Individual Interim Financial Report

INTERCAPITAL PROPERTY DEVELOPMENT ADSIC

30 June 2020

Individual Report for the financial condition

	Notes	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Assets			
Non-current assets			
Property, plant and equipment	6	14 713	14 740
Investment property	7	23 639	23 695
Investments in subsidiaries	9	5	5
Other Receivable	14	-	-
Non-current asets		**38 357**	**38 440**
Current assets			
Unfinished construction	11	293	293
Trades Receivables	12	3 174	3 083
Advances Provided	13	38	38
Receivables from related parties	33	1 332	1 797
Other receivables	14	68	71
Cash and cash equivalents	15	257	13
Current assets		**5 162**	**5 295**
Prepaids		**88**	**88**
Total assets		**43 607**	**43 823**

Accountant:
/Optima Audit AD/

Executive Director:
/Velichko Klingov/

Date: 29.08.2020

Individual report for the financial condition (continued)

Equity and Liabilities	Notes	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Equity			
Main/Share capital	16.1	6 011	6 011
Issue premiums		7 651	7 651
Revaluation reserve	16.2	7 381	7 381
General reserves		1	1
Retained earnings		9 728	9 728
Uncovered loss		(29 830)	(29764)
Current earnings (loss)		(257)	(66)
Total own capital		**685**	**942**
Liabilities			
Non-current liabilities			
Liabilities to financial institutions	15	11 735	11 735
Bond issued liabilities	17	-	-
Financial leasing	10	1 465	1 335
Total non-current liabilities		13 200	13 070
Current liabilities			
Liabilities to financial institutions	17	-	-
Bond issued liabilities	17	-	-
Financial leasing	10	-	-
Commercial Liabilities	18	387	414
Amounts received in advance from customers	19	1 955	1 951
Short-term liabilities to related parties	33	13	13
Tax payables	20	-	58
Social security payables and salaries payables	21	190	167
Other liabilities	22	27 177	27 208
Total current liabilities		**29 722**	**29 811**
Total liabilities		**42 922**	**42 881**
Total Equity and Liabilities		**43 607**	**43 823**

Date: 29.08.2020

Accountant: ____________________ **Executive Director:** ____________________
/Optima Audit AD/ **/Velichko Klingov/**

Individual report for the profit or loss and other comprehensive income

	Notes	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Revenue from sales	23.1	64	31
Other revenue	23.2		87
Expenses for materials	24		(13)
Expenses for external services	25	(15)	(195)
Expenses for salaries	26	(23)	(22)
Expenses for depreciation	6	(27)	(27)
Other expenses	27	(73)	(370)
Book value of assets sold	28	-	-
Operating profit/(loss)		**(74)**	**(509)**
Financial income / expenses	29	(181)	(1040)
Changes in the fair value of the investment property	30	**-**	**-**
Profit/ (loss)		**(257)**	**(1560)**
Income per share	32	**(0.04)**	**(0.259)**
Other comprehensive income			-
Profit from revaluation of properties		**(257)**	**(1 560)**
Total annual comprehensive income	23.1	64	31

Accountant: ____________________ **Executive Director:** ____________________

/Optima Audit AD/ **/Velichko Klingov/**

Date: 29.08.2020

Individual Report for the Changes in Equity

All amounts are in '000 BGN	Share Capital	Premium Reserves	Other Reserves	Undistributed Earnings	Accumm ulated loss	Total Equity
Balance as of 1st January 2019	**6 011**	**7 651**	**7 382**	**9 728**	**(29 764)**	**1 008**
Profit/ Loss	-	-	-	-	(66)	(66)
Other comprehensive income	-	-	-	-	-	-
Revaluation of long-term assets	-	-	-	-	-	-
Increases	**-**	**-**	**-**	**-**	**(66)**	**(942)**
Total comprehensive income						
Balance as of 31st December 2019	**6 011**	**7 651**	**7 382**	**9 728**	**(29 830)**	**(942)**
Profit/ Loss	-	-	-	-	(257)	(257)
Other comprehensive income	-	-	-	-	-	-
Revaluation of long-term assets	-	-	-	-	-	-
Total other comprehensive income	**-**	**-**	**-**	**-**	**(257)**	**(257)**
Balance as of 30 June 2020	**6 011**	**7 651**	**7 382**	**9 728**	**(30 087)**	**(685)**

Accountant: ____________________ **Executive Director:**
/ Optima Audit AD / ____________________
/Velichko Klingov/

Date: 29.08.2020

Individual Cash Flow Statement

	Notes	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Cash flow from operating activities			
Customers receivables		393	22
Suppliers payables			(36)
Salaries and social securities payables			-
Paid /recovered taxes (excluding corp. tax)			
Paid corporate taxes		-	-
Other operating activities payments			-
Other operational payments			
Net cash flow from operating activities		**393**	**(14)**
Cash flow from investment activity			
Purchase of long-term assets		-	-
Net cash flow from investment activity		**-**	**-**
Cash flow from financing activity			
Proceeds on loans		-	-

Accountant: ____________________
/ Optima Audit AD /

Executive Director: ____________________
/Velichko Klingov/

Payments on loans		(149)	-
Leasing payments		-	-
Payments of interest, taxes		**-**	**-**
Net cash flow from financing activity			
Net change in cash and cash equivalents		**244**	**(14)**
Cash and cash equivalents at the beginning of the year		13	14
Cash and cash equivalents at the end of the period		**257**	**-**

Date: 29.08.2020

Explanatory Notes

1. General information

"Intercapital Property Development" ADSIC- the parent company.

"Intercapital Property Development" ADSIC is a company registered in accordance with the Special Purpose Vehicles Act. The Company operates as a collective investment scheme for real estate; "real estate securitization" means that the Company purchases real estate with cash flows accumulated from investors by issuing securities (shares, bonds).

The Company is registered as a stock company and is entered in the Commercial Registry in the Sofia City Court, company case № 3624/2005, batch № 92329, volume 1204, reg. 1, page 23. The Bulstat Code is 131397743. The legal seat and the address of the Company`s management is Dobrudja Str. № 6, 4th floor, Sofia.
The Board of directors is composed as follows:

- Velichko Klingov,
- Tsvetelina Hristova.
- AHELOY 2012 EOOD

Currently, the Company has no Investor Relations Director appointed.
Service companies of "Intercapital Property Development" ADSIC in compliance with the clauses of the Special Purpose Vehicles Act are: Optima Audit AD, Marina Cape Management EOOD, IP Intercapital Markets AD, and AD Tokushev and Partners. Independent appraiser of the properties is Dobi 02 EOOD.

The Company`s shares are listed for trading on the Bulgarian Stock Exchange – Sofia AD and on the alternative trading system NewConnect, organized by the Warsaw Stock Exchange.

2. Basis for the preparation of the Individual financial report

The Company's Individual financial report is prepared in compliance with the International Financial Reporting Standards, developed and published by the International Accounting Standards Board (IASB) and adopted by the European Commission.

The financial reports of the company have been prepared in compliance with the international standard for financial reports, adopted by the Comission of the EU. They include the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the interpretations for their application (SIC - IFRS interpretations). IFRS also include the subsequent amendments and complements to these standards and interpretations of their application and the future standards and interpretations for their application prepared by the International Accounting Standards Board (IASB).

The financial statements are prepared in BGN which is the functional currency of the Company. All amounts quoted are in thousands of BGN ('000 lv) (including the comparative information for 2018) unless otherwise specified.

This financial statement is individual. The Company also prepares Individual financial statements in accordance with International Financial Reporting Standards (IFRS), developed and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), in which investments in subsidiaries are reported and disclosed in in accordance with IFRS 10 "Individual Financial Statements".

a. Going Concern

The financial statements have been prepared in accordance with the going concern principle. As at the date of preparation of these financial statements, the management has assessed the ability of the Company to continue its activities as an operating enterprise based on the available information for the foreseeable future. The company reports a loss for the period in the amount of BGN 257 thousand and a positive cash flow from operating activities in the amount of BGN 393 thousand. The amount of current liabilities exceeds the amount of current assets by BGN 24,472 thousand as of 30.06.2020 compared to 24 428 thousand BGN as of 31.12.2019. These circumstances show the existence of significant uncertainty, which may raise significant doubts about the ability of the Company to continue to operate as a going concern without the support of the owners and other sources of funding.

The management has taken the following significant measures to improve the financial condition of the Company:

· The Company has rescheduled its short-term liabilities to creditor banks, which will significantly improve the financial condition of the Company in terms of the ratio between current assets and liabilities.

· The company pursues a policy of optimizing costs, inventories and other elements of working capital. The expected result of these measures is a significant reduction in stocks, which will improve the liquidity position and working capital of the Company.

The management believes that based on the forecasts made for the future development of the Company and the measures taken, as well as due to the ongoing financial support from the owners will be able to continue its activities and repay its liabilities without selling assets and without making significant changes. in its activity.

Comparative data

Where appropriate for the better presentation of the financial statements, comparative information is reclassified in order to ensure comparability with the current period, and the nature, amount and reasons for reclassification are disclosed. When it is impracticable to reclassify comparative information, the Company discloses the reason for this and the nature of the changes that would have been made if the amounts had been reclassified.

3. Amended accounting standards

Implementation of new and revised International Financial Reporting Standards (IFRS)

New and amended standards

The Company has taken into consideration the following new standards, changes and interpretations of IFRS, developed and published by IASB, which are mandatory for application since the reporting period beginning on 1st January 2019

IFRS 15 "Revenues from customers' contracts" in force for annual periods from 01.01.2019. This standard is a completely new standard. It introduces a comprehensive set of principles, rules and approaches for the recognition, accounting, and the information disclosure in regards to the sort, amount, period and the insecurities in relation to the revenues and cash flows, arising from contracts with counterparties. The standard will replace the current standards related to the recognition of revenues, mainly IAS 18 and IAS 11. The leading principle of the new standard is in the creation of a model of steps, through which the determination of parameters and the time of revenue are commensurated with the obligation of each party to their dealings among them. The key components are: a) contracts with customers of commercial nature and an estimate of the probability of collecting the contracted amounts from the enterprise according to the conditions in the given contract; b) identification of the separate liabilities for execution in the contract for goods and services – delimitation from the rest of the taken commitments in the contract, from which the client could take advantage of; c) determining the price of the transaction – the amount, which the enterprise expects to have the right to receive against the transfer of the respective goods or services to the customer – special attention is given on the changeable component in the price, the financial component, as well as in the component, received in kind; d) distribution of the price of the transaction between the separate obligations for the execution of the contract – usually on the basis of an independent sale price of each component; and e) the moment or the period of income recognition – at the successful execution of the obligation in the contract through transferring the control over the promised goods or services, for a given moment or for a certain period in time. The assumption is that the introduction of this standard can lead to the following changes: a) in complex contracts with tied sales of goods and services – it will be necessary a clear differentiation between good and services of each component and a condition in the contract; b) probability of change of the moment of sale's recognition; c) increase of the disclosures; and d) introducing of additional rules for income recognition from a certain type of contracts – licenses, consignations, one-off pre-tax charges, guarantess and others. The standard permits not only a full retrospective application, but also a modified retrospective application, from the beginning of the current reporting period, with defined disclosures for the previous periods;
IFRS 15 Revenues from customers'contracts – explanations (in force for annual periods from 01.01.2019 – it is not accepted by the EC). These explanations are related to a) identifying of the obligations for execution on the basis of concrete promises for the stock or service delivery, b) identifying whether the Company is a principal or an agent in the supply of goods or services, and c) transfer of licenses. Also, this change provides reliefs with the transition to the new standard;

The management intends to apply the standard retrospectively, recognizing the cumulative effect of the primary application of this standard as a change in the initial balances of the non-distributed profit at the date of the initial application. According to this method IFRS 15 will be applied only in contracts, which have not been terminated to 1st January 2019.

IFRS 9 "Financial instruments" in force for annual periods from 01.01.2019. This standard is a new standard for financial instruments. Its ultimate purpose is to replace completely IAS 39. It establishes new principles, rules and criteria for classification, evaluation and wring off the financial assests and liabilities, incl. the hybrid contracts. IFRS 9 introduces a requirement the classification of the financial assets to be made based on the business model of the Company for their management and the characteristics of the agreed cash flows of the assets concerned. It defines only two main categories of assessments – at amortizable and at fair value. The new rules will lead to changes majorly in the accounting of financial assets as debt instruments and of financial liabilities accepted for accounting at fair value throughout the current profits and losses (for the credit risk). A peculiarity at the classification and the assessment model for the financial assests at fair value is added the category – with an assessment at fair value during the other comprehensive income (for some debt and equity instruments). Hedge accounting – for this purpose a new chapter is introduced in IFRS 9, by which a new model for hedge accounting is introduced which allows consequent and complete coverage of all financial and non-financial risk exposures, subject to hedging operations, and better presentation of risk management activities in the financials statements, especially their relationship with the hedging deals and the scope and the sort of documentation, which to be used. Further, it is introduced the option the accounting of the changes at the fair value of the own debts, assessed at fair value through profit or loss, but in the part, due to changes in the quality of the own creditworthiness of the Company, to be presented in the other comprehensive income instead of profit or loss. The enterprises applying IAS 7, will be able to accept this option as a policy, as well as, will be able to continue applying the requirements for the accounting of hedges at fair value at interest rate exposure according to the requirements of IAS 39, even after IFRS 9 takes effect. The methodology of determining the impairment – the change offers an application of the "expected loss" model. According to this model all expected losses of an amortizable financial instrument (asset) are recognized at three stages depending on the change of its credit quality, and not only when the event crystallizes, as it is in the current model in IAS 39. The three stages are: the primary recognition of a financial asset – impairment for 12-month period or for the whole life of the asset; and accordingly – when the actual impairment occurs. They define how to be measured the losses from the impairment and respectively the application of the effective interest rate;

IFRS 4 Insurance Contracts (Amendments): Implementation of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. The amendments are effective for annual periods beginning on or after 1 January 2019. The purpose of the amendments is to bridge the gap between the effective date of IFRS 9 and the new IFRS 17 Insurance Contracts. Companies that issue insurance contracts will still be able to adopt IFRS 9 on January 1, 2019. The amendments introduce two alternative approaches - the temporary relief approach and the overlap approach. The temporary exemption allows companies to defer the date of adoption of IFRS 9. The overlapping approach allows companies that apply IFRS 9 from 2019 to eliminate from the gain or loss the effect arising from certain accounting discrepancies that may arise from the application of IFRS 9. IFRS 9 before IFRS 17. The amendments do not apply to the Group.

IFRS 2 Share-based Payment (Amended): Classification and Measurement of Share-based Payment Transactions

The amendments were issued on June 20, 2016, adopted by the EU on February 26, 2018. The amendments are effective for annual periods beginning on or after 1 January 2018. The amendments provide requirements for: the accounting of the effects of the conditions for exercising and not exercising on the valuation of payment transactions based on cash-settled shares; for payment on the basis of shares with the possibility of net of the tax liabilities at the source settlement and for changes in the conditions for payment on the basis of shares, which changes the classification from a transaction settled with cash to a transaction settled by issuing equity instruments. The amendments are not applicable to the Company.

IAS 40 Investment Property (Amendments): Transfer of Investment Property. The amendments were issued on December 8, 2016, approved by the EU on March 14, 2019. The amendments enter into force for annual periods beginning on or after 1 January 2019. The amendments clarify transfers from or to investment property in the event of a change in management intentions only when there is a proven change in use. The amendments are not applicable to the Group.

IFRIC 22 Reporting Transactions and Prepayments in Foreign Currency Transactions
Issued on December 8, 2016, approved by the EU on March 28, 2019, the Interpretation shall enter into force for annual periods beginning on or after January 1, 2019. The Interpretation addresses the issue of determining the date of the transaction for the purpose of spot fixing. the exchange rate that will be used to convert an asset, income or expense (or part of them) upon initial recognition that is related to the write-off of a non-monetary asset or non-monetary liability arising from a foreign currency payment or prepayment transaction .
Annual Improvements to the Cycle of IFRS Standards 2014-2016 (issued December 8, 2016), approved by the EU on February 7, 2019,
• IFRS 1 - elimination of short-term exemptions that affect the transitional provisions of IFRS 7, IAS 19 and IFRS 10 that are no longer valid.
• IAS 28 - specifies that the choice of mutual funds and other funds to measure their investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture upon initial recognition.
The adoption of new standards and changes to existing standards did not result in changes in the Group's accounting policies, except for the application of IFRS 9 and IFRS 15.
Published standards that are not yet in force and have not been adopted before
The following are briefly published standards that are not yet effective or have not previously been applied by the Group at the date of these financial statements. It is disclosed that the disclosures, financial position and results of operations can reasonably be expected to be affected when the Group first adopts these standards. This is expected to happen when they take effect.

IFRS 16 "Leasings"

This standard is with a completely changed concept. It introduces new principles for recognition, measurement and presentation of the leasing by imposing a new model in order to ensure more credible and adequate presentation of this deal for the lessee and the lessor. This standard replaces the instructions of IAS 17. a) the main principle of this new standard is the introdution of one-type model for the accounting treatment of the leasings of the lessees – for all leasing contracts with duration of more than 12 months will be recognized an asset under the form of "right of use", which will be amotized for the period of the contract, and respectively, will be accounted a financial liability for the obligation in these contracts. This is a significant change in the current accounting practice. For any short-term or leasings of inferior assets, it is allowed an exception and preservation of the practice; b) at the site of the the lessors there should not be any significant changes and they could continue to account the leasings similarly to the old standard IAS 17 – like operative and financial. As far as the new standard gives a more complete concept, one more detailed analysis of the conditions in the contracts follows to be made and from their site and it is possible that at the lessors can happen grounds for reclassification of certain leasing deals. The new standard requires expansion of the disclosures. The management of the Company is in the process of a thorough research of the eventual effects and the cases of contracts for rent and leasing with clients, where changes in the current book-keeping policy will occur;

IFRS 9 Financial Instruments: Classification and Measurement (Amendments): Characteristics of Early Repayment with Negative Compensation

The amendments, effective for annual periods beginning on or after 1 January 2020, while allowing for earlier application, suggest an amendment to IFRS 9 for specific financial assets that would otherwise have contractual cash flows that are only principal and interest payments but do not qualify for eligibility solely as a result of the early repayment with negative offsetting characteristics. In particular, for financial assets with early repayment characteristics that could result in a negative offsetting, the changes require the financial asset to be measured at amortized cost or fair value through other comprehensive income, depending on the valuation of the business model, on which he clings. These changes are not expected to affect the financial position or performance of the Group.
New or revised standards and interpretations issued by the International Accounting Standards Board (IASB) but not yet approved for EU implementation
The following new or revised standards, new interpretations and changes to existing standards, issued by the International Accounting Standards Board (IASB) at the reporting date but have not yet been approved for implementation by the EU and have not been taken into account in the preparation of this financial report.
• IFRS 17 Insurance Contracts (issued on May 18, 2017)
• IFRIC 23 Uncertainty on Income Tax Treatment (issued June 7, 2017), effective January 1, 2020.
• Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued October 12, 2017), effective January 1, 2020.
• Annual improvements to IFRS 2015-2017 (issued December 12, 2017), effective January 1, 2020.
• Amendments to IAS 19: Modification, Reduction or Settlement of the Plan (issued February 7, 2019), effective January 1, 2020.
• Changes to the references to the conceptual framework in IFRS standards (issued March 29, 2019), effective January 1, 2020.

4.4. Changes in accounting policy

The accounting policies adopted are consistent with those applied in the previous year, except for the new IFRS 9 and IFRS 15 standards, which have been applied for the first time since 1 January 2019.

4. Accounting Policy

a) General Position

The most important accounting policies applied to the preparation of these financial statements are presented below.

The Individual financial report is prepared in compliance with the valuation principles concerning any type of assets, liabilities, revenues, and expenses according to IFRS. The valuation bases are announced in detail in the following points of this accounting policy.
It should be noted that in preparing the Individual financial report, accounting valuations and assumptions have been used. Although they are based on information, presented to the management as of issuing the Individual financial report, the real results may differ from the valuations and assumptions.

The Individual financial report is presented according to IAS1 "Presenting financial reports". The company has accepted to present the Individual report for the comprehensive income in a unified report: Individual report for the comprehensive income.

In the Individual report for financial condition two comparative periods are presented, when the company:

a) Applies accounting policies retrospectively;
b) Recalculates retrospectively positions in Individual the financial report; or
c) Reclassifies positions in the financial report

The Company has agreed to present two comparative periods in all cases in order to ensure consistency in presentation for each year.

b) Transactions in foreign currency

Transactions in foreign currency are recorded in the functional currency of the company at the official exchange rate at the date of the transcation (as per the rates of the Bulgarian National Bank). Profits and losses from rate differences arising when settling the transactions and the revaluation of cash positions in foreign currency at the end of the accounting period are recorded in the profit or loss.

Non-monetary positions, valued at historic price in foreign currency are recorded at the exchange rate at the day of the transaction (they are not reevaluated). Non-monetary positions, valued at fair value in foreign currency are recorded at the exchange rate on the day, on which the fair value is determined.

The Individual financial report of the group, where all assets, liabilities and transactions of the separate companies are in the functional currency, different from BGN (the presentation currency of the group) are recalculated in BGN in the consolidation. The functional currency of the separate companies of the Group is not changed during the accounting period.
At consolidation, all assets and liabilities are revalued in BGN at the final rate at the date of the Individual financial report. Income and expenses are revalued in the presentation currency of the group at the average rate for the accounting period. Currency rate differences lead to increase or decrease of the other comprehensible income and are recorded in the revaluation reserve of equity. In case of sale of net investment in foreign activity, the currency differences accrued from revaluation, recodded in equity, are reclassified in the profit or loss and are recorded as part of profit or loss from the sale. The reputation and corrections connected to determining the fair value at the date of acquirement, are treated as assets and liabilities of the foreign company and are revalued at BGN at the final rates.

c) Revenues and Expenses

The Company recognizes revenue to reflect the transfer of the goods or services promised by the contract to customers, in an amount that reflects the remuneration to which the Company expects to be entitled in exchange for the transferred goods or services.
The transfer of goods or services is based on the concept of transfer of control over them, the ability to manage the use of the asset and to obtain essentially all other benefits from it. Control also includes the ability to prevent other companies from managing the use of the asset and its benefits.

Revenue from contracts with customers is recognized as follows:

- over time in a manner that reflects the work performed by the Company under the contract;
- at a particular time when control of the goods or services of the customer is transferred.
- Revenues from contracts with customers are recognized on the basis of a 5-stage recognition model, with a distinction being made in the following two directions according to the time of satisfaction of the obligation to perform:

    - obligation to perform (transfer of control) over time - in this case the revenue is recognized gradually, following the degree of transfer of control over the goods or services of the client;
    - for performance satisfied (transferred control) at a certain time - the client receives control over the goods or services at a certain time and revenue is recognized in full at once.

Interest income

Interest income is accounted for using the effective interest method, which is the rate that exactly discounts expected future cash payments over the expected life of the financial instrument or for a shorter period, as appropriate, to the carrying amount of the financial asset. Interest income is included in finance income in the income statement.

Interest income on financial assets at fair value through profit or loss is included in net profit / (loss) of their fair value. Interest income on financial assets carried at amortized cost and financial assets at fair value through profit or loss, calculated using the effective interest method, is recognized in the income statement.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except for financial assets that are subsequently impaired. They are subject to an effective interest rate on the net book value of the financial asset (after deducting loss compensation).

d) Borrowing costs

Borrowing costs mainly represent interest on the Company's loans. All borrowing costs, including those that are directly attributable to the purchase, construction of a qualifying asset, are recognized as an expense in the period in which they are incurred as part of the “finance cost” in the income statement comprehensive income. In the Statement of profit or loss and other comprehensive income, additional paid bank fees related to renegotiation of loan relationships are reported. Until the final completion of construction and installation work for the respective site, the land costs increase the cost of the constructed properties. After the final completion of construction, the capitalization of borrowing costs is terminated. The capitalization of these costs is terminated and in case of temporary suspension of construction works.

e) Intangible assets

The intangible assets include Program products. They are recorded at acquisition price including all duty taxes paid, irrecoverable taxes, and direct expenses made in relation to asset use preparation, whereas the capitalized costs are depreciated at the linear method during the period of valuation of useful life of assets, which is considered limited.When acquiring intangible asets as a result of business combination, its cost is equal to the fair value at the day of acquisition.

The following valuation is carried out at acquisition price, decreased by the accrued depreciation and impairment losses. The impairment is recorded as expenses and are recorded in the Individual income report for the period.

The following expenses, arising in relation to other intangible assets after their initial recording, are recored in the Individual income report at the period of their occurrence, unless as a result of them, the asset can generate more than the initially estimated future economic benefits and these expenses can reliably be valued and appliet at the asset. If these conditions are met, the expenses are added to the cost of the asset.

The residual value and useful life of other intangible assets are determined by the management of the Group at each reporting date.

Depreciation is calculated by using the linear method on the valued useful term of use of the separate assets as follows:

- Software 2.0 years
- Others 6,5 years

Depreciation is included in the line "expenses for depreciation and impairment of non-financial assets" of the statement of comprehensive income.

Trademarks and licenses are displayed at historical cost. They have a limited useful life and are stated at cost less accumulated depreciation.

The Company makes a careful assessment when determining whether the criteria for initial recognition as an asset of development costs have been met. Management's judgment is based on all available information at the date of the Statement of Financial Position. In addition, all activities related to the development of an intangible fixed asset are monitored and controlled on an ongoing basis by management.

The chosen threshold of materiality for properties, machinery and equipment for the Group is set at 700 BGN.

f) Property Plant and equipment are measure at cost, included the cost of acquisition, as well as any direct cost of bringing the asset to working condition

Subsequent measurement of land and buildings is carried at revalued amount, which is equal to the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are presented in the statement of comprehensive income and are reported at the expense of equity (revaluation reserve), if they are not preceded by previously accrued expenses. Upon sale or write-off of the revalued asset, the remaining revaluation reserve is recorded at the expense of retained earnings.

Subsequent measurement of all other groups of assets is performed at cost less accumulated depreciation and impairment losses. Impairment losses are recognized as an expense and recognized in the income statement and other comprehensive income for the period.

Subsequent expenditure on an asset of property, plant and equipment is added to the carrying amount of the asset when it is probable that the economic benefits associated with the item will flow to the asset. All other subsequent expenses are recognized as an expense in the period in which they are incurred.

The Company has adopted the alternative approach for subsequent valuation of land and buildings and the recommended one for all other non-current tangible assets.

Increases in value, based on revaluation of land, are reported in the increase in reserves. Discounts that are up to previous increases for the same asset will be reported as a reduction of the same reserve. Further reductions in the value of the asset are reported in the reduction of additional reserves (if any) or as current expense.
The revaluation reserve is recognized as retained earnings after the decommissioning of the respective asset.

The results of the disposal of non-current assets are determined by comparing the income with the book value and are reported in the financial result for the period.
When the carrying amount of a non-current asset is higher than its recoverable amount, that asset is impaired to its recoverable amount.

Property, plant and equipment acquired under finance leases are depreciated on the basis of the expected useful life, determined by comparison with similar assets, or on the basis of the value of the lease, if its term is shorter.

Depreciation of property, plant and equipment is calculated using the straight-line method over the estimated useful lives of the individual asset groups, as follows:
• Machines 3.3 years
• Business inventory 6.67 years
• Facilities 10 years
• Computers 2 years
• Another 6.67 years

The selected materiality threshold for property, plant, equipment and facilities of the Company amounts to BGN 700.

g) Reporting of leasing contracts

In accordance with the requirements of IAS 17 "Leasing", the rights to dispose of the asset are transferred from the lessor to the lessee in cases where the lessee bears the significant risks and rewards of ownership of the leased asset.
Upon concluding a finance lease, the asset is recognized in the lessee's statement of financial position at the lower of the fair value of the leased asset and the present value of the minimum lease payments plus contingencies, if any. The Statement of Financial Position also reflects the respective financial leasing obligation, regardless of whether part of the lease payments are due in advance at the conclusion of the financial leasing contract.
Subsequently, the lease payments are apportioned between the finance charge and the reduction of the outstanding finance lease liability.
Leases of land and buildings are classified separately by distinguishing the components of land and buildings in proportion to the ratio of the fair values of their units in the lease to the date on which the assets are initially recognized.

Assets acquired under finance leases are depreciated in accordance with the requirements of IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets.
The interest part of the lease installment represents a constant percentage of the outstanding liability and is recognized in profit or loss for the period of the lease agreement.
All other leases are considered to be operating leases. Payments made under an operating lease are recognized as an expense on a straight-line basis over the term of the agreement. Operating lease costs, e.g. maintenance and insurance costs are recognized in profit or loss when incurred.

h) Tests for impairment of intangible assets and property, plant and equipment

In calculating the impairment, the Company defines the smallest identifiable group of assets for which separate cash flows can be determined - a cash-generating unit. As a result, some of the assets are tested for impairment on an individual basis and others on a cash-generating unit basis.

All assets and cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

When the recoverable amount of an asset or cash-generating unit is lower than the relevant carrying amount, the latter should be reduced to the recoverable amount of the asset. This reduction represents an impairment loss. To determine the recoverable amount, the Company's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. The data used in the impairment testing are directly related to the last approved forecast budget of the Company, adjusted if necessary to exclude the impact of future reorganizations and significant asset improvements. The discount factors are determined separately for each cash-generating unit and reflect the risk profile assessed by the Company's management.

Impairment losses on a cash-generating unit are allocated to a reduction in the carrying amount of the assets of that unit in proportion to their carrying amount. The Company's management subsequently assesses whether there is any indication that an impairment loss recognized in prior years may no longer exist or be reduced. A previously recognized impairment loss is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

i) Investment property

The Group accounts for investment property as buildings that are held for the purpose of earning rental income or raising capital, or both, but also for sale in the ordinary course of business.

Investment property is recognized as an asset in the Group's financial statements only if the following two requirements are met:
• it is probable that future economic benefits will accrue from the investment property
• the value of investment property can be measured reliably.

Investment property is initially measured at cost, including the purchase price and any costs directly attributable to the investment property - such as legal fees, property transfer taxes and other transaction costs.

Upon initial recognition, investment property is accounted for using the fair value model. Fair value is the most probable price that can be obtained on the market at the balance sheet date. Investment property is revalued on an annual basis and is included in profit or loss and other comprehensive income at market value. They are determined by independent appraisers with professional classification and significant professional experience, as well as recent experience in the location and category of the appraised property, based on evidence of market conditions.

The gain or loss arising from a change in the fair value of the investment property is included in profit or loss for the period in which it arises.

Subsequent investment property expenses already recognized in the financial statements of the Group are added to the carrying amount of the assets when it is probable that the Group will receive future economic benefits in excess of the initially estimated value of the existing investment property. All other subsequent expenses are recognized as an expense in the period in which they are incurred.

The Group derecognises its investment property when sold or permanently decommissioned if no economic benefits are expected from their sale. Gains or losses arising from disposal or disposal are recognized in the Income Statement and other comprehensive income and are determined as the difference between the net proceeds of the sale and the carrying amount of the asset.

Rental income and operating expenses related to investment property are reported respectively as 'sales revenue' and 'material costs', 'external service costs' and 'other expenses'. Generally, investment property income (rentals) is investment income and is stated separately.

j) Financial Assets

Financial instruments - initial recognition and subsequent measurement

Initial recognition

The Group classifies upon initial recognition of financial assets in the following categories: Measured at amortized cost,

The classification is based on the business model for managing a given class of financial assets and the contractual characteristics of cash flows. Investments held by the Group to obtain profit from short-term sales or repurchases are classified as held-for-sale financial assets. Investments in debt instruments held by the Group within the business model to collect the contractual cash flows are classified as financial assets at amortized cost. Investments in debt instruments held by the Group within the business model for the purpose of collecting the contractual cash flows and selling are classified as financial assets at fair value in other comprehensive income.

Financial assets carried at amortized cost

The following financial assets of the Group may fall into this category, depending on the business model selected and the characteristics of their cash flows: trade receivables, loans and borrowings, leasing receivables, receivables on granted deposits, receivables under cession, receivables, acquired through cessions, loans and loans acquired through cession, held-to-maturity investments.

Trade receivables

Trade receivables are amounts owed by customers for goods or services sold in the ordinary course of business of the Group. They are usually settled within 30 days and are therefore all classified as current. Trade receivables are initially recognized at the unconditional amount received, unless they contain significant financial components, then they are recognized at fair value. The Group holds trade receivables to collect contractual cash flows and subsequently estimates them at amortized cost using the effective interest method.

Other receivables
These amounts generally arise from transactions outside the Group's normal operating activities. Interest may be charged on the basis of market interest rates when the repayment period exceeds six months. Usually the security is not received. Non-current other receivables are due and payable within three years after the end of the reporting period.

Subsequent valuation of financial assets
Financial assets carried at amortized cost
After initial recognition, assets are carried at amortized cost.
Reporting at amortized cost requires the use of the effective interest method. The amortized cost of a financial asset is the amount at which the financial asset is initially recognized, less its principal repayments plus or minus the accumulated amortization using the effective interest rate method of any difference between the original value and the maturity value and less any impairment.

The Group derecognises its investment property when sold or permanently decommissioned if no economic benefits are expected from their sale. Gains or losses arising from disposal or disposal are recognized in the Income Statement and other comprehensive income and are determined as the difference between the net proceeds of the sale and the carrying amount of the asset.

Rental income and operating expenses related to investment property are reported respectively as 'sales revenue' and 'material costs', 'external service costs' and 'other expenses'. Generally, investment property income (rentals) is investment income and is stated separately.

Financial assets at fair value through other comprehensive income
After initial recognition, the asset is measured at fair value, taking into account changes in the fair value of the revaluation reserve of securities investments (other comprehensive income). When a debt instrument is written off, the accumulated gain or loss recognized in other comprehensive income is transferred to profit or loss.

Financial assets at fair value through profit or loss
After initial recognition, the asset is measured at fair value, taking into account changes in fair value in profit or loss.

Impairment of financial assets
The Group recognizes impairment for expected credit losses on all debt instruments that are not carried at fair value through profit or loss. The expected credit losses are based on the difference between the contractual cash flows and all the cash flows that the Group expects to receive, discounted annually at the original effective interest rate.

The amount of expected credit losses recognized as an allowance for impairment depends on the credit risk of the financial asset on initial recognition and the change in credit risk in subsequent reporting periods. Three stages of credit risk deterioration have been introduced, with specific reporting requirements for each stage.

• Stage 1 (regular exposures) - classified financial assets with no indication of an increase in credit risk over the original valuation. For financial instruments for which there was no significant increase in credit risk compared to initial recognition, an allowance for expected credit losses resulting from a possible default in the next 12 months is recognized.

• Stage 2 (impaired exposures) - classifies financial assets with a significant increase in credit risk compared to the initial assessment but without objective evidence of impairment. For those credit exposures for which there has been a significant increase in credit risk compared to initial recognition, recognition is required. Interest is calculated on the basis of the gross carrying amount of the instrument.

• Stage 3 (credit impairment exposures) - classifies financial assets with a significant increase in credit risk and for which objective evidence of impairment exists. For non-performing exposures, credit impairment is recognized for the remaining life of the exposure, regardless of the time of default. Interest is calculated based on the amortized cost of the asset.

Trade receivables and contractual assets

The Group applies the simplified approach of IFRS 9 to measure expected credit losses, which calculates an impairment for life expectancy losses on all trade receivables and contractual assets.

To measure expected credit losses, trade receivables and contractual assets are grouped on the basis of shared credit risk characteristics and days past due. Contract assets relate to work in progress and have the same risk characteristics as trade receivables for the same types of contracts. Therefore, the Group determines that the expected credit losses for 2019 on trade receivables are a reasonable approximation of credit losses on contractual assets.

The Group recognizes in profit or loss - as impairment gain or loss - the amount of expected credit losses (or reversals). When the adjustment for expected credit losses is recognized through other comprehensive income, any adjustment thereto is recognized in other comprehensive income.

Write-off of financial assets

A financial asset is derecognised by the Group when the contractual rights to the cash flows from that asset mature or when the Group transfers those rights through a transaction whereby all material risks and rewards of ownership of the asset are transferred to the buyer. Any participation in an already transferred financial asset, which the Group retains or creates, is accounted for individually as a separate asset or liability.

In cases where the Group retains all or most of the risks and rewards of the assets, the latter are not derecognized from the statement of financial position (an example of such transactions is repurchase agreements).

In transactions in which the Group neither retains nor transfers the risks and rewards of the financial asset, the latter is derecognized when and only when the Group has lost control of the financial asset. The rights and obligations that the Group retains in these cases are accounted for separately as an asset or liability. For transactions in which the Group retains control of the asset, its recognition in the statement of financial position continues, but to the extent that the Group retains its interest in the asset and carries the risk of a change in its value.

Ex-post evaluation of financial liabilities

The subsequent measurement of financial liabilities depends on how they were classified at initial recognition. The Group classifies its financial liabilities into one of the following categories:

Liabilities at fair value through profit or loss
Liabilities are classified in this category when they are principally held for sale in the near future (trade payables) or are derivatives (except for a derivative that is designated and is an effective hedging instrument) or qualify for this category determined on initial recognition. All changes in fair value in respect of liabilities carried at fair value through profit or loss are recognized in the income statement and other comprehensive income as of the date they arise.

Liabilities measured at amortized cost
All liabilities not classified in the previous category fall into this category. These liabilities are carried at amortized cost using the effective interest method.

Items classified as trade and other payables are usually not remeasured as the payables are known for a high degree of certainty and settlement is short-term.
The following financial liabilities of the Group generally fall into this category: trade payables, loans and borrowings, leasing liabilities, deposits received, cession liabilities.

Write-off of financial liabilities
The Group derecognises a financial liability when its contractual obligations are canceled, expired or canceled.
The difference between the carrying amount of the written off financial liability and the consideration paid is recognized in profit or loss.

Offsetting financial asset and financial liability
Financial assets and financial liabilities are offset and a net amount is presented in the statement of financial position when:
• has a legally enforceable right to offset the amounts recognized; and
• intends to either settle on a net basis, or to realize an asset and at the same time settle a liability.

The offsetting of a recognized financial asset and a recognized financial liability and the presentation of the net worth are different from the derecognition of a financial asset or financial liability.
The right to compensation is the legal right of a debtor under a contract to settle or otherwise eliminate all or part of the amount owed to a creditor by deducting from that amount an amount owed by the creditor.

k) Inventories, construction in progress

The company carries out its activity only by assigning the various types of activities to specific contractors. That is, the company does not have its own staff and outsources all work to external companies. The cost of unfinished construction consists of the costs of design, construction and installation works, advertising, construction supervision, fees and others. The cost of finished products includes the cost of loans raised for the construction of a particular site. (Amended IFRS 23, effective for annual periods beginning on or after 1 January 2009).
The cost of finished products (real estate - apartments, commercial properties, etc.) will be included as an element and part of the value of the land, which corresponds to its impairment, due to the limited rights of disposal. The land will be assessed (according to the requirements of the Bulgarian legislation) at least once a year by an independent licensed appraiser.

The direct costs are accumulated at the moment of their execution in batches for the specific sites, and the indirect ones are distributed in proportion to the direct costs incurred for the site.

Inventories include materials and finished products. The cost of inventories includes the cost of purchase and other direct costs associated with their delivery. The costs of used financing are included in the value of inventories (unfinished construction), analytically taking into account the affiliation to the site, and after the final completion of construction and installation works, financing costs are reported in the result. Upon suspension of construction and installation work, the reporting of the expenses for interests, fees and commissions for used financing to the unfinished construction is suspended.

The Company determines the cost of inventories using the weighted average method.

When inventories are sold, their carrying amount is recognized as an expense in the period in which the related revenue is recognized.

l. Income taxes
The financial result of the Company is not subject to corporate tax, according to Art. 175 of the Corporate Income Tax Act.
m. Cash and cash equivalents
The Company reports as cash and cash equivalents cash in hand and cash in bank accounts.
n. Equity and dividend payments
The share capital of the Company reflects the nominal value of the issued shares.

Retained earnings include the current financial result stated in the Statement of profit or loss and other comprehensive income, as well as the accumulated profits and uncovered losses from previous years.

The company is obliged by virtue of Art. 10 of the Law for the companies with special investment purpose to distribute as dividend not less than 90 per cent of the profit for the financial year, determined in the following way and in observance of the requirements of art. 247a of the Commercial Law. Profit for distribution is the financial result (accounting profit / loss), adjusted as follows:
1. increased / decreased by the expenses / revenues from subsequent real estate appraisals;
2. increased / decreased by the losses / profits from transactions for transfer of ownership over real estates;
3. increased / decreased in the year of transfer of ownership of real estate with the positive / negative difference between:
(a) the sale price of the immovable property, and
(b) the amount of the historical cost of the immovable property and the subsequent costs that led to an increase in its carrying amount;

The Company may issue only dematerialized shares registered in accounts with the Central Depository. Shares of the company may be subscribed only against cash contributions and after the payment of their full issue value, except in cases of conversion into shares of bonds issued as convertible. Ordinary shares are classified as equity.

The additional costs inherent in the issuance of new shares or options are shown in equity as a reduction in net income. Additional costs directly related to the issue of new shares are included in the acquisition price as part of the consideration for the purchase.

The company may not issue shares that give the right to more than one vote or additional liquidation share.

The company can issue different classes of shares. Shares of one class grant equal rights to shareholders.

The Company may issue the following classes of shares:
class A - ordinary registered voting shares and
class B - preferred shares with the right to a guaranteed or additional dividend and without the right to vote.

The difference between the nominal value of the imitated shares and the issue value is included in additional reserves and represents an element of the company's equity.
o. Pension and other liabilities to staff
Short-term liabilities to staff include wages, salaries and social security contributions.

The Company has not developed and does not implement plans for remuneration of employees after leaving or other long-term remuneration and plans for remuneration after leaving or in the form of compensation with shares or shares of equity, as by law it can only appoint an employment contract. one person - Investor Relations Director.

p) Financial liabilities include bank and bond loans, trade and other payables and finance lease payables.

Financial liabilities are recognized when there is a contractual obligation to pay cash or another financial asset to another entity or a contractual obligation to exchange financial instruments with another entity under potentially adverse conditions. All interest expenses are recognized as a finance expense in the income statement and other comprehensive income.

Bank loans are reflected in the balance sheet of the Company, net of the costs of obtaining the loan. Financial costs such as the premium payable on settling or repurchasing the debt and direct transaction costs are included in the income statement and other comprehensive income on an accrual basis using the effective interest method and are added to the carrying amount. value of financial liabilities to the extent that they are not settled at the end of the period in which they arise.

Trade payables are initially recognized at nominal value and subsequently measured at amortized cost less settlement payments.

Dividends payable to the shareholders of the Company are recognized when the dividends are approved at the General Meeting of Shareholders.
q. Interest and dividend income
Interest income is reported on an ongoing basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.
r. Operating expenses
Operating expenses are recognized in profit or loss on the use of the services or on the date of their occurrence. Guarantee costs are recognized and deducted from related provisions in recognizing the related revenue.
s. Provisions, contingent assets and contingent liabilities
Provisions are recognized when it is probable that current liabilities will result in an outflow of resources from the Company and a reliable estimate of the amount of the liability can be made.

The maturity or amount of cash outflow may not be certain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events. Provisions for restructuring are recognized only if a detailed formal restructuring plan has been developed and implemented or management has disclosed the main points of the restructuring plan to the persons concerned. Provisions for future operating losses are not recognized.

The amount recognized as a provision is calculated on the basis of the most reliable estimate of the costs necessary to settle the current liability at the end of the reporting period, taking into account the risks and uncertainties, including those related to the current liability. Provisions are discounted when the effect of time differences in the value of the money is significant.

Indemnities from third parties in connection with a given obligation of the Company are recognized as a separate asset. However, this asset may not exceed the value of the relevant provision.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate at the balance sheet date. In cases where it is considered that an outflow of resources is unlikely to occur as a result of a current obligation, such an obligation is not recognized. The Company does not recognize contingent assets, as their recognition may result in the recognition of income that may never be realized.

t. Significant judgments of management in applying accounting policies

The significant judgments of the Management in the application of the accounting policies of the Company, which have the most significant impact on the financial statements, are described below. The main sources of uncertainty in the use of accounting estimates are described in the note

Uncertainty of accounting estimates

In preparing the financial statements, management makes a number of assumptions, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Actual results may differ from management's assumptions, estimates and assumptions and, in rare cases, are consistent with previously estimated results.

Information about the significant assumptions, estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, income and expenses is presented below.

v. Impairment

An impairment loss is the amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. To determine the recoverable amount, the Company's management calculates the expected future cash flows for each cash-generating unit and determines the appropriate discount factor in order to calculate the present value of those cash flows. In calculating expected future cash flows, management makes assumptions about future gross profits. These assumptions are related to future events and circumstances. Actual results may vary and require significant adjustments to the Company's assets in the next reporting year.

In most cases, determining the applicable discount factor involves making appropriate adjustments to market risk and risk factors that are specific to individual assets.

w. Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at the end of each reporting period. As of June 30, the management determines the useful life of the assets, which is the expected useful life of the assets of the Company. The carrying amounts of assets are analyzed in Note 6. Actual useful lives may differ from those made due to technical and moral depletion, mainly of software products and computer equipment.

5. Property, plant and equipment

The properties, machinery and equipment, of the Group include land, Computer equipment, transport vehicles. Their book value can be analyzed as follows;

	Land	**Buildings**	**Machinery**	**Assets under construction**	**Total**
	'000 BGN	**'000 BGN**	**'000 BGN**	**'000 BGN**	**'000 BGN**
Balance as of 1st January 2020	7 422	544	4	7 273	15 243
Newly acquired assets	-	-	-	-	-
Written-off assets	-	-	-	-	-
Преоценка: Revaluation	-	-	-	-	-
Balance as of 30thJune 2020	**7422**	**544**	**4**	**7 273**	**15 243**
Balance as of 1st January 2020	-	(498)	(4)	-	-
Depreciation	-	-	-	-	(453)
Written-off depreciation	-	-	-	-	-
Amortization		(28)			(27)
Balance as of 30thJune 2020	**-**	**(526)**	**(4)**		**(530)**
Book Value as of 30thJune 2020	**7422**	**18**	**-**	**7 273**	**14 713**

	Land	**Buildings**	**Machinery**	**Transport vehicles and others**	**Total**
	'000 BGN	**'000 BGN**	**'000 BGN**	**'000 BGN**	**'000 BGN**
Book Value					
Balance as of 1st January 2019	5 788	544	4	7 073	13 404
Newly acquired assets	-	-	-	-	-
Revaluation	1634	-	-	200	1834
Written off	-	-	-	-	-
Balance as of 31st December 2019	**7 422**	**544**	**4**	**7 273**	**15 238**
Depreciation					
Balance as of 1st January 2019	-	(444)	(4)	-	(448)
Depreciation	-	-	-	-	-
Written off depreciation	-	(54)	-	-	(54)
Balance as of 31st December 2019	**-**	**(498)**	**(4)**		**(502)**
Book Value as of 31st December 2019	**7 422**	**46**	**-**	**7 273**	**14 741**

All depreciation and impairment costs are included in the Individual income statement under "Amortization and impairment of non-financial assets".

The Group has not pledged property, plant and equipment as collateral on its liabilities.

6. Investment property

The properties that are built and for which the Company has received Certificate for exploitation and that are not sold and respectively transferred to clients are reported in the item "Investment property", because the Company is restricted to operate the constructed assets by itself and it could realize income through assigning the management of those assets to third parties.

The investment properties are valuated initially at their direct cost which includes all the expenditures that are directly related to the particular investment property – such as construction-assembly works, project services, legal fees and other expenditures. After their initial recognition the investment properties are reported through the use of the model of the fair value.

Pursuant to the Special Purpose Vehicles Act the Board of Directors has assigned the completion of revaluation as of 31.12.2018 of all the company's real estate properties to the independent appraiser – "Dobi 02" Ltd.,

The next table presents the changes in the value of the investment property in 2019 and 2020.

Investment

	properties '000 BGN.
Book value as of January 01, 2020	**23 695**
Newly acquired assets	-
Written-off assets	56
Net loss from the change in fair value of the inv. properties	-
Book value as of June 30, 2020	**23 639**

	Investment properties '000 BGN.
Book value as of January 01, 2019	**23 746**
Newly acquired assets	
Net loss from the change in fair value	51
Book value as of December 31, 2019	**23 695**

The group is investing in the construction of two sites - Marina Cape and Grand Borovets, a detailed presentation of which is given below.

Marina Cape Property
The Marina Cape Vacation Complex is located in the peninsular part of the Black Sea town of Aheloy, which gives a picturesque view of the bay and the open sea. This is reflected both in the urban solution - the plastic S-shape of the first and second zones, as well as in the design of individual dwellings. A vertical accent in the overall silhouette is the sea light and the clock tower. The complex consists of four separate zones, spread over a property of 40 000 sq.m. and forming a total built-up area of over 66,000 square meters, with a total of 761 apartments. The complex has 4 restaurants, 4 cafes, 14 shops, two squash halls (licensed by the Squash Federation), a room for a Medical and dental center, a fully equipped and working fitness and SPA center, bowling, a children's center, a room intended for bank office, administrative part, offices, two swimming pools and service premises to the respective sites.
Each of the zones consists of separate sectors (27 in total), with the majority being residential, with the exception of the sectors intended for: banking office, sports and entertainment area, children's center and Sector 27 - two-level restaurant. Some of the residential sectors include public facilities - restaurants, cafes, shops, offices, medical center facilities, and fitness facilities. In the central part of the complex there is a swimming pool with a total area of 910 sq.m. with a water bar and a children's pool, and in the northeast there is a pool of 470 sq.m.

The unfinished construction reflects the amount of BGN 295 thousand, which represents the accumulated expenses for the sale of properties in the Marina Cape Resort Complex, which will be recognized as an expense in recognizing the income from the sale by a notary deed or a transferred right of use, when adherence to the principle of income and expense comparability.

Grand Borovets Property
The project envisages the construction of residential properties mainly for holiday use in a separate complex of buildings. The complex bears the trade name "Grand Borovets". It is located in the area of the resort. Borovets. Borovets is located 62 km.

The commercial-administrative area and the service facilities for the complex are located in the ground floor and basement. These include a reception and administration lobby, a lobby bar, a 110-seat restaurant with a banquet hall and a covered terrace, two shops, a ski wardrobe, a fitness and a spa center, an indoor pool, a children's center, a bowling alley, a hairdresser, a reception lounge, and and technical and office space and toilets, including for people with disabilities. The total area of the outlets is 3 140 sq.m. The complex also has a covered two-level parking for 34 parking spaces, as well as an outdoor parking lot with 16 parking spaces.
The residential part of the complex consists of 75 apartments with total built-up area of 5 175 sq.m. They are 41 studios, 14 apartments, mainly one-bedroom apartments and a large variety of penthouses.

Investment property for sale
Revenue from the sale of investment property is recognized when the Group assesses at fair value the consideration or consideration received or receivable, taking into account the amount of all trade discounts and quantitative discounts made to date. When replacing similar assets that have a similar price, the exchange is not considered a revenue generating transaction. Revenues are recognized at the time of their realization and expenses are accrued in accordance with the principle of comparability with the realized income.
In accordance with the fair value model, all investment property is measured at fair value at 31 December of the reporting year, with the difference between the carrying amount and fair value recognized as income or expense from the revaluation of investment property in the income statement. Depreciation of investment property is not charged.

The Group derecognises its investment property when sold or permanently decommissioned if no economic benefits are expected from their sale. Gains or losses arising from disposal or disposal are recognized in the statement of income (comprehensive income) and are determined as the difference between the net proceeds of the sale and the carrying amount of the asset.

Collateral provided on real estate owned by Intercapital Property Development REIT on loans received from the Company. Collateral provided on real estate owned by Intercapital Property Development REIT on loans granted to the Company:

1). To Futures CAPITAL AD and Marina Cape Properties OOD

• Notary deed for establishment of a contractual mortgage dated 08.11.2007, 12112, volume XII, reg. №3901, case № 2217/2007. of notary Hristo Roydev.
Secured mortgage lender Number of real estate on collateral Area of real estate on collateral
Marina Cape Properties Ltd. 8,627.08 sq.m.
FUTURE CAPITAL AD 18 1,859.39 sq.m.

• Notarial deed for establishment of a contractual mortgage dated 04.12.2009, № 80, volume VII, reg. № 4288, case № 1226/2009 of notary Gergana Nedina.
Secured mortgage lender Number of real estate on collateral Area of real estate on collateral
Marina Cape Properties Ltd. 9,652.69 sq.m.
FUTURE CAPITAL AD 18 1,650.85 sq.m.

• Notary deed for establishment of a contractual mortgage dated 09.07.2008, №35, volume VIII, reg. №2387, case № 1404/2008 of notary Hristo Roydev, collateral for the bank loan obligations № 736/2008. , concluded on 07.07.2008, including residential sites located in the complex "Marina Cape", Aheloy, Pomorie Municipality, Burgas region;

Secured mortgage lender Number of real estate on collateral Area of real estate on collateral
Marina Cape Properties Ltd. 19 1064.51 sq.m.
FUTURE CAPITAL AD 15,913.17 sq.m.

• Notarial deed for establishing a contractual mortgage dated 04.12.2009, № 80, volume VII, reg. № 4288, case № 1226/2009 of notary Gergana Nedina, collateral for the bank loan obligations № 736/2007. , concluded on 07.07.2008 and Annex A1-736 from 16.01.2009 and Annex A2-736 from 19.10.2009, including residential sites located in the complex "Marina Cape", Aheloy, Pomorie Municipality, Burgas region;

Secured mortgage lender Number of real estate on collateral Area of real estate on collateral
Marina Cape Properties Ltd. 9,652.69 sq.m.
FUTURE CAPITAL AD 18 1,650.85 sq.m.

• Notary deed for establishment of a contractual mortgage dated 21.12.2009, № 162, volume VII, reg. № 4500, case № 1306/2009. to notary Gergana Nedina, collateral for the obligations under the bank loan № 327/2009, concluded on 14.12.2009, including commercial sites and apartments located in the complex "Marina Cape", Aheloy, Pomorie Municipality, Burgas District;

Secured mortgage lender Number of real estate on collateral Area of real estate on collateral
Marina Cape Properties Ltd. 12,704.41 sq.m.
FUTURE CAPITAL AD 28 - residential properties
25 - retail space 3,486.39 sq.m.
7,884.30 sq.m.

2). To BG Invest Properties AD:

Contract for purchase and sale of receivables dated 05.04.2013, concluded between Investbank AD and BG Invest Properties EAD, pursuant to which the bank has transferred its receivables to the Company in the amount of BGN 240,000, arising from a contract for loan to the new creditor BG Invest Properties EAD.

Notary deed for establishment of a contractual mortgage dated 29.07.2013, deed № 161, volume III, reg. № 3115, case № 538/2013 of notary Gergana Nedina, security of the obligations under the Bank Loan Agreement dated 08.03.2013 on the following property, located in the resort Marina Cape, town of Aheloy and property of Intercapital Property Development REIT: sports and recreation center "Fitness Center", with identifier 00833.5.409.21, town of Aheloy, Pomorie Municipality, Burgas District, with an area of 214.00 sq.m ., with adjacent parts: 33 sq.m., together with the respective ideal parts of the building right on the terrain.

3). Teximbank AD:

Working capital bank loan agreement dated 09.12.2013, concluded between Teximbank AD and Intercapital Property Development REIT, pursuant to which Teximbank AD has provided Intercapital Property Development REIT in its capacity as a borrower , a loan of 130,000 (one hundred and thirty thousand) euros, intended for working capital.

Notary deed for establishing a contractual mortgage dated 05.02.2014, deed № 53, volume I, reg. № 358, case № 51/2014 of notary Gergana Nedina, collateral for the obligations under the Bank Loan Agreement dated 09.12.2013 on the Company's own real estate, representing residential sites located in a complex of residential buildings for seasonal use "Marina Cape", built in a land property with identifier 00833.5.409 (zero zero eight three three point five point four zero nine), Aheloy, Society. Pomorie, region Burgas, the "Purification" area.

On December 20, 2018, the loan to Teximbank AD was repaid.

4). CB Investbank AD - according to decisions of the general meetings of the bondholders

In fulfillment of the obligations in connection with renegotiation of the terms of the bond loan and for securing the receivables of the bondholders, a second contractual mortgage on 24 (twenty four) independent bonds was established in favor of the bank - trustee on the bond issue CB Investbank AD commercial sites with a total built-up area of 7,835.99 square meters, owned by the Company, located in the Marina Cape complex, Aheloy, Pomorie Municipality, Burgas District. The mortgage contract was concluded by virtue of a Notary deed for establishing a contractual mortgage dated 01.09.2010, № 158, volume IV, reg. № 3289, case № 732/2010 of notary Gergana Nedina.

According to the decision of the General Assembly of 06.02.2013, on 06.03.2013 before Jiva Barantieva - assistant - notary for replacement with Gergana Nedina, notary with area of action - the area of the District Court - Pomorie, entered in the register of The Notary Chamber under № 607, signed a notary deed for establishing a contractual mortgage in favor of CB Investbank AD, in its capacity as a representative of the bondholders of the above bond issue, on the following real estate owned by Intercapital Property Development: regulated plot of land with identifier 00833.5.409, with address: town of Aheloy, Prechistivelnata area, with an area of 40 002 sq.m.

7. Intangible assets

The intangible assets of the Company are long-terms assets that include acquired software licenses. Their book value for the current reporting period can be presented as follows:

8. Investments in subsidiaries

The financial assets of the company represent entirely investments in the subsidiary service company "Marina Cape Management" EOOD:

Name of subsidiary	**30.06.2020 '000 BGN.**	**%**	**31.12.2019 '000 BGN.**	**%**
"Marina Cape Management" EOOD	5	100	5	100
Total	**5**	**100**	**5**	**100**

Intangible assets	**Program Products**	**Total**
	'000 BGN.	**'000 BGN.**
Carrying value	3	3
Balance at January 1, 2020	**3**	**3**
Balance at June 30, 2020		
Amortization & Depreciation		
Balance at January 1, 2020	(3)	(3)
Balance at June 30, 2020	**(3)**	**(3)**
Book value as of 30 June 2020	**-**	**-**

Intangible assets	**Program Products**	**Total**
	'000 BGN.	**'000 BGN.**
Carrying value	3	3
Balance at January 1, 2019	**3**	**3**
Balance at December 31, 2019		
Amortization & Depreciation		
Balance at January 1, 2019	(3)	(3)
Balance at December 31, 2019	**(3)**	**(3)**
Book value as of 31 December 2019	**-**	**-**

9.

a) Financial leasing as a lessee

The Group has acquired by means of financial leasing land and buildings in construction. The net book value of the asets, acquired by means of contracts for financial leasing is 9 953 thousand BGN. The assets are included in the groups"Land" and "Assets in process of construction from "Properties, machinery and equipment".

The Group has signed two contracts for financial leasing with "Bulgaria Leasing" EAD on December 17, 2013 and with "VEI Prodject" AD from December 30, 2011. The liabilities of the financial leasings are secured by the relevant assets, acquired by means of the financial leasing.

On December 17 2013, the parent company has signed a contract for financial leasing for properties with "Bulgaria Leasing" EAD – lease subject – investment project "Grand Borovets", owned by "Intercapital Property Development" ADSITS.Initially the leasing price should have been paid in 2 years from transferring the right to use the leasing objects, with a grace period during the first six months and 25 leasing payments due on the 20th of the month, at a fixed interest rate of 9 %. By mutual agreement from 2014, the term for making the leasing payments was extended to 20.12.2020 as a result of which the leasing price was changed to 3 183 968.45 euro without VAT. In the end of 2016 the parties signed a new agreement, according to which the term for making the leasing payments was extended to 20.12.2021 and the leasing price was changed to 3 411 746 euro without VAT. According to this contract, on 17.12.2013 "Intercapital Property Development" ADSITS has transferred by notary means the right of ownership on property with identifier 65231.918.189, located in Samokov, Samokov Municipality, Sofia district, as well as the building in the property, namely a hotel apart complex with service units with identifier 65231.918.189.2, to the lessor "Bulgaria Leasing" EAD. As a result of the latter and at the conditions of a leaseback "Intercapital Property Development" ADSITS received possession of the properties, subject of the financial lease, from the lessor

10 Work in progress

Information about the work in progress by projects is presented in the following table:

Work in progress	30.06.2020 '000 BGN	31.12.2019 '000 BGN
"Marina Cape" project*	293	293
Total:	**293**	**293**

The reported work in progress represents expenses for property sales – brokerage commissions and advertising expenses for the real estate properties in the "Marina Cape" project amounting to BGN 293 thousand, which shall be recognized as expenditures in the moment of the income recognition (the final transfer of the ownership on the properties or the establishment of the right to use over them).

11 Trade receivables

	30.06.2020 '000 BGN.	31.12.2019 '000 BGN.
Local and foreign persons	50	52
Grand Borovetz 2013 EOOD	3 035	3 035
BG INVEST properties	-	-
Others	89	-
Trade receivables	**3 174**	**3 087**

12. Advances provided

The advances provided to suppliers are presented in the following table:

	30.06.2020 '000 BGN.	31.12.2019 '000 BGN.
Nikonsult EOOD	9	9
Others – prepaids insurance	-	-
Total	**9**	**9**

13. Other Receivables

	30.06.2020 '000 BGN.	31.12.2019 '000 BGN.
Non-current:		
Deferred expenses under a leaseback agreement	-	-
Non-current other receivables	**-**	**-**
Current:		
Deferred expenses under a leaseback agreement	88	88
Other	68	71
Current other receivables	**156**	**159**

The expenses for future periods during the reporting period are formed in connection with a concluded contract for reverse leasing by the Company dated December 17, 2013 with Bulgaria Leasing EAD. The result of the sale with a leaseback is a financial lease. In accordance with par. 20 of IAS 17 "Leases" at the beginning of the lease term of the finance lease The Company recognizes the object of the lease as an asset and liability in the statement of financial position with an amount equal to the fair value of the leased property at the beginning of the lease term or if is lower - the present value of the minimum lease payments specified at the beginning of the lease. The initial direct costs incurred by the Company - research fees, initial fee, etc. are added to the amount recognized as an asset. The result of the sale with a leaseback is a financial lease. Therefore, the financial result realized in the transaction is not final. It is not recognized for the period of the transaction in the profits or losses of both parties to that transaction in order to comply with the requirement of true and fair presentation.

The difference between the proceeds from the sale and the carrying amount of the asset sold is a negative amount (ie the carrying amount is greater than the sales price achieved and the proceeds from the sale), resulting in a loss. It is deferred and will be depreciated over the term of the lease. In the reverse lease agreement, Intercapital Property Development REIT realized a loss - the difference between the carrying amount of the asset and the lease price is BGN 4,274 thousand. This expense according to IAS 17 is not final and is deferred for the term of the lease agreement.

14 Money and money equivalents

The company's funds are kept in the depository bank - Unicredit Bulbank AD - St. Sunday
Money and money equivalents include the following components:

	30.06.2020 '000 BGN.	31.12.2019 '000 BGN.
Money in banks and in cash:		
- in BGN	-	-
- in EUR	257	13
Total	**257**	**13**

The amount of cash and cash equivalents, which was blocked for the Group as at 30 June 2020, amounted to BGN 7 thousand (BGN 2 thousand for 2019). All restrictions on bank deposits removed at the date of approval of the Individual financial statements do not exist.

15 Equity

a. Main/Share capital

The Company`s registered capital consists of 6 011 476 ordinary shares with a nominal value of 1 BGN per share. All the shares are with a right of dividend and liquidation quota and each of them gives a right of one vote in the General shareholders` meetings of the Company.

	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Issued and fully paid shares		
- at the beginning of the year	6 011 476	6 011 476
- issued during the year	-	-
Total shares, authorized as of June 30	**6 011 476**	**6 011 476**

b. Revaluation reserve of assets

According to the theory of business valuation, generally, the indications for a fair value of a given property could be calculated using three approaches: market approach, income approach and expenditure approach.
By using the expenditure and market approach the objects are treated as they are in the moment of the valuation. When using the income approach in the valuation of the objects are added also the perspective of their growth – their yield.
In accordance with the objective of the valuations as the most approximate approach for calculating the market value, the valuation team has adopted the "Method of comparative value (market approach). In that case the price of the property is formed on the base of research of realized deals on the market with comparable real estate. The market approach looks for the supposed market price of properties that are similar in quality to the valuated one.

When calculating the market value of the property information about three properties similar to the valuated one, located in the same region and for which deals have been realized in the last six months of the previous year, are used. The sale prices of the three properties are adjusted with an area coefficient that removes differences between them.

In the calculating of the evaluation is used the following:

- Information obtained by the inspection of the object;
- Information and documents about the legal status of the object;
- Newsletters, price lists and reference books of official editions of Ministry of the Regional Development and Public Works, Bulgarian Construction Chamber and etc;
- Information from appraiser`s personal experience.

With Resolution of the Board of Directors the revaluation of the company's assets is assigned to the independent appraisers – "Dobi 02" Ltd.

16 Liabilities to financial enterprises and liabilities under bond issue

The loans include the following financial liabilities:

	30.06.2020 '000 BGN.	31.12.2019 '000 BGN.
Loans		
Non-current		
Current	4 838	4 838
incl interest	591	591
total	**4 838**	**4 838**
Liabilities towards financial institutions		
Non-current	11 735	11735
Current	-	
Total	**11 735**	**11 735**

b) Bank Loans

The table below presents the principal liabilities of the received credits from financial institutions with allocation of the liability as of 31.12.2019, depending on the maturity:

Name of creditor	Short term liability, EUR	Long term liability, EUR	Maturity
Futures Capital		8 229 046	31.12.2027

On 18.08.2017 "Intercapital Property Development" ADSITS was informed by Marina Cape Properties OOD that according to a contract for transfer of liabilities, Marina Cape Properties OOD, EIK 204372411 has transferred to Futures Capital AD, EIK 201624613 the liabilities on principals from the contracts for investment credit, signed with Piraeus Bank Bulgaria AD, in particular for investment credit

№736/2008 from 07.07.2008 and contract for investment credit № 327/2009 from 14.12.2009. The total value of the transferred liabilities from principals is 8 229 045.97 euro.

The table below shows the main details of the Company's credits as of 31.12.2019

Name of creditor	**Interest rate**	**Maturity**	**Currency in which payments are made**
Futures Capital	3.8%	30.01.2027	Euro

c) Bond issue

The Company issued bond loan in 2007 which was secured only by insurance against financial risk issued by Euroins AD. In the memorandum for the placement of the issue it is stated that the funds were to be used mainly for purchase of land property in Sofia. The bond loan was issued on August 14, 2007. The initial term was 3 years. The amount of the issue was 5 million EUR (9 779 thousand BGN). The principal was to be paid at the end of the period, and the interests to be paid semi-annually. The coupon was 9%. The Company`s total expenditure was estimated to about 9% annually. The initial maturity date of the issue was August 14, 2010.

On August 6th, 2010 the General Meeting of the company's bondholders was held that took the following decisions:
They agreed to restructure the corporate bond issue with ISIN code BG2100019079, by renegotiating the terms of the issue as follows:
1. Extension of the issue by 36 months (from 14.08.2010 to 14.08.2013);
2. Interest on the bond is amended to 9.5% and it is payable every three months;
3. Scheme to repay the bond loan is amended as follows:
3.1. Collateral under Art. 100h, para. 1 of the Civil Insurance Act: Insurance of Euro Ins AD, covering the risk of non-payment by the Issuer of interest or principal for the new term of the issue.
3.2. Additional collateral: Establishment of second mortgage on 7 835.99 sq. M. Marina Cape, Aheloy (described in the appendix to the written materials), in favor of the trustee of the bondholders CB Investbank AD within not more than one month after the date of this General Meeting.
The Company has the right to repay all or part of the remaining principal on the bonds ahead of schedule. Repayment may be made only on an interest payment date and after one month's notice to the bondholders. The minimum amount the company can repay in part and early is EUR 250,000 or 5% of the initial issue amount.

In fulfilment of the obligations in relation to renegotiating the conditions of the bonds and for securing the receivables of the bondholders a second in line mortgage was established on 24 (twenty four) separate commercial properties of total area of 7 835,99 m2, owned by the company, located in Marina Cape, Aheloy, Pomorie Municipality, Burgas district. The mortgage contract was signed by notary deed for contractual mortgege on 01.09.2010, № 158, vol. IV, reg. № 3289, case № 732/2010 of Gergana Nedina – notary public.

In addition, in connection with the conclusion of insurance with Euro Ins AD covering the risk of non-payment by the Company of interest or principal for the new term of the issue, and in order to secure the receivable of Euro Ins AD to Intercapital Property Development of an amount of EUR 84,000, representing a part of the value of the insurance premium payable under the insurance policy, amounting to EUR 104,000, a first contractual mortgage was established in favor of Euro Ins SA on two separate sites with a total built-up area an area of 108.65 square meters, own t of the Company, located in Marina Cape town. Aheloy, Municipality Pomorie, Burgas. The mortgage contract was concluded under a Notarial Deed for the Establishment of a Contractual Mortgage of August 9, 2010, No 81, Volume IV, Reg. No. 2884, Case No 656/2010 to Notary Gergana Nedina.

At the General Meeting held on 6th February 2013 of the bondholders of Intercapital Property Development ADSIC a proposal to restructure the Company's bond loan was adopted.

The proposed agenda was as follows:

Giving consent for rescheduling and restructuring of the obligations on emission ISIN code BG2100019079, through renegotiation of some of the conditions as follows:

1. Extension of the term of the issue by 60 months (as from 14 August 2013 until 14 August 2019);

2. Interest (coupon) payments within the extended term:

2.1. The interest rate following 14 Feb 2013 until the maturity date shall be decreased to 7.25% per annum, payable at 3-month period on the dates as per the Table enclosed in the invitation;
2.2. The interest payments due following 14 February 2013 until the maturity date shall be calculated by gradual decrease of the interest rate by 0.25%. The exact amount of the interest payments as well as the terms for applying the new gradual decrease of the interest rate are specified in the invitation and in the table enclosed;
3. The Issuer shall be still entitled to make a total or partial early repayment of the outstanding principal of the debenture loan. That repayment might be effected only on a date of an interest payment. The minimum amount that might be early repaid must equal at least one amortisation payment due for the respective period;
4. Security of the issue: Except for the insurance provided by Insurance Company Euro Ins and the second-tier mortgage, the Issuer shall be obligated to provide new additional collaterals such as: to sign a supplement to the insurance policy provided by Euro Ins and to create a first-tier mortgage on an own real property as described in the invitationn
5. Other terms and ratios:
5.1. Ratio between Equity and Secured Debt: The Company undertakes to maintain a ratio between equity and secured debt, calculated by dividing the balance sheet equity capital of the Company to the sum of all collateralized obligations, not lower than 0.10 (zero point ten) until the full payment of the bonds of this issue.
5.2. Maximum ratio of Liabilities to Assets according to their book value: The Company undertakes to maintain a maximum ratio of the book value of its Liabilities to the book value of its Assets at an amount of not more than 0.95 (zero point ninety five) until the full payment of the bonds of this issue.

At a meeting of the Board of Directors of BSE-Sofia AD under Minutes № 8/11.02.2013, it was decided to change the parameters of the issue of debentures of the Company admitted it to Segment of the BSE-Sofia. The changes were reflected on BSE with effect from 13.02.2013.

With the establishment of a mortgage ICPD fulfill its obligation to provide collateral on outstanding, as of the date of the meeting, bond loan of € 3,500,000 (three million five hundred thousand euro), together with interest due.

On 11/02/2015, there was a General Meeting of Bondholders of corporate bonds with ISIN code BG2100019079, issued by the ICPD. Pursuant to Art. 214 para. 1 of the CA General Meeting of Bondholders was convened by the representative of the bondholders "InvestBank" AD. At the meeting the following decisions on relevant agenda items were adopted.

On the first point was given for rescheduling and restructuring of the obligations on the issue of corporate bonds with ISIN code BG2100019079, by renegotiating the terms of the issue as follows:
1. Extension of the issue 24 months (from 14.08.2019 years - until 14.08.2020 years);
2. Scheme for repayment of the bond loan and interest shall be amended as follows:
2.1. The principal shall be paid to the following contributions:

2015	**2016**	**2017**	**2019**	**2020**	**2020**
Date/amount (euro)	Date/amount (euro)	Date/amount (euro)	Date/amount (euro)	Date/amount (euro)	Date/amount (euro)
14.02./ 62 500	14.02./ 62 500	14.02./ 125 000	14.02. /125 000	14.02./ 187 500	14.02./ 250 000
14.05./ 62 500	14.05./ 62 500	14.05./ 125 000	14.05./ 125 000	14.05./ 187 500	14.05./ 250 000
14.08./ 62 500	14.08./ 62 500	14.08./ 125 000	14.08./ 125 000	14.08./ 187 500	14.08./ 250 000
14.11./ 62 500	14.11./ 62 500	14.11./ 125 000	14.11./ 125 000	14.11./ 187 500	

3. Interest payments are due under the following conditions:
3.1. The agreed interest rate on the bond loan will be reduced to 6% on an annual basis from 14.02.2015.
3.2. The possibility of applying a step for the reduction of the interest rate on the bond loan in the amount of 0.25% (zero point twenty five percent) is retained only on condition that there is prompt payment of interest and principal payments, until the interest rate reaches 5% annually. The principles and interest payments are considered to be paid on time in the event that the total amount payable for the preceding quarter, was ordered to the bank account of the "Central Depository" AD servicing debenture loan payments no later than two working days before the corresponding maturity.

3.3. Interest on the debenture loan is payable quarterly on the dates indicated in the table below:

Date of interest payment	Days in interest period	Days	Interest rate	Amount of due interest (EUR)
14.02.2015	92	365	7,00%	52 932
14.05.2015	89	365	6,00%	42 976
14.08.2015	92	365	5,75%	41 668
14.11.2015	92	365	5,50%	38 990
14.02.2016	92	366	5,25%	36 291
14.05.2016	90	366	5,00%	33 043
14.08.2016	92	366	5,00%	32 992
14.11.2016	92	366	5,00%	32 206
14.02.2017	92	365	5,00%	31 507

14.05.2017	89	365	5,00%	28 955
14.08.2017	92	365	5,00%	28 356
14.11.2017	92	365	5,00%	26 781
14.02.2019	92	365	5,00%	25 205
14.05.2019	89	365	5,00%	22 860
14.08.2019	92	365	5,00%	22 055
14.11.2019	92	365	5,00%	20 479
14.02.2020	92	365	5,00%	18 904
14.05.2020	89	365	5,00%	16 002
14.08.2020	92	365	5,00%	14 178
14.11.2020	92	365	5,00%	11 815
14.02.2020	92	366	5,00%	9 426
14.05.2020	90	366	5,00%	6 148
14.08.2020	92	366	5,00%	3 142

4. If, within three (3) days before the expiration of 30 days from the maturity of any outstanding principle and/or interest payment the issuer fails to submit to the bondholders' trustee the document that the payment is made in a bank account "Central Depository" AD, servicing debenture loan payments, it is considered to be the event of default on the bond issue as "Investbank" AD may exercise their rights of bondholders' trustee, under contract with the Issuer and the relevant laws.

5. The bondholders agree that any payment under the terms of the issue within the period prescribed under p. 3 will be considered for payment under the issue and will not give rise to any adverse effect on the Issuer. Payment to meet the conditions of the previous sentence can be done both by the Issuer and by any third party.

6. All other conditions of the bond issue issued by "Intercapital Property Development " ADSIC, except from the expressly stated above shall remain in force and retain their effect as originally agreed, respectively renegotiated by the General Meeting of Bondholders.

As the Company failed to pay the interest due on 14.08.2017 in the amount of EUR 32,610 and principal amounting to EUR 125,000, the Company informed Investbank AD, FSC, BSE and the public that on the grounds of Item 1, Section VII of Insurance Policy No 29 - 0000 - 1753 / 06.08.2010, as amended by Addendum No 4 of 11.02.2015, it will be considered that on September 13, 2017 at 17:30, there is an insurance event whereas the occurrence of an insurance event in respect of a specific three-month principal payment and / or contractual interest does not automatically lead to the occurrence of an insured event with regard to subsequent payments.

By letter with reference number No 2989/6 of 03.10.2017, EUROINS AD as an insurance policyholder concluded in connection with the provision of collateral to the bondholders on the bond issue issued by ICPD ADSIC, notified Investbank AD, in its capacity of trustee of the bondholders acting as insured person and secured creditor of the receivables of all bondholders, and ICPD ADSIC, that from 00.00 h on 03.10.2017 the insurer terminates the insurance contract from 11.02.2015 with insurance policy number 29-0000- 1753.
The notification states that in connection with an application filed by "Investbank" AD No 2989/4 / 28.09.2017 for payment of an insurance indemnity for the aforementioned insurance policy for a total amount of EUR 157,609.59 (one hundred and fifty seven thousand six hundred nine euro 59 eurocents) representing the amount of the due interest and principal payment under the bond loan as of 14.08.2017, the "EUROINS" AD will exercise its right under Art. 364, para.

4 CC in the event of a terminated insurance policy and will apply a 50% (fifty percent) reduction of the indemnity for an insurance event occurring prior to the date of termination of the insurance contract.
As a result on October 5th 2017, a partial depreciation payment of EUR 78,805 was made on the bond issue issued by the "Intercapital Property Development" ADSIC, which had matured on 14.08.2017. The amount for the above amortization payment on the debenture loan issued by "Intercapital Property Development"" ADSIC was deposited in a bank account of the Central Depository AD by EUROINS AD as an insurance policyholder concluded in connection with the provision of collateral to the bondholders of the bond issue issued by the Company.
On 24.10.2017 "Intercapital Property Development" ADSIC was informed by Investbank AD that the trustee declared the entire debenture loan of the issuer due early due to the fact that the dropping of the contracted debt insurance collateral constituted a material breach of the issuer's obligations under the prospectus as well as due to the circumstance, that the overdue of part of the obligations on the issue (due on 14.08.2017) lasts more than 30 days.
At a meeting of the Board of Directors of BSE-Sofia AD under Protocol No. 55 / 26.10.2017 and on the grounds of Art. 39, para. 1, item 4 of Part III Rules for admission to trading by the Rules and Regulations of BSE-Sofia AD, the Board of Directors of BSE-Sofia has finally ceased the registration of the issue of bonds issued by ICPD ADSIC with effect from 27.10.2017.

17.Trade payables

The following table shows the more significant liabilities of the Company as of June 30, 2020.

	30.06.2020 '000 BGN.	31.12.2019 '000 BGN .
Intercapital Markets AD	-	7
Water supply and sewerage EAD, Burgas	-	22
Marina Cape Properties Ltd.	144	144
Other	243	241
Total	**387**	**414**

Liabilities to suppliers have arisen in connection with concluded contracts for construction of a site of residential buildings for seasonal use of the site "Marina Cape" and the site "Grand Borovets", and the repayment will end at the end of 2019.

18. Amounts received in advance from customers

Amounts received in advance from customers include:

	30.06.2020 '000 BGN.	31.12.2019 '000 BGN.

Foreign individuals	1955	1 951
Guarantee deposits from clients under concluded contracts	-	-
MIDIA AD	-	
other	-	
Total	**1955**	**1951**

19. Tax liabilities

	30.06.2020 '000 BGN	31.12.2019 '000 BGN
VAT obligations to pay	37	9
PIT liabilities	4	2
Liabilities for real estate tax and municipal waste tax	47	47
Total	**88**	**58**

20. Obligations to staff and social security institutions

	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Current:		
Salaries	177	161
Insurance obligations	13	6
Total	**190**	**167**

21. Other liabilities

	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Current:		
Assigned liabilities under loan agreements with Grand Borovets 2013 EOOD	-	
Liability to Insurer Euroins AD	4 205	4205
Assigned liabilities to Marina Cape Properties Ltd.	15 922	15 921
Liabilities to BGI Imo EAD	6 247	6247
Interest payable on loans	-	
Avi Consult	-	
Telelink EAD	522	522
Other	281	313
Total:	**27 177**	**27 208**

23.1 Revenue from sales

Revenue from sales incldue:

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Sale of investment property	-	-
Management of investment property	64	31
Total	**64**	**31**

23.2 Other Revenue

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Written off liabilities	-	87
Other revenue	-	-
Total	**-**	**87**

24 Material expenses

Material expenses incldue:

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Utilities	-	(15)
Other		
Total	**-**	**(15)**

25. External services liabilities

26. External services liabilities include:

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Maintenance and management	-	-
Fees, appraisal, accounting and auditing services	(10)	(185)
Consulting services	-	-
Advertising	-	-
Sales costs - commissions	-	-
Rent	-	-

Telecommunication services	(1)	(3)
Other	(6)	(7)
Total	**(17)**	**(195)**

26. **Personnel expenses**

include:

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Wage cost	(20)	(19)
Social security costs	(3)	(3)
Total	**(23)**	**(22)**

27. **Other expenses**

Include:

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Written off receivables	-	-
Loss on sale of lease	-	(223)
Fines, fees and penalties	-	(143)
other	(17)	(4)
Total	**(17)**	**(370)**

27. Book value of sold assets

In the item "Book value of the sold assets", the Company reports the book value of the expropriated investment properties.

Disposal of investment property may arise through the sale or establishment of a right of use In determining the date of disposal for investment property, the Company applies the criteria in IAS 18 for recognizing income from the sale of goods or takes into account the relevant guidance in the appendix to IAS 18.

26. **Financial income and expenses**

The financial costs for the presented reporting periods can be analyzed as follows:

	30.06.2020 '000 BGN	30.06.2020 '000 BGN
Revenues from positive differences from operations with financial as		
instruments	-	-
other	-	-
Interest expense	(1 81)	(1049)
Negative differences from exchange rate changes	-	-
Other financial expenses (fees for bank renegotiation loans and other penalties)	-	-
Total financial income and expenses, net	**(181)**	**(1049)**

27. **Changes in the fair value of investment property**

	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Negative revaluations	-	-
Positive revaluations	-	-
Net change in the fair value of investment property	**-**	**-**

28. **Tax expenses**

The financial result of the Company is not subject to corporate tax, according to Art. 175 of the Corporate Income Tax Act.

28. Earning/(Loss) per share and dividends

a) Earning/(Loss) per share

Basic earning per share and diluted earnings per share calculated, as the used numerator is the profit/ (loss) attributable to shareholders of the Company.

The weighted average number of shares used for basic earnings per share as well as net income/ (loss) attributable to holders of ordinary shares is presented as follows:

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Profit / (loss), attrubutalbe to shareholders (in '000 BGN)	(257)	(1560)
Weighted AvegeNumber of Shares (in '000 BGN)	6 011	6 011
Basic Earnings per Share (in '000 BGN.)	(0.04)	(0.26)

29. Related party Transactions/ Insider Transactions

a. Transactions with subsidiaries

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Sale of goods and services		
- sale of services to Marina Cape Management EOOD	64	31
Purchase of goods and services		
- purchase of services from Marina Cape Management EOOD	-	-

Receivables from subsidiaries	**30.06.2020 '000 BGN**	**31.12.2019 '000 BGN**
Current:		
Marina Cape Management EOOD	1332	1 797
Total	**1 332**	**1 797**

Задължения към дъщерни предприятия	**30.06.2020 '000 BGN**	**31.12.2019 '000 BGN**
Текущи:		
Marina Cape Management EOOD	13	13
Total	**13**	**13**

Over 80% of receivables and payables between related parties arose more than 360 days ago. Due to the nature of their relationship, they are not intercepted.

б. Transactions with key management personnel

The key management personnel of the Company includes the members of the Board of Directors The remuneration of the key management personnel includes the following expenses:

	30.06.2020 '000 BGN	30.06.2019 '000 BGN
Remuneration to individuals	177	161
Remuneration for Aheloy 2012	-	-
Total	**177**	**161**

The obligations of the company to the members of the Board of Directors are as follows:

	30.06.2020 '000 BGN	31.12.2019 '000 BGN
Remuneration to individuals	177	161
Remuneration for Aheloy 2012	-	-
Total	**177**	**161**

30. Risk related to financial instruments

Aims and policy of the management regarding risk management
The Group is exposed to various risks in relation to its financial instruments, the most important of which are: market risk, credit risk and liquidity risk.

The risk management of the Group is carried out by the BD of the parent company, assisted by IP Intercapital Markets AD, which has a contract for valuation and risk management of the Group in collaboration with the BD. It is a priority for the BD to supply the short term and long term cash flows by reducing its credit exposition. Long term financial investment are managed to generate long term return.

The parent company does not have the right to trade on the financial markets.

The structure of the Company's financial assets and liabilities as of 30th June by category is shown below. It includes all financial assets in a group - "loans and receivables", and all financial liabilities in one group - "other financial liabilities":

(a) Market risk

(-) Currency risk. The expenses of the Company are denominated in BGN or in EUR. In BGN denominated expenses are associated with the construction and operation of real estate. The cost of the real estate most often is negotiated in BGN. On the other hand, almost all other earnings are negotiated in EUR. In a currency board and fixed exchange rate of the lev against the euro, currency risk for the company is virtually none.

In conducting of transactions in foreign currency there are currency gains and expenses which are included in the Income Statement. During the reporting period the Company has not been exposed to currency risk, in so far as no positions have occurred in currencies other than the lev and euro.
The policy on currency risk management applied by the company is not to have substantial operations and do not maintain open positions in foreign currencies other than Euro.
The financial assets and liabilities, which are denominated in foreign currency are revalued in BGN at the end of the accounting period

Interest rate risk
The Group may be exposed to interest rate risk if there is a mismatch between the type (fixed or floating income, respectively interest) of assets and liabilities. The main assets of the Company are property (land or those under construction). It could be assumed that these assets are fixed-price or income because their price is not affected directly by changes in interest rates. The Group will seek to finance these assets in debt instruments, which also have a fixed rate. Where this is not possible or not favorable to the company, it may use a floating-rate debt. In these cases the Company will constantly analyze forecasts on interest rates. In case of significant risks of a large increase in interest rates, which have a significant negative impact on profits of the company, it may use derivatives or other financial instruments to hedge this risk. These may be contracts for swap payments from floating to fixed interest rate, futures or other instruments. As of June 30, 2019, the bigger part of the liabilities of the Group are with floating rate, based on EURIBOR. In this regard, the company is exposed to risk if the base interest in the Eurozone rises.

It must be noted that, the possible increase of market interest rates will possibly reflect unfavorably on the prices and demand for properties as a large part of these deals is financed through loans.

The policy of the Group is towards minimizing the interest rate risk during long term financing.

(b) Analisys of the Credit risk

In its activity the Company may be exposed to credit risk when it pays in advance (grant advances) to its suppliers or has sales receivables (including the sale with deferred payment). Group policy provides for the avoidance of advances as much as possible. Yet when these are imposed (e.g. purchase of windows, elevators and etc. for buildings under construction), the Company will analyze in detail and depth the reputation and financial condition of the suppliers and if necessary will require a bank and other guarantees of good performance. Similarly, in the conduct of sales of goods and services and providing loans to customers, the Company will focus on the credit standing of counterparties.

(c) Liquidity risk

Liquidity risk arises in connection with securing funding for the activities of the Company and its management positions. It has two dimensions - risk the Company will not be able to meet its obligations when they fall due and the risk of being unable to realize company assets at an appropriate price and within acceptable limits.
The company aims to maintain a balance between maturity of funding and flexibility of the use of funds with varying maturity structure.
The company aims to reduce the risks of a shortage of cash by making investments and works only when the financing is secured with its own funds, advances from customers or borrowings. Company monitors closely the financial markets and the opportunities for raising additional funds (own or debt). The company seeks to shorten the time to raise such funds as necessary.

35. Capital management policy and procedures

The objectives of the Company in connection with capital management are:
• to ensure the ability of the Company to continue to exist as a going concern and
• to ensure adequate profitability for shareholders,
determining the price of its products and services in accordance with the level of risk.

The company manages the capital structure and makes the necessary adjustments in accordance with changes in the economic situation and the risk characteristics of the respective assets.

In order to maintain or adjust the capital structure, the Company may change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce its liabilities.

36 Information regarding events after the balance sheet reporting date

No such events have occurred.