

**Inside information pursuant to Appendix No 9
to Art. 33, para 1, p. 3 of ORDINANCE No. 2 as of 17.09.2003 on the prospectuses to be
published when securities are offered to the public or admitted to trading on a regulated
market and on disclosure of information by the public companies and the other issuers of
securities**

for the period 01.01.2017 – 30.06.2017

“Intercapital Property Development” ADSIC

1. For the issuer

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

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

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

During the reporting period no such circumstance has occurred.

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

During the reporting period no such circumstance has occurred.

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

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

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

No liquidation procedure has been initiated for the company.

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

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

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

Such a circumstance has not occurred.

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

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

1.9. Decision of the Financial Supervision Commission for delisting the company of the registry for the public companies and the other issuers of securities under art. 30, para 1, point 3 of the Law on the Financial Supervision Commission

There has not been such a decision of the commission for delisting the company of the registry for the public companies and the other issuers of securities under art. 30, para 1, point 3 of the Law on the Financial Supervision Commission.

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

At the Annual General Meeting of Shareholders of the Company, held on 30.06.2017, the shareholders approved the proposal of Board of Directors for a registered auditor to verify and certify the annual financial statements of the Company for 2017 to be NIBOS EOOD, with UIC 200635432, represented by the manager and sole proprietor of the capital - Nikolay Mihaylov Polinchev - registered auditor with Dipl. 0684 with the ICPA.

1.11. Announcement of the profit of the company.

As of 30.06.2017 the net financial result of the Company on non-consolidated basis is BGN is loss in the amount of BGN 582 thousand.

1.12. Material losses and the reasons thereof.

During the reporting period the Company has not realized material losses due to extraordinary or unforeseeable circumstances.

The loss generated by the company as of 30.06.2017 in the amount of BGN 582 thousand is mainly attributable to the financial expenses incurred during the reporting period and, in particular, to interest expenses.

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

During the reporting period there have not been any circumstances of extraordinary nature that have caused such damages for the Company.

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

The audited reports of the registered audit company "Audit Advisers" OOD, which verified and certified the annual non-consolidated and the annual consolidated financial statements of the company for 2016, contain the following qualified opinions:

"Basis for qualified opinion

1. The receivables described in the explanatory notes: 12 "Commercial receivables", 13 "Advances", 33 "Related party transactions" of the Financial statement as of 31.12.2016 are of total value 7 684 thousand BGN. As it 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 the value of the potential impairment of the aforementioned receivables. The acknowledgment of impairment would reduce the receivables by the uncollectable sums and respectively the net annual profit.

2. The loans of the company form 50% of the total obligations, whereas over 80% of the value of the financial obligations for loans are towards Piraeus Bank. As of issuing this report we have not received direct confirmation regarding the expenses and obligations from the bank and as such, we were not able to be convinced, to a necessary degree of certainty, regarding the correctness of the representation of the obligation, nor were we able to determine whether any corrections in the financial statement are necessary.

We have carried out our audit in compliance with the International audit standards (IAS). Our responsibilities, according to these standards are set out additionally in the "Responsibility of the auditor for the financial statement audit" section of this report. We are independent of the Company in accordance with the Ethical code of the professional accountants of the Council for international ethical standards for accountants (CIESA Code), together with the ethical requirements of the Law for independent financial audit, applicable in Bulgaria. We have conducted ours and other ethical responsibilities in accordance with these requirements. We believe that the audit proof, received by us are enough and relevant to provide a basis for our qualified opinion."

and

"Basis for qualified opinion

1. The receivables described in the explanatory notes: 10 "Commercial and other receivables", part of the consolidated Financial statement as of 31.12.2016 are of total value 7 655 thousand BGN, 90% of which are 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 the value of the potential impairment of the aforementioned receivables. The acknowledgment of impairment would reduce the receivables by the uncollectable sums and respectively the net annual profit.
2. The loans of the company (obligations to financial companies) form 50% of the total obligations, whereas over 80% of the value of the financial obligations for loans are towards Piraeus Bank. As of issuing this report we have not received direct confirmation regarding the expenses and obligations from the bank and as such, we were not able to be convinced, to a necessary degree of certainty, regarding the correctness of the representation of the obligation, nor were we able to determine whether any corrections in the consolidated financial statement are necessary.

We have carried out our audit in compliance with the International audit standards (IAS). Our responsibilities, according to these standards are set out additionally in the "Responsibility of the auditor for the consolidated financial statement audit" section of this report. We are independent of the Company in accordance with the Ethical code of the professional accountants of the Council for international ethical standards for accountants (CIESA Code), together with the ethical requirements of the Law for independent financial audit, applicable in Bulgaria. We have conducted ours and other ethical responsibilities in accordance with these requirements. We believe that the audit proof, received by us are enough and relevant to provide a basis for our qualified opinion."

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

There has not been such a decision during the reporting period.

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

As of 30.06.2017 the most essential liabilities of the Company are the obligations toward financial institutions. Their total value (incl. accrued interest, principal and bank fees) is as follows:

	<u>30.06.2017</u>	<u>31.12.2016</u>
	BGN '000	BGN '000
Bank loans		
Long-term part	-	-
Short-term part	23 952	23 446
Total	<u>23 952</u>	<u>23 446</u>

In the table below the principal obligations of the received bank loans from financial institutions is presented with distribution of the obligations as of 30.06.2017 depending on the maturity date.

Creditor' name	Short-term obligation, EUR	Long-term obligation, EUR	Maturity date
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
Teximbank AD	55 000.00		- 20.12.2018

On 24.09.2015 ICPD was informed of the formation of an enforcement case No: 671/2015, on the docket of private bailiff Stanimira Nikolova, Reg No: 805 of the Chamber of Private Enforcement Agents. The case was formed based on executive order issued in favour of Piraeus Bank Bulgaria AD, for principal in the amount of EUR 550 000. The executive orders for these sums have been issued as follows:

- for the amount of EUR 250 000 – order proceedings of case 22731/2015 of Regional Court of Sofia, the claim originating from loan contract No: 1236/2007, dated 19.10.2007
- for the amount of EUR 300 000 – order proceedings of case 22737/2015 of Regional Court of Sofia, the claim originating from loan contract No: 736/2008, dated 07.07.2008, signed with Piraeus Bank Bulgaria AD

The company has filed appeals for the issued executive orders and receiving orders. In response, the bank has made determination claims as per art. 422 of the Code of Civil Procedures, as follows:

- for the amount of 250 000 a commercial hearing No: 1501/2016 in Sofia City Court was initiated
- for the amount of 300 000 a commercial hearing No: 777/2016 in Sofia City Court was initiated

In 2016 ICPD ADSIC was informed of the issuing of two more executive orders as follows:

- for the amount of EUR 500 000 – order proceedings of case 9111/2016 of Regional Court of Sofia, the claim originating from loan contract No: 1236/2007, dated 19.10.2007
- for the amount of EUR 500 000 – order proceedings of case 9110/2016 of Regional Court of Sofia, the claim originating from loan contract No: 736/2008, dated 07.07.2008, signed with Piraeus Bank Bulgaria AD

The company has filed appeals for the issued executive orders and receiving orders for both executive proceedings in 2016.

In this regard, the bank has made determination claims as per Art. 422 of the Code of Civil Procedures for which cases № 777/2016, № 1501/2016 and № 7106/2016 were initiated – all three of them in the files of the Sofia City Court.

In 2016 Piraeus Bank Bulgaria AD submitted a claim for opening insolvency proceedings for ICPD as per art. 629, par 2 of the Commercial Law. In relation to the latter, a case No: 2209/2016 of the Sofia City Court was initiated.

By decision of Sofia City Court, issued on 16.02.2017 and 01.03.2017, regarding the above cases, based on determination claims made by Piraeus Bank Bulgaria AD, the proceedings of the hearings were terminated according to an agreement concluded between the parties. In this regard, Intercapital Property Development ADSIC withdrew its appeal regarding case No. 9110/2016 of the Sofia Regional Court.

On 13.03.2017 ICPD was informed that by decision on 16.02.2017 the court has discontinued the proceedings of the hearing, initiated by the claim of Piraeus Bank Bulgaria AD for opening insolvency proceedings against Intercapital Property Development ADSIC.

On 04.07.2017, Intercapital Property Development ADSIC, with UIC 131397743, was notified about the conclusion of a contract for transfer of receivables between Piraeus Bank Bulgaria AD, with UIC 831633691 as an assignor (cedant) and Marina Cape Properties OOD, with UIC 204372411, as an assignee. Pursuant to this agreement, Piraeus Bank Bulgaria AD has transferred to Marina Cape Properties OOD all its receivables from Intercapital Property Development ADSIC arising from Investment Loan Agreement No 1236/2007 dated 19.10.2007, Investment Loan Agreement No. 736/2008 dated 07.07.2008 and Investment Loan Agreement No 327/2009 dated 14.12.2009, together with all their privileges, collaterals and other belongings thereto.

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

During the reporting period no essential receivable has arisen for the company.

During the first half-year of 2017, however, the Company has realized other revenues in the amount of BGN 550 thousand that represent revenues related to write-off of liabilities due to one of the Company's creditors – i.e. Grand Borovets 2013 EOOD.

1.18. Liquidity problems and measures for financial support.

Due to the fact that ICPD did not manage till 10.02.2017 to make the interest and principal payment on its bond loan as of 14.02.2017, pursuant to the repayment scheme, adopted by the General Meeting of the bondholders, held on 11.02.2015 and in compliance with the decisions of that General Meeting, the interest rate that has been applied over the outstanding bond loan for the next three-month period started on 15.02.2017, has remained in the amount of 5.75% annually.

In compliance with the decisions of the General Meeting of the Company's bondholders, held on 11.02.2015, on 13.03.2017 "Intercapital Property Development" ADSIC paid interest in the amount of EUR 36 233 and principal in the amount of EUR 125 000 that were due on 14.02.2017. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.02.2017-13.03.2017 in the amount of BGN 1 039.88 (or BGN 0.207975138 per bond).

Due to the fact that ICPD did not manage till 11.05.2017 to make the interest and principal payment on its bond loan pursuant to the repayment scheme, adopted by the General Meeting of the bondholders, held on 11.02.2015 and in compliance with the decisions of that General Meeting, the

interest rate that has been applied over the outstanding bond loan for the next three-month period started on 15.05.2017, has remained in the amount of 5.75% annually.

On 12.06.2017 "Intercapital Property Development" ADSIC paid interest in the amount of EUR 33 299 and principal in the amount of EUR 125 000 that were due on 14.05.2017. Due to the delay in making the amortization payment the Company paid to its bondholders an interest for the delay for the period 15.05.2017-12.06.2017 in the amount of BGN 1116.90 (or BGN 0.22338 per bond).

1.19. Increase or reduction of the share capital

There have not been such circumstances during the reporting period.

1.20. Confirmation of negotiations for acquisition of the company.

There hasn't been such a circumstance during the reporting period.

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

During the reporting period no significant contracts which are not related to the company's usual activity have been concluded or fulfilled.

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

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

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

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

1.24. Introduction of new products and developments on the market

No new products and developments have been introduced on the market during the reporting period.

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

During the reporting period there have not been orders amounting to over 10 percent of the average revenues of the company.

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

There hasn't been such a circumstance.

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

There hasn't been such a circumstance.

1.28. Purchase of patent

There hasn't been such a circumstance.

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

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

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

By decision of the Sofia City Court, issued on 16.02.2017 and 01.03.2017, regarding the cases listed herein in p. 1.16, based on determination claims made by Piraeus Bank Bulgaria AD, the proceedings of the hearings were terminated according to an agreement concluded between the parties. In this regard, Intercapital Property Development ADSIC withdrew its appeal regarding case 9110/2016 of Sofia Regional Court.

In 2016 Piraeus Bank Bulgaria AD submitted a claim for opening insolvency proceedings for ICPD as per art. 629, par 2 of the Commercial Law. In relation to the latter, a case No. 2209/2016 of the Sofia City Court was initiated.

On 13.03.2017 ICPD was informed that by decision on 16.02.2017 the court has discontinued the proceedings of the hearing, initiated by the claim of Piraeus Bank Bulgaria AD for opening insolvency proceedings against Intercapital Property Development ADSIC.

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

On 21.04.2017 there was a Meeting of the Board of Directors of ICPD which took a decision to convene an extraordinary General Meeting of the shareholders of the company on 01.06.2017 г. at 14:00 o'clock in Sofia, Sredets region, Aksakov 7A str., 4th floor with the following agenda:

“Item one: Choosing an Audit Committee as per Art. 107 of the Law for the independent financial audit.

Draft Resolution: The General Meeting of the shareholders chooses an Audit Committee in relation to the proposition of the Chairman of the BoD, presented in the materials for the minutes of the meeting;

Item two: Approval of Regulations (status) of the Audit Committee according to Art. 107. Par.7 of the Law for the independent financial audit.

Draft Resolution: The General meeting of the shareholders approves the Regulations (statute) of the Audit Committee according to the proposition of the BoD, included in the materials in the minutes of the meeting;

Item three: Miscellaneous.”

At the Extraordinary General Meeting held on June 1, 2017, the shareholders unanimously approved the proposals of the Board of Directors on the items on the agenda.

On 22.05.2017 there was a Meeting of the Board of Directors of ICPD which took a decision to convene an extraordinary General Meeting of the shareholders of the company on 30.06.2017 r. at 14:00 o'clock in Sofia, Sredets region, Aksakov 7A str., 4th floor with the following agenda:

“Item one: Report of the managing authorities for the Activities of the Company in 2016;

Draft Resolution: The General Meeting of the shareholders approves the report of the Board of Directors of the Company regarding the activity of the Company in the year 2016, and the consolidated management report of the Company for the year 2016.;

Item two: Report of the Audit Committee of the Company for the year 2016;

Draft Resolution: The General Meeting of the shareholders approves the annual report of the Audit Committee of the Company for its activity in the year 2016;

Item three: Registered Auditor’s Report on the Annual Financial Statement of the Company for 2016;

Draft Resolution: The General Meeting of the shareholders approves the report of the chosen registered auditor regarding the annual financial statement of the Company for the year 2016, and the annual consolidated financial statement of the Company for 2016;

Item four: Approving the Annual Financial Report of the Company for the year 2016;

Draft Resolution: The General Meeting of the shareholders approves the annual financial report of the Company for the year 2016;

Item five: Approving the Consolidated Annual Financial Report of the company for the year 2016;

Draft Resolution: The General Meeting of the shareholders approves the annual consolidated financial report of the Company for the year 2016;

Item six: Approving the financial result allocation of the Company for the year 2016;

Draft Resolution:

1. The General Meeting of the shareholders approves the proposal of the Board of Directors for the realized loss from the activity of the Company for 2016, in the amount of BGN 126 614.71 to be covered with part of the accumulated and undistributed profit from previous years ;
2. With the remainder of the accumulated and undistributed profit of BGN 9 505 533.18 to cover part of the accumulated loss of the Company from previous years at the amount of BGN 25 253 694.31.

Item Seven: Releasing from responsibility the members of the board of directors for the period 01/01/2016 – 31/12/2016;

Draft Resolution: : The General Meeting of the shareholders releases from responsibility the members of the Board of Directors Velichko Stoichev Klingov, Tsvetelina Chavdarova Hristova

and Aheloy 2012 OOD, with identification number EIK 202371390, for their activity in the period 1st January 2016 – 31st December 2016;

Item eight: Choosing a registered auditor for verification and certification of the annual financial report of the company for the year;

Draft Resolution: The General Meeting of the shareholders approves the proposal of the Board of Directors for choosing “NIBOS” EOOD, with identification number EIK 200635432, represented by the general manager and sole owner of the share capital – Nikolay Mihailov Polinchev – registered auditor with Diploma No. 0684 with IDES, who will conduct the verification and certification of the annual report of the Company for 2017;

Item nine: Report of the Investor Relations Director;

Draft Resolution: The General Meeting of the shareholders approves the report of the Investor Relations Director;

Item ten: Report of the Managing Authorities for the Execution of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016;

Draft Resolution: The General Meeting of Shareholders approves the report of the Board of Directors on the Implementation of the Remuneration Policy of the Members of the Board of Directors of the Company for 2016;

Item eleven: Miscellaneous.”

At the regular Annual General Meeting, held on 30.06.2017, all the proposal of the Board of Directors on the items on the agenda set out above were unanimously by the shareholders.

28.07.2017
Sofia

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/Velichko Kringov – Executive Director/

