

ANNUAL REPORT  
OF  
AUDIT COMMITTEE OF  
"INTERCAPITAL PROPERTY DEVELOPMENT"  
REIT for 2024

April 08, 2024

## **I. General information**

In connection with the requirements of Law a for the independent financial audit The general meeting of shareholders of INTERCAPITAL PROPERTY DEVELOPMENT REIT has elected an Audit Committee consisting of: Iva Chavdarova Chorapinova, Zhivka Dimitrova Stankova – Nikolova and Tsvetelina Chavdarova Hristova. By decision of the general meeting of shareholders of 28.06.2024, the members of the Audit Committee have been re-elected for a new five-year term, starting from the date of the general meeting.

The General Meeting of Shareholders has adopted the rules (statute) of the audit committee in accordance with the requirement of Art. 107, para. 7 of the new LFIA.

## **II. Audit Committee Activities in 2024**

Given the requirements of the current legislation and in view of the activities of the Audit Committee of "INTERCAPITAL PROPERTY DEVELOPMENT" REIT in 2023, the following summary can be made regarding financial reporting, internal control and risk management systems and independent financial audit in the enterprise:

### **1. Monitoring of financial reporting processes in the enterprise**

In 2024 , the Company maintained adequate financial reporting in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and adopted by the Commission of the European Union. The Company's financial statements have been prepared on the going concern basis and the historical cost basis. The preparation of the financial statements in accordance with IFRS required the use of accounting estimates. It was also necessary for management to exercise its own judgment in applying the Company's accounting policies. The elements of the financial statements, the presentation of which involves a higher degree of judgment or complexity, as well as those elements for which assumptions and estimates have a significant impact on the financial statements, relate primarily to the recognition of revenue from services and the measurement of the stage of completion of the service at the date of the relevant balance sheet.

### **2. Monitoring the effectiveness of internal control systems in the enterprise**

The internal control system complies with the standards set by the Board of Directors of the Company. The effectiveness of the internal control system allowed for the timely preparation and submission of reliable quarterly financial reports of INTERCAPITAL PROPERTY DEVELOPMENT REIT to the Financial Supervision Commission, Bulgarian Stock Exchange AD, the NewConnect Alternative Trading System in Poland, Central Depository AD and the public. Financial analyses and financial control of the current accounting reporting in the enterprise were periodically carried out, and the relevant reports were submitted to the attention of the Board of Directors before the end of the next calendar month of the year. In addition, the Audit Committee confirms that in 2024 the Company's financial reporting system is adequate and presents the financial position of INTERCAPITAL PROPERTY DEVELOPMENT REIT fairly, as well as that the internal control system in the Company allows for effective management of the Company's financial resources.

### **3. Monitoring the effectiveness of risk management systems in the enterprise**

In 2024, the goal of the management body of "INTERCAPITAL PROPERTY DEVELOPMENT" REIT was to implement effective risk control by implementing a system for their early prediction, identification and control. In this regard, and in compliance with legal requirements, the assessment and management of risks related to the activities of "INTERCAPITAL PROPERTY DEVELOPMENT " REIT was assigned to the servicing company.

Due to the specifics of the Company's activities, in 2024 "INTERCAPITAL PROPERTY DEVELOPMENT " REIT was exposed to the following risks arising from the use of financial instruments:

a) credit risk; b) liquidity risk; c) market risk.

A detailed description of the risks facing the Company's activities is presented in the Annual Report of the Board of Directors for the activities in 2023 .

### **4. Monitoring the independent financial audit in the enterprise**

In accordance with the requirements of the Accountancy Act and the requirements of the Independent Financial Audit Act for the independent financial audit of enterprises carrying out activities of public interest, at the regular annual General Meeting of Shareholders of "INTERCAPITAL PROPERTY DEVELOPMENT" REIT, has selected Katerina Krasimirova Shopova - registered auditor with Diploma No. 0864 in IDES , as a registered auditor to audit and certify the company's annual financial statements for 2024.

The Audit Committee monitored the work of the selected independent auditor and confirms that the independent financial audit for 2024, of the annual financial report of "INTERCAPITAL PROPERTY DEVELOPMENT " REIT, was conducted and prepared legally, in strict compliance with the requirements for independent financial audit of enterprises carrying out activities of public interest under the current legislation.

### **5. Review the independence of the registered auditor of the entity in accordance with the requirements of the law and the Code of Ethics for Professional Accountants and monitor the provision of additional services by the registered auditor of the audited entity**

The review of the independence of the registered auditor elected by the regular annual General Meeting of Shareholders to audit and certify the annual financial statements of the Company for 2024 showed that Katerina Krasimirova Shopova, a registered auditor with Diploma No. 0864 in the Institute of Certified Public Accountants , meets the legal requirements and the requirements of the management bodies of the Company. The registered auditor did not provide additional services to the Company in 2024 other than auditing and certifying financial statements.


In accordance with Article 62 of the Independent Financial Audit Act, the registered auditor periodically publishes transparency reports.

The requirement of Article 65 of the Independent Financial Audit Act has been complied with .

### **III. Recommendation for the selection of a registered auditor to review and certify the annual financial statements of the Company for 2025.**

In accordance with Art. 108, para. 1, item 6 of the Independent Financial Audit Act, the Audit Committee of INTERCAPITAL PROPERTY DEVELOPMENT REIT recommends that the independent financial audit of the financial statements for 2025 be carried out by Katerina Krasimirova Shopova - a registered auditor with Diploma No. 0864 in the Institute of Auditors.

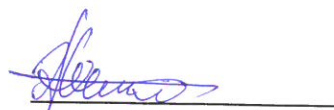
Members of the Audit Committee of  
" INTERCAPITAL PROPERTY DEVELOPMENT"  
REIT



Iva Chorapinova



Tsvetelina Hristova



Zhivka Stankova - Nikolova