

REPORT

UNDER ART. 12, AL. 1 OF ORDINANCE № 48 OF 20 MARCH 2013 ON THE REQUIREMENTS FOR REMUNERATIONS ISSUED BY THE FINANCIAL SUPERVISION COMMISSION, Prom. DV. BR. 32 OF 2 APRIL 2013 (“ORDINANCE № 48”)

TO THE ANNUAL FINANCIAL REPORT ON THE ACTIVITIES OF INTERCAPITAL PROPERTY DEVELOPMENT REIT FOR 2021

I. Remuneration policy implementation program for the next financial year or longer

The remuneration policy, prepared by the Board of Directors of INTERCAPITAL PROPERTY DEVELOPMENT REIT and approved by the Extraordinary General Meeting of Shareholders held on September 28, 2020, contains several basic principles that fully comply with the law.

- The remuneration of the members of the Board of Directors, including the Executive Director, is determined by the General Meeting of Shareholders of the Company, and according to the policy, objective criteria have been determined for determining the remuneration;
- The members of the Board of Directors are paid a permanent remuneration in accordance with the criteria set out in the remuneration policy, approved by the Extraordinary General Meeting of Shareholders held on 28.09.2020 .

The current remuneration policy has been adopted in accordance with the latest amendments to Ordinance № 48 (SG, issue 61 of 10.07.2020) and provides for payment of only permanent remuneration to the members of the Board of Directors. The changes in the policy reflect the normative requirements regarding its content - the procedure for its revision, publication, etc. In addition, it was reported that in Ordinance № 48 amendments were adopted with SG, no. 60 of 20.07.2021, as well as with SG, iss. 64 of August 3, 2021, which are not applicable to the Company and do not require the adoption of changes in the Remuneration Policy approved by the shareholders.

The Board of Directors of INTERCAPITAL PROPERTY DEVELOPMENT REIT intends to strictly adhere to the remuneration policy, which was approved by the General Meeting of Shareholders of the company, both in the next financial year and in the long run.

II. Information under Art. 13 of Ordinance № 48

1) Information on the remuneration policy decision-making process, including, if applicable, information on the mandate and composition of the remuneration committee, the names of the external consultants whose services were used in determining the remuneration policy:

Public Offering of Securities Act (POSA) and Ordinance № 48. shareholders' meeting and no external consultants were used in its development. The company does not have a special remuneration committee.

2) Information on the relative weight of the variable and permanent remuneration of the members of the management body:

The members of the Board of Directors of INTERCAPITAL PARTY DEVELOPMENT AD receive only permanent remuneration.

3) Information about the criteria for achieved results, on the basis of which options on shares, shares of the company or other type of variable remuneration are provided and an explanation of how the criteria under Art. 14, para. 2 and 3 of Ordinance № 48 contribute to the long-term interests of the company:

No stock options, company shares or other variable remuneration options are provided.

4) Explanation of the applied methods for assessing whether the criteria for the achieved results are met:

Not applicable.

5) Explanation on the relationship between remuneration and results achieved:

The amount of the permanent remuneration takes into account:

- the obligations, the degree of workload, commitment and empathy of the members of the Board of Directors in the management of the company, as well as the contribution of each member of the Board of Directors in the activity and results of the company;
- the possibility to select and retain qualified and loyal members of the Board of Directors;
- the existence of compliance of the interests of the members of the Board of Directors and the long-term interests of the Company.

6) The main payments and justification of the annual scheme for payment of bonuses and / or all other non-monetary additional remuneration:

Not applicable.

7) A description of the main features of the supplementary voluntary pension scheme and information on the contributions paid and / or due by the company to the relevant member of the management or supervisory body for the financial year concerned, where applicable:

Not applicable.

8) Information on the periods of deferral of payment of variable remuneration:

Not applicable.

9) Information on the policy of compensation in case of termination of contracts:

The policy of compensations upon termination of the contracts is fully compliant with the Bulgarian legislation, as the contracts with the members of the Board of Directors do not contain specific clauses in this direction, incl. and for variable remuneration.

10) Information on the period during which the shares cannot be transferred and the stock options cannot be exercised, in case of variable remuneration based on shares:

No variable remuneration is provided, respectively there are no options on shares or remuneration with shares.

11) Information on the policy for retaining a certain number of shares until the end of the term of office of the members of the management and supervisory bodies after the expiration of the period under item 10):

Not applicable.

12) Information on the contracts of the members of the management and supervisory bodies, including the duration of each contract, the period of notice of termination and details of benefits and / or other payments due in the event of early termination :

The contracts with the members of the managing body are indefinite. The due notices, respectively compensations do not differ from the usual ones for the commercial practice and defined in the Bulgarian legislation.

13) The total amount of the remuneration and other material incentives of the members of the management and supervisory bodies for the respective financial year:

The total amount of the accrued gross remuneration of the members of the Board of Directors for 2021 amounts to BGN 39,529 .

There are no other material incentives provided to the members of the Board of Directors.

14) Information on the remuneration of any person who has been a member of a management or supervisory body in a public company for a specified period during the financial year in question:

(a) The total amount of the remuneration paid and / or accrued to the person for the financial year in question :

According to the requirements of art. 116c, para. 1 of the POSA , the members of the Board of Directors of the Company receive remuneration in the amount determined by the General Meeting of Shareholders.

Remuneration was paid for the reporting period as follows:

- Mr. Velichko Stoychev Klingov, in his capacity as an executive member of the Board of Directors of the Company, was paid remuneration in the amount of BGN 48,608 including for previous years
- to AHELOY 2021 EOOD, in his capacity as a member of the Board of Directors of the Company, remuneration in the amount of BGN 0 was paid ;
- Ms. Tsvetelina Chavdarova Hristova, in her capacity as a member of the Board of Directors of the Company, was paid remuneration in the amount of BGN 1,032 including for previous years.

b) Remuneration and other tangible and intangible incentives received by individuals from companies in the same group :

Not applicable.

c) Remuneration received from individuals in the form of profit distribution and / or bonuses and the grounds for granting them :

No such remuneration has been paid.

(d) Any additional payments for services provided by persons outside their normal functions where such payments are eligible under the contract concluded with them :

No such remuneration has been paid.

(e) Compensation paid and / or accrued on termination of service during the last financial year:

During the reporting period, the functions of the members of the Board of Directors were not terminated.

(f) Overall assessment of all non-monetary benefits equivalent to remuneration other than those referred to in points (a) to (e):

There are no non-monetary benefits paid equal to remuneration.

(g) Information on all loans granted, social security payments and guarantees provided by the company or its subsidiaries or other companies that are subject to consolidation in its annual financial statements, including details of the outstanding balance and interest :

There are none.

15) Information regarding shares and / or stock options and / or other share-based incentive schemes:

No stocks, stock options or other incentive schemes.

(a) Number of options offered on shares or shares granted by the company during the relevant financial year and the conditions under which they were offered, respectively granted:

No options are offered and no shares are provided.

b) Number of options exercised on shares during the financial year in question and for each of them, number of shares and the exercise price of the option or the value of interest under the share-based incentive scheme at the end of the financial year:

There are no options on shares, respectively no similar ones have been exercised.

(c) Number of unexercised stock options at the end of the financial year, including data on their price and date of exercise and essential conditions for the exercise of rights:

There are no options on shares, respectively there are no unexercised options.

(d) Any changes in the terms and conditions of existing stock options accepted during the financial year:

No existing options.

16) Information on the annual change in remuneration, the company's results and the average full-time remuneration of non-directors' full-time employees during the previous at least five financial years, presented together in a way that allows comparison:

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|-------------|-------------|
| Average annual remuneration of the members of the Board of Directors (in thousands of BGN) | 33 | 33 | 39 | 39 | 39 |
| Average annual amount of remuneration based on full-time employees who are not directors (in thousands of BGN) | 1 | 1 | 2 | 2 | 2 |
| Result of the company ¹(in thousand BGN) | 96 | -4 383 | -66 | 506 | 3 740 |

17) Information on the exercise of the possibility to claim a refund of variable remuneration:

Not applicable.

18) Information on all deviations from the procedure for the implementation of the remuneration policy in connection with extraordinary circumstances under Art. 11, para. 13 of Ordinance № 48, including an explanation of the nature of the extraordinary circumstances and an indication of the specific components that have not been applied:

The remuneration policy does not specify extraordinary circumstances in which the company temporarily does not apply part of the policy.

March 26, 2022

Signature:

/ Velichko Klingov - Ex. Director /

¹The result is rounded for accounting purposes.