

INFORMATION FOR APPLICATION OF THE ADOPTED PROGRAM FOR IMPLEMENTATION OF THE INTERNATIONALLY RECOGNIZED STANDARDS FOR GOOD CORPORATE GOVERNANCE OF “INTERCAPITAL PROPERTY DEVELOPMENT” ADSIC

(enclosure to the Annual report on the company's activity for 2012)

“Intercapital Property Development” ADSIC considers the good corporate governance as a set of rules, mechanisms and policy for managing and controlling the company, aiming to balance the interests of the management bodies, the shareholders and other interested parties – trade partners, creditors of the company, potential investors.

The main goals of the program for good corporate governance of “Intercapital Property Development” ADSIC are:

- Equal treatment of all shareholders of the company and guarantee of their rights;
- Improvement of the level of information security of the shareholders;
- Increasing the transparency and the publicity of the processes related to disclosing information by the Company;
- Providing an opportunity for effective control over the activity of the management body from government regulators and from shareholders;
- Ensuring accountability of the management bodies to the company and its shareholders.

Since the adoption of the program for good corporate governance, including in 2012 the company has managed and organized its activity so as to observe and to apply the internationally recognized standards for good corporate governance.

The observation of the standards for good corporate governance represents an overall organizing of the activity of “Intercapital Property Development” ADSIC for achieving the above pointed goals.

The overall organization of the Company's activity in 2012 on a daily basis does not allow for an exhaustive enumeration of all the actions which represent implementation of the adopted program by “Intercapital Property Development” ADSIC. In the text below the highlights from the application of the standards for good corporate governance are pointed out:

1. Secure methods of ownerships registration

Since the establishment of the Company up to date, including the year 2012, the shareholders' list has been maintained by “Central Depository” AD in the manner specified in its rules and regulations. The rights on the shares are certified by a registration document (depository receipt) issued on behalf of the owner by “Central Depository” AD through an investment intermediary which is a secure method for protection of the ownership on the security.

2. Delivery or transfer of shares

Since the admission of the shares to trading on a regulated market up to present, including the year 2012 the shares of "Intercapital Property Development" ADSIC have been traded on the "BSE – Sofia" AD. In August 2010, "Intercapital Property Development" ADSIC became the first Bulgarian company which shares are traded on a capital market outside Bulgaria as well as the first Bulgarian company which shares have been admitted for trading on a market organized by the Warsaw Stock Exchange. 11.08.2010 was the first trading date for the Company's shares on the alternative trading system for new companies "NewConnect", organized by the Warsaw Exchange.

The shares of "Intercapital Property Development" ADSIC are freely transferable, according to the will of their owners, in compliance with the specific requirements of the current legislation for disposition of dematerialized shares.

3. Regular and timely receipt of information related to the company

All shareholders of "Intercapital Property Development" ADSIC have the right to receive information for the company's deeds, as well as other information in compliance with the law.

In 2012 the company has continued to maintain its web site www.icpd.bg where it publishes information about its projects, topical issues, information about the current and historical price per share and other information which according to "Intercapital Property Development" ADSIC could be of interest to the investors.

In addition, the company observes the legal requirements for disclosure of information which it publishes within the statutory deadlines in the Financial Supervision Commission through "E-register", the "Bulgarian Stock Exchange – Sofia" AD through "X3", to the public by the electronic service provided by the "Bulgarian Stock Exchange – Sofia" AD - "X3news" and in "Central Depository" AD.

In order to ensure effective interaction with all interested parties, investors and/or shareholders "Intercapital Property Development" ADSIC has appointed an investor relations director - Mr. Milen Bojilov who has been taking that position in the year 2012 too. The director implements effective relation between the Company's Board of Directors and the shareholders and the persons who are interested in investing in securities of the company by providing them information about the current financial and economic condition of the company, as well as any other information which they have the right to receive in their capacity of shareholders or investors.

4. Participation and voting in the General meeting of the shareholders, election of members of the Board of Directors, participation in the Company's profit distribution

The rules for good corporate governance shall give the opportunity to the shareholders to participate effectively and to vote at the General meeting of the

shareholders as well as to receive information about the procedure for conducting a General meeting of the shareholders including information for the procedure of exercising the voting rights.

On its web site "Intercapital Property Development" ADSIC publishes the minutes from the General meetings of the shareholders held, the annual financial reports and the Company's prospectus.

The written materials related to the agenda of the General meeting are available to the shareholders at the seat of "Intercapital Property Development" ADSIC since the date of the announcement of the invitation for convocation of the General meeting in the Commercial Register. The written materials can also be found on the Company's web site www.icpd.bg. On request they are presented to each shareholder free of payment.

The By-laws of the Company has been amended at the General meeting held in 2009 in compliance with the law requirements regarding the form of the power of attorney for participation at the General meeting as well as the possibility to vote by correspondence and authorization by electronic means. The voting rules are available to the shareholders on the web site of the company - www.icpd.bg.

The good corporate practices applied by the Company result in high attendance at the General meetings held up to present. In addition, the fragmented shareholders' structure and the lack of a majority shareholder also contributes to that, as at the General meeting held on 29.06.2012 57.74% of the issued shares with voting right were presented.

5. Types of shares and rights on them

The rules for good corporate governance shall ensure equal treatment of all shareholders including minority and foreign shareholders. "Intercapital Property Development" ADSIC has not taken actions that lead to limiting the rights of individual shareholders.

Up to present "Intercapital Property Development" ADSIC has issued only ordinary book-entry shares. The rights on this type of shares are described in details in the By-laws of the company which is published in the Commercial Register – www.brra.bg and on the Company's web site – www.icpd.bg. The publication of the current Company's By-laws gives the opportunity to the shareholders to get acquainted with their rights, facilitates and supports their exercise.

6. Capital structure and disclosure of information about persons exercising control over the company

On its web site, the Company publishes an annual report on the Company's activity for each year which contains information about the shareholders who own more than 5% of the shares with voting rights at General meeting.

7. Periodic reports to the Financial Supervision Commission, the Bulgarian Stock Exchange – Sofia AD and Central Depository AD.

"Intercapital Property Development" ADSIC has been publishing within the statutory deadlines, including in 2012, relevant information and financial reports to the Financial Supervision Commission, the Bulgarian Stock Exchange – Sofia AD and Central Depository AD.

- quarterly and annual reports of the company
- notifications of circumstances which are subject to registration;
- notifications of circumstances that could affect the Company's shares price
- convocation of General meetings of the shareholders and other circumstances requiring notification of the above mentioned institutions.

The financial information and the more important news related to the Company's activity are published on its website – www.icpd.bg.

8. Information about the Board of Directors

The members of the Board of Directors are Temenuga Ivanova – chairman of the Board of Directors and independent member, Velichko Klingov – Managing director and Tsvetelina Hristova – independent member of the Board of Directors.

In the financial statement of the Company for 2012 published on the Company's website and the enclosed annual management report on the Company's activity for 2012 there is detailed information about the shares from the company's capital owned by the members of the Board of Directors, about the salaries and the compensations received by the members.

The By-laws of "Intercapital Property Development" ADSIC which as it was pointed above is also published on the web site of the Company contains information about the way of formation of the salaries of the members of the Board of Directors and the Managing Director.

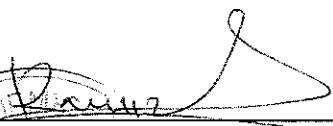
In order to comply with the good corporate practice, the chairman of the Board of Directors of "Intercapital Property Development" ADSIC – Mrs Temenuga Ivanova is an independent member according to the Law on the public offering of securities.

9. Audit committee

In 2009, the By-laws of the Company was completed so that it empowers the General meeting of the shareholders to elect and dismiss the chairman and the members of the Audit Committee of the Company.

At the General meeting of the shareholders held on 29.06.2012 an Audit Committee was elected and in compliance with the law requirements it was voted that the Audit Committee's functions shall be performed by the Board of Directors.

Tsvetelina Hristova, who possesses the necessary qualifications and experience, was elected as a chairman of the Company's Audit Committee.



/Velichko Klingov –
Managing Director/
