**Inside information pursuant to Appendix No 9 to Art. 28, para 2 and Art. 41, para 2, p. 2 of ORDINANCE No. 2 on the prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market and on disclosure of information by the public companies and the other issuers of securities**

for the period 01.10.2012 – 31.12.2012

**"Intercapital Property Development" ADSIC**

1. **For the issuer**

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

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

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

During the fourth quarter of the year 2012 there hasn't been such a circumstance.

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

During the fourth quarter of the year 2012 there hasn't been such a circumstance.

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

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

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

No liquidation procedure has been initiated for the company.

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

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

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

Such a circumstance has not occurred during the fourth quarter of the year 2012.

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

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

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

There has not been such a decision during the fourth quarter of the year 2012.

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

Such a circumstance has not occurred during the fourth quarter of the year 2012.

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

As of the end of the fourth quarter of the year 2012 the net financial result of the Company on non-consolidated basis is loss in the amount of BGN 2 696 thousand.

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

During the fourth quarter of the year 2012 the Company has not realized material losses due to extraordinary or unforeseeable circumstances.

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

During the fourth quarter of the year 2012 there have not been any circumstances of extraordinary nature that have caused such damages for the Company.

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

Such a circumstance has not occurred during the fourth quarter of the year 2012.

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

There has not been such a decision during the fourth quarter of the year 2012.

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

During the reporting period the Company has not absorbed new bank loans.
In the fourth quarter of 2012 „Intercapital Property Development" ADSIC negotiated the terms of some preliminary contracts concluded for sale of real estate properties with the buyers, as a result of which the Company had to reclassify the guarantee deposits provided by the customers in the amount of BGN 629 thousand, that were wriiten off during the third quarter, again as its current liabilities.

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

During the fourth quarter of the year 2012 no essential receivable has arisen for the company.

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

During the fourth quarter of the year 2012 the Company has not had any new liquidity problems.

With regard to the bond issue of the Company in the amount of EUR 5 000 thousands with ISIN code BG2100019079 and initial maturity date 14.08.2010, on 28.06.2010 the Board of Directors of "Intercapital Property Development" ADSIC took a decision to send a proposal to the bondholders' representative CB "Investbank" AD to convene a General Meeting of the bondholders, on which to be taken a decision on the restructuring of the bond issue. The Meeting was held on August 06, 2010 where the bondholders took a decision for restructuring the liabilities of the Company through amendments in some of the parameters of the bond issue as follows:

- Extension of the issue term by 36 months (as of 14.08.2010 until 14.08.2013);
- Change of the debenture loan interest rate to 9.5% p.a. payable every three months;
- Change of the debenture loan repayment scheme pursuant to the proposal of the Board of Directors, i.e.:
- Additional dates of interest payments within the extended period:

14.11.2010;
14.02.2011;
14.05.2011;
14.08.2011;
14.11.2011;
14.02.2012;
14.05.2012;
14.08.2012;
14.11.2012;
14.02.2013;
14.05.2013;
14.08.2013;

- Amortisation recurrence: At a 3-month period, on the following fixed dates:

14.02.2011;
14.05.2011;
14.08.2011;
14.11.2011;
14.02.2012;
14.05.2012;
14.08.2012;
14.11.2012;
14.02.2013;
14.05.2013;
14.08.2013;

- The issuer is obliged to provide additional collateral for the bond issue and to meet other conditions according to the minutes enclosed.

- The Company is entitled to repay partly or entirely the outstanding principal ahead of schedule. The repayment may be executed only on a date of interest payment and after making one-month prior notice to the bondholders. The minimum amount to be partially repaid ahead of schedule will be EUR 250,000 i.e. 5% of the full amount of the issue.

The bondholders took also a decision for payment of the bond issue principal and interests through the Central Depository AD.

In compliance with the decisions of the General Meeting of the bondholders held on August 06, 2010 and the above described plan for repayment of the principal and payment of the interest on the bond issue, on 09.03.2012 "Intercapital Property Development" ADSIC paid out the owed interest as of 14.02.2012 on the corporate bond issue in the amount of EUR 95 519.

On 09.03.2012 "Intercapital Property Development" ADSIC made an amortization payment on its bond issue in the amount of EUR 125 000 that was due as of 14.02.2012. With regard to the delay in the payment of the amortization on the principal the Company paid out to the bondholders interest for the delay for the period between 15.02.2012 and 09.03.2012 amounting to EUR 780.82 (i.e. EUR 0.156164 per bond).

On 11.06.2012 "Intercapital Property Development" ADSIC paid out the owed interest as of 14.05.2012 on its corporate bond issue in the amount of EUR 90 523.

On 11.06.2012 the Company made also an amortization payment on its bond issue in the amount of EUR 125 000 that was due as of 14.05.2012. With regard to the delay in the payment of the amortization on the principal the Company paid out to the bondholders interest for the delay for the period between 15.05.2012 and 11.06.2012 amounting to EUR 910.96 (i.e. EUR 0.175204 per bond).

On 10.09.2012 "Intercapital Property Development" ADSIC paid out the owed interest as of 14.08.2012 on its corporate bond issue in the amount of EUR 89 549.

On 10.09.2012 the Company made also an amortization payment on its bond issue in the amount of EUR 125 000 that was due as of 14.08.2012. With regard to the delay in the payment of the amortization on the principal the Company paid out to the bondholders interest for the delay for the period between 15.08.2012 and 10.09.2012 amounting to EUR 876.02 (i.e. EUR 0.182192 per bond).

On 10.12.2012 "Intercapital Property Development" ADSIC paid out the owed interest as of 14.11.2012 on its corporate bond issue in the amount of EUR 86 564.

On 10.12.2012 the Company made also an amortization payment on its bond issue in the amount of EUR 125 000 that was due as of 14.11.2012. With regard to the delay in the payment of the amortization on the principal the Company paid out to the bondholders interest for the delay for the period between 15.11.2012 and 10.12.2012 amounting to EUR 843.58 (i.e. EUR 0.168716 per bond).

In December 2012 there were undertaken actions for renegotiation of the terms on the Company's bond issue through convocation of a general meeting of the bondholders, including for change of the financial ratios that the Company should be obliged to maintain with regard to the issued bond loan. The proposed amendments regarding the financial ratios are as follows:

<u>Ratio between Equity and Secured Debt:</u> 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 0.10 (zero point ten) until the full payment of the bonds of this issue.

<u>Maximum ratio of Liabilities to Assets according to their book value:</u> 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 0.95 (zero point ninety five) until the full payment of the bonds of this issue.

Provided that the bondholders approve the proposed amendments at the meetings, which stand to be held on 31.01.2013 and 06.02.2013, the two financial ratios of the Company as of 31.12.2012 shall be in compliance with the indicators set in the invitations for the general meetings.

Below in the present report additional information can be found about the agenda of the convened general meetings of the bondholders.

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

There have not been such circumstances during the fourth quarter of 2012.

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

There hasn't been such a circumstance during the fourth quarter of 2012.

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

During the fourth quarter of 2012 no significant contracts which are not related to the company's usual activity have been concluded or fulfilled.

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

During the fourth quarter of 2012 no tender offer has been made to the Company's shareholders, respectively there has not been any position of the Board of Directors of the company related to that.

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

During the fourth quarter of 2012 there has not been any termination or substantial reduction of the relations with clients, who form at least 10 percent of the revenues of the company for the last three years.

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

No new products and developments have been introduced on the market during the fourth quarter of 2012.

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

During the fourth quarter of 2012 there have not been orders amounting to over 10 percent of the average revenues of the company.

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

There has not been any change in the amount of the orders and the use of the production capacity during the fourth quarter of 2012.

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

There hasn't been such a circumstance.

**1.28. Purchase of patent**

There hasn't been such a circumstance.

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

There has not been obtaining, suspension of the use, withdrawal of authorization to pursue business (license) during the fourth quarter of 2012.

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

No legal or arbitration proceedings, relating to liabilities or receivables of the company or its subsidiary, with price of the claim at least 10 percent of the company's equity, have been initiated or terminated during the fourth quarter of 2012.

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

On 28.12.2012 an Agreement was signed between Intercapital Property Development ADSIC and VEI Project AD, according to which the parties have contracted their counter obligations derived from Notary Deed dated 29.12.2011 and Contract dated 30.12.2011, respectively.

In connection with the undersigned Agreement, on 28.12.2012, the parties have also signed an Annex to the Contact dated 30.12.2011 according to which the remainder of the sale price of the properties, subject to the Contract dated 30.12.2011, amounts to EUR 841 989.39 incl. VAT and is due by ICPD within a period ending 30.01.2013. In connection with the option for ICPD to gain ownership rights on the properties from VEI Project AD under the conditions of financial leasing, with the Annex the parties have confirmed the conditions of the financial leasing under the Contact and have changed the interest rate from 12.5% to 9% annually.

On 3rd January 2013, with entry № 20130103135306 in the electronic file of the Company in the Commercial Register an invitation was announced for convocation of General Meeting of the bondholders of corporate bond issue with ISIN code BG2100019079, issued by ICPD. Based on Art. 214, para 1 of the Commercial Act, the General Meeting of bondholders was convened by the representative of the bondholders Commercial Bank "INVESTBANK" AD and should be held on 16th January 2013 at 11:00 h on address: Sofia, 27 Vasil Levski Blvd., hotel Downtown, the conference hall.

The proposed agenda was as follows:

Item One

Giving consent on rescheduled repayment of the liabilities under the bond issue having ISIN code BG2100019079 through a partial re-negotiation of the terms, as follows:

1. Extension of the term of the issue by 60 months (as from 14 August 2013 until 14 August 2018);

2. The principal repayment schedule is amended as follows:

2.1. Principal (amortisation) payments:

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|

| Date | Amount (EUR) | Date | Amount (EUR) | Date | Amount (EUR) | Date | Amount (EUR) | Date | Amount (EUR) | Date | Amount (EUR) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 14.02. | 62 500 | 14.02. | 62 500 | 14.02. | 125 000 | 14.02. | 187 500 | 14.02. | 250 000 | 14.02. | 250 000 |
| 14.05. | 62 500 | 14.05. | 62 500 | 14.05. | 125 000 | 14.05. | 187 500 | 14.05. | 250 000 | 14.05. | 250 000 |
| 14.08. | 62 500 | 14.08. | 62 500 | 14.08. | 125 000 | 14.08. | 187 500 | 14.08. | 250 000 | 14.08. | 250 000 |
| 14.11. | 62 500 | 14.11. | 62 500 | 14.11. | 125 000 | 14.11. | 187 500 | 14.11. | 250 000 | | |

2.2. Interest (coupon) payments within the extended term:

- The interest rate following 14 Feb 2013 until the maturity date shall be decreased to 7.25% per annum, payable at 3-month period on the dates as per the Table enclosed in the invitation;
- The interest payments due following 14 February 2013 until the maturity date shall be calculated by gradual decrease of the interest rate by 0.25%. The exact amount of the interest payments as well as the terms for applying the new gradual decrease of the interest rate are specified in the invitation and in the table enclosed;

2.3. The Issuer shall be still entitled to make a total or partial early repayment of the outstanding principal of the debenture loan. That repayment might be effected only on a date of an interest payment. The minimum amount that might be early repaid must equal at least one amortisation payment due for the respective period;

3. All due principal and interest payments under the bond issue shall be effected in Bulgarian levs as per the official rate of exchange of the BNB as of the date of performance of the GMB /EUR 1 = BGN 1.95583/. In case that BNB's central exchange rate is changed, all payments shall be effected in Euro;

4. The Issuer shall be obligated to open a special current account at UniCredit Bulbank AD to service the payments under the debenture loan;

5. Security of the issue: Except for the insurance provided by Insurance Company Euro Ins and the second-tier mortgage, the Issuer shall be obligated to provide new additional collaterals such as: to sign a supplement to the insurance policy provided by Euro Ins and to create a first-tier mortgage on an own real property as described in the invitation;

6. Other terms and ratios:

6.1 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 0.10 (zero point ten) until the full payment of the bonds of this issue.

6.2.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 the amount of not more than 0.95 (zero point ninety five) until the full payment of the bonds of this issue

Item two

Adoption of a decision, the GMB to assign and respectively authorise Intercapital Property Development REIT to undertake all necessary decisions and actions in pursuance with the voted amendments to the terms and conditions of the bond issue having ISIN code BG2100019079.

Due to lack of a quorum, the General Meeting of the Bondholders of Intercapital Property Development ADSIC has failed to take place on January 16, 2013. Thereby, the GMB is to be held on January 31, 2013 at the same time, at the same place and under the same agenda.

In the meantime on 25th January 2013, with entry № 20130125162118 in the electronic file of the Company in the Commercial Register an invitation was announced for convocation of General Meeting of bondholders of corporate bond issue with ISIN code BG2100019079, issued by ICPD. Based on Art. 214, para 1 of the Commercial Act, the General Meeting of bondholders is convened by the representative of the bondholders Commercial Bank "INVESTBANK" AD and would be held on 6th February 2013 at 11:00 h on address: Sofia, 27 Vasil Levski Blvd., hotel Downtown, the conference hall.

The agenda of the meeting, convened for 06.02.2013 is essentially analogous to the agenda of the meeting that was convened for 16.01.2013, the main difference being some technical corrections made in the draft of the supplement to the insurance policy provided by Euro Ins AD (which is part of the written materials for the meeting) which aims to provide better protection for the bondholders' rights.

In case of lack of quorum the General meeting would be held on 21st February 2013 at the same place and with the same agenda.

29.01.2013
Sofia

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/Velichko Klingov – Executive Director/