

REPORT**PURSUANT TO ART. 12, PARA 1 OF ORDINANCE № 48 FROM 20 MARCH 2013
REGARDING THE REQUIREMENTS FOR REMUNERATIONS, ORDINANCE ISSUED BY
THE FINANCIAL SUPERVISION COMMISSION PUBLISHED IN ST. G. No. 32 FROM 2
APRIL 2013 („ORDINANCE № 48”)****TO THE ANNUAL FINANCIAL STATEMENT ON THE COMPANY’S ACTIVITY OF
INTERCAPITAL PROPERTY DEVELOPMENT ADSIC****I. Program for the implementation of the remuneration policy for the next financial year or for a longer period**

In remuneration policy prepared by the Board of Directors of INTERCAPITAL PROPERTY DEVELOPMENT ADSIC and approved by the Annual General Meeting of Shareholders held on 05.07.2013, the underlying are several basic principles that fully comply with the legal regulation:

- The remuneration of the members of the Board of Directors, including the Executive Director shall be determined by the General Meeting of Shareholders of the Company as defined under the policy objective criteria for determining the remuneration.
- The members of the Board of Directors are paid only constant reward. By decision of the General Meeting of Shareholders and taking into account the financial position of the Company, it is possible to determine the payment of the variable remuneration of the Board of Directors, in which case the remuneration policy should be updated in the terms and conditions under the Law of Public Offering of Securities and Ordinance № 48.

The Board of Directors of INTERCAPITAL PROPERTY DEVELOPMENT ADSIC intends to comply strictly with the remuneration policy, which was approved by the General Meeting of Shareholders of the company, in the next financial year and in the longer term.

II. Information pursuant to Art. 13 of Ordinance № 48

Information on the process of decision-making in determining the remuneration policy, including if applicable, information on the mandate and composition of the remuneration committee, the names of external consultants whose services have been used in determining the remuneration policy

1. Information on the process of decision-making in determining the remuneration policy, including if applicable, information on the mandate and composition of the remuneration committee, the names of external consultants whose services have been used in determining the remuneration policy:

The process of decision-making in determining the remuneration policy is clearly defined in the Law of Public Offering of Securities and Ordinance № 48. Under the Law of Public Offering of Securities and Ordinance, the remuneration of the Board of Directors of INTERCAPITAL PROPERTY DEVELOPMENT ADSIC shall be determined by the General Meeting of Shareholders, and the development is not used outside consultants. The Company has no special remuneration committee.

2. Information on the relative weight of variable and fixed remuneration of the members of the governing body:

Members of the Board of Directors of INTERCAPITAL PROPERTY DEVELOPMENT ADSIC only receive fixed remuneration.

- 3. Information on performance criteria, on which the options were granted on shares of company shares or other variable compensation and an explanation of how the criteria of art. 14, para. 2 and 3 of Ordinance № 48 contribute to the long-term interests of the company:**

Stock options, shares of the company or other variable remuneration are not granted.

- 4. Explanation of the methods applied to assess whether the performance criteria:**

Not applicable.

- 5. Clarification of the relationship between salary and performance:**

No relation.

- 6. The main justification for the payments and the annual payout of bonuses and / or any other additional remuneration in kind:**

Not applicable.

- 7. Description of the main characteristics of the supplementary voluntary pension insurance and information on paid and / or contributions payable by the company in favor of the Director for the financial year, if applicable:**

Not applicable.

- 8. Information for periods of delay in the payment of variable remuneration:**

Not applicable.

- 9. Severance contracts policy:**

Policy benefits upon termination of employment is in full compliance with the Bulgarian legislation, the contracts with the members of the Board of Directors do not contain specific provisions in this regard, including and variable remuneration.

- 10. Information for the period in which the shares can not be transferred and stock options can be exercised at variable remuneration based on shares:**

Not provided for variable compensation, respectively no stock options or remuneration in shares.

- 11. Information policy to preserve a number of shares by the end of the mandate of the members of the management and supervisory bodies after the period referred to in Item 10:**

Not applicable.

- 12. Information on the contracts of the members of the management and supervisory bodies, including the term of any contract, the notice period for termination and details on compensation and / or other payments due in the event of early termination:**

Contracts with the members of the governing body are permanent. Due notices, respectively benefits do not differ from the usual commercial practice identified in the Bulgarian legislation.

13. Full remuneration and other incentives to members of management and supervisory bodies for the financial year:

The full amount of the gross remuneration of the members of the Board of Directors in 2013 amounted to BGN 109 792.

No other incentives that are provided to members of the Board of Directors

14. Information about the remuneration of any person who was a member of the management or supervisory body of a public company for a certain period during the financial year:**a) The full amount paid and / or accrued gross salary of the person for the financial year:**

Velichko Stoychev Klingov who is a member of the Board and CEO of the company, was paid a remuneration of BGN 44 640.

Tsvetelina Chavdarova Hristova, in its capacity as a member of the Board of Directors of the Company has paid remuneration of BGN 36 039.

On Temenuga Ivanova, who was a member of the Board of Directors of the Company during the period from 01.01.2013 until October 2013, was paid a remuneration of BGN 29 113.

b) Remuneration and other tangible and intangible incentives received by persons from companies in the same group:

Not applicable.

c) Remuneration derived by a person in the form of profit-sharing and / or bonuses and the reasons for their provision:

Such remuneration was not paid.

d) Any additional payments for services provided by persons outside their usual functions, where such payments are permissible under contracts concluded with them:

Such remuneration was not paid.

e) Paid and / or accrued compensation in connection with the cessation of the people during the last financial year:

In October 2013 was terminated the contract for management and control concluded between the Company and the member of the Board of Directors - Mrs. Temenuga Ivanova from 10.07.2012, due to the death of the person. Given the reason for the termination of the management and control are not billed and / or paid compensation in the occasion of the Mrs. Temenuga Ivanova related to the management of the company.

f) General assessment of all monetary benefits treated as wages than those specified in items "a" through "e":

There were no non-monetary benefits paid, treated as wages.

g) Information on all loans, payment of welfare spending and guarantees by the Company or its subsidiaries or other companies that are subject to

consolidation in its annual financial report, including data on the remaining outstanding and interest:

Not applicable.

15. Information in respect of shares and / or stock options and / or other incentive schemes based on shares:

There are no shares, share options or other incentive schemes

a) Number of stock options or shares granted by the Company during the financial year and the conditions under which the proposed respectively provided:

There are options and are not available shares.

b) Number of share options exercised during the financial year and for each of them, number of shares and the exercise price of the option or the interest rate under the share-based incentive at the end of the financial year:

There are no stock options exercised.

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

No stock options, respectively, no unexercised options.

d) Any changes in the terms and conditions of existing stock options adopted during the financial year:

There are no stock options.

Velichko Klingov,

CEO