

Corporate Governance Statement

From acceptance on The program for good corporate management on meeting on Council on directors , held on 26.03.2006, including in 202 3 , the Council on the directors of "INTERCAPITAL PROPERTY DEVELOPMENT" REIT has managed and organized its activity , observing and implementing international the recognized standards for good corporate management . "INTERCAPITAL PROPERTY DEVELOPMENT" REIT is considering the good corporate management as totality from rules , mechanisms and policies for leading and controlling on the company , aiming balancing on interests on the managers authorities , shareholders and third parties interested countries – trade partners , creditors on the company , potential investors .

By Decision No. 461-KKU of 30.06.2016, the Deputy Chairman of the FSC, managing Management " Supervision on investment activity " approved by the NCCU as code for corporate management by Art . 100n, para . 7, item 1 in in connection with para . 8, item 1 of the POSA. "INTERCAPITAL PROPERTY DEVELOPMENT" REIT will complies by expediency the principles on The National code for corporate management (established 2007 and approved from The National commission by corporate management , subsequent amended through February 2012 , April 2016 and July 2021) and will performs the activity are in accordance with the regulations his .

The overall organization on the activity on The company In 20 23 on daily base no gives opportunity for comprehensively enumeration on all actions representing execution on accepted from " INTERCAPITAL PROPERTY DEVELOPMENT" REIT program , as stated below are Indicated the mandatory props according to Art . 100n, para . 8 of the POSA:

1. Information whether the issuer complies by expediency :

a) The Corporate Governance Code, approved by the Deputy Chairman of the FSC

By Decision No. 461-KKU of 30.06.2016, the Deputy Chairman of the FSC, managing Management " Supervision on investment activity " approved by the NCCU as code for corporate management by Art . 100n, para . 7, item 1 in in connection with para . 8, item 1 of the POSA. The Company complies by expediency the principles on The National code for corporate management (established 2007 and approved from The National commission by corporate management , subsequent amended through February 2012 , April 2016 and July 2021) and carries out the activity are in accordance with the regulations his .

The actions on management and employees on The company are In the direction affirmation on the principles for good corporate management , promotion on trust on shareholders , investors and interested parties from management and operations on company and encouragement on the successful ones economic activities on Society and sustainable development .

b) another corporate governance code

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c) information on the corporate governance practices applied by the Issuer in addition to the code under letter "a" or letter "b"

None additional practices .

- 2. Explanation from country on the issuer which parts on the code for corporate management according to item 1, letter " a" or letter "b" no observes and what are the grounds for this , respectively when the issuer has decided yes no is refers on none from the rules on the code for corporate management - grounds for this**

The company complies by expediency the principles on The National code for corporate management (established 2007 and approved from The National commission by corporate management , subsequent amended through February 2012 , April 2016 and July 2021) , with the following exceptions :

Chapter One - CORPORATE GUIDELINES

- 1.4. The Board of Directors adopts and complies with a Code of Ethics.**

Reasons : The members of the Board of Directors are guided in their daily activities by generally accepted principles of integrity, management and professional competence. Therefore, and taking into account the nature, scale and complexity of the Company's activities, it is not necessary to adopt a Code of Ethics, which would formally indicate the principles observed by the management.

- 1.6. The Board of Directors encourages the implementation and monitors the compliance of subsidiaries with the adopted principles for sustainable development at group level, where applicable. It contributes to the establishment of a culture of sustainable development.**

Reasons : The point is not applicable to the Company, as as of 31.12.2021 it sold its entire shareholding (100% of the capital) which it owned in the subsidiary "MARINA CAPE MANAGEMENT" EOOD.

- 2.3. The management delegation agreements concluded with the members of the Board of Directors shall define their obligations and tasks, the criteria for the amount of their remuneration, their loyalty obligations to the company and the grounds for dismissal.**

Reasons : The practice is partially applied. The Management Agreements of the members of the Board of Directors in their part on grounds for dismissal are as simplified as possible in order to ensure their unambiguous interpretation in the event of a dispute, as the dismissal is made by decision of the General Meeting of Shareholders.

- 2.4 The performance of the members of the Board of Directors should be subject to annual evaluation.**

Reasons : INTERCAPITAL PROPERTY DEVELOPMENT REIT has not established a body to evaluate the activities of the Board of Directors. It is within the competence of the general meeting of shareholders to dismiss the members of the Board of Directors, who are annually accountable for their activities to the shareholders.

3.5. Improving the qualifications of the members of the Board of Directors should be their ongoing commitment.

Reasons : The practice is partially applied, as the improvement of the qualifications of the members of the Board of Directors is carried out in view of the specific needs of the Company.

3.6. It is recommended that the company's articles of association determine the number of companies in which members of the Board of Directors may hold management positions.

Reasons : This text is recommended. There are no restrictions on the number of companies in which members of the Board of Directors may hold management positions, taking into account the nature, scale and complexity of the Company's activities.

3.7. It is recommended that the number of consecutive terms of office of independent members be limited.

Reasons : This text is recommendatory and does not apply in view of the nature, scale and complexity of the Company's activities.

4. Remuneration

Reasons : The Company partially applies the practices under this point, insofar as, according to the Remuneration Policy adopted by the General Meeting of Shareholders, no variable remuneration is paid to the members of the Board of Directors.

5.2. The procedures for avoiding and disclosing conflicts of interest should be regulated in the company's articles of association.

Reasons : Art. 111 and Art. 124 of the Articles of Association specify the obligations of the Board of Directors, including those regarding the avoidance of conflicts of interest. In view of the nature, scale and complexity of the Company's activities, the legal mechanism for avoiding and disclosing conflicts of interest sufficiently guarantees the rights of current and potential shareholders and the company as such. The Company strictly complies with the directly applicable provisions of Art. 237 of the Commercial Code, Art. 114, 114a, 114b, 116b and 116d, para. 6 of the Public Offering of Securities Act, Art. 26 of the Private Equity Fund Act, as well as Art. 19 of REGULATION (EU) No. 596/2014.

6. Committee

Reasons : The Company partially applies the practices under this point, as long as, taking into account the nature, scale and complexity of the Company's activities, no need to establish additional committees has been identified. In accordance with the requirements of Art. 40g of the Financial Services Act in force until 02.12.2016, the members of the Board of Directors performed the functions of an audit committee, with the meetings being chaired by the Chairman of the Board of Directors (non-executive member). At the general meeting of shareholders held on 01.06.2017, the Company elected an Audit Committee under Art. 107 of the Independent Financial Audit Act and approved the Regulations (statute) of the Audit Committee in accordance with Art. 107, para. 7 of the Independent Financial Audit Act.

As of December 31, 2023, the members of the Company's Audit Committee are: Iva Chavdarova Chorapinova, Tsvetelina Chavdarova Hristova and Zhivka Dimitrova Stankova - Nikolova.

Chapter One – TWO-STAGE SYSTEM

Reasons : The practices in this section are inapplicable, as the Company has a single-tier management system.

Chapter Two - AUDIT AND INTERNAL CONTROL

19. It is desirable to apply a rotation principle in the proposals and selection of an external auditor.

Reasons : The company does not apply this practice. The proposal for the selection of an external auditor comes from the Audit Committee, and its selection is within the competence of the General Meeting of Shareholders. According to the current LFIA, the key auditor of an audit firm, as well as an auditor who works directly through an individual practice when auditing an entity carrying out activities of public interest, must withdraw after having performed audit engagements for 7 consecutive years from the date of appointment in the audited entity. They cannot participate in the audit of the same entity before the expiration of four years from their withdrawal from the audit engagement.

21. It is recommended to establish an internal control system that, among other things, identifies the risks associated with the company's activities and supports their effective management. It should also ensure the effective functioning of the reporting and disclosure systems.

Reasons : This practice is partially implemented. Ensuring the effective functioning of the reporting and disclosure systems is carried out by the Board of Directors and the Audit Committee.

Chapter Three – PROTECTION OF SHAREHOLDERS' RIGHTS

23.2. It is recommended that corporate management maintain a database with contacts of their shareholders owning 5% or more of the company's capital, allowing for sending direct messages to them or to a person designated by them.

Reasons : This text is recommended and is partially implemented by the Company. In view of the nature, scale and complexity of the Company's activities , the Company does not maintain a separate database with contacts of its shareholders holding 5% or more of the Company's capital. Initial information on the contacts of shareholders holding 5% and more than 5% is obtained through the notifications received for significant shareholding within the meaning of Art. 145 et seq. of the Public Offering of Securities Act. In addition, the appointed Investor Relations Director maintains constant contact with investors.

34. Where applicable, corporate boards shall adopt rules ensuring the annual disclosure of non-financial information in accordance with national law and applicable European law. In this regard, corporate boards shall include in their annual reports information on how and to what extent the company's activities can be qualified as environmentally sustainable, such as: what proportion of its turnover results from products and services that are related to economic activities that qualify as environmentally sustainable; what proportion of its capital expenditure, where applicable, and what proportion of its operating expenditure is related to assets or processes related to economic activities that qualify as environmentally sustainable. Where the corporate management prepares a separate report on non-financial reporting, this information must be included in the report.

Reasons : The requirements of this point are not applicable to the Company in view of its nature, scale and size. According to Art. 8 of Regulation (EU) 2020/852, the specified requirement applies only to companies that are required to publish non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU.

Chapter Four - DISCLOSURE OF INFORMATION.

Reasons : The Company partially applies the practices under this chapter. In view of the nature, scale and complexity of the Company's activities, the statutory mechanism for disclosure of information, provided for in the LPOS, Regulation No. 2 of the FSC and Regulation 596/2014, appears sufficient to guarantee the rights of investors. Next, in view of the nature, scale and complexity of its activities, the Company has not identified a need to disclose information of a non-financial nature beyond its statutory obligations.

The company strives to present the maximum amount of disclosed information on its website in English.

All shareholders of INTERCAPITAL PROPERTY DEVELOPMENT REIT have the right to receive information about the conduct of the company's affairs, as well as any other information, in accordance with the requirements of the law. The Company also maintains a website <http://icpd.bg/> in 2024, on which it publishes information about the Company's projects, investment policy, current news, legally defined information subject to publication, as well as other information that, at the discretion of INTERCAPITAL PROPERTY DEVELOPMENT REIT, may be of interest to investors and shareholders.

In addition, the Company complies with the requirements of the law for disclosure of information, which it publishes within the statutory deadlines in the Financial Supervision Commission through the E-register, the Bulgarian Stock Exchange AD through Extras and in the Central Depository AD, as well as in the electronic information system EBI. system on the "NewConnect" market, organized by the Warsaw Stock Exchange.

In order to achieve greater transparency while complying with its statutory obligations, the Company informs the public about significant events related to its activities by publishing information subject to disclosure through the X 3 News internet portal, available at: <http://www.x3news.com/>.

Chapter Five - INTERESTED PERSONS. SUSTAINABLE DEVELOPMENT

39. Corporate managements should be committed to establishing specific actions and policies regarding the company's sustainable development, including the disclosure of information related to climate and social aspects of their activities.

Reasons : The Company partially applies this point as it has not yet created a separate policy regarding the sustainable development of the company. The Company's management supports the idea of responsible and environmentally sustainable business, which not only benefits business and society, but also contributes to social, economic and environmental development and improvement of the quality of life in general. The Company's management strives for sustainable development of the organization, resources, people and society in general. The Company ensures publicity and transparency of management, protects the rights of all

shareholders and treats them equally. The basic principles are reasonable and effective management of the company's assets and control of risk and their impact on the environment.

We are convinced that by following responsible and ethical business practices in relation to real estate investments, maintaining safe and healthy working conditions, and protecting the environment, we are building a stable company for the benefit of employees, shareholders and society as a whole.

The Company complies with all applicable environmental regulations and management monitors the Company's impact on the environment. The Company's employees are encouraged to submit suggestions and ideas for reducing the Company's impact on the environment.

40. Corporate management ensures effective interaction with stakeholders. In addition, corporate management provides guidance, approves and controls the policy for engaging stakeholders. The group of stakeholders includes certain groups of persons on whom the company directly affects and who, in turn, can influence its activities, including suppliers, customers, employees, creditors, public pressure groups and others. The company identifies who are the stakeholders with a relationship to its activities based on their degree and spheres of influence, role and attitude to its sustainable development.

Reasons : The Company partially implements this practice. The Company has not adopted a policy, as the practices established in the Companies ensure effective interaction with stakeholders.

The company's management maintains effective relations with all stakeholders, adhering to the principles of transparency and business ethics. The company takes into account the interests of both shareholders and suppliers, customers/contractors, employees, creditors and others and identifies them based on their degree, spheres of influence and attitude to its development. The main criterion in the selection of management personnel is competence, education and experience in various spheres of economic and social life, and not age, gender, social status or religion. Personal initiative is stimulated, individuality is developed and efforts are made to increase the motivation of personnel.

43. It is recommended that, in accordance with this policy, corporate management also develop specific rules for taking into account the interests of interested parties. The rules should ensure the participation of interested parties and their involvement in resolving specific issues requiring their position. These rules should guarantee the balance between the development of the company and the economic, social and environmentally friendly development of the environment in which it operates.

Reasons: The Company has not developed such rules. The practices established in the Company ensure a reliable balance between the development of the company and the economic, social and environmentally friendly development of the environment in which it operates.

44. It is recommended that the company periodically, in accordance with legal norms and good international practice for disclosing information of a non-financial nature, inform about economic, social and environmental issues concerning stakeholders, such as: combating corruption; working with employees, suppliers and customers; the company's social responsibility; environmental protection and violation of human rights.

Reasons : This text is recommended and, given the nature, scale and complexity of its activities, the Company has not identified a need to disclose non-financial information beyond its statutory obligations.

3. Description on the main ones characteristics on the systems for internal control and management on the risk on the issuer in connection with the process on financially reporting

Financial reports on The company are prepared at compliance on the Bulgarian legislation and applicable International accounting standards . The reports are certified from independent auditor who confirms compliance them with the Bulgarian legislation and applicable accounting standards .

In view of requirements on Art . 36, para . 6 of The law for accounting , in auditing report mandatory is expresses opinion :

- ✓ corresponds do you the report for the activity on financial reports for the same reported period ;
- ✓ prepared is the report for the activity in accordance with the applicable legal requirements and declare whether as a result on the acquired knowledge and understanding on the activity on the enterprise and the environment in which it works , are established cases on essential false presentation in the report for the activity and indicate character on the false presentation ;
- ✓ in the declaration for corporate management presented is the required from the relevant normative acts information .

" Intercapital" Properties Development " REIT has adopted and implemented rules and procedures governing the effective functioning on the systems for accountability and disclosure on information from the company . In the rules in detail are described the different ones types information created and disclosed from the company , the processes on intra-company document management , the various level on access to the types information on those responsible persons and deadlines for processing and management on information streams . The created system for management on the risks provides the effective implementation on internal control at creation and management on all company documents including financial reports and the other regulated information that The company is obliged yes discloses in accordance with the legal ones regulations .

4. Information by Article 10, paragraph 1, letters " c" , "d", "e", "h" and "i" of Directive 2004/25/EC of The European parliament and Council of 21 April 2004 concerning the proposals for ingestion

4.1. Information by Article 10, paragraph 1, letter " c" of Directive 2004/25/EC of The European parliament and Council of 21 April 2004 concerning the proposals for absorption – significant direct or indirect shareholders participations (including indirect

shareholders participations through pyramidal structures and cross shareholders participations) by the meaning on Article 85 of Directive 2001/34/EC

As of December 31, 2022, the votes with over 5% in the General assembly, are distributed between the following shareholders :

Shareholder	Number of shares held	% of capital	Mode of ownership (direct/indirect)
UNIVERSAL PENSION FUND-FUTURE	1,900,000	6.84%	directly
EXCHANGE TRADED FUND EF PRINCIPAL ETF	2,684,483	9.67%	directly
DF "EF RAPID"	1,815,000	6.54%	directly
EXCHANGE TRADED FUND ASSET BALANCED ETF	1,400,000	5.04%	directly
MKP Ltd.	3 3 42 262	12.04%	directly
EUROINS ROMANIA ASIGURARE-REASIGURARE S.	1 731 110	6, 23 %	directly
DF ASSETS HIGH YIELD FUND	1,848,818	6.66%	directly

4.2. Information by Article 10, paragraph 1, letter " d" of Directive 2004/25/EC of The European parliament and Council of 21 April 2004 concerning the proposals for takeover – the owners on all valuable papers with special rights on control and description on these rights

The company no shareholders with special rights on control .

4.3. Information by Article 10 (1) (e) of Directive 2004/25/EC of The European parliament and Council of 21 April 2004 concerning the proposals for Ingestion - all restrictions on rights on voice , like for example restrictions on rights on voice on the owners on certain percentage or number voices , extreme deadlines for exercise on voice or systems , through which through cooperation with the company financial rights granted on the valuables papers , are separated from possession on the valuables papers

No exist restrictions on rights on voice . The extremes deadlines for exercise on the law on voice are according to the provisions on The law for public offering on valuable papers .

4.4. Information by article 10, paragraph 1, letter " 3" of Directive 2004/25/EC of The European parliament and Council of 21 April 2004 concerning the proposals for absorption – the rules by which is regulates the appointment or the shift on the members on advice and input on amendment to the articles of association contract

According to The Statute on the company The Council on the directors is chooses with ordinary majority from The general assembly on the shareholders . The members on Council can yes be re-elected without restrictions . After leakage on the mandate them , the members on Council on the directors continue yes perform their own functions to the election from The general assembly on new advice .

The Statute is changes from The general assembly with a 3/4 majority of the presented on the general assembly shares with rights on voice , like is also requires advance approval on the changes from The Commission for financial supervision .

The rules are in detail described in the Statute on the company , which is published by electronic case on The company in the Trade register - <http://www.brra.bg>, giving opportunity on all third faces yes is get to know him .

4.5. Information by Article 10, paragraph 1, letter " i" of Directive 2004/25/EC of The European parliament and Council of 21 April 2004 concerning the proposals for absorption – powers on the council , and in particular the law yes is emit or buy out shares

The powers on Council on the directors are referred to in Art . 110 et seq . of The Statute on The company . Back redemption on shares to moment not provided for in the Statute on The company and regulates from the special ones regulations on Art . 111, para . 5 of the Public Offering of Securities Act and Art . 22, para . 4 of the Special Investment Funds Act.

According to Art . 33 of The Statute , the Council on the directors are authorized from shareholders by his/her own judgment and as determine all parameters on the relevant emission yes increases capital on The company to reaching on maximum size of 50,000,000 (fifty million) leva , through issuance on new shares , in this number and privileged shares .

According to Art . 33a of The Statute , the Council on the directors are authorized from shareholders by his/her own judgment and as determine all parameters on the relevant emission yes issues emissions warrants and/ or convertible bonds , on basis on which the

capital on The company can yes reach maximum size of 50,000,000 (fifty million) leva . At issuance on convertible bonds The Council on the directors are authorized yes determine the parameters on conversion on bonds into shares even after deadline by the previous one sentence if the issue was issued in this deadline .

According to Art . 56 of The Statute , the Council on the directors are authorized from shareholders yes issues corporate bonds on general value up to 50,000,000 (fifty) million) leva at compliance on the restriction on Art . 54 from The Statute . The Council on the directors have discretion at the determination on type on bonds , collateral on the bonds loans , the amount on interest rates payments and the method of repayment of the principal, taking into account the needs of the company and the market conditions for attracting external financing.

4.6. Composition and functioning on administrative , managerial and supervisory bodies and their committees

Members of the Board of Directors of INTERCAPITAL PROPERTY DEVELOPMENT REIT are Velichko Klingov - Executive Director, Tsvetelina Hristova - Chairperson of the Board of Directors, and Petya Yordanova - Independent Member of the Board of Directors.

The financial report for 2024 and the attached Annual Report on the Company's activities for 2024 contain detailed information about the shares of the Company's capital held by the members of the Board of Directors, remuneration and/or compensation received, as well as about the participation of each of the members in the control and/or management bodies of other commercial companies and the shares of the capital of other companies held by them.

The Board of Directors elects and dismisses the executive director(s) and the chairman and deputy chairman of the board of directors; adopts Rules for its activities and approves Rules for the internal organization of the Company; concludes, terminates and cancels contracts pursuant to Art . 100n, para . 12 of the LPOS.

31.03.2025

Signature:

Velichko Klingov - Executive Director

