

„Intercapital Property Development ADSIC
Annual Management Report
December 31, 2019

ANNUAL MANAGEMENT REPORT

INTERCAPITAL PROPERTY DEVELOPMENT ADSIC

for 2019

20 March 2020

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I. 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 constructed by the Company.
- from financial activity. In case of issuing securities (equity or debt) or obtaining bank loans.

In 2019, the Company reported revenue from the sale of real estate property- residential buildings for seasonal use in Marina Cape vacation complex in the amount of BGN 156 thousand. The total area of the sold apartments is 84 sq.m.

In 2019, Intercapital Property Development REIT reports for the tenth consecutive year income on an unconsolidated basis from the operation of the investment properties in the complex (including commercial and residential properties). It is implemented by the subsidiary Marina Cape Management EOOD, and in 2019 a new contract was concluded between MKM EOOD and ICPD REIT for the management of the properties in the Marina Cape Complex. The subject of the contract is the use and exploitation of all real estate owned by ICPD REIT in Marina Cape Complex, as Marina Cape Management EOOD has the right to use and exploit the properties according to their intended purpose, unless otherwise agreed between the Parties, including has the right to re-lease and / or exploit them in any other way by collecting income from it.

. For the use and operation of the Properties, MKM EOOD is obliged to pay the Owner an annual fee of 75% (seventy-five percentage points) of the net amount of the annual positive financial result from the activity of the Manager on the territory of the whole Marina Cape Vacation Complex , Aheloy, for the respective year, before taxes, but not less than 420,000 (four hundred and twenty thousand) euros, excluding VAT.

1.2. The contract is valid from 01.04.2019, with payments covering the period until April of each year thereafter.

During the past year, the Company generated other revenues in the amount of BGN 1 298 thousand.

In 2019, the company generated financial revenues in the amount of BGN 632 thousand. Financial expenses amounted to BGN 1 529 thousand. and represent entirely interest expense.

At the end of 2019, investment property, land and assets owned by the Company were under construction in accordance with the requirements of the effective legislation. The investment properties of the Company include all objects - residential and commercial areas in the Marina Cape Holiday Complex. The result of the revaluation of the lands owned by the Company as of 31.12.2019 is positive. As of 31.12.2019 their value is BGN 4390 thousand. at BGN 2 187 thousand as of December 31, 2018

After January 1, 2020, and especially in March 2020, we are in an emergency because of the worldwide WHO pandemic Crown pandemic. Europe is the current center of the pandemic. A state of emergency has been declared in the Republic of Bulgaria by a decision of the National Assembly by April 13, 2020. Measures have been introduced to restrict travel, the operation of public buildings and public establishments. Cross-border restrictions have been introduced in and

from almost all European countries. Most transportation companies have announced force majeure. The financial system is in the process of reorganizing and limiting customer service.

Financial markets fell sharply by more than 25%, oil prices fell by more than 30%, and commodity prices.

The employees of the company face all the people in Bulgaria on an equal footing with the challenges of preserving their health, their jobs and their property.

The main assets of the company are located in the town of Aheloy, Marina Cape. The assets are held and managed by the subsidiary Marina Cape Management EOOD, which has imposed measures to protect staff, property and ensure the functioning of the complex in compliance with the provisions for all state and municipal authorities. The company has two managers who can guarantee functioning and representativeness. Food and entertainment facilities are closed and staff are released on vacation. Strict restrictions on entry into the complex have been introduced. Security increased. Employees over 60 have been released. A social policy is being prepared to protect employees. Even if the tourist season - summer 2020 is nullified, the revenues from the maintenance fee, even if heavily discounted, will be sufficient to safeguard the assets and fulfill the contracts with the owners.

Currently, all options are normal living in the complex of property owners, as well as the opportunity to accommodate tourists on the basis of their own kitchen.

The other big asset of the company is a building of rough construction in Borovets resort, which is only guarded.

b) Development of the Company's investment projects

“Marina Cape”

The vacation complex has been fully completed since August 2010, by virtue of certificate No 45 (26 s.) and No 48 (27 s.) sector number 26 and 27 (Zone 4).

During 2019 works on repairing damages that occurred during the exploitation and other necessary renovation in the complex were carried out. The renovation activities are carried out by the subsidiary and managing company “Marina Cape Management” EOOD.

The vacation complex is exploited all year round. In the winter season 2018-2019, 2 of all 4 restaurants were open, 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.

During the 2019 summer season, the complex was exploited at over 90% capacity (for the apartments owned by the Company and for those that are not owned by it but are managed by its subsidiary company “Marina Cape Management” EOOD).

There are regular conference meetings in the complex “Marina Cape”. The company aims to actively develop this type of tourism.

“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 rough construction was Midia AD. The plot where the project is to be constructed is of total area of 6 600 sq. m. The project is of 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. Currently the additional requirements by CEZ have been taken care of. Issuance of Act 15 for the outside electric supply of the building and signing a contract for the sale of the electric substation shall be carried out after completing the construction (Act 15) of the building. Currently all construction and other works on the building are at a halt for an indefinite period of time.

The Company's plans about the "Borovets Grand" project were to have it completed 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 project.

On 06th June 2011, the Board of Directors took a decision to start negotiations for the sale of the real estate and the built hotel apartment complex "Grand Borovets" for a starting price not lower than € 5 000 000.

In connection with this, several publications of an advertisement 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 the project for sale to brokers in the Arab countries, Russia and Kazakhstan.

Parallel to the latter, the Company is actively searching for a partner who may be willing to invest €2 500 000 required for completing the project Grand Borovets so that it may function as a hotel. As such, the Company has established contacts and is negotiating with several potential investors.

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 instalments 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 3 183 968.45 euro, excl. VAT. The parties signed a new agreement in the end of 2016, whereby the maturity date was extended until 20.12.2021 as a result of which, the leasing price was altered to 3 411 746 euro excl. VAT. Under the contract from December 17, 2013 ICPD has transferred by notary ownership the land with ID 65231.918.189 located in Samokov, Sofia region, and the building constructed on it, representing a hotel apartment complex and service buildings 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 been granted possession of the properties subject to the Contract for financial leasing by the lessor.

As a result of the signed 3-tranche agreement on 13.11.2019 between Intercapital Property Development REIT, Bulgaria Leasing and Investabank AD, Bulgaria Leasing was replaced as a lessor by Investbank AD. To date, all other clauses of the contract are unchanged.

c) Financing of Company's operations

As of December 31, 2019 Intercapital Property Development REIT has obligations to banking institutions, incl. long-term and short-term in the amount of BGN 11 735 thousand, as well as liabilities for the repurchased bond issue in the amount of EUR 2 150 thousand.

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, 2019 from 14:00 hours, in the city of Sofia, 6 Dobrudzha Str., floor 3 with the following agenda:

"Item one: Reports of the Management Board on the activities of the Company in 2018;
Draft resolution: The General Meeting of Shareholders approves the report of the Board of Directors on the Company's activity in 2018 and the consolidated report on the Company's activity in 2018;
Point Two: Annual Report of the Audit Committee of the Company for 2018;
Draft resolution: The General Meeting of Shareholders approves the annual report of the Audit Committee of the Company for 2018;
Point three: Reports of the selected registered auditor on the Company's annual financial statements for 2018;
Draft resolution: The General Meeting of Shareholders approves the report of the selected registered auditor on the annual financial statements of the Company for 2018 and on the annual consolidated financial statements of the Company for 2018;
Point Four: Adoption of the Company's Annual Financial Report for 2018;
Draft resolution: The General Meeting of Shareholders adopts the annual financial statements of the Company for 2018;
Point Five: Adoption of the Company's Consolidated Annual Financial Statements for 2018;
Draft resolution: The General Meeting of Shareholders approves the consolidated annual financial statements of the Company for 2018;
Point Six: Adoption of a Decision on the Distribution of the Company's Financial Results for 2018;
Draft resolution: The General Meeting of Shareholders approves the proposal of the Board of Directors for the reported loss of the Company's activity for 2018 in the amount of BGN 4 382 569.42 to remain uncovered.
Point Seven: Discharge of the members of the Board of Directors for their activities during the period 01.01.2018 - 31.12.2018;
Draft resolution: The General Meeting of Shareholders releases from liability the members of the Board of Directors Velichko Stoychev Klingov, Tsvetelina Chavdarova Hristova and AHELOY 2012 OOD, with UIC 202371390, for their activities during the period 01.01.2018 - 31.12.2018. ;
Item Eight: Selection of a registered auditor for verification and certification of the annual financial statements of the Company for 2019;
Draft resolution: To review and certify the annual separate and consolidated financial statements for 2019. The General Meeting of Shareholders selects the registered auditor, proposed by the Board of Directors and recommended by the Audit Committee, in accordance with the proposal contained in the materials on the agenda;
Point Nine: Report of the Investor Relations Director;
Draft resolution: The General Meeting of Shareholders approves the report of the Investor Relations Director;
Item Ten: Report of the Managing Authority for the Implementation 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 for the implementation of the Remuneration Policy of the members of the Board of Directors of the Company for 2018;
Item eleven: Adoption of a decision for establishing a pledge of all or part of the commercial enterprise of INTERCAPITAL PROPERTIES DEVELOPMENT REIT pursuant to Art. 21 of the Special Pledges Act, in conjunction with Art. 262p of the Commercial Law.
Draft decision:

1) The General Meeting of Shareholders adopts a resolution for establishing a pledge of all or part of the trading company of INTERCAPITAL PROPERTIES DEVELOPMENT REIT pursuant to Art. 21 of the Special Pledges Act, in conjunction with Art. 262p of the Commercial Law.

2) The General Meeting of Shareholders authorizes the Board of Directors to perform all legal and factual actions in this regard, including the conclusion of bank loan contracts and the provision of collateral for them in the amount of between EUR 5 and 7 million, and they have the right to negotiate all other parameters and conditions at their 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.

On December 16, 2019, the CCIS was held at the invitation of a bondholder with the following agenda

ITEM FIRST: Withdrawal of the powers of the Metodiyev and Zahariev Law Firm;

Draft decision:

1. The General Meeting of Bondholders withdraws the order and powers and releases Metodiyev and Zahariev Law Firm from performing any legal and factual actions on behalf and for the account of corporate bond issuers with ISIN code BG2100019079 issued by BG2100019079. INTERCAPITAL PROPERTIES DEVELOPMENT REIT, and / or INVESTBANK AD as a trustee of the bondholders of the Corporate Bonds issue with ISIN code BG2100019079, issued by INTERCAPITAL PROPERTIES Commerce, 10/2018 on the inventory of the Sofia City Court, TO, VI-22 c.

2. The General Meeting of the Bondholders instructs the Trustee of the bondholders INVESTBANK AD to send a notice to the Sofia City Court for the withdrawal of the attorney's powers of the law firm Metodiyev and Zahariev, as well as a notification to the law firm for termination withdrawal of the order and powers of representation in the case referred to in paragraph 1 above and all other necessary legal and factual actions in connection with the above.

POINT TWO: Decision to dismiss a pending court case, elect, assign and authorize a new trial representative;

Draft decision:

1. The General Meeting of the Bondholders resolves to terminate by withdrawing the commercial action on behalf of the bondholders, filed on behalf of the bondholders, No. 810/2018, according to the inventory of SGS, TO, VI-22 v. V. ZD Euroins AD.

2. The General Meeting of the Bondholders elects and authorizes Vasil Marinov Danailov, with personal identification number 8408245800, holding ID No. 645401193, issued on 20.08.2014 by the Ministry of Interior of the City of Sofia, a lawyer from the Sofia Bar Association, to conduct legal representation and protection of the rights and legitimate interests of the bondholders of the Corporate Bonds Issue with ISIN code BG2100019079, issued by INTERCAPITAL PROPERTIES DEVELOPMENT REIT and / or of INVESTBANK AD, as the trustee of the bonds of the Corporate Bonds Issuers0101 represented by INTERCAPITAL PROPERTIES DEVELOPMENT REIT, in Commercial Case No. 810/2018 on the inventory of the Sofia City Court, TO, VI-22 v. v. against Euroins AD.

2.1. The General Meeting of Bondholders gives its express consent, assigns and authorizes a lawyer. Vasil Danailov to file with the court a request for withdrawal of the filed lawsuits and termination of the proceeding:

- Commercial Case No. 810/2018 on the inventory of the Sofia City Court, TO, VI-22 composition, initiated at the request of the bondholders of the issue, through the representation of its trustee bank "INVESTBANK" AD against ZD "Euroins" AD;

2.2. The General Meeting of Bondholders empowers the elected legal representative to take all necessary legal and factual actions in connection with the above, including, but not limited to, concluding an agreement, withdrawal or dismissal of a claim, as well as for actions constituting a disposition of the subject of the case (Art. 34, para 3 and 4 of the Code of Civil Procedure).

3. The General Meeting of the Bondholders authorizes and instructs the Trustee of the bondholders "INVESTBANK" AD to prepare and submit to the new procedural representative, respectively, a written authorization for representation in the case and a draft legal aid contract, at a lawyer's fee for an attorney's fee for an attorney's fee. to BGN 100.00 (one hundred levs) without VAT The power of attorney and the contract to be presented to the legal representative within 5 / five / working days after the following conditions are fulfilled:

3.1. securing the amount of the attorney's fees for the bondholders on the account of the Trustee Bank; and

3.2. payment of the amount due by the Issuer of the Issuer in favor of the Trustee Bank under the Contract for fulfilling the function of the Trustee of the bondholders from 27.08.2007 at the date of payment.

4. The bondholders' general meeting approves and re-affirms with this decision its agreement and commitment to the rights, obligations, conditions and terms by which the bondholders undertake to secure the expenses (including state fees, attorneys' fees, expert fees and etc.) related to the actions of the Trustee Bank in satisfaction of the debentures of the bondholders, as provided for in the written Agreement on expenses dated 23.02.2018, provided in item 3 of the held on 18.12.2017 that a bondholders meeting. The terms of the Agreement bind all current and future bondholders, whether or not they have signed the Agreement.

POINT THREE: Miscellaneous.

100% of the bondholders were represented at the meeting and all points were unanimously supported.

In December 2019, the Company entered into a redemption transaction for its own corporate bond with ISIN: BG 2100019079 worth EUR 2 150 000. The issue was deregistered by FSC and CD. As a result of the transaction, the company realized a positive financial result of BGN 632,000 and the remaining liability is unsecured trade debt for EUR 2 150,000 with maturity on June 30, 2020.

At present, the Board of Directors of ICPD REIT is considering the possibility of initiating a capital raising procedure. According to a decision of the General Meeting of Shareholders of the ICPD, the Board of Directors is authorized to take actions to increase the capital up to BGN 50 000 000.

3. Results from the Company's activity

In 2019, as in the previous two years, the activity of the company was aimed at improving revenues and restructuring as far as possible its liabilities. As a result of the efforts made, there is a new contract for the management of the property of the company, which will lead to more revenue, improvement of the result as a result of the redemption of the bond issue, which has a positive financial result of BGN 632 thousand. As a result of the efforts, the

public debt was extinguished and a considerable part of the cases against the company were closed. Efforts to protect, preserve and enhance the assets of the Company's property, in addition to the market environment, led to a total increase due to revaluation of the value of these assets in the amount of BGN 1 728 thousand.

The end result of the efforts made is an improvement of the financial result of the company as of 31.12.2019 by BGN 4 317 thousand compared to 31.12.2018

(a) unusual or sporadic events

In 2019, no unusual and sporadic events occurred for the Company that would affect the results of the activity:

II. Important events occurring after the annual accounting closure

After January 1, 2020, and especially in March 2020, we are in an emergency because of the worldwide WHO pandemic Crown pandemic. Europe is the current center of the pandemic. A state of emergency has been declared in the Republic of Bulgaria by a decision of the National Assembly by April 13, 2020. Measures have been introduced to restrict travel, the operation of public buildings and public establishments. Cross-border restrictions have been introduced in and from almost all European countries. Most transportation companies have announced force majeure. The financial system is in the process of reorganizing and limiting customer service.

Financial markets fell sharply by more than 25%, oil prices fell by more than 30%, and commodity prices.

The employees of the company face all the people in Bulgaria on an equal footing with the challenges of preserving their health, their jobs and their property.

The main assets of the company are located in the town of Aheloy, Marina Cape. The assets are held and managed by the subsidiary Marina Cape Management EOOD, which has imposed measures to protect staff, property and ensure the functioning of the complex in compliance with the provisions for all state and municipal authorities. The company has two managers who can guarantee functioning and representativeness. Food and entertainment facilities are closed and staff are released on vacation. Strict restrictions on entry into the complex have been introduced. Security increased. Employees over 60 have been released. A social policy is being prepared to protect employees. Even if the tourist season - summer 2020 is nullified, the revenues from the maintenance fee, even if heavily discounted, will be sufficient to safeguard the assets and fulfill the contracts with the owners.

Currently, all options are normal living in the complex of property owners, as well as the opportunity to accommodate tourists on the basis of their own kitchen.

The other big asset of the company is a building of rough construction in Borovets resort, which is only guarded.

III. Important research and development

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

IV. Structure – branches and departments

The activities of the company are not organized in departments and there are no branches.

V. Financial instruments

Apart from regular shares, the company has issued bonds, traded on the Bulgarian Stock Exchange since 2008.

As of 31.12.2019, the company has not used financial instruments for hedging the financial, price, credit and liquidity risks and the cash flow risk.

VI. Information regarding art.187d and 247, art.2 of the Commercial Law

1. Information regarding art.187d for transactions with own shares

In 2019 ICPD has not acquired or transferred own shares.

2. Remunerations, received in total through the year by the members of the Board

According to the commercial law and the statutes of the company, the remuneration of the members of the Board is determined by the General Meeting.

The executive members of the Board conclude a contract in writing for the management of the company, whereas the remaining members of the Board may conclude employment contracts or contracts for management.

In 2019 the members of the board have not been paid remuneration.

The key management members of the Company include the members of the Board of Directors. Remunerations of key management member and the **Investor Relations Director** includes the following expenses:

	31.12.2019	31.12.2018
	'000 BGN.	'000 BGN.
Remunerations to individuals	39	33
Remunerations to Aheloy 2012 OOD	-	17
Total	39	50

3. Acquired, owned and transferred company shares during the year by the members of the Board

As of 31.12.2019 the members of the Board own company shares as follows:

	Shares	% of capital
Velichko Klingov ¹	43 111	0.72%

¹ As of 31.12.2019, Velichko Klingov has concluded a contract for repo of financial instruments with collateral – shares of ICPD (37 806 in total) in his capacity of seller, whereas these shares are a part of all shares, listed above.

As of 31.12.2018 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*.....	43 111	0.72%

¹As of 31 Dec 2016 Velichko Klingov has concluded REPO Contracts with a collateral – shares of “Intercapital Property Development” ADSIC (a total of 37 806 in count), as a seller (borrower) and these shares are part of the ones indicated above.

4. Rights of the members of the Board to acquire company shares and bonds

The statutes of ICPD do not provide privileges or limitations for the board members to acquire company shares or bonds.

5. Participation of the members of the board in companies as partners with unlimited liability, ownership of over 25% of the capital of another company as well as their participation in the management of other companies or cooperations as procurators, managers or board members.

5.1 Velichko Stoychev Klingov – CEO

Velichko Klingov is not a partner with unlimited liability and does not own more than 25% of a capital of a company.

Velichko Klingov does not take part in management/ control organs of other companies.

5.2 Tsvetelina Hristova – member of the Board

Tsvetelina Hristova is not a partner with unlimited liability and does not own more than 25% of a capital of a company.

Tsvetelina Hristova does not take part in management/ control organs of other companies.

5.3 Aheloy 2012 OOD – member of the Board

Aheloy 2012 OOD is not a partner with unlimited liability and does not own more than 25% of a capital of a company.

Aheloy 2012 OOD does not take part in management/control organs of other companies.

6. Information as per art. 240 b of the Commercial law

In 2019 the company has not concluded deals as per art. 240 b of the Commercial Law, namely contracts with the members of the board and their affiliates, which go beyond its ordinary activities or significantly deviate from market conditions.

VII. Changes in the price of the Company’s shares

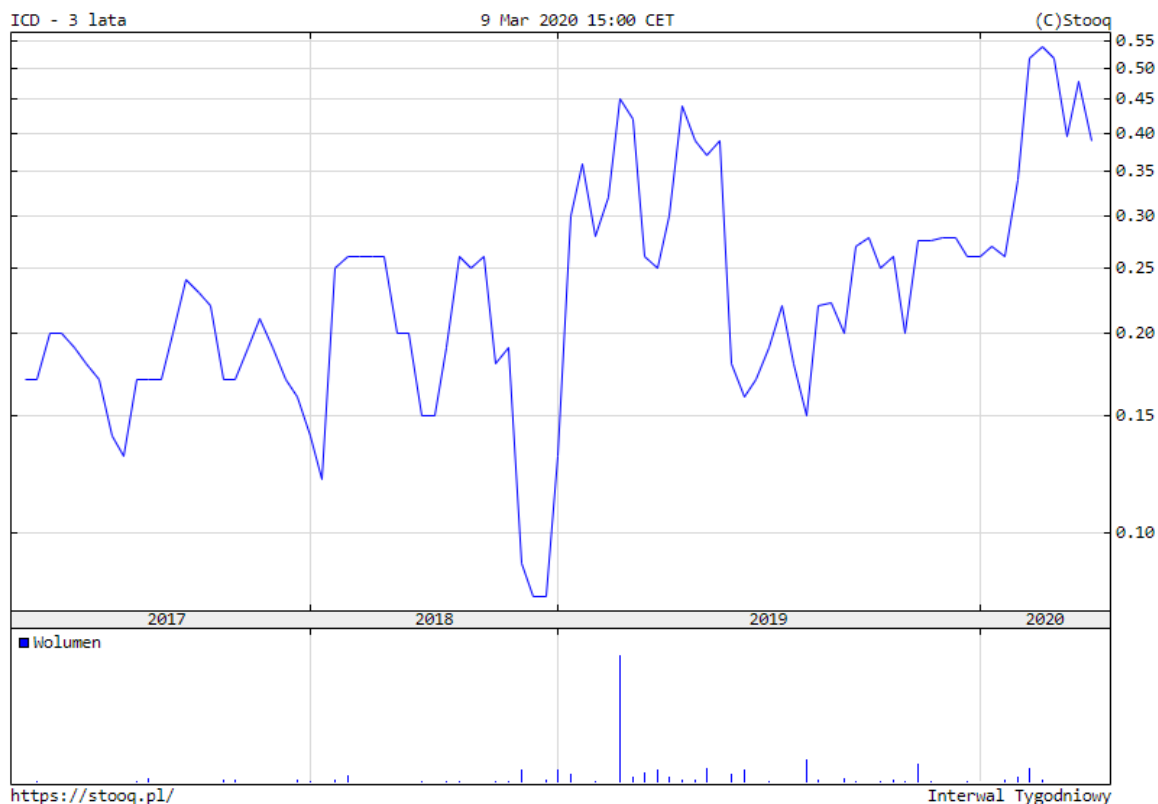
- on the Bulgarian Stock Exchange – Sofia AD (currency - BGN)



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: <https://stooq.com>

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

VIII. Planned economic policy

In 2019 the company expects improvement on the holiday property market and in this regard resuming income from sales of properties in Marina Cape vacation complex.

The company will continue to generate revenue from the management of the vacation complex through its subsidiary Marina Cape Management.

The company will continue to work hard in order to restructure its obligations in order to have them regularly serviced and to improve its liquidity.

Despite of the positive trends on the capital market in Bulgaria in the second half of 2016, the company does not plan new issues of shares or bonds in 2018 due to the volatility and uncertain signals from the world capital markets.

IX. Additional information under Appendix No. 10 (pursuant to Art. 32, para 1, p. 2, Art. 32a, par. 2, p. 41a, par. 1 pt. 1 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

In 2019, the Company reported revenue from the sale of real estate property- residential buildings for seasonal use in Marina Cape vacation complex in the amount of BGN 156 thousand. The total area of the sold apartments is 84 sq.m.

Revenues ('000 BGN)	2019	2018
<i>Net revenues from the sale of:</i>		
1. Goods	156	1 645
2. Services	647	357
3. Other	1 298	138
<i>Total:</i>	2 101	2 140

2. Information about the revenues allocated by separate categories of activities, domestic and external markets as well as information about the sources for supply of materials required for the manufacture of commodities or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user, where if the share of any of them exceeds 10 per cent of the expenses or revenues from sales, information shall be provided about every person separately about such person's share in the sales or purchases and his relations with the issuer

The main buyers of the properties which the Company sells are concentrated in the following countries: Russia, Poland and to a lesser degree the Czech Republic, Slovakia, Lithuania and other former Russian republics.

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

The company expects a not much change in of the holiday property market in 2020 and activation of sales of the properties in Marina Cape vacation complex.

3. Information about concluded big transactions and such of material importance for the issuer's activity

In December 2019, the Company entered into a redemption transaction for its own corporate bond with ISIN: BG 2100019079 worth EUR 2 150 000. The issue was deregistered by FSC and CD. As a result of the transaction, the company realized a positive financial result of BGN 632 thousand, and the residual debt is an unsecured trade loan for EUR 2 150 000 with maturity on June 30, 2020.

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

('000 BGN)		
Sales/Purchases of goods and services		
- Services executed by “Marina Cape Management” EOOD for “Intercapital Property Development” ADSIC	0	0
- Services executed by “Intercapital Property Development” ADSIC for “Marina Cape Management” EOOD	0	0

('000 BGN)	2019	2016
Sales/Purchases of goods and services		
- Services executed by “Marina Cape Tours” EOOD for “Intercapital Property Development” ADSIC		275
- Services executed by “Intercapital Property Development” ADSIC for “Marina Cape Tours” EOOD	647	357

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

Not applicable

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 2019 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 31.12.2019 “Intercapital Property Development” ADSIC has the following investments in subsidiary companies:

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

As at 31.12.2019 the carrying amount of the lands owned by the Company amounts to BGN 7 422 thousand, of investment properties - BGN 23 695 thousand, of assets under construction - BGN 7 273 thousand. and work in progress (in connection with the construction of the Marina Cape Vacation Complex) - BGN 293 thousand.

At the end of 2019, the Company has BGN 13 thousand in cash and in current accounts.

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 31.12.2019 “Intercapital Property Development” ADSIC has the following obligations to financial institutions:

The following are liabilities for the principal of loans received from financial institutions with a breakdown of the liability as of December 31, 2019, depending on the maturity date:

Long Term Liability, EUR	Interest	Maturity
6 000 000	5%	01.07.2022

Collateral provided on real estate owned by Intercapital Property Development REIT for the obligations of the Company:

1) Collateralised liabilities for financial institutions

- Notarial deed for the establishment of a contractual mortgage No. 112, Volume XII, Reg. No. 3901, Case No. 2217 of 08.11.2007 on the inventory of notary Hristo Roidev, registered under No. 289 of the Criminal Code, with area of activity of the District Court - Pomorie registered at the Registry Office in the town of Pomorie, inc. No. 3334 of 8 November 2007, Act No. 56, Volume II, Case No. 2866/2007, Collateral for obligations under Investment Credit Agreement No. 1236 / October 19, 2007, concluded between Piraeus Bank of Bulgaria AD and INTERCAPITAL PROPERTIES DEVELOPMENT REIT, including residential properties located in Marina Cape Complex, Aheloy, Pomorie Municipality, Burgas Region:

Number of collateral real estate Area of collateral real estate

20 residential buildings 1 955,94 sq.m.

- Notarial deed for establishment of contractual mortgage № 35, volume VIII, reg. № 2387, case № 1404 of 09.07.2008 on the inventory of notary Hristo Roidev, registered under № 289 of the Criminal Code, with area of activity District Court - Pomorie registered at the Registry Office in the town of Pomorie, inc. Reg. No. 2089 of 10.07.2008, Act No. 159, Volume I, Case No. 1813/2008, Collateral for the obligations under Investment Credit Agreement No. 736/2008 of 07.07.2008, concluded between Piraeus Bank BULGARIA AD and INTERCAPITAL PROPERTIES DEVELOPMENT REIT, including residential properties located in Marina Cape Complex, Aheloy, Pomorie Municipality, Burgas Region:

Number of collateral real estate Area of collateral real estate

12 residential buildings 770,50 sq.m.

- Notarial deed for the establishment of a contractual mortgage No. 80, Volume VII, Reg. No. 4288, Case No. 1226 of 04.12.2009 on the inventory of notary Gergana Nedina, registered under No. 607 of the Criminal Code, with the District Court of Pomorie registered at the Registry Office in the town of Pomorie, inc. No. 3178 of December 4, 2009, Act No. 142, Volume 1, Case No. 2238/2009, Collateral for Obligations under Investment Credit Contract No. 1236 / October 19, 2007, and under Investment Credit Agreement No. 736 / 2008 dated 07.07.2008, concluded between Piraeus Bank BULGARIA AD and INTERCAPITAL PROPERTIES DEVELOPMENT REIT, including residential properties, located in Marina Cape Complex, Aheloy, Pomorie Municipality: Burgas Municipality:

Number of collateral real estate Area of collateral real estate

17 residential sites 1 592,07 sq.m.

- Notarial deed for the establishment of a contractual mortgage No. 162, Volume VII, Reg. No. 4500, Case No. 1306 of 21.12.2009 on the inventory of Gergana Nedina, a notary public, registered under No. 607 of the Criminal Code, with District Court of Pomorie registered at the Registry Office in the town of Pomorie, inc. No. 3410 of 21 December 2009, Act No. 149, Volume 1, Case No. 2381/2009, Collateral for the obligations under Investment Credit Agreement No. 327/2009 of 14 December 2009, concluded between Piraeus Bank BULGARIA AD and INTERCAPITAL PROPERTIES DEVELOPMENT REIT, including residential and commercial properties located in Marina Cape Complex, Aheloy, Pomorie Municipality, Burgas Region:

Number of collateral real estate Area of collateral real estate

28 residential sites 3 486.39 sq.m.

25 commercial sites / areas 7 884,70 sq.m.

2) Collateral for other trade payables

- Notarial deed for the establishment of a contractual mortgage No. 112, Volume XII, Reg. No. 3901, Case No. 2217 of 08.11.2007 on the inventory of notary Hristo Roidev, registered under No. 289 of the Criminal Code, with area of activity of the District Court - Pomorie registered at the Registry Office in the town of Pomorie, inc. No. 3334 of 8 November 2007, Act No. 56, Volume II, Case No. 2866/2007, Collateral for obligations under Investment Credit Agreement No. 1236 / October 19, 2007, concluded between Piraeus Bank of Bulgaria AD and INTERCAPITAL PROPERTIES DEVELOPMENT REIT, including residential properties located in Marina Cape Complex, Aheloy, Pomorie Municipality, Burgas Region:

Number of collateral real estate Area of collateral real estate

4 residential buildings 271,23 sq.m.

- Notarial deed for establishment of contractual mortgage № 35, volume VIII, reg. № 2387, case № 1404 of 09.07.2008 on the inventory of notary Hristo Roidev, registered under № 289 of the Criminal Code, with area of activity District Court - Pomorie registered at the Registry Office in the town of Pomorie, inc. Reg. No. 2089 of 10.07.2008, Act No. 159, Volume I, Case No. 1813/2008, Collateral for the obligations under Investment Credit Agreement No. 736/2008 of 07.07.2008, concluded between Piraeus Bank BULGARIA AD and INTERCAPITAL PROPERTIES DEVELOPMENT REIT, including residential properties located in Marina Cape Complex, Aheloy, Pomorie Municipality, Burgas Region:

Number of collateral real estate Area of collateral real estate

9 residential buildings 616,01 sq.m.

- Notarial deed for the establishment of a contractual mortgage No. 80, Volume VII, Reg. No. 4288, Case No. 1226 of 04.12.2009 on the inventory of notary Gergana Nedina, registered under No. 607 of the Criminal Code, with the District Court of Pomorie registered at the Registry Office in the town of Pomorie, inc. No. 3178 of December 4, 2009, Act No. 142, Volume 1, Case No. 2238/2009, Collateral for Obligations under Investment Credit Contract No. 1236 / October 19, 2007, and under Investment Credit Agreement No. 736 / 2008 dated 07.07.2008, concluded between Piraeus Bank BULGARIA AD and INTERCAPITAL PROPERTIES DEVELOPMENT REIT, including residential properties, located in Marina Cape Complex, Aheloy, Pomorie Municipality: Burgas Municipality:

Number of collateral real estate Area of collateral real estate

3 residential sites 244,24 sq.m.

- Notarial deed for the establishment of a contractual mortgage No. 162, Volume VII, Reg. No. 4500, Case No. 1306 of 21.12.2009 on the inventory of Gergana Nedina, a notary public, registered under No. 607 of the Criminal Code, with District Court of Pomorie registered at the Registry Office in the town of Pomorie, inc. No. 3410 of 21 December 2009, Act No. 149, Volume 1, Case No. 2381/2009, Collateral for the obligations under Investment Credit Agreement No. 327/2009 of 14 December 2009, concluded between Piraeus Bank BULGARIA AD and INTERCAPITAL

PROPERTIES DEVELOPMENT REIT, including residential and commercial properties located in Marina Cape Complex, Aheloy, Pomorie Municipality, Burgas Region:

Number of collateral real estate Area of collateral real estate

8 residential buildings 501,84 sq.m.

3). To BG Invest Properties AD:

Purchase and sale contract for receivables dated April 5, 2013, concluded between Investbank AD and BG Invest Properties EAD, under which the bank transferred its receivables to the Company in the amount of BGN 240,000 arising from a contract for loan, to the new lender BG Invest Properties EAD.

Notary Deed for Establishment of Contractual Mortgage dated 29.07.2013, Act No 161, Volume III, Reg. No 3115, Case No 538/2013 of Notary Public Gergana Nedina, Collateral for the Obligations under the Bank Loan Agreement of 08.03.2013 on the following property, located in Marina Cape, Aheloy and owned by Intercapital Property Development REIT: Sports and Recreation Center "Fitness Center", with ID 00833.5.409.21, Aheloy, Pomorie Municipality, Burgas District, with area of 214.00 sq.m ., with adjoining parts: 33 sq.m., together with the corresponding ideal parts of the right of construction on the ground.

4). TB Investbank AD - according to the resolutions of the general meetings of the bondholders

In fulfillment of the obligations in connection with the renegotiation of the terms of the bond loan and the collateral of the debentures, it was in favor of the bank - a trustee of the bond issue. commercial premises with a total built-up area of 7 835,99 square meters, owned by the Company, located in Marina Cape Complex, Aheloy, Pomorie Municipality, Burgas District. The mortgage contract was concluded by virtue of the Notary Act for Establishment of a Contractual Mortgage of 01.09.2010, No. 158, Volume IV, Reg. No. 3289, Case No. 732/2010 by notary Gergana Nedina.

According to the decision of the General Assembly of 06.02.2013, on 06.03.2013 before Ziva Barantieva - Assistant - Notary of Replacement under Gergana Nedina, Notary Public with Area of Action - District of the District Court - Pomorie, entered in the register of Notarial Chamber under No. 607, a notary deed was signed for the establishment of a contractual mortgage in favor of TB Investbank AD, in its capacity of representative of the bondholders on the abovementioned bond issue, on the following real estate, owned by Intercapital PropertyDividelDS: regulates n land property with identifier 00833.5.409, with address: town of Aheloy, Purichitelnaya locality, with area of 40 002 sq.m.

Following the redemption of its bond issue in December and its deregistration, the said collateral in favor of TB Investbank AD is in the process of being deleted.

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 2019 “Intercapital Property Development” ADSIC and/or its subsidiary has not concluded loan contracts in the capacity of lenders, including the provision of guarantees of any type, including to related parties.

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

In 2019 the Company has not issued any new shares.

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 threats and measures which the issuer has undertaken or is to undertake in order to eliminate them

The Issuer's policy regarding the management of the financial resources is focused in several main directions: increase of the income from the sale of real estate and the income from the management of the real estate owned by the Company; for restructuring of the Company's liabilities; to increase the collectability of the issuer's receivables. The purpose of all these measures is to improve the financial condition of the company, incl. number and its liquidity position. Regarding the increase of the income from the sale of real estate, the Company is constantly striving to find new markets and attract potential buyers, as well as to seek new forms for realizing the sales revenue related to the real estate owned by the Company.

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 unfavourable. 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 occurred during the reporting period changes 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

"Intercapital Property Development" ADSIC has adopted and implemented policies and procedures governing the effective functioning of the reporting and disclosure information by the company. The code details the various types of information created and disclosed by the company, the processes of internal company document, the different levels of access to the types of information of those responsible and the deadlines for processing and managing information flows. The established system of risk management ensures the effective implementation of internal control in the creation and management of all company documents including financial statements and other regulated information, which the Company is obliged to disclose in accordance with the legal provisions.

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

There have been no changes in 2019.

17. Information on the amount of the remunerations, rewards and/or the benefits of each member 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, including:

- a) received amounts and non-money remunerations;
- b) contingent or deferred remunerations, occurred during the year, even if the remuneration is due at a later time;
- c) amount owed by the issuer or its subsidiaries for payment of pensions, compensations at retiring on a pension or other similar compensations

The members of the Board of Directors receive fixed monthly remuneration, determined by the General meeting, which cannot exceed 10 minimum monthly salaries. The General meeting has adopted a resolution pursuant to which the remuneration of the executive member to be in the amount of 12 minimum monthly salaries.

During 2019 the Board of Directors of the Company have received no remunerations.

By decision of the General Meeting of Shareholders, the Board of Directors may receive bonuses amounting to no more than 0.1% of the Company's profit before distribution of dividends for each member of the Board of Directors, but not more than 0.5% for the entire Council.

The Company does not owe any other amounts and / or benefits in kind and not set aside or accrued amounts for pensions, benefits or other retirement compensations of the Board of Directors.

Members of the Board of Directors did not receive remuneration or compensation from subsidiaries of the issuer and these are not set aside or accrued amounts for pensions, benefits or other retirement compensations of the Board of Directors in 2019

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 31.12.2016 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	43 111	0.72%

As of 31.12.2019 Velichko Klingov has concluded REPO Contracts with a collateral – shares of “Intercapital Property Development” ADSIC (total number of 37 806 shares), as a seller (borrower) and those shares are part of the total number of shares stated above.

As of 31.12.2014 the members of the Board of Directors own shares of the company as follows:

	<i>Number of shares</i>	<i>% from the capital</i>
Velichko Klingov*	43 111	0.72%

* As of 31 Dec 2018 Velichko Klingov has concluded REPO Contracts with a collateral – shares of “Intercapital Property Development” ADSIC (a total of 37 806 in count), as a seller (borrower) and these shares are part of the ones indicated above.

The issuer has not issued options on the securities from the share capital.

19. Information about the known to the company agreements (including also after the fiscal year closing) as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders and bondholder.

The management body of the Company does not have information about agreements as a result of which changes may occur at a future time in the owned percent of shares or bonds by current shareholders and bondholders.

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

Legal and arbitration proceedings

In the last 12 months, the Company has not been a party to pending arbitration proceedings, but has been a party to litigation and enforcement proceedings. As a result of the efforts made by the management to settle the claims against the Company at present the structure of the cases is:

20.1 CIVIL AND ARBITRARY HEARINGS

Lawsuits pending

Civil Case No. 28481/2014 on the Register of the Sofia District Court, Civil Code, 39 Chambers, formed by WATER SUPPLY AND SEWERAGE EAD for payment of delivered quantities of water at Marina Cape Holiday Complex

The case was initiated at the request of "WATER SUPPLY AND SEWERAGE" EAD, which asks the court to find that in the favor of "INTERCAPITAL PROPERTIES DEVELOPMENT" REIT was delivered quantities of water for a vacancy, for the period from 21.02.2013 to 17.12.2013, which were not paid. According to the applicant, the total value of the water supplied was BGN 67 383,34. The petition was filed, with which the claim of "SEWER" EAD is completely contested.

By decision of 06.01.2020 the claim was dismissed in full because of payment of the claimed amount after the case was opened. The decision has not yet entered into force and there is a time limit for appeal by the Parties.

Commercial Case No. 6/2015 on the inventory of the District Court - Burgas, TO, 1st Chamber, instituted by Maxim Goncharov v. INTERCAPITAL PROPERTIES DEVELOPMENT REIT for payment of amounts under preliminary real estate purchase and sale contracts which Goncharov considers to be ruined

The case was initiated at the request of Maxim Viktorovich Goncharov with a legal basis Art. 55 of the APA, requesting "INTERCAPITAL PROPERTIES DEVELOPMENT" REIT to be ordered to repay payments made by the plaintiff under four preliminary contracts for the sale of real estate - Apartments № 37_11, № 37_12, № 37_13 and № 37_14 located in the holiday complex "Marina Cape" - Aheloy, the cost of the claims is EUR 80 503,84, together with the legal interest on this amount due from the date of termination of the contracts until the full repayment of the obligation.

On the objection of local jurisdiction of "INTERCAPITAL PROPERTIES DEVELOPMENT" REIT, the case was dismissed and referred under jurisdiction to the Sofia City Court, where it was instituted as a civil case no. decision of 12.12.2016 The Sofia City Court upheld the claim to the amount of EUR 70 503,84, together with the statutory interest from 07.01.2015 until the date of final payment. appealed on time to the Sofia Court of Appeal. An decision of 13 September 2017 the Sofia Court of Appeal upheld the first instance decision. the decision of the Court of Appeal Sofia was appealed on time to the Supreme Court of Cassation.

The Supreme Court of Cassation overturned the decision of the Sofia Court of Appeal and remitted the case for a new ruling. With a decision on the city. No. 5364/2018, based on the inventory of the Court of Appeal Sofia, 8 v. The decision of the Sofia City Court of 12

December 2016 was again confirmed, whereby the claims were up to the amount of EUR 70 503,84, together with the legal interest of 07.01 .2015 until the date of final payment. An appeal was filed by INTERCAPITAL PROPERTIES DEVELOPMENT REIT on time.

Other court cases with effect in the last 12 months

Civil Case No. 20308/2014 on the inventory of the Sofia City Court, GO I - 11 Chamber, formed by Nina Yurevna Tereshchenko for payment of amounts under a preliminary contract for the sale and purchase of real estate, which the Tereshchenko contract considers to be canceled

The case was initiated at the request of Nina Yurevna Tereshchenko with a legal basis Art. 55 of the APA, requesting that INTERCAPITAL PROPERTIES DEVELOPMENT REIT be ordered to repay payments made by the plaintiff under a preliminary contract for the sale and purchase of real estate located in the holiday complex "Marina Cape" - Aheloy. the amount of the claim is EUR 94,000, together with the statutory interest on that amount due from the date of the claim, until the debt is fully repaid.

By decision of 07.07.2017 the claim was fully upheld by the Sofia City Court. The appeal was appealed against. The decision of the Sofia City Court, which upheld the claim, entered into force on 24.10.2017. On the basis of a writ of execution an enforcement case was instituted against the ICPD.

Following the conclusion of the proceedings in the case between the Parties in 2019, an agreement was signed under which "INTERCAPITAL PROPERTIES DEVELOPMENT" REIT transferred to Nina Yurevna Tereshchenko the property subject to the preliminary contract against the repayment of the sum of 94,000 Euro. In addition " PROPERTY DEVELOPMENT REIT has committed to pay to Nina Yurevna Tereshchenko the total amount of EUR 10,000 representing the costs of conducting the proceedings in the cases described above. The amount should be paid by 30.09.2024. On the basis of this agreement, the enforcement case against INTERCAPITAL PROPERTIES DEVELOPMENT REIT was terminated.

Private Civil Case No. 11196/2016 on the Register of the Sofia District Court, GO, 50 Chambers, formed by WATER SUPPLY AND SEWERAGE EAD for payment of delivered quantities of water at the Marina Cape Vacation Complex

The case was initiated upon an application for issuance of an enforcement order under Art. 410 of the COD of WATER SUPPLY AND SEWERAGE EAD, which asks the court to order INTERCAPITAL PROPERTIES DEVELOPMENT REIT to pay the price for the delivered quantities of water for the holiday complex "Marina Cape4", in amount of 57 Cape4, 2 issued for the period from 02.12.2014 to 01.12.2015. The applicant claims to be paid a statutory interest on the obligations from the date of initiation of the proceedings until the full payment of the debts, as well as the costs of instituting and conducting the case.

INTERCAPITAL PROPERTIES DEVELOPMENT REIT has filed an objection to the enforcement order. WATER SUPPLY AND SEWERAGE EAD has filed a declaratory claim for the enforcement under the enforcement order.

Formed etc. No. 5781/2016 on the inventory of the Sofia City Court, VI-14 composition. The GSC issued a decision upholding the declaratory claim. An appeal against the Sofia Court of Appeal was filed within the deadline. The Sofia Court of Appeal was instituted so on. No. 3598/2017, which issued a decision upholding in full the first instance decision. By

Order dated 07.03.2019, etc. No 2184/2018, on the inventory of the Supreme Court of Cassation, no cassation appeal was admitted and the decision of the Sofia Court of Appeals to confirm the decision of the Sofia City Court entered into force. The amount was paid to the claimant.

Private Civil Case No. 1727/2016 on the CPC inventory, initiated by WATER SUPPLY AND SEWERAGE EAD for payment of delivered water quantities at Marina Cape Vacation Complex

The case was initiated upon an application for issuance of an enforcement order under Art. 410 of the COD of WATER SUPPLY AND SEWERAGE EAD, which asks the court to order INTERCAPITAL PROPERTIES DEVELOPMENT REIT to pay the price for the delivered quantities of water for Marina Cape75, 6 issued in the period 21.01.2014 - 18.12.2014 The applicant claims to be paid a statutory interest on the obligations from the date of initiation of the proceedings until the full payment of the obligations, as well as the costs of instituting and conducting the case.

INTERCAPITAL PROPERTIES DEVELOPMENT REIT has filed an objection to the enforcement order. WATER SUPPLY AND SEWERAGE EAD has filed a declaratory claim for the enforcement under the enforcement order.

Formed etc. No. 7255/2016 on the inventory of the Sofia City Court, TO 6-21 p. By decision of 21.07.2017 the Sofia City Court upheld the writ of claim only up to the amount of BGN 3639.64 and rejected the claim of "WATER SUPPLY AND SEWERAGE EAD for the remaining amounts under the execution order. The decision was appealed by "WATER SUPPLY AND SEWERAGE" EAD before the Court of Appeal Sofia. By a decision of May 12, 2018, according to cp no 2429/2018 on the inventory of the Court of Appeal Sofia, the appellate instance annulled the decision of the Sofia City Court in the part with which the claim was granted only up to the amount of BGN 3639.64. , and rendered a decision granting the claim up to a total amount of BGN 12 875, BGN 16. The remainder of the claim was dismissed, as INTERCAPITAL PROPERTIES DEVELOPMENT REIT paid the claimed amounts.

Civil Case No. 223/2015 on the inventory of the District Court - Burgas, GO, I Chamber, composed by Lyudmila Nikolaevna Skomorovska and Alexander Viktorovich Skomorovsky v. INTERCAPITAL PROPERTIES DEVELOPMENT REIT for the purchase of purchase and sale contracts of real estate which the plaintiffs deem to be contractual

The case was initiated at the request of Lyudmila Skomorovska and Aleksandr Skomorovsky with the legal basis of Art. 55 of the APA, requesting that INTERCAPITAL PROPERTIES DEVELOPMENT REIT be ordered to repay payments made by the plaintiffs under a preliminary contract for the purchase and sale of real estate located in the holiday complex "Marina Cape" - Aheloy. the amount of the claim is EUR 67,000, together with the statutory interest on the amount due from the date of the claim, until the debt is fully repaid.

In our objection that Burgas Regional Court lacked jurisdiction to hear the claim, the case was dismissed and sent to the Sofia City Court. The City Court was instituted before the Sofia City Court. No. 8306/2015 on the inventory of the Sofia City Court, GO 1-11 p.

By decision of 09.03.2016, the claims were fully upheld. The decision was appealed by the Company. A company appeal was instituted on the appeal of the Company. 3458/2016 on the inventory of the Court of Appeal Sofia, GO, 1 p.

By judgment of 13.09.2017 the Court of Appeal of Sofia upheld the first instance decision. The decision of the Sofia Court of Appeal was appealed on time to the Supreme Court of Cassation. By order of 02.05.2018, the Supreme Court of Cassation did not allow cassation appeal and the decision of the Sofia Court of Appeal came into force.

Enforcement cases

Civil Case No. 16919/2015 on the inventory of the Sofia City Court, instituted by Gennady Grishin against INTERCAPITAL PROPERTIES DEVELOPMENT REIT for payment of amounts under a preliminary contract for the purchase and sale of real estate, which the contract Gennady Grishin considers to be spoiled

The cost of the lawsuit is 105 312 euros, representing the paid sale price of the property - Apartment № 1_11, located in Marina Cape holiday complex, together with the legal interest until the final payment of the debt.

By decision of 09.07.2018, the claim filed in the amount of 105 312 euros, together with the legal interest of 29.12.2015, was fully upheld. The decision entered into force on 23.03.2019.

Enforcement case No. 550/2019 on the inventory of Private Enforcement Agents Delyan Nikolov, with Reg. No. 804 of the Enforcement of Private Enforcement Agents (CPAI), with area of activity District Court - Burgas was instituted on the basis of a writ of execution issued in favor of Gennady Grishin for the amount of EUR 105 312 principal representing the amount due in connection with the cancellation of the preliminary contract described above.

Civil Case No. 45799/2014 on the inventory of the Sofia District Court, Civil Code, 32 Chambers, instituted by Alexander Sergeyevich Solovyev against INTERCAPITAL PROPERTIES DEVELOPMENT REIT for payment of amounts under preliminary contracts for the sale and purchase of real estate considered spoiled

The cost of the claims is EUR 14,000, as a partial claim of EUR 127 600, formed as follows:

- a claim for an amount of EUR 7,000 was lodged for 21_3, located in the vacation complex Marina Cape - Aheloy, a partial claim from the price paid under the preliminary contract for the property of EUR 92,000;
- a claim for an amount of € 7,000 was lodged for 34_13, located in Marina Cape Holiday Complex - Aheloy, a partial claim from the price paid for the preliminary contract for the property of € 35 600

By decision of 31.08.2015 the claim was upheld. The decision was appealed on time to the Sofia City Court. An appeal was instituted on appeal. No. 597/2016 on the inventory of GHS, GO, Appl. IV-b composition. By decision of 10.11.2016, the Sofia City Court fully endorsed the decision of the RCC. The decision was appealed on time and the appeal proceedings are currently pending.

In view of the SJC's judgment of appeal, the claimant received a writ of execution against INTERCAPITAL PROPERTIES DEVELOPMENT REIT for payment of the sums awarded.

The SCC's decision was appealed to the HCC. The Supreme Court of Cassation has issued a ruling which does not allow cassation appeal against the decision of the SCC and the same entered into force on 23.11.2017.

On the basis of the decision of the Sofia City Court, Alexander Soloviev obtained a writ of execution and instituted enforcement proceedings No. 50/2017 against the ICPD on the inventory of the PEA Delyan Nikolov, Burgas.

Civil Case No. 15692/2015 on the inventory of the Sofia City Court, instituted by Alexander Sergeevich Solovyev against INTERCAPITAL PROPERTIES DEVELOPMENT REIT for payment of amounts under preliminary contracts for the sale and purchase of real estate, which Soloviev contracts

The cost of claims is as follows:

- a claim for an amount of EUR 85,000 was lodged for 21_3, located in Marina Cape Holiday Complex - Aheloy, the remainder of the total price paid under a preliminary contract of EUR 92,000;
- a claim for an amount of EUR 28 600 was lodged for 34_13, located in the vacation complex Marina Cape - Aheloy, the remainder of the total price paid under a preliminary contract amounting to EUR 35 600;

By decision of 22.05.2017 the GSC upheld the claims. An appeal was lodged within the deadline, based on which a civil case No. 5506/2017 was instituted according to the inventory of the Court of Appeal Sofia, GK. By decision of 08.08.2019 the Court of Appeal of Sofia fully upheld the first instance decision. Following a cassation appeal by INTERCAPITAL PROPERTIES DEVELOPMENT REIT, by cassation of the Supreme Court of Cassation, dated June 19, 2019, the cassation appeal of the decision of the Sofia Court of Appeal was not allowed.

In favor of Alexander Sergeevich Solovyov, a writ of execution was issued, on the basis of which enforcement case No. 575/2018 was initiated on the inventory of PEA Delyan Nikolov. The enforcement case was instituted on the basis of a writ of execution issued in favor of Alexander Soloviev for the sum of EUR 113 600 principal, representing the amount due in connection with the cancellation of the preliminary contracts for the properties described above. This amount is part of the amount due for the cancellation of the preliminary contracts, while for the remaining amount, enforcement case No. 50/2017 was initiated according to the inventory of the PEA Delyan Nikolov.

Execution case No. 850/2016 on the inventory of private enforcement agent Ivanka Mindova, with Reg. No. 704 of the Chamber of Private Enforcement Agents, with an area of activity District Court - Burgas

The enforcement case was initiated on the basis of a writ of execution issued in favor of Nedyalko Ivanov Kalachev for the amount of EUR 64 006.

The case was filed with the claimant for termination of the enforcement proceedings.

Civil Case No. 14099/2013 on the Inventory of the Sofia City Court, GO 1-14, a panel formed for payment by INTERCAPITAL PROPERTIES DEVELOPMENT REIT in favor of Janet Brady for amounts under an Agreement between the parties

The claim is for the amount of EUR 65 925. By decision of 30.07.2014 the claim was fully upheld. The decision of the Sofia City Court was upheld by a decision of the Sofia Court of Appeal. An appeal was lodged against the decision of the Sofia Court of Appeal. The Supreme Court of Cassation did not allow the cassation appeal to be heard.

Based on the decision of the Sofia Court of Appeal, Janet Brady has obtained a writ of execution against INTERCAPITAL PROPERTIES DEVELOPMENT REIT and enforcement case no. 1129/2015 has been initiated on the PEA's Stoyan Yakimov inventory.

On March 14, 2018, INTERCAPITAL PROPERTIES DEVELOPMENT REIT was informed that Janet Brady had transferred its claim to the Company in favor of CIM ES Properties, EIC 202176885.

In 2019, following the transfer of the claim "INTERCAPITAL PROPERTIES DEVELOPMENT" REIT was also notified of termination of enforcement case No. 1129/2015 on the inventory of PEA Stoyan Yakimov.

The Company is not aware of the possibility of initiating future arbitration, court or administrative proceedings, which may have a material impact on the issuer's financial position and profitability.

21. Information 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:

Radostina Panteleva

Correspondence address: Sofia, 6 Dobrudja Str., fl. 3,

tel: +359 (2) 980 12 51

tel: +359 (2) 921 05 16

Date: 20.03.2020

Signature:

/Velichko Klingov – CEO/