

**Inside information pursuant to Appendix No 9  
to Art. 33a<sup>1</sup>, 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 01.01.2019 – 30.06.2019

**“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.**

During the reporting period no such circumstance has occurred.

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

As of 31.06.2019 the net financial result of the Company on non-consolidated basis is loss in the amount of BGN 1 560 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 31.06.2019 in the amount of BGN 1 560 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 report of the registered audit company 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, which verified and certified the annual non-consolidated financial statement of the company for 2018, contains the following qualified opinions:

*“Basis for qualified opinion*

The Statement of account of the Company as of 31 December 2018 presents trade and other receivables in the amount of BGN 6 480 thous. as disclosed in Notes 12. Trade receivables, 14. Other receivables and 33. Receivables from Related parties. The Company has over 90% overdue, unimpaired receivables of over one year. In our opinion, concerning receivables standing at BGN 3 066 thous., the value of receivables exceeds the value of the net assets of the debtors, which gives rise to uncertainty whether the Company will be able to collect the full amount of its receivables.

As a result, we did not succeed in obtaining sufficient assurance that the carrying amount of the receivables presented in the Statement of account as of 31 December 2018 does not exceed their recoverable value. For this reason, we are not in a position to determine whether there are and what are the effects of the receivables presented like that, on the net assets of the Company as of 31 December 2018.

We have performed our audit in conformity with the International Standards on Auditing (ISA). Our responsibilities according to these standards are described in the section of our Report - Auditor's Responsibility for the Audit of the Financial Statements.

We are independent from Intercapital Property Development Special Purpose Investment Company in compliance with the Code of Ethics for professional accountants of the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements, applicable to our audit of the Financial Statements in the Republic of Bulgaria, and we have fulfilled our other ethical responsibilities in conformity with the requirements of the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.“

The Statement of account of the Company as of 31 December 2018 presents trade and other receivables in the amount of BGN 5 118 thous. as disclosed in Notes 11.1. Trade and other receivables. The Company has over 90% overdue, unimpaired receivables of over one year. In our opinion, concerning receivables in the amount of BGN 4 401 thous., the value of receivables exceeds the value of the net assets of the debtors, which gives rise to uncertainty whether the Company will be able to collect the full amount of its receivables.

As a result, we did not succeed in obtaining sufficient assurance that the carrying amount of the receivables presented in the Statement of account as of 31 December 2018 does not exceed their recoverable value. For this reason, we are not in a position to determine whether and what are the effects of the receivables presented like that, on the net assets of the Company as of 31 December 2018.

As a result, we have not been able to obtain sufficient assurance that the carrying amount of the receivables presented in the statement of financial position as at 31 December 2018 does not exceed their recoverable amount. For this reason, we are unable to determine whether or not there are any effects of the receivables presented in this way on the Group's net assets as of December 31, 2018.

In 2017 The parent company concludes a contract for the sale of its subsidiary Marina Cape Management EOOD in return for repayment of an interest obligation of BGN 12 604 thousand. The shares of the Company should have been transferred by 31.03.2018. No transfer was made at the date of this report. The termination of the sale contract would have a material effect on the financial statements of the Group.

The consolidated statement of the Group as at 31 December 2018 consolidates the accounts of Marina Cape Management EOOD and Marina Cape Tours EOOD / Marina Cape Group /. The Marina Cape Group reported consolidated assets in the amount of BGN 5 298 thousand, negative net asset value / 169 / BGN and income in the amount of BGN 2 146 thousand. We did not receive sufficient third-party verification and were unable to reasonably assure the accuracy of the Marina Cape Group results described above. For this reason, we are unable to determine whether there are any effects on the Group's net assets as of December 31, 2018.

We have performed our audit in conformity with the International Standards on Auditing (ISA). Our responsibilities according to these standards are described in the section of our Report -

## Auditor's Responsibility for the Audit of the Consolidated Financial Report.

We are independent from Intercapital Property Development Special Purpose Investment Company in compliance with the Code of Ethics for professional accountants of the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements, applicable to our audit of the Consolidated Financial Report in the Republic of Bulgaria, and we have fulfilled our other ethical responsibilities in conformity with the requirements of the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 31.06.2019 the most essential liabilities of the Company are the obligations toward financial institutions (including those for which during the past quarter ICPD has been notified that they were transferred to new creditors). Their total value (incl. accrued interest, principal and bank fees) is as follows:

	<b>31.06.2019</b>	<b>31.12.2018</b>
	<b>BGN '000</b>	<b>BGN '000</b>
<b>Bank Loans + Ceded Bank Debts in 2018</b>		
Long-term part	11 735	16 095
Short-term part	308	386
<b>Total</b>	<b>12 043</b>	<b>16 481</b>

Pursuant to an agreement dated 27.12.2017, Intercapital Property Development ADSIC and Marina Cape Properties OOD have agreed that the debt of ICPD ADSIC to Marina Cape Properties OOD in the amount of EUR 6 444 263.63 is extinguished by giving instead of execution for the purpose of which by 31 March 2019:

- 1) an amount of EUR 30,000 should be paid;
- 2) ICPD ADSIC shall transfer to Marina Cape Properties OOD all its shares from the capital of Marina Cape Management EOOD.

With Attachment No. 1 of 29.03.2019 to the agreement "Intercapital Property Development" ADSIC and "Marina Cape Properties" EOOD have agreed that the deadline for payment of the above amount of EUR 30,000 will be extended until 15.05.2019 and the deadline for signing the contract for the purchase and sale of the shares in the capital of Marina Cape Management EOOD to be changed from 31.03.2019 on 15.05.2019.

### **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.

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

No such events occurred.

**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.**

There hasn't been such a circumstance.

**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 May 21, 2019, a meeting of the Board of Directors of ICPD REIT was held, at which it was decided to convene a regular Annual General Meeting of Shareholders for 2018, to be held on June 28, 2018 from 14:00 hours, in the city of Sofia, 6 Dobrudzha Str., floor 3 with the following agenda:

**Item one:** Report of the Board of Directors of the Company for the year 2018;

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 2018, and the consolidated management report of the Company for the year 2018.;

**Item two:** Report of the Audit Committee of the Company for the year 2018;

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 2018;

**Item three:** Registered Auditor's Report on the Annual Financial Statement of the Company for the year 2018;

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 2018, and the annual consolidated financial statement of the Company for 2018.;

**Item four:** Approving the Annual Financial Report of the Company for the year 2018;

Draft Resolution: The General Meeting of the shareholders approves the annual financial report of the Company for the year 2018;

**Item five:** Approving the Consolidated Annual Financial Report of the Company for the year 2018;

Draft Resolution: The General Meeting of the shareholders approves the annual consolidated financial report of the Company for the year 2018;

**Item six:** Approving the Financial Result Allocation of the Company for the year 2018;

Draft Resolution: The General Meeting of the shareholders approves the proposal of the Board of Directors for the realized profit from the activity of the Company for 2018, in the amount of BGN 96 330.32 to be used to cover the losses of the company from previous years;

**Item Seven:** Releasing from responsibility the members of the board of directors for the period 01/01/2018 – 31/12/2018

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 2018 – 31st December 2018.;

**Item eight:** Choosing a registered auditor for verification and certification of the annual financial report of the company for the year 2019

Draft Resolution: For verification and validation of the company's individual and consolidated financial reports, the General Meeting of the shareholders approves the registered auditor proposed by the Board of Directors and recommended by the Audit committee, according to the materials in the agenda.

**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 2018

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 2018

**Item eleventh:** Adoption of a decision to create a pledge of all or part of the commercial enterprise of INTERCAPITAL PROPERTY DEVELOPMENT REIT by the order of art. 21 of the Special Pledges Act, in line with Art. 262p of the Commerce Act.

Draft resolution:

1) The General Meeting of Shareholders approves the decision to create a pledge for all or part of the commercial enterprise of "INTERCAPITAL PROPERTY DEVELOPMENT" REIT under the procedure of Art. 21 of the Special Pledges Act, in line with Art. 262p of the Commerce Act.

2) The General Meeting of Shareholders empowers the Board of Directors to carry out all legal and factual actions in this regard, including the conclusion of bank loan agreements and provision of collaterals between EUR 5 and 7 million, with the right to negotiate all other parameters and conditions at discretion;

Point Twelve: Miscellaneous.

Approves the proposed by the Executive Director draft invitation for convening a regular Annual General Meeting of Shareholders, as well as the proposed draft written materials under Art. 224 of the Commercial Code.

The invitation was entered electronically by the Company in the Commercial Register with the Registry Agency under number 20180528154434.

At the Annual General Meeting of Shareholders of the Company held on June 28, 2019, the proposals of the Board of Directors were unanimously adopted on the items on the agenda set out above, except for **Item Eleven**, which, following a procedural proposal of the Executive Director Velichko Klingov and unanimously adopted by the shareholders was not put to the vote.

30.07.2019  
Sofia

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/Velichko Klingov – Executive Director/