

## **INTERCAPITAL PROPERTY DEVELOPMENT ADSIC**

### **Information on the current state of application of the corporate governance principles set out in the document Good Practices of Companies Listed on NewConnect**

**The Company adopts a business model and business strategy that should take into account the expectations of shareholders and meet the needs of stakeholders, including, to the extent appropriate to the type and scale of its business, consideration of ESG issues.**

**The Company has a transparent and reliable information policy and ensures systematic, proper communication with investors and analysts.**

**The management board is of decisive importance for the proper functioning of the company, its long-term development, the achievement of strategic goals and satisfactory results. With a view to ensuring the highest standards of governance and oversight of the company, those deciding on the election of the members of the management board shall strive to ensure the comprehensiveness and diversity of these bodies, including in terms of education, expertise, professional experience and gender, so that management and supervisory board members are appointed with the qualifications, competence and experience necessary for these bodies to properly discharge their duties and responsibilities. According to the local Law, the members of the Board of Directors shall have good reputation, knowledge and skills, qualifications and professional experience. Further, the Company is a real estate investment trust (REIT) and supervised entity of the Bulgarian Financial Supervision Commission, which ensures compliance with applicable legal requirements.**

**While maintaining independence of opinion and judgement, management board members should act in the interests of the company.**

**Effective internal control, risk management, compliance monitoring and internal audit solutions that are appropriate to the size of the company and the nature and scale of its operations are indispensable tools for the actual supervision of the company.**

<b>Content of the rule</b>	<b>Application of the YES/NO principle</b>	<b>Company comment</b>
(1) In addition to fulfilling the disclosure obligations set out in applicable law and the regulations of the alternative trading system, the company shall post on its website, in a legible form and in a separate location, and update it promptly:		
1.1. basic information about the company, a description of its activities, as well as information on its subsidiaries and the scope of their activities;	YES	taking into account the specific characteristics of the home market
1.2. a brief description of the business model and business strategy adopted, including the ESG areas included in the strategy;	NO	taking into account the specific characteristics of the home market
1.3. the date of the introduction of the company's shares into the alternative trading system on the NewConnect market (debut date) and any previous names of the company, if the company's business name has changed since the debut date;	NO	taking into account the specific characteristics of the home market
1.4. the composition of the company's management and supervisory boards and the professional CVs of the persons who make up these bodies;	NO	taking into account the specific characteristics of the home market
1.5. information on whether each member of the supervisory board meets the independence criteria referred to in point 3, including information on actual and significant links with a shareholder who holds shares representing not less than 5% of the total number of votes at the company's general meeting;	NO	taking into account the specific characteristics of the home market
1.6 corporate documents of the company;	YES	taking into account the specific characteristics of the home market
1.7. information materials made available to stakeholders about the company, the strategy adopted and its implementation;	YES	taking into account the specific characteristics of the home market
1.8. selected financial data and published forecasts;	YES	taking into account the specific characteristics of the home market
1.9. the current shareholding structure, indicating the shareholders holding at least 5% of the total voting rights in the company;	YES	taking into account the specific characteristics of the home market
1.10. company information documents, prospectuses with supplements and other documents constituting the basis for a public offer of shares or the introduction of shares into an alternative trading system;	YES	taking into account the specific characteristics of the home market

1.11. current and periodic reports published by the company in the last 5 years;	YES	taking into account the specific characteristics of the home market
1.12. a calendar of the publication of financial reports, publicly available meetings with investors, analysts and the media and other events relevant to investors;	NO	taking into account the specific characteristics of the home market
1.13. a section of questions put to the company by both shareholders and non-shareholders, together with the answers provided by the company;	NO	taking into account the specific characteristics of the home market
1.14. information on the entity with which the company has signed an agreement for the provision of Authorised Adviser services;	YES	taking into account the specific characteristics of the home market
1.15. the statement published in the last annual report on the company's application of the corporate governance principles contained in this document;	YES	taking into account the specific characteristics of the home market
1.16. contact details of the persons responsible within the company for communications with investors, indicating a dedicated e-mail address or telephone number.	YES	taking into account the specific characteristics of the home market
(2) The scope of the professional activities of the members of the management or supervisory board should ensure that the company is managed efficiently and effectively and that there is effective oversight of the strategic objectives and performance.	YES	
(3) At least two members of the supervisory board should meet the independence criteria set out in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, as well as demonstrate that they have no real and significant links with a shareholder holding at least 5% of the total number of votes in the company.	NO	The Company has a one-tier management system under Bulgarian law. Its bodies are the Board of Directors and the General Meeting of Shareholders. No Supervisory Board has been appointed. The Company has appointed an auditor to review and certify its annual financial statements as required by Bulgarian law. In addition, the Company has appointed an Audit Committee, which monitor the financial reporting process and make recommendations and suggestions to ensure its effectiveness. The Audit Committee monitor the effectiveness of the internal control system, the risk management system and the internal audit activity in relation to financial reporting.

<p>(4) A member of the board of directors or of the supervisory board shall avoid engaging in professional or non-professional activities which may give rise to a conflict of interest or adversely affect his or her reputation as a member of the company body. A board member or supervisory board member shall immediately inform the other members of the relevant corporate body of any conflict of interest that has arisen or may arise, and shall not participate in the discussion and voting on any resolution on a matter in which a conflict of interest may arise in relation to him or her.</p>	<p>YES</p>	
<p>(5) The company shall provide arrangements for internal control, risk management, including that relating to the preparation of financial statements, and supervision of legal compliance, as well as an internal audit function. The arrangements adopted by the company in this regard should be adapted to the size of the company and the type and scale of its business, as well as to the level of risk associated with its operations.</p>	<p>YES</p>	<p>The Company has provided arrangements for internal control, risk management, including that relating to the preparation of financial statements, and supervision of legal compliance, as well as an internal audit function, as stated in item (3).</p>
<p>(6) The board of supervisory directors shall, within the scope of its powers, monitor the preparation of the financial statements. To this end, the supervisory board shall, as a minimum, familiarise itself with the timetable of work necessary for the preparation of the financial statements in accordance with the applicable regulations and discuss this timetable with the company's management and maintain communication with the auditor selected to audit the financial statements.</p>	<p>NO</p>	<p>The Company has a one-tier management system under Bulgarian law. Its bodies are the Board of Directors and the General Meeting of Shareholders. No Supervisory Board has been appointed.</p>
<p>7 The supervisory board shall review the agenda for the general meeting and give its opinion on the materials to be presented by the company to the general meeting.</p>	<p>NO</p>	<p>The Company has a one-tier management system under Bulgarian law. Its bodies are the Board of Directors and the General Meeting of Shareholders. No Supervisory Board has been appointed.</p>
<p>(8) The board of directors of a company shall, when convening a general meeting, choose the date, venue and form of the general meeting so as to enable the greatest number of shareholders to attend.</p>	<p>YES</p>	

<p>(9) In the event that the management board is informed that a general meeting has been convened pursuant to Article 399 § 2 - 4 of the Code of Commercial Partnerships and Companies, the management board shall immediately perform the actions it is required to perform in connection with the organisation and holding of the general meeting. This rule also applies when a general meeting is convened on the basis of an authorisation issued by the registration court pursuant to Article 400 § 3 of the Code of Commercial Companies.</p>	<p>YES</p>	<p>taking into account the requirements of Bulgarian law</p>
<p>(10) The members of the management board and the supervisory board shall attend the general meeting, either at the meeting place or by means of two-way electronic communication in real time, and shall be composed in such a way as to be able to provide substantive answers to the questions asked during the general meeting.</p>	<p>YES</p>	<p>taking into account the requirements of Bulgarian law</p>
<p>(11) No shareholder should be privileged over other shareholders with regard to transactions by the company with shareholders or their related parties.</p>	<p>YES</p>	
<p>(12) Before the company enters into a significant agreement with a shareholder holding at least 5% of the total number of votes in the company or an entity related to the shareholder, the management board shall request the supervisory board's consent to such transaction. Before giving its consent, the supervisory board shall assess the impact of such a transaction on the interests of the company, taking care that the interests of different shareholder groups do not prevail over the interests of the company. Transactions that are typical and concluded at arm's length in the course of the company's operations with entities within the company's consolidated group shall not be subject to the above obligation. Where a decision on the conclusion by the company of a significant agreement with a related party is taken by the general meeting, the company shall, prior to such decision, ensure that all shareholders have access to the information necessary to assess the impact of the transaction on the company's interest.</p>	<p>NO</p>	<p>taking into account the requirements of the Bulgarian legislation and its requirements for significant transactions with related and interested parties and the fact that the company has not appointed a supervisory board</p>

<p>(13) Where an investor requests information on the company, the company shall respond no later than within 14 days.</p>	<p>YES</p>	
<p>14 If an issuer fails to comply with the disclosure requirements set out in Exhibit 3 to the Alternative Trading System Rules, the issuer shall immediately publish, in the manner appropriate for the presentation of current reports on the NewConnect market, information explaining the situation.</p>	<p>YES</p>	