

**ANNUAL REPORT FOR THE YEAR 2017 OF
“INTERCAPITAL PROPERTY DEVELOPMENT” ADSIC
INVESTOR RELATIONS DIRECTOR**

I. Investor Relations Director activity for the year of 2017

In the past year 2017, Company has continued to develop its activity in line with the directions set up since its establishment and which it developed in the previous period.

In compliance with the provisions of the Commercial Act and the Law on the public offering of securities the General Meeting of the shareholders of “Intercapital Property Development” ADSIC was held on 30th June 2017. Pursuant to the law requirements the Annual report of the Board of Directors for the Company’s activity in 2016 as well as the Report of the chosen registered auditor on the annual financial statement of the Company for 2016 were adopted at the Meeting. The shareholders approved the annual financial statements of the Company for 2016 and took a decision for allocation of the financial result of the company realized in 2016. The Annual report of the Company’s Audit Committee for its activity in 2016 was also approved by the shareholders. Pursuant to the requirements of Ordinance № 48 from 20.03.2013, the AGM approved the remuneration policy for the Board of Directors of the Company.

The General Meeting released from responsibility all the members of the Board of Directors for their activities for the year of 2016.

On 01.06.2017 an Extraordinary General Meeting of Shareholders of the Company was held, whereby an Audit Committee of the Company as per Art. 107 of the Independent Financial Audit Act was chosen and the Statute of the Audit Committee as per to Art. 107, par. 7 of the Independent Financial Audit Act was approved. The elected members of the Audit Committee are Iva Chorapinova, Pavlinka Bizeranova and Cvetelina Hristova.

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

In accordance with the above, Insurance Company EUROINS AD in the capacity of insurer under insurance policy, concluded with regard to the provision of collateral to the bondholders of the bond issue, issued by ICPD ADSIC, discontinued the insurance contract with insurance policy number: 29-0000-1753 dated 11.02.2015, as of 00:00 o'clock on 03.10.2017 and issued notification that with regard to an application filed by Investbank AD with No 2989/4 dated 28.09.2017 for payment of insurance indemnity under the aforementioned insurance policy for a total amount of EUR 157 609.59 (one hundred and fifty seven thousand six hundred nine euro 59 eurocents), representing the owed interest and principal payment on the bond loan as of 14.08.2017, Insurance Company EUROINS AD shall exercise its right under Art. 364, para. 4 of the Insurance Code in the event of a terminated insurance policy and will apply a 50% (fifty percent) reduction of the indemnity for an insurance event occurring prior to the date of termination of the insurance agreement.

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

On 24.10.2017 ICPD was informed by Investbank AD that the trustee declared the entire bond loan of the issuer as immediately due, due to the fact that the termination of the contracted insurance collateral constitutes a material breach of the issuer's obligations under the prospectus as well as due to the fact that the overdue fraction of the amount due (due as of 14.08.2017) is late for over 30 days.

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

I believe that in 2017 the main duties of the Investor Relations Director in accordance with Art. 116a, paragraph 3 of the Law on the public offering of securities were completed regarding the maintenance of effective communication between “Intercapital Property Development” ADSIC and its investors, including potential ones, the regulatory bodies, the regulated markets where the securities issued by the Company are being traded, “Central Depository” AD and the mass media.

The activity in the year 2017 was mainly related to:

- maintaining an effective communication between the management bodies of the Company and the investor community;
- providing adequate information regarding the activities of “Intercapital Property Development” ADSIC;
- providing service and assistance to the shareholders in exercising their rights in compliance with the law and the Company's Articles of Association;
- documentation of the work carried out by the management bodies of the Company;
- establishing a program and a timetable needed to comply with the statutory deadlines for submission of documents and information regarding the quarterly financial report notices, interim and annual company reports, convening and conducting of General meetings as well as disclosure of inside information to the Financial Supervision Commission, the “Bulgarian Stock Exchange” – Sofia AD, “Central Depository” AD, the alternative trading system “NewConnect” in Poland, and the public.

In accordance with the duties of Investor Relations Director in 2017, all periodic company reports and other information required pursuant to the Law on the public offering of securities, the Law on the special purpose vehicles, the Commercial Act and their implementing acts were published on time. The reports and notifications were prepared in accordance with the requirements to present accurate and complete information about the activities of the company and its financial condition.

“Intercapital Property Development” ADSIC maintains good relations with the media. In 2017 we managed to articulate lucid and comprehensive answers to all questions raised by the media.

In 2017, all the meetings of the Board of Directors were convened and conducted in compliance with the law and the Company’s Articles of Association as the minutes drawn up have been duly preserved.

During the fulfillment of its duties in 2017, the Board of Directors observed the terms and the rules for good corporate governance and respect for the rights of the shareholders, set up in the program for good corporate governance, adopted by the Company’s Board of Directors.

In conclusion, I would like to thank the members of the Board of Directors for their cooperation in the fulfillment of my duties and for exclusively contributing for the implementation of the policy for accurate and effective relations with the investors.

II. Prospects for the activity of the Investor Relations Director in the year 2018

The activity of the Investor Relations Director shall be concentrated on preserving and developing the accurate relations with the investors and on maintaining the activity in compliance with the internationally established practices in the field of investor relations pursuant to the current law requirements.

09 May 2018

Sofia



Milen Bozhilov
Investor Relations Director