### INTERCAPITAL PROPERTY DEVELOPMENT

#### REPORT

#### to the bondholders of "Intercapital Property Development" ADSIC

With regard to the obligation of "Intercapital Property Development" ADSIC pursuant to Art.100e, para 1 and para 2 of the Bulgarian law on the public offering of securities and Art.2, para 1, p.1 and 2 of the Contract with Commercial Bank "Investbank" AD for execution of the function of a "Trustee of the bondholders" of corporate bond issue, at present with nominal amount of EUR 2 875 000, herewith we present the necessary information in compliance with the assumed commitments and requirements.

## Obligations of "Intercapital Property Development" ADSIC with regard to observation of particular financial indicators

1. Ratio between shareholders' equity and secured debt

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

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

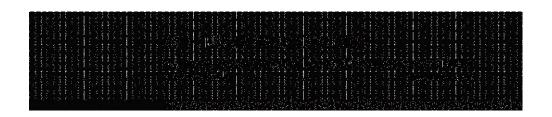
As of 30.06.2015	As of 31.03.2015	Ratio that shall be observed by the Company	
0.101	0.101	0.10	

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

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

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

As of 30.06.2015	As of 31.03.2015	Ratio that shall be observed by the Company	
0.945	0.946	0.95	



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- 3. The Company draws up its financial statements in compliance with the requirements of the International Accounting Standards.
- 4. The registered auditor appointed by the Company verifies and certifies the financial statements of the issuer in compliance with the National Accounting Standards and the International Accounting Standards.

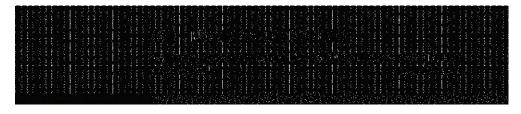
## Information about General Meeting of the Company's bondholders, held on 11.02.2015

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

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

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

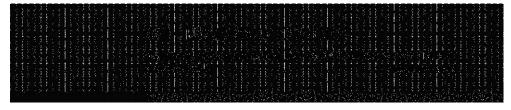
- 2.2. Interest payments are due under the following conditions:
- a) The agreed interest rate on the bond issue is reduced to 6% annually, as of 14.02.2015.
- b) The possibility of applying a reduction step in the amount of 0.25% (zero point twenty five percent) on the interest rate of the bond loan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





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



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

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

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

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

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

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



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

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

With regard to a commitment assumed by the Company pursuant to a decision of the General Meeting of the bondholders, held on 06.08.2010 for setting up a mortgage upon 7 835,99 sq.m. of commercial areas in the vacation complex "Marina Cape" in favour of the bondholders' trustee CB "Investbank" AD, "Intercapital Property Development" ADSIC has signed a Notary deed for setting up of a contractual mortgage, deed N 158, volume IV, reg. N 3289, file N 732 from 01.09.2010 of notary Gergana Nedina – acting in the region of Regional Court Pomorie, entered with reg. N 1808 from 01.09.2010, deed N 80, volume 1, file N 1213 in the Registry Office – Pomorie.

With regard to a commitment assumed by the Company pursuant to a decision of the General Meeting of the bondholders, held on 06.02.2013 for setting up a mortgage upon zoned property with ID 00833.5.409, with address: town Aheloy, region Prechistvatelnata, with size 40 002 sq.m. in favor of the bondholders' trustee CB "Investbank" AD, on 06.03.2013, in front of Mrs Zhiva Barantieva – assistant notary to Mrs Gergana Nedina, a notary with activity within the region of Regional Court – the town of Pomorie, entered in the register of the Notary Chamber under No. 607, a notary deed was signed for the establishment of a mortgage in favour of Investbank AD upon the above-mentioned property. The notary deed is entered in the Registry Agency, Service Registry – town Pomorie, with entry No. 493, act. No. 13, volume 1, file No. 270 dated 06.03.2013.

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

In compliance with the decisions of the General meetings of the bondholders up to present the Company has made amortization payments on the bond issue with total amount of EUR 2 125 000. As a result to this date interest is accrued on the outstanding principal of the issue or on EUR 2 875 000.

In compliance with the decisions of the General Meeting of the Company's bondholders, held on 11.02.2015, on 12.03.2015 the Company paid interest in the amount of EUR 52 932 and principal in the amount of EUR 62 500 that were due on 14.02.2015. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.02.2015-12.03.2015 in the amount of BGN 609.51 (or BGN 0.121902 per bond).

On 05.06.2015 "Intercapital Property Development" ADSIC paid interest in the amount of EUR 42 976 and principal in the amount of EUR 62 500 that were due on 14.05.2015. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.05.2015-05.06.2015 in the amount of BGN 442,07 (or BGN 0,088414 per bond).



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Due to the fact that ICPD did not manage to make the interest and principal payment until 12.05.2015 and in compliance with the decisions of the General Meeting of the Company's bondholders, held on 11.02.2015, the interest rate that has been applied over the outstanding bond loan for the next three-month period that started from 15.05.2015, remained in the amount of 6.00% annually.

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

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

30.07.2015 г.

М. Божилов Директор "Връзки с инвеститорите