

Annual Consolidated Management Report
INTERCAPITAL PROPERTY DEVELOPMENT ADSIC
2014

28 April 2015

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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 31.12.2014 “Intercapital Property Development” ADSIC has investments in the following subsidiary companies:

Name of the subsidiary company	2013 BGN ‘000	share %	2012 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 2014 the Company has realized expenses in the total amount of (excluding corporate tax expenses) BGN 6 824 thousand on consolidated basis. Of this amount, BGN 4 972 thousand represent operating expenses, of which BGN 98 thousand represent costs from changes in the fair value of investment properties of the Company. The financial costs amount to BGN 1 852 thousand.

B. Financial result of the Company on consolidated basis

In 2014 the Company has realized net loss in the amount of BGN 1 374 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 290 thousand or 15.16% 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 616 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 405 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 426 thousand.

In 2014, in addition to sales of apartments, "Intercapital Property Development" ADSIC realized financial income of BGN 2 796 thousand, which are primarily revenue from the sale of two subsidiaries. The transactions are described below in this report.

The Company realized extraordinary revenue in the amount of BGN 200 thousand, representing partly written off debt towards one of its creditors during the second quarter of 2014.

The total revenues from operating activity in 2014 amount to BGN 5 452 thousand.

D. Assets of the Company on consolidated basis

As of 31.12.2014 the Company's assets on consolidated basis are in the amount of BGN 59 223 thousand, including:

Long-term tangible assets: BGN 49 276 thousand of which the value of the investment properties owned by the Company is with the greatest share – BGN 36 143 thousand;

Long-term intangible assets: BGN 10 thousand;

Deferred tax assets: BGN 21 thousand;

Deferred Expenses: 1 785 thousand

Current assets: BGN 8 131 thousand of which the value of the work-in-progress is with the greatest share - BGN 1 062 thousand and the receivables from customers and suppliers are BGN 4 127 thousand.

E. Liabilities of the Company on consolidated basis

The short-term liabilities of the Company on consolidated basis as of 31.12.2014 amount to BGN 47 753 thousand. The greatest share of them is that of the obligations to bank and non-bank financial institutions – BGN 22 913 thousand. The payables towards suppliers and customers as of 31.12.2014 amount to BGN 4 851 thousand. In addition, as of 31.12.2014 the Company has received advance payments from clients and guarantee deposits in the amount of BGN 9 003 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 212 thousand, bond issues amounting to BGN 4 890 thousand, finance lease liabilities as described above, in the amount of BGN 1 436 thousand and other loans amounting to BGN 1 897 thousand.

F. Shareholders' equity

The Company's shareholders' equity on consolidated basis as of 31.12.2014 is in the amount of BGN 3 035 thousand. It includes:

Share capital: BGN 6 011 thousand

Issue premiums: BGN 7 651 thousand

Revaluation reserves: BGN 5 267 thousand

General reserves: BGN 1 thousand

Retained earnings from previous periods: BGN -14 521 thousand

Current year profit / (loss): BGN -1 374 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 2014, 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 2014 is BGN 290 thousand which refer to a sold area of 226.08 sq. m. (built-up area). In comparison, in 2013, the sales of real estate property amounted to BGN 1 430 thousand and represent a sold area of 937.38 sq. m. (built-up area). The main reason for the 80% reduction of the net sales and sold areas in 2014 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 5377.08 sq. m located in Marina Cape Vacation Complex. Currently, the Company has concluded preliminary contracts for sale of apartments with built-up area of 5 377.08 sq. m. in the “Marina Cape” vacation complex.

All properties sold this year have been transferred at a price lower than their cost price. The main reason for that are the unfavorable market conditions and reduced demand for vacation properties which forces the Company to make discounts from the sale prices in order to realize sales. The discounts vary depending on the term of payment of the purchase price of a specific property. Generally, the company has announced on its website a 5% discount for full payment of the purchase price, but in some cases the discount may reach even 15%.

In 2014 the book value of the properties sold by "Intercapital Property Development" ADSIC at "Marina Cape" amounted to BGN 352 thousand. This value represents the revalued amount of the sold investment properties as of 31.12.2013 as determined by a licensed appraiser. As such the gross result from selling properties in 2014 is a loss in the amount of BGN 62 thousand. For obtaining the net result, the cost of brokerage commissions and advertising, fees for the servicing companies that conduct the maintenance of the holiday complex, as well as other costs that cannot be attributed to the book value of properties sold should be deducted.

One of the main reasons for the loss incurred by the Company in 2014 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 2014 are BGN 1 852 thousand, BGN 1 835 thousand of which are interest expenses.

In addition to the sale of apartments, Intercapital Property Development ADSIC realized financial income in the amount of BGN 2 796 thousand, mainly from the sale of subsidiary companies. On 11.08.2014, a new subsidiary, AHELOY IMO EAD, UIC 203175277, was entered in the Commercial Registry of the Registry Agency incorporated with share capital in the amount of BGN 1 303 400 fully paid through contribution in kind from INTERCAPITAL PROPERTY DEVELOPMENT ADSIC representing ownership of following properties:

- 1) Café C 18 (C eighteen) with ID 00833.5.409.19.3 (zero zero eight three eight three point five point four zero nine point one nine point three);
- 2) Shop C 17 (C seventeen) with ID 00833.5.409.19.4 (zero zero eight three eight three point five point four zero nine point one nine point four);
- 3) Shop C 16 (C sixteen) with ID 00833.5.409.19.5 (zero zero eight three eight three point five point four zero nine point one nine point five);

4) Shop for souvenirs C 15 (C fifteen) with ID 00833.5.409.19.6 (zero zero eight three eight three point five point four zero nine point one nine point six);

5) OFFICE C 14 (C fourteen) with ID 00833.5.409.19.7 (zero zero eight three eight three point five point four zero nine point one nine point seven);

6) Café C 20 (C twenty) (in the table for area formation, and a cadastral tax assessment – café) with ID 00833.5.409.20.10 (zero zero eight three eight three point five point four zero nine point two zero point one zero);

7) Shop for industrial products 19 (C nineteen) with ID 00833.5.409.20.11 (zero zero eight three eight three point five point four zero nine point one nine point one one);

According to the Conclusion of the Appraisal of non-cash contribution in the sentence above, the total monetary value of the property is BGN 1,303,400 (one million three hundred and three thousand four hundred). For its contribution in kind, ICPD would acquire 1,303,400 (one million three hundred and three thousand four hundred) shares of the Company.

In addition, on 11.08.2014 a new subsidiary, AHELOY IMO 2014 EAD, UIC 203174990 was entered in the Commercial Registry of the Registry Agency, incorporated with share capital in the amount of BGN 331 550 fully paid through contribution in kind from INTERCAPITAL PROPERTY DEVELOPMENT ADSIC.

On 18.08.2014 INTERCAPITAL PROPERTY DEVELOPMENT ADSIC, concluded a contract for sale of materialized shares, pursuant to which ICPD sold 1 303 400 materialized shares, each with a voting right, representing 100% of the capital of AHELOY IMO EAD for a total value of BGN 4 096 212.79. On the same day, INTERCAPITAL PROPERTY DEVELOPMENT ADSIC, concluded a contract for sale of materialized shares, pursuant to which ICPD sold 331 550 materialized shares, each with a voting right, representing 100% of the capital of AHELOY IMO 2014 EAD for a total value of BGN 335 000.00

The Company also realized extraordinary income in the amount of BGN 200 thousand which represent a partial write-off of liabilities towards one the creditors in the second quarter of 2014.

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 2014, 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 616 thousand, compared to BGN 683 thousand in 2013. The gross income streaming from the exploitation of these properties in 2014 is BGN 142 thousand, compared to BGN 175 thousand in 2013. As a result, the gross margin of sales in 2014 in this segment was 23% at 26% for 2013. The company constantly strives to optimize sales price ratio - costs. Here it should be noted that in 2014, a significant increase in the sales of the vacation complex's Bowling and SPA Bar was realized. 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 405 thousand, compared to BGN 489 thousand for 2013. The gross income of the Company streaming from this kind of activity is a profit of BGN 313 thousand in 2014, compared with BGN 368 thousand in 2013.

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 426 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 2014, 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 31.12.2014 the value of the investment properties of the company was reduced by BGN 98 thousand relative to their value prior to the appraisal on 31.12.2014. The result of the revaluation of the land owned by the Company as of 31.12.2014 is positive. As of 31.12.2014 their value is BGN 5 177 thousand compared to BGN 5 074 thousand as of 31.12.2013.

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.

The vacation complex has been exploited during the whole year. In the winter season 2012-2013, 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 2013, 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

On 09.12.2013, a loan contract has been concluded between ICPD ADSIC and Teximbank AD, according to which the Company has received working capital loan in the amount of EUR 130 000 at an annual rate 7.75% and maturity date 20.12.2014. As collateral for the liability pursuant to this contract, on 05.02.2014, a mortgage was established by virtue of notary deed № 53,, volume I, reg. № 358, file № 51/2014 by notary Gergana Nedina, on property owned by the company ID number 00833.5.409, located in vacation complex Marina Cape, Aheloy town, Pomorie, Bourgas, region Prechistvatelna. The parties subsequently agreed, by annex dated November 2014, that the maturity date is extended to 20.12.2016 and the principal is to be paid in equal monthly payments in the amount of 2500 euro.

On 17 December 2013 the Company signed 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. Initially the lease price was agreed to be paid in a 2-year period, with a grace period of 6 months, in 24 installments each due on the 20th of each month it is due on and at a fixed annual interest of 9%. By mutual agreement of the parties in 2014, the maturity date was extended until 20.12.2019 as a result of which, the leasing price was altered to 3 183 968.46 euro, excl. VAT.

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.

On 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 14.02.2014 the Company made an interest in the amount of EUR 59 390 and amortization payment in the amount of EUR 62 500 on its corporate bond issue.

Due to the fact that ICPD has complied with the condition regarding the timely payment regarding the amount due on 14.02.2014, voted on the General Meeting of the bondholders held on 06.02.2013, the interest rate that shall be applied on the remainder of the bond issue for the next quarter starting on 15.02.2014 amounts to 7.00% annually

On 03.06.2014 the Company paid interest in the amount of EUR 54 406 and principal in the amount of EUR 62 500 that were due on 14.05.2014. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.05.2014-03.06.2014 in the amount of BGN 468.87 (or BGN 0.093774 per bond).

On 09.09.2014 the Company paid interest in the amount of EUR 55 137 and principal in the amount of EUR 62 500 that were due on 14.08.2014. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.08.2014-09.09.2014 in the amount of BGN 609.51 (or BGN 0.121902 per bond).

On 10.12.2014 the Company paid interest in the amount of EUR 54 034 and principal in the amount of EUR 62 500 that were due on 14.11.2014. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.11.2014-10.12.2014 in the amount of BGN 609.51 (or BGN 0.121902 per bond).

On 12.03.2015 the Company paid interest in the amount of EUR 52 932 and principal in the amount of EUR 62 500 that were due on 14.02.2015. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.02.2015-12.03.2015 in the amount of BGN 609.51 (or BGN 0.121902 per bond).

According to the decision of the General Meeting of the bondholders, held on 11.02.2015, the interest rate applied on the remainder of the bond loan for the following quarter, beginning on 15.02.2015, shall be in the amount of 6% annually.

In 2014, the Company has not raised funds in the form of share capital.

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 2014, the world capital markets noted a subsequent growth, the American market again having the highest growth. A number of interventions from the leading central banks were evidenced worldwide, in order to additionally stimulate the world economy. During the first half of the year the macro economic data was positive, which was followed by a mild cool-down of the economy mainly in the Eurozone countries. Statistics from the USA remained strong, and unemployment reached its pre-crisis levels from six years ago. FED finalized its QE 3 programme in the third quarter of the year, while the National Bank of Japan announced the introduction of a similar programme. The European Central Bank announced its plans to start its programme for QE in January 2015 which encouraged investors and led to a stable performance of the main indexes. In 2014 the American S&P 500 noted an increase of 11.4%, while the European markets, after their strong performance in 2013 remained without changes. The main factors leading to the latter were the conflict between Russia and Ukraine and the sanctions which the West imposed on Russia. The drop in the price of oil in the second half of the year and the fall of the euro vs. the dollar also had their influence. Among the other big markets, China's performance has made a strong impression – its leading indexes marked an increase of over 50% for the year. The expectations for 2015 are for Europe to finally realize growth and in addition to the long awaited CE, separate reforms to be introduced in the Eurozone countries. A competitive advantage to European exporters will be the exchange rate of the low euro compared to the dollar which will be positive for Bulgaria and other Eastern European countries whose main trade partners are these developed markets. In addition the decrease of the price of fuels may have a positive effect on the consumer demand. On the Bulgarian capital market, the main stock indexes began the year at values of 493.68 for SOFIX, 350.44 for BGTR30, 100.39 for BGBX40 and 88.11 for BGREIT. The beginning of 2014 was strong for the Bulgarian Stock Market where the main index SOFIX reached 625 points. After the collapse of the banking system in June, caused by the insolvency of KTB Bank, the profit accumulated by the indexes was depleted for days and a negative trend followed which was sustained for the remaining second half of the year. The indexes closed the year respectively at 522.1, 407.50, 104.61 and 98.75 points. The annual growth of the indexes was respectively 6.22% (SOFIX), 16.75% (BGTR30), 4.61% (BGBX40) and 11.38% (BGREIT), for comparison Romania's BET was 9.07% and Germany's DAX 2.23%. 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 in Ukraine and Crimea peninsula. As such the management of the Company cannot forecast upcoming capital increase procedures of the Company.

- **Debt securities.** Trade in the money market in 2014 was characterized mainly by the maintenance of the established in 2013 decreased activity, a decrease in volume was reported except from the repo transactions. At the same time interest rates have been relatively stable throughout the period. Domestic money market is strongly influenced by trends in the euro money market and monetary policy of the ECB as a result of the currency board in Bulgaria, fixing the lev to the euro. In this regard, the absence of significant changes in the monetary policy operations led to the preservation of a record low near zero interest rates - both in the euro zone and in the country (except from the tension at the beginning of the year in the euro zone, which led to a moderate price increase of euro denominated resources). In 2014 the dynamics of the interbank money market was characterized by sustaining record-low interest levels combined with decreased activity. Continuing the trend from previous years, in 2014, banks in Bulgaria continued to maintain significant resources in their current accounts at BNB. The high excess reserve in the banking system, in addition to the historically low interest rates, which deprived the market participants of alternatives for the disposal of liquid funds, were the cause of sustaining the reduced activity of the local interbank market. In 2014 the practice of placement of corporate bonds outside the stock exchange continued, with subsequent registration for stock trading. Five-year and three-year bond issue for another year continue to have the largest volume and the preferred currency of denomination of the issuers remains the euro. The new issues, registered at the Bulgarian Stock Exchange – Sofia were 12. The management of the Company expects increasing of new bond issuing, subject to 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 2015 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 2014 there were no unusual or sporadic events for the Company, which have influenced the results from its activity.

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 2014. They may be resumed in case of securing finances to complete the site.

In 2014 the expenses of the project "Marina Cape" were mainly fees for management and maintenance and overheads. It is expected that in 2015 the Company will continue to realize revenue from the sale of vacation properties in Marina Cape as well as from their management.

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. In 2014 this upward trend of the real estate sector continued. According to the calculations of Bulgarian Properties and NSI, the prices of real estate in Sofia have risen nominally by +2.9% in 2014 and the average for the country is +0.5%. After accounting for inflation, the annual data becomes even more explicit – the real growth of prices in Sofia for 2014 is +4.5% and +2.1% average for the country.

According to the data submitted by NSI, the market in Sofia is recovering and developing at a much faster rate than any other city in the country. During the fourth quarter of 2014 the average prices of properties in Sofia are showing real annual growth (relative to the fourth quarter of 2013) in the amount of +5%.

In 2014 the market for office areas showed a stable recovery. The fourth quarter was indicative and strengthened this trend. In the end of 2014 a decrease in the coefficient of free office buildings can be observed, relative to the fourth quarter of 2013 – from 29.7% to 26.3%. This decrease is mainly the result of the needs of expansion of big international companies (IT and BPO).

Regarding vacation properties, as a result of the events in Ukraine in 2014, the big Russian and Ukrainian investors are on hold. This has led to two trends. On one side, the smaller clients from Russia and Ukraine have decreased in numbers, most of them waiting. According to data published by Greenlife, 65% of the buyers in 2014 have had budgets between 45 000 and 60 000 euro. These are the representatives of the so called middle class in Russia. The percentage of families with lower budgets – under 40 000 euro has significantly decreased – part of them have pulled back completely and some have diverted towards the resale market, where there are various prices. On the other hand, the devaluation of the Ruble forces Russian investors to seek a secure place for their money in Bulgaria. Greenlife notes that the latter ones are the active customers on the Bulgarian market, noting that there have been viewings of their properties in Sozopol and Pomorie since the beginning of January, which is not typical for the season. In addition, there are Russian-speaking Ukrainians, looking for the possibility to invest part of their money. In the end of 2014 their share of the Bulgarian market has reached 12%.

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 favorable 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

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 interest in the amount of EUR 52 932 and principal in the amount of EUR 62 500 that were due on 14.02.2015. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.02.2015-12.03.2015 in the amount of BGN 609.51 (or BGN 0.121902 per bond).

According to the decision of the General Meeting of the bondholders, held on 11.02.2015, the interest rate applied on the remainder of the bond loan for the following quarter, beginning on 15.02.2015, shall be in the amount of 6% annually.

V. Important research and development

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

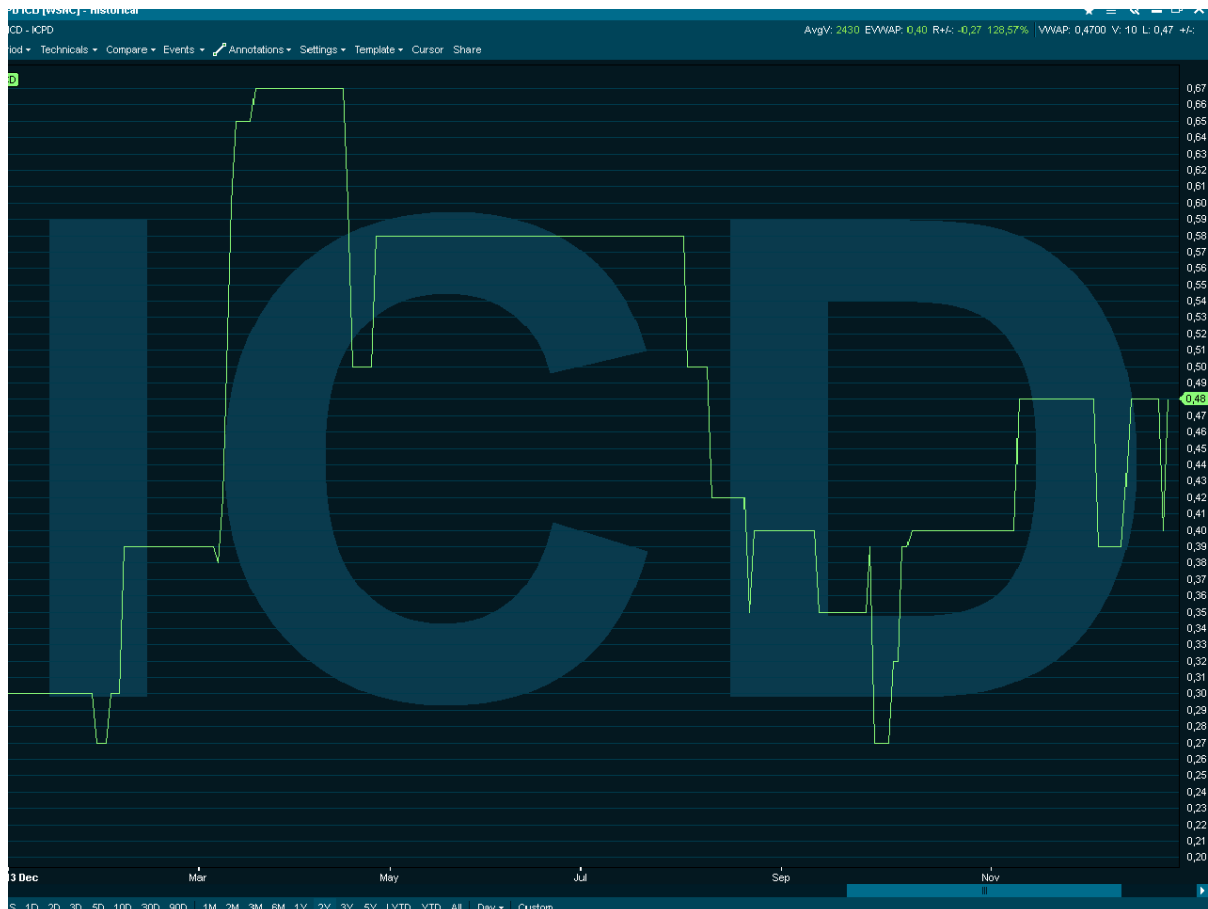
VI. Changes in the price of the Company's shares on the Bulgarian Stock Exchange – Sofia AD (currency - BGN)



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 2014, the Company has not acquired or transferred own shares.
As of 31.12.2014, the company does not hold own shares.

IX. Existence of Company branches

As of 31.12.2014 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 2014 continue to be realized from the sale of residential properties for seasonal use in the “Marina Cape” vacation complex”.

Operating Revenues ('000 BGN)	2014	2013
<i>Net revenues from the sale of:</i>		
1. Investment Property	290	1 430
2. Output	306	369
3. Goods for sale	204	194
4. Services	1 002	1 178

5. Other	311	7 714
Total:	2 113	10 885

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 290 thousand and correspond to 226.08 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 616 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 405 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 426 thousand.

In 2014, in addition to sales of apartments, "Intercapital Property Development" ADSIC realized financial income of BGN 2 796 thousand, which are primarily revenue from the sale of two subsidiaries.

On 11.08.2014, a new subsidiary, AHELOY IMO EAD, UIC 203175277, was entered in the Commercial Registry of the Registry Agency incorporated with share capital in the amount of BGN 1 303 400 fully paid through contribution in kind from INTERCAPITAL PROPERTY DEVELOPMENT ADSIC representing ownership of following properties:

- 1) Café C 18 (C eighteen) with ID 00833.5.409.19.3 (zero zero eight three eight three point five point four zero nine point one nine point three);
- 2) Shop C 17 (C seventeen) with ID 00833.5.409.19.4 (zero zero eight three eight three point five point four zero nine point one nine point four);
- 3) Shop C 16 (C sixteen) with ID 00833.5.409.19.5 (zero zero eight three eight three point five point four zero nine point one nine point five);
- 4) Shop for souvenirs C 15 (C fifteen) with ID 00833.5.409.19.6 (zero zero eight three eight three point five point four zero nine point one nine point six);
- 5) OFFICE C 14 (C fourteen) with ID 00833.5.409.19.7 (zero zero eight three eight three point five point four zero nine point one nine point seven);
- 6) Café C 20 (C twenty) (in the table for area formation, and a cadastral tax assessment – café) with ID 00833.5.409.20.10 (zero zero eight three eight three point five point four zero nine point two zero point one zero);
- 7) Shop for industrial products 19 (C nineteen) with ID 00833.5.409.20.11 (zero zero eight three eight three point five point four zero nine point one nine point one one);

According to the Conclusion of the Appraisal of non-cash contribution in the sentence above, the total monetary value of the property is BGN 1,303,400 (one million three hundred and three thousand four hundred). For its contribution in kind, ICPD would acquire 1,303,400 (one million three hundred and three thousand four hundred) shares of the Company.

In addition, on 11.08.2014 a new subsidiary, AHELOY IMO 2014 EAD, UIC 203174990 was entered in the Commercial Registry of the Registry Agency, incorporated with share capital in the amount of BGN 331 550 fully paid through contribution in kind from INTERCAPITAL PROPERTY DEVELOPMENT ADSIC.

On 18.08.2014 INTERCAPITAL PROPERTY DEVELOPMENT ADSIC, concluded a contract for sale of materialized shares, pursuant to which ICPD sold 1 303 400 materialized shares, each with a voting right, representing 100% of the capital of AHELOY IMO EAD for a total value of BGN 4 096 212.79. On the same day, INTERCAPITAL PROPERTY DEVELOPMENT ADSIC, concluded a contract for sale of materialized shares, pursuant to which ICPD sold 331 550 materialized shares, each with a voting right, representing 100% of the capital of AHELOY IMO 2014 EAD for a total value of BGN 335 000.00.

The Company also realized extraordinary income in the amount of BGN 200 thousand which represent a partial write-off of liabilities towards one the creditors in the second quarter of 2014.

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 extent 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 has started business relationships with partners from China for the marketed properties by ICPD. The properties sold in 2014 are mainly bought by Russian citizens and so the manager of the Company is strongly encouraged about the recovery of interest in real estate from this market.

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 the design 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 2014 “Intercapital Property Development” ADSIC has not concluded large transactions and transactions that are essential for the Company’s activity, excluding the sale of its subsidiaries noted in I.1 above.

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)	2014	2013
- Services executed by “Marina Cape Management” EOOD to “Intercapital Property Development” ADSIC	478	609
- Services executed by “Intercapital Property Development” ADSIC to “Marina Cape Management” EOOD	672	536

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 2014, 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 2014 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 31.12.2014 “Intercapital Property Development” ADSIC has the following investments in subsidiary companies:

Name of the subsidiary company	2014	share	2013	share
	‘000 BGN	%	‘000 BGN	%
Marina Cape Management EOOD	5	100%	5	100%

As of 31.12.2014 the book value of the land owned by the Company is in the amount of BGN 5 177 thousand, the value of the Company's investment property is BGN 36 143 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 1 062 thousand.

As of the end of 2014 the Company has cash funds and demand deposits in the amount of BGN 81 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 31.12.2014 "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	30 000.00	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

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 ADSITS, 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 31.12.2014 the principal outstanding amounted to BGN 21 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 2014, "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 2014, 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 ADSITS.

On 12.03.2015 the Company paid interest in the amount of EUR 52 932 and principal in the amount of EUR 62 500 that were due on 14.02.2015. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.02.2015-12.03.2015 in the amount of BGN 609.51 (or BGN 0.121902 per bond).

According to the decision of the General Meeting of the bondholders, held on 11.02.2015, the interest rate applied on the remainder of the bond loan for the following quarter, beginning on 15.02.2015, shall be in the amount of 6% annually.

Additional information regarding the measures undertaken by the Company in order to restructure its obligations can be reviewed in pt.III.1. "c" above, namely financing the company's activities.

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

Following a resolution of the General meeting of shareholders held on 14.03.2014 a change in the Board of Directors is registered in the Commercial Register of the Registry Agency. The new member of the Board, chosen in place of the former member Temenuga Ivanova Ivanova, is „AHELOY 2012" EOOD, registered in the Commercial Register at the Registry Agency, with UIC: 202371390, seat and registered address: Sofia, Sredets, "Aksakov" № 7A, 4th floor, represented by the manager Nikolay Stefanov Chergilanov. The new member is elected for a term of 5 years counted from the day of the General meeting of shareholders.

The change in the Board of Directors is registered in the Commercial Registry of the Registry Agency on 20.03.2014 with file number 20140320113319.

In August 2014, the company, member of the Board of Directors of ICPD, “Aheloy 2012” EOOD transformed to a sole owner company with limited responsibility and as such was renamed to “Aheloy 2012” OOD, after carrying out a procedure of capital increase. The latter was entered in the Trade Register at the Registry Agency on 11.08.2014 with reg. No: 20140811094817.

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. At present the members of the Board of Directors receive monthly remuneration in the amount of BGN 3 100 (three thousand one hundred). 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 2014:

Member of the Board of Directors*	in BGN
1. Velichko Stoichev Klingov – Executive director	23 753
3. Tsvetelina Chavdarova Hristova – Member	15 970
4. Aheloy 2012 OOD – Member	11 860

***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 2014.

In 2014, 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 31.12.2014 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 ¹	77 111	
1,28%		

1. As of 31.12.2014 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 31.12.2013 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 2013 Velichko Klingov has concluded REPO Contracts with a collateral – shares of “Intercapital Property Development” ADSIC (a total of 41 656 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

There are legal proceedings against the company in the total amount of BGN 331 thousand. BGN 232 from them is from enforcement cases.

Information regarding the individual outstanding proceedings is set out below:

- 1. Civil Hearing № 45799/2014 in the inventory of Sofia Regional Court, Civil Department, 32 unit, plaintiff Alexander Sergeevich Solovyov vs. Intercapital Property Development ADSITS 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. Currently there has been one hearing on 10.03.2015. The next hearing is scheduled for 05.06.2015.

2. 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 ADSITS 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 honored in full. The decision of the Sofia City Court is confirmed by decision of the Sofia Court of Appeal. Currently the decision can be appealed before the Supreme Court of Cassation.

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.

3. 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

Currently the hearing is forwarded to the Supreme Court of Cassation for ruling on the private claim of Burlakov regarding the Definition of Regional Court – Pomorie, confirmed by Definition of District Court – Burgas, by which the claim of the plaintiff that his property be transferred free of all encumbrances has not been reviewed by the court.

4. 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

Currently the hearing is being decided and we are expecting a ruling.

5. 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 ADSITS 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 is yet to be set.

6. 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 favor 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. Currently the case is on hold.

7. 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 favor 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.

8. 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 favor of Natalia Borisovna Krasutskaya for the amount of 60 122,21 BGN. The enforcement proceedings are currently at a halt.

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/

