

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 2021.**

I. Remuneration policy implementation program for the next financial year 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 remuneration of the members of the Board of Directors, including the executive director, is determined by the General Meeting of the Company's shareholders, and according to the policy, objective criteria have been determined when determining the remuneration;
- 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 28.09.2020.

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 reported 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 regarding the decision-making process in determining 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 the determination of the remuneration policy:

The decision-making process for determining the remuneration policy is clearly defined in the Law on the Public Offering of Securities (PLPAC) and Ordinance no.

48. Pursuant to the Civil Procedure Code, the remuneration of the members of the Board of Directors of "INTERKAPITAL PROPERTY DEVELOPMENT" REIT is determined by the General Meeting of Shareholders and no external consultants were used in its development. The company does not have a special remuneration committee.

2) Information about the relative weight of the variable and the constant 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 regarding 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 options are granted on shares, company shares or any other type of variable remuneration.

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

Not applicable.

5) Explanation regarding the dependence between the remuneration and the achieved results:

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 possibility of selecting and retaining qualified and loyal members of the Board of Directors;
- the existence of a correspondence 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 bonus payment scheme and/or all other non-monetary additional remuneration:

Not applicable.

7) Description of the main features of the supplementary voluntary pension insurance scheme and information on the contributions paid and/or due from the company in favor of the relevant member of a management or control body for the relevant financial year, where applicable:

Not applicable.

8) Information on the periods of deferment of the payment of the variables rewards:

December 31, 2021

Not applicable.

9) Information on the compensation policy upon termination of contracts:

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 the shares cannot be transferred and the stock options cannot be exercised, in the case of variable share-based awards:

There are no variable remunerations or stock options or share awards.

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 2021 amounts to BGN 39,529.

There are no other material incentives that are provided to the members of the Board of the 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 gross remuneration paid and/or charged to the person for the relevant financial year:

According to the requirements of Art. 116c, para. 1 of the Civil Code, the members of the Company's Board of Directors 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 Company's Board of Directors, was paid remuneration in the amount of BGN 48,608 in this number for past years as well
- of "AHELOY 2021" EOOD, in his capacity as a member of the Company's Board of Directors, is remuneration paid in the amount of BGN 0;
- to Mrs. 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 1032, including for past years.

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

Not applicable.

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

No such remuneration has been paid.

d) All additional payments for services rendered by the persons outside their normal functions where such payments are permissible under contract concluded with them:

No such remuneration has been paid.

e) The paid and/or accrued compensation on the occasion of the termination of the functions of persons during the last financial year:

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

f) Total assessment of all non-monetary benefits equated to remuneration, excluding those specified in letters "a" to "e":

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

g) Information about all granted loans, social housing payments expenses and guarantees from the company or from its subsidiaries or other companies that are subject to consolidation in its annual financial statement, including details of the outstanding balance 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.

December 31, 2021

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

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.

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

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

Any changes to the terms and conditions of existing options on d) shares accepted 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, during at least the previous five financial years, presented together in a way that allows

matching:

Year	2017	2018	2019	2020		2021
Average annual amount of the remuneration of the members of the Board of Directors (in thousand BGN)	33		33		39	39
Average annual amount of the remuneration based on full-time employment of the non-director officers (in thousand BGN)	1		1		2	2
Result of the company¹ (in BGN thousand)	96		-4 383		-66	506
						3,740

¹ The result is rounded for accounting purposes.

17) Information on exercising the option to demand 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 exceptional circumstances in which for the company to temporarily not apply part of the policy.

March 26, 2022

Signature:

/ Velichko Klingov – Ex. Director/