, a claim was filed for an amount of 85,000 euros, the remainder of the total price paid under a preliminary contract in the amount of 92,000 euros;
- for apartment 34_13, located in the holiday complex "Marina Cape" - Aheloy, a claim was filed for an amount of EUR 28,600, the remainder of the total price paid under a preliminary contract in the amount of EUR 35,600;

With a decision of 22.05.2017, the Sofia City Court upheld the claims. An appellate appeal was filed in time, and on the basis of it a case file № 5506/2017 was formed according to the list of the Court of Appeal Sofia, GK. With a decision of 08.08.2019 the Court of Appeal Sofia fully upheld the first instance decision. Following an appeal filed by "Intercapital Property Development " REIT by order of 19.06.2019, on the civil case № 4845/2018 on the list of the Supreme Court of Cassation no cassation appeal of the decision of the Court of Appeal Sofia was allowed.

A writ of execution was issued in favor of Alexander Sergeevich Soloviev, on the basis of which an enforcement case № 575/2018 was initiated according to the list of PEA Delyan Nikolov. The enforcement case was instituted on the basis of a writ of execution issued in favor of Alexander Sergeevich Solovyov for the amount of EUR 113,600 principal, representing an amount due in connection with the cancellation of the preliminary contracts for the properties described above. This amount is part of the amount due for the cancellation of the preliminary contracts, and for the remaining amount an enforcement case № 50/2017 has been initiated according to the list of PEA Delyan Nikolov.

Enforcement case № 850/2016 on the list of private bailiff Ivanka Mindova, with registration № 704 of the BCPEA, with area of action District Court - Burgas

The enforcement case was initiated on the basis of a writ of execution issued in favor of Nedyalko Ivanov Kalachev for the amount of EUR 64,006.

In the case a request was submitted by the creditor for termination of the enforcement proceedings.

Civil case № 14099/2013 on the list of Sofia City Court, Civil Court 1 - 14 panel, formed for payment by „Intercapital Property Development " REIT in favor of Janet Brady of amounts under Agreement between the parties

The claim was filed for the amount of 65,925 euros. With a decision of 30.07.2014 the claim was upheld in full. The decision of the Sofia City Court was confirmed by a decision of the Sofia Court of Appeal. A cassation appeal was filed against the decision of the Sofia Court of Appeal. The Supreme Court of Cassation did not allow the cassation appeal to be considered.

Based on the decision of the Sofia Court of Appeal, Janet Brady obtained a writ of execution against Intercapital Property Development REIT and an enforcement case № 1129/2015 was initiated according to the list of PEA Stoyan Yakimov.

On March 14, 2018, Intercapital Property Development REIT was informed that Janet Brady had transferred her claim to the Company in favor of CMS Properties OOD, UIC 202176885.

In 2019, after the transfer of the receivable „Intercapital Property Development " REIT was notified of the termination of enforcement case № 1129/2015 on the list of PEA Stoyan Yakimov.

The Company is not aware of any possibilities for initiating future arbitration, court or administrative proceedings, which may have a significant impact on the financial condition and profitability of the issuer. With regard to the companies part of the economic group of the Issuer, they are not a party to pending arbitration proceedings, as well as to court and enforcement proceedings within the historical period under consideration and as of the date of the Prospectus.

9.7 SIGNIFICANT CHANGE IN THE FINANCIAL CONDITION OF THE ISSUER

There have been no significant financial or changes since the end of the last financial period for which audited financial statements or interim financial information have been published.

After the date of the audited financial statements - 31.12.2019, as of the date of the Prospectus, the following events have occurred that could affect the activities of the Company in 2020, namely :

After January 1, 2020 is a special month in March 2020, we are in an emergency situation due to the widespread global pandemic of the Crown virus announced by the WHO (World Health Organization). Europe is the current center of the pandemic. A state of emergency has been declared in the Republic of Bulgaria by a decision of the National Assembly of March 12, 2020. Measures have been introduced to restrict travel, the operation of public buildings and public establishments. Border crossing organizations have been introduced in and from almost all European countries. Most transport companies have declared force majeure. The financial system is in the process of reorganizing and limiting work with clients.

Financial markets declined by more than 25%, oil prices fell by more than 30%, and commodity prices fell.

The employees of the Company face on an equal footing with all people in Bulgaria unmemorable challenges to preserve their health, work and property.

The main assets of the Company are located in the town of Aheloy, kk. Marina Cape. The assets are kept and managed by the subsidiary " Marina Cape Management" EOOD, which necessitated measures to protect personnel, property and ensuring the functioning of the complex subject of all state and municipal authorities. The company has two managers who can guarantee functioning and representativeness. Dining and entertainment establishments are closed and staff are released on leave. Strict restrictions have been imposed on entering the complex. Security has been increased. Employees over 60 have been released. A social policy for the protection of employees is being prepared. Even if the tourist season - 2020 is zeroed, the revenues from the maintenance fee, even to a large extent discounted, will be enough for the loss of assets and fulfillment of contracts with the owners.

At the moment there are all possibilities for normal life in the complex of property owners, as well as for accommodation of tourists on the basis of own kitchen.

There are no other events after the date of the reporting period that require additional disclosure or adjustments in the audited annual individual and consolidated financial statements of Intercapital Property Development REIT as of December 31, 2019.

10 INFORMATION ON TRENDS

Information from the following sources was used in presenting the main trends in this Prospectus:

- Ministry of Finance - www.minfin.bg ;
- National Statistical Institute - www.nsi.bg ;
- European Commission - www.ec.europa.eu ;
- International Monetary Fund - www.imf.org ;
- Trade Register - www.brra.bg ;
- Property Register - www.registryagency.bg/bg/registri/imoten-registar/

and others cited below.

Information about known trends, fluctuations, or events that are likely to have an effect on the Issuer's prospects.

Intercapital Property Development REIT operates in the Republic of Bulgaria. The realization of the Company is related to the overall economic situation in the country, the successful implementation of the economic reforms driving the market, the growth of the gross domestic product and the growing purchasing power of the Bulgarian consumers. Below is information on the main current trends in macroeconomic and sectoral terms in which the Issuer operates:

Overview of the main macroeconomic trends in the country

The activity of Intercapital Property Development REIT is directly dependent on the general health and macroeconomic environment in Europe and Bulgaria. Global pandemic declared by a VETOVO H Drava Oh RGANIZATION (WHO) and the current emergency in Bulgaria identify negative trends in the development of GDP, unemployment, income, inflation, demand and prices of real estate and travel services.

Below are the forecasts for the expected change of the main macroeconomic indicators in our country, according to key local and international institutions before the outbreak of the declared pandemic in connection with Cov id -19.

The following forecasts are based on the following sources:

- *Presented forecasts of the Ministry of Finance in a report from its autumn macroeconomic forecast in 2019, on the main indicators at the macro level.*
- *The forecasts of the European Commission are taken from the winter economic forecast of February 2020 for GDP and Inflation, and from the Autumn Unemployment Forecast, and those of the International Monetary Fund, from its forecast in October 2019.*

• GDP

For 2020 the forecast for the GDP growth is between 2.9% and 3.3%, and for 2021 - between 3.1% and 3.3%. In both years, the Ministry of Finance has the highest forecast, and the most conservative is that of the European Commission.

GDP, real growth	2020	2021
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European Commission	2.9%	3.1%
International Monetary Fund	3.2%	3.0%
Ministry of Finance	3.3%	3.3%
Average	3.2%	3.1%

Source: European Commission, International Monetary Fund, Ministry of Finance

• Inflation

Inflation differences are smaller for this calendar year 2020 - between 2.1% and 2.3%, and for 2021 between 1.9% and 2.2% for 2021. For 2020, the EC and the IMF have the highest forecast again, but for 2021 the most optimistic are from the Ministry of Finance the European Commission for 2020 and for 2021 respectively.

Inflation, annual average	2020	2021
European Commission	2.3%	1.9%
International Monetary Fund	2.3%	2.2%
Ministry of Finance	2.1%	2.2%
Average	2.0%	2.2%

Source: European Commission, International Monetary Fund, Ministry of Finance

• Unemployment

In terms of unemployment, this time the International Monetary Fund expects the highest increase of 4.8% in 2020. The European Commission and the Ministry of Finance have more conservative forecasts of 4.0% for 2021.

Unemployment	2020	2021
European Commission	4.1%	4.0%
International Monetary Fund	4.8%	4.8%
Ministry of Finance	4.1%	4.0%
Average	4.3%	4.0%

Source: European Commission, International Monetary Fund, Ministry of Finance

• Development of tourist flow in the country

✓ Development of tourism in Bulgaria until 31.12.2019

In recent years, there has been an increase in the interest of foreign tourists to Bulgaria, both to summer and winter destinations.

Tens of thousands of foreigners rent (or buy) holiday properties on the southern Black Sea coast and in mountain resorts.

With the increase in the number of foreign tourists, it is necessary for hotels to adapt to their customers. Tourists change their needs, and hotels must meet the changing requirements of customers and meet their different preferences. Each generation as well as each nation has its own specific desires and requirements. Recently, customer requirements are increasingly focused on factors other than those of the property itself, but rather on the environment, the additional services provided, the opportunity for various entertainment and sports, access and security. For this reason, most tourists are directed to closed holiday complexes, which allow to meet all the needs of one place.

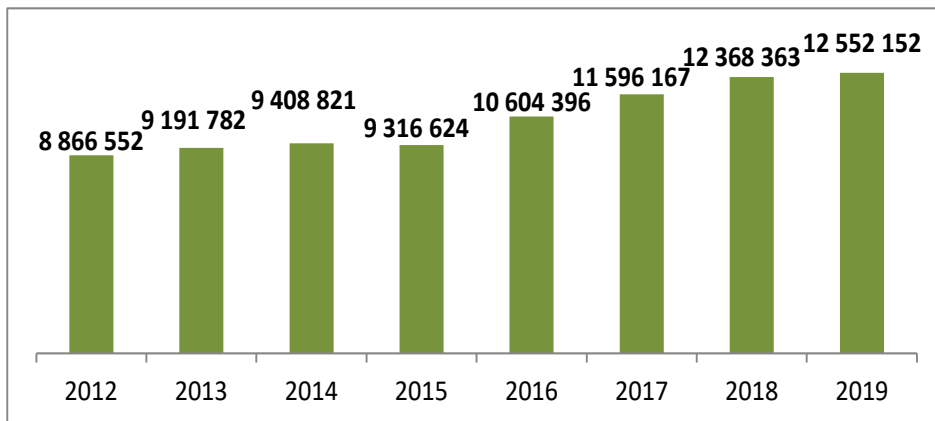
✓ **Statistical information on tourism in Bulgaria for the period 2012-2019**

In the graphs Below are statistics on the growth of foreign they tourists in Bulgaria on the basis of indicators.

• **Visits of foreigners in Bulgaria for calendar year (number)**

Statistics show that in 2016 the rate of increase in the number of students visiting Bulgaria began. In 2017, the observed growth of foreign nationals visiting the country was 9.35%, and in 2018 it was 6.66%.

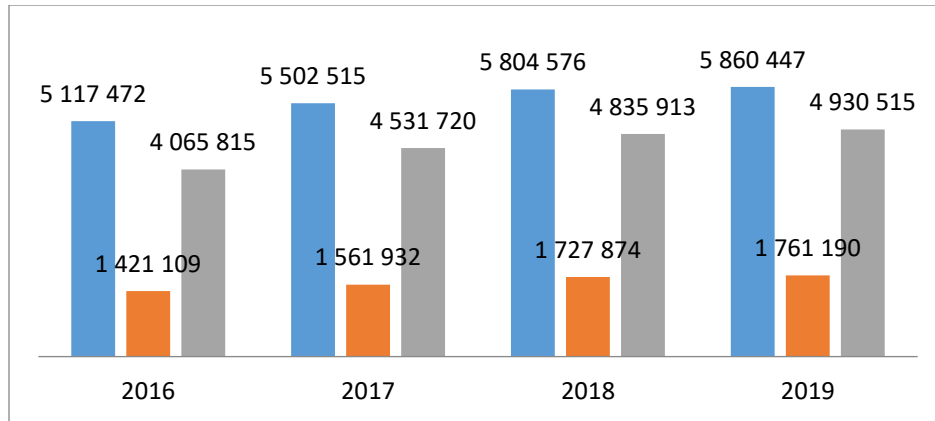
In 2019 the total number of tourist visits of foreigners in Bulgaria has reached 12 552 152 people as their number increased by 1.5% compared to 2018



Source: NSI

• **Purpose of the visit**

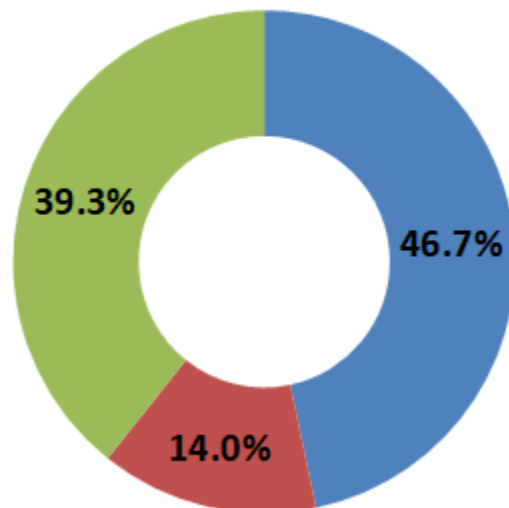
There is an increase in visits for leisure and excursion, with 5,860,447 visits or an increase of 1.0%. Visits as an official goal was 1 761 190, they increased by 1.9%. Other these visits outside the previous two categories are 4 930 515, as they rose by 2.0% compared to 2018.



Source: NSI

- **Structure of tourist visits of foreigners by purpose in 2019 in%**

In 2019, visits for the purpose of rest and vacation form 46.7% of all tourist visits in the country.



Source: NSI

- ✓ **Residential property market**

Until the pre-crisis period, cheap financial resources, as well as improved pay for middle-class people, enabled them to increase their purchasing power, and low interest rates on deposits pushed them towards real estate, making it one of the most developed and large sectors in the country. Increased demand in the sector has led to greater supply and a significant rise in real estate prices in recent years. Much of the supply of real estate is of old homes, the demand for which is gradually declining due to the trend - people to move to new homes, due to their preferences for new infrastructure, landscaping, easy parking, efficient use of space. Hence, increased demand followed, which was met with growth in supply in recent years. The steady increase in interest in new construction can be seen in the increase in the number of construction permits issued, construction started and new residential buildings put into operation in the last three years.

Permits issued for construction of new buildings (Residential buildings)

Year	Number	Number of dwellings	Total area sq. M.
2017	5 562	24 969	3 216 308
2018	5 774	35 526	4 471 065
2019	5 980	32 783	4 117 599

Source: NSI

According to NSI data, the number of permits issued for construction of new buildings increased by 3.6% in 2019, on an annual basis, reaching 5,980, as the rate of increase compared to the same period a year earlier was 3.8%.

Started construction of new buildings (Residential buildings)

Year	Number	Number of dwellings	Total area sq. M.
2017	3 681	14 684	1 929 016
2018	3 824	22 154	2,713,578
2019	4 223	22 922	2,942,290

Source: NSI

With the construction of new buildings started, the tendency is for the number of residential buildings to increase at an increasing rate in recent years. The growth in percentage terms on an annual basis for 2018 and 2019 is 3.9% and 10.4%, respectively.

Put into operation newly built residential buildings (Residential buildings)

Year	Number
2017	2 205
2018	2 324
2019	3 064

Source: NSI

Of all newly built residential buildings, those that were put into operation for 2019 are 3,064, the jump compared to 2018 is as much as 31.8%, and a year earlier the increase was from 5.4% to 2,324.

Despite the growing interest in new buildings, the total number of real estate transactions, including those of old buildings, according to the property register, show a decline at the national level for the last 3 years. In 2019, a total of transactions worth just under BGN 212,000 thousand were realized, as the decline a year earlier was insignificant, below 1%.

• **Real estate transactions (sales)**

Year	thousand BGN	% Change
2016	228 586	
2017	214 385	(6.2) %
2018	212 586	(0.8) %
2019	211 529	(0.5) %

Source: Property Register

✓ **Holiday Property Market**

In recent years, there has been a significant increase in the supply of apartments, with prices varying widely depending on the location and quality of projects. Along the Black Sea coast, there is an increasing presence of the number of completed transactions in both the North and the South. According to information from the commercial register in two major regional cities of Burgas and Varna, property sales are rising year on year, as the only exception being 2017 g. to 2016 g. and only for Burgas. For the last year the sales in Burgas and Varna have increased by 1.4% and 16.7% respectively, on an annual basis, due to the fact that the Bulgarian holiday properties provide opportunities outside the recreation and for year-round living and teleworking.

Real estate transactions (sales)

Year	Burgas thousand BGN	Varna thousand BGN
2016	6 740	11 813
2017	6 658	11 936
2018	9 158	12 713
2019	9 284	14 842

Source: Property Register

An advantage of holiday properties is the potential increase in their price in the future. This is especially true for resorts with limited construction and property supply. Closed-end residential complexes are a relatively new segment for the Bulgarian real estate market, but their development in recent years has attracted many customers. The success is achieved due to the orderliness of the complexes, high quality construction, availability of amenities such as coworking areas, quality internet, self-catering, conference facilities, medical and spa services, swimming pools, green areas, playgrounds, and often associated with them retail outlets. As an additional service in most such complexes is offered round the clock security and parking, which contributes to increasing the security of those living in these sites.

There has been a significant change in the financial position of the group since the end of the last audited financial statements for 2019.

The Issuer is not aware of any significant adverse changes or circumstances in the economic environment that have occurred since the date of the last published audited annual financial statements for 2019, which may have a significant effect on the financial condition of the Issuer, except the announced circumstance:

After January 1, 2020, and especially in March 2020, we are in an emergency situation due to the outbreak of the global Corona virus pandemic declared by the WHO. Europe is the current center of the pandemic. A state of emergency has been declared in the Republic of Bulgaria by a decision of the National Assembly until April 13, 2020. Measures have been introduced to restrict travel, the operation of public buildings and public establishments. Restrictions on border crossings have been introduced in and from almost all European countries. Most transport companies have declared force majeure. The financial system is in the process of reorganizing and limiting work with clients.

Financial markets fell sharply by more than 25%, oil prices fell by more than 30% and basic commodity prices fell.

The employees of the company face on an equal footing with all the people in Bulgaria before unforgettable challenges for preserving their health, work and property.

The main assets of the company are located in the town of Aheloy, Marina Cape. The assets are kept and managed by the subsidiary Marina Cape Management EOOD, which has imposed measures to protect the staff, property and ensure the functioning of the complex in compliance with the provisions of all state and municipal authorities. The company has two managers who can guarantee functioning and representativeness. Dining and entertainment establishments are closed and staff are released on leave. Strict restrictions have been imposed on entering the complex. Security has been increased. Employees over 60 have been released. A social policy for the protection of employees is being prepared. Even if the tourist season - summer 2020 is reset, the revenues from the maintenance fee, even to a large extent discounted, will be sufficient for the protection of assets and the implementation of contracts with owners.

At the moment there are all possibilities are normal life in the complex of property owners, as well as the possibility of accommodating tourists on the basis of their own kitchen.

Information on known trends, fluctuations, requirements, commitments or events that are likely to have a significant effect on the Issuer's prospects for at least the current financial year

✓•Projected decline in construction and sales prices of real estate in 2020

Despite the growth presented above, the current pandemic will lead to an unfavorable environment for the entire real estate sector. It is difficult to expect that the policy of central banks and governments to stimulate demand through facilitated supply will address this supply shock caused by Covid-19. As a result, there is a high probability that the known price increases in recent years will not be maintained, which will lead to a lack of new construction. Limited real estate demand caused by the contraction of economies on a global scale will also adversely affect real estate prices.

✓•Projected decline in the tourism sector in 2020

At the date of the prospectus, the development of tourism worldwide was severely affected by the spread of coronavirus spreading worldwide. In practice, one of the largest sectors of the economy has stopped working until the epidemic is under control and subsides.

The pandemic and travel restrictions in Europe are confronting the tourism industry with new, unknown challenges and many unknowns. The trend of increasing the number of foreign tourists will be interrupted at least until the end of 2020 or until the end of the pandemic by the World Health Organization. Domestic tourism is likely to grow in the second half of the year, provided that the state of emergency in the country is declared and travel restrictions are lifted. A probable priority for tourists will be the closed holiday complexes and rural houses allowing self-catering, providing opportunities for remote work, the availability of a medical center and the technical possibility for basic health examinations.

At this stage, the company does not have reliable data and analyzes to give forecasts and expectations for the development of the tourist flow in 2020 in view of the announced global pandemic due to Covid-19.

With the end of the pandemic and the availability of a vaccine, normal tourist flows are expected to resume.

✓ **Unsuccessful capital increase**

In case of unsuccessful increase of the capital from the present offer, the Company will face the impossibility to provide in whole or in part the necessary resource for financing and achievement of the goals set in the Prospectus described in item 19. 4 *"Justification for the supply and use of revenue"*.

In the event of such a specific situation, and given the fact that the Company is decapitalized, the management will take action to neutralize the negative consequences, as described in item 7.3.4 *"Data on the issuer's intentions to repay the company's liabilities related to assignments and a financial leasing contract in the event that the current public offering of shares fails"*.

For implementation of upcoming investments described in justification of supply, in case of unsuccessful completion of the subscription, the Company will seek and other sources of leverage permitted by law under favorable conditions.

11 ESTIMATED OR APPROXIMATE PROFITS OF PROFITS

The Company has not prepared and is not presented in the prospectus prog Mr. ozni or estimates of profits.

12 GOVERNING AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

12.1 INFORMATION ON THE BOARD OF DIRECTORS OF "INTERCAPITAL PROPERTY DEVELOPMENT " REIT

According to the provisions of the Commercial Law and the Articles of Association of the Company, Intercapital Property Development REIT has a one-tier management system.

The management bodies of the Company are the General Meeting of Shareholders and the Board of Directors. The Board of Directors of Intercapital Property Development REIT consists of two individuals and one legal entity.

The operational management and representation of Intercapital Property Development REIT is carried out by the executive member of the Board of Directors - Velichko Stoychev Klingov.

During the period of the considered historical financial information up to the date of the Prospectus, no changes were made in the Board of Directors, as well as in their functions.

The activity of the Issuer does not depend on the individual professional experience or qualification of other employees outside the members of the Board of Directors.

As of the date of preparation of this Prospectus, the Board of Directors of Intercapital Property Development REIT consists of three members, listed in the table below, namely:

VELICHKO STOYCHEV KLINGOV	
Position:	Executive Director of Intercapital Property Development REIT
Office address:	Sofia, 6 Dobrudja Str., 4th floor
Education and qualification :	Master's degree in Finance from UNWE - Sofia
Experience:	He began his career as head of department at the BNB printing house. From 2001 to 2005 he was a Member of Parliament, during which time he was a member of the Parliamentary Committee on Economic Policy and the Committee on Children, Youth and Sports. From 2005 until his election as a member of the Board of Directors of Intercapital Property Development REIT, he worked as a Investor Relations Director at the Company.
basic activities outside the Issuer	there is no
Other participations in companies and terminated participations in the last 5 years	Velichko Klingov has no other participations in companies as a member of an administrative, management or supervisory body or partner at the moment, nor terminated participations in the last 5 years.

TSVETELINA CHAVDAROVA HRISTOVA	
Position:	Member of the Board of Directors of Intercapital Property Development REIT; independent member within the meaning of Art. 116a, para. 2 of LPOS.
Office address:	Sofia, 6 Dobrudja Str., 4th floor
Education and qualification:	Master's degree in Finance. Enterprise Finance "- University of Veliko Tarnovo" St. St. Cyril and Methodius"(2010). Bachelor - specialty "Accounting and Control" - International Business School - Botevgrad (2007)

Experience:	From 2011 to present he is a member of the Board of Directors of the company.
basic activities outside the Issuer	Accountant
Other participations in companies and terminated participations in the last 5 years	As of the date of preparation of the prospectus, he is the sole owner and manager of Neti Accounting EOOD, Sofia. In the last 5 years she has participated in the following companies as a member of an administrative, management or supervisory body or partner: " Titan Bulgaria " Ltd - partner holding 2% of votes in the General Assembly until 06/28/2016 g.; Apart from the mentioned activities outside the Issuer, there are no other participations in companies as a member of an administrative, management or supervisory body or partner at the moment, nor terminated participations during the last 5 years.
Information under Art. 116a, para. 2, item 4 in connection with item 2, proposal two and item 3 of LPOS	He is not a member of a management or control body, procurator or employee of a company or other legal entity, which is a shareholder holding directly or through related parties at least 25 percent of the votes in the General Meeting of Intercapital Property Development REIT or which is a related party to Intercapital Property Development REIT, or who is in a lasting commercial relationship with Intercapital Property Development REIT.

AHELOY 2012 EOOD, represented by Petya Georgieva Yordanova	
Position:	Petya Yordanova has been appointed to represent Aheloy 2012 EOOD as a member of the Board of Directors of Intercapital Property Development REIT and to exercise all related functions; independent member within the meaning of Art. 116a, para. 2 of LPOS.
Office address:	Sofia, 6 Dobrudja Str., 4th floor
Education and qualification:	Master's degree in Tourism - University of Economics, Varna (2016). "Organization and management of the hotel and restaurant" - University "Prof. Dr. Assen Zlatarov" - College of Tourism (2011)

Experience:	Team and guest relations manager, Marina Cape Management EOOD - from May 2018 until now. Administrator at Bulgaria Hotel, Burgas - from May 2012 to May 2018. Administrator at the hotel "Olympus", resort Sunny Beach - from June 2011 to September 2011
basic activities outside the Issuer	Team and guest relations manager, Marina Cape Management EOOD
Other participations in companies and participations terminated in the last 5 years	Petya Yordanova has no other participations in companies as a member of an administrative, management or supervisory body or partner at the moment, nor terminated participations in the last 5 years.
Information under Art. 116a, para. 2, item 4 in connection with item 2, proposal two and item 3 of LPOS	Petya Yordanova and Aheloy 2012 EOOD are not a member of a management or control body, procurator or employee of a company or other legal entity that is a shareholder holding directly or through related parties at least 25 percent of the votes in the general meeting of "Intercapital Property Development" REIT or which is a related party to "Intercapital Property Development" REIT, or which is in permanent trade relations with "Intercapital Property Development" REIT.

12.2 SENIOR LEADERS OF „INTERCAPITAL PROPERTY DEVELOPMENT " REIT

Senior executives

The issuer does not have senior executives other than those specified in item 12.1. *"Information on the Board of Directors of Intercapital Property Development REIT"*.

Pursuant to the provisions of Art. 116d of POSA The Board of Directors of "Intercapital Property Development " REIT appoint an employment contract for Director Investor Relations Radostina Krалеva Panteleeva co January it has appropriate qualifications and experience to carry out their duties and which satisfies the requirements of POSA to Directors for investor relations of public companies.

The contact details of the Investor Relations Director are as follows:

Phone : +359 (2) 921 05 16 ;

Email : office@icpd.bg

Address for correspondence : d p. Sofia, ul. " Dobrudzha " № 6, fl. 4.

At the time of preparation of this document "Intercapital Property Development " REIT has appointed 1 employee under an employment contract - Radostina Pantaleeva holding the position of Investor Relations Director.

12.3 FAMILY RELATIONS BETWEEN THE PERSONS INDICATED IN ITEM 12.1 "INFORMATION ON THE BOARD OF DIRECTORS OF INTERCAPITAL PROPERTY DEVELOPMENT REIT" FROM THIS DOCUMENT

In order to follow the rules of good corporate governance and compliance requirements absence of conflict of interest have not been established family ties of any degree of kinship between members of the Board of Directors of "Intercapital Property Development " REIT nor between members The Board of Directors and one of the founders of the company.

12.4 DECLARATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS OF INTERCAPITAL PROPERTY DEVELOPMENT REIT

By signing this document, the members of the Board of Directors declare that:

- ✓ not been convicted of fraud in the last five years, including not convicted of any crime of a general nature.
- ✓ have not been, including during the last five years, members of a management or supervisory body, members of an administrative body or employees holding a managerial position in a company for which insolvency proceedings have been opened or have been declared bankrupt or liquidated;
- ✓ they have not been officially publicly incriminated and have not been sanctioned by administrative or judicial bodies (including certain professional bodies), nor have coercive administrative measures been imposed on them;
- ✓ are not deprived by the court of their right to be members of management or control bodies, members of administrative bodies or a senior official or of performing functions or activities in an issuing company.

12.5 CONFLICTS OF INTEREST OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND THE SENIOR MANAGEMENT OF THE ISSUER

There are no conflicts of interest and no potential conflicts of interest between the obligations of the members of the Board of Directors of Intercapital Property Development REIT in this capacity and their private interests and / or obligations.

There is no agreement between shareholders, customers, suppliers or other persons according to which members of the Board of Directors are elected as such.

The members of the Board of Directors have not accepted restrictions on the disposal of securities issued by them, issued by the Company.

„Intercapital Property Development " REIT is not incorporation options on its securities. There are no agreements for participation of the employees in the capital of the Issuer.

At the time of preparing this document, the Executive Director Velichko Kling in holds 43 111 number of shares, representing 0, 72 % of the capital of „Intercapital Property Development " REIT.

13 REMUNERATION AND BENEFITS

For the last full financial year the following remunerations have been accrued for the members of the Board of Directors, but have been paid :

Obligations of the Issuer to the members of the Board of Directors on unpaid remunerations (Amounts in BGN)

Face	Unpaid remuneration from 01.01.2020 - until the date of the prospectus	Unpaid remuneration for 2019	Unpaid remuneration for 2018	Unpaid remuneration for 2017

Tsvetelina Hristova	270	908	1 080	1 080
Velichko Klingov	6 984	27 935	24 210	24 334
Aheloy 2012 EOOD	0.00	0.00	17 000	34 000
Total for the period	7 254	28 843	42 290	59 414

Velichko Stoychev Klingov who is a member of the Board and CEO of the company is charged a net fee of 28 thousand. Lev in 2019, the

Tsvetelina Chavdarova Christ, in her capacity as a member of the Board of Directors of the Company has accrued gross remuneration of EUR 1 thousand. Lev in 2019, the

At a meeting of the Board of Directors held on January 2, 2019, a decision was made in connection with the deteriorated financial condition of the Company, the member of the Board of Directors - Aheloy 2012 EOOD not to receive remuneration from January 1, 2019 until a decision to the contrary in view striving to stabilize the Company.

Radostina Panteleeva, as DVI of the company, was charged a gross remuneration of BGN 2,000 in 2019.

During the considered historical period and up to the date of the Prospectus the members of the Board of Directors of the Issuer have not been paid remunerations by subsidiaries.

The members of the Board of Directors have not been paid remuneration and / or compensations in kind by the Issuer and its subsidiary during the specified period.

The issuer or its subsidiary has not set aside amounts for pensions, other retirement benefits or other similar benefits.

The members of the Board of Directors receive their remuneration on the basis of concluded management contracts with the Issuer. The current contracts of the members of the Board of Directors with the Issuer are valid until the termination of the respective position.

14 PRACTICES OF THE MANAGEMENT BODIES

14.1 EXPIRY DATE OF THE CURRENT TERM OF OFFICE AND THE PERIOD DURING WHICH THE ENTITY HAS HELD THAT POSITION

The members of the Board of Directors are elected for a term of 5 (five) years according to the Articles of Association, and may be re-elected without restriction. They may also be removed from office before the end of the term for which they have been elected. The contracts of the members of the Board of Directors of the Company do not provide for compensations upon termination of their contracts. After the expiration of their term of office, the members of the Board of Directors, if they are not deleted from the Commercial Register, shall continue to perform their functions until the entry in the Commercial Register of a new Board (member of the Board) of the directors.

Member of the Board of Directors	Period of holding the position	End of term
Velichko Stoychev Klingov	from 13.03.2008 to the present	until termination
Tsvetelina Chavdarova Hristova	from 10.08.2011 to the present	until termination
AHELOY 2012 EOOD	from 20.03.2014 until present	until termination

14.2 INFORMATION ON CONTRACTS FOR SERVICES OF MEMBERS OF THE BOARD OF DIRECTORS, CONCLUDED WITH THE ISSUER OR ANY OF ITS SUBSIDIARIES PROVIDING FOR BENEFITS UPON TERMINATION OF EMPLOYMENT

No compensation or indemnities shall be paid to the members of the Board of Directors in case of termination of their management contracts with the Issuer or its subsidiary.

The members of the Board of Directors have not concluded service contracts with Intercapital Property Development REIT, as well as the companies from its group, and provide for compensations upon termination of employment.

14.3 AUDIT COM AND TET AND COMMITTEE FOR VAZNAGRA ZHDENIYATA

As of 01.06.2017, with a decision of the extraordinary GMS, the audit committee of the issuer is composed of:

- ✓•Iva Chavdarova Chorapinova - Chair of the Audit Committee ;
- ✓•Pavlinka Nedelcheva Bizeranova - independent member of the audit committee ;
- ✓•Tsvetelina Chavdarova Hristova - member of the audit committee.

The mandate of this audit is Mr Committee to 06/29/2021, the

As of the date of this document, the GMS has not decided to change the composition of the audit committee and the current one fulfills its obligations until the election of a new one.

The General Meeting of Shareholders or Shareholders approves the statute of the audit committee, which defines its functions, rights and responsibilities with regard to financial audit, internal control and internal audit, as well as its relations with the management bodies.

In accordance with Art. 108 of the Independent Financial Audit Act (IASA), the Audit Committee of Intercapital Property Development REIT has the following functions:

1. Monitors the financial reporting process in the Company;
2. Monitors the effectiveness of the internal control system in the Company;
3. Monitors the effectiveness of the risk management system in the Company;
4. Monitors the internal audit activity in the Company;
5. Supervises the independent financial audit in the Company, taking into account the findings and conclusions related to the scope of the external audit;
6. Performs a review of the independence of the registered auditor of the Company in accordance with the requirements of the law and Regulation (EU) № 537/2014, including monitoring the appropriateness of the provision of additional services by the registered auditor of the audited Company.

The purpose of the Audit Committee is to assist the company's management in the execution of his duties for w January leverage the individual and consolidated financial statements, assessing the effectiveness of internal financial controls and monitor the effectiveness and objectivity of the internal and external auditors.

With mod. and ext. DV. no. 18 of 28.02.2020, an amendment to the Independent Financial Audit Act (IASA) is in force, regulating the activity of audit committees. In view of the current and upcoming changes of the legal framework regulating the activities and composition of audit committees need to be taken changes in the status item and (rules so a) the activities of the audit committee to reflect current requirements of IFAA and regulations. Such changes are to be adopted at a meeting of the regular General Meeting of Shareholders for 2020.

To date, the company has not established a remuneration committee. The Board of Directors of the Company has developed a remuneration policy, which was approved by a decision of the General Meeting of Shareholders, held on 05.07.2013.

This policy regulates the basic rules for determining the remuneration of persons who hold office as members of the Board of Directors of the public company in connection with the exercise of their powers in the exercise of management and supervisory functions in the company. The remuneration policy is developed on the basis of the requirements in the Public Offering of Securities Act and Ordinance № 48 of the Financial Supervision Commission of 20 March 2013 on the remuneration requirements with a view to creating a transparent and fair internal framework for the formation of remuneration. The members of the Supervisory Board and the Management Board of Intercapital Property Development REIT.

14.4 COMPLIANCE WITH THE CORPORATE GOVERNANCE REGIME

By Decision № 461-CCU of 30.06.2016, the Deputy Chairman of the FSC, head of the Investment Supervision Department, approved the NCGC as a code of corporate governance under Art. 100n, al. 7, item 1 in connection with para. 8, item 1 of LPOS. Intercapital Property Development REIT has adopted and applies, as appropriate, the principles of the National Corporate Governance Code (established in 2007 and approved by the National Corporate Governance Commission, subsequently amended in February 2012 and April 2016) and operates in accordance with its provisions. Each investor can get acquainted with the program on the Issuer's website www.icpd.bg.

14.5 POTENTIAL SIGNIFICANT EFFECTS ON CORPORATE IT MANAGEMENT. UPCOMING CHANGES IN THE COMPOSITION OF THE MANAGEMENT AND COMMITTEES APPROVED BY THE MANAGEMENT AND / OR GMS.

As of the date of the Company's Prospectus, no potential facts and circumstances have become known that could have a significant impact on the corporate governance of the Issuer.

As of the date of the Prospectus, the management and / or the General Meeting of Shareholders have not approved forthcoming changes in the management and the audit committee of the Company.

15 EMPLOYEES

15.1 NUMBER OF EMPLOYEES

As of the date of the Prospectus, the issuer has appointed 1 (one) employee - the Investor Relations Director. The average number of employees each of the previous three full financial years of 2017 until 2019 was one (1) employee.

The issuer's subsidiary has 35 employees.

During the period under review and up to the date of this Document, the Company has not hired a significant number of temporary employees, such are hired by its subsidiary during the active summer season for service personnel in the holiday complex.

15.2 SHAREHOLDINGS AND COMMODITY OPTIONS

At the time of preparing this document, the Executive Director Velichko Kling in holds 43 111 number of shares, representing 0, 72 % of the capital of „Intercapital Property Development " REIT.

The other members of the Board of Directors, namely Tsvetelina Chavdarova Hristova and AHELOY 2012 EOOD do not own shares in the Issuer's capital.

Since the establishment of the Company until now, no options have been issued on shares of the Company in favor of the Board of Directors, employees or third parties.

15.3 DESCRIPTION OF ANY ARRANGEMENTS FOR EMPLOYEE PARTICIPATION IN THE ISSUER'S CAPITAL

Since the establishment of the Company and k um date of preparation of this Prospectus H has been and there are arrangements for the participation of employees in the capital of the Issuer.

16 MAJORITY SHAREHOLDERS

All shareholders of the Issuer carry equal rights aloud, as issued by the “Intercapital Property Development " REIT shares.

16.1 INFORMATION ABOUT THE PERSONS WHO DIRECTLY OR INDIRECTLY HAVE A SHARE IN THE ISSUER, SUBJECT TO DISCLOSURE

As of the date of this document, the authorized capital of Intercapital Property Development REIT amounts to BGN 6,011,476, divided into 6,011,476 ordinary shares with a nominal value of BGN 1 (one) each. All shares of the capital of Intercapital Property Development REIT have been paid.

The following table provides information on data from the shareholders' book of the Issuer at the time of the last prepared unaudited financial statements as at 31 03.20 20, with the direct participation of more than 5% shareholding.

Name of the company	Country	Share of the total number of shares	Number of shares
FINANCE DIRECT AD	Bulgaria	6.61%	397 579
KRAJOWY DEPOZYT PAPIEROW WARTOSCIOWYCH S. - trustee account	Poland	16,34 %	981 983
MF Invest Classic	Bulgaria	8.89%	534 679
MF Invest Active	Bulgaria	12.81%	770 246
Other legal entities		27,79%	1 670 386
Other individuals		27,56%	1 656 603
Number of shares		100%	6 011 476 lv.

For the period 31 03 0.20 20 until the date of the Prospectus no changes have occurred in the shareholding structure of the Issuer.

As of the date of the Prospectus there are only four persons who hold a direct shareholding in the amount of 5 or more per cent of the voting shares in the General Meeting of the Issuer, which is subject to disclosure according to Art. 145 et seq. Of LPOS. These are " Finance Direct " JSC, " KRAJOWY DEPOZYT PAPIEROW WARTOSCIOWYCH S. " - Trust account, " Mutual Fund Invest Classic " and " Mutual Fund Invest Active ". Through SF Classic and SF Invest Active, as well as through the custodian account KRAJOWY DEPOZYT PAPIEROW WARTOSCIOWYCH S. there are no shareholders who hold more than 5% of the voting shares in the issuer, within the meaning of Art. 145 in connection with Art. 146 of the POSA.

There are no natural persons shareholders who directly own more than 5 percent of the voting shares.

Voting rights

Intercapital Property Development REIT issues ordinary, registered, dematerialized voting shares with a nominal value of BGN 1 (one) each. The company has not issued shares that do not represent capital.

All issued shares of the same class and give one (1) right out loud at the general meeting of shareholders in the media with al there are no shareholders with different rights aloud in the General Meeting of the Issuer.

16.2 IDENTITY OF THE PERSON / PERSONS WHO EXERCISE CONTROL OVER THE ISSUER, AND MEASURES HAVE BEEN INTRODUCED TO PREVENT ABUSE OF THIS CONTROL

With regard to the Issuer, there is no notification for indirect possession of shares / voting rights in the GMS within the meaning of Art. 146 of the POSA.

For the purposes of the POSA, a person will exercise direct or indirect control over the Company when that person, directly or indirectly: (a) holds more than 50 percent of the votes in the GMS; or (b) may appoint more than half of the members of its Board of Directors; (c) or may otherwise exercise decisive influence over decisions in connection with the Issuer's activities.

Person exercising direct control over the issuer :

At present there are no shareholders with majority participation in the capital of the Issuer, there is no natural or legal person to exercise direct or indirect control within the meaning of §1, item 14, letter a) of the Additional Provisions of LPOS over the Company.

Dependence of the issuer on other legal and natural entities:

The issuer is part of an economic group, in this sense its activity is dependent on the companies part of its economic group and in particular on the subsidiary Marina Cape Management EOOD, which is also its service company in terms of investment property management.

Intercapital Property Development REIT is not dependent on other legal entities or individuals than the members of the Board of Directors.

Measures against abuse of control :

The issuer has not introduced special measures against abuse of direct or indirect control.

P second decision under Art. 114, para. 1 of POSA interested o tubs individuals can not exercise their right out loud. Interested o vats members of the governing body will not be able to participate in decision-making of art. 114, para. 2 and para. 3 of LPOS. The transactions under Art. 114, para. 1, item 1 and para. 2 of POSA involving interested o tubs individuals can only be carried out at market price. The

assessment is performed by the managing body, and in the cases under Art. 114, para. 1, item 1, letter " b " of LPOS - by independent appraisers appointed by him under Art. 5 of the Independent Appraisers Act.

16.3 A DESCRIPTION OF ANY ARRANGEMENTS KNOWN TO THE ISSUER WHICH MAY, ON A SUBSEQUENT DATE, LEAD TO A CHANGE IN THE ISSUER'S CONTROL.

At the date of preparation of the Prospectus there is no agreement, some of "Intercapital Property Development " REIT, which lead to a change in control of the Issuer.

17 RELATED PARTY TRANSACTIONS

The related parties of the Company are the shareholders, its subsidiaries, as well as key management personnel. Related party transactions have not been conducted under special conditions and no guarantees have been provided or received.

Below are the data on the transactions with the persons related to the Company. The data are derived from the audited individual financial statements of the Issuer for the period under consideration.

Transactions with subsidiaries within the relevant period

Indicator	12/31/2019 9	12/31/2018 8	12/31/2017
	thousand BGN	thousand BGN	thousand BGN
Sale of goods and services			
- sale of services of Marina Cape Management EOOD	647	3 57	362
Purchase of goods and services			
- purchase of services from Marina Cape Management EOOD	-	275	302

Receivables from subsidiaries at the end of the respective period

Indicator	12/31/2019 9	12/31/2018 8	12/31/2017
	thousand BGN	thousand BGN	thousand BGN
Current:			
Marina Cape Management EOOD	1 762	2 621	2 701
Total current receivables from related parties	1 762	2 621	2 701

Liabilities to subsidiaries at the end of the respective period

Indicator	12/31/2019 9	12/31/2018 8	12/31/2017
	thousand BGN	thousand BGN	thousand BGN
Current:			
Marina Cape Management EOOD	13	2 987	2 712
Total current liabilities to related parties	13	2 987	2 712

42% of receivables between related parties arose more than 360 days ago.

Transactions with key management personnel

The key management staff of the Company includes the members of the Board of Directors.

Accrued in the remuneration of key management personnel within the relevant period of the historical information is as follows:

Indicator	12/31/2019 9	12/31/2018 8	12/31/2017
	thousand BGN	thousand BGN	thousand BGN
Remuneration to individuals	39	33	34
Remuneration for Aheloy 2012	-	17	41
Total	39	50	75

The obligations of the company at the end of the respective period to the members of the Board of Directors are the following:

Indicator	12/31/2019 9	12/31/2018 8	12/31/2017
	thousand BGN	thousand BGN	thousand BGN
Remuneration to individuals	1 6 1	1 3 1	108
Remuneration for Aheloy 2012	-	139	118
Total	161	270	226

For the period of 2019, the member of the Board of Directors of Aheloy 2012 EOOD has not received any remuneration in connection with the decision taken to stabilize the Company.

No other related party transactions were made during the historical periods under consideration.

For pe Dr. Jehoi'ada from the date of the last audited annual financial statements 31.12.2019 until the date of the Prospectus are available with these transactions in arzani persons:

- Occurred liabilities for accrued remuneration to the members of the Board of Directors in the amount of BGN 7 thousand;
- Receivables from subsidiaries no such (in its capacity as management company in connection with a contract for asset management).

During the period of the reviewed historical financial information from 2017 to 31.12.2019, as well as as of the date of the Prospectus for the Company, no transactions have occurred with related parties that are unusual in type and nature. All transactions with persons related to the Company are carried out under conditions that do not differ from the usual market prices.

18 TO COMPLETE INFORMATION

18.1 SHARE CAPITAL

The share capital of "Intercapital Property Development" REIT 6 011 476 (six million eleven thousand four hundred seventy-six) lev, divided into as many ordinary registered book-entry fully paid shares with a nominal value of 1 lev each.

During the period covered by the historical financial information and as of the date of this document, Intercapital Property Development REIT declares that:

- ✓ there is no change in the share capital;
- ✓ has not bought, respectively does not own own shares;
- ✓ there is no significant change as of the date of the Prospectus in the number of shares held by the shareholders of the company (the information on the holders of shares with over 5% participation is disclosed in item 1.6 "Majority shareholders");
- ✓ there is no capital paid in the form of non-monetary contributions;
- ✓ all issued shares are of one class and give one voting right;
- ✓ there are no issued shares that do not represent capital;
- ✓ the Issuer's subsidiaries do not own shares of its capital;
- ✓ has not issued convertible securities, exchangeable securities or securities with a warrant;
- ✓ no rights have been issued for acquisition or obligations in respect of the authorized but unissued capital or for opportunities for capital increase;
- ✓ there is no capital of a group member that is under option or has agreed conditionally or unconditionally to be placed under option.

History of changes in share capital:

- The company was registered with capital of **2 500 000 lev** under Decision № 1 of 29.03.2005 of Sofia City Court under company № 3624/2005
- In January 2006 the first capital increase of Intercapital Property Development REIT was made with new 750,000 shares with a nominal value of BGN 1 each. According to Decision № 4 of 26.01.2006 of the Sofia City Court under file no. № 3624/2005 was registered capital increase to the amount of **3 250 000 lev**.
- In September 2006 a second increase in the capital of Intercapital Property Development REIT was made with new 1,625,000 shares with a nominal value of BGN 1 each. According to Decision № 6 of 18.09.2006 of the Sofia City Court under file no. № 3624/2005 was registered the capital increase to EUR 4 875 000 lev.
- With Decision № 7 of 25.09.2006 of the Sofia City Court under file no. № 3624/2005 a clear factual error was eliminated in Decision № 6 of 18.09.2006 and the correct one was indicated, namely that the capital of the Company was increased to **BGN 4,823,627** through the issuance of new 1,573,627 shares. with a nominal value of BGN 1 each.
- On 23.08.2010 under № 20,100,823,172,414 entry in the Commercial Register has registered the capital increase to **6 011 476 lev** by issuing new 1 187 849 shares with a nominal value of 1 lev each.

18.2 CHARTER

Statutes of "Intercapital Property Development" REIT adopted at the founding meeting of the company held on 18.02.2005 in the town. Sofia and amended by decisions of the General Meetings of Shareholders held on 24.03.2006, 29.06.2007, 18.06.2009, 30.12.2009, 30.04.2010, amended according to a

decision of the Board of Directors for capital increase of 1 0.0 3.201 0, amended by the General Meeting of Shareholders on 30.06.2015 and on 29.06.2018.

The last change of the Articles of Association is from 29.06.2018 according to the General Meeting of Shareholders held on the same date and Decision № 539-DSIC from 23.05.2018 of the Chairman of the FSC.

Current statute of "Intercapital Property Development" ADSIC is published on the website of the Commercial Register to the Registry Agency - www.brra.bg, and the company website www.icpd.bg.

The statement below has been prepared on the basis of the current statute and the applicable mandatory legal provisions.

Intercapital Property Development REIT is a joint stock company with a special investment purpose, within the meaning of Article 3, para. 1 of the Special Investment Purpose Companies Act (SPIF).

The company is public from the moment of its entry in the register of public companies and other issuers of securities under Art. 30, para. 1, item 3 of the Law on the Financial Supervision Commission.

According to Art. 8 of the Articles of Association, Intercapital Property Development REIT is engaged in: investing funds raised through the issuance of securities in the purchase of real estate and limited property rights, development of own real estate through construction and improvements, sale of real estate, rental or management of own real estate and any other activity related to the securitization of real estate and permitted by law.

The companies are established for an indefinite period according to art. 9 of the Articles of Association.

Investment goals of the company

According to Art. 10 of the Articles of Association of the company, the investment objectives under which it carries out its activities are:

- a. Ensuring maximum return on the capital of its shareholders at an optimal ratio of risk and return of investors;
- b. Increasing the value of the company's shares;
- c. Providing current income to shareholders in the form of a cash dividend;
- d. Increasing the value of the real estate owned by the company through their development, construction and / or improvement.

According to Art. 11 of the Articles of Association, the investment activity of the company is limited by the requirements of the law, the provisions of the Articles of Association, the decisions of the General Meeting and the provisions of the Prospectuses for public offering of securities. The company's bodies have no other restrictions in the search for an optimal ratio between the assets in which the investment is made and the risk of the investment at the best possible levels of return for investors.

Capital.

Provisions concerning the capital of the company, according to art. 16 and art. 17 of the Statute

The capital of the Company amounts to 6 011 476 (Six million eleven thousand four hundred seventy-six) lev, divided into 6 011 476 (Six million eleven thousand four hundred seventy-six) number, dematerialized, registered, shares rightly aloud, each with a nominal value of BGN 1 (one).

Shares and classes Shares.

Provisions concerning the shares of the company according to art. 19 - art. 27 of the Articles of Association

The company issues only dematerialized freely transferable shares. The dematerialized shares are kept in the register of the Central Depository on the accounts of the shareholders. The issuance and disposition / transfer / of the dematerialized shares is done with registration in the Central Depository.

Shares of the Company may be subscribed only against cash contributions and after payment of their full issue value, except in the case of conversion into shares of bonds issued as convertible.

The company can issue different classes of shares. Shares of one class grant equal rights. Restricting the rights of individual shareholders of the same class is not permissible.

The Company may issue the following classes of shares:

- a. Class A - ordinary registered voting shares;
- b. Class B - preferred shares with the right to a guaranteed or additional dividend and without the right to vote.

The Company may also issue other subclasses of shares, Class B variant, depending on the amount of the guaranteed / additional dividend or the granting of voting rights. The amount of the guaranteed / additional dividend is determined by the General Meeting of Shareholders with the decision to increase the capital of the Company of the respective class.

The shares may be transferred freely, without restrictions or conditions in compliance with the requirements of the Bulgarian legislation and the rules of the Central Depository for acquisition and disposal of dematerialized shares. The transfer of shares has actions against the Company only if the transfer is registered with the Central Depository.

Shareholders' rights.

Provisions concerning the rights of shareholders, according to Art. 28 - Article 29 of the Articles of Association

Each ordinary class A share entitles its holder to: 1 (one) vote in the General Meeting of the Company; to subscribe the part of each new issue of shares corresponding to his share of the capital; to receive a dividend; to receive a share of the property of the Company in case of liquidation; to receive the financial statements, the management reports, a copy of all Prospectuses for public offering of shares and bonds confirmed by the FSC, as well as information on the essential elements of the agreements with the Servicing Companies and the Depository Bank.

Each preferred share with the right to a guaranteed class B dividend entitles its holder to: participate in the General Meeting without the right to vote, unless otherwise specified in the decision to issue the respective issue; to receive a guaranteed or additional dividend before the Class A shareholders; to record the corresponding part of each new issue of the same class; to receive a share of the property of the Company in case of liquidation; to receive the financial statements, the management reports, a copy of all Prospectuses for public offering of shares and bonds confirmed by the FSC, as well as information on the essential elements of the agreements with the Servicing Companies and the Depository Bank; to acquire the right to 1 (one) vote for each share held by him, in the event that the guaranteed or additional dividend is not paid for one year and the late payment is not paid in the next financial year, together with the guaranteed / additional due for the same year dividend.

Capital increase.

Provisions concerning the increase of the capital of the company, according to art. 30 - Article 31 of the Articles of Association

The capital of the company can be increased only by issuing a public issue of new shares, including preferred ones, or by converting into shares of bonds traded publicly and issued as convertible.

The company cannot increase its capital by converting part of the profit into shares or by increasing the nominal value of already issued shares.

Capital reduction.

Provisions concerning the reduction of the capital of the company, according to art. 37 - art. 39 of the Articles of Association

The capital of the Company cannot be reduced by forced invalidation of shares.

The capital of the Company may be reduced only by a decision of the General Meeting of Shareholders, taken by a majority of 2/3 of the represented capital and in compliance with the restrictions of the current Bulgarian legislation.

The company may not repurchase shares under Art. 111, para. 5 of LPOS.

Bodies of the Company. Management

According to Art. 85 of the Articles of Association, the management bodies of the Company are the General Meeting of Shareholders and the Board of Directors.

Provisions concerning the General Assembly, according to Art. 86 - Article 90 of the Articles of Association

The General Meeting consists of all persons registered in the Central Depository as shareholders of the Company 14 days before the date of the General Meeting.

Shareholders participate in person or through a representative. Proxies do not have the right to re-authorize third parties with their rights. The power of attorney for participation in the General Meeting must be in writing, explicitly, signed by hand by the authorized shareholder and must meet the requirements of the POSA and the acts on its implementation. The authorization can also be done by electronic means, as the conditions and the order for that are determined by the Board of Directors and are published on the website of the company.

Shareholders may exercise their right to vote by correspondence if the vote is received in the company no later than two days before the day on which the general meeting is held.

The members of the Board of Directors take part in the work of the General Meeting without the right to vote, unless they are shareholders with the right to vote.

Provisions concerning the powers of the General Assembly, according to Art. 91 - Article 93 of the Articles of Association

General Assembly:

1. amends and supplements the Articles of Association of the Company;
2. increases and decreases the capital of the Company;
3. transforms and terminates the Company;
4. elects and dismisses the members of the Board of Directors and determines their remuneration and the amount of management guarantees in compliance with the rules set by the Articles of Association;
5. appoints and dismisses certified public accountants;

6. approves the annual financial report of the Company after certification by the appointed expert accountant;
7. decides on the issuance of bonds and other debt securities;
8. appoints the liquidators upon termination of the company;
9. releases from liability the members of the Board of Directors;
10. elects and dismisses a servicing company under item 80 of the Articles of Association;
11. elects and dismisses the chairman and the members of the Audit Committee of the Company;
12. resolves all other issues within its competence by law or the Articles of Association.

The decisions under items 1, 2, and 3 of the powers of the GMS described above shall be taken by a majority of 3/4 of the voting shares represented at the General Meeting. The decision under item 4 to elect the members of the directors is taken by a simple majority, and the decision to dismiss members before the expiration of their term by a majority of 3/4 of the shares represented at the General Meeting with voting rights.

Provisions concerning the convening and holding of a general meeting of shareholders, according to Art. 94 - 105 of the Articles of Association

The General Meeting of Shareholders is held at the registered office of the company, at least once a year and is convened by the Board of Directors. The General Meeting may be convened at the request of shareholders holding at least 5 percent of the capital of the Company under the terms and conditions of Art. 223, para. 1 and 2 of the Commercial Law or of Art. 118 of the Law on Public Offering of Securities.

The convening is done by invitation, with the minimum content according to the Commercial Law and the Law on Public Offering of Securities. The invitation is announced in the Commercial Register and the time from its announcement to the date of the General Meeting may not be less than 30 days. The written materials related to the agenda of the General Assembly are also published with the invitation.

The Articles of Association do not introduce a quorum requirement except in the cases specified above. In the absence of the required quorum for holding the General Meeting, a new meeting may be scheduled not earlier than 14 days and it may be legal regardless of the capital represented in it.

The General Meeting may not adopt resolutions concerning issues that have not been published in the invitation, except when all shareholders are present or presented at the meeting and no one objects to the issues raised being discussed, or if they are duly proposed by shareholders - less than 5% of the capital of the Company.

Provisions concerning the Board of Directors

Art. 106. The company is represented and managed by a Board of Directors, which consists of 3 (three) to 7 (seven) persons.

Art. 107. One third of the members are independent persons in the sense of art. 116a, para 2 of the Public Offering of Securities Act.

Art. 108. The members of the Board of Directors or natural persons, who represent legal entities - members of the Board, must:

- have higher education;
- have appropriate professional qualification and experience;
- have not been convicted of an intentional crime of a general nature;
- have not been declared bankrupt as a sole trader or as an unlimited liability partner in a commercial company and have not been in bankruptcy proceedings;

- have not been members of the management or supervisory body of a company or cooperative terminated due to insolvency during the last two years preceding the date of declaring insolvency, if there are unsatisfied creditors;
- are not spouses or relatives up to and including the third degree, in the direct or collateral line, among themselves or with another member of the management or supervisory body of the depositary bank, as well as persons related to it;
- are not deprived of the right to hold a materially responsible position.

Art. 109. The members of the board of directors shall be elected for a term of 5 (five) years. This rule does not apply to the first Board of Directors elected by the Constituent Assembly for 3 (three) years.

Art. 110. The Board of Directors discusses and resolves all issues, except those that are within the exclusive competence of the General Assembly.

Art. 111. The Board of Directors has the authority to conclude transactions within the scope of activity of the company for acquisition, remunerative transfer, rental or provision for management of real estate of a value exceeding one third of the total value of the assets under the last audited or prepared balance sheet in compliance with the requirements of Art. 42 and Art. 43 of the Articles of Association.

Art. 112. The decisions of the Board of Directors shall be taken by a simple majority, except in the cases of acquisition and sale of real estate, selection and change of a Servicing Company and a Custodian Bank, and decisions on the type of shares and bonds and the issue amount. These decisions are taken by a two-thirds majority of all members.

Art. 113. The Board of Directors shall report on its activity to the General Meeting of Shareholders.

Art. 118. The Board of Directors shall elect a chairman from among its members.

Art. 119. The Board of Directors assigns the representation of the Company before third parties to one or two of its members - Executive Directors. The award may be withdrawn at any time.

Art. 120. In the case of more than one executive directors they represent the Company separately except in the cases of: acquisition / sale of an asset exceeding 5 (five) per cent of the net value of the assets of the Company at the time of the transaction; and the conclusion of a contract / s with a Custodian Bank or a servicing company.

Art. 123. The Board of Directors shall adopt internal rules for its activity.

Art. 124. The members of the Board of Directors shall be obliged:

- to manage the activity and the assets of the company with the care of the good trader, preferring the interest of the shareholders to their own interest;
- to deposit as a guarantee in favor of the Company an amount not less than their quarterly gross remuneration as members of the Board or shares in the company with a nominal value of such amount
- to perform their duties in the interest of the Company and to keep the secrets of the Company even after they cease to be members of the Board;
- to insure real estate immediately after its acquisition.

Art. 125. The members of the Board of Directors shall be jointly and severally liable for the damages they have caused to the Company. The General Assembly may release the members of the Council from liability if it is established that there is no fault for the damages.

Final provisions, according to art. 137 - art. 138

For all cases not explicitly regulated in the Company's Articles of Association, the provisions of the Special Investment Purpose Companies Act, the Public Offering of Securities Act and its implementing acts and the Commercial Act, as well as all other relevant laws shall apply. In case of non-compliance with the Articles of Association and the provisions of the current legislation, the latter shall apply.

Description of what action is required to change the rights of shareholders, indicating where the conditions are more significant than required by law

The Articles of Association do not provide for the possibility to change the rights of the shareholders.

A brief description of any provision of the memorandum, articles of association, charter, or internal regulations of the issuer that would delay, delay or prevent a change in the issuer's control.

There is no provision in the current Articles of Association that would delay, postpone or prevent a change in the Issuer's control.

An indication of the memorandum of association, articles of association, charter, or regulations, if any, that govern the threshold of ownership above which shareholder ownership must be disclosed.

The current Articles of Association do not contain provisions that establish a threshold of ownership above which the shareholder ownership must be disclosed. The general regime specified in Art. 145 et seq. Of LPOS, regarding the disclosure of share participation.

According to Art. 145 of the POSA any shareholder who acquires or transfers directly and / or under Art. 146 of the same law, the right to vote in the general meeting of the Company is obliged to notify the FSC and the Company when:

- ✓ as a result of the acquisition or transfer of his voting right reaches, exceeds or falls below 5 per cent or a number multiple of 5 per cent of the number of votes in the general meeting of the company;
- ✓ ~~as a~~ right to vote exceeds, reaches or falls below the upper thresholds as a result of events that lead to changes in the total number of voting rights on the basis of the information disclosed in accordance with Art. 112e of the POSA.

This obligation also applies to any person who has the right to acquire, transfer or exercise voting rights at the General Meeting of the Company in any of the hypotheses of indirect participation described in Art. 146, para. 1 LPOS.

18.3 SIGNIFICANT CONTRACTS

During the historical periods in question and as of the date of preparation of this Prospectus, the Issuer or its subsidiary have not concluded significant contracts that were not in the process of performing their usual activity.

All significant contracts have arisen in connection with the financing of the investment projects of the Company in periods older than the considered historical financial information (before 2017 - 2019), as some of these liabilities have been restructured and / or renegotiated within the Financial information. All contracts significant in size, incl. change of parameters and creditors under these contracts, to which the

Issuer is a party are described in detail in item 7.3 *"Important events in the development of the economic activity of the issuer"*. There are no other significant contracts for the Issuer or its subsidiary that are not mentioned in this Document.

As of the date of the Prospectus, the members of the economic group of the Issuer have not concluded contracts (other than the contracts related to their usual activity), which contain provisions for undertaking obligations or rights, essential for the whole group of the Issuer.

19 ESSENTIAL INFORMATION

19.1 WORKING CAPITAL DECLARATION

During the considered historical periods and as of the date of preparation of this Prospectus, the Company is of the opinion that it did not have sufficient working capital to cover its current needs, due to the excess of current liabilities over current assets. The reason for this is matured liabilities on borrowed capital (bond loan and bank loans). As of the date of the Prospectus, the management of the Issuer has carefully analyzed the situation with the deteriorated financial condition of the Company and has taken measures to improve it.

The company is actively working towards repaying its liabilities and has so far managed to repay the debenture loan issued in 2007 by transforming this debt into an unsecured liability to a legal entity, and has also restructured its debt on bank loans. At the group level, a policy of optimizing costs, inventories and other elements of working capital has begun. The expected result of these measures is a significant reduction in inventories, which will improve the liquidity position and working capital of the Company and the Group.

In connection with these measures, a decision was made by the Board of Directors to conduct this subscription to increase the share capital of the Issuer and repay most of its current liabilities. Upon successful completion of the public offering of shares from the current capital increase of Intercapital Property Development REIT, the management believes that the funds raised will increase the working capital of the Company to a sufficient amount to cover the business needs of the Issuer.

19.2 CAPITALIZATION AND INDEBTEDNESS OF THE ISSUER

Declaration of capitalization

The table below presents data on the capitalization and indebtedness of the Issuer based on audited individual financial statements as of 31.12.2017, 31.12.2018 and as of 31.12.2019, unaudited individual financial statements as of 31.03.2020. as well as on the basis of the audited consolidated financial statements as of 31.12.2017, 31.12.2018 and as of 31.12.2019:

- **Capitalization and indebtedness, according to audited annual individual financial statements for the period 2017-2019, as well as unaudited interim separate financial statements as of 31.03.2020.**

Indicators	Intermediate March 31, 2020	Annual		
		12/31/2019	12/31/2018	31.12.2017
individual reports (thousand BGN)	unaudited	(audited data)		
1. Equity	718	942	(495)	3 973
2. Non-current liabilities, including:	13 073	13 070	17 549	17 665

- Liabilities to financial corporations	11 735	11 735	16 095	16 095
- Obligations under bond issue	-	-	-	-
- Financial leasing liabilities	-	1335	1 454	1 570
3. Current liabilities, including:	29 757	29 811	26 435	25 586
- Liabilities to financial corporations	-	-	997	386
- Obligations under bond issue	-	-	4838	4 407
- Financial leasing liabilities	-	118	342	366
- Trade payables	384	414	1 076	1 446
- Amounts received in advance from customers	1 881	1 951	3 938	5 189
- Short-term liabilities to related parties	13	13	2 987	2 830
- Tax liabilities	64	58	525	130
- Liabilities to staff and social security institutions	178	167	153	121
- Other obligations	27 237	27 090	11 579	10 711
4. Total liabilities (2 + 3)	42 830	42 881	43 984	43 251
5. Assets	43 548	43 823	43 489	47 224
Equity / Assets, (1 : 5)	0.02	0.02	(0.01)	0.08
Non-current liabilities / Equity, (2 : 1)	18.21	13.87	(35.45)	4.45
Liabilities / Assets, (4 : 5)	0.98	0.98	1.01	0.92
Current Liabilities / Liabilities, (3 : 4)	0.69	0.70	0.60	0.59
Indebtedness ratio (4 : 1)	59.65	45.52	(88.86)	10.89
Coefficient of financial autonomy (1 : 4)	0.02	0.02	(0.01)	0.09

Source: Intercapital Property Development REIT

During the analyzed historical periods "Intercapital Property Development" REIT has high indebtedness as the company's liabilities occupy 92% of the Assets at the end of 2017, increase to 101% at the end of 2018, and as of 31.12.2019 decrease to 98% of the Assets. The presented data also show that the equity of the Company has low values, which is due to realized negative financial results or positive but low values in the last reporting years.

The high indebtedness and the low value of the equity lead to a debt ratio of 45.52 and respectively a financial car ratio of 0.02 according to the audited individual financial statements for 2019. The analysis of these values has led the Issuer's management to take financial stabilization measures. of the Company, by making a decision on the current capital increase and determining priority goals and actions set in the justification for spending the funds raised upon successful completion of the subscription. The management of the Company believes that after strict implementation of the measures taken, the debt of the company will be significantly reduced and the amount of equity will reach levels greater than or close to the amount of liabilities.

As of 31.03.2020 the Company reports the following coefficients - debt ratio of 59.65, financial independence ratio of 0.02.

➤ **Capitalization and indebtedness, according to audited annual consolidated financial statements for the period 2017 - 2019.**

Indicators consolidated accounts	12/31/2019	12/31/2018	31.12.2017
	(audited data in thousands of BGN)		
1. Equity	(1,005)	(219)	4 166
2. Non-current liabilities, including:	15 447	18 869	18 538
- Liabilities to financial corporations	11 735	16 095	16 095
- Financial leasing liabilities	1 396	1 454	1 570
- Other obligations	2 316	1 320	873
3. Current liabilities, including:	30 925	24 886	24 260
- Liabilities to financial corporations	-	997	386
- Financial leasing liabilities	134	342	366
- Obligations under bond issue	-	4 838	4 407
- Trade payables	2 766	5 643	7 304
- Liabilities to staff and social security institutions	280	404	296
- Tax liabilities	92	954	467
- Other obligations	27 653	11 708	11 034
4. Total liabilities (2 + 3)	46 372	43 755	42 798
5. Assets	45 367	43 536	46 964
<i>Equity / Assets, (1: 5)</i>	<i>(0.02)</i>	<i>(0.01)</i>	<i>0.09</i>
<i>Non-current liabilities / Equity, (2 : 1)</i>	<i>(15.37)</i>	<i>(86.16)</i>	<i>4.45</i>
<i>Liabilities / Assets, (4 : 5)</i>	<i>1.02</i>	<i>1.01</i>	<i>0.91</i>
<i>Current Liabilities / Liabilities, (3 : 4)</i>	<i>0.67</i>	<i>0.57</i>	<i>0.57</i>
<i>Indebtedness ratio (4 : 1)</i>	<i>(46.14)</i>	<i>(199.79)</i>	<i>10.27</i>
<i>Coefficient of financial autonomy (1 : 4)</i>	<i>(0.02)</i>	<i>(0.01)</i>	<i>0.10</i>

Source: Intercapital Property Development REIT

The calculated capitalization and indebtedness ratios on a consolidated basis report a slight deterioration in some of the indicators compared to them on an individual basis. This is mainly due to reported losses of the subsidiary during the periods considered, which led to a decrease in consolidated equity to negative values. The consolidated capitalization and indebtedness is almost entirely dependent on the individual results of the Issuer's activity, in this sense the effects of the undertaken measures on an individual basis will fully reflect the results on a consolidated basis.

Attracted (Debt) capital as of 31.12.2019 and the date of the Prospectus

All contracts under which the Issuer has incurred liabilities to creditors, incl. change of parameters under these contracts are described in detail in item 7.3 "Important events in the development of the issuer's business". There are no other significant contracts for the Issuer or its subsidiary that are not mentioned in this Document.

As of the historical periods under consideration, as well as as of the date of preparation of the Prospectus, the Issuer and a company from its economic group have no guarantees on foreign liabilities (no indirect and contingent indebtedness).

Indebtedness on an individual basis of Intercapital Property Development REIT according to data from the last prepared audited annual individual financial statement as of 31.12.2019 and from the last prepared unaudited interim individual financial report as of 31.03.2020

Indebtedness (thousand BGN)	March 31, 2020	12/31/2019
Current liabilities	29 757	29 811
Non-current liabilities	13 073	13 070
TOTAL liabilities	42 830	42 881
Guaranteed obligations	-	-
Unsecured liabilities	42 830	42 881
TOTAL liabilities	42 830	42 881
Secured liabilities	11 735	11 735
Unsecured liabilities	31 095	31 735
TOTAL liabilities	42 830	42 881
Direct liabilities	42 830	42 881
Indirect liabilities	-	-
TOTAL liabilities	42 830	42 881
Contingent liabilities	-	-

Source: *Intercapital Property Development REIT*

Indebtedness on a consolidated basis of Intercapital Property Development REIT according to data from the last prepared audited annual consolidated financial statements as of 31.12.2019.

Indebtedness (thousand BGN)	12/31/2019
Current liabilities	30 925
Non-current liabilities	15 447
TOTAL liabilities	46 372
Guaranteed obligations	-
Unsecured liabilities	46 372
TOTAL liabilities	46 372
Secured liabilities	11 735
Unsecured liabilities	3 4 4 49
TOTAL liabilities	46 372
Direct liabilities	46 372
Indirect liabilities	-
TOTAL liabilities	46 372
Contingent liabilities	-

Source: *Intercapital Property Development REIT*

As of the date of the Prospectus, Intercapital Property Development REIT has not prepared and published an interim consolidated financial statement as of March 31, 2020. For this reason, separate information on the indebtedness of the subsidiary Marina Cape Management EOOD as of March 31, 2020 has been submitted.

Indebtedness of individual base of "Marina Cape Management" Ltd. on data from the last prepared not audited interim individual financial statements at 31.03.2020 g.

Indebtedness (thousand BGN)	31.03.2020 y.
Current liabilities	2 049
Non-current liabilities	2 676
TOTAL liabilities	4 725

Guaranteed obligations	-
Unsecured liabilities	4 725
TOTAL liabilities	4 725
Secured liabilities	-
Unsecured liabilities	4 725
TOTAL liabilities	4 725
Direct liabilities	4 725
Indirect liabilities	-
TOTAL liabilities	4 725
Contingent liabilities	-

Source: *Intercapital Property Development REIT*

"Intercapital Property Development" REIT posted prepared th unaudited interim financial statements ldividual to 03/31/2020, at the subsidiary "Marina Cape Management" Ltd. and the same is Avail is n the website of the news agency of X3news - www.x3news.com, Financial Supervision Commission - www.fsc.bg, Bulgarian Stock Exchange AD - www.bse-sofia.bg.

19.3 INTERESTS OF INDIVIDUALS AND / OR LEGAL ENTITIES PARTICIPATING IN THE ISSUE / SUPPLY

There are no participations of individuals and / or legal entities in the capital of Intercapital Property Development REIT, including conflicting ones, which are significant in relation to the current issue of securities.

There are no agreements in the offer between the Company and the authorized investment intermediary, experts or third parties, on the basis of which the above-mentioned persons are due remuneration or any other type of benefit, depending on the result of this offer.

The remuneration of the person selected to service the capital increase of INTERCAPITAL MARKETS AD does not depend on the funds raised by Intercapital Property Development REIT, as it is agreed in a fixed amount. In case of failure of the public offering of the shares "Intercapital Property Development" REIT does not owe remuneration to the selected investment intermediary.

The Issuer is not aware of any potential and / or conflicts between the obligations of the investment intermediary servicing the capital increase and the Company.

19.4 JUSTIFICATION OF THE SUPPLY AND USE OF REVENUES

The current public offering of an issue of shares from a capital increase provides for the subscription of a new issue of shares in a maximum amount of 24,045,904 (twenty-four million forty-five thousand nine hundred and four) shares. The nominal value of each share is BGN 1.00 (one), with the issue value of each share of BGN 1.00 (one). The maximum amount that the Issuer may raise through this public offering in case the issue is subscribed and paid in the maximum amount is BGN 24,045,904 (twenty-four million forty-five thousand nine hundred and four) BGN. The costs of the public offering at maximum subscription are expected to amount to BGN 7,927.00 (seven thousand nine hundred and twenty-seven). The net amount of cash at maximum subscription and payment and after deduction of expenses related to the public offering of shares amounts to BGN 24,037,977 (twenty-four million thirty-seven thousand nine hundred and seventy-seven) BGN.

According to the decision taken by the Board of Directors on 16.04.2020, the issue will be considered successful with a minimum subscription and payment of 15,255,474 (fifteen million two hundred and fifty-five thousand four hundred and seventy-four) shares. The minimum amount that the Issuer may raise

through this public offering in case the issue is subscribed and paid in a minimum amount is BGN 15,255,474 (fifteen million two hundred and fifty-five thousand four hundred and seventy-four). The costs of the public offering with a minimum subscription are expected to amount to BGN 7,927.00 (seven thousand nine hundred and twenty-seven). The net amount of cash with minimum subscription and payment and after deduction of costs related to the public offering of shares amounts to 15 247 547 (fifteen million two hundred and forty seven thousand five hundred and forty-seven) lev.

The purpose of this proposal is to raise funds to finance the investment intentions of the Issuer regarding the reconstruction of an existing investment property, modernization and modernization of any of the services offered in the property, improving the financial condition of the issuer by paying current liabilities, and respond to the challenges, risks and opportunities posed and redefined by the global COVID-19 pandemic.

The raised capital from the present public offering will be used for carrying out the main activity of the Company, related to the investment and development of real estate, permitted by law. The plans of the Company envisage spending in two directions, namely:

A. Expansion and modernization of owned investment property, including:

- 1. reconstruction of the internal distribution of the residential floors, upgrading and finishing works of the constructed buildings in "Zone 4" representing "Sector 26" and "Sector 27" of the holiday complex "Marina Cape", Aheloy (including furniture);**
- 2. purchase and installation of solar panels and heat exchanger for outdoor pool;**
- 3. in the presence of funds, other activities related to modernization and modernization of the services offered in the complex are planned, such as further development of the children's club and construction of additional playgrounds and attractions, separation of sports grounds and facilities, as well as other related with increasing the quality of the offered entertainment services in the complex.**

According to preliminary data, the necessary funds under item A of the current objectives will amount to BGN 2,500,000.

B. Repayment of current liabilities of the Issuer

- 1. repayment of the majority of the Issuer's current liabilities.**

As of the date of the Prospectus, the Issuer has other current liabilities to third parties in the amount of BGN 27,090,000. The purpose of the present offering of shares presented in Objective **B. "Repayment of current liabilities of the Issuer"** is to raise funds sufficient to repay part of these liabilities in the amount of a minimum of 45% to a maximum of 80% and more of the total current liabilities to third parties (depending on the amount of funds raised). The repayment of part of the current liabilities of the Company will improve its capital structure and financial condition, which will lead to a significant improvement of the liquidity and indebtedness ratios of the Issuer.

➤ **Fulfillment of goals with maximum enrollment**

Upon subscription and payment of the maximum offered quantity of shares from the present public offering, the raised net funds in the amount of BGN 24,037,977 (twenty-four million thirty-seven thousand nine hundred seventy-seven) will be spent as follows:

1. expansion and modernization of Zone 4, from the holiday complex "Marina Cape", Aheloy. According to preliminary data, the investment will amount to approximately BGN 2,500,000;

2. repayment of current liabilities of the Company amounts to 21 537 977 (twenty one million five hundred and thirty-seven thousand nine hundred seventy-seven) lev, representing 79.5% of current liabilities of the Company to third parties. The liabilities for assignments to Marina Cape Properties OOD in the total amount of BGN 15,922 thousand will be repaid with priority, after which the liability arose for repurchase of bonds in the amount of BGN 4,205 thousand, and with cash in amounting to BGN 1,411 thousand, liabilities under the other current liabilities of the Company will be partially repaid, as the priority for their repayment will be determined at the discretion of the management as of the repayment date.

➤ **Fulfillment of goals with minimal enrollment**

Upon subscription and payment of the minimum required shares, the net cash raised in the amount of 15,247,547 (fifteen million two hundred forty-seven thousand five hundred forty-seven) will actually be fully used to achieve the same goal, but up to the amount of the raised capital. as will first be made targets t. A. "Expansion and modernization of the owned investment property" and the rest of 12 747 547 (twelve million seven hundred forty seven thousand five hundred and forty-seven) lev will be repaid part of the ongoing debt liabilities of the Issuer, representing 47% of the current liabilities of the company to third parties, namely part of the current liabilities under assignments to Marina Cape Properties OOD (BGN 12,747,547) representing 80% of the total liability in the amount of 15 922 thousand. lev.

➤ **Priority of implementation of the objectives:**

There will be no differences in the use of funds and in their hierarchy at the minimum and at the maximum accumulated net capital - all funds will be directed to the implementation of the above activities as in the event that the capital increase is less than maximum, first funds will be set aside for the planned investments in the holiday complex "Marina Cape" (according to the objectives described under **item A. "Expansion and modernization of owned investment property"**), and the remaining amount of funds raised will be repaid current liabilities to third parties (according to the described objectives under **item B. "Repayment of current liabilities of the Issuer"**). The proceeds from the issue will not be used for acquisitions of assets other than the ordinary business activity of the Issuer, regulated by the Law on Special Investment Purpose Companies and in the Articles of Association of the company.

Description of the need for the planned investments in the resort Marina Cape, Aheloy :

In 2010, the construction of the Marina Cape site was fully completed, with Sector 26 and Sector 27 (the so-called Zone 4 in the site) being finalized, for which a use permit was obtained (Act 16).

Currently, "Zone 4" is a combination of an event area (conference center and restaurant) and a residential area with a total area of about 3,145 sq.m. (with 21 apartments, each with an area of about 145 square meters). The fact that these apartments have too large a single living area for each individual site, as well as in view of current market conditions and demand from potential customers, makes such sites with a

large single area difficult to sell. On the other hand, such holiday apartments are unattractive when rented out for tourism, and the used areas have low profitability. All these facts are even more relevant as of the date of preparation of this Prospectus for capital increase, given the global outbreak of coronavirus, which has seriously affected many sectors of the economy, including the tourism and real estate sectors. In carrying out this public offering, the Issuer aims to take timely measures and prevent future losses for shareholders, given the worldwide spread of the new coronavirus (COVID-19), which may lead to withdrawal of investors and restriction of real estate transactions., including holiday properties for a certain period of time. For the same reason, expectations for the tourist summer season 2020 are extremely low. In this sense, the management of the Issuer intends to focus its efforts on providing business services in the complex, namely organizing and conducting conferences, seminars and other business events.

The above circumstances motivate the management of the Company to check the urban development indicators in order to use additional living space. This could be achieved by designing an extension by completing buildings and compacting existing Zone 4 apartments. With the successful realization of this intention, in place of 21 large apartments, 39 new one-bedroom apartments with a smaller area will be formed, which are convenient and preferred for tourism and sales and with greater profitability. In addition, the expectations are to build new areas over 800 sq. M. Through the development of urban indicators.

The estimated term for realization of the investment intention is about 4 months and at the moment the Company is in the process of research of offers for construction. Preliminary studies are for the rough construction to amount to over BGN 700,000, and the final price of the investment will become clear after receiving offers for all activities. The expected approximate amount for the maximum value of the investment, including the fulfillment of all objectives described under item A. *"Expansion and modernization of owned investment property"* is a total of about BGN 2,500,000.

After the completion of this investment, the Company's management expects that the Issuer will be able to extend the active season by two months (through the solar system for pool heating) and to allow for more profitable year-round use of the complex by expanding the activities of organizing business events and the possibility of accommodating a larger number of visitors in one sector. Thus, in the end, optimization in the use of assets will be achieved, which in turn will lead to increased cash flows, the ability to generate profits, to improve the financial condition of the Issuer and the ability to distribute dividends to shareholders.

Description of the need to repay current liabilities :

According to the audited separate financial statements as of December 31, 2019, Intercapital Property Development REIT has current liabilities in the total amount of BGN 29,811 thousand, of which BGN 27,090 thousand are current liabilities to third parties, which are valid and as of the date of the Prospectus. At the same time, the Company has long-term liabilities in the amount of BGN 13,070 thousand, while the equity is in the amount of BGN 942 thousand. In this regard, the management of the Company has decided to successfully subscribe and pay for the current issue of shares through the funds raised to repay the majority of its current liabilities to third parties, and to restructure the outstanding part of the current liabilities into long-term liabilities. With this action "Intercapital Property Development" REIT will significantly improve its financial result due to the elimination of interest expenses on repaid liabilities, will improve its capital structure and financial condition as a whole. The equity of the company will reach levels higher than the liabilities, which will lead to significantly normalized indicators of indebtedness and financial autonomy.

Last but not least, the complex implementation of all objectives of the capital increase, respectively under **item A** and **item B** (described above) will have an impact on the possibility for regular payment of the Company's liabilities to counterparties and creditors and the non-admission of arrears.

The proposed shares are not and will not be the subject of a Firm Commitment Agreement. There is no potential conflict of interest related to the Offering.

20 INFORMATION ABOUT THE SECURITIES TO BE OFFERED

The information described in this section is of a general nature and has been prepared in accordance with the laws and regulations regarding public companies applicable as of the date of this Prospectus, as well as the Articles of Association of the Company. Potential equity investors should be aware that this information does not constitute or is intended to be any form of legal, tax or investment advice or any other type of advice. In this sense, investors must carefully review the Articles of Association and seek legal, tax, financial or other advice from a consultant of their choice for detailed information on the rights and obligations related to the shares and the General Meeting of the Issuer.

This section of the Prospectus contains information about the characteristics of the shares, which the Issuer deems necessary in order for the potential investors to make an informed decision whether to invest in the shares offered by the Company.

Without prejudice to the issuer's statutory obligations to publish an amendment to the Prospectus, as far as applicable, neither the Issuer nor any other person acting on its behalf and / or on its behalf, nor the authorized investment intermediary shall assume anything. obligation or commitment to update or provide any other updates on applicable law or at a tray of the Company after the date hereof.

20.1 GENERAL DESCRIPTION OF THE OFFERED SHARES (TYPE, CLASS, ISIN CODE)

TYPE AND CLASS OF THE OFFERED SECURITIES :

The subject of public offering are ordinary dematerialized registered voting shares. The shares of this issue are of the same class as the already issued shares of the Company and give equal rights to their holders - the right to one vote at the General Meeting of Shareholders, the right to dividend and liquidation share, proportional to the nominal value of the share.

The nominal value of the shares is BGN 1 (one) each. The issue value of each share is BGN 1.00 (one).

The capital increase will be registered in Trade register.

NUMBER OF OFFERED SECURITIES : 24 045 904 (twenty-four million forty-five thousand nine hundred and four) ordinary shares

FORM OF SECURITIES : All issued shares are registered and dematerialized. According to Art. 22 and Art. 23 of the Articles of Association, the Company may issue the following classes of shares: ordinary registered shares with voting rights and preferred shares with guaranteed or additional dividend rights and without voting rights. Restricting the rights of individual shareholders of one class is not permissible.

PERSON KEEPING THE BOOK OF SHAREHOLDERS : Depository institution for the offered shares and related rights is the " Central Depository " AD. The issuance of non-material Company's shares and their transfer takes effect from the entry (registration) of issuance or transfer in "Central Depository" AD. Upon successful completion of the capital increase of the Company, the Shares subject to this Prospectus will be registered as dematerialized in the Central Depository, after which they are subject to parallel registration with the Polish National Securities Depository, Krajowy Depozyt Papierów Wartościowych SA, KDP, address 00 - 498 Warsaw, 4 Książęca Str. The list of the shareholders of the company is maintained by Central Depository AD, Sofia, 6 Tri Ushi Str., 4th floor, tel. (+359 2) 939 19 81 and (+359 2) 400 12 41 ; internet address: www.csd-bg.bg. After the successful completion of the capital increase of the Company, the Issuer will declare the shares of the current issue for trading not only on the Bulgarian Stock Exchange AD and on the Warsaw Stock Exchange for admission to trading on the market of the alternative trading system for new companies NewConnect.

ISIN CODE : The international identification number of this issue of securities is BG1100018057. Upon successful completion of the public offering, the New Shares will be registered in the Central Depository under the same ISIN code as the other existing shares. The shares of the company are registered for trading on the alternative market of the BSE on the BaSE Market, with stock exchange code: 4IC. The new shares will be applied

for admission to trading on the BSE with the same stock exchange indicator (4IC).

The Company's shares are also traded on the Warsaw Stock Exchange (WSE) - Poland on the NewConnect market, with stock exchange code: ISD. The new shares will be applied for admission to trading on the WSE with the same stock indicator (ISD).

ISSUE CURRENCY :

Bulgarian BGN

The issue of shares for capital increase of Intercapital Property Development REIT is denominated in Bulgarian levs (BGN). After successful completion of the capital increase shares will be quoted and traded in the Bulgarian lev to "Bulgarian Stock Exchange" JSC and Polish zloty of " WSE ".

ISSUE VALUE :

1.0 0 BGN (one BGN)

20.2 LEGISLATION UNDER WHICH THE SECURITIES ARE CREATED

The current public offering of Shares from the issue for capital increase "Intercapital Property Development" REIT will be carried out only on the territory of the Republic of Bulgaria. The issue, acquisition, disposition, and exercise of rights to shares of "Intercapital Property Development " REIT is governed and regulated by the Bulgarian and European legislation directly on the territory of Bulgaria.

The Law on Public Offering of Securities requires that the shares issued by the public company be registered and dematerialized.

Important issues for investors in connection with the public offering of shares of the Company (the subscription and rights trading on the stock exchange) shall be governed by these regulations (non-exhaustive list) :

✓ **Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017** on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71 / EC EC

✓ **Delegated Regulation (EU) 2019/980 of 14 March 2019** supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, verification and approval of the prospectus to be published on the public offering of securities or on their admission to trading on a regulated market, and repealing Commission Regulation (EC) №809/2004 ;

✓ **Delegated Regulation (EU) 2019/979 of 14 March 2019** supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards regulatory technical standards on the basic financial information contained in the summary of the prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to prospectuses, as well as the

portal for notifications and repeals of Commission Delegated Regulation (EU) № 382/2014 and Commission Delegated Regulation (EU) 2016/301;

✓•**Regulation (EU) № 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse** (Regulation on market abuse) and repealing Directive **2003/6 / EC** of the European Parliament and of the Council and Directive 2003 / Commission Directive 124 / EC, 2003/125 / EC and 2004/72 / EC (OB, L 173/1 of 12 June 2014)

✓•**Commercial Law** (promulgated SG, issue 48 of 18.06.1991, with all subsequent amendments and supplements);

✓•**Law on the Public Offering of Securities** (promulgated SG, issue 114 of 1999, with all subsequent amendments and supplements);

✓•**Law on the Financial Supervision Commission** (promulgated SG, issue 8 of 28.01.2003, with all subsequent amendments and supplements);

✓•**Law on the Markets in Financial Instruments** (Promulgated, SG, issue 15 of 16.02.2018, with all subsequent amendments and supplements);

✓•**Law on Corporate Income Taxation** (promulgated SG, issue 105 of 2006, with all subsequent amendments and supplements);

✓•**Law on Personal Income Taxes** (promulgated SG, issue 95 of 2006, with all subsequent amendments and supplements);

✓•**Law for application of the measures against market abuses with financial instruments** (promulgated SG, issue 76 of 2016, with all subsequent amendments and supplements);

✓•**Currency Act** (promulgated SG, issue 83 of 1999, with all subsequent amendments and supplements);

✓•**Ordinance 2 of 17.09. 2003 for the prospectuses for public offering and admission to trading on a regulated securities market and for the disclosure of information (Title supplemented, SG No. 82/2007, amended, SG No. 63/2016) ;**

✓•**Rules for the activity of the Bulgarian Stock Exchange AD;**

✓•**Regulations of Central Depository AD;**

✓•**Ordinance № 38 of 21.05.2020 on the requirements to the activity of investment intermediaries (promulgated SG, issue 51 of 05.06.2020, adopted by Decision № 210-H of 21.05.2020 of the Financial Supervision Commission);**

✓•**Ordinance № 13 of 22.12.2003 for tender offer for purchase and exchange of shares** (promulgated SG, issue 4 of 16.01.2004, with all subsequent amendments and additions);

✓•**Ordinance № 39 of 21.11.2007 for disclosure of share participation in a public company** (promulgated SG, issue 103 of 07 December 2007, with all subsequent amendments and supplements).

Following the successful completion of the capital increase, Intercapital Property Development REIT will promptly notify the Polish Financial Supervision Authority of the results of the current public offering of shares. The issuer will declare the shares of the current issue for trading on the Bulgarian Stock Exchange

AD and the Warsaw Stock Exchange, and the requirements of the Polish legislation, respectively European legislation with direct effect on the territory of the Republic of Poland will apply to the trading on the Warsaw Stock Exchange.

20.3 DESCRIPTION OF THE RIGHTS ATTACHED TO THE SECURITIES, INCLUDING ANY BORDERS OF THESE RULES AND PROCEDURES FOR EXERCISING THOSE RIGHTS

Each ordinary share of Intercapital Property Development REIT gives the right to vote in the General Meeting of Shareholders, the right to a dividend and a liquidation share, proportional to the nominal value of the share.

Information regarding the rights to the shares of the Company is contained in item 18.2 of the *Articles of Association* of this Prospectus.

Right to dividend

The right to a dividend proportional to the nominal value of the share is the most important property right of the shareholder, expressed in his right to receive part of the net (balance) profit of the Company. This part is proportional to the shareholder's participation in the capital of the Company. Dividend is distributed by decision of the General Meeting of Shareholders with voting rights at the proposal of the Board of Directors in the amount of not less than 90 percent of the profit for the financial year, transformed by the order of art. 10 of the SPV Act.

The right to receive a dividend have the persons entered in the registers of the Central Depository as persons entitled to a dividend on the 14th day after the day of the General Meeting at which the annual financial statements were adopted and a decision was made to distribute the profit. The Company does not apply restrictions or special provisions in the distribution of dividends in favor of foreign persons.

The public company is obliged to ensure the payment of the dividend voted by the General Meeting within 12 months from its holding. The costs of dividend payment are at the expense of the Company.

The Issuer may not pay to the two shareholders advance zooms against dividends before the final acceptance of the annual financial statements in accordance with the Commercial Law and the Articles of Association of the Company.

The right to dividend shall be extinguished upon the expiration of the general five-year limitation period under the Obligations and Contracts Act, which period shall run from the date of taking the decision for distribution of dividends. After the expiration of the specified term, the right to receive a dividend is extinguished and the unreceived dividends remain in the company.

According to Art. 23 of the Articles of Association, the Company may also issue preferred shares with the right to a guaranteed or additional dividend.

Right to vote

The right to vote is the most important management right of shareholders. Through it, they participate in the adoption of resolutions by the General Meeting of Shareholders on all issues included in the agenda.

Each share of the current issue for capital increase of Intercapital Property Development REIT gives the right to 1 (one) vote in the General Meeting of Shareholders. The issuer, as a public company, may not issue preferred shares entitling to more than one vote.

The right to vote at the General Meeting of Shareholders shall be exercised by the persons entered as such with the right to vote in the registers of the Central Depository 14 days before the date of the General Meeting. The Central Depository shall provide the list of shareholders as of the above date, at the request of the person authorized to manage and represent the issuer. The presence of the shareholder in this list is a sufficient condition for him to participate in the General Meeting and to exercise his right to vote after his proper identification (identity card for individuals and a certificate of current status for shareholders - legal entities). The shareholders participate in the General Meeting in person or through a representative, respectively a proxy authorized in accordance with the Public Offering of Securities Act and the Articles of Association of the issuer. Authorization can also be done through the use of electronic means.

Prior to the date of the General Meeting, the right to vote may be exercised by the shareholders by correspondence in accordance with the requirements of the POSA and the Articles of Association of the company.

Upon increase of the capital of the Company, each shareholder has the right to acquire part of the shares of each additional issue of the same class, which corresponds to his share in the capital before the increase. The right to participate in the increase have the persons who have acquired shares no later than 14 days after the date of the decision of the General Meeting of Shareholders, and when the decision for capital increase is taken by the Board of Directors, the persons acquired shares no later than 7 days after the date of promulgation of the announcement for public offering under Art. 92a of the POSA.

Upon increase of the capital of the Company by subscription of shares, rights within the meaning of §1, item 3 of the Additional Provisions of the POSA are issued. One right is issued against each existing share. The ratio between the issued rights and one new share is determined in the decision for capital increase.

Restriction of rights

Statutes of "Intercapital Property Development " REIT does not provide grounds or conditions restricting the rights of ordinary shares offered. However, the Bulgarian legislation and the Articles of Association of the Company allow the issuance of preferred shares with the right to a guaranteed dividend, with a repurchase privilege, as well as with all other privileges - admissible by the current legislation. At the moment such shares have not been issued. In case the profit generated by the Company is not sufficient to cover the obligatorily distributed dividend on the preferred shares, the holders of ordinary shares will not be able to participate in the distribution of the Company's profit.

Apart from this hypothesis, the rights of the holders of the offered shares may not be limited by rights granted under other securities or by the provisions of a contract or other private document.

Pre-emptive redemption rights in case of an offer to subscribe for securities of the same class

The Articles of Association do not provide for other special rights and privileges for the shares, subject to public offering, as well as do not provide for restrictions and other conditions for the transfer of these shares.

The rights granted by the shares subject to this public offering may not be limited by rights granted by another class of securities or by the provisions of a contract or other document.

Conditions of liquidation share

Each share entitles to a liquidation share in proportion to its nominal value.

This right is conditional - it arises and can be exercised only in the event that in the liquidation of the Company after the satisfaction of the claims of all creditors is left property for distribution among shareholders, respectively up to the amount of this property.

Only persons entered in the registers of the Central Depository as shareholders of the Company at the time of its termination have the right to a liquidation share. The company is terminated by decision of the General Meeting of Shareholders in other cases provided by law and the Articles of Association. According to current legislation, the right to liquidation share expires with the expiration of the general 5-year limitation period.

The issuer as a public company may not issue preferred shares entitling to an additional liquidation share.

Terms of redemption

The shares subject to this public offering, not by and issued with redemption privilege nor provided for the issuance of shares of such privilege under the Charter of the Company. The repurchase of shares is possible under the terms of the Commercial Law in compliance with the requirement under Art. 111, para. 5 LPOS.

Conditions for conversion

The shares subject to this issue are not subject to conversion into any other type of securities. The company has not issued convertible securities.

Additional rights

Each share also gives additional rights to the person who owns it:

- right of each shareholder in case of capital increase to acquire / subscribe with preference part of the new shares, which correspond to his share in the capital of the Company before the increase;
- the right of each shareholder to elect and be elected to the governing bodies of the Company;
- right to information, including the right to prior acquaintance with the written materials related to the agenda of the General Meeting of Shareholders;
- right to protection of membership and individual membership rights (Article 71 of the CA);
- the right of each shareholder to attack before the court decisions of the General Meeting of Shareholders, contrary to the law or the Articles of Association (Article 74 of the CA).

Minority rights (shareholders holding together or separately at least 5 percent of the capital of the public company):

- the right to bring before the court the claims of the Company against third parties, in case of inaction of its management bodies, which endangers the interests of the Company;
- the right to file a claim before the district court at the registered office of the Company for compensation of damages caused to the Company by actions or inactions of the members of its management and control bodies and its procurator;
- the right to request from the General Assembly or from the district court the appointment of controllers to check all the accounting documentation of the Company and to prepare a report on their findings;
- the right to request from the district court to convene a General Assembly or to authorize their representative to convene a General Assembly on an agenda determined by them;
- the right to request the inclusion of issues and to propose decisions on issues already included in the agenda of the General Meeting under Art. 223a of the CA. This right shall not apply when an item is included in the agenda of the general meeting, the subject of which is decision-making under Art. 114, para. 1 of LPOS. The persons shall not have the right to include in the agenda of the general meeting new items for making a decision under art. 114, para. 1 of LPOS.

20.4 DECISIONS, PERMITS AND APPROVALS RELATED TO ADMISSION TO TRADING

The decision to increase the capital of Intercapital Property Development REIT was taken at a meeting of the Board of Directors of the Company, held on 16.04.2020 pursuant to Art. 33 of the Articles of Association of the Company. In accordance with the decision of the Board of Directors, the capital of "Intercapital Property Development" REIT increased from 6 011 476 (six million eleven thousand four hundred seventy-six) lev of 30 057 380 lev (thirty million fifty-seven thousand three hundred and eighty) leva. The new issue consists of BGN 24,045,904 (twenty-four million forty-five thousand nine hundred and four) BGN the number of shares of the same type and class as the existing issue of shares of the Company, namely dematerialized, registered, ordinary (non-preferred), entitled by one vote in the general meeting of the shareholders of the Company, right to dividend and right to liquidation share, proportional to the nominal value of the share. The nominal value of one share is BGN 1. The issue value of each share of the new issue is BGN 1.00 (one lev).

The public offering will be considered successfully completed and, accordingly, the capital of Intercapital Property Development REIT will be increased only if at least 15,255,474 (fifteen million two hundred and fifty-five thousand four hundred and seventy-four) shares are subscribed and fully paid. representing 63.44% (sixty-three whole and forty-four tenths) percent of the offered shares. The capital of the Company will be increased only by the value of the subscribed and fully paid shares, equal to or exceeding the indicated minimum admissible amount of the raised capital, whereby the public offering is considered successfully completed. It is not possible to subscribe for shares above the maximum admissible amount of the capital requested for raising in the amount of BGN 24,045,904 (twenty-four million forty-five thousand nine hundred and four) BGN.

At its meeting of 14.07.2020. The Board of Directors of Intercapital Property Development REIT adopts this amended Prospectus for Public Offering of Securities and decides to submit it for confirmation to the Financial Supervision Commission.

The capital of Intercapital Property Development REIT is increased on the grounds of authorization of the Board of Directors under Art. 33 of the Articles of Association of the Company and by the order of art. 112 et seq. Of LPOS, Art. 196, para. 1, and Art. 194, para. 1 of the CA.

The prospectus of Intercapital Property Development REIT for public offering of shares has been confirmed by the Financial Supervision Commission with the decision indicated on its title page.

20.5 EXPECTED DATE OF ISSUE OF THE SECURITIES

The expected date of the issue is based on the assumption that the procedures in the respective institutions will take place and end in approximately the shortest possible time limits and in accordance with the practice established by them. Changes in the respective dates may occur as a result of a change in the date of approval of the Prospectus by the FSC, in the initial date of the offer (depending on the date of publication of the Notice under Art. 92a, para 1 of LPOS for public offering at least in one daily newspaper or on the website of news agency and other media - in this case on the website of specialized financial media X3News (www.x3news.com), as well as the websites of the Issuer, and Investment intermediaries involved in offering), due to delay of the respective publications, as well as depending on the dates of entry of the capital increase in the Commercial Register at the Registry Agency, registration in Central Depository AD, entry of the issue in the register kept by the FSC and admission of shares for trading. on a regulated market.

Expected / approximate supply schedule:

Approval of the previously submitted prospectus by the FSC	7/30/2020
Disclosure of the Public Offering Notice through information media and on the websites of the issuer and the authorized investment intermediary	7/31/2020
Registration of the rights of BSE-Sofia AD	8/3/2020
Start date for transfer of rights	8/10/2020
Expiration of the term for transfer of rights	8/25/2020
Conducting an auction on BSE-Sofia AD	9/1/2020
Start date for subscription of shares	8/10/2020
Expiration of the term for subscription and payment of the shares	9/17/2020
Issuance of a bank certificate for the amounts collected on the accumulation account and for the subscribed shares	9/17/2020
Application for entry of the issue in the Commercial Register	9/17/2020
Pronouncing the Commercial Register and entering the issue	9/25/2020
Registration of the issue in the Central Depository	9/30/2020
Registration of the issue in the FSC	10/5/2020
Submission for registration of the new shares on the BSE	10/6/2020
Registration of the new shares on the BSE	10/14/2020

According to Art. 127, para. 1 POSA shares of this issue are considered to be issued by their registration in the "Central Depository" AD, which according to the expected timetable offers Anne will take place during the third quarter of 2020 g. (will start in the month of July and will finish in per month in August 2020), for determining the exact date should be taken into account and made above assumptions. The exact date of registration of the new shares in the Central Depository may be earlier or later than the approximately specified period.

After registration of the issue in Central Depository AD and entry of the same in the register of the FSC under Art. 30, para. 1, item 3 of the Law on the Financial Supervision Commission for the purpose of trading on a regulated market, the Issuer will declare the shares of the current issue for trading on the Bulgarian Stock Exchange AD and the Warsaw Stock Exchange. The issue is expected to be admitted to trading on the Bulgarian Stock Exchange AD at the beginning of September 20 20, and on the Warsaw Stock Exchange in the period from the end of 2020 to the end of February 2021 at the latest.

At present, no other increases in the issuer's capital are planned or in the process of being implemented.

20.6 DESCRIPTION OF ANY RESTRICTIONS ON THE FREE TRANSFERABILITY OF SHARES

Shares issued by "Intercapital Property Development " REIT are freely transferable without restrictions and conditions, subject to the rules of Directive 2014/65 / Regulation № 600/2014, № Delegated Regulation 2017/565, FIMA, Decree № 38 The Rules of Procedure of the Bulgarian Stock Exchange AD and the Rules of the Central Depository AD.

After registration of the issue of shares, subject of this Prospectus, in Central Depository AD and entry of the issue in the register kept by the FSC, the shares will be applied for admission to trading on a regulated market organized by the BSE. The transfer of the dematerialized shares is considered to have been made from the moment of registration of the transaction in the Central Depository AD.

Exchange Trading:

The secondary trading (purchase and sale) of the Company's shares can be performed on the BSE through a licensed investment intermediary. A person wishing to buy or sell shares of this issue should have a contract with an investment intermediary and give the intermediary an order to buy or sell shares. The investment intermediary executes the order in the presence of a respective price " buy" or " sell". After concluding the stock exchange transaction, the BSE and the parties to the transaction (investment intermediaries through which the purchase and sale was concluded) notify Central Depository AD of the concluded transaction and perform the necessary actions for registration of the transaction in Central Depository AD. The latter registers the transfer transaction simultaneously with crediting the account for dematerialized shares of the acquirer. "Central Depository" AD register the transaction within two business days of its conclusion if the necessary shares and cash and there are no other obstacles to this, and updated the book for book-entry shares of "Intercapital Property Development " REIT which is led by him. Central Depository AD issues a non-transferable certificate for the shares held in favor of the buyer of the shares, which serves to establish the rights over them. The registration document is handed over to the new shareholder by the investment intermediary with which he has concluded a contract.

OTC trading:

Trading in securities, including shares - subject to this Prospectus, may be carried out / organized both outside a regulated market and on a multilateral trading system, under the conditions provided for in MFIA.

Transactions in shares of this issue may be concluded on a multilateral trading facility through a licensed investment intermediary, a member of the relevant multilateral trading facility, subject to its rules, Directive 2014/65 /, Regulation № 600/2014, Delegated Regulation № 2017/565, MFIA, Ordinance № 38 and the Regulations of Central Depository AD.

Transactions with shares of this issue may be concluded outside the trading venue, including outside a regulated market, subject to the restrictions provided for in Art. 23 of Regulation № 600/2014. In the latter case, the investment intermediary through which the transaction is concluded is obliged to make it public.

Registration transactions:

Through a licensed investment intermediary performing activity as a registration agent, transactions with shares of the Company, concluded directly between the parties, as well as transfer of shares upon donation and inheritance may be registered in Central Depository AD. The investment intermediary performs the actions for registration in Central Depository AD and for the settlement of the said transactions, disclosing information on the transactions concluded directly between the parties, for which it carries out registration.

Restrictions :

Pursuant to Ordinance № 38 on the requirements for the activity of investment intermediaries, the Investment Intermediary is not entitled to execute an order if it finds that the financial instruments subject to the sale order are not available on the client's account or are blocked in the depository institution. a pledge has been established or a lien has been imposed on them. In view of this, shareholders who hold shares on which there is a pledge, seizure or are blocked on other grounds, will not be able to sell them until this obstacle is removed, except in the presence of the exceptions provided by law. The prohibition in respect of pledged financial instruments does not apply if: the acquirer is notified of the established pledge and has expressly agreed to acquire the pledged financial instruments, there is explicit consent of the pledgee in the cases provided by the Special Pledges Act; the pledge is established on a set within the meaning of the Special Pledges Act. The prohibition on an order for the sale of financial instruments that are not available on the client's account shall not apply in cases where the investment intermediary otherwise ensures that the shares subject to sale will be delivered on the settlement date of the transaction., as well as in other legally determined cases.

Other countries :

So far issued shares, Intercapital Property Development " REIT are traded freely within the" Market of companies with special investment purpose "of that of the" Bulgarian Stock Exchange " JSC and the floor of the alternative trading system for new companies" NewConnect "of Warsaw Stock Exchange.

Publicly it Offering of Shares by an increase in capital of "Intercapital Property Development REIT 'subject to this Prospectus will be made only on the territory of Bulgaria.

The sale and purchase of shares of the current issue on the Warsaw Stock Exchange may be carried out through an investment intermediary through the use of trading mechanisms applicable in this regulated market and in accordance with the provisions of Polish law.

In accordance with the Polish Public Offering Act, shares that are the subject of a pledge may not be traded until the pledge is terminated, unless the acquisition of the shares is carried out in connection with a financial collateral agreement, as defined in the Polish Financial Collateral Act.

20.7 EXISTENCE OF MANDATORY TAKEOVER / MERGER PROPOSALS AND / OR RULES FOR COMPULSORY REDEMPTION OR SALE OF SHARES

At the time of preparation of this Prospectus to "Intercapital Property Development " REIT have not addressed the proposed takeover / merger, and there are no rules for compulsory purchase or sale with respect to shares issued by the Issuer.

The shares of the issuer may be subject to compulsory redemption only under the conditions and by the order of art. 157a of the POSA and Section "I" of Chapter Two of Ordinance № 13 of December 22, 2003 on a tender offer for purchase and exchange of shares, enabling a shareholder who has acquired over 95% of the Company's capital as a result of a tender offer to repurchase compulsory voting shares of the other shareholders in accordance with the procedure established by law and a price approved by the FSC.

20.8 OFFERS FROM THIRD PARTIES FOR PUBLIC PURCHASE OF A CONTROLLING STAKE IN THE SHARES OF THE ISSUER, MADE DURING THE LAST OR CURRENT YEAR.

At the time of preparation of this Prospectus has not made a tender offer in respect of shares of "Intercapital Property Development " REIT.

Knowledge of the compilers of this Prospectus will make an offer to one or more of the Company's shareholders to acquire their shares.

20.9 TAX LEGISLATION

Tax regime - general provisions

Below is information about the general regime of income taxation related to the shares offered by the Company. The main aspects and elements of the taxation of such income are presented. The statement does not constitute a legal opinion or advice on the tax liabilities that may arise for individual shareholders. There is no guarantee that the tax treatment as described below will remain the same. Both the basis and the amount of liabilities of individual entities may vary depending on a number of factors that cannot be foreseen or discussed in this Prospectus.

The income from shares of the Company may be in the form of a positive difference between the sale price and the acquisition price per share (capital gain) or in the form of dividends. General regime of taxation of income from shares issued by companies registered in the Republic of Bulgaria is regulated by the Law on Taxes on personal income^[1] (PITA) and in the Corporate Income Tax Act^[2] (CITA). The regime for registration of tax subjects and application of agreements for avoidance of double taxation is regulated in the Tax-Insurance Procedure Code^[3].

The incomes of the local natural and legal persons, related to the shares offered by the Company, are taxed on a general basis on the territory of the Republic of Bulgaria. Bulgarian tax legislation accepts as local persons, regardless of their citizenship, all natural persons who have a permanent address in Bulgaria (unless the center of his vital interests is located in the country) or reside in Bulgaria for more than 183 days every 12 months (the period of stay in Bulgaria solely for the purpose of training or medical treatment is not taken into account), or are sent abroad by the Bulgarian state, Bulgarian state bodies, organizations or enterprises, and their family members, as well as persons whose center of vital interests is located in Bulgaria (Article 4 of the Personal Income Tax Act). Local legal entities are also all legal entities that are registered in Bulgaria (the hypotheses of incorporation are specified in Article 3 of CITA).

Foreign persons are all natural and legal persons and impersonal companies (see Art. 2, para. 2 of CITA), which do not meet the criteria to be recognized as local persons (Art. 5 of the Personal Income Tax Act and Art. 4 of CITA). Foreign persons are taxable for their income realized in connection with their shares of the Company in the form of positive differences in sales, distribution of profits and distribution of liquidation shares. Foreign persons are taxable for the income from the shares of the Company owned by them, regardless of whether they have a place of business on the territory of Bulgaria or are connected in any other way with the country.

In cases where the country of residence of the recipient of the income and Bulgaria has an agreement for avoidance of double taxation (DTT), its provisions take precedence over the provisions of CITA and PIT. If the DTT provides that dividends received from a foreign person are subject to taxation in the respective foreign country, the foreign person may take advantage of its provisions by proving to the tax authorities the grounds for applying the agreement under the terms and conditions of Section III of Chapter III. sixteenth of the Tax and Social Insurance Procedure Code. The person should certify to the tax authorities that: a) he is a resident of the other state within the meaning of the respective DTT (through a certificate from the respective foreign tax administration); b) is the holder of the income from a source in the Republic of Bulgaria (through a declaration); c) does not have a place of business or a certain base on the territory of the Republic of Bulgaria, with which the dividend income is actually related (through a declaration); and (d) the special requirements for the application of the DTT or certain provisions thereof in respect of persons specified in the DTT itself are met, where such special requirements are contained in the relevant DTT (by official documents and, if this is not possible, by other written evidence). Documents certifying the type, amount and grounds for receiving the income are also submitted. In case of income from dividends on ordinary dematerialized shares issued by a public company, the decision of the General Meeting for distribution of the profit, a copy of the depository receipt, an extract / certificate from Central Depository AD from the book of shareholders of the company and / or other similar documents certifying the number of shares held and their share in the capital, as well as the amount of the dividend due.

Information on withholding taxes on income from securities

Capital gain

After confirmation of this Prospectus by the FSC offered shares of "Intercapital Property Development " REIT will be requested for admission to trading on the Stock Exchange where trading and previously issued by the Company.

The incomes of local and foreign natural and legal persons, realized from transactions on a regulated Bulgarian securities market with these shares, are not subject to corporate / income tax (art. 196 of CITA and art. 13, para 1, item. 3 of the Personal Income Tax Act). According to § 1, item 21 of the Additional Provisions of CITA, as well as according to § 1, item 11 of the Additional Provisions of the Personal Income Tax Act, transactions (orders) made on a regulated Bulgarian securities market are transactions: a) with units and shares of collective investment schemes and of national investment funds, shares and rights, performed on a regulated market within the meaning of Art. 152 of the Markets in Financial Instruments Act; "Rights" for the purposes of sentence one are the securities giving the right to subscribe for a certain number of shares in connection with a decision to increase the capital; (b) concluded under the terms and

conditions of redemption from collective investment schemes admitted to public offering in the country or in another Member State of the European Union or in a country party to the Agreement on the European Economic Area; c) concluded under the terms and conditions of the tender offer under Chapter Eleven, Section II of the POSA, or similar transactions in another Member State of the European Union or in a State Party to the Agreement on the European Economic Area.

In view of the cited provisions, the income from transactions with shares of the Company is exempt from tax when they are made on Bulgarian regulated securities markets (at the time of preparation of this Document within the meaning of MFIA such is the market organized by the BSE). An exception to this rule is provided for securities transactions that take place off-exchange (for example, direct transactions between individuals) or are only registered on the exchange.

According to Art. 44 of CITA, when the disposal of shares and tradable rights of shares of public companies, shares and units of collective investment schemes is carried out on a regulated Bulgarian securities market, when determining the tax financial result the accounting financial result is reduced by the profit determined as a positive difference between the sale price and the documented acquisition price of these securities, and increases with the loss determined as a negative difference between the sale price and the documented acquisition price of these securities.

Dividend profit

According to Art. 8, para. 3 of the Personal Income Tax Act and Art. 12, para. 4 of CITA, the income from dividends and liquidation shares, from participation in local legal entities, such as the Company, are from a source in the country.

Dividend income distributed by the Company, received by local and foreign individuals, is taxed at a rate of 5 percent, which is withheld at source and is final (Art. 38, para. 1 and Art. 46, para. 1) of the Personal Income Tax Act), and for the persons performing activity as traders, the amount under CITA is applied (Art. 47 of the Personal Income Tax Act). Withholding tax in the amount of 5 percent is also taxed on dividends accrued in favor of local legal entities that are not traders, including municipalities and foreign legal entities, except in cases where dividends are realized by a foreign legal entity through place of business in the country (Art. 194, para. 1 and Art. 200, para. 1 of CITA). Dividends accrued by a local legal entity in favor of: a local legal entity that participates in the capital of the company as a representative of the state are not subject to withholding tax; mutual fund; and a foreign legal entity that is a local person for tax purposes of a Member State of the European Union or of another state party to the Agreement on the European Economic Area (Article 194, paragraph 3 of CITA).

The incomes from a source in the country, indicated in art. 12. para. 2, 3, 5 and 8 of CITA of foreign legal entities, when they are not realized through a place of business in the country, are subject to taxation at the source, which is final and amounts to 10 percent (Art. 195 and Article 200, paragraph 2 of CITA).

According to Art. 27 of CITA, the revenues as a result of distribution of dividends by licensed companies with special investment purpose are recognized for tax purposes and are subject to taxation, in accordance with the current legislation. The tax profit of taxable local and foreign legal entities is subject to corporate tax in the amount of 10 percent.

Information on the Issuer's liability for withholding taxes

The tax withheld at source is withheld by the Company at the time of payment of the dividend and is paid into the budget on behalf of the shareholder within three months from the beginning of the month following the month in which the decision to distribute dividends - in cases, when the holder of the income is a resident of a country with which the Republic of Bulgaria has entered into force an agreement for avoidance of double taxation (Art. 65, para. 10 of the Personal Income Tax Act and Art. 202, para. 1, item 1 of CITA). For all other cases the tax is paid by the end of the month following the month in which the decision for distribution of dividends was taken (Art. 65, para. 2 of the Personal Income Tax Act and Art. 202, para. 1, item 2 of CITA). The withheld tax is paid into the budget by the payer of the income.

Taxation of income realized from transactions concluded outside a regulated market

Income subject to income realized by individuals and legal entities / local and foreign / from transactions with shares accepted for trading on a regulated market, concluded outside the trading venue, is subject to taxation. In this case, the income from the sale of shares realized by local persons will be subject to taxation in accordance with the general rules of CITA and PIT.

Currency legislation

The legal regime of transactions and payments between local and foreign persons, of cross-border transfers and payments and import and export of Bulgarian levs and foreign currency in cash is regulated by the Foreign Exchange Act of 1999 (last amended, SG No. 59 of 29.07. 2016) and the bylaws to it.

Import and export of BGN and foreign currency in stock

Local and foreign individuals may deposit and export an unlimited amount of BGN, foreign currency in cash and bearer payment instruments in compliance with the requirements of the Currency Act and Ordinance № H-1 of 01.02.2012 on the transfer of funds across the border., precious metals, precious stones and articles with and from them and keeping customs registers under Art. 10a of the Currency Act. According to Ordinance № H-1 of 01.02.2012 (the Ordinance):

- The transfer of funds in the amount of EUR 10,000 or more or their equivalent in BGN or another currency across the border of the country to or from a third country is subject to declaration before the customs authorities in accordance with Art. 9 of the Ordinance;
- The customs authorities allow the transfer of funds in the amount of BGN 30,000 or more or their equivalent in another currency across the country's border to a third country upon presentation by persons of a certificate from the competent territorial directorate of the National Revenue Agency for lack of public debt or a document certifying that the person is not entered in the register of the National Revenue Agency;
- When transferring funds to a third country in the amount of BGN 30,000 or more or their equivalent in another currency, foreign natural persons declare to the customs authorities only the type and amount of the transferred funds, when their value does not exceed the previously declared funds. ;

- The transfer of funds in the amount of EUR 10,000 or more or their equivalent in BGN or another currency across the border to or from a Member State of the European Union shall be declared upon request by the customs authorities in accordance with the Ordinance..

Restrictions on cash payments in the country

The Law on Restriction of Cash Payments establishes a prohibition for cash payments on the territory of the country when they are: 1. of a value equal to or exceeding BGN 10,000 or their equivalent in foreign currency; or 2. of a value less than BGN 10,000, or their equivalent in foreign currency, but represent part of a monetary benefit under a contract, the value of which is equal to or exceeds BGN 10,000 or their equivalent in foreign currency. Payments above the above limits shall be made only by transfer or deposit into a payment account with a credit or payment institution.

Taxation in the Republic of Poland

This section provides information on taxes arising from the holding and secondary trading of shares admitted to trading on the official market of the Warsaw Stock Exchange. All information presented in the section below applies only to the shares of this issue. The following information is in accordance with the current regulations in the Republic of Poland as of the date of preparation of this document and the Issuer is not responsible for subsequent changes in the regulations of the taxation of income from shares. The information presented below is of a general nature and should not be considered exhaustive in assessing the tax consequences of an investment. It is advisable for potential investors to turn to a tax expert.

Personal taxes

The tax principles applicable to individuals for income from the sale of shares and dividends from shares depend on the specific treatment of the person whether he is permanently resident in Poland for tax purposes (respectively has tax liabilities) or not (respectively no tax liabilities). The principles for determining the status of a person for tax purposes are defined in the Personal Tax Act, as well as in bilateral tax agreements of the Republic of Poland with other countries. In general, a taxable person is a person who resides in the territory of the Republic of Poland or a person who resides in the territory of the Republic of Poland for more than 183 days a year. However, Poland's bilateral double taxation agreements may affect this rule.

Income taxes on the sale of shares for consideration

The Personal Tax Act stipulates that a natural person who is liable to tax in the Republic of Poland owes income tax on the sale of shares for consideration. The object of tax is the difference between the sale price of the share and the price at which it was purchased, as well as the related costs. Gains from the sale of shares are taxed at 19.0%, except in cases where they are a form of payment / transaction, in which case the relevant other tax rate is valid. Individuals are required to declare their income in a separate tax return.

Income from the sale of shares by foreign individuals is also subject to taxation on the same principles, except in cases where there are existing bilateral double taxation treaties that treat the situation differently. The person shall certify the applicability of the clauses of the existing contracts for avoidance of double taxation with an official document of residence.

Dividend taxes

According to the Personal Tax Act, dividend income in the Republic of Poland is taxed at a flat tax rate of 19.0%. The flat tax of 19.0%, the percentage due for the payment of dividends or other forms of cash transfers to the taxpayer, is withheld by the paying party. This rule also applies to foreigners (non-taxable persons in the country), except in the cases of a valid contract for avoidance of double taxation, which treats the situation differently. In order to apply the provisions of a valid double taxation agreement, including the non-payment of this tax by the paying party, it must have a valid document issued by the relevant tax authorities, where the person is taxable, certifying that the person is taxable in another jurisdiction.

Corporate taxes

As with natural persons, the tax principles applicable to legal persons for income from the sale of shares for consideration and from dividends on shares depend on the specific treatment of the person whether he is permanently resident in Poland for tax purposes (respectively has tax liabilities) or not (accordingly there are no tax liabilities). The grounds for determining the status of a person in Poland for tax purposes are determined by where the official registration of the legal entity or the governing body of the person is. However, Poland's bilateral double taxation agreements may affect this rule.

Income taxes on the sale of shares for consideration

The Corporate Taxation Act sets out the tax principles applicable to legal entities that are taxable in the Republic of Poland. According to the Law, the expenses incurred for the acquisition of shares are not recognized as an expense at the time of purchase, but are deducted as an expense only at the time of subsequent sale and are used in determining the tax liability of the person. Foreign taxable legal entities are also subject to this tax, except in cases where there is a valid contract for avoidance of double taxation.

Dividend taxes

Pursuant to the Corporate Taxation Act, income from dividends from shares is taxed at a flat rate of 19.0% (excluding the recognition of related expenses). The tax is withheld by the respective person distributing the dividend. The reason for non-payment of this tax and its respective non-withholding by the paying party is the presence of an official document issued by the opposite national tax administration defining the person as taxable in the other country to which a bilateral double taxation law applies.

Also, according to the Corporate Taxation Act, income / dividend income of legal entities taxable in the Republic of Poland is not subject to taxation if they meet all of the following conditions:

- the person paying the dividend or other amounts as part of the realized profit is a company that is a payer under the Corporate Taxation Act and whose official registration, office or management body is in the Republic of Poland ("Company of the Republic of Poland / RP"),
- the person receiving the dividend or other amounts as part of the realized profit of another legal entity is a person paying taxes in the Republic of Poland, in another member state of the European Union ("EU") or in another country of the European Economic Area ("EEA") on their global income, regardless of place of origin (EU / EEA Company),
- the EU / EEA company owns at least 10.0% of the shares of a FP Company ("Shares"),
- the dividend or other amounts as part of the realized profit of another legal entity are received by an EU / EEA Company or a foreign division of an EU / EEA Company.

Inheritance taxes and donations

The Ordinance on Inheritance Taxes and Donations stipulates that the acquisition by individuals of property rights as a result of inheritance or donation, including rights arising from securities, is subject to taxation if at the time of acquisition of the inheritance or donation, the beneficiary of the inheritance or donation is a Polish citizen, resides in the territory of the Republic of Poland or the property rights are exercised in the territory of Poland. The tax rate for inheritances and donations depends on the blood relationship or relationship between the deceased and the heir, in cases of inheritance and between the donor and the beneficiary, in cases of donation. The Ordinance on Inheritance Taxes and Donations stipulates that the acquisition of ownership of assets by donation, including securities, by a spouse, direct and indirect heirs in the collateral line up to the second generation is exempt from taxes if the inheritance or receipt of the donation is officially declared to the relevant tax authorities within 6 months of the final entry into possession of the asset. If this condition is not met, the acquisition of property rights over these assets is subject to taxation under the rules for taxation of individuals.

21 TERMS AND CONDITIONS OF THE OFFER

21.1 CONDITIONS, SUPPLY STATISTICS, EXPECTED TIMETABLE AND ACTIONS REQUIRED TO APPLY FOR SUPPLY

21.1.1 CONDITIONS TO WHICH SUPPLY IS SUBJECT

This issue of securities is offered by Intercapital Property Development REIT on the basis of a Decision of the Board of Directors of the Company dated 16.04. 20 20, adopted on the grounds of Art. 3 3 of the Articles of Association of the Company.

The current public offering of the shares from the issue for capital increase of Intercapital Property Development REIT is carried out only on the territory of the Republic of Bulgaria according to the applicable Bulgarian and European legislation with direct effect on the territory of Bulgaria.

According to the requirements of art. 112, para. 2 of the Public Offering of Securities Act, when increasing the capital of a public company, "rights" within the meaning of § 1, item 3 of the Additional Provisions of the Public Offering of Securities Act shall be issued, and one right shall be issued against each existing share. The rights are independent securities, giving the right to their holders to subscribe for shares from the increase of the capital of the Company at their issue value. The rights have an independent value and

are repaid with the exercise of the right to subscribe for shares or with the expiration of the term for subscription of the shares.

Pursuant to Art. 112b, para. 2 of LPOS, the shareholders, who have acquired shares no later than 7 days after the date of announcement of the announcement under Art. 92a, para. 1 of LPOS acquire rights to participate in the capital increase with this issue of shares. The number of rights is equal to the share in the capital of each of the shareholders at the expiration of the term indicated in the previous sentence.

The Board of Directors of "Intercapital Property Development " REIT publish notice of the public offering, the initial and final date for the transfer of rights for the subscription of shares, registration number and date of issuance of the FSC, the place, time and manner of introduction to the Prospectus, as well as other data determined by an ordinance of the FSC. The notification under Art. 92a, para. 1 of the POSA shall be published in at least one central daily newspaper or on the website of an information agency or other media, which may ensure the effective dissemination of regulated information to the public in all Member States, as well as on the issuer 's website when securities are offered by him, and to the investment intermediaries participating in the offer, at least 7 days before the initial term of the subscription or the beginning of the sale. In case of discrepancy between these dates, the date of the later publication shall be considered as the beginning of the public offering.

On the next business day, after the expiration of the above-mentioned 7-day period, Central Depository AD opens accounts for shareholders' rights based on the data from the book of shareholders. By exercising the rights, each shareholder has the opportunity to acquire such part of the new shares, which corresponds to his share in the capital of the public company before the increase.

All persons wishing to subscribe for shares of the new issue of Intercapital Property Development REIT should first acquire rights. The current shareholders acquire the rights free of charge, in the order described above. All other investors can purchase rights through a transaction on the Main Market of BSE-Sofia AD, Segment for rights, within the term for free trade of the rights or through purchase under the conditions of a public auction for the unexercised rights.

Detailed information on the term of the public offering and a description of the process by which it will be carried out is contained in item 21.1.3 of this document.

Authorized investment intermediary - INTERCAPITAL MARKETS AD

Investment firm:	INTERCAPITAL MARKETS AD
Address:	Sofia 1000, Sredets district, 6 Dobrudja Str., 3rd floor
Phone:	(+359 2) 921 05 13
Fax:	(+359 2) 921 05 21
Contact person:	Nicholas the Master
Contact email and notifications:	office@intercapitalmarkets.com
Web page	www.intercapitalmarkets.com

21.1.2 TOTAL NUMBER OF SHARES ISSUED, DISTINCTION BETWEEN SECURITIES OFFERED FOR SALE AND THOSE OFFERED FOR SUBSCRIPTION

Total number of shares: 24 045 904 (twenty four million four hundred and five thousand nine hundred and four) ordinary, dematerialized, registered shares, with one vote at the General Meeting of the Company

Nominal value: BGN 1 (one BGN)

Issue value: BGN 1 (one BGN)

Price per introduction

for trade : 1 BGN (one BGN)

For every existing share of the Company issued one right under § 1, p. 3 of the Provisions of POSA or total 6 011 476 (six million eleven thousand four hundred seventy-six) the number of rights. Against one right, 4 shares of the increase of the capital of the Company may be subscribed, and upon receipt of a number that is not an integer, it is rounded to the smaller integer.

The public offering will be considered successfully completed, and accordingly the capital of Intercapital Property Development REIT will be increased only if at least 15,255,474 (fifteen million two hundred fifty-five thousand four hundred seventy-four) units are subscribed and fully paid. shares representing 63.44% (sixty-three whole and forty-four tenths) percent of the offered shares. In this case, based on Art. 192a, para. 2 CA and Art. 112, para. 5 of the POSA, the capital of the Company will be increased only by the value of the subscribed and fully paid shares, equal to or exceeding the specified minimum allowable amount of the requested capital, at which the public offering is considered successfully completed.

It is not possible to subscribe for shares above the maximum allowable capital of 24 045 904 (twenty-four million four hundred and five thousand nine hundred and four).

21.1.3 TERM OF THE PUBLIC OFFERING, INCLUDING ANY POSSIBLE CHANGES DURING WHICH THE OFFER WILL BE OPENED AND A DESCRIPTION OF THE PUBLIC OFFERING PROCESS

Beginning of the public offering

The date of publication of the announcement for the public offering of the shares of Intercapital Property Development REIT and the publication of the same announcement in at least one central daily newspaper or on the website of the X3News news agency (www.x3news.com) shall be considered as the beginning of the public offering.) or other media, which can ensure effective dissemination of regulated information to the public in all Member States, as well as the websites of the issuer (www.icpd.bg) and authorized Inv en intermediaries k (www.intercapitalmarkets.com), participating in the offer, at least 7 days before the initial term of the subscription or the beginning of the sale (Art. 92a of LPOS). In case of discrepancy between these dates, the date of the later publication shall be considered as the beginning of the public offering.

Deadline for public offering

The public offering ends on the first working day following the expiration of 15 (fifteen) working days from the day on which the term for transfer of rights expires.

Transfer of rights

Initial term for trading rights

This is the first working day following the expiration of seven (7) days from the date of announcement of the public offering of shares of „Intercapital Property Development " REIT in the Commercial Register and publication of the same message in a Central 's Mr daily newspaper or on the website of the X3News news agency and on the websites of the Company and of the investment intermediary. If these dates vary - initial period h and trading rights, respectively, for subscription of shares from the new issue begins to run from the occurrence of the later of all dates.

In accordance with the Rules of Procedure of the Bulgarian Stock Exchange AD, the admission to trading of issues of rights is carried out by order of the Director of Trading after submission of a relevant application by the issuer. The issuer will submit an application for admission to trading of the rights issue on the date of publication of the public offering announcement.

Deadline for rights trading

The deadline for the transfer of rights is the first business day following the expiration of 14 (fourteen) days from the beginning of the sale of the rights, as defined above. According to the BSE regulations, the last date for trading in rights on the stock exchange is two (two) working days before the expiration of the term under the previous sentence.

Transfer of rights

The transfer of rights through their sale, ie. trading in rights is carried out on the BSE “Segment for Rights” on the Main Market of the BSE, regardless of the market on which the shares of the issuing company are registered (Art. 112b, para 6 et seq. of LPOS). The rights are purchased by the investors on the BSE by submitting a purchase order to an investment intermediary, where their rights accounts have been opened, respectively by a purchase order to an investment intermediary - a member of the BSE. The provisions of the regulations of Central Depository AD shall apply to the acquisition of rights in other ways. Shareholders who do not wish to participate in the capital increase, as well as all other rights holders have the right to sell their rights in the specified order until the end of the trading session on the last day of trading, respectively to dispose of them in other ways. until the last day for transfer of the rights, but not later than provided according to the Regulations of Central Depository AD.

Conducting an open auction for the unexercised rights within the term for sale (trade) of rights

On the fifth business day after the deadline for transfer of the rights, Intercapital Property Development REIT through the investment intermediary INTERCAPITAL MARKETS AD offers for sale under the conditions of a public auction those rights against which no shares have been subscribed since the new issue until the expiration. the term for transfer of rights. “Intercapital Property Development " REIT will distribute the proceeds from the sale of unexercised rights, less costs to sell, proportionate to their holders.

The amounts received from the sale of rights are transferred to a special account opened by Central Depository AD and cannot be used until the increase of the capital of the Company is entered in the Commercial Register at the Registry Agency.

Deadline for subscription of shares

Start date for subscription of shares

The offered shares can be subscribed from the starting date for the trading of rights - see above.

Deadline for subscription of shares

The deadline for subscription of shares by the right holders according to art. 112b, para. 5 of LPOS is the first working day following the expiration of 15 (fifteen) working days from the day on which the term for transfer of rights expires. Until the expiration of the deadline specified in the previous sentence, the persons who have acquired rights at the sale at a public auction may subscribe against them the respective number of new shares. It is not allowed to subscribe for new shares before the specified initial and after the specified deadline.

Extension of the subscription period

The provision of Art. 84, para. 1 and 2 of the Public Offering of Securities Act provides for the possibility in principle to extend the term of the subscription once, by making the relevant amendments to the prospectus and notifying the FSC. The extension of the subscription period should be announced in the mass media, the X3news news agency, on the website of the Issuer and the investment intermediary, as well as in the Commercial Register. In this case, the last day of the extended period is considered the subscription deadline.

The Company does not intend to extend or reduce the above deadlines for subscription of shares.

It is not allowed to subscribe for shares before the initial and after the subscription deadline - see above.

Possibility to reduce / increase the number of shares offered

The number of offered securities is not subject to change. In the event that by the end of the subscription less than 15,255,474 (fifteen million two hundred fifty-five thousand four hundred seventy-four) shares have been subscribed and paid, the amounts received on the accumulation account will be refunded to the bank accounts of the investors who they have indicated in their applications for participation in the capital increase.

Minimum and maximum number of shares that can be subscribed by one person

Each person may subscribe at least one share and at most such number of shares, which is equal to the number of rights held by him multiplied by 4 (four).

Subscription of shares

Persons who have acquired rights within the term for their transfer may subscribe against them the respective number of shares until the expiration of the deadline for subscription of shares. The company provides an opportunity to subscribe for shares remotely through Central Depository AD and its members.

Requests for enrollment

The subscription of shares is done by submitting written applications. All holders of rights acquired during the period for their transfer, filed an application for subscription of shares to authorized investment intermediary "Intercapital Markets " AD, which serves the capital increase and / or investment firms, members of the "Central Depository" AD, at who keep the client's accounts for the rights they own, according to the current procedures in the regulations of Central Depository AD. Before submitting an

application for subscription of shares, the client, respectively his representative, signs a contract under Art. 82, para. 1 of MFIA with the investment intermediary, as before its conclusion the client, respectively his representative, is identified by the order of the Law for the measures against money laundering and the regulations for its application.

At the beginning of each business day during the subscription, Central Depository AD publicly discloses information about the rights exercised (by subscribing shares) until the end of the previous business day.

Upon submission of an application for subscription of shares for rights to IP "Intercapital Markets " AD by his client IP "Intercapital Markets " AD an order on behalf of the customer and order on behalf of the Company to the "Central Depository" AD under the procedures of the "Central Depository "AD. Upon submission of an application to another investment intermediary by its client for subscription of shares against rights, the investment intermediary immediately submits an order on behalf of the client to Central Depository AD for subscription of shares according to the procedures of Central Depository AD and notifies the II. "Intercapital Markets " AD. Upon receipt of the notification under the preceding sentence IP "Intercapital Markets " AD immediately filed a counter order on behalf of the Company to the "Central Depository" AD under the procedures of the "Central Depository" AD.

Applications for subscription of shares shall be submitted to AI "Intercapital Markets " AD daily from 10.00 to 16.30 hours, respectively during the working hours of the other investment intermediaries.

Content of the requests

The application for subscription of shares has a minimum normatively defined content, which includes: the names (name) and the unique client number of the investor and his proxy at the investment intermediary, and if such numbers are not assigned - the three names, PIN, residence and address, respectively name, BULSTAT identification code, tax number, registered office and address of the client, and if the client is a foreign person - similar identification data; issuer, ISIN code of the issue, number of exercised rights and number of subscribed shares to which the application relates; date, time and place of submission of the application; signature of the person submitting the application.

Documents attached to the applications

The following shall be attached to the application for subscription of shares: a) for Bulgarian legal entities - original or notarized copy of a certificate for current court registration, issued not earlier than 1 month before the date of submission of the written application; as well as a copy of the identity document of the person submitting the application (legal representative or proxy), certified by him; b) for foreign legal entities - a copy of the registration act (or other identical certifying document) in the respective foreign language, containing the full name of the legal entity, date of issue and country of registration, address of the legal entity, names of the persons authorized to represent, as well as a copy of the identity document of the person submitting the application (legal representative or proxy), certified by him; c) for Bulgarian natural persons - a copy of their identity document certified by them; d) for foreign natural persons - a certified copy of the pages of their identity document (passport), containing information about the full name, number of the document, date of issue (if any), nationality; address (if any in the document); e) in case of submitting the application through a proxy, a certified copy of his / her identity document as well as an original of a notarized explicit power of attorney, which contains representative authority for performing administrative and / or dispositional actions with financial instruments, shall be attached to the application. The submitted documents and copies of documents in a foreign language, without

identity documents, should be accompanied by a translation into Bulgarian by a sworn translator, and the copy of the registration act for a foreign legal entity and the power of attorney in a foreign language - with a legalized translation into Bulgarian.

Submission of applications

Persons wishing to subscribe for shares submit applications in person (through their legal representatives) or through a proxy with an explicit notarized power of attorney. Applicants shall attach to the applications and documents referred to in the previous point.

The legal representative of a legal entity (Bulgarian and foreign) is identified by an identity document and a certificate of current court registration, respectively a registration document - for a foreign legal entity, meeting the requirements of the previous point.

Bulgarian individuals identify themselves with an identity document, and foreign individuals - with their original foreign passport to enter the Republic of Bulgaria.

When the application is submitted through a proxy, he identifies himself with an identity document and an explicit notarized power of attorney.

Together with the Registration Act of the issue, Central Depository AD also provides depository receipts for the shareholders for whom personal accounts have been opened. The registration act and the depository receipts shall be handed over to the representative of the issuing company or to a person explicitly authorized by him against a signature. In case the subscribed shares from the capital increase are registered on client accounts with investment intermediaries, members of Central Depository AD, the depository receipts are issued after an application by the investment intermediary to Central Depository AD and are received by explicitly a person authorized by the intermediary against a signature.

Conditions for reality

The subscription of shares is considered valid only if it is made by a holder of rights, up to the maximum possible number of shares, and the entire issue value of the subscribed shares is paid within the term and under the conditions provided in this Prospectus. In case of partial payment of the issue value, the respective number of shares is considered subscribed, for which the same has been paid in full.

21.1.4 CIRCUMSTANCES IN WHICH SUPPLY MAY BE CANCELED OR SUSPENDED

In the period between the issuance of a confirmation of the Prospectus and the commencement of trading on a regulated market, the Company shall no later than the end of the next business day after the occurrence, respectively knowledge of a material new circumstance, significant error or inaccuracy related to the information contained in the Prospectus, which may affect the valuation of the offered securities, prepare an addendum to the Prospectus and submit it to the Financial Supervision Commission. The Financial Supervision Commission may refuse to approve the amendment to the Prospectus if the requirements of the Public Offering of Securities Act and the acts on its implementation are not met. In this case the Commission may permanently suspend the public offering by the order of art. 212 of LPOS.

The Financial Supervision Commission has the power according to art. 92h, para. 1, item 4 and item 6 of LPOS to suspend a public offering for not more than 10 consecutive working days for each individual case, if there are sufficient grounds to believe that the provisions of the law or the acts for its implementation have been violated or to prohibit public offering in the same cases.

According to Art. 212, para. 1, item 4 of LPOS, the Financial Supervision Commission, when it establishes that supervised persons have performed or are performing activity in violation of the law, of the acts for its implementation, of decisions of the commission or of the deputy chairman, as well as when it is hindered the exercise of control activity by the commission or by the deputy chairman or the interests of the investors are endangered, may suspend for a period of up to 10 consecutive working days or suspend the sale or execution of transactions with certain securities.

According to Art. 18 1 of MFIA, the market operator (BSE AD) may suspend trading in financial instruments or remove from trading financial instruments that do not meet the requirements set out in the Rules of Procedure of the regulated market, if this will not significantly harm the interests of investors and the proper functioning of the market. The market operator shall publicly announce the decision to suspend trading in financial instruments or to remove financial instruments from trading and shall notify the FSC thereof.

The Financial Supervision Commission, respectively the Deputy Chairman, according to the provisions of Art. 276, para. 1, items 4 and 9 of MFIA, may suspend trading in financial instruments or remove from trading financial instruments when it is established that When it finds that an investment intermediary or regulated market, its employees, a member of a management or supervisory body of the investment intermediary, persons who perform managerial functions under a contract, persons who conclude transactions on behalf of the investment intermediary, as well as persons holding a qualifying holding, have performed or are carrying out activity in violation of this Act, Regulation (EU) № 575 / 2013, of the acts for their implementation, of the regulations or other internal acts approved by the Deputy Chairman on the regulated markets of financial instruments, of decisions of the Commission or of the Deputy Chairman, as well as when the exercise of control activity by the Commission or by the vice-president or the interests of investors are endangered.

According to Art. 20 para. 2 pt. 2 of ZP M P PFI for the prevention and termination of administrative violations of this law, Regulation (EU) № 596/2014 and its implementing instruments for the prevention and removal of harmful consequences, and in case of obstruction of the exercise of the supervisory activity by the commission or by the deputy chairman or in case of endangering the interests of the investors, the deputy chairman may suspend the trading in certain financial instruments.

Under Polish law, rules so determines She will work in alternative trading system organized by the Warsaw Stock Exchange, trading in shares of the company are regulated by " Rules for alternative trading system ", according to which :

- **The organizer of an alternative system may suspend trading in a financial instrument in the following cases:**
 1. At the request of the issuer ;
 2. If it considers it necessary to protect the safety of trade or the interests of its participants ;
 3. If the issuer violates the provisions applicable in the alternative system

- **The organizer of an alternative system may remove from trading the financial instrument are the following:**

1. If this is requested by the issuer of shares, when the shares are deleted in connection with their admission to trading on the regulated market ;
2. If it deems it necessary to protect the safety or interest of its participants ;
3. If the issuer systematically violates the provisions applicable in the alternative system ;
4. If the issuer is declared in liquidation ;
5. If a decision was taken to merge the issuer with another company, or section Yane or converted n, but financial instruments cannot be removed earlier than the date of the merger, the date of separation (separation) or date of transformation.

For more detailed information we provide a link to the "Rules for Alternative Trading System" organized by the Warsaw Stock Exchange : <https://newconnect.pl/regulations>.

21.1.5 INFORMATION ON THE POSSIBILITY TO REDUCE THE SUBSCRIPTION AND THE WAY TO RECOVER THE OVERPAID AMOUNTS

The company does not envisage the possibility to change the number of offered shares, including their reduction. They should be written less than the offered shares, but are recorded and a paid and least 15,255,474 new and shares and the capital increase, also successful, as Company to raise capital subscribed and paid amount.

21.1.6 DETAILS OF THE MINIMUM AND / OR MAXIMUM VALUE APPLIED FOR

Each person may subscribe at least one new share at an issue value of BGN 1.0 0 (one lev) and at most such number of shares, which is equal to the acquired or owned rights, multiplied by 4 (four), as upon receipt of a number that is not an integer is rounded to the smaller integer.

21.1.7 WITHDRAWAL OF A REQUEST TO SUBSCRIBE FOR SHARES

By definition (§ 1, item 11 of the Additional Provisions of the Public Offering of Securities Act) the subscription is an unconditional and irrevocable statement of intent for the acquisition of securities in the process of issuance and for payment of their issue value. The investor cannot withdraw his request to subscribe for shares. The investor has the right to refuse the securities by the order and under the conditions of art. 85, para. 6 of LPOS. The refusal in this case is made with a written declaration submitted to the investment intermediary with which the securities have been subscribed.

21.1.8 MANNER AND TERMS FOR THE PAYMENT OF THE SECURITIES AND THE DELIVERY OF THE SECURITIES

The payment of the issue value of the subscribed shares is made to a special accumulation account, opened in the name of Intercapital Property Development REIT in UNICREDIT BULBANK AD, which will be indicated in the announcement for the public offering under Art. 92a of the Public Offering of Securities Act, respectively in the notice of the supply made on the territory of another Member State.

The accumulation account must be credited with the installment against the subscribed shares at the latest by the end of the last day of the subscription. Certificate of payment is the payment order or import note, which must contain the name of the person subscribing shares, his PIN / BULSTAT (for Bulgarian

persons), the number of subscribed shares, the total amount of the due and made installment, and submitted to the authorized investment intermediary "Intercapital Markets " AD (the person - client IP "Intercapital Markets " AD subscribed shares or an investment firm whose client is subscribed shares) no later than the deadline for subscription of shares.

The funds raised on the special account may not be used before the completion of the subscription and the entry of the capital increase in the Commercial Register at the Registry Agency (Article 89, paragraph 2 of the POSA).

If all shares of this issue are subscribed before the subscription deadline, the Company declares the subscription successfully completed, notifies the FSC within 3 working days and takes the necessary actions to enter the capital increase in the Commercial Register at the Registry Agency, and then - for registration of the new issue of shares in Central Depository AD and BSE.

In case less than the offered shares are subscribed, but at least 15,255,474 new shares are subscribed and paid for from the capital increase, the same is successful, as the Company increases the capital to the subscribed and paid amount.

It is not allowed to subscribe for more shares than provided in the decision of the Board of Directors for the capital increase.

The delivery of the subscribed shares is carried out after the registration of the issue in Central Depository AD. Central Depository AD provides the Act for registration of the issue and the depository receipts for the shareholders for whom personal accounts have been opened. The registration act and the depository receipts shall be handed over to the representative of the issuing company or to a person explicitly authorized by him against a signature. In case the subscribed shares from the capital increase are registered on client accounts with investment intermediaries, members of Central Depository AD, the depository receipts are issued after an application by the investment intermediary to Central Depository AD and are received by explicitly a person authorized by the intermediary against a signature.

21.1.9 THE DATE AND MANNER OF PUBLICATION OF THE RESULTS OF THE PUBLIC OFFERING

The Company will notify the FSC, within 3 working days of the completion of the subscription, of its implementation and its results, including difficulties, disputes and the like in trading the rights and subscription of shares.

Within seven (7) days of completion of the public offering of shares, the Company will send notification to the FSC on the outcome of the public offering, containing information on the date of completion of the public offering; the total number of subscribed shares; the amount received against the subscribed shares; the amount of commissions and other costs of the public offering, incl. the fees paid to the FSC.

After entering the capital increase in the Commercial Register at the Registry Agency, the Company will register the issue of shares in the Central Depository AD. The shares will be considered issued from the moment of registration of the issue in Central Depository AD.

Within fourteen (14) days of the completion of the public offering, the Company will present a certificate from the "Central Depository" AD for registration of the issue and bank certificate of " UniCredit Bulbank " AD justifying the contributions for the subscribed shares.

If the public offering has been successfully completed, the FSC shall enter the issued issue of securities in the register under Art. 30, para. 1, item 3 of the FSCA.

If the subscription is unsuccessful, the Company notifies the FSC under Art. 112b, para. 12 of the POSA, sends a notice to the servicing bank about the result of the subscription and publishes on the websites of the issuer and the investment intermediary an invitation to the persons who have subscribed securities, in which it announces the terms and conditions for return of the collected amounts. The commercial register and published it in two central dailies. The paid amounts, together with the interest accrued by the bank, will be refunded to the investors within 30 days from the notification under the previous sentence.

In case the Registry Agency refuses to register in the Commercial Register the capital increase of Intercapital Property Development REIT, the public company shall notify the FSC and the servicing bank within 7 days from the issuance of the refusal. On the day of the notification under the previous sentence, an invitation shall be published on the websites of the issuer and the investment intermediary to the persons who have subscribed for securities, in which it announces the terms and conditions for return of the collected amounts and announces the invitation for publication in the commercial register two central diaries. The paid amounts, together with the interest accrued by the bank, will be refunded to the investors within 30 days from the notification under the previous sentence.

21.1.10 PREFERRED SATISFACTION, TRANSFERABILITY OF SUBSCRIPTION RIGHTS AND TREATMENT OF UNEXERCISED SUBSCRIPTION RIGHTS.

There is no procedure for prior exercise of the right to purchase shares of this issue. The current shareholders of Intercapital Property Development REIT, holding shares of the same class as the offered shares are entitled to a privileged participation in the increase of the capital of the Company pursuant to Art. 112, para. 2 of LPOS. All persons have the opportunity to acquire rights to participate in the capital increase of the Company from existing shareholders within the term for transfer of rights (described in detail above).

Detailed information on the transfer of rights is contained in item 21.1.1 above.

The unexercised rights may not participate in the increase of the capital of the Company.

21.2 PLACEMENT AND DISTRIBUTION PLAN

21.2.1 INFORMATION ON THE DIFFERENT CATEGORIES OF POTENTIAL INVESTORS TO WHOM THE SECURITIES ARE OFFERED

Existing shareholders of "Intercapital Property Development " REIT holding shares of the same class as the offered shares are entitled to privileged participation in the capital increase of the Company (art. 112b para. 2 of POSA).

All other investors have the opportunity on equal terms to participate in the capital increase of the Company by purchasing rights within the term for their transfer / trading, and to exercise the rights, as each person can subscribe at least one new share at an issue value of 1.0 BGN 0 (one BGN) and at most

such number of shares, which is equal to the acquired or owned rights, multiplied by 4 (four), and upon receipt of a number that is not an integer, it is rounded to the smaller integer.

There is no reason for privileged offering of securities to a certain group of investors. There are also no opportunities or limits on the number of shares that can be acquired by one person or related parties.

The public offering of the shares of this issue will be made on the Bulgarian Stock Exchange AD, Republic of Bulgaria.

21.2.2 PARTICIPATION OF THE MAJOR SHAREHOLDERS OR MEMBERS OF THE BOARD OF DIRECTORS IN THE SUBSCRIPTION OR PARTICIPATION IN THE SUBSCRIPTION OF A THIRD PARTY FOR MORE THAN FIVE PERCENT OF THE OFFER.

There are no grounds for preferred offering of shares to certain groups of investors, incl. current shareholders, members of the Board of Directors of the Issuer, current or former employees of the Company.

There is no evidence that the shareholders of the Company or members they of the Board of Directors of the company intend to acquire shares subject to this Prospectus. "Intercapital Property Development " REIT is not aware whether any person intends to acquire more than 5 percent of the offered shares.

21.2.3 DISCLOSURE OF PRE-ALLOCATION

No allocation of tranches of the offered securities is envisaged, including institutional tranches, tranches for retail clients and tranches for the Issuer 's employees and any other tranches.

21.2.4 PROCESS FOR NOTIFYING BIDDERS OF THE AMOUNT ALLOCATED AND INFORMATION ON WHETHER TRADING CAN START BEFORE THE NOTIFICATION IS MADE

Any person who has acquired rights to participate in the increase of the capital of the Company with shares, subject of the present offer, in the terms and under the conditions, indicated above, may exercise the same by subscribing shares in the specified ratio. Pre dvid foregoing, persons who have subscribed and paid shares in the period for subscription of shares pursuant to this Prospectus will be explicitly informed by IP "Intercapital Markets " AD for shares subscribed by them as far as their number depends on the number of exercised and paid recorded in the exercise of these rights shares.

Based on the total requests for recording IP "Intercapital Markets " AD will produce a distribution list containing the names of the investors, the investment intermediaries through which applications have been submitted and the number of offered shares allocated to each of them. The relevant investment firms will notify the investors included in the distribution list by sending notices in agreement with the respective investors or, as the case may be, with the other licensed investment firm acting on behalf of the investor.

21.2.5 SUBSCRIPTION IN EXCESS OF THE SUBSCRIPTION AMOUNT AND GREEN SHOE OPTION FOR EXCEEDING THE SUBSCRIPTION

There are no subscriptions exceeding the subscription amount and the "green shoe" option for exceeding the subscription.

21.3 PRICING

21.3.1 THE PRICE AT WHICH THE SECURITIES WILL BE OFFERED. INFORMATION ON THE AMOUNT OF ANY COSTS AND TAXES THAT ARE CHARGED SPECIFICALLY TO THE SUBSCRIBER OR THE BUYER

The issue value of each share of this issue is BGN 1.0 0 (one BGN). The issue value is determined by the Board of Directors according to the authorization under Art. 33 of the Articles of Association of the Company.

Before subscribing for shares and paying the issue price, all investors, with the exception of existing shareholders, should purchase the appropriate number of rights on the stock exchange. All costs related to the purchase of the rights are at the expense of the investors, including the fees and commissions due to the investment intermediary, the BSE and the Central Depository AD, as well as bank fees and commissions.

21.3.2 THE PROCEDURE FOR DISCLOSING THE OFFER PRICE

In determining the issue value of the shares by a decision of the Board of Directors dated 16.04.2020, the Board of Directors of Intercapital Property Development REIT has complied with the requirements of Art. 176, para. 2 of the Commercial Law, according to which the issue value of the issued shares cannot be less than the nominal one and has taken into account the ratio between the registered capital and the assets of the Company. The following factors have been taken into account in determining it. 1) taking into account the need to raise new funds in order to meet the investment objectives of the Company, 2) the assessment of the net asset value of the Company as of 31.03. 20 20 g. - last prepared unaudited interim financial statements ; 3) stimulate the interest of potential investors for the successful conduct of the public it supply. The offer price is announced with this Prospectus.

The subsequent trading price of the Company's shares will be determined by the demand and supply of shares by market participants.

Investors bear at their own expense the costs of fees and commissions of: the investment intermediary, through which they submit applications for subscription of shares; BSE; Central Depository and payment institutions related to the purchase of rights and subscription of the Company's shares.

21.3.3 RIGHTS OF THE HOLDERS OF SHARE CAPITAL OF THE ISSUER TO PURCHASE THE SECURITIES BEFORE OTHERS.

The rights of the shareholders of the Company to purchase shares of this issue before other persons were described above in item 21.2.1 of this Prospectus.

21.3.4 INFORMATION ON SIGNIFICANT DISCREPANCY BETWEEN THE PRICE OF THE PUBLIC OFFERING AND THE PRICE OF THE SECURITIES OF THE COMPANY ACQUIRED BY THE MEMBERS OF THE BOARD OF DIRECTORS AND RELATED PARTIES OR THOSE THAT THEY HAVE THE RIGHT TO ACQUIRE.

There is no discrepancy between the price of the public offering and the offering price of the shares of this issue for members of the Board of Directors of L imited, officers and affiliates.

21.4 PLACEMENT AND ACCEPTANCE

The public offering of this issue will be made on the Bulgarian Stock Exchange AD, Republic of Bulgaria.

The depository institution regarding the offered shares by law is Central Depository AD, with registered office in Sofia and address, 6 Tri Ushi Str., 4th floor.

The bank in which the special accumulation account of the Company has been opened, to which the issue value of the subscribed shares will be paid, is UNICREDIT BULBANK AD, with registered office in Sofia and address of management at 7 Sveta Sofia Str..

An investment intermediary servicing the capital increase is "Intercapital Markets " AD, based in the town. Sofia office: str. "Dobrudzha" № 6, fl. 3. IP "Intercapital Markets " AD is a licensed investment intermediary under Art. 6, para. 1 of the Markets in Financial Instruments Act. Significant conditions under the contract with the investment intermediary: BGN 4,000 (four thousand) brokerage commission.

INTERCAPITAL MARKETS AD undertakes to perform the necessary actions in connection with the capital increase of the Company, including by offering, on behalf and for the account of the Company, to the shareholders of the Company and to institutional and a wide range of investors on the territory of the Republic of Bulgaria, who have purchased rights on the regulated market, to subscribe for shares from the increase of the capital of the Company and to pay their issue value.

INTERCAPITAL MARKETS AD undertakes to make optimal efforts to place the current issue of shares, but does not undertake to purchase rights and subscribe for part of the total number of offered shares, which are not subscribed by investors.

It is not envisaged to assume or establish a guarantee for the offered issue of shares. There is no plan for distribution or distribution of shares between different investment intermediaries.

There is no person who has undertaken to undertake part or all of the issue. There will be no agreement to take over.

22 TRADE ADMISSION AND TRADE ARRANGEMENTS

22.1 INFORMATION FOR APPLYING FOR ADMISSION TO TRADING OF THE OFFERED SHARES ON A REGULATED MARKET OR ON OTHER EQUIVALENT MARKETS

Immediately after the confirmation of this Prospectus by the FSC and registration of the capital increase of Intercapital Property Development REIT in the Commercial Register at the Registry Agency, the new Shares of the Company will be registered as dematerialized in the Central Depository. The issuer will apply to the FSC for entry of the issue from the increase in the register of public companies and other issuers for the purpose of trading on a regulated market. After entering the issue in the register kept by the FSC, Intercapital Property Development REIT will submit an application for acceptance of the shares of this issue for trading. The starting date for trading will be determined by the Board of Directors of BSE AD.

The Company's shares are also traded on the Warsaw Stock Exchange (WSE) - Poland on the NewConnect market, with stock exchange code: ISD.

Intercapital Property Development REIT will promptly notify the Polish Financial Supervision Authority of the results of the current public offering of shares.

Upon successful completion of the capital increase of the Company, the Shares subject to this Prospectus are subject to parallel registration with the Polish National Securities Depository, as well as their double admission to trading on the New Connect market operated by the Warsaw Stock Exchange. The new shares will be applied for admission to trading on the WSE with the same stock indicator (ISD).

22.2 ALL REGULATED MARKETS OR EQUIVALENT MARKETS IN WHICH SECURITIES OF THE SAME CLASS ARE ALREADY ADMITTED TO TRADING THAT WILL BE OFFERED

The shares of the company are traded on BSE AD, alternative market BaSE Market, with stock exchange code: 4IC.

The company's shares are also traded on the Warsaw Stock Exchange, Poland, on the NewConnect market with a stock code: ISD.

22.3 OTHER PUBLIC OR PRIVATE SUBSCRIPTION FOR THE SECURITIES FOR WHICH ADMISSION TO A REGULATED MARKET IS REQUESTED

There is no other public or private subscription for securities of the same or another class, which are organized simultaneously or almost simultaneously with the issuance or admission to trading on a regulated market of the shares, subject of this Prospectus.

22.4 DATA ON THE PERSONS COMMITTED TO PROVIDING LIQUIDITY OF THE SHARES THROUGH THE SUPPLY AND DEMAND PRICES

The company has not engaged investment intermediaries to provide liquidity of the shares through "buy" and "sell" quotes.

22.5 OPTION TO EXCEED THE AMOUNT OF THE OFFER OR OTHER PRICE STABILIZATION ACTIVITIES IN CONNECTION WITH THIS OFFER

The company, as well as its shareholders, have not provided an option to exceed the amount of the offer of shares or other actions for their price stabilization.

23 SELLING SECURITY HOLDERS

It is not known whether and how many of the existing shareholders will sell or, accordingly, will not exercise rights to subscribe for the new shares, subject to this Prospectus.

To the extent that the public company has such information, there are no capital freeze agreements under which the company's shareholders have agreed not to sell their shares within a specified period.

24 EXPENSES OF THE SECURITIES ISSUER

24.1 THE TOTAL NET INCOME AND APPROXIMATE VALUE OF THE TOTAL COSTS OF THE ISSUER / PERSON OFFERING THE SECURITIES.

Under the contract for the implementation of this capital increase „Intercapital Property Development " REIT with IP "Intercapital Markets " AD, the remuneration of the firm is defined in rigid size of 4000 lev upon successful capital increase. The table below presents the main costs, which are at the expense of Intercapital Property Development REIT and are directly related to the public offering of shares. The table does not include the expenses related to the entire activity of the Company or to more than one issue of securities, fee for ISIN code for the ordinary shares of the Company, servicing of the share book of the Company by Central Depository AD, annual fee for supervision of the FSC, fee for maintaining the registration of the issue of shares on the BSE.

Table. Expenses

Consumption	<i>in leva</i>
1. Announcement of the announcement for capital increase in the Commercial Register	20.00
2. Publication of notice of a capital increase in a Central 's Mr daily (forecast)	8 00.00
3. Fee for approval of a prospectus for capital increase by the FSC	0.00

4. Remuneration of the investment intermediary	4 000 0.00
5. Entry in the Commercial Register of the capital increase	15.00
6. Deposit of rights in the Central Depository (forecast)	1 157.00
7. Fee for assigning ISIN code and for issuing CFI and FISN codes on emission rights	216.00
8. Preparation of a report for persons who have exercised / have not exercised rights in case of increase of the issuer's capital	62.00
9. Deposit of shares in Central Depository AD (forecast)	1 157.00
10. Registration of shares for trading on BSE AD	5 00.00
TOTAL COSTS	7 927.00
Costs per share of the public offering at maximum subscription	0.000 3
Costs per share of the public offering with minimal subscription	0.000 5

Due to the impossibility at this stage to estimate the exact number of future shareholders who will participate in the subscription and payment of the New Shares from the capital increase, the fee for the issue of rights and the registration for the newly issued shares is recorded with their maximum value. number of shareholders as of the date of this Document.

The remuneration of the Investment Intermediary is for placement and administration of the issue, and communication with the respective institutions engaged in the process of public offering of securities. The fee is fixed and is not bound by the amount of newly issued shares upon successful Fin yu Islam of the procedure capital increase. The investment intermediary is not responsible for the information in the Prospectus, for its completeness and compliance with the facts.

At the expense of investors will only be the costs of concluding transactions with rights and shares, incl. the commissions of the investment intermediaries and the other fees (fees of the BSE and the Central Depository), if the same are not included in the total commission of the investment intermediaries.

The total cost of edna share, calculated as the total estimated costs directly related to this public offering of securities (7 927.00 lev) divided by the maximum number of shares that will be offered to the public (24 045 904 pcs.) Are 0.000 BGN 3 per share. In case of capital increase with the minimum number of shares offered (15 255 474 pieces), in which procedure is considered successful, the estimated cost of edna share amounted to 0.000 5 lev per share.

An increase of capital of the Issuer with the maximum number of shares offered, the net proceeds from the IPO will be in the amount of 24 037 977 (twenty-four million thirty-seven thousand nine hundred seventy-seven) l is in a.

An increase of the Issuer's capital with the minimum number of shares offered, where the procedure was considered successful, the net proceeds from the IPO will be in the amount of 15 247 547 (fifteen million two hundred and forty seven thousand five hundred and forty-seven) l is in a.

Table. Expected revenues

<i>Indicator</i>	<i>at maximum size</i>	<i>at a minimum size</i>
1. Issue value of subscribed and paid New shares	24 045 904	1 5 255 474
2. Total costs of the public offering	7 927.00	7 927.00
3. Net proceeds from the public offering	24 037 977	15 247 547

25 WATERING

25.1 DILUTION RELATED TO REDUCTION OF THE BALANCE SHEET VALUE OF SHARES

The dilution of the capital when the value of the shares decreases is the decrease of their book value, resp. of earnings per share, as a result of the issuance of new shares at a price lower than the book value of the already issued shares.

The terms of this Offer provide that the issue value of a newly issued share is higher than the book value of one share, according to the last published financial statement as of the date of making a decision to issue the issue. This circumstance does not imply a dilution of the capital of the Company in terms of book value of ordinary shares.

In this case, the issue price per share of the current issue of capital increase at the rate of 1.00 lev per share is higher than the current book value per share of already issued ordinary shares in the capital, which amounts to 0.12 lev. per share calculated as at the date of the last published unaudited interim individual financial statements of the Company as of 03/31/2020 g.

Value of 1 share before the increase:

Indicator	March 31, 2020
	thousand BGN
Equity before the increase	718 000
	Number of shares
Number of shares before the increase	6 011 476
	Value of 1 share in BGN
Value of 1 share before the increase	0.12

Information on the amount of the own capital upon successful completion of the current issue, respectively upon maximum and minimum subscription and payment of shares from the current capital increase.

Assuming that the new shares would be issued as of the date of the last prepared unaudited interim separate financial statement of the Issuer as of 31.03.2020, then:

- ✓ In case of increase of the Issuer's capital with the maximum number of offered shares, the equity after the increase in the maximum amount and after deduction of the expenses on the public

offering of the issue will have a value of 24 755 977 (twenty four million seven hundred fifty five thousand nine hundred seventy seven) leva. In this case, the total number of shares after the increase in the maximum amount will amount to 30,057,380 (thirty million fifty-seven thousand three hundred and eighty) shares. The book value of one share upon subscription of the maximum amount of the offer will increase to BGN 0.82.

Value per 1 share in case of capital increase in maximum amount:

Indicator	March 31, 2020
	thousand BGN
Equity before the increase	718 000
Issue value of subscribed and paid New shares at minimum amount	24 045 904
Total costs of the public offering	-7 927
Equity after the increase in the maximum amount and after deducting the costs of the public offering of the issue	24 755 977
	Number of shares
Number of shares before the increase	6 011 476
number of new shares with minimum subscription	24 045 904
Number of shares after the increase in the maximum amount	30 057 380
	Value of 1 share in BGN
Value of 1 share in case of capital increase in maximum amount	0.82

- ✓ In case of increase of the Issuer's capital with the minimum number of offered shares, the equity after the increase in the minimum amount and after deduction of the expenses on the public offering of the issue will have value of 15 965 547 (fifteen million nine hundred sixty five thousand five hundred forty seven) leva. In this case, the total number of shares after the increase in the maximum amount will amount to 21,266,950 (twenty-one million two hundred sixty-six thousand nine hundred and fifty) shares. The book value of one share upon subscription of the minimum amount of the offer will increase to BGN 0.75.

Value per 1 share in case of capital increase in minimum amount:

Indicator	March 31, 2020
	thousand BGN
Equity before the increase	718 000
Issue value of subscribed and paid New shares at minimum amount	15 255 474
Total costs of the public offering	-7 927
Equity after the increase in the minimum amount and after deducting the costs of the public offering of the issue	15 965 547

Number of shares	Number of shares
Number of shares before the increase	6 011 476
number of new shares with minimum subscription	15 255 474
Number of shares after the increase in the minimum amount	21 266 950
	Value of 1 share in BGN
Value per 1 share in case of capital increase in the minimum amount	0.75

It is evident from the calculations made that in case of capital increase in maximum amount and in case of increase in minimum amount, the value of one share will remain higher than the book value of one share before the capital increase. Therefore, in the present public offering there is no effect of dilution in relation to the book value of one share, regardless of the amount of subscribed and paid shares of the current issue, as a result of which the existing shareholders of Intercapital Property Development AD JRC will not be diluted..

25.2 DILUTION DUE TO REDUCTION OF THE PERCENTAGE SHARE IN THE ISSUER'S CAPITAL

It is possible to reduce the percentage share of the Issuer's capital held by the shareholders if they do not subscribe for the shares due to them from the capital increase. The direct dilution of the percentage share in the capital of the Issuer, for a shareholder who does not participate in the increase of the capital of the Company, will be determined on the basis of the share of its shares, compared to the total number of shares issued by the Company. current issue).

If a shareholder holding an old share does not subscribe to the new shares due to him, but sells the rights due to him, then his share in the capital of the Company would decrease as follows:

- ✓ **80, 00 %** at maximum subscription of the offered shares, respectively 0,00002% of 0,000003%;
- ✓ **by 71.73%** with a minimum subscription of the offered shares, respectively from 0.00002% to 0.000005%;

26 MORE INFORMATION

26.1 INFORMATION ABOUT THE CONSULTANTS USED

This Prospectus does not include statements or reports of consultants.

26.2 INDICATION OF AUDITED INFORMATION USED

This Prospectus does not include any other financial information, in addition to the annual these financial and statements and the Company to 31.12.2017 d., 31.12.2018 on and 31.12.2019, the co and they are audited and by a registered auditor and unaudited interim individual financial statements as of 03/31/2020, the individual and unaudited interim financial statements for the comparable period - 31.03.2019.

26.3 INDICATION OF INFORMATION USED BY EXTERNAL EXPERTS

Records or reports from experts are not included in this Prospectus, including at the request of the Company.

26.4 INDICATION OF INFORMATION USED BY THIRD PARTIES

The information provided in the Prospectus by third parties is public and reproduced accurately and as far as the Company is aware and can verify from the information published by these third parties, no facts have been omitted that would make the reproduced information inaccurate or misleading.

Everywhere in the Prospectus, where information is used by third parties, its source is explicitly indicated.

The sources from which information is included in the Prospectus are the following:

- Ministry of Finance - www.minfin.bg ;
- National Statistical Institute - www.nsi.bg ;
- European Commission - www.ec.europa.eu ;
- International Monetary Fund - www.imf.org ;
- Trade Register - www.brra.bg ;
- Property Register - www.registryagency.bg/bg/registri/imoten-registar/.

27 DOCUMENTS SHOWN

During the period of validity of the Prospectus, potential investors may gain access to this Prospectus and its annexes; including the Articles of Association; constitutive documents; all reports, letters and other documents related to the Prospectus; audited annual individual financial statements for 2017, 2018 and 2019, together with the annual individual activity reports and corporate governance statement for the same audited reporting periods; audited annual consolidated financial statements for 2017, 2018 and 2019, together with the annual consolidated activity reports, audit reports and corporate governance statement for the same audited reporting periods; unaudited interim financial statements as of 31.03.2020 and unaudited interim financial statements as of 31.03.2019, as well as any other prepared assessments and reports related to the Prospectus; including other additional information about Intercapital Property Development REIT, included or indicated in this document every working day from 10:00 to 17:00 in the office of the Issuer at the address: Sofia, 6 Dobrudja Str., fl. 4; phone (+359 2) 921 05 18; contact person: Velichko Klingov.

After admitting the issue of shares to trading on a regulated market, investors can get acquainted with the above documents in electronic form on the company's website www.icpd.bg.

The members of the Board of Directors, by the following signatures, declare that, to the best of their knowledge, the information contained in the Prospectus is not incorrect, misleading or incomplete, is true and does not contain an omission likely to affect its meaning :

VELICHKO STOYCHEV KLINGOV

CEO

TSVETELINA CHAVDAROVA HRISTOVA
MEMBER OF THE BOARD OF DIRECTORS

AHELOY 2012 EOOD, REPRESENTED BY PETYA GEORGIEVA YORDANOVA
MEMBER OF THE BOARD OF DIRECTORS

The undersigned, in his capacity as a representative of INTERCAPITAL PROPERTY DEVELOPMENT REIT, declares with his signature that in preparing the Prospectus, he has taken the necessary care for the compliance of this document with the requirements of the law and that, as far as he knows, the information contains in this document is not false, misleading or incomplete and corresponds to the facts:

VELICHKO STOYCHEV KLINGOV
CEO

[\[1\]](#) prom. SG, no. 95 of 24.11.2006, with all subsequent amendments and additions;

[\[2\]](#) prom. SG, no. 105 of 22.12.2006, with all subsequent amendments and additions;

[\[3\]](#) prom. SG, no. 105 of 29.12.2005, with all subsequent amendments and additions;