

**Inside information pursuant to Appendix No 9  
to Art. 33a<sup>1</sup>, p. 3 of ORDINANCE No. 2 as of 17.09.2003 on the prospectuses to be published  
when securities are offered to the public or admitted to trading on a regulated market and on  
disclosure of information by the public companies and the other issuers of securities**

for the period 01.01.2017 – 31.12.2017

**“Intercapital Property Development” ADSIC**

**1. For the issuer**

**1.1. Change of the persons, exercising control over the company**

Since the establishment of the company up to present there haven't been persons exercising control over it.

**1.2. Change in the members of the management and the control bodies of the company and reasons for the change; changes in the way of representation; appointment or discharge of procurator.**

During the reporting period no such circumstance has occurred.

**1.3. Amendments and/or supplements to the company's By-laws.**

During the reporting period no such circumstance has occurred.

**1.4. Decision for transformation of the company and implementation of the transformation; structural changes in the company.**

No decisions for transformation of the company and implementation of transformations have been taken; there have not been any structural changes in the company.

**1.5. Initiation of a liquidation procedure and all main stages, related to such procedure.**

No liquidation procedure has been initiated for the company.

**1.6. Initiation of a bankruptcy procedure for the company or its subsidiary and all substantial stages, connected with the procedure.**

No bankruptcy procedure has been initiated for the company or its subsidiary.

**1.7. Acquisition, granting for use or disposition of assets of big value according Art. 114 para 1 item 1 of LPOS.**

Such a circumstance has not occurred.

**1.8. Decision for conclusion, termination and rescission of a contract for a joint enterprise.**

There has not been taken any decision for conclusion, termination and rescission of a contract for a joint enterprise.

### **1.9. Decision of the Financial Supervision Commission for delisting the company of the registry for the public companies and the other issuers of securities under art. 30, para 1, point 3 of the Law on the Financial Supervision Commission**

There has not been such a decision of the commission for delisting the company of the registry for the public companies and the other issuers of securities under art. 30, para 1, point 3 of the Law on the Financial Supervision Commission.

### **1.10. Change of the auditors of the company and reasons for the change.**

At the Annual General Meeting of Shareholders of the Company, held on 30.06.2017, the shareholders approved the proposal of Board of Directors for a registered auditor to verify and certify the annual financial statements of the Company for 2017 to be NIBOS EOOD, with UIC 200635432, represented by the manager and sole proprietor of the capital - Nikolay Mihaylov Polinchev - registered auditor with Dipl. 0684 with the ICPA.

### **1.11. Announcement of the profit of the company.**

As of 31.12.2017 the net financial result of the Company on non-consolidated basis is BGN is profit in the amount of BGN 5 806 thousand.

### **1.12. Material losses and the reasons thereof.**

During the reporting period the Company has not realized material losses due to extraordinary or unforeseeable circumstances.

The loss generated by the company as of 30.09.2017 in the amount of BGN 1 130 thousand is mainly attributable to the financial expenses incurred during the reporting period and, in particular, to interest expenses. The company's profit in the fourth quarter of 2017 is from with regard to an agreement dated 27.12.2017, by which Intercapital Property Development ADSIC and Marina Cape Properties OOD have agreed that the debt of ICPD ADSIC to Marina Cape Properties OOD at the amount of EUR 6 444 263,63 is extinguished by giving instead of execution for the purpose of which by 31 March 2018:

- 1) an amount of EUR 30 000 shall be paid;
- 2) ICPD ADSIC shall transfer to Marina Cape Properties OOD all its shares from the capital of Marina Cape Management EOOD.

### **1.13. Unforeseeable or unforeseen circumstance of extraordinary nature, as a result of which the company or its subsidiary has suffered damages, amounting to three or more percent of the company's equity.**

During the reporting period there have not been any circumstances of extraordinary nature that have caused such damages for the Company.

### **1.14. Public disclosure of a modified auditor's report.**

The audited reports of the registered audit company "Audit Advisers" OOD, which verified

and certified the annual non-consolidated and the annual consolidated financial statements of the company for 2016, contain the following qualified opinions:

*“Basis for qualified opinion*

1. The receivables described in the explanatory notes: 12 “Commercial receivables”, 13 “Advances”, 33 “Related party transactions” of the Financial statement as of 31.12.2016 are of total value 7 684 thousand BGN. As it is stated in the notes, the Company has over 90% overdue impaired receivables of over one year. We could not receive enough and relevant audit proof regarding their collectability, as well as to evaluate reliably the present value of the expected incoming cash flows from them and the value of the potential impairment of the aforementioned receivables. The acknowledgment of impairment would reduce the receivables by the uncollectable sums and respectively the net annual profit.
2. The loans of the company form 50% of the total obligations, whereas over 80% of the value of the financial obligations for loans are towards Piraeus Bank. As of issuing this report we have not received direct confirmation regarding the expenses and obligations from the bank and as such, we were not able to be convinced, to a necessary degree of certainty, regarding the correctness of the representation of the obligation, nor were we able to determine whether any corrections in the financial statement are necessary.

We have carried out our audit in compliance with the International audit standards (IAS). Our responsibilities, according to these standards are set out additionally in the “Responsibility of the auditor for the financial statement audit” section of this report. We are independent of the Company in accordance with the Ethical code of the professional accountants of the Council for international ethical standards for accountants (CIESA Code), together with the ethical requirements of the Law for independent financial audit, applicable in Bulgaria. We have conducted ours and other ethical responsibilities in accordance with these requirements. We believe that the audit proof, received by us are enough and relevant to provide a basis for our qualified opinion.”

and

*“Basis for qualified opinion*

1. The receivables described in the explanatory notes: 10 “Commercial and other receivables”, part of the consolidated Financial statement as of 31.12.2016 are of total value 7 655 thousand BGN, 90% of which are overdue impaired receivables of over one year. We could not receive enough and relevant audit proof regarding their collectability, as well as to evaluate reliably the present value of the expected incoming cash flows from them and the value of the potential impairment of the aforementioned receivables. The acknowledgment of impairment would reduce the receivables by the uncollectable sums and respectively the net annual profit.
2. The loans of the company (obligations to financial companies) form 50% of the total obligations, whereas over 80% of the value of the financial obligations for loans are towards Piraeus Bank. As of issuing this report we have not received direct confirmation regarding the expenses and obligations from the bank and as such, we were not able to be convinced, to a necessary degree of certainty, regarding the correctness of the representation of the obligation, nor were we able to determine whether any corrections in the consolidated financial statement are necessary.

We have carried out our audit in compliance with the International audit standards (IAS). Our responsibilities, according to these standards are set out additionally in the “Responsibility of the auditor for the consolidated financial statement audit” section of this report. We are independent of the Company in accordance with the Ethical code of the professional accountants of the Council for international ethical standards for accountants (CIESA Code), together with the ethical requirements of the Law for independent financial audit, applicable in Bulgaria. We have conducted ours and other ethical responsibilities in accordance with these requirements. We believe that the audit proof, received

by us are enough and relevant to provide a basis for our qualified opinion.”

**1.15. Decision of the general meeting about the dividend’s type and amount, as well as on the conditions and the order for its payment.**

There has not been such a decision during the reporting period.

**1.16. Occurrence of liability, which is essential for the company or for its subsidiary, including each non fulfillment or increase of the liability.**

As of 31.12.2017 the most essential liabilities of the Company are the obligations toward financial institutions (including those for which during the past quarter ICPD has been notified that they were transferred to new creditors). Their total value (incl. accrued interest, principal and bank fees) is as follows:

	<u>31.12.2017</u>	<u>31.12.2016</u>
	<u>BGN ‘000</u>	<u>BGN ‘000</u>
<b>Bank loans</b>		
Long-term part	-	-
Short-term part	16 485	23 446
<b>Total</b>	<u>16 485</u>	<u>23 446</u>

On 24.09.2015 ICPD was informed of the formation of an enforcement case No: 671/2015, on the docket of private bailiff Stanimira Nikolova, Reg No: 805 of the Chamber of Private Enforcement Agents. The case was formed based on executive order issued in favour of Piraeus Bank Bulgaria AD, for principal in the amount of EUR 550 000. The executive orders for these sums have been issued as follows:

- for the amount of EUR 250 000 – order proceedings of case 22731/2015 of Regional Court of Sofia, the claim originating from loan contract No: 1236/2007, dated 19.10.2007
- for the amount of EUR 300 000 – order proceedings of case 22737/2015 of Regional Court of Sofia, the claim originating from loan contract No: 736/2008, dated 07.07.2008, signed with Piraeus Bank Bulgaria AD

The company has filed appeals for the issued executive orders and receiving orders. In response, the bank has made determination claims as per art. 422 of the Code of Civil Procedures, as follows:

- for the amount of 250 000 a commercial hearing No: 1501/2016 in Sofia City Court was initiated
- for the amount of 300 000 a commercial hearing No: 777/2016 in Sofia City Court was initiated

In 2016 ICPD ADSIC was informed of the issuing of two more executive orders as follows:

- for the amount of EUR 500 000 – order proceedings of case 9111/2016 of Regional Court of Sofia, the claim originating from loan contract No: 1236/2007, dated 19.10.2007
- for the amount of EUR 500 000 – order proceedings of case 9110/2016 of Regional Court of Sofia, the claim originating from loan contract No: 736/2008, dated 07.07.2008, signed with Piraeus Bank Bulgaria AD

The company has filed appeals for the issued executive orders and receiving orders for both executive proceedings in 2016.

In this regard, the bank has made determination claims as per Art. 422 of the Code of Civil Procedures for which cases № 777/2016, № 1501/2016 and № 7106/2016 were initiated – all three of them in the files of the Sofia City Court.

In 2016 Piraeus Bank Bulgaria AD submitted a claim for opening insolvency proceedings for ICPD as per art. 629, par 2 of the Commercial Law. In relation to the latter, a case No: 2209/2016 of the Sofia City Court was initiated.

By decision of Sofia City Court, issued on 16.02.2017 and 01.03.2017, regarding the above cases, based on determination claims made by Piraeus Bank Bulgaria AD, the proceedings of the hearings were terminated according to an agreement concluded between the parties. In this regard, Intercapital Property Development ADSIC withdrew its appeal regarding case No. 9110/2016 of the Sofia Regional Court.

On 13.03.2017 ICPD was informed that by decision on 16.02.2017 the court has discontinued the proceedings of the hearing, initiated by the claim of Piraeus Bank Bulgaria AD for opening insolvency proceedings against Intercapital Property Development ADSIC.

On 04.07.2017, Intercapital Property Development ADSIC, with UIC 131397743, was notified about the conclusion of a contract for transfer of receivables between Piraeus Bank Bulgaria AD, with UIC 831633691 as an assignor (cedant) and Marina Cape Properties OOD, with UIC 204372411, as an assignee. Pursuant to this agreement, Piraeus Bank Bulgaria AD has transferred to Marina Cape Properties OOD all its receivables from Intercapital Property Development ADSIC arising from Investment Loan Agreement No 1236/2007 dated 19.10.2007, Investment Loan Agreement No. 736/2008 dated 07.07.2008 and Investment Loan Agreement No 327/2009 dated 14.12.2009, together with all their privileges, collaterals and other belongings thereto.

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

As of 31.12.2017 Intercapital Property Development ADSIC confirmed with Futures Capital AD the amount of its due debt to the new creditor (including principal and interest).

Pursuant to an agreement dated 27.12.2017, Intercapital Property Development ADSIC and Marina Cape Properties OOD have agreed that the debt of ICPD ADSIC to Marina Cape Properties OOD in the amount of EUR 6 444 263.63 is extinguished by giving instead of execution for the purpose of which by 31 March 2018:

- 1) an amount of EUR 30,000 should be paid;
- 2) ICPD ADSIC shall transfer to Marina Cape Properties OOD all its shares from the capital of Marina Cape Management EOOD.

**1.17. Arising of receivable, which is essential for the company, with indication of its due date.**

During the reporting period no essential receivable has arisen for the company.

During the first nine months of 2017, however, the Company has realized other revenues in the amount of BGN 1 170 thousand that represent revenues related to write-off of liabilities due to one of the Company's creditors – i.e. Grand Borovets 2013 EOOD.

In the fourth quarter of 2017 the Company has realized more revenues in the amount of BGN 163 thousand that represent revenues related to write-off of liabilities due to counterparties of the Company.

The revenue realized by the issuer that represent revenues related to write-off of the agreement described in paragraph 1.12. and 1.16., between ICPD ADSIC and Marina Cape Properties OOD on 27.12.2017 is in the amount of BGN 12 448 thousand.

### **1.18. Liquidity problems and measures for financial support.**

Due to the fact that ICPD did not manage till 10.02.2017 to make the interest and principal payment on its bond loan as of 14.02.2017, pursuant to the repayment scheme, adopted by the General Meeting of the bondholders, held on 11.02.2015 and in compliance with the decisions of that General Meeting, the interest rate that has been applied over the outstanding bond loan for the next three-month period started on 15.02.2017, has remained in the amount of 5.75% annually.

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

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

On 12.06.2017 "Intercapital Property Development" ADSIC paid interest in the amount of EUR 33 299 and principal in the amount of EUR 125 000 that were due on 14.05.2017. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.05.2017-12.06.2017 in the amount of BGN 1116.90 (or BGN 0.22338 per bond).

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

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

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

1. Increase the maturity of the issue with 24 months (from 14<sup>th</sup> August 2020 till 14<sup>th</sup> August 2022);
2. The schedule for amortization and interest payments are amended as follows:

- 2.1. The due principal and interest payment outstanding as of the date of the decision to renegotiate the terms of the issue in total amount of EUR 157,610 shall be capitalized as part of the principal of the bond loan.
- 2.2. Arrangement of a grace period of 2 (two) years for repayment of the principal on the bond loan from the maturity of the first principal payment, following the date of renegotiation of the terms of the issue. In relation to the agreed grace period, the principal is paid in the following installments:

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

2.3. Interest payments in the extended period:

Interest payments are due under the following conditions:

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

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

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

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

14.08.2020	92	366	3.50%	18,431
14.11.2020	92	366	3.50%	17,882
14.02.2021	92	365	3.50%	17,379
14.05.2021	89	365	3.50%	15,746
14.08.2021	92	365	3.50%	15,174
14.11.2021	92	365	3.50%	14,071
14.02.2022	92	365	3.50%	12,968
14.05.2022	89	365	3.50%	8,364
14.08.2022	92	365	3.50%	4,323

### 3. Other conditions:

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

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

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

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

1. Increase the maturity of the issue with 24 months (from 14<sup>th</sup> August 2020 till 14<sup>th</sup> August 2022);

2. The schedule for amortization and interest payments are amended as follows:

2.1. The due principal and interest payment outstanding as of the date of the decision to renegotiate the terms of the issue in total amount of EUR 157,610 shall be capitalized as part of the principal of the bond loan.

2.2. Arrangement of a grace period of 2 (two) years for repayment of the principal on the bond loan from the maturity of the first principal payment, following the date of renegotiation of the terms of the issue. In relation to the agreed grace period, the principal is paid in the following installments:

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



	14.05. / 62,500	14.05./ 125,000	14.05./ 490,000
	14.08. / 62,500	14.08./ 125,000	14.08./ 490,000
14.11./ 62,610	14.11. / 62,500	14.11./ 125,000	

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

Interest payments are due under the following conditions:

- The agreed interest rate on the bond issue is reduced to 3.5% annually, as of 14.02.2018.
- As of 14.02.2018, the proposed step of reducing the interest rate on the bond loan with the amount of 0.25% (zero point twenty five percent) will not apply.
- Interest on the bond loan is payable every three months on the dates listed in the table below:

Date of interest payments	Number of days in interest period	Number of days	Interest rate	Amount of interest due (EUR)
14.11.2017	92	365	5.75%	33,082
14.02.2018	92	365	3.50%	20,137
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14.05.2020	90	366	3.50%	18,569
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14.11.2020	92	366	3.50%	17,882
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14.05.2021	89	365	3.50%	15,746
14.08.2021	92	365	3.50%	15,174
14.11.2021	92	365	3.50%	14,071
14.02.2022	92	365	3.50%	12,968

14.05.2022	89	365	3.50%	8,364
14.08.2022	92	365	3.50%	4,323

### 3. Other conditions:

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

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

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

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

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

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

**Draft resolution:** The General Meeting of bondholders assigns and authorizes the Issuer "Intercapital Property Development" ADSIC to take the relevant decision and to undertake all legal and formal actions necessary in order to carry out the amendments regarding the terms of the bond issue voted on in the previous point, including but not limited to carrying out personally or through a proxy the necessary notifications to Central Depository AD, Bulgarian Stock Exchange, Financial Supervision Commission.

**Item four:** Miscellaneous"

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

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

With letter with No. 2989/6 dated 03.10.2017 received by ICPD ADSIC, Insurance Company EUROINS AD in the capacity of insurer under insurance policy, concluded with regard

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

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

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

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

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

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

At the end of December 2017, ICPD received a new notification from Investbank AD as a trustee on the bond issue of the company by which the bank informed the issuer about a general meeting of the bondholders held on 18.12.2017, summoned by the trustee bank with an invitation published in the Commercial Register at the Registry Agency on 06.12.2017. The notification announces that the meeting has taken decisions related to the protection of the interests of the bondholders and the possibilities for satisfaction of the claims on the bond issue in view of the early due date of the bond loan, including the decision to take action against the insurer on the bond issue-Insurance Company Euroins AD, and to join in the open against the issuer's bankruptcy proceedings. The bondholders have decided to ensure that the costs incurred in relation to the actions against the insurer and ICPD are provided by the bondholders in proportion to the bonds they hold from the issue for which a specific agreement should be signed. The General Meeting of

the Bondholders also examined various law firm candidatures to protect the rights of bondholders in court proceedings against the insurer and with a majority of the votes Zahariev and Milushev Law Firm was selected. As regards the legal protection of claims directly against the issuer, the bondholders have decided to request additional offers and to choose a legal adviser after a further vote.

**1.19. Increase or reduction of the share capital**

There have not been such circumstances during the reporting period.

**1.20. Confirmation of negotiations for acquisition of the company.**

There hasn't been such a circumstance during the reporting period.

**1.21. Conclusion or fulfillment of significant contracts, which are not related to the company's usual activity.**

During the reporting period no significant contracts which are not related to the company's usual activity have been concluded or fulfilled.

**1.22. Position of the management body in connection with the tender offer made.**

During the reporting period no tender offer has been made to the Company's shareholders, respectively there has not been any position of the Board of Directors of the company related to that.

**1.23. Termination or substantial reduction of the relations with clients, who form at least 10 percent of the revenues of the company for the last three years.**

During the reporting period there has not been any termination or substantial reduction of the relations with clients, who form at least 10 percent of the revenues of the company for the last three years.

**1.24. Introduction of new products and developments on the market**

No new products and developments have been introduced on the market during the reporting period.

**1.25. Big orders (amounting to over 10 percent of the average revenues of the company for the last three years).**

During the reporting period there have not been orders amounting to over 10 percent of the average revenues of the company.

**1.26. Development and/or change in the amount of the orders and the use of the production capacity.**

There hasn't been such a circumstance.

**1.27. Termination of the sales of a given product, forming significant part of the revenues of the company.**

There hasn't been such a circumstance.

#### **1.28. Purchase of patent**

There hasn't been such a circumstance.

#### **1.29. Obtaining, suspension of the use, withdrawal of authorization to pursue business (license).**

There has not been obtaining, suspension of the use, withdrawal of authorization to pursue business (license) during the reporting period.

#### **1.30. Initiation or termination of legal or arbitration proceedings, relating to liabilities or receivables of the company or its subsidiary, with price of the claim at least 10 percent of the company's equity.**

By decision of the Sofia City Court, issued on 16.02.2017 and 01.03.2017, regarding the cases listed herein in p. 1.16, based on determination claims made by Piraeus Bank Bulgaria AD, the proceedings of the hearings were terminated according to an agreement concluded between the parties. In this regard, Intercapital Property Development ADSIC withdrew its appeal regarding case 9110/2016 of Sofia Regional Court.

In 2016 Piraeus Bank Bulgaria AD submitted a claim for opening insolvency proceedings for ICPD as per art. 629, par 2 of the Commercial Law. In relation to the latter, a case No. 2209/2016 of the Sofia City Court was initiated.

On 13.03.2017 ICPD was informed that by decision on 16.02.2017 the court has discontinued the proceedings of the hearing, initiated by the claim of Piraeus Bank Bulgaria AD for opening insolvency proceedings against Intercapital Property Development ADSIC.

On 04.07.2017, Intercapital Property Development ADSIC, with UIC 131397743, was notified about the conclusion of a contract for transfer of receivables between Piraeus Bank Bulgaria AD, with UIC 831633691 as an assignor (cedant) and Marina Cape Properties OOD, with UIC 204372411, as an assignee. Pursuant to this agreement, Piraeus Bank Bulgaria AD has transferred to Marina Cape Properties OOD all its receivables from Intercapital Property Development ADSIC arising from Investment Loan Agreement No 1236/2007 dated 19.10.2007, Investment Loan Agreement No. 736/2008 dated 07.07.2008 and Investment Loan Agreement No 327/2009 dated 14.12.2009, together with all their privileges, collaterals and other belongings thereto.

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

On 05.09.2017, Intercapital Property Development ADSIC, with UIC 131397743, received a notification on enforcement case No. 850/2016 in the list of private bailiff Ivanka Mindova, by which the company was notified that according an Ordinance dated 19.07.2016 on the enforcement case was joined as creditor AVI CONSULT EOOD, with UIC 131397729, for the due amount of

BGN 542 773,75 including the following sums: BGN 100 000 – principal; BGN 161 736.95 – compensation; BGN 238 263.05 – agreed interest; BGN 26 125.15 – legal expenses; BGN 157.00 - fees and costs of enforcement.

In addition the Company was notified that the joined creditor AVI CONSULT EOOD executes the right of detention according to Art. 136, para. 4, second proposal of the Obligations and Contracts Act with respect to real estate of Intercapital Property Development ADSIC, located in the town of Aheloy, Pomorie, Marina Cape Complex for which on 11.07.2016 an inventory was executed, namely:

1) Individual site in a building with identification number 0833.5.409.20.101, with area 46.00 sq.m.; 2) Individual site in a building with identification number 0833.5.409.18.13, with area 59.00 sq.m.; 3) Individual site in a building with identification number 0833.5.409.19.29, with area 63.00 sq.m.; 4) Individual site in a building with identification number 0833.5.409.20.35, with area 46.00 sq.m.; 5) Individual site in a building with identification number 0833.5.409.20.85, with area 42.00 sq.m.; 6) Individual site in a building with identification number 0833.5.409.22.12 with area 37.00 sq.m.

In relation to the above, Intercapital Property Development ADSIC informs the public that the receivable of AVI CONSULT EOOD, as described above, is part of a total receivable against the Company amounting to BGN 6 430 457.72 as to the final payment an interest at the rate of 0.1% for each day of delay is accrued.

**1.31. Other circumstances, which the company considers could be of importance for the investors at taking a decision to acquire, to sell or continue to own publicly offered securities.**

On 21.04.2017 there was a Meeting of the Board of Directors of ICPD which took a decision to convene an extraordinary General Meeting of the shareholders of the company on 01.06.2017 r. at 14:00 o'clock in Sofia, Sredets region, Aksakov 7A str., 4th floor with the following agenda:

**“Item one:** Choosing an Audit Committee as per Art. 107 of the Law for the independent financial audit.

Draft Resolution: The General Meeting of the shareholders chooses an Audit Committee in relation to the proposition of the Chairman of the BoD, presented in the materials for the minutes of the meeting;

**Item two:** Approval of Regulations (status) of the Audit Committee according to Art. 107. Par.7 of the Law for the independent financial audit.

Draft Resolution: The General meeting of the shareholders approves the Regulations (statute) of the Audit Committee according to the proposition of the BoD, included in the materials in the minutes of the meeting;

**Item three:** Miscellaneous.”

At the Extraordinary General Meeting held on June 1, 2017, the shareholders unanimously approved the proposals of the Board of Directors on the items on the agenda.

On 22.05.2017 there was a Meeting of the Board of Directors of ICPD which took a decision to convene an extraordinary General Meeting of the shareholders of the company on 30.06.2017 r. at 14:00 o'clock in Sofia, Sredets region, Aksakov 7A str., 4th floor with the following agenda:

**“Item one:** Report of the managing authorities for the Activities of the Company in 2016;

Draft Resolution: The General Meeting of the shareholders approves the report of the Board of Directors of the Company regarding the activity of the Company in the year 2016, and the consolidated management report of the Company for the year 2016.;

**Item two:** Report of the Audit Committee of the Company for the year 2016;

Draft Resolution: The General Meeting of the shareholders approves the annual report of the Audit Committee of the Company for its activity in the year 2016;

**Item three:** Registered Auditor’s Report on the Annual Financial Statement of the Company for 2016;

Draft Resolution: The General Meeting of the shareholders approves the report of the chosen registered auditor regarding the annual financial statement of the Company for the year 2016, and the annual consolidated financial statement of the Company for 2016;

**Item four:** Approving the Annual Financial Report of the Company for the year 2016;

Draft Resolution: The General Meeting of the shareholders approves the annual financial report of the Company for the year 2016;

**Item five:** Approving the Consolidated Annual Financial Report of the company for the year 2016;

Draft Resolution: The General Meeting of the shareholders approves the annual consolidated financial report of the Company for the year 2016;

**Item six:** Approving the financial result allocation of the Company for the year 2016;

Draft Resolution:

1. The General Meeting of the shareholders approves the proposal of the Board of Directors for the realized loss from the activity of the Company for 2016, in the amount of BGN 126 614.71 to be covered with part of the accumulated and undistributed profit from previous years at the amount of BGN 9 632 147.89
2. With the remainder of the accumulated and undistributed profit of BGN 9 505 533.18 to cover part of the accumulated loss of the Company from previous years at the amount of BGN 25 253 694.31.

**Item Seven:** Releasing from responsibility the members of the board of directors for the period 01/01/2016 – 31/12/2016;

Draft Resolution: ; The General Meeting of the shareholders releases from responsibility the members of the Board of Directors Velichko Stoichev Klingov, Tsvetelina Chavdarova Hristova and Aheloy 2012 OOD, with identification number EIK 202371390, for their activity in the period 1<sup>st</sup> January 2016 – 31<sup>st</sup> December 2016;

**Item eight:** Choosing a registered auditor for verification and certification of the annual financial report of the company for the year;

Draft Resolution: The General Meeting of the shareholders approves the proposal of the Board of Directors for choosing “NIBOS” EOOD, with identification number EIK 200635432, represented by the general manager and sole owner of the share capital – Nikolay Mihailov Polinchev – registered auditor with Diploma No. 0684 with IDES, who will conduct the verification and certification of the annual report of the Company for 2017;

**Item nine:** Report of the Investor Relations Director;

Draft Resolution: The General Meeting of the shareholders approves the report of the Investor Relations Director;

**Item ten:** Report of the Managing Authorities for the Execution of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016;

Draft Resolution: The General Meeting of Shareholders approves the report of the Board of Directors on the Implementation of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016;

**Item eleven:** Miscellaneous.”

At the regular Annual General Meeting, held on 30.06.2017, all the proposal of the Board of Directors on the items on the agenda set out above were unanimously by the shareholders.

30.01.2018

Sofia

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/Velichko Klingov, Executive Director/

