

Annual Consolidated Management Report
INTERCAPITAL PROPERTY DEVELOPMENT ADSIC
2015

28 April 2016

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I. General information about the Company on consolidated basis

1. “Intercapital Property Development” ADSIC – the mother company

“Intercapital Property Development” ADSIC is a company registered under the Law on the special purpose vehicles for securitization of real estate properties. The Company functions as a collective investment scheme for real estate properties; “securitization of real estate properties” means that the Company acquires real estate properties with the cash funds it accumulates through securities issues (shares, bonds).

“Intercapital Property Development” ADSIC is established in the Republic of Bulgaria. It was initially entered in the register of the Sofia City Court with Resolution No. 1 dated 29.03.2005, lot No. 92329, volume 1204, reg. I, page 23 under company file No. 3624/2005. At present the Company is entered in the Commercial Register to the Registry Agency under unified identification code 131397743. The seat and the management address of the Company are: Sofia, 7a Aksakov Str.

The Company is managed by a Board of Directors. At present the members of the Board of Directors are: Velichko Klingov, Tsvetelina Hristova and Aheloy 2012 EOOD, UIC 202371390, with seat and management address: Sofia, Sredets District, 7A Aksakov Str., fl. 4, represented by Nikolay Chergilanov. The Company is represented by Velichko Klingov in his capacity of Executive Director.

Milen Bozhilov is the Company’s investor relations director.

Servicing companies of “Intercapital Property Development” ADSIC pursuant to the Law on the special purpose vehicles are: “Optima Audit” AD, “Marina Cape Management” EOOD, IP “Intercapital Markets” AD and “Tokushev & Partners” AD.

As of 31.12.2015 “Intercapital Property Development” ADSIC has investments in the following subsidiary companies:

Name of the subsidiary company	2015 BGN '000	share %	2014 BGN '000	share %
Marina Cape Management EOOD	5	100%	5	100%

“Marina Cape Management” EOOD is with registered seat in Sofia and management address at: 7a Aksakov Str., tel. +359 2 980 12 51, fax: + 359 2 980 61 40, e-mail: office@marinacape.com.

“Marina Cape Management” EOOD is registered with resolution dated 18.10.2006 of the Sofia City Court under company file No. 12083/2006 and is entered in the Commercial Register to the Registry Agency under unified identification code 175158218.

“Marina Cape Management” EOOD is a subsidiary of “Intercapital Property Development” ADSIC (the latter owns 100% of the company’s stock) and is established in 2006 for the

purpose of servicing the apartments and the commercial areas in the “Marina Cape” vacation complex. The company is managed and represented by Vesselin Terziev and Nikolay Handzhiev. “Marina Cape Management” EOOD is a company with which all the clients that have acquired properties in the “Marina Cape” vacation complex conclude a contract for maintenance and management for an annual remuneration of EUR 12 per sq.m.

II. Basic parameters of the annual consolidated financial report

A. Expenses of the Company on consolidated basis

During the reporting year 2015 the Company has realized expenses in the total amount of (excluding corporate tax expenses) BGN 3 000 thousand on consolidated basis. Of this amount, BGN 2 380 thousand represent operating expenses, of which BGN 97 thousand represent costs from changes in the fair value of investment properties of the Company. The financial costs amount to BGN 2 006 thousand.

B. Financial result of the Company on consolidated basis

In 2015 the Company has realized net profit in the amount of BGN 210 thousand on consolidated basis.

C. Revenues of the Company on consolidated basis

The revenues from property sales represent a significant share of the total Company’s sales on consolidated basis. These represent revenues from sales of residential buildings for seasonal use in the “Marina Cape” vacation complex and amount to BGN 60 thousand or 2.65% of the total revenues from sales.

The revenues from exploitation of the commercial properties in the complex (incl. restaurants, pool bar, supermarket, sport and spa centre, kids’ centre, other dining and entertainment premises) are in the amount of BGN 573 thousand.

The revenues from renting apartments – including own properties (i.e. properties owned by “Intercapital Property Development” ADSIC) as well as third parties’ properties (apartments whose owners have concluded management contracts with “Marina Cape Management” EOOD) amount to BGN 357 thousand.

The revenues from providing services of maintenance of real estate properties and representation of owners in the “Marina Cape” vacation complex (owners different from “Intercapital Property Development” ADSIC) amount to BGN 409 thousand.

In 2015, in addition to sales of apartments, “Intercapital Property Development” ADSIC realized financial income of BGN 1 389 thousand, which represent the sale of two options, related to properties owned by the Company.

In 2015 the Company also realized extraordinary income in the amount of BGN 1 747 thousand. BGN 600 thousand represent a partial write-off of liabilities from one the creditors, namely Grand Borovets 2013 EOOD. The remaining part amounting to BGN 1 147 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 failure to fulfil obligations of the clients/contractors of the Company in accordance with the contracts signed.

The total revenues from operating activity in 2015 amount to BGN 4 647 thousand.

D. Assets of the Company on consolidated basis

As of 31.12.2015 the Company's assets on consolidated basis are in the amount of BGN 59 666 thousand, including:

Long-term tangible assets: BGN 48 946 thousand of which the value of the investment properties owned by the Company is with the greatest share – BGN 35 970 thousand;

Long-term intangible assets: BGN 6 thousand;

Deferred tax assets: BGN 21 thousand;

Deferred Expenses: 1 339 thousand

Current assets: BGN 9 354 thousand of which the value of the work-in-progress is with the greatest share - BGN 1 056 thousand and the receivables from customers and suppliers are BGN 5 152 thousand.

E. Liabilities of the Company on consolidated basis

The short-term liabilities of the Company on consolidated basis as of 31.12.2015 amount to BGN 56 455 thousand. The greatest share of them is that of the obligations to bank and non-bank financial institutions – BGN 23 124 thousand. The payables towards suppliers and customers as of 31.12.2015 amount to BGN 4 788 thousand. In addition, as of 31.12.2015 the Company has received advance payments from clients and guarantee deposits in the amount of BGN 8 337 thousand due to concluded contracts for purchase of real estate properties.

The long-term liabilities of the Company include received bank loans in the amount of BGN 8 thousand, bond issues amounting to BGN 4 890 thousand, finance lease liabilities as described above, in the amount of BGN 1 775 thousand and other loans amounting to BGN 1 737 thousand.

F. Shareholders' equity

The Company's shareholders' equity on consolidated basis as of 31.12.2015 is in the amount of BGN 3 211 thousand. It includes:

Share capital: BGN 6 011 thousand

Issue premiums: BGN 7 651 thousand

Revaluation reserves: BGN 5 224 thousand

General reserves: BGN 1 thousand

Retained earnings from previous periods: BGN -15 886 thousand

Current year profit / (loss): BGN 210 thousand

III. Presentation on the development of the company's activity 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 Company's activity. These are mainly advance or final payments on contracts for sale of real estate property (residential buildings for seasonal use) constructed by the Company as well as proceeds generated by the tourist activity carried out by the subsidiary company "Marina Cape Management" EOOD.

- from financial activity. In case of issuance of securities (equity or debt) or obtaining bank loans.

In 2015, the Company has reported revenue from the sale of real estate property, i.e. - residential buildings for seasonal use located within "Marina Cape" vacation complex, built and owned by the company since 2005. The total value of the sold apartments in 2015 is BGN 60 thousand which refer to a sold area of 48.71 sq. m. (built-up area). In comparison, in 2014, the sales of real estate property amounted to BGN 290 thousand and represent a sold area of 226.08 sq. m. (built-up area). The main reason for the 79.31% reduction of the net sales and sold areas in 2015 is due to the unfavorable market conditions and reduced demand for vacation properties. Here it should be noted that since the beginning of 2010, the Company offers the option of purchasing properties on terms of deferred payment (within a maximum term of 3 years) whereby the transfer of the real estate property by a notary deed to the new owner is executed after the full payment of the apartment's purchase price. On the other hand, in compliance with the accounting policy of the Company, the latter reports as revenue the price of only those apartments which are transferred by a notary deed or where full possession has been transferred to the purchasing party. Currently the Company has signed contracts for the sale of apartments of total area of approximately 5288.64 sq. m located in Marina Cape Vacation Complex.

All properties sold this year have been transferred at a price equal or higher than their cost price. The sale price however is lower compared to the appraisals made by the independent appraiser as of 21.12.2014. The main reason for that are the unfavourable market conditions and reduced demand for vacation properties which forces the Company to make discounts from the sale prices in order to realize sales.

In 2015 the book value of the properties sold by "Intercapital Property Development" ADSIC at "Marina Cape" amounted to BGN 76 thousand. This value represents the revalued amount of the sold investment properties as of 31.12.2014 as determined by a licensed appraiser. As such the gross result from selling properties in 2015 is a loss in the amount of BGN 16 thousand.

One of the main reasons for the loss incurred by the Company in 2015 is the fact that after the completion of the project "Marina Cape" in August 2010 and the freezing of the "Grand Borovets" in January 2010, all interest expenses on bank loans and bonds are directly reported as an expense for the period, instead of being capitalized in the cost of constructed properties. As such, the financial expenses of the Company in 2015 are BGN 2 006 thousand, BGN 1 995 thousand of which are interest expenses.

In 2015 the Company has generated financial income in the amount of BGN 1 389 thousand which represent the sale of two options, related to properties owned by the Company.

In 2015 the Company also realized extraordinary income in the amount of BGN 1 747 thousand. BGN 600 thousand represent a partial write-off of liabilities from one the creditors, namely Grand Borovets 2013 EOOD. The remaining part amounting to BGN 1 147 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 failure to fulfil obligations of the clients/contractors of the Company in accordance with the contracts signed.

The second main class of revenues on consolidated basis of Intercapital Property Development ADSIC is the revenues generated by exploitation of the properties constructed by the Company. These operations are performed by the subsidiary Marina Cape Management EOOD. The results of this exploitation of real estate could be classified in two main groups: of exploitation of commercial properties (including restaurants, pool bar, SPA

and sport centers, conference hall, shops, etc.) and of providing services to owners and renters (including maintenance of the properties, rent out, etc.)

In 2015, the revenues generated from exploitation of the commercial properties of the vacation complex Marina Cape (including restaurants, pool bar, SPA and fitness centers, bowling hall, squash court, shops and other dining and recreational facilities) amount to BGN 573 thousand, compared to BGN 616 thousand in 2014. The gross income streaming from the exploitation of these properties in 2015 is BGN 152 thousand, compared to BGN 142 thousand in 2014. As a result, the gross margin of sales in 2015 in this segment was 27% at 23% for 2014. The company constantly strives to optimize sales price ratio - costs. Moreover, there is an active conference centre in the vacation complex, where events of a conference type are regularly held. The Company plans to further develop this kind of tourism in the next few years.

The revenues generated by renting out apartments, both owned by Intercapital Property Development ADSIC and owned by external clients, amount to BGN 357 thousand, compared to BGN 405 thousand for 2014. The gross income of the Company streaming from this kind of activity is a profit of BGN 249 thousand in 2015, compared with BGN 313 thousand in 2014.

The revenues generated from the provision of property maintenance services and representation of the owners of the complex Marina Cape (owners, other than Intercapital Property Development ADSIC) amount to a total of BGN 409 thousand. The revenues from maintenance represent fees, paid by the owners of apartments in the complex to the subsidiary and service company Marina Cape Management EOOD. Marina Cape Management EOOD is a company, which concludes a contract with each client who has acquired a property in Marina Cape vacation complex for maintenance and management of the property for an annual fee of EUR 12 per sq.m.

In the end of 2015, 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 Vacation Complex Marina Cape. As a result of the appraisal, as of 31.12.2015 the value of the investment properties of the company was reduced by BGN 97 thousand relative to their value prior to the appraisal on 31.12.2015. The result of the revaluation of the land owned by the Company as of 31.12.2015 is negative. As of 31.12.2015 their value is BGN 5 133 thousand compared to BGN 5 177 thousand as of 31.12.2014.

b) Development of the Company's investment projects

“Marina Cape”

The vacation complex has been fully completed since August 2010, when on 12th August 2010 with certificate No 45 (26 s.) and No 48 (27 s.) sector number 26 and 27 (Zone 4) has been commissioned.

During 2015 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 has been exploited during the whole year. In the winter season 2014-2015, 2 of all the 4 restaurants were functioning, 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 visitors.

During the summer season 2015, the complex was exploited at over 90% capacity (for the apartments that are owned by the Company and for those that are not owned by it but are managed by the subsidiary company “Marina Cape Management” EOOD).

There are regular conference meetings in the complex “Marina Cape”. The company plans to actively develop this type of tourism during the current and the following years.

“Borovets Grand”

In May 2008 the Company received the construction permit and started the construction works in the Borovets resort. The company that was chosen to carry out the gross construction is Midia AD. The plot where the project has been constructed is with total area of 6 600 sq.m. The project provides for 10 000 sq.m. built-up area and includes residential area – 5 175 sq.m., commercial area – 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. As of this date, the remarks for additional requirements of CEZ have been cleared out. Act 15 for the external power supply to the site and the finalization of a contract for the purchase of electric power substations will be made after completion of construction (Act 15) for the building. Currently, all works on site are frozen for an indefinite period of time.

The Company's plans about the “Borovets Grand” project were it to be finished 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 complex.

On 06th June 2011, the Board of Directors has taken a decision for starting negotiations for the sale of the real estate and the property that was built on it - the hotel apartment complex “Grand Borovets” of the Company for a starting price not lower than € 5 000 000.

In connection with this, several publications of an ad for 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 finishing the project Grand Borovets in order to make the complex function as a hotel. In this regard, the Company has established contacts and is carrying out negotiations with several potential investors.

On 17 December 2013 the Company has concluded a contract with Bulgaria Leasing EAD for financial leasing of real estate subject to which is the investment project “Grand Borovets”, property of Intercapital Property Development ADSIC. The lease price of the contract is EUR 2 927 724.36, excl. VAT with a 2-year period for the lease payments or 24 monthly lease installments, with grace period of 6 months and annual interest of 9%. Under this contract of December 17, 2013 ICPD has transferred by notary the ownership of land with ID 65231.918.189 located in Samokov, Sofia region, and the building built in the property representing a hotel apartment complex with service sites with ID 65231.918.189.2, to the lessor “Bulgarian Leasing” EAD. As a result, and under the conditions of a leaseback agreement ICPD has received by the lessor possession of the properties, object of the finance lease contract.

c) Financing of Company's operations

As of 31.12.2015 ICPD has obligations towards banking institutions, including long term and short term ones, in the amount of BGN 22 400 thousand, as well as an obligation in relation to a bond issue in the amount of BGN 5 379 thousand.

On 29.01.2015, an invitation for General meeting of bondholders of corporate bonds with ISIN code BG2100019079, issued by Intercapital Property Development ADSIC with file number 20150129120434 in the Commercial Register was published. In pursuant to art.214, par.1 of the Commercial Law, the General Assembly of the bondholders is convened by their representative commerce bank "Investbank" AD and was held on February 11th, 2015 at 14:00 h. at the following address: Sofia, 14 "Shipka" street, hotel Cristal Palace, conference hall "Shipka". The agenda was the following:

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

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

2.1. The principal is payable in the following instalments:

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

2.2. Interest payments are due under the following conditions:

a) The agreed interest rate on the bond issue is reduced to 6% annually, as of 14.02.2015

b) The possibility of applying a reduction step in the amount of 0.25% (zero point twenty five percent) on the interest rate of the bond loan is in force, until an interest of 5% annually is reached, provided that there is prompt payment of interest and principal. The principal and interest payments are considered to be made on time in the event that the total amount payable for the previous three-month period is wired to the bank account of Central Depository AD, servicing the payments of the bond issue, not later than two business days before the relevant maturity.

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

Date of interest payments	Number of days in interest period	Number of days	Interest rate	Amount of interest due (EUR)
14.02.2015	92	365	7,00%	52 932
14.05.2015	89	365	6,00%	42 976

5	14.08.201	92	365	5,75%	41 668
5	14.11.201	92	365	5,50%	38 990
6	14.02.201	92	366	5,25%	36 291
6	14.05.201	90	366	5,00%	33 043
6	14.08.201	92	366	5,00%	32 992
6	14.11.201	92	366	5,00%	32 206
7	14.02.201	92	365	5,00%	31 507
7	14.05.201	89	365	5,00%	28 955
7	14.08.201	92	365	5,00%	28 356
7	14.11.201	92	365	5,00%	26 781
8	14.02.201	92	365	5,00%	25 205
8	14.05.201	89	365	5,00%	22 860
8	14.08.201	92	365	5,00%	22 055
8	14.11.201	92	365	5,00%	20 479
9	14.02.201	92	365	5,00%	18 904
9	14.05.201	89	365	5,00%	16 002
9	14.08.201	92	365	5,00%	14 178
9	14.11.201	92	365	5,00%	11 815
0	14.02.202	92	366	5,00%	9 426
0	14.05.202	90	366	5,00%	6 148
0	14.08.202	92	366	5,00%	3 142

3. If, within three (3) days prior to the thirty-day period from the maturity of any outstanding principal and / or interest payment, the Issuer fails to submit to the bondholders' trustee a proper document that the relevant payment has been made to the bank account of "Central Depository" AD, servicing the payments of the bond loan, it is considered that it has defaulted on the bond issue and "Investbank" AD may

exercise its rights as a bondholders' Trustee, according to its contract with the Issuer and the applicable laws.

4. The bondholders agree that each payment under the terms of issue, made within the period under item. 3 will be considered as payment of the issue and will not give rise to any adverse effects on the Issuer. A payment that satisfies the conditions of the previous sentence can be made both by the Issuer and by any third party.
5. All other terms and conditions of "Intercapital Property Development" ADSIC's bond issue, except those expressly stated above, shall remain in force and remain in effect as initially agreed, respectively renegotiated by the General Meeting of Bondholders.

Item Two: Amendments to the conditions on the collateral, presented by the Issuer, in pursuant to art. 100z, par. 1 of the Law on Public Offering of Securities which is insurance from Euro Ins AD, covering the risk of non-payment of interest and principal on the Corporate Bond Issue with ISIN Code BG2100019079.

Item Three: Adoption of a resolution for assigning and authorizing the Issuer "Intercapital Property Development" ADSIC to take the relevant decisions 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.

During the General meeting of bondholders on ICPD, held on February 11th, 2015, all items from the proposed agenda for restructuring the bond issue of the company were approved.

On 12.03.2015 the Company paid the interest due as of 14.02.2015 in the amount of EUR 52 932 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. Due to the delay in payment of the amortization payment, the Company paid to the bond-holders interest for late payment for the period 15.02.2015-12.03.2015 in the amount of BGN 609.51 (or BGN 0.121902 per each bond)

On 05.06.2015 the Company paid the interest due as of 14.05.2015 in the amount of EUR 42 976 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. Due to the delay in payment of the amortization payment, the Company paid to the bond-holders interest for late payment for the period 15.05.2015-05.06.2015 in the amount of BGN 442.07 (or BGN 0.088414 per each bond)

On 11.08.2015 the Company paid the interest due as of 14.08.2015 in the amount of EUR 43 479 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. According to the Decisions of the General Meeting of the bond-holders of the Company, held on 11.02.2015, the interest rate on the bond issue, issued by the Company, shall be reduced by a step of 0.25% in case that the amount due for the previous quarter is paid to the account of the Central Depository no later than two days before the due date. Due to the fact that ICPD has complied with the condition regarding the timely payment regarding the amount due on 14.08.2015, the interest rate that was applied on the remainder of the bond loan, starting from the next quarter that began on 15.08.2015, dropped to 5.75% annually.

On 11.12.2015 the Company paid the interest due as of 14.11.2015 in the amount of EUR 40 762 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. Due to the delay in payment of the amortization payment, the Company paid to the bond-holders interest for late payment for the period 15.11.2015-11.12.2015 in the amount of BGN 519.947 (or BGN 0.104 per each bond)

In 2015, the Company has not raised funds in the form of share capital.

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 is in relation to the collection of outstanding amounts due from an investment credit granted by Piraeus Bank Bulgaria AD, entered in the Trade Registry at the Registry Agency by EIK 831633691.

The amount claimed in the case is in the total amount of BGN 1 099 020,63. This amount includes principal, interest and cost for issuing the receiving order.

2. Capital resources:

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

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

With regard to the “Borovets Grand” vacation complex, at present the Company has concluded preliminary contracts for sale of around 2 745.33 sq. m. of residential properties pursuant to which the Company is bound with particular terms and obligations for realization of capital expenses.

As previously mentioned, currently, the construction works on Grand Borovets project have been frozen due to lack of financing. According to the management, around € 2 500 000 are required, including expenses for the construction of all facilities in the complex (including water supply, sewerage, electrical installation), setting of flooring, tiling, landscaping, insulation, plaster walls and everything else that is necessary for obtaining of a certificate for exploitation.

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

Currently, the Company cannot make projections for capital increase through new issuance 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 2015, the world capital markets noted a subsequent dynamic and volatile growth. The equity market as well as all other asset markets were extremely dynamic. The first half of the year was marked by the negotiations between Greece and its creditors and the danger from the possibility of the country exiting the Eurozone, and the second half of the year was dominated by the slowing down of China's economy, as well as the monetary policy of the European Central Bank and the Federal Reserve of the USA. The investors remained disappointed by the decisions of the ECB to leave without change the size of incentives for EU economies in December, which together with the indications of China's economy slowdown, lead to strong sales in the second half of the year. The negative views of the investors, the bad news regarding China's economy, as well as some specific negative factors for some countries, did not spare the countries from Central and Eastern Europe. MSCI EFM Europe +CIS ex Ru has noted significant declines in the second half of the year and ended 2015 with a decline of over 22% (in euro)

The previous year showed some other negative signals. Two main American stock indices recorded their first annual decreases since the financial crisis, petrol prices collapsed. After increasing by 46% from 2012 to 2014, the blue chip index Dow Jones Industrial Average dropped by 2.2% in 2015. S&P decreased by 0.7%. In the past, years during which the indices showed mild fluctuations were often preceded by big gains. Nasdaq Composite ended 2015 with an increase of 5%.

The European shares were among the best performing in the world in 2015, catching up with the world markets, after falling behind for many years. Regardless, the predicted double digit profits for Europe did not happen because global problems managed to take their toll in Europe as well. Shares increased significantly in the first half of 2015 powered by a massive programme for stimulation of the European Central Bank, but in august, the indices in Germany to Great Britain decreased their value significantly as a result of fears regarding the growth of the world economy and share price drops. Exporters and producers of raw materials in Europe suffered the most. German DAX nevertheless increased its value by 9.6% on an annual basis. FTSE recorded a decrease of 4.8%. CAC increased by 8.5% for the year.

The slowdown of demand from China and the increased production took a toll on the petrol sector in 2015, leading to a decrease of over one third. Brent crude oil decreased by 35% in 2015 – from \$57.33 to under \$37.28 per barrel. The price of gold decreased by 10% and copper decreased by a quarter.

The poor performance of foreign markets was similar to the Bulgarian one. The leading index of the Bulgarian Stock Exchange (BSE) – SOFIX recorded the first annual drop since 2011. The index decreased by 11.7% in 2015, notwithstanding that it increased by 5.82% in December. The wide BGX40, which was altered in the beginning of 2014, decreased by 11.3% in 2015. The index for companies with special investment purpose – BGREIT ended 2015 with the smallest decrease – of 1.74%. The annual decrease is the first of the index since 2010. The wider and equal-weight BGTR30 recorded a decrease of 5.8% in 2015. This is the first decrease for this index since 2012. According to the European Commission, the growth of GDP in Bulgaria is expected to be 1.5% in 2016 and to increase to 2% in 2017. Due to the above described trends the expectations of Intercapital Property Development's management are moderately optimistic, noting that the Company does not rule out volatility of the markets in Central and Eastern Europe, connected mainly with the events concerning the world markets. As such the management of the Company cannot forecast upcoming capital increase procedures of the Company.

- **Debt securities.** In the end of 2015, the debt securities with 10 or 5 year maturity offered in the primary market showed a decrease in return (of 2.48% and 0.97% in October to 2.34% and 0.79% in December respectively). This decrease could be explained by the increased liquidity in the financial sector resulting from the maturity of a considerable volume of treasury bonds in the beginning of December. The dynamics of the interest rates on debt securities during the last quarter was not unidirectional – in November a short increase in return in all maturities was noticed, on the primary as well as on the secondary markets, resulting from the weak interest of investors and their preferences to invest in the secondary market of in Bulgarian debt securities, issued on the international capital markets. After a temporary increase in November, which was in line with the observed dynamics on the primary and secondary markets for debt securities in this period, the interest rate on the secondary market for debt securities reached 2.43% in the end of December. The return on all Bulgarian euro-obligations decreased in the last quarter of the year, which was in line

with the moderate decrease in return of debt securities in the countries in the Eurozone, but at the same time it showed the shrinking of the spread towards German benchmark securities. This trend was observed to a greater extent in securities with maturity 2017 and 2022. During a part of January 2016, the return from securities maturing in 2017 was negative. During the first half of 2016, the expectations of the Bulgarian National Bank are that the return on Bulgarian debt securities shall continue to decrease, whereas demand may increase under the pressure of the considerable volume of debt securities with forthcoming maturity (in total of BGN 845.5 million for the first half) and at a high level of the excess reserves in the banking system. In 2015 the practice of corporate bond placement outside the Stock Market, with the following registration for stock trade continued. The new issues registered for trade on BSE-Sofia were 7. The management of the company expects an increase in the issuance of new bond issues, a prerequisite for which is the decrease in interest rates on deposits in Bulgaria.

- **Bank loans.** Although 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 2016 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 from the Company's activity

a) Unusual or sporadic events

In the year 2015 there were no unusual or sporadic events for the Company, which have influenced the results from its activity.

Nevertheless it is worth mentioning that in 2015, ICPD realized extraordinary income in the amount of BGN 1 747 thousand. BGN 600 thousand represent a partial write-off of liabilities from one of the creditors, namely Grand Borovets 2013 EOOD. The remaining part amounting to BGN 1 147 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 failure to fulfil obligations of the clients/contractors of the Company in accordance with the contracts signed.

In 2015 the Company has generated financial income in the amount of BGN 1 389 thousand which represent the sale of two options, related to properties owned by the Company.

b) Disclosure of the change in the ratio between the Company's revenues and expenses

Construction works on the project "Grand Borovets" remained frozen in 2015. They may be resumed in case of securing finances to complete the site.

In 2015 the expenses of the project "Marina Cape" were mainly fees for management and maintenance and overheads. It is expected that in 2016 the Company will continue to realize revenue from the sale of vacation properties in Marina Cape as well as from their management.

The largest item in the Company's expenses in 2015 were the expenses for interest – 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.

In 2013 the recovery from the crisis began and the real estate market showed positive data more often. According to Bulgarian Properties – a consulting company, the market in 2015 was much more dynamic, with increased demand and supply. Even though municipalities, who rely on buyers of holiday properties, continue to run into problems, the previous year was quite successful for the market, whereas even the districts of Varna and Burgas are catching up the slowdown resulting from the withdrawal of Russian buyers. The growth in the two leading black sea markets however is entirely due to deals in the city of Varna and Burgas and the increased activity on the market of city properties.

According to Bulgarian Properties, the prices of properties remained at the same level during the summer season and the average price of deals in Sunny Beach was 600 euro per m².

The total purchase price of apartments in Sunny Beach in the last months was approximately 35 500 euro and buyers are of various nationality – Russians, Brits, as well as buyers from France, Germany and the Czech Republic.

On the south side, a good impression make the resorts Sozopol and Lozenets, where during the last summer, a good interest was registered and deals with foreigners as well as Bulgarian buyers took place. Prices are higher compared to Sunny Beach – varying between 35 000 and 150 000 euro.

On the north side, the highest interest was generated from the resorts Golden Sands and Balchik, whereas Balchik is the most popular among Bulgarian buyers and Golden Sands attracts buyers from numerous nationalities from Britain, Israel, Russia, Lebanon etc.

In addition according to the prognosis of construction and investment company Green Life Property Development the activity of Russian buyers on the market of holiday properties at the Black Sea will probably begin to recover in 2016 due to the political tension between Russia and Turkey. According to them, the limitations on Russians to travel to Turkey will additionally contribute. It is expected that the segment will be ruled by a small number of investors who will generate almost the entire volume of deals.

The data shows that during the crisis, prices of vacation properties of higher quality have remained stable. These are apartments on the first or second line completed with quality materials, with such location offering a nice view and good infrastructure in place. That is one of the advantages of the residential complex "Marina Cape" owned by "Intercapital Property Development" ADSIC. Another key factor that places the complex, and the Company, respectively, in a favourable and competitive position compared to many other developers is the fact that demand in the sector is concentrated mainly in search of completed projects (such as those in the holiday complex "Marina Cape") and not in unbuilt projects. The trend that started in 2008, that buyers look for properties that are ready for use, due to their unwillingness to take risks continues to this date. In this context and given the current market conditions the Company's projects in holiday complex "Marina Cape" (which is completely finished) can be more profitable than the company's project in the resort "Borovets" (which is under construction).

IV. Important events after the annual closure of the Company's accounts

After the annual closing of accounts, the Company was informed about new cases against it, the more important of which are:

- № 1501/2016, TO, 6-11, Sofia city court, opened at the request of Piraeus Bank Bulgaria AD. The claim is regarding failure to comply with obligations arising from a contract for investment credit No: 1236/2007 and its annexes. The claim is for 250 000 EUR, a part of the total claim of 3 799 150.91 EUR

- № 777/2016, TO, 6-11 Sofia city court, opened at the request of Piraeus Bank Bulgaria AD. The claim is regarding failure to comply with obligations arising from a contract for investment credit No: 736/2008 and its annexes. The claim is for 300 000 EUR, a part of the total claim of 3 673 027.05 EUR

In addition, the Company was informed by the Arbitration Court for commercial claims in Burgas that a ruling against it has been made in relation to Arbitration case No: 10/2015 to pay the amount of 525 075 to the plaintiff Midia AD which includes a principal of 100 000 BGN, interest, indemnity for delay and arbitrary tax and expenses.

Additional information on outstanding court, arbitrary and enforcement proceedings can be found in section VI, art. 20 below.

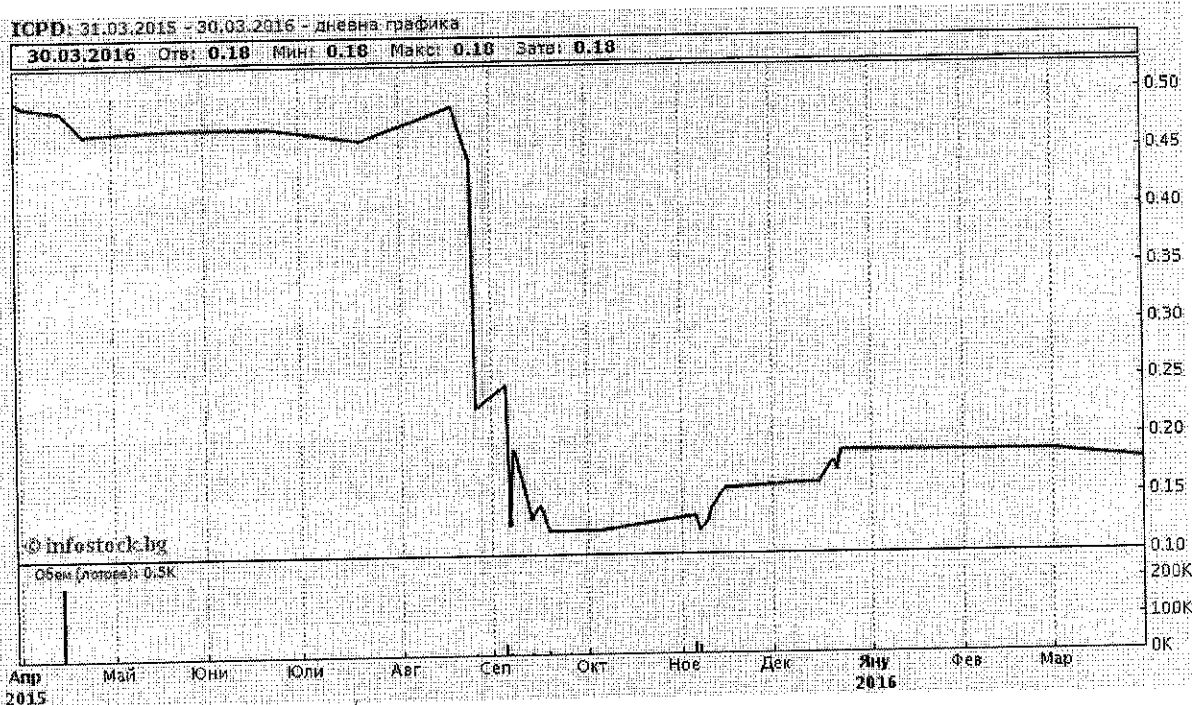
In addition, on 01.02.2016 the Company has signed an annex to a contract with VEI Project AD from 30.12.2011 according to which the parties agree that the term during which ICPD shall pay the outstanding amount of the properties, subject of the contract, which as of 01.02.2016 is in the amount of 841 989.39 euro, VAT included, shall be extended to 30.09.2021, whereas the conditions of payment are altered as follows:

- Interest 6.5% annually for the extended period of the contract, applied as of 01.02.2016
- Maturity 30.09.2021
- Interest payment: monthly, before the end of each month until maturity
- Payment of the remainder of the purchase price: 9 equal monthly payments starting January 30, 2021, ending September 30, 2021.

V. Important research and development

There have not been any important research and development carried out by the Company.

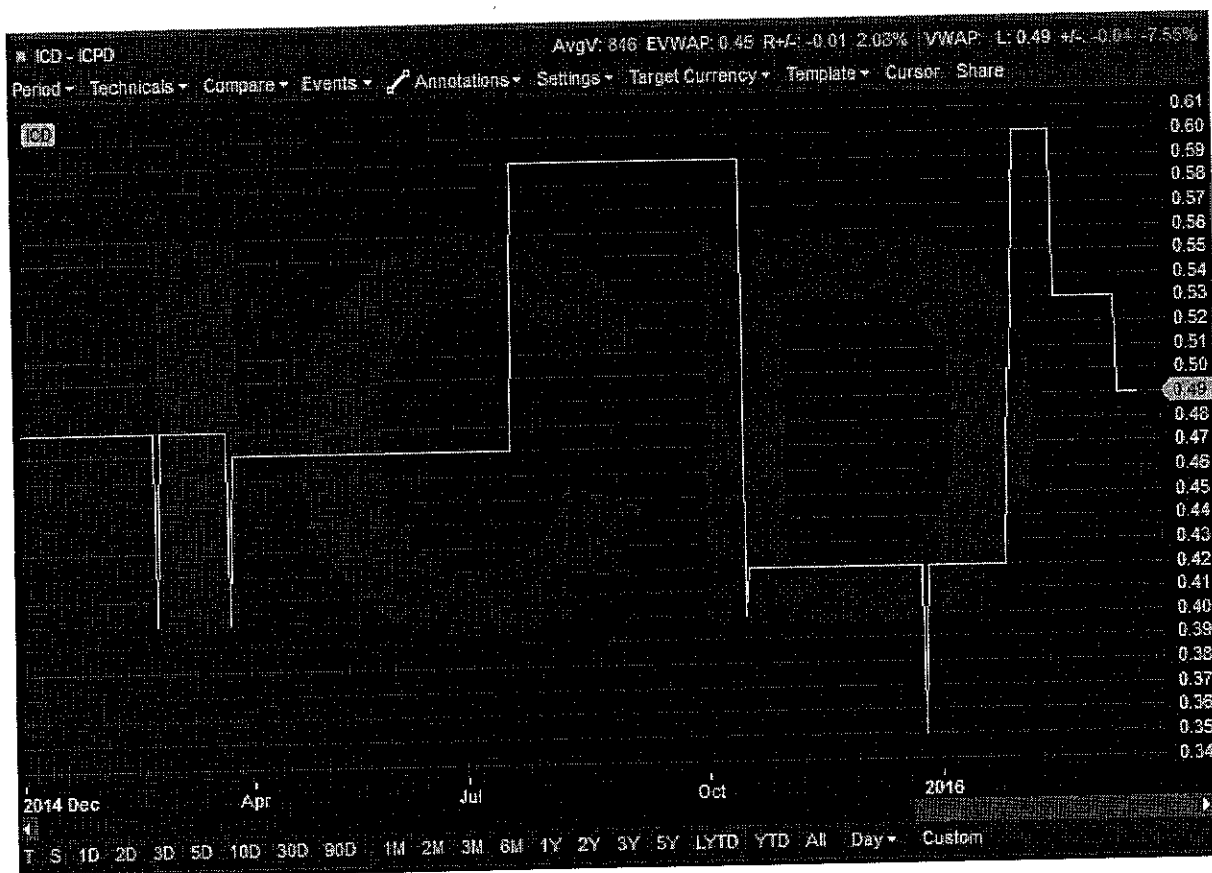
VI. Changes in the price of the Company's shares on the Bulgarian Stock Exchange – Sofia AD (currency - BGN)



Source: www.infostock.bg

The shares of the Company have been traded on BSE – Sofia AD since December 05, 2005.

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



Source: www.infront.com

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

VII. Information about the program for implementation of the internationally recognized standards for good corporate governance under Art. 100n, para 4, p. 3 of the Law on the public offering of securities

1. Program for implementation of the internationally recognized standards for good corporate governance

The program for implementation of the internationally recognized standards for good corporate governance of the Company is accepted on March 27, 2006. Since that date up to now the Company has applied all the material aspects of the program.

With resolution of the Board of Directors of “Intercapital Property Development” ADSIC dated 30.03.2011 some amendments in the Program for implementation of the internationally recognized standards for good corporate governance of the Company were accepted which aim to update it with regard to the changes in the legislation regulating the public companies’ activity.

VIII. Information on Art.187d of the Commercial Law

In 2015, the Company has not acquired or transferred own shares.
As of 31.12.2015, the company does not hold own shares.

IX. Existence of Company branches

As of 31.12.2015 the Company does not have any open branches.

X. Additional information under Appendix No. 10 (pursuant to Art. 32, para 1, p. 2, Art. 35, para 1, p. 2, Art. 41, para 1, p. 2 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

The major revenues from sales of the Company during 2015 continue to be realized from the sale of residential properties for seasonal use in the “Marina Cape” vacation complex”.

Operating Revenues ('000 BGN)	2015	2014
<i>Net revenues from the sale of:</i>		
1. Output	255	306
2. Goods for sale	273	494
3. Services	912	1 002

4. Other	787	111
Total:	2 227	1913

Since the start of the year, the revenues from sales of residential buildings for seasonal use in the “Marina Cape” vacation complex amount to BGN 60 thousand and correspond to 48.71 sq.m. sold land.

The revenues from exploitation of the commercial properties in the complex (incl. restaurants, pool bar, supermarket, sport and spa centre, kids’ centre, other dining and entertainment premises) are in the amount of BGN 573 thousand.

The revenues from renting apartments – including own properties (i.e. properties owned by “Intercapital Property Development” ADSIC) as well as third parties’ properties (apartments whose owners have concluded management contracts with “Marina Cape Management” EOOD) amount to BGN 357 thousand.

The revenues from providing services of maintenance of real estate properties and representation of owners in the “Marina Cape” vacation complex (owners different from “Intercapital Property Development” ADSIC) amount to BGN 409 thousand.

In 2015 the Company has generated financial income in the amount of BGN 1 389 thousand which represent the sale of two options, related to properties owned by the Company.

The Company also realized extraordinary income in the amount of BGN 1 747 thousand. BGN 600 thousand represent a partial write-off of liabilities from one the creditors, namely Grand Borovets 2013 EOOD. The remaining part amounting to BGN 1 147 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 failure to fulfil obligations of the clients/contractors of the Company in accordance with the contracts signed.

2. Information about the revenues allocated by separate categories of activities, domestic and external markets as well as information about 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.

During the last year, the Company has focused on reaching new geographical markets for its sales. The company started business relations with partners from China by offered its properties for sale.

The market of holiday properties in Bulgaria is directly related to the international environment and the situation in Russian-speaking countries. The impaired Ruble and the general sense of uncertainty in Russia have been a real challenge in the first 6 months of 2015. Currently, as these factors are fading, the Company is looking forward to a more active 2016.

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 about concluded big transactions and such of material importance for the issuer’s activity

In 2015 “Intercapital Property Development” ADSIC has not concluded large transactions and transactions that are essential for the Company’s activity.

Nevertheless it is worth mentioning that in 2015, ICPD realized extraordinary income in the amount of BGN 1 747 thousand. BGN 600 thousand represent a partial write-off of liabilities from one the creditors, namely Grand Borovets 2013 EOOD. The remaining part amounting to BGN 1 147 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 failure to fulfil obligations of the clients/contractors of the Company in accordance with the contracts signed.

In 2015 the Company has generated financial income in the amount of BGN 1 389 thousand which represent the sale of two options, related to properties owned by the Company.

4. Information about 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:

Sales/Purchases of goods and services ('000 BGN)	2015	2014
- Services executed by “Marina Cape Management” EOOD to “Intercapital Property Development” ADSIC	402	478
- Services executed by “Intercapital Property Development” ADSIC to “Marina Cape Management” EOOD	392	672

5. Information about events and indicators of unusual for the issuer nature, having substantial influence over its operation and the realized by it revenues and expenses made; assessment of their influence over the results during the current year

In 2015, there have been no events of unusual nature for “Intercapital Property Development” ADSIC, having substantial influence over its operation and the realized by it revenues and expenses made.

6. Information about 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 2015 there were no transactions for “Intercapital Property Development” ADSIC that are 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 31.12.2015 “Intercapital Property Development” ADSIC has the following investments in subsidiary companies:

Name of the subsidiary company	2015 ‘000 BGN	share %	2014 ‘000 BGN	share %
Marina Cape Management EOOD	5	100%	5	100%

As of 31.12.2015 the book value of the land owned by the Company is in the amount of BGN 5 133 thousand, the value of the Company’s investment property is BGN 35 970 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 1 056 thousand.

As of the end of 2015 the Company has cash funds and demand deposits in the amount of BGN 148 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 31.12.2015 “Intercapital Property Development” ADSIC has the following obligations to financial institutions:

Creditor	Current liability, EUR	Non-current liability, EUR	Maturity
Piraeus Bank Bulgaria AD	3 131 180,38	-	30.10.2015
Piraeus Bank Bulgaria AD	2 562 680.06	-	30.01.2014

Piraeus Bank Bulgaria AD	2 535 185.23	- 30.01.2014
Teksim Bank AD	97 500.00	20.12.2016

The loans are guaranteed with assets of the Company as follows:

1. Towards “Piraeus Bank Bulgaria” AD

1.1. Contract for an investment credit № 1236/2007, concluded on 19.10.2007 for 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.
- 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;
- 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;
- 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;
- 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.

1.2. Contract for an investment credit № 736/2008, concluded on 07.07.2008 for the amount of 3 000 000 (three millions) 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.;

- 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.
- 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;
- Pledge contract on furniture and facilities № 736 – 3/2008, concluded on 10.07.2008, collateral of bank credit № 736/2008 from 07.07.2008 – Registered pledge on furniture and facilities of the apartments from Zone 4 in “Marina Cape” Complex, Aheloy Town, Pomorie Municipality;
- Deed of incorporation of mortgage contract from 04.12.2008, № 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.

1.3. Contract for an investment credit № 327/2009, concluded on 14.12.2009 for the amount of 3 300 000 (three millions 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;
- 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;
- 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.

2. Towards “Grand Borovets 2013” EAD

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, pursuant to which the Creditor of the Company DSK Bank EAD has transferred its receivables streaming from the two contract for credit on total amount of EUR 5 832 886.5 to Grand Borovets 2013 EAD

- 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 abovementioned obligation of ICPD towards Grand Borovets 2013 EOOD were written off.

3) Towards “BG Invest Properties” EAD

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 since 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.

Until now, the subsidiary of Intercapital property Development ADSIC - "Marina Cape Management" EOOD has used a single bank loan from "Unicredit Bulbank" AD amounting to BGN 100 thousand, drawn in the first quarter of 2009. The credit is revolving and the original date for repayment of the principal was 24.03.2010. With Annexes to the bank loan, the term of the loan was extended several times, and as of 31.12.2015 the principal outstanding amounted to BGN 8 thousand. The loan is secured by a pledge on movable assets.

9. Information about the concluded by the issuer, by its subsidiary or the parent undertaking, in their capacity of lenders, loan contracts, 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 2015, "Intercapital Property Development" ADSIC and/or its subsidiary have not concluded loan contracts in the capacity of lenders, including the provision of guarantees of any type, including to related persons.

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

In 2015, the Company has not issues new securities.

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 jeopardizes and measures which the issuer has undertaken or is to undertake with a view to their removal

An invitation for General meeting of bondholders of corporate bonds with ISIN code BG2100019079, issued by Intercapital Property Development ADSIC with file number 20150129120434 in the Commercial Register was published on 29.01.2015. In pursuant to art.214, par.1 of the Commercial Law, the General Assembly of the bondholders is convened by their representative commerce bank "Investbank" AD and was held on February 11th, 2015 at 14:00 h. at the following address: Sofia, 14 "Shipka" street, hotel Cristal Palace, conference hall "Shipka". The agenda was the following:

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

1. Prolong the maturity of the issue by 24 months (from 14th August 2018 to 14th August 2020);

2. The schedule for payment of the bond issue and interest are amended as follows:

- 2.1. The principal is payable in the following installments:

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

- 2.2. Interest payments are due under the following conditions:

- a) The agreed interest rate on the bond issue is reduced to 6% annually, as of 14.02.2015

b) The possibility of applying a reduction step in the amount of 0.25% (zero point twenty five percent) on the interest rate of the bond loan is in force, until an interest of 5% annually is reached, provided that there is prompt payment of interest and principal. The principal and interest payments are considered to be made on time in the event that the total amount payable for the previous three-month period is wired to the bank account of Central Depository AD, servicing the payments of the bond issue, not later than two business days before the relevant maturity.

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

Date of interest payments	Number of days in interest period	Number of days	Interest rate	Amount of interest due (EUR)
14.02.2015	92	365	7,00%	52 932
14.05.2015	89	365	6,00%	42 976
14.08.2015	92	365	5,75%	41 668
14.11.2015	92	365	5,50%	38 990
14.02.2016	92	366	5,25%	36 291

14.05.2016	90	366	5,00%	33 043
14.08.2016	92	366	5,00%	32 992
14.11.2016	92	366	5,00%	32 206
14.02.2017	92	365	5,00%	31 507
14.05.2017	89	365	5,00%	28 955
14.08.2017	92	365	5,00%	28 356
14.11.2017	92	365	5,00%	26 781
14.02.2018	92	365	5,00%	25 205
14.05.2018	89	365	5,00%	22 860
14.08.2018	92	365	5,00%	22 055
14.11.2018	92	365	5,00%	20 479
14.02.2019	92	365	5,00%	18 904
14.05.2019	89	365	5,00%	16 002
14.08.2019	92	365	5,00%	14 178
14.11.2019	92	365	5,00%	11 815
14.02.2020	92	366	5,00%	9 426
14.05.2020	90	366	5,00%	6 148
14.08.2020	92	366	5,00%	3 142

3. If, within three (3) days prior to the thirty-day period from the maturity of any outstanding principal and / or interest payment, the Issuer fails to submit to the bondholders' trustee a proper document that the relevant payment has been made to the bank account of "Central Depository" AD, servicing the payments of the bond loan, it is considered that it has defaulted on the bond issue and "Investbank" AD may exercise its rights as a bondholders' Trustee, according to its contract with the Issuer and the applicable laws.
4. The bondholders agree that each payment under the terms of issue, made within the period under item. 3 will be considered as payment of the issue and will not give rise to any adverse effects on the Issuer. A payment that satisfies the conditions of the previous sentence can be made both by the Issuer and by any third party.

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

Item Two: Amendments to the conditions on the collateral presented by the Issuer in pursuant to art. 100z, par. 1 of the Law on Public Offering of Securities which is insurance from Euro Ins AD, covering the risk of non-payment of interest and principal on the Corporate Bond Issue with ISIN Code BG2100019079.

Item Three: Adoption of a resolution for assigning and authorizing the Issuer "Intercapital Property Development" ADSIC to take the relevant decisions 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.

The proposed conditions for restructuring the bond loan of the Company were accepted on 11.02.2015 during the General Meeting of the bondholders of Intercapital Property Development ADSIC.

On 12.03.2015 the Company paid the interest due as of 14.02.2015 in the amount of EUR 52 932 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. Due to the delay in payment of the amortization payment, the Company paid to the bond-holders interest for late payment for the period 15.02.2015-12.03.2015 in the amount of BGN 609.51 (or BGN 0.121902 per each bond)

On 05.06.2015 the Company paid the interest due as of 14.05.2015 in the amount of EUR 42 976 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. Due to the delay in payment of the amortization payment, the Company paid to the bond-holders interest for late payment for the period 15.05.2015-05.06.2015 in the amount of BGN 442.07 (or BGN 0.088414 per each bond)

On 11.08.2015 the Company paid the interest due as of 14.08.2015 in the amount of EUR 43 479 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. According to the Decisions of the General Meeting of the bond-holders of the Company, held on 11.02.2015, the interest rate on the bond issue, issued by the Company, shall be reduced by a step of 0.25% in case that the amount due for the previous quarter is paid to the account of the Central Depository no later than two days before the due date. Due to the fact that ICPD has complied with the condition regarding the timely payment regarding the amount due on 14.08.2015, the interest rate that was applied on the remainder of the bond loan, starting from the next quarter that began on 15.08.2015, dropped to 5.75% annually.

On 11.12.2015 the Company paid the interest due as of 14.11.2015 in the amount of EUR 40 762 and amortization payment in the amount of EUR 62 500 on its corporate bond issue. Due to the delay in payment of the amortization payment, the Company paid to the bond-holders interest for late payment for the period 15.11.2015-11.12.2015 in the amount of BGN 519.947 (or BGN 0.104 per each bond)

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 unfavorable. On the other hand, it

would be difficult to receive bank financing due to the significant level of debt the company already has.

On 06th 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 changes that have occurred during the reporting period 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

The financial reports of the Company are prepared in compliance with the International Financial Reporting Standards (IFRS), developed and published by the Council for the International Accounting Standards (CIAS), applicable for the year 2014.

The International Financial Reporting Standards include:

- a) The International Accounting Standards
- b) The International Standards for the Financial Statements (ISFS)
- c) The interpretations of the Standing Interpretations Committee and the interpretations of the Committee for interpretations of the IFRS

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

There have been no changes in 2015.

17. Information on the amount of the remunerations, rewards and/or the benefits of everyone of the members 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, includes:

- 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.

The members of the Board of Directors of “Intercapital Property Development” ADSIC have received the following remunerations in 2015:

Member of the Board of Directors*	in BGN
1. Velichko Stoichev Klingov – Executive director	3
3. Tsvetelina Chavdarova Hristova – Member	3
4. Aheloy 2012 OOD – Member	3

***The amounts indicated represent the remunerations paid:**

By a resolution of the General Meeting of the shareholders the members of the Board of Directors can receive bonuses in amount which does not exceed 0.1% of the Company's profit before dividend distribution for each one of the members of the Board but not more than 0.5% for all the members of the Board.

The Company does not owe any other amounts and/or benefits as well as does not allocate or charge amounts to provide for pension benefits or other retirement compensations for the members of the Board of Directors.

The members of the Board of Directors have not received remuneration or compensation from subsidiaries of the issuer and the latter have not allocated or charged amounts for pension benefits and other retirement compensations for the members of the Board of Directors in 2015.

In 2015, the managers of the subsidiary Marina Cape Management EOOD have been paid the following remunerations:

Managers of Marina Cape Management EOOD	in BGN
1. Veselin Todorov Terziev	10 860
2. Nikolay Rosenov Handjiev	10 860

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 31.12.2015 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 ¹	77 111	1,28%

1. As of 31.12.2015 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 31.12.2014 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 2014 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 bondholder.

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

At present there are legal proceedings against the company in the total amount of BGN 4 065 414,09. BGN 57 654,12 from them is from enforcement proceedings, BGN 1 594 359,30 from arbitrary enforcements and BGN 1 913 397,67 from enforcement cases. Information regarding the individual outstanding proceedings is set out below:

20.1 CIVIL AND ARBITRARY HEARINGS

20.1.1 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. A decision to honour the claim has been issued on 31.08.2015. The decision has been appealed before the Sofia city court. Currently no hearing has been scheduled.

20.1.2 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.

A response to the claim has been issued and a case sitting is to be scheduled.

20.1.3 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 favor 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. A closed sitting has been scheduled at the Supreme Cassation Court for 07.03.2016 at which the court should take decision on the admissibility of the request.

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.

20.1.4 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 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. Currently an appeal can be made before the Supreme Cassation Court.

20.1.5 Civil 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.

20.1.6 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. The hearing was set for decision on 08.12.2015 but no decision has been issued yet.

20.1.7 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. Scheduling of the case in open proceedings is to be carried out.

20.1.8 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.

Due to an appeal by Intercapital Property Development regarding local jurisdiction the case is discontinued and forwarded to Sofia city court, where it is entered as c.h. 5304/2015, Civil Department 1-2 unit. The first hearing has been scheduled for 21.01.2016.

20.1.9 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.

As a result of our appeal for lack of competence of Burgas District court, the case was discontinued and forwarded to Sofia city court.

20.1.10 Civil Case № 107/2014 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 has been honoured in full by Regional court Pomorie. The decision has been appealed before District court Burgas.

20.1.11 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 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 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.

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 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.

A response to the claim has been submitted, scheduling of the hearing is expected.

20.1.13 Arbitrary case No: 10/2015 in the inventory of the Arbitrary court for commercial claims – Burgas, initiated by Midia AD to pay the amount from an agreement from 25.10.2010 between "Midia" AD, " 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. The next hearing has been scheduled for 09.02.2016.

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.

The price of the claims is as follows:

- claim in the amount of 43 225 euro, representing the purchase price paid for the property, apartment 32_79, 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 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.

Currently a response is being prepared.

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.

Currently a response is being prepared.

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, together with the legal interest, until payment in full.

Currently a response is being prepared.

20.1.17 Private civil case № 11196/2016 on the inventory of Sofia Regional Court, GO, 50 composition, initiated by the "WATER SUPPLY AND SEWERAGE" EAD to pay for delivered of water quantities to holiday complex "Marina Cape"

The case initiated in an application for an enforcement order under Art. 410 of the CPC of "WATER SUPPLY AND SEWERAGE " EAD, which requires court order "Intercapital Property Development" ADSIC to pay the price for the quantities of delivered water to holiday complex "Marina Cape" in the amount of BGN 57 654.12, according to invoices issued for the period from 02.12.2014 to 01.12.2015. The applicant claims 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" REIT filed an objection against the enforcement order. So far it has not received the application from "WATER SUPPLY AND SEWERAGE" EAD to establish a claim.

20.2. 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

The enforcement hearing is initiated according to receiving order issued in favour of Piraeus Bank Bulgaria AD for the amount of 1 099 020.63 BGN. The enforcement proceedings are currently at a halt.

Intercapital Property Development ADSIC has filed an appeal against the issued receiving order. As a result, Piraeus Bank Bulgaria AD has filed for a declaratory order according to art. 422 of the Civil Procedure Code against the Company, by which it is requested that it is established the amount of 1 099 020.63 BGN is due, for which enforcement proceedings have been initiated. The hearing is currently at a halt.

20.2.4 Enforcement Hearing № 1632/2015 in the inventory of bailiff Tanya Madjarova, reg. № 803 of CPCB, region District Court Burgas

Enforcement proceedings have been initiated on the basis of a writ of execution issued in favor of "TELELINK" EAD for BGN 497 953,39. The case is currently at a halt.

On 13.04.2016, a bailiff has brought a drafted by him distribution for received for the case amounts of BGN 45 539.72. The distribution was appealed by "Intercapital Property Development" ADSIC as the appeal is yet to be ruled by the court.

20.2.5 Enforcement Hearing № 40/2016 in the inventory of bailiff Delian Nikolov, reg. № 804 of CPCB, region – District Court Burgas

The enforcement hearing is initiated in relation to receiving orders issued in favour of Natalia Borisovna Krasutskaya in the amount of 84 100.69 BGN. The enforcement hearing is initiated as a result of a protective order in relation to a claim.

The enforcement proceedings are currently without a decision.

21. Data 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: +359 2 980 12 51

Signature:

/Velichko Klingov – Executive Director/

