

## REPORT

### **UNDER ART. 12, AL. 1 OF ORDER No. 48 DATED MARCH 20, 2013 ON THE REQUIREMENTS FOR REMUNERATION, ISSUED BY THE FINANCIAL SUPERVISION COMMISSION, PUBLIC. DV. BR. 32 OF APRIL 2, 2013 ("ORDINANCE No. 48")**

#### **TO THE ANNUAL FINANCIAL REPORT ON THE ACTIVITIES OF "INTERKAPITAL PROPERTY DEVELOPMENT" REIT for 2023.**

#### **I. Remuneration policy implementation program for the next financial year or for a longer period**

The remuneration policy prepared by the Board of Directors of "INTERKAPITAL PROPERTY DEVELOPMENT" REIT and approved by the Extraordinary General Meeting of Shareholders held on 09/28/2020 lays down several basic principles that fully comply with the legal regulations:

- The remunerations of the members of the Board of Directors, including the executive director, are determined by the General Meeting of the Company's shareholders, and according to the policy, objective criteria have been determined when determining the remunerations;
- The members of the Board of Directors are paid permanent remuneration in accordance with the criteria laid down in the remuneration policy, approved by the extraordinary General Meeting of Shareholders, held on 09/28/2020 .

The currently effective remuneration policy was adopted in accordance with the latest amendments to Ordinance No. 48 (SG, No. 61 of 10.07.2020) and provides for the 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 order of its revision, publication, etc. In addition, it was noted that amendments to Ordinance No. 48 were adopted by SG No. 60 of 20.07.2021, as well as SG No. 64 of 3.08.2021, 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 "INTERKAPITAL PROPERTY DEVELOPMENT" REIT intends to strictly observe the remuneration policy, which was approved by the General Meeting of the company's shareholders, both in the next financial year and in a longer-term perspective.

#### **II. Information under Art. 13 of Ordinance No. 48**

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

The decision-making process for determining the remuneration policy is clearly defined in the Law on the Public Offering of Securities (IPO) and Ordinance No. 48. According to the IPO, the remuneration of the members of the Board of Directors of "INTERKAPITAL PROPERTY DEVELOPMENT" REIT is determined by the General 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 fixed remuneration of the members of the management body:**

The members of the board of directors of INTERCAPITAL PROPERTY DEVELOPMENT JSC receive only permanent remuneration.

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

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

**4) Explanation of the applied methods for assessing whether the criteria for the achieved results have been met:**

Not applicable.

**5) Clarification on the relationship between remuneration and the results achieved:**

The amount of the permanent remuneration takes into account:

- the duties, the degree of workload, commitment and involvement 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 to the activity and results of the company;
- the ability to select and retain qualified and loyal members of the Board of Directors;
- the existence of a match between 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 bonus payment scheme and/or any other non-monetary additional remuneration:**

Not applicable.

**7) Description of the main characteristics of the scheme for supplementary voluntary pension insurance and information about the contributions paid and/or payable by the company in favor of the relevant member of the management or control body for the relevant financial year, where applicable:**

Not applicable.

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

Not applicable.

**9) Information about the termination benefits policy:**

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

**10) Information on the period during which shares are not transferable and share options are not exercisable for variable share-based awards:**

No variable remuneration is foreseen, respectively there are no stock options or stock-based remuneration.

**11) Information on the policy for keeping a certain number of shares until the end of the mandate of the members of the management and control bodies after the expiry of the period under item 10):**

Not applicable.

**12) Information regarding the contracts of the members of the management and control bodies, including the term of each contract, the term of the notice of termination and details of the benefits and/or other payments due in the event of early termination :**

The contracts with the members of the governing body are open-ended. The due notices, respectively compensations, do not differ from those usual for commercial practice and defined in the Bulgarian legislation.

**13) The full amount of the remuneration and other material incentives of the members of the management and control bodies for the relevant financial year:**

The full amount of the accrued gross remuneration of the members of the Board of Directors for 2023 amounts to BGN 43,173.

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

**14) Information on the remuneration of any person who was a member of a management or control body in a public company for a certain period during the relevant financial year:**

**a) The full amount of the gross remuneration paid and/or charged to the person for the relevant financial year :**

Remuneration was paid for the reporting period as follows:

- Mr. Velichko Stoychev Klingov, in his capacity as an executive member of the Company's Board of Directors, was paid remuneration in the amount of BGN 19,000, including for previous years
- AHELOY 2021 EOOD, in his capacity as a member of the Company's Board of Directors, was paid remuneration in the amount of BGN 0 ;
- to Ms. Tsvetelina Chavdarova Hristova, in her capacity as a member of the Company's Board of Directors, no remuneration was paid in 2023

**b) The remuneration and other material and non-material incentives received by the persons from companies of the same group :**

Not applicable.

**c) Remuneration received by the individuals in the form of distribution of profit and/or bonuses and the grounds for their provision :**

No such remuneration has been paid.

**d) All additional payments for services provided by the persons outside their usual functions, when such payments are permissible according to the contract concluded with them :**

No such remuneration has been paid.

**e) The paid and/or accrued compensation in connection with the termination of the functions of the persons during the last financial year:**

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

**f) General assessment of all non-monetary benefits, equated to remuneration, other than those specified in letters "a" to "e":**

No non-cash benefits equivalent to remuneration have been paid.

**g) Information on all loans granted, payments of social and household expenses and guarantees by the company or by its subsidiaries or other companies that are subject to consolidation in its annual financial report, including data on the remaining unpaid part and interest :**

None are available.

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

No shares, stock options or other incentive schemes.

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

No options were offered and no shares were granted.

**b) Number of exercised options on shares during the relevant financial year and for each of them, number of shares and the option exercise price or the value of the 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 exercising the rights:**

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

**d) Any changes to the terms and conditions of existing stock options granted during the financial year:**

There are no existing options.

**16) Information on the annual change in remuneration, the results of the company and the average amount of remuneration on a full-time basis of the employees of the company who are not directors for at least the previous five financial years, presented together in a way that allows comparison:**

Year	2019	2020	2021	2022	2023
<b>Average annual remuneration of the members of the Board of Directors (in thousand BGN)</b>	39	39	39	40	35
<b>Average annual amount of remuneration based on full-time employment of employees who are not directors (in thousand BGN)</b>	2	2	2	2	2
<b>Result of the company <sup>1</sup>(in thousand BGN)</b>	-66	506	3,740	473	572

**17) Information on exercising the option to request the return of the variable remuneration:**

Not applicable.

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

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

March 2024

Signature:

/ Velichko Klingov – Ex. Director/



<sup>1</sup>The result is rounded for accounting purposes.