

To: The management of

INTERCAPITAL PROPERTY DEVELOPMENT ADSIC

DECLARATION

under art. 100 n, para. 4 , pt. 3 of the Law on Public Offering of Securities

The undersigned, **Nikolay Mihailov Polinchev**, as a registered auditor (with diploma № 684 from the register to the Institute of Certified Public Accountants under art. 20 of the Independent Financial Audit Act) and I declare that

I have audited the financial statement of "Intercapital Property Development" ADSIC (the "Company") as of 2017 in accordance with the International Financial Reporting Standards, endorsed by the EU, a common name of the accounting base, defined in pt. 8 on additional provisions on Accounting Law in compliance with the "International audit standards", and that

I am responsible for the auditing in my own name

I hereby certify that as reported in the audit report I have issued concerning the annual financial statement of "Intercapital Property Development" ADSIC as of 2017, issued on 28th March 2018:

1. **Art. 100n, para. 4, p. 3, letter "a"- Audit opinion:** except for the issues in "Basis for expressions of qualified opinion" and "Paying attention" in the Auditor's report, the financial statement has been prepared in accordance with the applicable accounting standards and presents a true and fair view of the assets and liabilities, financial position and the loss of "Intercapital Property Development" ADSIC as of 31st December 2017;

Basis for qualified opinion

The receivables described in the explanatory notes: 10 Commercial receivables, 12 Advances, 33 Related party transactions of the Financial statement as of 31.12.2017 are of total value 6 628 thousand BGN. As is stated in the notes, the Company has over 90% overdue impaired receivables of over one year. We could not receive enough and relevant audit proof regarding their collectability, as well as to evaluate reliably the present value of the expected incoming cash flows from them and value of the potential impairment of the aforementioned receivables. The acknowledgement of impairment would reduce the receivables by the uncollectable sums and respectively the net annual profit.

2. **Art. 100n, para. 4, pt. 3, letter "6" - The information regarding transactions of "Intercapital Property Development" ADSIC with related parties.** The information regarding transactions with related parties is stated in note 33 from the annual report. On the basis of the conducted audit procedures for the related party transactions as part of my audit on the financial report as whole, there have been no facts, circumstances or other information on the grounds of which to make the conclusion that the related parties transactions have not been disclosed in the attached financial statement for the year ending 31st December 2017, in the light of all essential aspects, and in accordance with the regulations of International Accounting Standards 24 "Disclosure of related parties". The results from my audit procedures regarding related parties transactions are examined by me in the context of forming my opinion about the financial report as a

whole and not with the intention of stating a separate opinion about the related party transactions.

3. **Art. 100n, para. 4, pt. 3, letter "B"** - The information relating to significant transactions for "Intercapital Property Development" ADSIC. My responsibility for audit of the financial statement as a whole, described in my report "Responsibility of the auditor for the audit of the financial statement", evaluates whether the financial report discloses the significant transactions and events in a way which meets fair representation. On the basis of the conducted audit procedures regarding significant transactions, fundamental for the financial statement for the year ending 31st December 2017, with exception to the questions "Basis for statement of qualified opinion" and "Paying attention", there have been no facts, circumstances or other information on the grounds of which to make the conclusion that there have been cases of significant untruthful representation and disclosure in accordance with the applicable International Financial Reporting Standards, accepted in the European Union. The results of my audit procedures concerning significant transactions and events in regards to the financial statement of the Company are examined by us in the context of forming my opinion about the financial report as a whole and not with the intention of stating a separate opinion about these significant transactions.

The present declaration certifies that the audit report issued by me as a result of the audited the financial statement of "Intercapital Property Development" ADSIC for the year ending 31st December 2017 issued on 28th March 2018. The present declaration relates only to "Intercapital Property Development" ADSIC and it meets all requirements under **Art. 100 n para. 4 pt. 3 of the Law on Public Offering of Securities** and should not be accepted as a substitute for my conclusions contained in the audit report I have issued on 28th March 2018 regarding the issues on **Art. 100 n, pt. 3 of the Law on Public Offering of Securities**.

Sofia,

28th March 2018

Registered auditor: _____

Nikolay Polinchev

