

## "INTERKAPITAL PROPERTY DEVELOPMENT" JSC

### PROSPECTUS FOR PUBLIC OFFERING OF SECURITIES

24 045 904 NUMBER OF ORDINARY, NON-AVAILABLE, REGISTERED, FREE  
TRANSFERABLE SHARES WITH A NOMINAL VALUE OF BGN 1

ISIN CODE OF ISSUE: BG1100018057

	<u>Total for the issue at</u> <u>maximum recording</u>	<u>Total for the issue at</u> <u>minimum enrollment</u>
Nominal value of shares: 24,045,904		15 255 474
Issue value of the shares: 24,045,904 Total costs		15 255 474
for the public offering (forecast):	7 927	7 927
Net receipts from	24 037 977	15 247 547
public offering (forecast):		
Nominal value of 1 share: BGN 1 . (ONE LEV)		
Issue value of 1 share:	1 BGN. (ONE LEV)	

DATE: 14.07.2020

This document is a Prospectus for a public offering of shares from an increase in the capital of "INTERKAPITAL PROPERTY DEVELOPMENT" REIT (the "Company"). The prospectus contains all the information that, according to the specific features of the Issuer and the securities that are offered through a public offering, investors need for an accurate assessment of the economic and financial situation, assets and liabilities, financial results, development prospects of the Issuer, as well as of rights related to securities.

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THE PROSPECTUS WAS APPROVED BY THE FINANCIAL SUPERVISION COMMISSION (FSC) BY DECISION No. 560-E OF 30.07.2020 , IN ITS CAPACITY AS A COMPETENT AUTHORITY ACCORDING TO REGULATION (EU) 2017/1129. FSC APPROVE THIS DOCUMENT ONLY IF IT MEETS THE REQUIREMENTS OF REGULATION (EU) 2017/1129 STANDARDS FOR COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY OF THE INFORMATION IN IT. THIS APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND/OR A CONFIRMATION OF THE QUALITY OF THE SECURITIES SUBJECT TO THE PROSPECTUS. THE FINANCIAL SUPERVISION COMMISSION IS NOT RESPONSIBLE FOR THE RELIABILITY AND COMPLETENESS OF THE DATA CONTAINED IN THE PROSPECTUS . INVESTORS SHOULD ASSESS FOR THEMSELVES THE FEASIBILITY OF INVESTMENT IN THE SECURITIES (SHARES).

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**"INTERKAPITAL PROPERTY DEVELOPMENT" JSC****2 SUMMARY OF THE PROSPECTUS ACCORDING TO ARTICLE 7 OF THE PROSPECTUS REGULATION****2.1 SECTION A: INTRODUCTION CONTAINING WARNINGS****2.1.1 NAME OF THE SECURITIES AND ISIN CODE** The subject

of the public offering are 24,045,904 (twenty-four million forty-five thousand nine hundred and four) ordinary, bearer, registered, freely transferable shares with a nominal value of BGN 1, ISIN code of the issue : BG1100018057. The shares of this issue are of the same class as the already issued shares of the Company. The present public offering will be carried out only on the territory of the Republic of Bulgaria.

**2.1.2 IDENTIFICATION DATA, IDENTIFICATION CODE OF LEGAL ENTITY AND CONTACT INFORMATION WITH THE ISSUER** "Intercapital Property Development" REIT has a uniform identification code (EIK) 131397743 and a legal entity identification code (IKPS/LEI)

25490027CZAZKV10Y612. Contact details of the Issuer:

Issuer:	"Intercapital Property Development" REIT
Headquarters and address of management / address for correspondence:	Republic of Bulgaria, Sofia 1000, 6 Dobrudzha Street, 4th floor
Phone:	(+359 2) 921 05 18
Email address for contact and receiving notifications: Website:	office@icpd.bg www.icpd.bg

**2.1.3 IDENTIFICATION DATA AND CONTACT DATA OF THE AUTHORIZED INVESTMENT INTERMEDIARY** The authorized investment intermediary for this share offering is INTERCAPITAL MARKETS JSC, owns a unique identification code (EIK) 131057477 and a legal entity identification code (IKPS/LEI) 549300MWSEJ VHQAMN503 .

Contact details for an authorized investment intermediary:

Investment intermediary:	IP "INTERCAPITAL MARKETS" AD
Address:	Sofia 1000, Sredets district, "Dobrudzha" street No. 6, floor 3
Telephone: Fax:	(+359 2) 921 05 13 (+359 2) 921 05 21
Contact person: Contact email	Nikolai Master office@intercapitalmarkets.com
address: Website:	www.intercapitalmarkets.com

**2.1.4 IDENTIFICATION DATA AND CONTACT DATA OF THE COMPETENT AUTHORITY APPROVED THE PROSPECTUS**

Contact details of the competent authority that approved the Prospectus:

Competent body	Financial Supervision Commission
Headquarters and address of management / address for correspondence:	Republic of Bulgaria, Sofia 1000, Oborishte district, 16 "Budapest" St
Phone:	(+359 2) 2 9404 999
Email address for contact and receiving notifications: Website:	delovodstvo@fsc.bg www.fsc.bg

**2.1.5 DATE OF PROSPECTUS APPROVAL**

THE FINANCIAL SUPERVISION COMMISSION APPROVED THIS PROSPECTUS WITH DECISION No. 560-E DATED 07/30/2020.

**2.1.6 WARNINGS TO INVESTORS:** a) This summary

should be understood and interpreted as an introduction to the Prospectus; b) Any decision to invest in the securities should be based on the consideration of the entire Prospectus by the investor; c) The investor may lose all or part of the invested capital; d) Where a claim is brought before a court regarding the information contained in the Prospectus, the claimant investor may, under national law, have to bear the costs of translating the Prospectus before the legal proceedings commence; e) Civil liability is only borne by the persons who prepared the summary, including its translation, but only when it is misleading, inaccurate or inconsistent with the other parts of the Prospectus, when considered together with the other parts of the Prospectus, or when - considered together with the other parts parts of the Prospectus — do not provide material information to help investors decide whether to invest in these securities; f) The requirements of Article 8, paragraph 3, letter b) of Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of November 26, 2014 regarding the basic information documents for investment product packages of retail and insurance-based investment products.

**2.2 SECTION B: BASIC INFORMATION ABOUT THE ISSUER****2.2.1 WHO IS THE ISSUER OF THE OFFERED SHARES? a)****REGISTERED OFFICE AND LEGAL FORM, ŸKPS, LAW UNDER WHICH IT CARRIES OUT ITS ACTIVITIES AND STATE OF INCORPORATION**

The issuer of the Offered Shares is Intercapital Property Development ADSIC (Intercapital Property Development ADSIC) - a joint-stock company with a special investment purpose, established under Bulgarian legislation, with its registered office and management address: Bulgaria, Sofia, No. 6 Dobrudzha St. , floor 4 EIK 131397743 and LEI code 25490027CZAZKV10Y612. b) MAIN ACTIVITY

- The main activity of the Company is related to the investment of funds raised through the issuance of securities, in the purchase of real estate and limited property rights (on real estate), development of own real estate by carrying out constructions and improvements , sale of real estate, leasing (leasing) or management of own real estate and any other activity related to securitization of real estate and

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permitted by law. With decision No. 702-DSITS dated 16.11.2005 of the Commission for Financial Supervision, the Company received a license to operate as a company with a special investment purpose.

"Intercapital Property Development" REIT is a public joint-stock company within the meaning of the LPA. The company's shares are traded on the BSE AD, alternative market BaSE Market, with stock code: 4IC. The company's shares are also admitted to trading on the Warsaw Stock Exchange, Poland, on the "NewConnect" market with stock code: ISD. c) MAJOR SHAREHOLDERS -

"Intercapital Property Development" REIT for the period of the considered historical financial information and as of the date of the Prospectus, there are no shareholders holding a majority share of its capital. Shareholders with a direct participation of more than 5% in the capital of the Issuer as of the date of the Prospectus:

Name of the company FINANCE	Country:	Share of the total number of	Number of shares
DIRECT AD	Bulgaria	shares 6.61%	397 579
NATIONAL DEPOSITORY OF SECURITIES S. — escrow account	Poland	16,34%	981 983
DF Invest Classic Bulgaria AGREEMENT FUND INVEST ASSETS Bulgaria		8,89%	534 679
Currently there are no shareholders with a majority stake in the capital of the		12,81%	770 246

Issuer, no natural or legal person exercising direct or indirect control within the meaning of §1, item 14, letter a) of The Additional Provisions of the LPA in relation to "Intercapital Property Development" REIT, as a person who owns more than 50 percent of the number of votes in the Issuer's general meeting in the sense of §1, item 14, letter a) of the Additional Provisions of the LPA. Economic Group - The Issuer is the sole owner of the capital of "Marina Cape Management" EOOD, Bulgaria and exercises direct control over its subsidiary. For its part, "Marina Cape Management" EOOD is the sole owner of the capital of "Marina Cape Tours" EOOD, Bulgaria. "Intercapital Property Development" REIT exercises indirect control over the company "Marina Cape Tours" EOOD. d) INFORMATION ABOUT THE PRINCIPAL MANAGING DIRECTORS - The company "Intercapital Property Development" REIT has a one-level management system. As of the date of

preparation of this prospectus, the Board of Directors of "Intercapital Property Development" REIT consists of three members, namely:

Velichko Stoychev Klingov	CEO
Tsvetelina Chavdarova Hristova	independent member of the Board of
"AHELOY 2012" EOOD, represented by Petya Georgieva Yordanova	Directors independent member of the Board of Directors

e) INFORMATION ABOUT THE STATUTORY AUDITORS - The Company's auditor during the period covered by the financial information considered in the Prospectus (2017, 2018 and 2019) is Nikolay Polinchev, a member of the Institute of Certified Expert Accountants ("IDES") with reg. No. 0684, operating through "NIBOS" EOOD, Sofia, 1111, Slatina district, g.k. Geo Milev, 15 Geo Milev St., Apt. 10 (business address), EIK 200635432. "NIBOS" EOOD is represented and managed by the sole owner of the capital Nikolay Mihaylov Polinchev.

## 2.2.2 BASIC FINANCIAL INFORMATION ABOUT THE ISSUER

As of the date of the Prospectus, "Intercapital Property Development" REIT prepares financial statements, both on an individual basis and on a consolidated basis. Information on the financial condition of the Company and the changes that occurred during the considered historical financial periods of 2017, 2018 and 2019 is presented on an audited annual individual and audited annual consolidated basis. The interim unaudited financial information presented in this Prospectus is on an individual basis and covers the period of the first quarter of 2020 and the comparable period of the first quarter of 2019.

ÿ Assets, according to audited annual individual financial statements for the period 2017 - 2019. Annual individual 31.12.2018 Share\* (audited data in

ASSETS	thousand BGN)			
	31.12.2019	Share*	31.12.2017	Share*
Total non-current assets Total	38 440	87,7%	36 712	84,4%
current assets, including: - Cash	5 383	12,3%	6 777	100,0%
and cash equivalents Total Assets Equity	13	0,0%	2	0,0%
Total non-current	43 823	100,0%	43 489	100,0%
liabilities Total current	942		(495)	
liabilities Total liabilities Net	13 070	30,5%	17 549	39,9%
financial liabilities	29 811	69,5%	26 435	60,1%
(Liabilities - cash)	42 881	100%	43 984	100%
	42,868		43 982	

\*The share shown in the table is calculated to the total value of the assets, respectively the liabilities for the relevant financial year. Source: "Intercapital Property Development" REIT

ÿ Assets, according to unaudited interim individual financial statements as of 31.03.2020 and 31.03.2019.

Assets, according to unaudited interim individual financial statements as of 31.03.2020 and 31.03.2019.				
ASSETS	Interim individual Share*			
	31.03.2020	31.03.2019 (unaudited data in		Share*
	thousand BGN)			
Total non-current assets Total	38 371	88,11%	36 698	84,52%
current assets, including: - Cash	5 177	11,89%	6 721	15,48%
and cash equivalents Total Assets Equity	160	0,37%	9	0,02%
	43 548	100,00%	43 419	100,00%
	718		(878)	
Total non-current liabilities	13 073	30,52%	17 518	39,55%
Total current liabilities	29 757	69,48%	26 779	60,45%
Total liabilities	42 830	100%	44 297	100,00%
Net Financial Liabilities (Liabilities - Cash)	42 670		44 288	

\*The share shown in the table is calculated to the total value of the assets, respectively the liabilities for the relevant interim financial period. Source: "Intercapital Property Development" REIT

**"INTERKAPITAL PROPERTY DEVELOPMENT" JSC****Ÿ Assets, according to audited annual consolidated financial statements for the period 2017-2019.**

ASSETS	Annual consolidated 31.12.2018				
	31.12.2019	Share*	Share* (audited data in	31.12.2017	Share*
	thousand BGN				
Total non-current assets	38 864	85,7%	37 073	40 644	86,5%
Total current assets - Cash	6 503	14,3%	6 463	6 320	13,5%
and cash equivalents Total Assets Equity	126	0,3%	98	172	0,4%
Total non-current	45 367	100,0%	43 536	46 964	100,0%
liabilities Total current	(1 005)		(219)	4 166	
liabilities Total liabilities Net	15 447	33,3%	18 869	18 538	43,3%
financial liabilities (Liabilities	30 925	66,7%	24 886	24 260	56,7%
- cash)	46 372	100,0%	43 755	42 798	100%
	46 246		43 657	42 626	

\*The share shown in the table is calculated to the total value of the assets, respectively the liabilities for the relevant financial year. Source: "Intercapital Property Development" REIT

**Ÿ Structure of revenues, expenses and profits/losses, according to audited annual individual financial statements for period 2017 - 2019 and unaudited interim individual financial statements as of 31.03.2020 and 31.03.2019.**

Pointer	Interim individual 31.03.2020		Annual individual 2019 2018 2017		
	31.03.2019 (unaudited data in thousand				
	BGN)		(audited data in BGN thousand)		
Total operating income Total operating			2 101	2,118,18,749	
expenses Profit /(Loss) from operating	(107)	(143)	(1 325)	(3 197) (7 718) (1 079)	(1 588)
activities Financial income / expenses (net) Changes in	(43)	(143)	776	(1 716)	11 031
the fair value of investment properties Profit /(Loss)	(181)	(240)	(897)	(4 383)	(6 428)
for the year Earnings per share Source: "Intercapital Property Development" REIT Ÿ			55	(0,73)	(4 507)
Structure of revenues, expenses and	(224)	(383)	(66)		96
profits/losses,	(0.04)	(0.06)	(0.01)		0.02

according to audited annual consolidated financial statements for

**period 2017 - 2019**

Pointer	Annual consolidated		
	2019	2018	2017
	(audited data in thousand BGN)		
Total operating income Total operating	3 269	3 632	21 656
expenses Operating profit /(Loss)	(2 981)	(4 595)	(10 184)
Changes in fair value of investment properties Profit /	288	(963)	11 472
(Loss) Tax expense Profit /(Loss) for the year Earnings per share	55	(1 716)	(4 507)
	(1 986)	(4 290)	382
		(10)	(39)
	(1 986)	(4 300)	343
	(0.33)	(0.72)	0.05

Source: "Intercapital Property Development" REIT Ÿ Cash

flows, according to audited annual individual financial statements for the period 2017-2019 and unaudited interim individual financial statements as of 31.03.2020 and 31.03.2019

Individual statement of cash flows (thousand BGN)	Intermediate		Annual		
	31.3.2020	31.3.2019	2019	2018	2017
	(unaudited data) 296		(audited data) 485 (12)		
Net cash flow from operating activities Net cash flow from		7			(20)
investing activities Net cash flow from financing activities Net					
change in cash and cash equivalents Cash and cash	(149)		(474)		
equivalents at the beginning of the year Cash and cash	147	7	11	(12)	(20)
equivalents at the end of the year Source: "Intercapital Property	13	2	2	14	34
Development" REIT	160	9	13	2	14

**Ÿ Cash flows, according to audited annual consolidated financial statements for the period 2017-2019.**

Consolidated statement of cash flows	Annual 2018		
	2019	2018	2017
	(audited data in thousand BGN) 502 (74)		
Net cash flow from operating activities Net cash flow from			(239)
investing activities Net cash flow from financing activities Net			(1)
change in cash and cash equivalents Cash and cash	(474)		
equivalents at the beginning of the year Cash and cash	28	(74)	(240)
equivalents at the end of the year	98	172	412
	126	98	172

Source: "Intercapital Property Development" REIT

At the time of preparation of this Prospectus, the Issuer has not prepared estimated financial data and has not made assumptions about estimated or approximate values of profits.

**2.2.3 BRIEF DESCRIPTION OF ALL NOTES IN THE AUDIT REPORT RELATING TO THE PAST FINANCIAL INFORMATION PERIODS:**

Opinion of the independent auditor's report for 2019 - audited individual financial statements:

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Qualified Opinion - "In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the attached financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019." and its financial results of operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)." 2018 Independent Auditor's Report Opinion – audited individual financial statement: Qualified opinion - "In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section

of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2018 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)." Independent auditor's report opinion for 2017 - audited individual financial statement: Qualified opinion - "In our opinion, except for the possible effect of the matter described in the section of our report Basis for expressing a qualified opinion, the attached financial statement presents fairly, in all material respects, the Company's financial position as at 31 December 2017 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU)." Opinion from the 2019 Independent Auditor's Report - Audited Consolidated Financial Statements: Qualified Opinion - "In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2019 and its financial results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU)." Opinion of the independent auditor's report for 2018 - audited consolidated financial statements: Qualified opinion - "In our opinion, except for the possible effect of the matter described in the section of our report Basis for expressing a qualified opinion, the attached financial statement presents fairly, in all material respects, the financial position of the Company as at 31 December 2018 and its financial results of operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), adopted by the European Union (EU)." Independent auditor's report opinion for 2017 - audited consolidated financial statements: Qualified opinion - "In our opinion, except for the possible effect of the matter described in the section of our report Basis for expression qualified opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017 and its financial results from operations and cash flows for the year then ended in accordance with International Financial Reporting Standards reporting (IFRS) adopted by the European Union (EU)."

2.2.4 WHAT ARE THE MAIN RISKS CHARACTERISTIC FOR THE ISSUER? The main risks specific to the Issuer are related to its subject of activity regulated by the Companies Act with special investment purpose – real estate securitization:

- Management Risk; Risk that the
- Issuer will not be able to finance its planned capital expenditures and investments; Risk related to dependence on the
- activity of service companies;
- Dependence on other real estate owners - purchased apartments in the holiday complex;
- Risk related to a possible increase in costs for the maintenance of the complex and the service personnel; Risk related to the occupation of
- investment (vacation) properties; Risk related to unfavorable changes in real estate
- market prices; Risk of changes in the regulations concerning the company's activities; Risks of occurrence
- of force majeure events, etc. Risk related to the possibility of the Issuer or any of the companies
- in the group being decapitalized
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## 2.3 SECTION C: SECURITIES INFORMATION

2.3.1 WHAT ARE THE MAIN CHARACTERISTICS OF THE OFFERED SHARES? TYPE, CLASS

**AND ISIN.** Subject of the Offer are 24,045,904 new, ordinary, registered, non-available, freely transferable shares from the capital increase of "Intercapital Property Development" REIT, with voting rights, dividend rights and liquidation share rights, commensurate with their face value. The shares of this issue have the ISIN code BG1100018057 and are of the same class as the already issued shares of the Company. CURRENCY, UNIT NOMINAL VALUE, TOTAL NOMINAL VALUE, NUMBER AND TERM OF SHARES: Currency - The issue of shares to increase

the capital of "Intercapital Property Development" REIT is denominated in Bulgarian leva (BGN). After the successful completion of the

capital increase, the shares will be quoted and traded in Bulgarian leva on the Bulgarian Stock Exchange AD and in Polish zlotys on the Warsaw Stock Exchange.

Nominal value - The nominal and issue value of the current issue of shares is BGN 1 (one lev). Total nominal value - The offered shares have a total maximum nominal value of BGN 24,045,904 (twenty-four million forty-five thousand nine hundred and four). The total number of shares offered is a maximum of 24,045,904 (twenty-four million forty-five thousand nine hundred and four) shares. Term of the securities - "Intercapital Property Development" REIT is not limited by the term of existence, the issue of New Shares is also not limited by the term.

**RIGHTS MATERIALIZED IN THE SHARES.** Each subscribed share of this issue brings the following to its holder: Basic rights: Right to dividend; Right to vote; Right to a liquidation share commensurate with the nominal value of the shares; Right to information; The right to participate in the management, by solving the issues within the competence of the OSA; Right of

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registration of a part of the new shares when the Company's capital is increased, in proportion to the shares owned until the increase and the right to preferential acquisition of securities; Right to protection of membership and individual membership rights (Article 71 of the Labor Code); The right of each shareholder to challenge before the court decisions of the General Meeting of Shareholders, contrary to the law or the Articles of Association (Article 74 of the Articles of Association). Minority rights - (shareholders jointly or individually owning at least 5 percent of the capital of the public company): Right to bring the Company's claims against third parties to court, in case of inaction of its management bodies, which threatens the Company's interests; The right to file a claim before the district court at the seat of the Company for compensation for damages caused to the Company by actions or inactions of the members of its management and control bodies and its procurator; Right to request from the General Assembly or from the district court the appointment of controllers; Right to ask the district court to convene a General Assembly; The right to request the inclusion of issues and to propose solutions on issues already included in the agenda of the general meeting in accordance with Art. 223a of the Criminal Code. This right does not apply when the agenda of the general meeting includes an item under Art. 114, para. 1 of the Civil Procedure Code.

**ORDER OF RECEIPT OF SHARES IN THE ISSUER'S CAPITAL STRUCTURE IN CASE OF INSOLVENCY** – Shares represent a capital instrument that certifies the participation of their holder in the Company and in its capital and property. In the event of bankruptcy of the Issuer, the holders of shares would receive part of the property of the Issuer, provided that after the satisfaction of the claims of all creditors, there is property left for distribution among the shareholders, respectively up to the amount of this property. Due to which the claims of the holders of shares of the Company's residual property in the event of bankruptcy are practically subordinated to all other secured and unsecured creditors of the Issuer. **RESTRICTIONS ON THE FREE TRANSFER OF SHARES** - The shares issued by "Intercapital Property Development" REIT are freely

transferable, without restrictions. **DIVIDEND POLICY** - "Intercapital Property Development" REIT must distribute as dividend at least 90% of the profit for the past financial year,

determined in accordance with Art. 10, para. 3 of the ZDSITS and in compliance with the requirements of Art. 247a of the Criminal Code. The right to receive a dividend has the persons entered in the registers of the Central Depository as persons entitled to a dividend on the 14th day after the day of the general meeting, at which the annual financial report was adopted and a decision was made on the distribution of the profit. The annual dividend is paid within 12 months from the end of the relevant financial year (according to Article 132 of the Articles of Association).

**2.3.2 WHERE WILL THE OFFERED SHARES BE TRADED?**

Upon successful subscription of the Offered Shares, the Issuer will carry out the necessary procedures for their acceptance for stock trading on the Alternative Market of the Bulgarian Stock Exchange ([www.basemarket.bg](http://www.basemarket.bg)). Exchange trading will be able to start on the date determined by the Board of Directors of the BSE. The Issuer will list the new shares for trading on the alternative market "NewConnect" (<https://newconnect.pl/en-home>) organized by the Warsaw Stock Exchange, where already issued shares of the Company are traded.

**2.3.3 IS THERE A WARRANTY RELATED TO THE SECURITIES?**

No guarantee has been issued for the proposed shares from an increase in the Issuer's capital.

**2.3.4 WHAT ARE THE MAIN RISKS CHARACTERISTIC OF THE PROPOSED SHARES?**

• Price Risk; • Risk of unsuccessful implementation of the public offering of securities; • Lack of liquidity for the company's shares; • Risk of non-payment of dividend; • Risk of changing the taxation regime of investments in securities.

**2.4 SECTION D: BASIC INFORMATION ABOUT THE PUBLIC OFFERING OF SHARES****2.4.1 UNDER WHAT CONDITIONS AND ON WHAT SCHEDULE CAN I PARTICIPATE IN THE OFFER?**

The expected date of the issue is based on the assumption that the procedures in the relevant institutions will proceed and be completed approximately within the shortest legally defined terms and in accordance with their established practice. Changes in the relevant dates may occur as a result of a change in the date of approval of the Prospectus by the FSC, in the start date of the offering due to a delay in the relevant publications of the Notice under Art. 92a, para. 1 of the LPA on the website of specialized financial media X3News, of the Issuer and the investment intermediary, as well as depending on the dates of the entry of the capital increase in the Commercial Register at the Registration Agency, the registration at "Central Depository" JSC, the entry of the issue in the register maintained by the FSC and the admission of the shares to trading on a regulated market. **ANTICIPATED / APPROXIMATE SCHEDULE OF OFFERING:**

Approval of the pre-submitted prospectus by the Financial Supervisory Service Disclosure of the Notice of the public offering through information media and on the websites of the issuer and the authorized investment intermediary Registration of the rights of BSE-Sofia AD Start date for the transfer of the rights Expiration of the period for the transfer of the rights Conducting an auction of BSE-Sofia AD Starting date for registration of the shares Expiration of the period for registration and payment of the shares	30.7.2020 31.7.2020 3.8.2020 10.8.2020 25.8.2020 1.9.2020 10.8.2020 17.9.2020
Issuance of a bank certificate for the amounts collected on the collection account and for the subscribed shares Application for entry of the issue in the Commercial Register Pronouncement of the Commercial Register and entry of the issue Write the feed to CD	17.9.2020 17.9.2020 25.9.2020 30.9.2020

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Registration of the issue in the Financial Registry	5.10.2020
Submission for registration of the new shares on the	6.10.2020
BSE Registration of the new shares on the BSE	14.10.2020

**TERMS, CONDITIONS AND DETAILS FOR THE ADMISSION TO TRADING ON THE REGULATED MARKET** - Subject of the Offer are up to 24,045,904 new shares from the capital increase of "Intercapital Property Development" REIT. The offered shares have a nominal value and issue value of BGN 1 (one BGN). The capital will only be increased if at least 15,255,474 of the shares offered are subscribed and paid for, in which case the capital will only be increased by the value of the subscribed shares. Pursuant to Art. 112b, para. 2 of the Civil Procedure Code, persons who have acquired shares no later than 7 (seven) days after the date of publication of the announcement under Art. 92a, para. 1 of the LPA - its publication on the website of specialized financial media X3News (www.x3news.com), as well as on the websites of "Intercapital Property Development" REIT and the authorized investment intermediary. One right is issued against each share existing at the end of the specified period. Each right enables the subscription of 4 new shares. The start date for the transfer of rights is the first business day following the expiration of 7 days from the publication of the Offer Notice as above. The deadline for the transfer of rights is the first business day following the expiration of 7 days from the start date of the transfer of rights. According to the Rules of the BSE, the last date for concluding exchange transactions with rights is 2 working days before the final date for the transfer of rights according to the previous sentence. Investors should note that all rights not exercised by the deadline are offered for sale at the official auction organized by the BSE. On the 5th working day after the final date for the transfer of rights, "Intercapital Property Development" REIT, through the authorized investment intermediary, offers for sale under the conditions of a public auction all rights that have not been exercised/against which no new shares have been subscribed until expiration of the term for the transfer of rights. The starting date for subscription of shares coincides with the date from which the offering of the rights begins - the first working day following the expiration of 7 days from the date of publication of the Offer Announcement. The deadline for the subscription of shares by rights holders is the first business day following the expiration of 15 business days from the day on which the deadline for the transfer of rights expires. The registration of the New Shares is carried out by the holders of rights submitting written requests ("Applications" to the investment intermediaries - members of the CD, where the client accounts for the rights owned by the applicants are kept. The payment of the issue value of the subscribed shares is carried out according to a special tender account opened in the name of the issuer, which will be indicated in the Announcement of the public offering under Article 92a of the LCC. According to the preliminary schedule, the registration of the new shares will start on or around 09.7.2020 and end on or around 14.8.2020. Immediately after the registration of the new shares in the Trade Register, CD and CFS, an application will be submitted for admission to trading of the offered shares on the unofficial market of the BSE, which is expected to take place around 01.9.2020. It is expected that the issue will be admitted to trading on the Bulgarian Stock Exchange AD at the beginning of September 2020, and on the Warsaw Stock Exchange in the period from the end of 2020 until the end of February 2021 at the latest. **DISTRIBUTION AND PLACEMENT PLAN** - The existing shareholders of " Intercapital Property Development" REIT, owning shares of the same class as the offered shares, have the right to a privileged participation in the increase of the Company's capital (Art. 112b, para. 2 of the Civil Procedure Code). All other investors have the opportunity under equal conditions to

participate in the increase of the Company's capital by purchasing rights within the period for their transfer/trading, and to exercise the rights, and each person can subscribe for at least one new share at an issue value of 1.00 BGN (one BGN) and at most such number of shares that is equal to the acquired or owned rights, multiplied by 4 (four), and if a number that is not a whole is obtained, it is rounded to the smallest whole number. There is no basis for a preferential offering of securities to a certain group of investors. There are also no possibilities and limitations in the number of shares that can be acquired by one person or related persons. The public offering of the shares from this issue will take place on the Bulgarian Stock Exchange AD, Republic of Bulgaria. **NET PROCEEDS AND EXPENSES OF THE ISSUE** - The total costs per share, calculated as the total amount of estimated costs directly related to the current public offering of securities (BGN 7,927.00) divided by the maximum number of shares that will be publicly offered (24 045,904 units), are BGN 0.0003 per share. In the case of a capital increase with the minimum number of shares offered (15,255,474 shares), in which the procedure is considered successful, the estimated costs for one share amount to BGN 0.0005 per share. If the Issuer's capital is increased by the maximum number of shares offered, the net proceeds from the public offering will be in the amount of BGN 24,037,977 (twenty-four million thirty-seven thousand nine hundred and seventy-seven). In case of an increase of the Issuer's capital by the minimum number of offered shares, in which the procedure is considered successful, the net proceeds from the public offering will be in the amount of 15,247,547 (fifteen million two hundred and forty-seven thousand five hundred and forty-seven) BGN. At the expense of

the investors will only be the costs of concluding the transactions with rights and shares, incl. the commissions of the investment intermediaries and other fees (BSE and CD fees), if the same are not included in the general commission remuneration of the investment intermediaries.

**DILUTION** - The issue value of one share from the current issue from the capital increase in the amount of BGN 1.00 per share is higher than the current balance sheet value of one share of the ordinary shares already issued in the capital, which amounts to BGN 0.12 per share, calculated as of the date of the last published

unaudited interim individual financial statement of the Company as of 31.03.2020. If we assume that the new shares would have been issued as of the date of the last prepared unaudited interim individual financial statement of the Issuer as of 31.03.2020, then: ÿ In the event of an increase in the Issuer's capital by the

maximum number of shares offered, the equity capital after the maximum increase and after deducting the costs of the public offering of the issue will have a value of 24,755,977 (twenty-four million seven hundred fifty-five thousand nine hundred seventy-seven ) leva. In this case, the total number of shares after the maximum increase will amount to 30,057,380 (thirty million fifty-seven thousand three hundred and eighty) shares. The balance sheet value

of one share upon recording the maximum amount of the offering will increase to BGN 0.82. ÿ In case of an increase of the Issuer's capital by the minimum number of offered shares, the equity

capital after the increase in the minimum amount and after deducting the costs of the public offering of the issue will have a value of 15,965,547 (fifteen million nine hundred sixty-five thousand five hundred forty-seven) BGN. In this case, the total number of shares



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after a maximum increase, they will amount to 21,266,950 (twenty-one million two hundred sixty-six thousand nine hundred and fifty) shares. The balance sheet value of one share upon recording the minimum amount of the offering will increase to BGN 0.75. It is clear from the calculations

that with a maximum capital increase and with a minimum increase, the value of one share will remain lower higher than the book value of one share before the capital increase. Therefore, in this public offering, there is no dilutive effect in relation to the book value of one share, regardless of the amount of subscribed and paid shares of the present issue, as a result of which the existing shareholders of Interkapital Property Development REIT will not suffer dilution. DILUTION RELATED TO A REDUCTION IN THE ISSUER'S PERCENTAGE SHARE - A reduction in the percentage share of the Issuer's capital held by the shareholders is possible if they do not subscribe the shares due to them from the capital increase. The direct dilution of the percentage participation in the capital of the Issuer, for a shareholder who does not participate in the increase of the capital of the Company, will be determined on the basis of the share of the shares owned by him, compared to the total number of shares issued by the Company (including the number of newly issued shares from current issue). If a shareholder owning

one old share, did not write down the new shares due to him, but sold his due rights, that is, his share in the capital of

The Company would decrease as follows: by 80.00% at the maximum subscription of the offered shares from 0.00002% to 0.000003%, respectively; with 71.73% with minimum subscription of the offered shares from 0.00002% to 0.000005% respectively;

**2.4.2 WHY WAS THIS PROSPECTUS**

**PREPARED? PURPOSE** - The purpose of the present offer is to raise funds for the purpose of financing the investment intentions of the Issuer regarding the reconstruction of an existing investment property, modernization and modernization of any of the services offered in the property, improvement of the issuer's financial condition, by paying off current liabilities, as well as and to respond to the challenges, risks and opportunities posed and redefined by the global COVID-19 pandemic.

**USE OF FUNDS** - The capital raised from this public offering will be used to carry out the Company's core business of real estate investment and development as permitted by law. The Company's plans envisage spending in two directions, namely:

**A. Expansion and modernization of owned investment property, including:**

1. reconstruction of the internal distribution of the residential floors, upgrading and finishing works of the built houses in "Zone 4" representing "Sector 26" and "Sector 27" of the "Marina Cape" holiday complex, Aheloy (including furniture); 2. purchase and installation of solar panels

and a heat exchanger for an outdoor pool; 3. if funds are available, it is planned to carry out other activities related to the modernization and modernization of the services offered in the complex, such as further development of the children's club and construction of additional playgrounds and attractions, separate sports grounds and facilities, as well as others related to increasing the quality of the entertainment facilities offered in the complex. According to preliminary data, the necessary funds under Item A of the current goals will amount to BGN 2,500,000.

**B. Repayment of the Issuer's current liabilities 1.**

repayment of the majority of the Issuer's current liabilities. As of the date of the Prospectus, the Issuer has other current liabilities to third parties in the amount of BGN 27,090,000. The purpose of the current offering of shares presented in purpose B. "Repayment of current liabilities of the Issuer" is to raise funds sufficient to pay off a part of these liabilities in the amount of a minimum of 45% to a maximum of 80% and more of the amount of the total current liabilities to third parties (depending on the amount of funds raised). Repayment of part of the Company's current liabilities will improve its capital structure and financial condition, which will also lead to a significant improvement in the liquidity and indebtedness ratios of the Issuer. ÿ Fulfillment of objectives at maximum subscription - Upon subscription and payment of the maximum proposed amount of shares from the present public offering, the collected net funds in the amount of 24,037,977 (twenty-four million thirty-seven thousand nine hundred and seventy-seven) BGN will be spent, as follows: 1. extension and modernization of Zone 4, from the "Marina Cape" holiday complex, Aheloy. According to preliminary data, the investment will amount to approximately BGN 2,500,000; 2. repayment of part of the Company's current liabilities in the amount of 21,537,977 (twenty-one million five hundred thirty-seven thousand nine hundred and seventy-seven) BGN, representing 79.5% of the Company's current liabilities to third parties. Priority of repayment of obligations: on assignments to "Marina Cape Properties" OOD - 15,922 thousand BGN, on redemption of bonds in the amount of 4,205 thousand BGN, partially on the remaining current liabilities of the Company in the amount of 1,411 BGN thousand ÿ Fulfillment of the objectives in case of minimum subscription - Upon subscription and payment of the minimum required shares, the collected net cash in the amount of 15,247,547 (fifteen million two hundred and forty-seven thousand five hundred and forty-seven) will actually be fully used to achieve the same goal, but up to the amount of the raised capital, as the goals under item A. "Expansion and modernization of owned investment property" will be fulfilled first, and with the remaining part of 12,747,547 (twelve million seven hundred forty seven thousand five hundred forty-seven) BGN will be repaid part of the current debt obligations of the Issuer, representing 47% of the company's current obligations to third parties, namely part of obligations under cessions to "Marina Cape Properties" OOD (BGN 12,747,547) representing 80% of the total obligation in the amount of BGN 15,922 thousand). ÿ Priority of achieving the objectives: There will be no differences in the use of the funds and in their hierarchy at the minimum and at the maximum raised net capital - all funds will be

directed to the implementation of the above activities as in the case that the capital increase is in a smaller amount than the maximum, funds will first be set aside for making the planned investments in the "Marina Cape" holiday complex (according to the goals described under item A. "Expansion and modernization of owned investment property"), and with the remaining amount of the collected net cash will be used to repay current liabilities to third parties (in accordance with the objectives described under item B. "Repayment of the Issuer's current liabilities"). Proceeds from the issue will not be used for acquisitions of assets, other than the usual economic activity of the Issuer, regulated by the Law on companies with a special investment purpose and in the Articles of Association of the Company.