

ANNUAL MANAGEMENT REPORT  
of INTERCAPITAL PROPERTY  
DEVELOPMENT ADSIC  
for 2017

28 March 2018

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## **I. Presentation on the development of the company's activities and its condition as well as on its future prospects:**

### 1. Liquidity:

#### a) Trends, circumstances and risks

The Company's liquidity depends largely on the timing of the incoming and the outgoing cash flows. The incoming cash flows for the Company may have the following origin:

- from the activity. These are mainly advance or final payments on contracts for sale of real estate property constructed by the Company.
- from financial activity. In case of issuing securities (equity or debt) or obtaining bank loans.

In 2017, the Company has reported revenue from the sale of real estate property - residential buildings for seasonal use in Marina Cape vacation complex amounting to BGN 3,364 thousand. The total area of the sold apartments is 2,974.51 sq.m. Currently, Intercapital Property Development ADSIC has concluded preliminary contracts for the sale of apartments of approximately 2,270.70 sq.m. in Marina Cape vacation complex.

In 2017, for a ninth consecutive year, Intercapital Property Development ADSIC has reported revenue on a non-consolidated basis from the exploitation of the investment properties in the complex (including commercial and residential areas). This activity is executed by its subsidiary company Marina Cape Management EOOD. Pursuant to the contract concluded between the parent company and the subsidiary company, Intercapital Property Development ADSIC receives 70% of the profit realized from the commercial and residential properties, which Marina Cape Management EOOD operates directly. For the year 2017 that revenue in accordance with the abovementioned contract amounts to BGN 362 thousand. In comparison, in 2016 these revenues amounted to BGN 380 thousand. It should be clarified that Intercapital Property Development ADSIC reports as revenues 100% from the profit, realized by the subsidiary company from managing the properties and then reports 30% of this amount as expenses for outsourced services.

In the past year the Company realized also additional income to the amount of BGN 15,023 thousand. BGN 1,770 thousand of them represent a partial write-off of liabilities towards one of its creditors, namely Grand Borovets 2013 EOOD. Another part, amounting to BGN 1,057 thousand, represents income from written-off liabilities towards customers/contractors of the Company, whereas a higher percentage of them have been written off in connection with the expiration of a limitation period for the liabilities. The company has also reported a positive result from the appraisal of several investment properties to the amount of BGN 304 thousand. In the fourth quarter of 2017 ICPD ADSIC generated additional revenues of BGN 12,604 thousand in connection with 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 have agreed that the debt of ICPD ADSIC to Marina Cape Properties OOD in the amount of EUR 6,444,263.63 shall be extinguished by giving instead of performing, and, 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 the shares of the capital of Marina Cape Management EOOD.

In 2017, the Company has not generated financial income. The financial expenses amount to

BGN 6,428 thousand and represent interest expenses entirely.

In the end of 2017, in compliance with the existing legislation, an appraisal of the investment properties, land and assets in process of construction, owned by the Company, was carried out. The investment properties of the Company include all properties – residential and commercial in the vacation complex Marina Cape. As a result of the appraisal, as of 31.12.2017, the value of a part of the investment properties of the Company was reduced by BGN 4,811 thousand and the value of a part of the investment properties was increased by BGN 304 thousand (as noted above) against their value before the appraisal, as of 31.12.2017. The result of the revaluation of the land, owned by the Company, as of 31.12.2017, is positive. As of 31.12.2017, their value is BGN 5,873 thousand compared to BGN 5,025 thousand, as of 31.12.2016.

#### b) Development of the Company's investment projects

##### **Marina Cape**

The vacation complex was fully completed in August 2010, when, on 12.08.2010, by virtue of certificate No 45 (26 s.) and certificate No 48 (27 s.) sector 26 and sector 27 (Zone 4) were put into operation.

In 2017, works on repairing damages that occurred during the exploitation and other necessary renovation in the complex were carried out. The renovation activities are carried out by the subsidiary and managing company Marina Cape Management EOOD.

The vacation complex is exploited all year round. In the winter season 2016-2017, two of all four restaurants were open, as well as the bowling hall, the spa centre, the fitness hall and the squash courts. A minimum of 100 apartments were maintained for letting out to tourists – organized or casual.

During the 2017 summer season, the complex was exploited at over 90% capacity (for the apartments owned by the Company and for those that are not owned by it but are managed by its subsidiary company Marina Cape Management EOOD).

There are regular conference meetings in the complex and the company aims to actively develop this type of tourism.

##### **Borovets Grand**

In May 2008 the Company received the construction permit and started the construction works within the project in the Borovets resort. The company that was chosen to carry out the rough construction was Midia AD. The plot where the project is to be constructed has a total area of 6,600 sq. m. The site has 10,000 sq. m. of built-up area and includes a residential area – 5,175 sq. m., commercial areas – 3,140 sq. m. and underground garages – 1,685 sq. m.

In October 2008 the Company received Act 14 and Certificate for completed rough construction for the project in Borovets. Currently, the additional requirements of CEZ have been taken care of. Issuance of Act 15 for the outside electric supply of the building and signing a contract for the sale of the electric substation shall be carried out after completing the construction (Act 15) of the building. Currently, all construction and other works on the building are at a halt for an indefinite period of time.

The Company's plans about the Borovets Grand project were to have it completed with the funds from the capital increase procedure that was carried out in July-August 2010. The amount raised however fell short of the total funds needed to complete the project.

On 6 June 2011, the Board of Directors took a decision to start negotiations for the sale of the Company's own real estate and the Grand Borovets hotel apartment complex built on it for a starting price not lower than EUR 5,000,000.

In connection with this, the advertisement for the sale was published in several national daily newspapers in Bulgaria, as well as in the newspaper *Vedomosti* in Russia. In addition, the Company presented the sale project to brokers in the Arab countries, Russia and Kazakhstan.

Parallel to the above, the Company started searching for a partner who might be willing to invest EUR 2,500,000, required for completing the project Grand Borovets, so that the complex might function as a hotel. In connection with this, the Company established contacts and negotiated with several potential investors.

On 17 December 2013 the Company signed a contract with Bulgaria Leasing EAD for financial leasing of real estates, the investment project Grand Borovets being its subject. The lease price of the contract to be paid was EUR 2,927,724.36, excluding VAT. Initially, the lease price was agreed to be paid in a 2-year period, with a grace period of 6 months, in 24 instalments, each one due on the 20<sup>th</sup> day of the month for which it is due, and at a fixed annual interest of 9%. By mutual agreement of the parties in 2014, the maturity date for the lease instalments was extended until 20 December 2019 as a result of which, the leasing price was altered to EUR 3,183,968.45, excluding VAT. The parties signed a new agreement in the end of 2016, whereby the maturity date for the lease instalments was extended until 20 December 2021 and, accordingly, the leasing price was altered to EUR 3,411,746, excluding VAT. By virtue of the contract dated 17 December 2013, Intercapital Property Development ADSIC transferred by a notary deed the ownership in the land with ID 65231.918.189, located in Samokov, Samokov municipality, Sofia region, and the building constructed on it, representing a hotel apartment complex and service buildings with ID 65231.918.189.2, to the lessor, Bulgarian Leasing EAD. As a result, and under the conditions of a leaseback agreement, Intercapital Property Development ADSIC was granted possession of the properties, subject to the Contract for financial leasing, by the lessor.

### c) Financing of Company's operations

As of 31.12.2017, Intercapital Property Development ADSIC has obligations towards banking institutions, including long term and short term ones, in the amount of BGN 16,418 thousand, as well as an obligation relating to the principal of a bond issue amounting to BGN 4,246 thousand.

Due to the fact that ICPD did not manage to make the interest and principal payment on its bond loan (due on 14.02.2017) before 10.02.2017, pursuant to the repayment scheme, adopted by the General Meeting of Bondholders, held on 11.02.2015 and in compliance with the Decisions of the bondholders of that meeting, the interest rate that was applied over the outstanding bond loan for the next three-month period starting on 15.02.2017, remained in the amount of 5.75% annually.

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, which were due on 14.02.2017. By reason of to the delay in making the amortization payment, the Company paid to its bondholders

interest for the delay for the period from 15.02.2017 till 13.03.2016 in the amount of BGN 1,039.88 (or BGN 0.207975138 per bond).

Due to the fact that the ICPD did not manage to make the interest and principal payment on the bond loan (due on 14.05.2017) before 11.05.2017, under the repayment plan, adopted by the General Meeting of Bondholders held on 11.02.2015, and in accordance with the Decisions of the bondholders of that meeting, the interest rate applicable on the remainder of the bond issue for the next three month-period, starting on 15.05.2017, remained in the amount of 5.75% annually.

On 12.06.2017, the Company paid interest in the amount of EUR 33,299 and principal in the amount of EUR 125,000, which were due on 14.05.2017. By reason of the delay in making the amortization payment, the Company paid to its bondholders interest for the delay for the period from 15.05.2017 till 12.06.2017 in the amount of BGN 1,116.90 (or BGN 0.22338 per bond).

Due to the fact that the ICPD did not manage to make the interest and principal payment on the bond loan (due on 14.08.2017) before 10.08.2017 and in accordance with the Decisions of the Company's General Meeting of Bondholders held on 11.02.2015, the interest rate applicable on the remainder of the bond issue for the next three-month period, starting on 15.08.2017, remained in the amount of 5.75% annually.

On 12.09.2017, with the entry of number 20170912135558 in the files of Intercapital Property Development ADSIC in the Commercial Register at the Registry Agency a notice was announced for convening a General Meeting of Bondholders of the Company, scheduled for 25.09.2017. The meeting was convened following a request on behalf of the issuer to CB Investbank AD in its capacity as trustee for the bond issue. The agenda of the meeting was as follows:

**Point 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 of the bond loan and interest payments is 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 of the bond loan from the maturity of the first principal payment, following the date of renegotiation of the terms of the issue. In connection with the agreed grace period, the principal shall be 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 shall be due under the following conditions:

- a) The agreed interest rate on the bond loan shall be 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 shall be payable every three months on the dates listed in the table below:

Date of interest payments	Number of days in an 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 by 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 INTERCAPITAL PROPERTY DEVELOPMENT ADSIC's bond issue, except those expressly stated above, shall remain in force and keep their effect as originally agreed, respectively renegotiated with a resolution of 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 of the bond loan and interest payments is 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 connection with the agreed grace period, the principal shall be 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
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14.11./ 62,610	14.11. / 62,500	14.11./ 125,000	
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- a) The agreed interest rate on the bond issue shall be 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 shall be payable every three months on the dates listed in the table below:

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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 by 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 INTERCAPITAL PROPERTY DEVELOPMENT ADSIC's bond issue, except those expressly stated above, shall remain in force and keep their effect as originally agreed, respectively renegotiated with a resolution of the General Meeting of Bondholders.

**Point two:** Amending the conditions under which the Issuer presents collateral within the meaning of art. 100z, para 1 of the Law on Public Offering of Securities and representing insurance from 'Insurance Company Euroins' AD, covering the risk of non-payment by the Issuer of interest or principal on the Corporate Bond Issue with ISIN Code BG2100019079.

**Draft resolution:** The General meeting of Bondholders adopts a decision and imposes an obligation to the Issuer to sign an Addendum to the Insurance Policy № 290001753 / 06.08.2010 with 'Insurance Company Euroins' AD, reflecting the adopted amendments to the terms and conditions of the bond issue corporate bonds with ISIN Code BG2100019079, according to the decision adopted under the preceding point.

**Point three:** Adoption of a resolution for assigning to and authorizing of the Issuer 'INTERCAPITAL PROPERTY DEVELOPMENT' ADSIC to take the relevant decision and to undertake all legal and formal actions necessary for carrying out of the amendments regarding the terms and conditions of the bond issue voted on under the previous point;

**Draft resolution:** The General meeting of Bondholders assigns to the Issuer 'INTERCAPITAL PROPERTY DEVELOPMENT' ADSIC and authorizes it to undertake all legal and formal actions necessary for carrying out of the adopted amendments to the terms and conditions of the bond issue, including, but not limited to, to give in person or by proxy the necessary notifications to Central Depository AD, Bulgarian Stock Exchange, Financial Supervision Commission.

**Point four:** Miscellaneous.'

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

With regard to the fact that ICPD was not able to pay the sums due towards 14.08.2017 interest in the amount of EUR 32 610 and principal 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 occurred 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.

By a letter under outgoing No 2989/6 dated 03.10.2017, received by ICPD ADSIC on 03.10.2017 'Insurance Company Euroins' AD in its capacity as insurer under insurance policy, issued in relation to provision of collateral to the bondholders of the bond issue, issued by ICPD ADSIC informed Investbank AD in its capacity as a trustee of the bondholders acting as an insured person and secured creditor of the receivables of all bondholders and ICPD ADSIC that as from 00.00 h on 03.10.2017 the insurer terminates the insurance agreement with insurance policy No. 29-0000-1753 dated 11.02.2015

It is stated in the notification that in relation to an application under incoming No 2989/4/28.09.2017 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 payments under the bond loan towards 14.08.2017, filed by Investbank AD, 'Insurance Company Euroins' AD will 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, which have occurred prior to the date of termination of the insurance agreement.

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

On 24.10.2017 ICPD was informed by Investbank AD that the trustee has 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 delay of payment of part of the obligations under the issue (due towards 14.08.2017) has lasted for more than 30 days.

At a meeting of the Board of Directors of BSE-Sofia AD under Minutes No. 55 / 26.10.2017 and by virtue of art. 39, para. 1, point 4 of Part III Rules for admission to trading of the Rules and Regulations of BSE-Sofia AD, the Board of Directors of BSE-Sofia has finally terminated the registration of the corporate bond issue issued by ICPD ADSIC as from 27.10.2017.

On 22.11.2017, ICPD received a notification from Investbank AD in its capacity as a trustee under the bond issue of the company, by which the bank informed the issuer about a general meeting of the bondholders, held on 15.11.2017, convened by the trustee bank by 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 of specific actions aimed at satisfaction of the interests of bondholders in view of the ahead of term 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, at which the drafted detailed plan shall be reviewed and accepted.

At the end of December 2017, ICPD received a new notification from Investbank AD in its capacity as a trustee under 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, convened 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 adopted decisions related to the protection of interests of the bondholders and the possibilities for satisfaction of the claims under the bond issue in view of the ahead of term due date of the bond loan, including the decision to take action against the insurer of the bond issue - 'Insurance Company Euroins' AD, and to join the bankruptcy proceedings initiated against the issuer's. The bondholders adopted a decision that the costs incurred in relation to the actions against the insurer and ICPD will be provided by the bondholders in proportion to the amount of bonds they own from the issue, for which a specific agreement should be signed. The General Meeting of the Bondholders also examined offers of various law firm to protect the rights of bondholders in court proceedings against the insurer and Zahariev and Milushev Law Firm was elected with a majority of votes. 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 by additional voting.

By a letter under outgoing No 5146-1453/06.03.2018 of Investbank AD, 'Intercapital Property Development' ADSIC was informed about a General Meeting of Bondholders of corporate bonds issue, issued by the public company convened on 14.03.2018 and a copy of the invitation for the meeting was attached to the letter. The agenda of the meeting includes the following points:

**POINT ONE:** Adoption of a decision on confirmation of the decision under point 2.4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders authorizes the bondholders' trustee bank to undertake the necessary actions for initiation of claim/s under the rules of the Civil Procedure Code and the relevant Bulgarian legislation in force against 'Insurance Company Euroins' AD, UIC 121265113 in its capacity as insurer under insurance policy 29-0000-1753/06.08.2010 for payment of the due insurance indemnity, as well as to represent the bondholders and to protect their rights in the course of court proceedings.

**Draft resolution:** The General Meeting of Bondholders confirms the decision under point 2.4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders authorizes the bondholders' trustee bank to undertake the necessary actions for initiation of claim/s under the rules of the Civil Procedure Code and the relevant Bulgarian legislation in force against 'Insurance Company Euroins' AD, UIC 121265113 in its capacity as insurer under insurance policy 29-0000-1753/06.08.2010 for payment of the due insurance indemnity, as well as to represent the bondholders and to protect their rights in the course of court proceedings.

**POINT TWO:** Adoption of a decision on confirmation of the decision under point 3 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, according to which the costs for performance of the actions, envisaged under the decisions adopted under point two of the agenda, relevant to satisfaction of receivables of bondholders (including state fees, attorney's fees, expert's fees etc.) shall be mandatorily provided in advance by the bondholders of the bond issue in proportion to the amount of bonds held, with regard to which and in fulfillment of which the bondholders shall sign an explicit written agreement on costs and expenses.

**Draft resolution:** The General Meeting of Bondholders confirms the decision under point 3 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, according to which the costs for performance of the actions, envisaged under the decisions adopted under point two of the agenda, relevant to satisfaction of receivables of bondholders (including state fees, attorney's fees, expert's fees etc.) shall be mandatorily provided in advance by the bondholders of the bond issue in proportion to the amount of bonds held, with regard to which

and in fulfillment of which the bondholders shall sign an explicit written agreement on costs and expenses.

**POINT THREE:** Adoption of a decision on confirmation of the decision under point 4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders accepts the offer of and elects 'Zahariev and Metodiev' Law Firm to represent the bondholders and to maintain the documentation and to act as a counsellor of the bondholders of corporate bonds, issued by 'Intercapital Property Development' ADSIC under ISIN Code of the issue BG2100019079 against the insurance company in conformity to a decision of the General Meeting of Bondholders under point 2.4 of point two of the agenda, under all court proceedings in all court instances relevant to satisfaction of receivables of bondholders of the bond issue and assigns to the trustee bank to sign a contract with the law firm at the price and under the terms and conditions of the approved offer.

**Draft resolution:** The General Meeting of Bondholders confirms the decision under point 4 of the agenda, adopted by the General Meeting of Bondholders, held on 18.12.2017, by means of which the General Meeting of Bondholders accepts the offer of and elects 'Zahariev and Metodiev' Law Firm to represent the bondholders and to maintain the documentation and to act as a counsellor of the bondholders of corporate bonds, issued by 'Intercapital Property Development' ADSIC under ISIN Code of the issue BG2100019079 against the insurance company in conformity to a decision of the General Meeting of Bondholders under point 2.4 of point two of the agenda, under all court proceedings in all court instances relevant to satisfaction of receivables of bondholders of the bond issue and assigns to the trustee bank to sign a contract with the law firm at the price and under the terms and conditions of the approved offer.

**POINT FOUR:** Adoption of a decision and authorization of the bondholders' trustee bank to file an application for initiation of bankruptcy proceedings of the issuer of bonds 'Intercapital Property Development' ADSIC and to represent the bondholders and to protect their rights and interests relevant to satisfaction of their receivables in the course of the bankruptcy proceedings.

**Draft resolution:** The General Meeting of Bondholders adopts a decision and authorizes the bondholders' trustee bank to file an application for initiation of bankruptcy proceedings of the issuer of bonds 'Intercapital Property Development' ADSIC and to represent the bondholders and to protect their rights and interests relevant to satisfaction of their receivables in the course of the bankruptcy proceedings;

**POINT FIVE:** Adoption of a decision on election of a law firm and/or an attorney at law, which shall act as representatives, maintain documentation and act as counsellors of bondholders of corporate bonds, issued by 'Intercapital Property Development' ADSIC under ISIN Code of the issue BG2100019079 in the course of the court proceedings under point 4, initiated upon filed application for initiation of bankruptcy proceedings against the issuer in all court instances, relevant to satisfaction of receivables of bondholders of the bond issue.

**Draft resolution:** The General Meeting of Bondholders adopts a decision on election of a law firm and/or an attorney at law, which shall act as representatives, maintain documentation and act as counsellors of bondholders of corporate bonds, issued by 'Intercapital Property Development' ADSIC under ISIN Code of the issue BG2100019079 in the course of the court proceedings under point 4, initiated upon filed application for initiation of bankruptcy proceedings against the issuer in all court instances, relevant to satisfaction of receivables of bondholders of the bond issue.

**POINT SIX:** Acceptance for information purposes of the Agreement on costs and expenses (including state fees, attorney's fees, expert's fees etc.) signed in fulfillment of point three of the decision, adopted by the General Meeting of Bondholders, held on 18.12.2017 relevant to costs incurred by the trustee bank in relation to the actions of the trustee bank aimed at satisfaction of receivables of bondholders.

**Draft resolution:** The General Meeting of Bondholders accepts information purposes of the Agreement on costs and expenses (including state fees, attorney's fees, expert's fees etc.) signed in fulfilment of point three of the decision, adopted by the General Meeting of Bondholders, held on 18.12.2017 and agrees and confirms that the terms and conditions of the Agreement shall be binding on all bondholders notwithstanding whether they have signed the Agreement.

**POINT SEVEN:** Miscellaneous.

73.74% of bondholders were represented at the General Meeting of Bondholders. The majority of presented bonds voted 'for' the adoption of draft resolutions under points 1, 2 and 3 of the agenda, by means of which the bondholders confirmed the decisions adopted under points 2.4, 3 and 4 of the agenda of the preceding General Meeting of Bondholders, held on 18.12.2017. In addition to these decisions the bondholders accepted for information purposes and approved and confirmed an Agreement on costs and expenses signed in fulfilment of the decision, adopted by the General Meeting on 18.12.2017 relevant to filing of claim/s against the insurer of the bond issue 'Insurance Company Euroins' AD. The general meeting again voted on the proposal for filing of an application on behalf of the bondholders for initiation of bankruptcy proceedings, respectively for election of a law firm, which to represent the bondholders in the course of the court proceedings, but the proposal was not accepted.

The issuer company was not represented at the general meeting and was informed about the results of the meeting by a letter under outgoing No 5146-1600/19.03.2018 of 'Investbank' AD, to which copies of the minutes of the general meeting and the list of represented bondholders were attached.

On 24.09.2015 'Intercapital Property Development' ADSIC was informed about the initiation of enforcement proceedings No 671/2015, on the inventory of private enforcement agent Stanimira Nikolova, Reg. No 805 of the Chamber of Private Enforcement Agents. The case was initiated on the basis of writ of execution issued in favour of 'PIRAEUS BANK BULGARIA' AD, for principal in the amount of EUR 550,000. The writs of execution for these sums have been issued as follows:

- for the amount of EUR 250,000 – under court-ordered proceedings under civil case No 22731/2015 on the inventory 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 – under court-ordered proceedings under civil case No 22737/2015 on the inventory 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 against the issued court orders and writs of execution. In response, the bank has filed declaratory claims pursuant to art. 422 of Civil Procedure Code, as follows:

- for the receivable in the size of EUR 250,000 commercial case No 1501/2016 on the inventory of Sofia City Court was initiated;
- for the receivable in the size of EUR 300,000 commercial case No 777/2016 on the inventory of Sofia City Court was initiated

In 2016 ICPD ADSIC was informed about the issuing of two more writs of execution as follows:

- for the amount of EUR 500,000 – under court-ordered proceedings under civil case No 9111/2016 on the inventory 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 – under court-ordered proceedings under civil case No 9110/2016 on the inventory of Regional Court of Sofia, the claim originating from Investment Loan Contract No 736/2008 dated 07.07.2008 signed with ‘PIRAEUS BANK BULGARIA’ AD

The company has filed appeals against the issued court orders and writs of execution under both court-ordered proceedings in 2016.

In this regard the Bank has filed declaratory claims pursuant to art. 422 of Civil Procedure Code upon which commercial case No 777/2016, commercial case No 1501/2016 and commercial case No 7106/2016 were initiated, all three cases on the inventory of Sofia City Court.

In 2016 ‘PIRAEUS BANK BULGARIA’ AD filed an application for initiation of bankruptcy proceedings for ICPD pursuant art. 629, para 2 of Commercial Law. In relation to the latter, commercial case No 2209/2016 on the inventory of the Sofia City Court was initiated.

By rulings of Sofia City Court under the above cases, initiated upon declaratory claims, filed by ‘PIRAEUS BANK BULGARIA’ AD, enacted on 16.02.2017 and 01.03.2017 the proceedings under these cases were terminated on the grounds of an agreement signed between the parties. In this regard ‘Intercapital Property Development’ ADSIC withdrew its appeal under civil case No 9110/2016 on the inventory of Regional Court of Sofia.

On 13.03.2017 ICPD was informed that by a ruling dated 16.02.2017 the court has terminated the proceedings under the case, initiated upon the claim of ‘PIRAEUS BANK BULGARIA’ AD for initiation of bankruptcy proceedings against ‘Intercapital Property Development’ ADSIC.

On 04.07.2017 ‘Intercapital Property Development’ ADSIC was informed about signing of a contract for transferring of receivables between ‘Piraeus Bank Bulgaria’ AD, UIC 831633691 as an assignor (cedant) and ‘Marina Cape Properties’ OOD, 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 Contract No 1236/2007 dated 19.10.2007, Investment Loan Contract No 736/2008 dated 07.07.2008 and Investment Loan Contract 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, UIC 131397743 was informed by ‘Marina Cape Properties’ OOD that pursuant to a Contract for transferring of receivables, ‘Marina Cape Properties’ OOD, UIC 204372411 has transferred to ‘Futures Capital’ AD, UIC 201624613 receivables for principals ensuing from investment loan contracts signed with ‘Piraeus Bank Bulgaria’ AD, described in the previous paragraph, namely Investment Loan Contract No 1236/2007 dated 19.10.2007, Investment Loan Contract No 736/2008 dated 07.07.2008 and Investment Loan Contract No 327/2009 dated 14.12.2009. The total amount of the principals transferred is EUR 8,229,045.97

Towards 31.12.2017 ‘Intercapital Property Development’ ADSIC confirmed to ‘Futures Capital’ AD the size of its debts due to the new creditor (including principal and interest).

On 05.09.2017 ‘Intercapital Property Development’ ADSIC, UIC 131397743 received a notice under enforcement proceedings No 850/2016 on the inventory of Private Enforcement Agent Ivanka Mindova, reg. No 704 of the Chamber of Private Enforcement Agents, by means of which the company was informed that by a Decree dated 19.07.2016 under the enforcement proceedings ‘AVI CONSULT’ EOOD, UIC 131397729 has joined the proceedings as a creditor for due sums in the total size of BGN 542,773.75, including: BGN 100,000 – principal, BGN

161,736.95 – indemnity, BGN 238,263.05 – interest under a contract, BGN 26,125.15 – court expenses, BGN 157.00 – fees and expenses under the enforcement proceedings.

In addition, the Company was informed that the joined creditor ‘AVI CONSULT’ EOOD has realized its right of retention within the meaning of art. 136, para 4 of Law on Obligations and Contracts with regard to real estate of ‘Intercapital Property Development’ ADSIC in the town of Aheloy, Pomorie, Marina Cape complex, with regard to which a distraint was levied in the course of the enforcement proceedings on 11.07.2016. The real estate subject to distraint includes:

- 1) Private property in a building with identifier 0833.5.409.19.29, with area of 63.00 square meters;
- 2) Private property in a building with identifier 0833.5.409.18.13, with area of 59.00 square meters;
- 3) Private property in a building with identifier 0833.5.409.19.29, with area of 63.00 square meters;
- 4) Private property in a building with identifier 0833.5.409.20.35, with area of 46.00 square meters;
- 5) Private property in a building with identifier 0833.5.409.20.85, with area of 42.00 square meters;
- 6) Private property in a building with identifier 0833.5.409.22.12 with area of 37.00 square meters.

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 towards ‘Marina Cape Properties’ OOD in the size of EUR 6,444,263.63 is paid by means of *datio in solutum*, where not later than 31.03.2018:

- 1) a sum in the size of EUR 30,000 shall be paid;
- 2) ICPD ADSIC shall transfer to ‘Marina Cape Properties’ OOD all shares in the capital of ‘Marina Cape Management’ EOOD.

## 2. Capital resources:

a) Material commitments for capital expenditures towards the end of the last reporting period

With regard to ‘Marina Cape’ vacation complex the Company does not have material commitments for realization of capital expenditures, because licenses for use of all residential properties in the complex have already been issued - i.e. the properties, which are subject to signed preliminary contracts for sale and with regard to which advance payments have been received, are ready for use.

With regard to ‘Grand Borovets’ vacation complex, at present the Company has signed preliminary contracts for sale of around 2,745.33 sq. m. of residential properties pursuant to which the Company is bounded by particular terms and obligations for realization of capital expenses.

It has already been stated above that at present the construction works under Grad Borovets project have been suspended due to lack of financing. According to the evaluations of company’s management around EUR 2,500,000 are necessary for the finalization of the project. This sum includes costs for construction of all installation in the complex (including water supply, sewerage, and electric installation), setting of flooring, tiling, landscaping, insulation,

plaster walls and everything else that is necessary for obtaining of a certificate for putting into operation.

b) Indication of significant trends, favourable or not, for the capital resources of the Company

Currently, the Company may not make forecasts referring to capital increase by means of new issuing of shares due to the instability and uncertainty of the capital markets.

c) Indication of the expected significant changes in the ratio and the relative price of these resources

**Equity.** In 2017 the world capital markets increased the market value of traded securities with more than USD 9 trillion and this way reaching the most significant yearly growth since the end of the last global financial and economic crisis. According to analyses of Wallstreet Journal the general world index - S&P global broad market index, which includes a number of significant companies from 48 countries has increased its market capitalization in the framework of the twelve months of 2017 with USD 9.6 trillion, which significantly exceeds the preceding growth of USD 8.1 trillion reached in 2009 – the beginning of recovery from the global financial crisis. The Agency has also accounted that S&P500 index contributed to the increasing of the market value with around USD 3.9 billion of the whole sum, where almost 25% of added market capitalization was generated by only five companies in the face of Apple Inc., Alphabet (owner of Google Inc.), Amazon, Facebook and Microsoft. According to the analysts the racing on Wall Street is going on even now and may continue during the whole 2018 due to the USA tax reform and strong economy. However, there are some risks related to the increasing of interest rates, which especially on the background of stronger macroeconomic data may get ahead of the market. According to the last data the American economy during the third trimester has reached the fastest increasing for the last two years. The biggest banks on Wall Street expect the Federal Reserve to increase the interest rates in the USA three times in 2018 and the central bank itself has the same expectations. Exactly three times was the increasing of interest rates in 2017. Furthermore, some analysts have concerns relevant to too fast increasing of inflation, because the economic growth exercises pressure on the Federal Reserve to increase the interest rates faster than the analysts expect. The increasing tension between USA and North Korea shook up the international markets in 2017, but Wall Street managed to handle these concerns. This and other cases will occur again in 2018. The corporate gainings of USA supported the prices of shares in 2017, but according to the data of FactSet speed of their growth is decreasing in every trimester. According to some analysts the American market is overestimated in historical perspective due to the unprecedented policy of Fed in the last years.

In 2017 in Europe the stock exchanges have closed their most profitable 12 months sine 2013 due to the significant raising of prices of shares in the technological and extractive sectors. STOXX Europe 600 Technology Index reached 20% increase, although it still falls behind the American Nasdaq, which reached almost 30% increase in the 12 months of 2017. The prices of shares of companies in the mining sector also reached significant increasing due to the rising of prices of non-ferrous metals in the last few months. Stoxx

Europe 600 basis resources index reached around 19% increase during the past year. The main European indexes closed the year by two-digit growths, even though they were smaller than the American ones. The positive development of the German index Dax was with more than 13% and the French index CAC40 reached an increasing of around 10%. At the same time the British index FTSE100 has increased to a record historical peak of 7656 points and closed 2017 with an increasing of 7.27% after growth of 14% in 2016, regardless of the poor performance of economy of Great Britain and the uncertainty caused by ongoing negotiations for Brexit. This solid rising movement is based on the depreciation of the British pound after the referendum in the middle of 2016, at which British citizens voted surprisingly for the leaving of the European Union. It shall be kept in mind that the weaker pound contributed to the growth of FTSE100, because around 75% of revenues of the companies included in the index are formed abroad and as a result of this are bigger in size when converted in British pounds.

The last year may be defined as the year of positive expectations and positive economic results for the Bulgarian Stock Exchange – Sofia. The last month of 2017 and the second half of the year were relatively calm and the market rates remained dependent on the consolidation trend after the significant growth of prices in the beginning of the year and the reached peaks during the summer months. The main benchmark of the Bulgarian Stock Exchange – Sofia, SOFIX closed the year with growth of over 15% up to 676 points. The highest level for the year of the Bulgarian Stock Exchange index was reached in the middle of August – 730.9 points. At the end of the year the Romanian index BET closed the year at the level of 7753.74 points, which formed growth of 9.4% for the year. The last macro data of two economies show the existence of significant dynamics and growth of economic activity and of prices of production and consumer goods. The comparative analysis of macro data shows that the Romanian economy reached growth of 8.8% on annual basis for the last trimester, while the Bulgarian economy reached growth of 3.9% for the same period of the year. Due to the above described trends the expectations of the management team of ‘Intercapital Property Development’ ADSIC are fairly optimistic and the company does not exclude the occurrence of certain volatility on the markets in the Central and Eastern European region. Therefore, the management team of the Company may not make forecasts for upcoming procedures for increasing of the capital of the company.

- Debt securities. During the fourth trimester of 2017 the profitability of government securities on the primary market continued to decrease. After accounted reduction (with 27 base points in comparison to September) of profitability of government securities with original maturity 7 years and 6 months at the opening of the issue in October, the reached average annual profitability decreased with additional 6 base points at subsequent offering in December, reaching of level of 0.36%. At the auction of government securities with four-years maturity held in November, for the first time negative average annual profitability (-0.19%) was reached and the reduction in comparison to the preceding auction held in June was with 24 base points. The reported continuing and more remarkable decreasing of profitability of Bulgarian securities were due to combination of internal and external factors.

Under conditions of limited offering of government securities on the primary market and high liquidity in the bank system the decreasing of interest rate of excess reserves of banks in the BNB that has entered into force in the beginning of October probably had some effect on the increasing of demand for government securities on the part of the banks. Additional factor that may contribute to decreasing of profitability of the state debt is the decreasing of risk premium of the country after the increasing of long-term credit rating of Bulgaria made in December 2017 by the international rating agencies Standard&Poor's and Fitch. The external environment also remained favourable. During the first half of 2018 the profitability of Bulgarian government securities will be influenced by two groups of factors – external and internal. The external factors will have influence in direction – rising of profitability due to the decreasing of volumes under asset purchasing program declared by the ECB. At the same time the decreasing of profitability of Bulgarian government securities may be due to factors of entirely internal nature, such as released liquidity as a result of significant payments of principals and interest of government securities with maturity dates in January 2018 (BGN 1144 million) and planned limited offering of government securities during the whole year according to the declared issuing policy of MF for 2018.

In 2017 Bulgaria continued its practice of placing of corporate bonds outside the stock exchange with subsequent registration for trade on the stock exchange market. The new issues registered for trade on Bulgarian Stock Exchange – Sofia were 9. The management team of investment agent/intermediary 'Intercapital Markets' AD expects preservation of this trend for placing of corporate bonds outside the stock exchange with subsequent registration for trade on the stock exchange market during 2018. In 2017 20 issues of government securities, issued by the Bulgarian Ministry of Finance were placed on the stock exchange market.

- Bank loans. Although even in 2011 the banking market began to observe some movement, it was more in terms of housing loans, i.e. it benefited the buyers and was almost negligible in terms of developers. We expect that in 2018 the situation in the credit markets would continue to improve, but the construction contracting sector will likely still be considered as not a very desirable borrower.

### 3. Results of Company's activity

#### a) Extraordinary or sporadic events

In 2017 there were no unusual and sporadic events for the Company, which have influenced the results of its activity, except the following circumstances, which were described in detail in point 1, letter 'c' above:

In 2016 'Pireos Bank Bulgaria' AD filed a request to commence a procedure for declaration of insolvency in accordance with Article 629, Subparagraph 2 of the Commerce Act against ICPD. On the grounds of that request commercial litigation No 2209/2016 was commenced based on the docket of Sofia City Court.

With decisions of Sofia City Court on the litigations described in point 1, letter 'c' above, commenced on the grounds of declaratory suits, brought by 'Pireos Bank Bulgaria' AD ruled on 16.02.2017 and 01.03.2017 the proceedings on those litigations were terminated after an agreement was reached by the sides. In relation to that 'Intercapital Property Development ADSIC withdrew its objection on the commenced proceedings of private civil litigation No 9110/2016 on the docket of District Court – Sofia.

On 13.03.2017 ICPD was informed that with a decision from 16.02.2017 the court terminated the proceedings on the litigation commenced on the grounds of the request made by 'PIREOS BANK BULGARIA' AD for commencement of insolvency procedure against 'Intercapital Property Development' ADSIC.

On 04.07.2017 'Intercapital Property Development' ADSIC, with UIC 131397743, was informed that a contract for transfer of receivables was concluded between 'Pireos Bank Bulgaria' AD with UIC 831633691 as an assignor and 'Marina Cape Properties' OOD with UIC 204372411 as an assignee. On the grounds of this contract 'Pireos Bank Bulgaria' AD has transferred to 'Marina Cape Properties' OOD all its receivables from 'Intercapital Property Development' ADSIC that arise from Contract for investment Credit No 1236/2007 from 19.10.2007, Contract for investment Credit No 736/2008 from 07.07.2008 and Contract for investment Credit No 327/2009 from 14.12.2009, together with all the privileges, collaterals and other appurtenances.

On 18.08.2017 'Intercapital Property Development' ADSIC, with UIC 131397743, was informed by 'Marina Cape Properties' OOD that according to concluded contract for transfer of receivables 'Marina Cape Properties' OOD with UIC 204372411 has transferred to 'Futures Capital' AD with UIC 201624613 its receivables of principles based on the contracts for investment credit concluded with 'Pireos Bank Bulgaria' AD described in the previous paragraph namely Contract for investment Credit No 1236/2007 from 19.10.2007, Contract for investment Credit No 736/2008 from 07.07.2008 and Contract for investment Credit No 327/2009 from 14.12.2009. The full amount of transferred receivables of principles is EUR 8,229,045.97.

By 31.12.2017 'Intercapital Property Development' ADSIC has confirmed with 'Futures Capital' AD the amount of its debt to the new creditor. (including principle and interest).

According to an agreement from 27.12.2017 'Intercapital Property Development' ADSIC and 'Marina Cape Properties' OOD agreed that the debt of ICPD ADSIC to 'Marina Cape Properties' OOD with an amount of EUR 6,444,263.63 is paid off via giving in spite of execution and by 31.03.2018:

- 1) A sum of EUR 30,000 shall be paid off;
- 2) ICPD ADSIC transfers to 'Marina Cape Properties' AD all company shares of the capital of 'Marina Cape Management' EOOD.

In relation to the above, in 2017 the Company realised 'Other Incomes' of BGN 12,604 thousands based on the contracted repayment of the due amount to 'Marina Cape Properties' OOD.

Additionally, in 2017 the issuer generated other incomes related to write-offs with an amount of BGN 2,265 thousand. Of those BGN 1,170 thousand represent a write-off of part of an obligation to one of its creditors, namely Grand Borovets 2013 EOOD. Another sum of BGN 1,057 thousand represent an income from write-offs of due obligations towards

clients/counterparties of the Company. Most of the obligations are written off in relation to expiry of limitation periods of the obligations.

With a letter No 2989/6 from 03.10.2017 received by ICPD ADSIC on 03.10.2017, insurance company 'Euroins' AD in its quality of insurer on an insurance policy, contracted in relation to provision of collateral for the debenture holders of the emission of bonds issued by ICPD ADSIC, informs 'Investbank' AD in its quality of a trustee of the debenture holders acting as an insured party and secured creditor of the receivables of all debenture holders and ICPD ADSIC, that from 00:00 h. on 03.10.2017 the insurer terminates the insurance contract with insurance policy number 29-0000-1753 from 11.02.2015.

On a meeting of the Board of Directors of Bulgarian Stock Exchange – Sofia AD based on Protocol No 55/26.10.2017 and Article 39, Subparagraph 1, point 4 of Part III Rules for admission to trading of Regulations for operation of BSE-Sofia AD, the Board of directors of BSE-Sofia AD completely terminated the registration of the emission of bonds issued by ICPD ADSIC from 27.10.2017.

Detailed information related to the termination of the insurance contract by Insurance company 'Euroins' AD is presented in point 1, letter 'c' above in the present report.

b) Detection of change of the ratio between revenues and expenditure.

Construction works on the project 'Grand Borovets' remained frozen in 2017. They may be resumed in case of securing finances to complete the site.

In 2017 the expenses related to the project 'Marina Cape' were mainly fees for management and maintenance and overheads. It is expected that in 2018 the Company will continue to realize revenue from the sale of holiday properties in 'Marina Cape' as well as from their management. The largest point in the Company's expenses in 2017 was the expenses for interest – on bank and bond loans and on other obligations of the Company.

c) Analysis of the effects of inflation and the changing prices on the revenue from the Company's main activity for the reporting period.

According to an analysis of the real estate agency 'Bulgarian Properties', such a positive attitude on the Bulgarian market was not present since 2007-2008. It was present not only in Sofia, but also in other big cities and partly in the holiday segment and the main driver on the market all over the country were Bulgarian buyers.

The market was strongest in Sofia where prices have risen between 10–15% and the average price has reached EUR 1,000 per sq. m. Strongest activity and fastest rise of prices were registered between April and mid-July. After that certain market slow-down is observed and as well as a reduction in the rising of price rates.

The new construction was a hit on the market in 2017 as well and the best projects were sold out at the first stages of construction.

In 2017 the holiday markets at the seaside and especially at the ski resorts were very strong and the sales there have risen at the fastest rate from the middle of the year and in Bansko the sales volumes have risen with the remarkable 30%. Huge demand from Bulgarian buyers is present in Borovets and Pamporovo. Bansko on the other hand remains the most international of the three resorts with buyers from wide variety of nationalities. The trend which was expected by the

experts of 'Bulgarian Properties' was the positive processes from the big cities to be transferred to the holiday segment due to the present ready-to-use properties, offered at tempting low prices, which literally everyone can afford.

The experts' expectations are that 2018 will be very similar to 2017. The main trends of economic growth, growth of incomes and employment, low interest rates on deposits and credits are expected to remain unchanged, which will be a prerequisite for continued growth of the real estate market as well as the prices of properties.

The price rise rate will probably slow down, but activity in general will remain unchanged and in 2018 the real estate market will be among the markets most attractive for investments. Local demand will continue to be main market driving force. In Sofia and other big cities where there is increasing volumes of new construction, better supply and better choice of properties is expected – buildings in the initial phase of construction, finished new buildings as well as properties on secondary market. In addition to the positive expectations for the big cities and the ski resorts, in 2018 an increased activity is expected at the seaside by Bulgarian buyers – local and living abroad looking for a holiday property. They researched the market in 2017 and it is expected that their interest will result in more property deals in the spring of 2018.

In light of the above the management of the issuer expects resuming of the interest of the buyers towards 'Marina Cape' holiday complex.

## **II. Important events after the annual closure of the Company's accounts**

With a letter No 5146-1453/06.03.2018 of 'Investbank' AD 'Intercapital Property Development' ADSIC is informed that a General meeting of the debenture holders of the emission of corporate bonds issued by the public company is summoned on 14.03.2018 and the invitation to the General meeting is attached to the letter. The agenda of the meeting is as follows:

**POINT ONE:** Take a decision for confirmation of decision per p. 2.4. from Second point of the agenda, taken at the General meeting of debenture holders from 18.12.2017, with which the General meeting of the debenture holders empowers the Bank-trustee of the debenture holders to take actions for presenting claim/claims in accordance with the Code of Civil Procedure and the national legislation in force against Insurance Company 'Euroins' AD UIC 121265113 in its quality of an insurer on insurance policy 29-0000-1753/06.08.2010 for payment of due insurance compensation, as well as to present the debenture holders and to protect their rights in legal proceedings.

**Draft decision:** General meeting of the debenture holders confirms the decision per p. 2.4 from Second point of the agenda taken at the General meeting of debenture holders from 18.12.2017, with which the General meeting of the Debenture holders empowers the Bank-trustee of the debenture holders to take actions for presenting claim/claims in accordance with the Code of Civil Procedure and the national legislation in force against Insurance Company 'Euroins' AD UIC 121265113 in its quality of an insurer on insurance policy 29-0000-1753/06.08.2010 for payment of due insurance compensation, as well as to present the debenture holders and to protect their rights in legal proceedings.

**POINT TWO:** Take a decision for confirmation of decision per Point 3 of the Agenda, taken at the General meeting of debenture holders from 18.12.2017, according to which the expenses for performing of the actions, provisioned in the decisions of the GM of debenture holders per Point 2 of the Agenda for satisfaction of receivables of the debenture holders (incl. state fees, attorney remuneration, remuneration of court experts, etc.) shall be provided mandatorily in

advance by the debenture holders, relative to the bonds owned by them from the emission in relation to and in execution of which the debenture holders shall sign an express agreement for expenses in writing.

**DRAFT DECISION:** General meeting of the debenture holders confirms the decision per Point 3 of the agenda, taken at the General meeting of debenture holders from 18.12.2017, according to which the expenses for performing of the actions, provisioned in the decisions of the GM of debenture holders per Point 2 of the Agenda for satisfaction of receivables of the debenture holders (incl. state fees, attorney remuneration, remuneration of court experts, etc.) shall be provided mandatorily in advance by the debenture holders, relative to the bonds owned by them from the emission in relation to and in execution of which the debenture holders shall sign an express agreement for expenses in writing.

**POINT THREE:** Taking a decision for confirmation of the decision per Point 4 of the Agenda taken at the General meeting of debenture holders from 18.12.2017, according to which the General meeting of the debenture holders accepts the offer and chooses law firm ‘Zahariev & Metodiev’ to which it shall be assigned to represent the debenture holders, to keep documentation, and perform the representation during the legal proceedings of the debenture holders of the emission of corporate bonds, issued by ‘Intercapital Property Development’ ADSIC with ISIN code of the emission BG2100019079 against the insurance company, in accordance with a decision of the GM of debenture holders per p. 2.4. of Second point of the Agenda, in all legal proceedings and at all instances, related to satisfaction of receivables of the debenture holders of the emission and it assigns to the Bank-trustee to sign an agreement with the law firm in accordance with the price and conditions of the approved offer.

**DRAFT DECISION:** The General meeting of the debenture holders confirms the decision per Point 4 of the Agenda taken at the General meeting of debenture holders from 18.12.2017, according to which the General meeting of the debenture holders accepts the offer and chooses law firm ‘Zahariev & Metodiev’ to which it shall be assigned to represent the debenture holders, to keep documentation, and perform the representation during the legal proceedings of the debenture holders of the emission of corporate bonds, issued by ‘Intercapital Property Development’ ADSIC with ISIN code of the emission BG2100019079 against the insurance company, in accordance with a decision of the GM of debenture holders per p. 2.4. of Second point of the Agenda, in all legal proceedings and at all instances, related to satisfaction of receivables of the debenture holders of the emission and it assigns to the Bank-trustee to sign an agreement with the law firm in accordance with the price and conditions of the approved offer.

**POINT FOUR:** Taking a decision and empowering the Bank-trustee of the debenture holders to file a request for commencement of procedure for declaration of insolvency of the issuer of the bonds ‘Intercapital Property Development’ ADSIC and to represent the debenture holders and to protect their rights and interests during the satisfaction of their receivables in the procedure for declaration of insolvency.

**DRAFT DECISION:** The General meeting of the debenture holders takes a decision and empowers the Bank-trustee of the debenture holders to file a request for commencement of procedure for declaration of insolvency of the issuer of the bonds ‘Intercapital Property Development’ ADSIC and to represent the debenture holders and to protect their rights and interests during the satisfaction of their receivables in the procedure for declaration of insolvency.

**POINT FIVE:** Taking a decision to choose a law firm and/or a lawyer which/who to be assigned to represent the debenture holders, to keep documentation and perform the legal representation of the debenture holders of the emission of corporate bonds, issued by 'Intercapital Property Development' ADSIC with ISIN code of the emission BG2100019079, during legal proceedings per point 4, which started after a filed request for commencement of procedure for declaration of insolvency of the issuer, at all instances related to satisfaction of receivables of the debenture holders of the bonds' emission.

**DRAFT DECISION:** General meeting of the debenture holders takes a decision to choose a law firm and/or a lawyer which/who to be assigned to represent the debenture holders, to keep documentation, and perform the legal representation of the debenture holders of the emission of corporate bonds, issued by 'Intercapital Property Development' ADSIC with ISIN code of the emission BG2100019079, during legal proceedings per point 4, which started after a filed request for commencement of procedure for declaration of insolvency of the issuer, at all instances related to satisfaction of receivables of the debenture holders of the bonds' emission.

**POINT SIX:** Taking note of the written Agreement for expenses (including state fees, attorney remuneration, court experts' remuneration etc.) signed as an implementation of point 3 of the decision taken at the General meeting of the debenture holders on 18.12.2017 regarding the expenses of the Bank-trustee related to Bank-trustee's activities for satisfaction of the receivables of the debenture holders.

**DRAFT DECISION:** The General meeting of the debenture holders takes note of the written Agreement for expenses (including state fees, attorney remuneration, court experts' remuneration etc.) signed as an implementation of Point 3 of the decision taken at the General meeting of the debenture holders on 18.12.2017 and it accepts and confirms that the conditions of the agreement are binding for all debenture holders regardless of whether they have signed the Agreement.

**POINT SEVEN:** Miscellaneous

At the summoned General meeting of the debenture holders were represented 73.74% of the bond holders. With a majority of represented bonds the proposed draft decisions on Points 1, 2 and 3 of the Agenda were accepted, thus the debenture holders confirmed the decisions taken per p. 2.4, p. 3 and p. 4 of the Agenda of the previous General meeting of the debenture holders, which took place at 18.12.2017. In addition to those decisions, the debenture holders took note of, accepted and confirmed an Agreement for expenses, signed in an implementation of decision taken by the General meeting on 18.12.2017 to file a claim/claims against the insurer of the bonds' emission Insurance company 'Euroins' AD. At the meeting once again there was a vote on a proposal to file a request on behalf of the bond holders to commence a procedure for declaration of insolvency, respectively for choosing a law firm which shall represent the debenture holders during legal proceedings, but the proposal was rejected.

The Company-issuer was not present via its representative at the General meeting and it was informed for the results of the meeting with a letter No 5146-1600/19.03.2018 from 'Investbank' AD, to which copies of the protocol from the meeting and the list of represented bond holders were attached.

Information on the status of pending legal, arbitration and executive proceedings which have seen progress following the conclusion of the financial year is available in Section IX, art. 20 below.

### III. Research and Development

There is no significant research and development.

### IV. Organizational Structure – branches and departments

The activities of the company are not organized in departments and there are no branches.

### V. Financial Instruments

Apart from regular shares, the company has issued bonds, traded on the Bulgarian Stock Exchange since 2008.

As of 31.12.2017, the company has not used financial instruments for hedging the financial, price, credit and liquidity risks and the cash flow risk.

### VI. Information required under art. 187e and 247, para. 2 of the Commercial Law

#### 1. Information under art. 187e concerning transactions with own shares

In 2017 Intercapital Property Development ADSIC has not acquired or transferred own shares.

#### 2. Total amount of the remunerations received by the Members of the Board

In accordance with Commercial Law and the statutes of the company - issuer, the remuneration of the Members of the Board is determined by the General Meeting.

The Executive Members of the Board conclude a contract in writing for the management of the company, whereas the remaining Members of the Board may conclude employment contracts or contracts for management.

In 2017 the Members of the Board have been allocated but have not been paid remuneration.

The key management staff of the Company includes the Members of the Board. The remuneration of the key management staff and the Director responsible for the relations with investors includes the following expenses:

	<b>31.12.2017</b>	<b>31.12.2016</b>
	<b>'000 BGN</b>	<b>'000 BGN</b>
Remuneration to natural persons	34	35
Remuneration to Aheloy 2012 OOD	41	41
<b>Total</b>	<b>75</b>	<b>76</b>

**3. Company shares acquired, owned and transferred during the year by the Members of the Board**

**As of 31.12.2017 the Members of the Board own company shares as follows:**

	<i>Shares</i>	<i>% of capital</i>
Velichko Klingov <sup>1</sup> .....	43,111	0.72%

<sup>1</sup>As of 31.12.2017, Velichko Klingov has concluded a contract for repo of financial instruments with collateral – shares of ICPD (37,806 in total) in his capacity of seller, whereas these shares are a part of all shares, listed above.

**As of 31.12.2016 the Members of the Board own company shares as follows:**

	<i>Shares</i>	<i>% of capital</i>
Velichko Klingov <sup>1</sup> .....	43,111	0.72%

<sup>1</sup>As of 31.12.2016, Velichko Klingov has concluded a contract for repo of financial instruments with collateral – shares of ICPD (37 806 in total) in his capacity of seller, whereas these shares are a part of all shares, listed above.

**4. Rights of the Members of the Board to acquire company shares and bonds**

The statutes of ICPD do not provide for privileges or limitations for the Board Members to acquire company shares or bonds.

**5. Participation of the Members of the Board in companies as partners with unlimited liability, ownership of over 25% of the capital of another company as well as their participation in the management of other companies or cooperations as procurators, managers or board members**

**5.1. Velichko Stoychev Klingov – Executive Director**

Velichko Stoychev Klingov is not a partner with unlimited liability and does not own more than 25% of a capital of a company.

Velichko Klingov does not participate in the managing/supervisory bodies of other commercial companies.

**5.2. Tsvetelina Chavdarova Hristova – Member of the Boards**

Tsvetelina Hristova is not a partner with unlimited liability and does not own more than 25% of a capital of a company.

Tsvetelina Hristova does not participate in the managing/ supervisory bodies of other commercial companies.

**5.3. Aheloy 2012 OOD – Member of the Board**

Aheloy 2012 OOD is not a partner with unlimited liability and does not own more than

25% of a capital of a company.

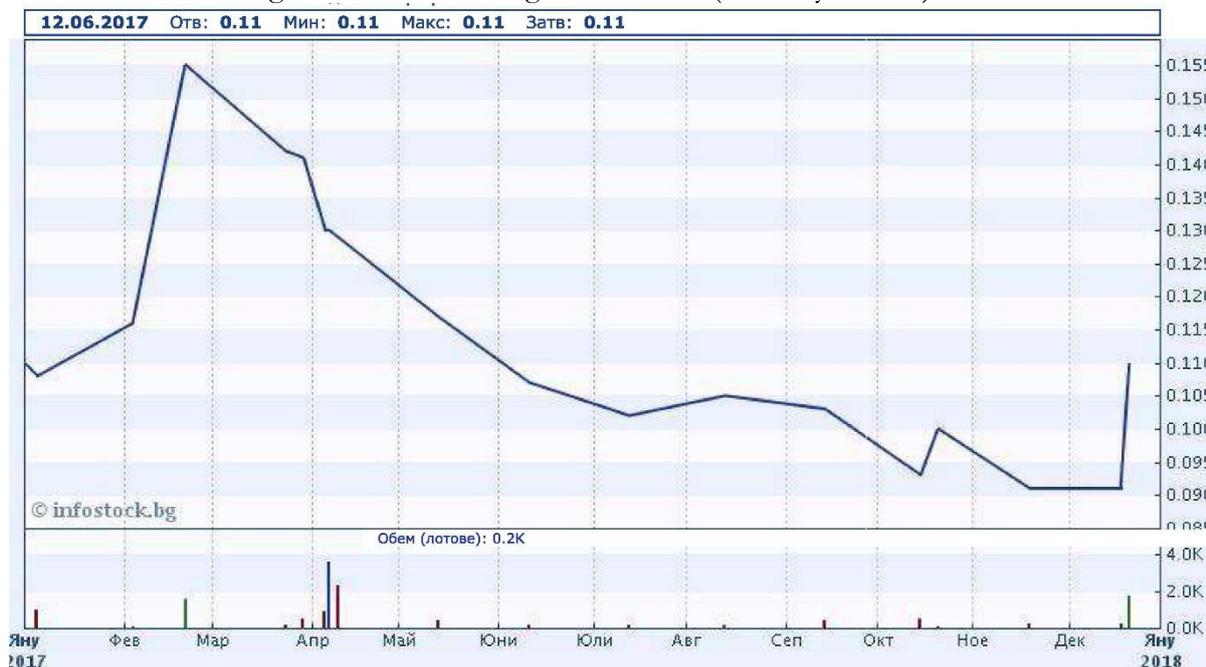
Ahely 2012 OOD does not participate in the managing/ supervisory bodies of other commercial companies.

## 6. Information under art. 240b of the Commercial Law

In 2017 the company has not concluded deals as per art. 240b of the Commercial Law, namely contracts with the Members of the Board and their affiliates, which go beyond its ordinary activities or significantly deviate from market conditions.

## VII. Changes in the price of the company shares

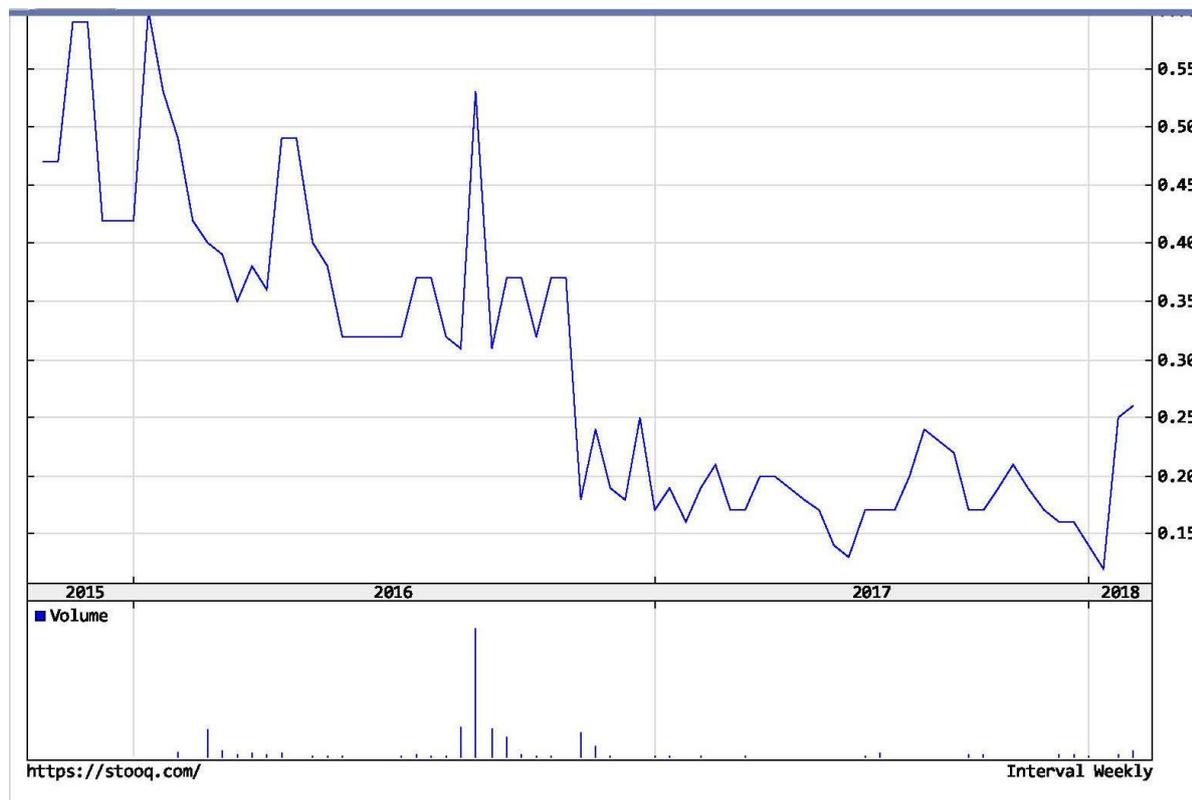
on the Bulgarian Stock Exchange – Sofia AD (currency - BGN)



Source: [www.infostock.bg](http://www.infostock.bg)

The shares of the Company have been traded on BSE – Sofia AD since December 5, 2005.

- on NewConnect market, organized by the Warsaw Stock Exchange (currency - PLN)



Source: <https://stooq.com/>

The shares of the Company have been traded on NewConnect market since 11 August 2010.

### VIII. Planned economic policy

In 2018 the company expects improvement on the holiday property market and in this regard resuming income from sales of properties in Marina Cape vacation complex.

The company will continue to generate revenue from the management of the vacation complex through its subsidiary Marina Cape Management.

The company will continue to work hard to restructure its obligations in order to have them regularly serviced and to improve its liquidity.

Despite of the positive trends on the capital market in Bulgaria in the second half of 2016, the company does not plan new issues of shares or bonds in 2018.

### IX. Additional information under Appendix No 10 (pursuant to Art. 32, para 1, p. 2, Art. 32a, par. 2, p. 41a, par. 1 pt. 1 of Ordinance No 2 from 17.09.2003 on the prospectuses to be published when securities are offered to the public or admitted to trading on a regular market and on disclosure of information by the public companies and the other issuers of securities)

1. Information given in value or quantitative terms about the main categories of commodities, products and/or provided services, with indication of their share in the revenues from sales of the issuer as a whole and the changes that occurred during the reporting fiscal year

In 2017 the company reported income from the sales of properties – residential buildings with seasonal use in Marina Cape vacation complex in the amount of TBGN 3,362. The total area of the apartments sold is 2,974.51 sq.m. Currently Intercapital Property Development ADSIC has concluded preliminary contracts on the sale of apartments having area of approximately 2,270.70 sq.m. from Marina Cape vacation complex.

Revenues (in TBGN)	2017	2016
<i>Net revenues from the sale of:</i>		
1. Finished goods		
2. Goods for sale	3,364	
3. Services	362	380
4. Others	15,327	2,468
<b>Total:</b>	<b>19,053</b>	<b>2,848</b>

For a ninth consecutive year in 2017 Intercapital Property Development ADSIC has reported revenue on a non-consolidated basis from the exploitation of the investment properties in the complex (incl. commercial and residential areas). This activity is executed by its subsidiary company Marina Cape Management EOOD. Pursuant to the contract concluded between the parent company (ICPD) and the subsidiary, ‘Intercapital Property Development’ ADSIC receives 70% of the profit realized from the commercial and residential properties which ‘Marina Cape Management’ EOOD operates directly. For the year 2017 that revenue is in the amount of BGN 362 thousand. In comparison, during 2016 these revenues amounted to BGN 380 thousand. It should be clarified that ICPD reports as revenues 100% from the profit, realized by the subsidiary from managing the properties and then reports as expenses for outsourced services 30% of this amount.

In 2017 the Company also realized extraordinary income in the amount of BGN 15,023 thousand. BGN 1,770 thousand represent a partial write-off of liabilities from one the creditors, namely Grand Borovets 2013 EOOD. BGN 1.057 thousand represent income from written-off liabilities towards customers/contractors of the Company, whereas a higher percentage of them have been written off in relation to the end of the limitation period for the obligations. In addition, the company has also reported positive results from the evaluation of several investment properties amounting to BGN 304 thousand. In the fourth quarter of 2017 ICPD ADCIS also generated other income in the amount of BGN 12,604 thousand in relation to an agreement of 27.12.2017, whereby ICPD ADCIS and Marina Cape Properties OOD agreed that the debt of ICPD ADCIS to Marina Cape Properties OOD in the amount of EUR 6,444,263.63 should be repaid by means of transfer in lieu of payment, by 31.03.2018 as follows:

- 1) payment of the amount of EUR 30,000;
- 2) ICPD ADCIS transfers to Marina Cape Properties OOD all the company shares of the capital of Marina Cape Management EOOD.

**2. Information on the revenues allocated by separate categories of activities, domestic and external markets and information on the sources for supply of materials required for the manufacture of commodities or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user, where if**

**the share of any of them exceeds 10 per cent of the expenses or revenues from sales, information shall be provided about every person separately about such person's share in the sales or purchases and his relations with the issuer**

The main buyers of the properties which the Company sells are concentrated in the following countries: Russia, Poland and to a lesser degree the Czech Republic, Slovakia, Lithuania and other former Russian republics.

In recent years the Company has focused on reaching new geographical markets for its sales. The company started business relations with partners from China by offering its properties for sale.

The company expects a revival of the holiday property market in 2018 and activation of sales of the properties in Marina Cape vacation complex.

As a special purpose vehicle Intercapital Property Development ADSIC uses the services of outside companies in its operating activity. For the construction of the Marina Cape vacation complex in the village of Aheloy, Burgas District and the Borovets Grand project in the Borovets holiday complex the Company has used and shall use the services of the following companies:

- Midia Group AD, for the construction of the buildings
- Vodokanalstroy EOOD – for projection and construction of the water supply and the sewage installations
- Telelink AD – for the implementation of weak and strong current electric installations
- Nikmar OOD – for supply of terracotta, tiles and other ceramic products
- Nikconsult EOOD – for projection of the buildings
- ET Jo 44 – ventilation and air conditioning
- Consulting and engineering group OOD – for independent construction audit

### **3. Information on the conclusion of significant transactions**

On 04.07.2017 ICPD ADCIS, UIC 131397743, was notified of the conclusion of a contract on the transfer of receivables between Piraeus Bank Bulgaria AD, UIC 831633691, in its capacity of assignor, and Marina Cape Properties OOD, UIC 204372411, in its capacity of assignee. By virtue of this contract Piraeus Bank Bulgaria AD has transferred in favour of Marina Cape Properties OOD all its receivables to ICPD ADCIS which derive from Investment Loan Agreement No 1236/2007 of 19.10.2007, Investment Loan Agreement No 736/2008 of 07.07.2008 and Investment Loan Agreement No 327/2009 of 14.12.2009, together with all the privileges, collateral and any other belongings.

On 18.08.2017 ICPD ADCIS, UIC 131397743, received a notification from Marina Cape Properties OOD that in accordance with the concluded Contract on the transfer of receivables, Marina Cape Properties OOD, UIC 204372411, transferred to Futures Capital AD, UIC 201624613, receivables related to the principals under the above-mentioned investment loan agreements concluded with Piraeus Bank Bulgaria AD, namely Investment Loan Agreement No 1236/2007 of 19.10.2007, Investment Loan Agreement No 736/2008 of 07.07.2008 and Investment Loan Agreement No 327/2009 of 14.12.2009. The total amount of

the transferred receivables related to the principals was EUR 8,229,045.97.

As at 31.12.2017 ICPD ADCIS confirmed to Future Capitals AD the amount of the debt to the new creditor (incl. the principal and interests).

In accordance with the agreement of 27.12.2017 ICPD ADCIS and Marina Cape Properties OOD agreed that the debt of ICPD ADCIS to Marina Cape Properties OOD in the amount of EUR 6,444,263.63 shall be repaid by means of transfer in lieu of payment, by 31.03.2018 as follows:

- 1) payment of the amount of EUR 30,000;
- 2) ICPD ADCIS transfers to Marina Cape Properties OOD all the company shares of the capital of Marina Cape Management EOOD.

In relation to the foregoing, the Company realized 'other income' in the amount of BGN 12 604 thousand in 2017 concerning the agreed repayment of the amount due and payable to Marina Cape Properties OOD.

**4. Information on the transactions concluded between the issuer and related parties during the reporting period, proposals for conclusion of such transactions as well as transactions which are outside its usual activity or substantially deviate from the market conditions, to which the issuer or its subsidiary is a party, indicating the amount of the transactions, the nature of relatedness and any information necessary for an estimate of the influence over the issuer's financial status**

in TBGN	2017	2016
<b>Sales/Purchases of goods and services</b>		
- Services executed by Marina Cape Management EOOD for Intercapital Property Development ADSIC	302	224
- Services executed by Intercapital Property Development ADSIC for Marina Cape Management EOOD	362	380

in TBGN	2017	2016
<b>Sales/Purchases of goods and services</b>		
- Services executed by Marina Cape Tours EOOD for Intercapital Property Development ADSIC	0	0
- Services executed by 'Intercapital Property Development' ADSIC for 'Marina Cape Tours' EOOD	0	0

**5. Information on events and indicators which are unusual in nature for issuer and which have substantial influence on its activity and the revenues generated and expenses incurred by the issuer; assessment of their influence on the results during the current year**

In 2017 there were no events which were unusual in nature for Intercapital Property Development ADSIC and which had substantial influence on its operation and the revenues generated and expenses incurred by it, with the exception of the following circumstances which were described in detail in art. 1, letter b) above:

In 2016 Piraeus Bank Bulgaria AD filed an application for the initiation of bankruptcy proceedings for ICPD pursuant to art. 629, par 2 of the Commercial Law. In relation to the latter, a case No: 2209/2016 of Sofia City Court was initiated.

By rulings of Sofia City Court under the above cases, initiated upon declaratory claims, filed by Piraeus Bank Bulgaria AD, enacted on 16.02.2017 and 01.03.2017 the proceedings under these cases were terminated on the grounds of an agreement signed between the parties. In this regard 'Intercapital Property Development' ADSIC withdrew its appeal under civil case No. 9110/2016 on the inventory of Regional Court of Sofia.

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 was informed of the conclusion of a contract on the transfer of receivables between Piraeus Bank Bulgaria AD, UIC 831633691 as an assignor and 'Marina Cape Properties' OOD, 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 of 19.10.2007, Investment Loan Contract No 736/2008 dated 07.07.2008 and Investment Loan Agreement No 327/2009 of 14.12.2009, together with all their privileges, collaterals and other belongings thereto.

On 18.08.2017 Intercapital Property Development ADSIC, UIC 131397743, received a notification from Marina Cape Properties OOD that pursuant to a contract on the transfer of receivables, Marina Cape Properties OOD, UIC 204372411, transferred to Futures Capital AD, UIC 201624613, receivables for principals ensuing from investment loan agreements concluded with Piraeus Bank Bulgaria AD, described in the previous paragraph, namely Investment Loan Agreement No 1236/2007 of 19.10.2007, Investment Loan Agreement No 736/2008 of 07.07.2008 and Investment Loan Agreement No 327/2009 of 14.12.2009. The total amount of the principals transferred is EUR 8,229,045.97.

As at 31.12.2017 ICPD ADCIS confirmed to Future Capitals AD the amount of the debt to the new creditor (incl. the principal and interests).

In accordance with the agreement of 27.12.2017 ICPD ADCIS and Marina Cape Properties OOD agreed that the debt of ICPD ADCIS to Marina Cape Properties OOD in the amount of EUR 6,444,263.63 shall be repaid by means of transfer in lieu of payment, by 31.03.2018 as follows:

- 1) payment of the amount of EUR 30,000;
- 2) ICPD ADCIS transfers to Marina Cape Properties OOD all the company shares of the capital of Marina Cape Management EOOD.

In relation to the foregoing, the Company realized 'other income' in the amount of BGN 12 604 thousand in 2017 concerning the agreed repayment of the amount due and payable to Marina Cape Properties OOD

In addition, in 2017 the issuer also realized extraordinary income in the amount of BGN 2 265 thousand in relation to the write-off of liabilities. BGN 1,770 thousand represent a partial write-off of liabilities from one the creditors, namely Grand Borovets 2013 EOOD. BGN 1,057 thousand represent income from written-off liabilities towards customers/contractors of the Company, whereas a higher percentage of them have been written off in relation to the end of the limitation period for the obligations.

By letter, ref. No 2989/6 of 03.10.2017 received by ICPD ADCIS on 03.10.2017, EUROINS AD Insurance Company, in its capacity of insurer under an insurance policy

concluded in relation to the provision of collateral to issuers with regard to the issue of bonds issued by ICPD ADCIS, informs Investbank AD, in its capacity of fiduciary for the issuer of bonds, acting as an insured person and a secured creditor of the receivables of all the bond issuers, and ICPD ADCIS that the insurer shall terminate the insurance contract with the number of the insurance policy 29-0000-1753 of 11.02.2015 as from 00.00 h on 03.10.2017.

At the meeting of the Board Members of BSE Sofia AD, Minutes No 55/26.10.2017, held on the basis of art. 39, para. 1, point 4 of Part III Rules on the admission to trade of the Rules of Procedure of the BSE Sofia AD, the Board Members of BSE Sofia cancelled definitively the registration of the bond issue of ICPD ADCIS as of 27.10.2017.

Detailed information on the termination of the insurance contract by EUROINS AD Insurance Company can be found in art. 1, letter b) above.

**6. Information on off-balance kept transactions – nature and business objective, indication of the financial impact of the transactions on the operation, if the risk and benefits of these transactions are substantial for the assessment of the issuer’s financial status**

In 2017 there were no transactions for Intercapital Property Development ADSIC that were kept off-balance.

**7. Information about holdings of the issuer, about its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as the investments in equity securities outside its economic group and the sources/ways of financing**

As of 31.12.2017 Intercapital Property Development ADSIC has the following investments in subsidiary companies:

Name of subsidiary	2015	share	2014	share
	‘000 BGN	%	‘000 BGN	%
<b>Marina Cape Management EOOD</b>	5	100%	5	100%

As of 31.12.2017 the book value of the land owned by the Company is in the amount of BGN 5 873 thousand, the value of the Company’s investment property is BGN 26699 thousand, the value of work in progress is BGN 7 073 thousand and the value of unfinished production (in connection with the construction of residential complex Marina Cape) is BGN 328 thousand.

As of the end of 2017 the Company has cash funds and money in current accounts in the amount of BGN 14 thousand.

**8. Information about the concluded by the issuer, by its subsidiary or parent undertaking, in their capacity of borrowers, loan contracts with indication of the terms and conditions thereof, including the deadlines for repayment as well as information on the provided guarantees and assuming of liabilities**

As of 31.12.2017 “Intercapital Property Development” ADSIC has the following obligations to financial institutions:

<b>Creditor</b>	<b>Current EUR</b>	<b>Account, Non-Current, EUR</b>	<b>Maturity</b>
Texim Bank AD		37 500.00	- 20.12.2018

The loans of the Company towards banks and its other liabilities resulting from ceding bank loans to third parties are guaranteed with assets of the company as follows:

### **1. Towards “Futures Capital” AD and “Marina Cape Properties” AD**

On 04.07.2017, Intercapital Property Development ADSITS, EIK 131397743, was informed about a contract for transfer of liabilities between Piraeus Bank AD EIK 831633691 as cedent, and “Marina Cape Properties” OOD EIK 204372411 as cessionary. According to this contract, Piraeus Bank AD has transferred all its collectables from Intercapital Property Development ADSITS, resulting from investment credit contract № 1236/2007 from 19.10.2007, № 736/2008 from 07.07.2008 and № 327/2009 from 14.12.2009 together with all privileges, collaterals and others, to Marina Cape Properties OOD.

On 18.08.2017 Intercapital Property Development ADSITS, EIK 131397743 was informed by Marina Cape Properties OOD, that according to contract for transfer of liabilities, Marina Cape Properties OOD, EIK 204372411 has transferred the receivables from principals of the contracts for investment credit, signed with Piraeus Bank AD, described in the above paragraph, or namely: investment credit contract № 1236/2007 from 19.10.2007, № 736/2008 from 07.07.2008 and № 327/2009 from 14.12.2009. The total amount of the transferred receivables from principals is 8 229 045.97 euro.

As a result of the latter, in the end of August 2017, the liability of Intercapital Property Development ADSITS towards Marina Cape Properties OOD, in relation of the cession carried out between Piraeus Bank AD and Marina Cape Properties OOD and the following cession between Marina Cape Properties OOD and Futures Capital AD is in the amount of 6 444 263.63 euro.

According to an agreement from 27.12.2017, Intercapital Property Development ADSITS and Marina Cape Properties OOD have agreed that the debt of Intercapital Property Development ADSITS towards Marina Cape Properties OOD in the amount of 6 444 263.63 euro is repaid by the following, to be carried out by 31.03.2018:

- 1) Payment in the amount of 30 000 euro
- 2) ICPD ADSITS is to transfer to Marina Cape Properties OOD all company shares of Marina Cape Management EOOD.

The liabilities of ICPD ADSITS towards Futures Capital AD and Marina Cape Properties OOD are guaranteed as follows:

1.1. Contract for an investment credit № 1236/2007, concluded on 19.10.2007 in the amount of 4 500 000 (four million and five hundred thousand) EUR to finance the construction of a complex of residential buildings for a seasonal use “Marina Cape”, Aheloy Town, Pomorie Municipality, Bourgas Province.

- Deed of incorporation of mortgage contract from 08.11.2007, № 112, vol. XII, reg. № 3901, case № 2217/2007 of a notary Hristo Roidev, collateral of bank credit № 1236/2007, concluded on 19.10.2007, including residential properties situated in vacation complex Marina Cape, town of Aheloy, Municipality Pomorie, Bourgas Province.

Secured mortgage lender	No of properties as collateral	Area of properties as collateral
Marina Cape Properties OOD	8	627,08 m2
Futures Capital AD	18	1 859,39 m2

- Deed of incorporation of mortgage contract from 04.12.2009, № 80, vol. VII, reg. № 4288, case № 1226/2009 of a notary Gergana Nedina, collateral of bank credit № 1236/2007, concluded on 19.10.2007, Annex A1-1236 from 16.01.2009 and Annex A2-1236 from 19.10.2009, including residential properties situated in vacation complex Marina Cape, town of Aheloy, Municipality Pomorie, Bourgas Province;

Secured mortgage lender	No of properties as collateral	Area of properties as collateral
Marina Cape Properties OOD	9	652,69 m2
Futures Capital AD	18	1 650,85 m2

- Pledge contract on receivables №1236-1/2007, concluded on 23.10.2007, collateral of investment credit № 1236/2007 - Registered pledge on receivables from concluded contracts for sale of detached residential properties in the complex “Marina Cape”, described in detail in an enclosure to the contract entered in the Central Pledges Register on 07.11.2007;

Secured mortgage lender
Marina Cape Properties OOD

- Pledge contract on receivables №1236-2/2007, concluded on 23.10.2007, collateral of investment credit № 1236/2007 – Registered pledge on receivables of cash funds from the special bank account of the company at “Bank Piraeus Bulgaria” AD – entered in the Central Pledges Register on 07.11.2007;

Secured mortgage lender

Marina Cape Properties OOD

- Pledge contract on receivables №1236-4/ 2009, concluded on 19.10.2009, collateral of investment credit № 1236/2007 - Registered pledge on receivables from concluded contracts for sale of detached residential properties in the complex “Marina Cape”, described in detail in an enclosure to the contract entered in the Central Pledges Register on 03.12.2009.

**Secured mortgage lender**

Marina Cape Properties OOD

1.2 Contract for an investment credit № 736/2008, concluded on 07.07.2008 in the amount of 3 000 000 (three million) EUR to finance construction-assembly and finishing works in complex of residential buildings for seasonal use “Marina Cape”, Aheloy Town, Pomorie Municipality, Bourgas Province.

- Deed of incorporation of mortgage contract from 09.07.2008, № 35, vol. VIII, reg. № 2387, case № 1404/2008 of a notary Hristo Roidev, collateral of bank credit № 736/2008, concluded on 07.07.2008, including residential properties situated in vacation complex Marina Cape, town of Aheloy, Municipality Pomorie, Bourgas Province.;

Secured mortgage lender	No of properties as collateral	Area of properties as collateral
Marina Cape Properties OOD	19	1064,51 m2
Futures Capital AD	15	913,17 m2

- Pledge contract on receivables № 736 – 1/2008, concluded on 07.07.2008, collateral of bank credit № 736/2008 from 07.07.2008 – Registered pledge on receivables from concluded contracts for sale of detached residential properties in the complex “Marina Cape”, described in detail in an enclosure to the contract in the Central Pledges Register.

**Secured mortgage lender**

Marina Cape Properties OOD

- Pledge contract on receivables № 736 – 2/2008, concluded on 07.07.2008, collateral of bank credit № 736/2008 from 07.07.2008 - Registered pledge on receivables of cash funds from the special bank account of the company at “Bank Piraeus Bulgaria” AD – entered in the Central Pledges Register;

<b>Secured mortgage lender</b>
Marina Cape Properties OOD

- Pledge contract on receivables № 736 – 5/2009, concluded on 18.10.2009, initial registry № 2009120301928, renewal registry № 2014120200150

<b>Secured mortgage lender</b>
Marina Cape Properties OOD

- Deed of incorporation of mortgage contract from 04.12.2009, № 80, vol. VII, reg. № 4288, case № 1226/2009 of a notary Gergana Nedina, collateral of bank credit № 736/2008, concluded on 07.07.2008, Annex A1-736 from 16.01.2009 and Annex A2-736 from 19.10.2009, including residential properties situated in vacation complex Marina Cape, town of Aheloy, Municipality Pomorie, Bourgas Province.

<b>Secured mortgage lender</b>	<b>No of properties as collateral</b>	<b>Area of properties as collateral</b>
Marina Cape Properties OOD	9	652,69 m2
Futures Capital AD	18	1 650,85 m2

1.3 Contract for an investment credit № 327/2009, concluded on 14.12.2009 for the amount of 3 300 000 (three million and three hundred thousand) EUR to finance payments on dividends and finishing works and infrastructure of “Marina Cape” project, Aheloy Town, Pomorie Municipality, Bourgas Province.

- Deed of incorporation of mortgage contract from 21.12.2009, № 162, vol. VII, reg. № 4500, case № 1306/2009 of a notary Gergana Nedina, collateral of bank credit № 327/2009, concluded on 14.12.2009, including residential properties situated in vacation complex Marina Cape, town of Aheloy, Municipality Pomorie, Bourgas Province;

<b>Secured mortgage lender</b>	<b>No of properties as collateral</b>	<b>Area of properties as collateral</b>
Marina Cape Properties OOD	12	704,41 m2
Futures Capital AD	28 – ЖИЛИЩНИ ИМОТИ 25 – ТЪРГОВСКИ ПЛОЩИ	3 486,39 m2 7 884,30 m2

- Pledge contract on receivables № 327-1/2009, concluded on 14.12.2009, collateral of bank credit № 327/2009 from 14.12.2009 - Registered pledge on receivables from concluded contracts for sale of detached residential properties in the complex “Marina Cape”, described in detail in an enclosure to the contract in the Central Pledges Register;

<b>Secured mortgage lender</b>
Marina Cape Properties OOD

- Pledge contract on shares № 327-3/2009, concluded on 21.01.2010 with initial registry № 4046-X-25.01.2010 and renewal registry № 6304-X-10.12.2014

<b>Secured mortgage lender</b>
Marina Cape Properties OOD

- Pledge contract on receivables № 327-4/2009, concluded on 14.12.2009 - Registered pledge on receivables of cash funds from the special bank account of the company at “Bank Piraeus Bulgaria” AD – entered in the Central Pledges Register.

<b>Secured mortgage lender</b>
Marina Cape Properties OOD

## **2. Towards “Grand Borovets 2013” EOOD**

Contract for sale-purchase of receivables pursuant to Contract for a credit № 716/18.09.2008 and Contract for a credit № 717/18.09.2008 (cession), pursuant to which the Creditor of the Company DSK Bank EAD has transferred its receivables arising from the two contract for credit on total amount of EUR 5 832 886.5 to Grand Borovets 2013 EOOD.

- Pledge contract on receivables from contracts for sale of real estate properties, described in detail in an enclosure to the Loan contract № 716 concluded on 19.09.2008, entered in the Central Pledges Register on 14.10.2009.
- Pledge contract on receivables from contracts for sale of real estate properties, described in detail in an enclosure to the Loan contract № 717/2008 concluded on 19.09.2008, entered in the Central Pledges Register on 14.10.2009.

Pursuant to the agreement concluded on 27.12.2013, between “Grant Borovets 2013” EOOD from one side, ICPD ADSIC as principal debtor and “Marina Cape Management” EOOD, “Marina Cape Tours” EOOD and Velichko Stoichev Klingov as co-debtors, the amount of the debt of ICPD ADSIC outstanding towards “Grand Borovets 2013” EOOD was reduced by BGN 2 000 000. Additionally, it was agreed that the contractual mortgage on the property with identification number 65231.918.189, located in Samokov, Sofia municipality, Sofia district, together with the building on that property, an apartment hotel complex with related facilities with identification number 65231.918.189.2, which secures the claim of “Grand Borovets 2013” EOOD, is to be removed. The removal of the mortgage was registered on 21.01.2014.

In 2014 an additional BGN 200 thousand from ICPD’s obligations towards Grand Borovets 2013 EOOD were written off. In addition the mortgage on the commercial properties located in Vacation Complex Marina Cape, that secured the receivables of the new creditor was removed

In 2015 an additional BGN 600 thousand from the above mentioned obligation of ICPD towards Grand Borovets 2013 EOOD were written off.

In 2016 an additional write-off of BGN 1 770 thousand from the aforementioned obligation of "Intercapital Property Development" ADSIC towards "Grand Borovets 2013" EOOD was carried out.

In 2017 an additional write-off of BGN 1 170 thousand from the aforementioned obligation of "Intercapital Property Development" ADSIC towards "Grand Borovets 2013" EOOD was carried out.

### **3) Towards "BG Invest Properties" AD**

- Contract for sale-purchase of receivables dated 05.04.2013, concluded between Investbank AD and BG Invest properties EAD, pursuant to which the bank has transferred its receivables from the Company's credit amounting to BGN 240 000, to the new creditor "BG Invest Properties" EAD.
- Deed of establishment of a mortgage as of 29.07.2013, act № 161, Volume III, registration № 3115, № case 538/2013, at a notary Gergana Nedina, collateral of a bank loan agreement of 08.03.2013 on the following property located in vacation complex Marina Cape, town Aheloy and property of ICPD ADSIC: sports and recreation center "Fitness Centre" with ID 00833.5.409.21, Aheloy, Municipality Pomorie, Burgas Region, an area of 214.00 sq. m., with adjacent parts: 33 square meters, along with their common parts of the building rights on the land.

### **4) Towards Teximbank AD**

- Loan Contract for receiving working capital funds from 09.12.2013, concluded between Teximbank AD and Intercapital Property Development ADSIC, subsequent to which Teximbank AD has provided to ICPD, in its capacity of loan borrower, a loan in the amount of 130 000 (one hundred and thirty thousand) euro intended for working capital.
- Notary Deed for establishing a contractual mortgage of 05.02.2014, act 53, vol. I, reg. № 358, case №51/2014 of notary Gergana Nedina, collateral of the receivables in relation to the loan contract from 09.12.2013, on real estate owned by the Company, namely real estate properties located in Vacation Complex Marina Cape, built in property with identification № 00833.5.409 (zero zero eight three three point five point four zero nine), Aheloy, Pomorie municipality, Burgas district, Prechistvatelnata zone.

Additionally the company has issued a bond loan, with a principal/nominal amount as of 31.12.2017 of EUR 2 171 195. The eventual risk of non-payment the full amount of the principle and/or the full amount of the interest payments was guaranteed by Insurance Policy № 29 0000 1753/06.08.2010 and an Annex No.4 to it dated 11.02.2015, concluded between "Intercapital Property Development" ADSIC, CB "Investbank" AD, acting as Trustee on behalf of all insured bondholders and the Insurance Company – "Euro Ins" AD. The insurance policy was valid till the last maturity date of the corporate bond issue.

With 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.

Detailed information regarding the termination of the insurance contract can be found in art.1, section “c” above.

With regard to a commitment assumed by the Company pursuant to a decision of the General Meeting of the bondholders, held on 06.08.2010 for setting up a mortgage upon 7 835,99 sq.m. of commercial areas in the vacation complex “Marina Cape” in favour of the bondholders’ trustee CB “Investbank” AD, “Intercapital Property Development” ADSIC has signed a Notary deed for setting up of a contractual mortgage, deed № 158, volume IV, reg. № 3289, file № 732 from 01.09.2010 of notary Gergana Nedina – acting in the region of Regional Court Pomorie, entered with reg. № 1808 from 01.09.2010, deed № 80, volume 1, file № 1213 in the Registry Office – Pomorie.

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

**9. Information about the concluded loan contracts by the issuer, by its subsidiary or the parent undertaking, in their capacity of lenders, including the provision of guarantees of any type, including to related persons, with indication of the concrete conditions there under, including the deadlines for repayment and the purpose for which they have been granted**

In 2017 “Intercapital Property Development” ADSIC and/or its subsidiary has not concluded loan contracts in the capacity of lenders, including the provision of guarantees of any type, including to related parties.

**10. Information on the use of the funds from a new issue of securities carried out during the reported period**

In 2017 the Company has not issued any new shares.

**11. Analysis of the ratio between the achieved financial results reflected in the financial statement for the fiscal year, and previously published forecasts for these results**

The Company does not publish forecasts about its financial results.

**12. Analysis and assessment of the policy concerning the management of the financial resources with indication of the possibilities for servicing of the liabilities, eventual threats and measures which the issuer has undertaken or is to undertake in order to eliminate them**

Due to the fact that the ICPD failed to perform the due interest and principal payment on the bond loan under the repayment plan by 10.02.2017, adopted by the General Meeting of Bondholders held on 02.11.2015, and according to the acts defined by the bondholders in that meeting, the interest rate applied to the rest of the bond issue for the next three-month period beginning on 15.02.2017, remains 5.75% annually.

On 13.03.2017 “Intercapital Property Development” ADSIC paid the interest payments due as of 14.02.2017 in the amount of EUR 36 233 and principal repayment in the amount of EUR 125 000. Due to the delay of the amortization payment the Company paid out to the bond holders a total of BGN 1039.88 (or 0,207975138 per bond) for the period of 15.02.2017 to 11.03.2017.

Due to the fact that the ICPD failed to perform the due interest and principal payment on the bond loan under the repayment plan by 11.05.2017, adopted by the General Meeting of Bondholders held on 11.02.2015, and according to the acts defined by the bondholders in that meeting, the interest rate applied to the rest of the bond issue for the next three-month period beginning on 15.05.2017, remains 5.75% annually.

On 12.06.2017 “Intercapital Property Development” ADSIC paid the interest payments due as of 14.05.2017 in the amount of EUR 33 299 and principal repayment in the amount of EUR 125 000. Due to the delay of the amortization payment the Company paid out to the bond holders a total of BGN 1116.90 (or 0.22338 per bond) for the period of 15.05.2017 to 12.06.2017.

Due to the fact that the ICPD failed to perform the due interest and principal payment on the bond loan under the repayment plan by 14.08.2017, adopted by the General Meeting of Bondholders held on 11.02.2015, and according to the acts defined by the bondholders in that meeting, the interest rate applied to the rest of the bond issue for the next three-month period beginning on 15.08.2017, remains 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:

5. Increase the maturity of the issue with 24 months (from 14th August 2020 till 14th August 2022);
6. The schedule for amortization and interest payments are amended as follows:
  - 6.1. 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.

6.2. 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	

6.3. 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

7. Other conditions:

7.1. 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.

7.2. 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.

8. 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:

**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
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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.

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.

By letter 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.

By letter № 5146-1453/06.03.2018 from Investbank AD, ICPD ADSITS was informed regarding a General Meeting of the bondholders of the corporate bonds issued by the public company, whereby a copy of the invitation was enclosed. The agenda of the meeting is as follows:

**Item One:** Taking a decision on confirming the decision on art. 2.4 of item two of the agenda as adopted at the General Meeting of the bondholders on 18.12.2017, by which the General Meeting empowers the Bank- trustee of the bondholders to undertake making a claim/claims as per the Code of Civil Procedure and the current Bulgarian legislation against Euroins AD, EIK 121265113, in its capacity of insurance company of insurance policy 29-0000-1753/06.08.2010 for payment of insurance compensation, as well as to represent the bondholders and to protect their rights in proceedings.

**Draft decision:** The General Meeting of the bondholders confirms the decision on art. 2.4 of item two of the agenda as adopted at the General Meeting of the bondholders on 18.12.2017, by which the General Meeting empowers the Bank- trustee of the bondholders to undertake making a claim/claims as per the Code of Civil Procedure and the current Bulgarian legislation against Euroins AD, EIK 121265113, in its capacity of insurance company of insurance policy 29-0000-1753/06.08.2010 for payment of insurance compensation, as well as to represent the bondholders and to protect their rights in proceedings.

**Item Two:** Taking a decision on confirming the decision on art. 3 of item two of the agenda as adopted at the General Meeting of the bondholders on 18.12.2017, by which the expenses for carrying out the activities, stipulated in the decisions of the GMB on item two of the agenda regarding satisfying the claims of the bondholders (including government taxes, attorney fees, fees for experts etc.) must be provided in advance by the bondholders proportionately to the bonds held by them, in relation to which the bondholders will sign a specific written agreement regarding expenses.

**Draft decision:** The General Meeting confirms the decision on art. 3 of item two of the agenda as adopted at the General Meeting of the bondholders on 18.12.2017, by which the expenses for carrying out the activities, stipulated in the decisions of the GMB on item two of the agenda regarding satisfying the claims of the bondholders (including government taxes, attorney fees, fees for experts etc.) must be provided in advance by the bondholders proportionately to the bonds held by them, in relation to which the bondholders will sign a specific written agreement regarding expenses.

**Item Three:** Taking a decision on confirming the decision on art. 4 of item two of the agenda as adopted at the General Meeting of the bondholders on 18.12.2017, by which the GMB accepts

the offer and selects the attorney office of Zahariev and Metodiev, who will be empowered to represent the bondholders and to keep the documentation and to carry out procedural representation of the bondholders of the corporate bonds issued by ICPD ADSITS, ISIN code BG2100019079 against the insurance company, in accordance of a decision of GMB on art. 2.4 of item two of the agenda, in all court cases and all courts, in relation to satisfying the claims of the bondholders of the latter emission, empowering the Bank-trustee to conclude a contract with the law office at the price and conditions of the approved offer.

**Draft decision:** The General Meeting confirms the decision on art. 4 of the agenda as adopted at the General Meeting of the bondholders on 18.12.2017, by which the GMB accepts the offer and selects the attorney office of Zahariev and Metodiev, who will be empowered to represent the bondholders and to keep the documentation and to carry out procedural representation of the bondholders of the corporate bonds issued by ICPD ADSITS, ISIN code BG2100019079 against the insurance company, in accordance of a decision of GMB on art. 2.4 of item two of the agenda, in all court cases and all courts, in relation to satisfying the claims of the bondholders of the latter emission, empowering the Bank-trustee to conclude a contract with the law office at the price and conditions of the approved offer.

**Item Four:** Making a decision and empowering the Bank-trustee of the bondholders to file a request for opening insolvency proceedings of the bond issuer – Intercapital Property Development ADSITS as well as to represent the bondholders and to protect their rights and interests while satisfying their claims in the insolvency proceedings.

**Draft decision:** The General Meeting of the bondholders accepts the decision and empowers the Bank-trustee of the bondholders to file a request for opening insolvency proceedings of the bond issuer – Intercapital Property Development ADSITS as well as to represent the bondholders and to protect their rights and interests while satisfying their claims in the insolvency proceedings.

**Item Five:** Taking a decision on choosing a law firm and/or lawyer, who will be empowered to represent the bondholders and to keep the documentation and to carry out procedural representation of the bondholders of the corporate bonds issued by ICPD ADSITS, ISIN code BG2100019079 at court case according to art.4, open in relation to a submitted request for insolvency of the issuer at all courts, related to satisfying the claims of the bondholders for the issue.

**Draft decision:** The General Meeting of the bondholders accepts the decision on choosing a law firm and/or lawyer, who will be empowered to represent the bondholders and to keep the documentation and to carry out procedural representation of the bondholders of the corporate bonds issued by ICPD ADSITS, ISIN code BG2100019079 at court case according to art.4, open in relation to a submitted request for insolvency of the issuer at all courts, related to satisfying the claims of the bondholders for the issue.

**Item Six:** Adoption of the written Agreement regarding the expenses (including government taxes, attorney fees, fees for experts etc.), concluded in relation to art. 3 of the decision of the General Meeting of the bondholders on 18.12.2017, regarding the expenses carried out by the Bank-trustee in relation to its actions in satisfying the claims of the bondholders.

**Draft decision:** The GMB adopts the Agreement for expenses including government taxes, attorney fees, fees for experts etc.) concluded in relation to art. 3 of the decision of the General Meeting of the bondholders on 18.12.2017 and accepts and confirms that the conditions in the Agreement bind all bondholders, regardless if they have signed it or not.

**Item Seven:** Various

At the GMB 73.74% of the bondholders were represented. By majority vote by the

represented bonds the draft decisions for items 1,2 and 3 of the agenda were accepted, by which the bondholders have confirmed the decisions adopted on art. 2.4, 3 and 4 of the agenda of the previous GMB, carried out on 18.12.2017. In addition to these decisions, the bondholders have accepted, approved and confirmed the Agreement for expenses, concluded in relation to carrying out a decision, accepted by the GMB on 18.12.2017 for making a claim/claims towards the insurance company of the bond issue – ZD Euroins AD. During the meeting, there was another vote on making a request on behalf of the bondholders for opening insolvency proceedings, choice of law company for representing the bondholders in such matters, whereby the vote was rejected.

The Company – issuer was not present by a representative at the meeting, but was informed of the results by letter № 5146-1600/19.03.2018 from Investbank AD, whereby a copy of the protocol of the meeting and a list of present bondholders were enclosed.

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).

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.

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.

The policy of the Company regarding the management of financial resources is focused on several main directions: increasing revenue from sales of real estate and revenue from management of real estate owned by the Company; restructuring of the Company's obligations; increasing the collection of receivables of the issuer. The aim of all these measures is to improve the financial condition of the company, including its liquidity position. With regard to increased revenue from sales of property, the company works continuously to find new markets and attract potential buyers, and search for new forms of revenue from sales associated with real estate held by the Company.

### **13. Assessment of the possibilities for realization of the investment intentions, indicating the amount of the available funds and stating the possible changes in the structure of the financing of this activity**

Currently, the Company has frozen the construction works on the investment project in Borovets resort due to lack of financing. The Company cannot estimate when it would be able to secure financial resources for completing the project Grand Borovets because currently, the market conditions for capital increase are still unfavourable. On the other hand, it would be difficult to receive bank financing due to the significant level of debt the company already has.

On 06<sup>th</sup> June 2011, the Board of Directors has taken a decision for starting negotiations for the sale of the land and the built hotel apartment complex "Grand Borovets" of the Company for a starting price not lower than EUR 5 000 000.

In connection with this, several publications of an advertisement for its sale were made in few national daily newspapers in Bulgaria, as well as in the newspaper "Vedomosti" in Russia. In addition, the Company has presented projects for sale to brokers in the Arab countries, Russia and Kazakhstan.

Parallel to this, the Company is actively searching for a partner who is willing to invest €2 500 000 for completing the project Grand Borovets so that it may function as a hotel. As such, the Company has established contacts and negotiated with several potential investors.

New investment projects would be feasible only after an increase in the capital of the Company, which would be possible when the global financial markets and especially the Bulgarian Stock Exchange are once again stable.

### **14. Information about occurred during the reporting period changes in the base principles for management of the issuer and its economic group**

No such changes have occurred during the reporting period.

### **15. Information about the main characteristics of the applied by the issuer in the course of preparation of the financial statements internal controls system and risk management system**

"Intercapital Property Development" ADSIC has adopted and implemented policies and procedures governing the effective functioning of the reporting and disclosure information by the company. The code details the various types of information created and disclosed by the company, the processes of internal company document, the different levels of access to the types of information of those responsible and the deadlines for processing and managing information flows. The established system of risk management ensures the effective implementation of internal control in the creation and management of all company documents including financial statements and other regulated information, which the Company is obliged to disclose in accordance with the legal provisions.

#### **16. Information on the changes in the management and supervisory bodies during the reporting fiscal year**

There have been no changes in 2017.

#### **17. Information on the amount of the remunerations, rewards and/or the benefits of each member of the management and control bodies for the fiscal year under review, paid by the issuer and its subsidiaries, irrespective of whether they have been included in the issuer's expenses or arise from profit distribution, including:**

- a) received amounts and non-money remunerations;
- b) contingent or deferred remunerations, occurred during the year, even if the remuneration is due at a later time;
- c) amount owed by the issuer or its subsidiaries for payment of pensions, compensations at retiring on a pension or other similar compensations

The members of the Board of Directors receive fixed monthly remuneration, determined by the General meeting, which cannot exceed 10 minimum monthly salaries. The General meeting has adopted a resolution pursuant to which the remuneration of the executive member to be in the amount of 12 minimum monthly salaries.

During 2017 the Board of Directors of the Company have received no remunerations.

By decision of the General Meeting of Shareholders, the Board of Directors may receive bonuses amounting to no more than 0.1% of the Company's profit before distribution of dividends for each member of the Board of Directors, but not more than 0.5% for the entire Council.

The Company does not owe any other amounts and / or benefits in kind and not set aside or accrued amounts for pensions, benefits or other retirement compensations of the Board of Directors.

Members of the Board of Directors did not receive remuneration or compensation from subsidiaries of the issuer and these are not set aside or accrued amounts for pensions, benefits or other retirement compensations of the Board of Directors in 2016.

#### **18. For the public companies – information about the owned by the members of the management and of the control bodies, procurators and the senior management shares of the issuer, including the shares held by anyone of them separately or as a percent from the shares of each class, as well as provided to them options on securities of the issuer by the latter – type and amount of the securities over which the options have**

been set up, price of exercising of the options, purchase price, if any, and term of the options.

As of 31.12.2017 the members of the Board of Directors own shares of the company as follows:

	<i>Number of shares</i>	<i>% from the capital</i>
Velichko Klingov <sup>1</sup> .....	43 111	0,72%

As of 31.12.2017 Velichko Klingov has concluded REPO Contracts with a collateral – shares of “Intercapital Property Development” ADSIC (total number of 37 806 shares), as a seller (borrower) and those shares are part of the total number of shares stated above.

As of 31.12.2016 the members of the Board of Directors own shares of the company as follows:

	<i>Number of shares</i>	<i>% from the capital</i>
Velichko Klingov*.....	77 111	1.28%

\* As of 31 Dec 2016 Velichko Klingov has concluded REPO Contracts with a collateral – shares of “Intercapital Property Development” ADSIC (a total of 37 806 in count), as a seller (borrower) and these shares are part of the ones indicated above.

The issuer has not issued options on the securities from the share capital.

**19. Information about the known to the company agreements (including also after the fiscal year closing) as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders and bondholder.**

The management body of the Company does not have information about agreements as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders and bondholders.

**20. Information about pending legal, administrative or arbitration proceedings relating to issuer’s liabilities or receivables at amount at least 10 percent of its equity; if the total amount of the issuer’s liabilities or receivables under all initiated proceedings exceeds 10 per cent of its equity, information shall be submitted for each procedure separately**

Below there is information presented on all pending cases:

#### **20.1 CIVIL AND ARBITRARY HEARINGS**

**20.1.1. Civil Case № 14099/2013 in the inventory of Sofia City Court, Civil Department, 1-14 unit, instituted for payment of sums from Intercapital Property Development ADSIC in favour of Janet Breddy, in relation to an agreement between the parties**

The claim is in the amount of 65 925 euro. By decision dated 30.07.2014 the claim is honoured in full. The decision of the Sofia City Court is confirmed by decision of the Sofia Court of Appeal. A cassation request has been submitted. The Supreme Court has not allowed the cassation request to be examined..

As a result of the decision of the Sofia Court of Appeal, Janet Breddy has obtained a receiving order and an enforcement case for collecting the awarded amounts has been initiated, which currently sits at private bailiff Stoyan Yakimov's office.

On 14.03.2018 ICPD ADSITS has been informed that Janet Breddy has transferred her receivables to CMS Properties OOD, EIK 202176885.

**20.1.2. Civil Case № 395/2014 r. in the inventory of Regional Court – Pomorie, Civil Department, unit I, initiated from Roman Anatolievich Burlakov in order that the preliminary contract for purchase of real estate 37\_24 be declared final. In addition a claim for 6 550 euro compensation in relation to the preliminary contract has been made.**

By court order of Regional Court Nessebar, confirmed by District court Burgas, the claim of the plaintiff to have their property transferred, free of any liabilities is left without consideration by the Court. The order has been appealed by the plaintiff before the Supreme cassation court, where by final order from 14.04.2015, the claim in this part is left without consideration.

By decision of 26.05.2015 the court honoured the claim for declaring the preliminary contract final and the claim for payment of compensation in the amount of 6 550 euro. The decision has been appealed before District court Burgas. By decision 17.12.2015 District court Burgas has confirmed the decision of the court of lower instance.

**20.1.3 Case № 338/2014 in the inventory of Regional Court – Pomorie, Civil Department unit IV, initiated by Anatoli Ivanovich Burlakov in order that the preliminary contract for purchase of real estate be declared final. In addition a claim for 6 670 euro compensation in relation to the preliminary contract has been made.**

By decision on 30.03.2015 the claim has been honoured in full, whereas the court has declared the contract final and has judged a compensation in the amount of 6 670 euro to the plaintiff. The decision is in force.

**20.1.4 Civil Case № 20309/2014 in the inventory of Sofia City Court, Civil Department 1-6 unit, initiated by Aleksei Anatolievich Putintsev and Natalia Alikovna Putintseva against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contract for purchase of real estate, whereby the plaintiffs consider the contract terminated.**

The price of the claim is in the amount of 55 000 euro together with the statutory interest as of making the claim (17.12.2014) up to the date of payment as well as expired statutory interest amounting to 5993,17 BGN for the period 12.08.2014 to 17.12.2014 .

After the hearing, the Sofia City Court rejected entirely the claims of plaintiffs. The decision was appealed by the plaintiff, and a case instituted with reference number № 3254/2016 on the inventory of Sofia Court of Appeal.

By decision form 14.11.2016 of Sofia Court of Appeal, the decision of Sofia City Court was cancelled and rendered another decision that the claim for the sum of 55,000 euros was fully upheld. Legal interest from the filing of the application (on 17.12.2014 ) until the date of payment and the application of the statutory interest for the period from 12/08/2014 until 17/12/2014 was honoured to 3 836.21 lev, being rejected for the amount to the sum claimed by 5 993.17 lev.

The decision of the Sofia Court of Appeal was appealed by the Company within the Supreme Court of Cassation.

**20.1.5 Civil Hearing № 28481/2014 in the inventory of Sofia Regional Court, Civil Department, unit 39 initiated by „Vodosnabdyavane i Kanalizacia“ EAD for payment of water delivered to v.c. Marina Cape**

The hearing was initiated in relation to a claim from „Vodosnabdyavane i Kanalizacia“ EAD whereby it is claimed that the court admit for certain that amounts of water have been delivered to v.c. Marina Cape in favour of Intercapital Property Development, according to invoices issued for the period 21.02.2013, to 17.12.2013, which have not been paid. According to the plaintiff the total value of the delivered water is in the amount BGN 67 383,34. A response to the claim has been submitted, by which it has been fully challenged. The hearing is at Sofia Regional Court, whereas the next hearing has been scheduled for 23.04.2018.

**20.1.6 Civil Hearing № 45799/2014 in the inventory of Sofia Regional Court, Civil Department, 32 unit, plaintiff Alexander Sergeevich Solovyov vs. Intercapital Property Development ADSIC for payment of sums from preliminary contracts for the purchase of real estate, which contracts are considered terminated by Solovyov.**

The amount claimed is in the amount of 14 000 euro as a partial claim of 127 000 euro formulated as follows:

- A claim for 21\_3, located in the residential complex "Marina Cape" – city of Aheloi for an amount of 7000 euros, partial claim paid upon a preliminary agreement for the property in the amount of 92,000 euros;
- A claim for 34\_13, located in the residential complex "Marina Cape" - city. Aheloi is sued for an amount of 7000 euros, partial claim paid on a preliminary agreement for the property in the amount of 35,600 euros

By decision from the 31.08.2015, the claim is upheld. The decision was appealed within the Sofia City Court. The appeal was initiated with reference № 597/2016 by description of SCC. By decision from the 10.11.2016, the Sofia City Court confirmed the decision of the Sofia Regional court. The decision was appealed on time and at the time the appeal is pending.

In relation to the present reprehensible decision of Sofia City Court, the plaintiff received a writ of execution against "Intercapital Property Development" ADSIC for payment of the amount awarded

The decision of the SCC was appealed before the Supreme Court. The SC has decided that the appeal was not upheld and the decision of SCC has come into force as of 23.11.2017

**20.1.7. Civil Case № 20308/2014 in the inventory of Sofia City Court, Civil Department I-11 unit, initiated by Nina Yurievna Tereschenko against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contract for purchase of real estate, whereby the plaintiff considers the contract terminated.**

The case was initiated by Nina Yurievna Tereschenko in relation to legal right art.55 of the Law for Contracts and Liabilities, under which it is requested that Intercapital Development ADSIC is judged to return payments made by the plaintiffs in relation to preliminary contract for purchase of real estate located in vacation complex Marina Cape - Aheloy. The amount of the claim is in the amount of 94 000 euro, together with the legal interest on this amount, due from the date of the claim to its full payment.

A response to the claim has been submitted, by which it has been fully challenged. By decision on 07.07.2017 the claim has been fully upheld by SCC. The decision has been appealed.

The decision of SCC, by which the decision has been upheld, has come into force as of 24.10.2017.

**20.1.8. Civil Case №15692/2015 in the inventory of Sofia City Court, Civil Department, plaintiff Alexander Sergeevich Solvyov vs. Intercapital Property Development ADSIC for payment of sums from preliminary contracts for the purchase of real estate, which contracts are considered terminated by Solovyov.**

The price of the claims is as follows:

- For 21\_3 located in vacation complex Marina Cape a claim for 85 000 euro has been made, the remainder of the totally paid price amounting to 92 000 euro.
- For 34\_13 located in vacation complex Marina Cape a claim for 28 600 euro has been made, the remainder of the totally paid price amounting to 35 600 euro.

By decision made on 22.05.2017 SCC has upheld the claims. An appeal was filed on time and as a result a hearing № 5506/2017 was formed at the register of the Appeal court Sofia. The hearing is scheduled for 18.05.2018.

**20.1.9 Commercial Hearing No.:6/2015 in the inventory of District court Burgas, Commercial Department, Unit I, initiated by Maxim Viktorovich Goncharov against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contracts for purchase of real estate, whereby the plaintiffs consider the contract terminated.**

The hearing was initiated by Maxim Viktorovich Goncharov in relation to legal right art.55 of the Law for Contracts and Liabilities, under which it is requested that Intercapital Development ADSIC is judged to return payments made by the plaintiff for four preliminary contracts for purchase of real estate located in vacation complex Marina Cape - Aheloy. The amount of the claim is in the amount of 80 503.84 euro, together with the legal interest on this amount, due from the date of terminating the contracts to the full payment of the amount.

In accordance with the law for territorial jurisdiction, "Intercapital Property Development" ADSIC's case was terminated and transferred to the competent Sofia City Court, where the initiated civil case was entered with reference number № 5304/2015. By decision from 12.12.2016 SCC upheld wants to EUR 70 503, 84 euros, together with legal interest from 07.01.2015 until the date of final payment. The claim was rejected for the amount to the total claim of 80 503.84 euros. The decision was appealed by the Company before the Appeal Court in Sofia. By decision on 13.09.2017 the Sofia Appeal Court has upheld the decision of the SCC. The decision of the Appeal Court was appealed on time before the Supreme Court. The SC is yet to review the appeal at a hearing scheduled on 08.05.2018

**20.1.10 Civil Hearing No.:223/2015 in the inventory of District court Burgas, Civil Department, Unit I, initiated by Lyudmila Nikolaevna Skomorovska and Aleksander Viktorovich Skomorovski against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contract for purchase of real estate, whereby the plaintiffs consider the contract terminated.**

The case was initiated by Lyudmila Nikolaevna Skomorovska and Aleksander Viktorovich Skomorovski in relation to legal right art.55 of the Law for Contracts and Liabilities, under which it is requested that Intercapital Development ADSIC is judged to return payments made by the plaintiffs in relation to preliminary contract for purchase of real estate located in vacation

complex Marina Cape - Aheloy. The amount of the claim is in the amount of 67 000 euro, together with the legal interest on this amount, due from the date of the claim to its full payment.

On our plea of lack of jurisdiction of the Burgas District Court to hear the case, the case was suspended and sent to the Sofia City Court. The Sofia City Court instituted civil case № 8306/2015 on the inventory of Sofia City Court.

By decision of 09.03.2016, the claims are fully upheld. The decision was appealed by the Company. In its appeal, the Company instituted № 3458/2016 on the inventory of Sofia Court of Appeal.

By decision dated 13.09.2017, the Sofia Appeal Court has upheld the decision of SCC. The decision of Sofia Appeal Court was appealed on time before the Supreme Court. The supreme Court is yet to review the appeal at a hearing scheduled on 30.04.2018.

**20.1.11 Civil Case № 107/2015 in the inventory of Regional Court – Pomorie, Civil Department unit I, initiated by Andrey Yurievich Ragushin in order that the preliminary contract for purchase of real estate be declared final.**

The claim was upheld in full by the District Court - Pomorie. The decision was appealed within the district court - Burgas. District Court - Burgas upheld the first instance. The Company has filed an appeal before the Supreme Court of Cassation.

By decision on 21.04.2017 the Supreme Court has not upheld the appeal of the decision.

**20.1.12 Civil Hearing No.: 2127/2015 in the inventory of District court Burgas, initiated by Svetlana Nikolaevna Zaharova against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contract for purchase of real estate, whereby the plaintiffs consider the contract terminated.**

The case was initiated by Svetlana Nikolaevna Zaharova in relation to legal right art.55 of the Law for Contracts and Liabilities, under which it is requested that Intercapital Development ADSIC is judged to return payments made by the plaintiffs in relation to preliminary contract for purchase of real estate 34\_8 located in vacation complex Marina Cape - Aheloy. The amount of the claim is in the amount of 43 000 euro, together with the legal interest on this amount, due from the date of the claim to its full payment.

On our plea of lack of jurisdiction of the Burgas District Court to hear the case, the case was suspended and sent to the Sofia City Court. The Sofia City Court instituted civil case № 3725/2016 on the inventory of Sofia City Court.

By decision of 03.07.2016, the Sofia City Court upheld entirely the claim against the Company. The decision was appealed on time at the Sofia Appeal Court. As a result, a hearing № 3484/2017 at the Sofia Appeal Court was formed for which a decision is still due.

**20.1.13 Arbitrary case No: 10/2015 in the inventory of the Arbitrary court for commercial claims – Burgas, initiated by Midia AD against Intercapital Property Development ADSIC**

The amount of the claims is BGN 500 000, as a partial claim from the total amount of BGN 6 430 457.72. By decision of 29.02.2016, the claims have been fully respect the decision entered into force. Based on the decision a writ has been issued against "Intercapital Property Development" ADSIC.

On 07.03.2016 ICPD ADSITS was informed that the receivable has been transferred to AVI CONSULT EOOD, EIK 131397729.

**20.1.14 Civil Case № 12417/2015 in the inventory of Sofia City Court, initiated by Elisaveta Vidjesingh against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contract for purchase of real estate, whereby the plaintiff considers the contract terminated.**

- claim for payment of 43 225 euro, representing the price paid for apartment 32\_79, located in v.c. Marina Cape Aheloy, together with the legal interest until the payment is made in full.
- claim for payment of compensation in the amount of BGN 1039 as a result of non-compliance with the obligation to transfer the property, together with the legal interest, until payment in full.
- claim in the amount of 32 580 euro, representing the double size of the paid deposit according to art.22 of the deposit contract, together with the legal interest, until payment in full.
- claim in the amount of BGN 5 541.53, representing expenses made for the furnishing of the property, together with the legal interest, until payment in full.

With a ruling from the 02.03.2017 all claims were dismissed as unsubstantiated and unfounded. The decision was appealed by Elisaveta Vidjesingh but was subsequently withdrawn and a request to withdraw the claim was submitted. By decision on 30.10.2017 on case 3138/2017 from the register of Sofia Appeal Court the decision of SCC was invalidated and the case has been terminated.

**20.1.15 Civil Case № 16919/2015 in the inventory of Sofia City Court, initiated by Genadi Grishin against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contract for purchase of real estate, whereby the plaintiff considers the contract terminated.**

The claim is for 105 312 euro, representing the paid purchase price of the property. – apartment 1\_11, located in vacation complex Marina Cape, together with the legal interest, until payment in full.

The first hearing was held on 10/24/2016. After the hearing on 20.11.2017 the court is to render a decision.

**20.1.16 Civil Case № 15944/2015 in the inventory of Sofia City Court, initiated by Olga Nekrasova against Intercapital Property Development ADSIC for payment of sums regarding a preliminary contract for purchase of real estate, whereby the plaintiff considers the contract terminated.**

The price of the claims is as follows:

- claim in the amount of 48 000 euro, representing the purchase price paid for the property, apartment 32\_51, located in vacation complex Marina Cape, together with the legal interest until full payment is received.
- claim for payment of compensation in the amount of 2000 euro as a result of non-compliance with the obligation to transfer the property.

A court agreement has been concluded, whereas ICPD ADSITS is obliged to transfer the property in question to Olga Nekrasova. In relation to the agreement, the legal proceedings have been terminated as of 22.02.2018.

**20.1.17 Enforcement Hearing № 22731/2015 in the inventory of regional court of Sofia for the issuance of and immediate execution and writ of execution for amounts under the credit agreement № 1236/2007 from the 19.10.2007 contracted with “Pireaus Bank Bulgaria”AD.**

On 05.04.2015 an order for immediate execution and writ of execution were issued in favor of the Bank for the amount of EUR 250,000 principal.

The company filed an objection towards the issued order for immediate execution and writ.

The Bank has filed a declaration under Art.422 of the Code of Civil Procedure. Under the plea a case with reference № 1501/2016 was initiated, on the inventory of Sofia City Court. By order dated 16.02.2017, the court approved the agreement between the parties. As a result of the concluded agreement the Bank has withdrawn the request for the opening of bankruptcy proceedings against the company.

**20.1.18 Enforcement Hearing № 22737/2015 in the inventory of regional court of Sofia for the issuance of and immediate execution and writ of execution for amounts under the credit agreement for investment purposes № 736/2008 from the 07.07.2008 contracted with “Pireaus Bank Bulgaria”AD.**

On 04.06.2015 an order for immediate execution and writ of execution were issued in favor of the Bank for the amount of EUR 300,000 principal.

The company filed an objection towards the issued order for immediate execution and writ.

The Bank has filed a declaration under Art.422 of the Code of Civil Procedure. Under the plea a case with reference № 777/2016 was issued, on the inventory of Sofia City Court. By order dated 01.03.2017, the court approved the agreement between the parties. As a result of the concluded agreement the Bank has withdrawn the request for the opening of bankruptcy proceedings against the company.

**20.1.19 Enforcement Hearing № 9111/2016 in the inventory of regional court of Sofia for the issuance of and immediate execution and writ of execution for amounts under the credit agreement № 1236/2007 from the 19.10.2007 contracted with “Pireaus Bank Bulgaria”AD.**

On 14.03.2015 an order for immediate execution and writ of execution were issued in favor of the Bank for the amount of EUR 500,000 principal.

The company has not filed an objection towards the issued order for immediate execution and writ.

The Bank has filed a declaration under Art.422 of the Code of Civil Procedure. Under the plea a case with reference № 7106/2016 was issued, on the inventory of Sofia City Court. By order dated 16.02.2017, the court approved the agreement between the parties. As a result of the concluded agreement the Bank has withdrawn the request for the opening of bankruptcy proceedings against the company.

**20.1.20 Enforcement Hearing № 9111/2016 in the inventory of regional court of Sofia for the issuance of and immediate execution and writ of execution for amounts under the credit agreement № 736/2008 from the 07.07.2008 contracted with “Pireaus Bank Bulgaria”AD.**

On 26.04.2016 an order for immediate execution and writ of execution were issued in favor of the Bank for the amount of EUR 500,000 principal. The order for immediate execution and writ of execution have both been enacted.

**20.1.21 Civil Hearing № 11196/2016 in the inventory of Sofia Regional Court, Civil Department, unit 50 initiated by „Vodosnabdyavane i Kanalizacia“ EAD for payment of water delivered to v.c. Marina Cape**

The hearing was initiated in relation to a claim from „Vodosnabdyavane i Kanalizacia“ EAD whereby it is claimed that the court admit for certain that amounts of water have been delivered to v.c. Marina Cape in favour of Intercapital Property Development, according to invoices issued for the period 02.12.2014, to 01.12.2015, which have not been paid. According to the plaintiff the total value of the delivered water is in the amount BGN 57 654,12. The plaintiff wants to be reimbursed for legitimate interest obligations from the date of initiation of proceedings until full payment of debts and expenses for the formation and conduct of the case.

"Intercapital Property Development" ADSIC filed an objection against the enforcement order. „Vodosnabdyavane i Kanalizacia“ EAD has brought the action to take in order to implement.

A case with reference № 5781/2016 has been initiated on the inventory of Sofia City Court, VI-14 squad. SCC has taken a decision by which the order to implement has been upheld. An appeal has been filed on time at the Sofia Appeal Court. Sofia Appeal Court has initiated a case 3598/2017 which awaits a decision.

**20.1.22 Civil Hearing № 1727/2016 in the inventory of Sofia Regional Court, Civil Department, unit 50 initiated by „Vodosnabdyavane i Kanalizacia“ EAD for payment of water delivered to v.c. Marina Cape**

The hearing was initiated in relation to a claim from „Vodosnabdyavane i Kanalizacia“ EAD whereby it is claimed that the court admit for certain that amounts of water have been delivered to v.c. Marina Cape in favour of Intercapital Property Development, according to invoices issued for the period 21.01.2014, to 18.12.2014, which have not been paid. According to the plaintiff the total value of the delivered water is in the amount BGN 62 875,46 . The plaintiff wants to be reimbursed for legitimate interest obligations from the date of initiation of proceedings until full payment of debts and expenses for the formation and conduct of the case.

"Intercapital Property Development" ADSIC filed an objection against the enforcement order. „Vodosnabdyavane i Kanalizacia“ EAD has brought the action to take in order to implement.

A case with reference № 7255/2016 has been initiated on the inventory of Sofia City Court. By decision on 21.07.2017 SCC has approved the claim for up to 3639,64 BGN and has renounced the claim of „Vodosnabdyavane i Kanalizacia“ EAD for the remaining amount. The decision has been appealed by „Vodosnabdyavane i Kanalizacia“ EAD and currently a decision by the Appeal Court is pending.

## **20 Enforcement Hearings**

**20.2.1 Enforcement Hearing № 831/2013 in the inventory of bailiff Silvia Koseva, reg. № 809 of CPCB, region – District Court Veliko Turnovo**

The enforcement hearing is initiated in relation to receiving orders issued in favour of Teimur Yurievich Bayramov and Irina Feodorovna Bayramova. The total amount due in relation to the agreement is 83 060,26 euro and 9 749 BGN. The enforcement proceedings are currently at a halt.

#### **20.2.2 Enforcement Hearing № 692/2014 in the inventory of bailiff Stanimira Nikolova, reg. № 805 of CPCB, region District Court Burgas**

The enforcement hearing is initiated according to receiving order issued in favour of Natalia Borisovna Krasutskaya for the amount of 60 122,21 BGN. The enforcement proceedings are currently at a halt.

#### **20.2.3 Enforcement Hearing № 671/2015 in the inventory of bailiff Stanimira Nikolova, reg. № 805 of CPCB, region District Court Burgas**

Enforcement proceedings have been instituted and held on the basis of a writ of execution issued in favour of "PIRAEUS BANK BULGARIA" AD and detailed in Item. **Грешка! Източникът на препратката не е намерен., Грешка! Източникът на препратката не е намерен.** and **Грешка! Източникът на препратката не е намерен.** above. Enforcement proceedings have been terminated as of 18.07.2017.

#### **20.2.4 Enforcement Hearing № 983/2016 in the inventory of bailiff Ivelina Bozhilova, reg. № 800 of CPCB, region District Court Burgas.**

Enforcement proceedings have been instituted and held on the basis of a writ of execution issued in favour of "PIRAEUS BANK BULGARIA" AD and detailed in Item. 7.19 above. Enforcement proceedings have been terminated according to bailiff order from 26.07.2017.

#### **20.2.5 Enforcement Hearing № 1632/2015 in the inventory of bailiff Tanya Madzhova, reg. № 803 of CPCB, region District Court Burgas**

Enforcement proceedings have been instituted and held on the basis of a writ of execution issued in favour of "TELELINK" EAD for the sum of BGN 497 953,39. Enforcement proceedings are currently pending.

The enforcement case has held public sale of mortgaged in favour of "TELELINK" EAD properties as follows:

Independent property identifier № 00833.5.409.4.1., Representing 5\_1 apartment, located in a residential complex "Marina Cape" - city Aheloy;

Independent property identifier № 00833.5.409.4.4., Representing 6\_1 apartment, located in a residential complex "Marina Cape " - city Aheloy;

Independent property identifier № 00833.5.409.5.1., Representing 7\_1 apartment, located in a residential complex "Marina Cape " - city Aheloy;

Independent property identifier № 00833.5.409.7.13., Representing 11\_3\_2 apartment, located in a residential complex "Marina Cape " - city Aheloy;

Independent property identifier № 00833.5.409.18.11., Representing 30\_7 Studio, located in a residential complex "Marina Cape " - city Aheloy.

By decree award from 29.11.2016, the properties have been awarded in favour of "TELELINK" EAD. Based on the award of the property the repaid obligations under the enforcement case totalling BGN 387 537.50.

#### **20.2.6 Enforcement Hearing № 50/2017 in the inventory of bailiff Delyan Nikolov, reg. № 804 of CPCB, region District Court Burgas**

Enforcement proceedings have been instituted on the basis of a writ of execution issued in favour of Alexander Sergeyevich Solovyev for the sum of BGN 39 500.59 lev. Enforcement

proceedings have been instituted on the basis of the writ of execution issued in gender Solovyev in the case described in paragraph. 20.1.6 in - above. The enforcement case has conducted inventory of three properties owned by the company

- Independent property with identifier 00833.5.409.9.4 representing Apartment 14\_2, located in a residential complex "Marina Cape" - city. Aheloy;
- Independent property identifier 00833.5.409.25.22 representing Apartment 37\_22, located in a residential complex "Marina Cape" - city. Aheloy;
- Independent property identifier 00833.5.409.26.19 representing Apartment 38\_16, located in a residential complex "Marina Cape" - city. Aheloy;

Several public offerings have taken place, whereas all have been declared unsuccessful due to a lack of submitted valid offers.

#### **20.2.7 Enforcement Hearing № 40/2017 in the inventory of bailiff Delyan Nikolov, reg. № 804 of CPCB, region District Court Burgas**

The enforcement hearing was formed based on writ issued in favour of Natalia Borisovna Krasutskaya for the amount of 84 100,69 BGN. The enforcement hearing was formed based on a preservation order in relation to a court claim. There is no decision on the claim.

#### **20.2.8 Enforcement Hearing № 850/2016 in the inventory of bailiff Ivanka Mindova, reg. № 704 of CPCB, region District Court Burgas**

Enforcement proceedings have been instituted on the basis of a writ of execution issued in favour of Nedyalko Ivanov Kalatchev for the sum of EUR 64,006.

On 05.09.2017 ICPD ADSITS, EIK 131397743, received a notice regarding enforcement hearing № 850/2016 in the inventory of bailiff Ivanka Mindova, reg. № 704 of CPCB, whereby the Company was informed that by Decree on 19.07.2017 regarding enforcement hearing, AVI CONSULT EOOD, EIK 131397729 is joined as a creditor for the sum in the amount of 542 773,75 BGN, including the following amounts: 100 000 BGN – principal, 161 736.95 BGN – compensation, 238 263.05 BGN – interest, 26 125,15 BGN – court expenses, 157.00 BGN legal enforcement expenses.

In addition the company was informed that the joined creditor AVI CONSULT EOOD exercises the right to withhold as per art. 136, par.4, second proposal of the Law on Obligations and Contracts, regarding properties owned by ICPD ADSITS, located in Marina Cape Vacation Complex, Aheloy, for which the inventory of the enforcement hearing was made, or:

- 1) Independent property identifier 0833.5.409.20.101, area 46.00 m2.;
- 2) Independent property identifier 0833.5.409.18.13, area 59.00 m2.;
- 3) Independent property identifier 0833.5.409.19.29, area 63.00 m2.;
- 4) Independent property identifier 0833.5.409.20.35, area 46.00 m2.;
- 5) Independent property identifier 0833.5.409.20.85, area 42.00 m2.;
- 6) Independent property identifier 0833.5.409.22.12 area 37.00 m2.

The receivable of AVI CONSULT EOOD represents a partial of the entire receivable from ICPD ADSITS in the amount of 6 430 457,72 BGN, whereas for each day until the final payment, an interest in the amount of 0.1% is accrued.

### **20.3 REQUEST FOR OPENING INSOLVENCY PROCEEDINGS**

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 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.

## 21. Information about the investor relations director, including telephone and address for correspondence

The position of investor relations director of "Intercapital Property Development" ADSIC is taken by:

**Milen Bozhilov**

**Correspondence address: Sofia, 7A Aksakov Str., fl. 4,**

**tel: 02 / 980 12 51**

Date: 28.03.2018

Signature:

/Velichko K. Ivanov

A circular stamp with the text "ИНТЕРКАПИТАЛ ПРОПЪРТИ ДИВЕЛОПМЕНТ" around the top edge and "ИНТЕРКАПИТАЛ \* АД \* СФ" around the bottom edge. The center of the stamp contains a stylized signature or logo.