Annual Financial Report

INTERCAPITAL PROPERTY DEVELOPMENT REIT

December 31, 2021

Balance sheet

	Notes	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Assets			
Non-current assets			
Property, plant and equipment	6	17 550	14 822
Investment property	7	25 890	24 968
Investments in subsidiaries	8		5
Non-current assets		**43 440**	**39 795**
Current assets			
Trade receivables	10	2860	3 068
Advances provided	11	4950	
Receivables from related parties	33		2 708
Other receivables	12	416	34
Money and cash equivalents	13	18	2
Current assets		**8 244**	**5 812**
Total assets		**51 684**	**45 607**

Date: 26.03.2022

Prepared by: ____________________
/ Optima Audit AD,
Blagorodna Atanasova-manager /

Executive director: ____________________
/ Velichko Klingov /

Financial statement on which it is issued audit report dated March 31, 2022

/ Nikolai Polinchev, des 684 /

Balance sheet

	Notes	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Equity			
Share capital	14	27 766	27 766
Emission premiums		7 651	7 651
Reserve for subsequent valuation of assets		9 347	7 508
General reserves		1	1
Retained earnings		10 234	9 728
Uncovered loss		(29,830)	(29,830)
Current profit / (loss)		3 740	506
Equity		**28 909**	**23 330**
Liabilities			
Non-current liabilities			
Liabilities to financial institutions	15		11 735
Debt loan liabilities	15	11735	
Other obligations	15	6 367	
Non-current liabilities		**18 102**	**11 735**
Current liabilities			
Current part of the long-term bond	15	243	7
Financial leasing liabilities	9	1 270	1,400
Trade payables	16	2 4	32
Amounts received in advance from customers	17	1 487	1,650
Short-term liabilities to related parties	33		10
Tax obligations	18	31	49
Obligations to staff and social security institutions	19	17 3	191
Other obligations	20	1 445	7 203
Current liabilities		**4 673**	**10 542**
Total liabilities		**22 77 5**	**22 277**
Total equity and liabilities		**51 68 4**	**45 607**

Date: 26.03.2022

Prepared by: ____________________ **Executive Director:** ____________________

/ Optima Audit AD, Bogorodna Atanasova-manager / **/ Velichko Klingov /**

Financial statement on which it is issued audit report dated March 31, 2022

/ Nikolai Polinchev, des 684 /

Profit or loss statement and other comprehensive income

	Explanation	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Sales revenue	21	5 935	1 215
Material costs	22		(1)
Costs for external services	23	(168)	(587)
Staff costs	24	(51)	(51)
Depreciation costs	6		(45)
Other expenses	25	(2,922)	(200)
Book value of assets sold	26	(5,975)	(370)
Profit / (Loss) from operating activities		**(3,181)**	**(39)**
Financial income / expenses	27	(865)	(1,099)
Changes in the fairness of investment property	28	**7 78 6**	**1 644**
Profit / Loss for the year		**3 740**	**506**
Earnings per share	33	**0.136**	**0.049**
Other comprehensive income			
Gains / Losses from property revaluations		**1 839**	**127**
Total comprehensive income for the year		**5 579**	**633**

Date: 26.03.2022

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Statement of changes in equity

All amounts are in BGN 000.	**Basic capital**	**Premium reserve**	**other reserves**	**Retained earnings**	**Uncovered loss**	**Total capital**
Balance on January 1, 2020	**6 011**	**7 651**	**7 382**	**9 728**	**(29,830)**	**942**
Issued capital	**21 755**					**21 755**
Profit / Loss	-	-	-	506	-	506
Other comprehensive income	-	-	-	-	-	-
Revaluation of non - current assets	-	-	127	-	-	127
Total comprehensive income	**-**	**-**	**127**	**-**	**-**	**127**
Balance as at 31 December 2020	**27 766**	**7 651**	**7 509**	**10 234**	**(29,830)**	**23 330**
Profit / Loss	-	-	-	3 740	-	3 740
Other comprehensive income	-	-	-	-	-	-
Revaluation of non - current assets		-	1 829	-	-	1 829
Other changes						
Total comprehensive income	**-**	**-**	**1 82 9**	**3 740**	**-**	**5 569**

Date: 26.03.2022

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/ Optima Audit AD, Bogorodna Atanasova-manager / **/ Velichko Klingov /**

Financial statement on which it is issued audit report dated March 31, 2022

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Cash Flow Statement
for the year

	Explanations	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Operations			
Revenues from customers		6 44 8	861
Payments to suppliers		(4 931)	(1,430)
Payments to staff and social security institutions		(57)	(9)
Taxes paid / refunded other than corporate tax		(698)	
Other operating income and payments, net			(23)
Net cash flow from operating activities		**762**	**(601)**
Investment activity		**-**	**-**
Financial activity			
Issued capital			21 755
Proceeds from a debenture loan		11 375	
Payments on loans received		(11,742)	(20 121)
Payments of interest, fees and commissions		(618)	(971)
Payments under lease agreements		(121)	(73)
Net cash flow from financing activities		**(746)**	**590**
Net change in cash and cash equivalents		**16**	**(11)**
Cash and cash equivalents at the beginning of the year		2	1 3
Cash and cash equivalents at the end of the period	**15**	**18**	**2**

Date: 26.03.2022

Prepared by: ____________________ **Executive Director: ____________________**

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Notes to the financial statements

1. General information

Intercapital Property Development REIT is registered under the REIT for real estate securitization. The company operates as a collective investment scheme for real estate; "Real estate securitization" means that the company buys real estate with the money it has raised from investors by issuing securities (shares, bonds).

The company is registered as a joint stock company and is entered in the register of commercial companies at the Sofia City Court, in company case № 3624/2005, lot № 92329, volume 1204, reg. I, p .: 23. The BULSTAT code is 131397743. The registered office and the address of management of the Company are - Sofia, 6 Dobrudja Str.

The shares of the Company are registered for trading on the Bulgarian Stock Exchange - Sofia AD and on the alternative market "NewConnect", organized by the Warsaw Stock Exchange.

The company has a one-tier form of management. The Board of Directors consists of the following:

- Velichko Klingov,
- Tsvetelina Hristova.
- AHELOY 2012 Ltd., represented by Petya Georgieva Yordanova.

Investor Relations Director is Radostina Panteleeva.

Serving companies, according to the requirements of SPVC are: Optima Audit AD, Marina Cape Management EOOD. The main independent real estate appraiser is Dobi 02 EOOD.

2. Basis for preparation of financial statements

a. Declaration of conformity

The company maintains its current accounting in accordance with the requirements of the Bulgarian commercial and accounting legislation.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards as adopted by the Commission of the European Union. These include International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and IFRS interpretations (SICs). of these standards and the interpretations for their application, as well as future standards and interpretations for their application, prepared by the International Accounting Standards Board (IASB).

The financial statements are presented in Bulgarian levs, which is the functional currency of the Company. All amounts are presented in thousands of BGN ('000 BGN) (including comparative information for 2020), unless otherwise stated.

The financial statements have been prepared in accordance with the going concern principle.

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

b. Management responsibilities

The actions of the management and the employees are in the direction of affirming the principles of good corporate governance, increasing the trust of the shareholders, investors and the persons interested in the management and the activity of the Company.

Management confirms that for the reporting period it has consistently applied adequate accounting policies in preparing the Annual Financial Statements and has made reasonable and prudent estimates, assumptions and estimates.

Management also confirms that it has adhered to the applicable accounting standards, and the Annual Financial Statements have been prepared on a going concern basis.

c. Working company

The Company has prepared its financial statements for the year ended 31 December 202 1 , based on the assumption that the Company is a going concern, which assumes the continuation of current business activities and the sale of assets and settlement of liabilities in the normal course of its activities. . The future financial results of the Company depend on the wider economic environment in which it operates. Factors that specifically affect the Company's results include zero or negative economic growth, investor confidence, prices of financial instruments, and the presence of subcontractors and suppliers. The COVID-19 pandemic increased the inherent uncertainty of the Company's assessment of these factors.

The Company has prepared financial forecasts for the twelve months from the date of approval of these financial statements, taking into account the estimated assessment of the continuing effects of the COVID-19 pandemic on business. Management has concluded that there is no material uncertainty that could cast significant doubt on the Company's ability to continue as a going concern, and that it is appropriate to prepare the financial statements on the going concern basis after the going concern basis. taking into account financial forecasts, including the forecast downturn.

The company is fulfilling its financial commitments as of December 31, 2021.

The management has no plans or intentions to provide for a significant reduction in the scale of the activity and / or transformation in the foreseeable future for a period of at least one year of the company.

-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. Changes in accounting policy

a. New and amended standards

The Company's accounting policies are consistent with those applied in the previous reporting period, except for the following amended IFRS, adopted as of January 1, 2021:
For the first time in 2021, some amendments and clarifications are applied, but they do not affect the financial statements of the Company. The Company has not adopted any standards, interpretations or amendments that have been published but have not yet entered into force.

Reform of interest rate benchmarks - Phase 2 - IFRS 7, IFRS 9, IFRS 4, IFRS 16 and IAS 39 (Amendments)
In August 2020, the IASB published the Reform of Interest Rate Reference Indicators - Phase 2 - IFRS 7, IFRS 9 and IAS 39, concluding its work in response to the IBOR reform. The amendments provide

temporary relief that relates to the effects of financial reporting when the interbank interest rate (IBOR) is replaced by an alternative risk-free interest rate (RFR). In particular, the amendments provide practical guidelines, when taking into account changes in the basis for determining contractual cash flows on financial assets and liabilities, to require an adjustment to the effective interest rate equivalent to the movement of market interest rates. The amendments also make it easier to terminate the hedge relationship, including a temporary exemption from the need to comply with the separate identification requirement when the RFR instrument is designated as a hedging instrument. In addition, the amendments to IFRS 4 are intended to allow insurers that still apply IAS 39 to receive the same benefits as those provided for in the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable the users of financial statements to understand the effect of the reform of the reference interest rates on the financial instruments and the risk management strategy of the Company. The amendments are effective for annual periods beginning on or after January 1, 2021. The application is retrospective, but the Company is not required to recalculate previous periods. The adoption of the amendments did not affect the financial condition or results of operations of the Company.

b. Published standards that are not yet in force and have not been adopted before .

As of the date of approval of these financial statements, new standards, amendments and clarifications to existing standards have been published, but have not entered into force or have not been adopted by the EU for the financial period starting on 1 January 2020 and have not been applied. from an earlier date by the Company. They are not expected to have a material effect on the Company's financial statements. Management expects all standards and amendments to be adopted in the Company's accounting policy in the first period beginning after the date of their entry into force.
The changes are related to the following standards:

- IFRS 17 Insurance Contracts effective from 1 January 2023;
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current and Non-Current, effective from 1 January 2022;
- Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective from 1 January 2022;
- Annual improvements 2018-2020, effective from 1 January 2022, have not yet been adopted by the EU;

c. Changes in accounting policy

The adopted accounting policy is consistent with the one applied in the previous year.

4. Accounting policy

a. General provisions

The most significant accounting policies applied in the preparation of these separate financial statements are set out below.

The financial statements have been prepared in accordance with the valuation principles for each type of assets, liabilities, income and expenses in accordance with IFRS. The measurement bases are disclosed in detail later in the accounting policy for the financial statements. The individual financial statement is prepared in compliance with the principle of an operating enterprise.

It should be noted that accounting estimates and assumptions have been used in the preparation of these financial statements. Although they are based on information provided to management at the date of preparation of the financial statements, actual results may differ from estimates and assumptions made.

The statement of financial position presents two comparative periods when the Company:

(a) apply accounting policies retrospectively;

(b) retrospectively recalculates items in the financial statements; or

(c) reclassifies items in the financial statements and this has a material effect on the information in the statement of financial position at the beginning of the previous period.

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

b. Foreign currency transactions

The individual elements of the Company's financial statements are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Company are prepared in Bulgarian levs (BGN). This is the functional and presentation currency of the Company.

Transactions in foreign currency are reported upon their initial recognition in the reporting currency of the Company at the official exchange rate for the day of the transaction (announced fixing of the Bulgarian National Bank). Foreign exchange gains and losses resulting from the settlement of such transactions and the revaluation of foreign currency positions at the end of the period are recognized in the Income Statement.

The Currency Board in Bulgaria was introduced on July 1, 1997 in compliance with the recommendations of the International Monetary Fund (IMF) and initially the value of the Bulgarian lev was fixed to the value of the German mark in a ratio of 1: 1. After the introduction of the euro, the Bulgarian lev was pegged to the euro in a ratio of 1 euro = BGN 1.95583.

c. Revenues and expenses

Revenue recognition

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

d. 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 the related provisions in recognizing the related revenue.

e. 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 and other 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 the construction works 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.

f. Staff income

Short-term staff income includes salaries, wages, social security contributions and annual compensatory leave of employees, which are expected to be fully settled within 12 months after the end of the reporting period. When the Company receives the service, they are recognized as an expense to staff in profit or loss. The short-term income of the staff is estimated at the undiscounted amount of the expected expenses for settlement.

For the purposes of the Company's Remuneration Policy, permanent remuneration is all payments or other benefits that are determined in advance and do not depend on the achieved result, and variable remuneration are all additional payments or other benefits that are determined and paid depending on the achieved result. or other contractually agreed terms.

The remuneration paid corresponds to the type of professional services provided; the level of education of the employee; the level in the corporate structure it occupies; professional experience; the imposed restrictions (prohibition to perform a certain activity or action, incompatibility to hold a position under an additional legal relationship, etc.).

The members of the Board of Directors receive a fixed monthly remuneration determined by the General Meeting, which may not exceed 10 minimum monthly salaries. The General Assembly also decided that the remuneration of the Executive Director should be up to 12 minimum salaries.

By decision of the General Meeting of Shareholders, members of the Board of Directors may receive royalties of not more than 0.1% of the Company's profit before the distribution of dividends for each member of the Board of Directors, but not more than 0.5% of the total Advice.

The Company does not owe any other amounts and / or benefits in kind, nor does it set aside or accrue amounts for the provision of pensions, benefits or other compensations upon retirement of the members of the Board of Directors.

The company forms only a permanent remuneration, which is determined in the concluded contracts. No variable remuneration is formed and paid. The permanent remuneration includes:

- basic salary, determined in accordance with the current legislation and the applied system of remuneration;

• additional non-permanent remuneration, in the exceptional cases provided for in the Labor Code, in the ordinance or in another normative act, such as for extraordinary work;

• other remunerations specified in a normative act;

• Remuneration under management contracts and other non-employment contracts - payment established in the individual contract, which is not directly dependent on the assessment of the performance of the activity.

Remuneration may include a non-monetary compensation package - funds for health prevention, funds for improving working conditions and technical / computer security, funds for professional development, as well as additional incentives related to voluntary pension and / or health insurance and insurance, subject to of the general principles of this policy.

The Company may pay additional remunerations of a non-permanent nature and in the form of one-time remunerations for annual results obtained, target bonuses for the performance of additionally assigned or successfully completed additional tasks. Additional remuneration can be paid after positive financial results for the past period and positive forecasts for the future period.

The company did not benefit from extraordinary state aid.

g. Intangible assets

Intangible assets are initially measured at cost. In the case of self-acquisition, it is equal to the purchase price, as well as all non-refundable taxes and direct costs incurred in connection with the preparation of the asset for operation.

Subsequent measurement 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 costs incurred in respect of intangible assets after initial recognition are recognized in the income statement and other comprehensive income in the period in which they are incurred, unless it is probable that they will cause the asset to generate more than originally anticipated future economic benefits. and when those costs can be measured reliably and attributed to the asset. If these two conditions are met, the cost is added to the cost of the asset.

Depreciation is calculated using the straight-line method over the estimated useful lives of individual assets, as follows:

Software 2 years

Another 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 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 assessment 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 selected materiality threshold for the intangible fixed assets of the Company amounts to BGN 700.

h. Property, plant and equipment (non-current tangible assets)

Property, plant and equipment are initially measured at cost, including the cost of acquisition, as well as any direct costs of bringing the asset to working condition.

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

Subsequent measurement of all other groups of assets is carried out 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 costs associated with an asset of property, plant and equipment are 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 expenditure is recognized as an expense in the period in which it is 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 land revaluation 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 as a reduction of additional reserves (if any) or as current expense.

The revaluation reserve is recognized as retained earnings after the decommissioning of the asset.

The results of the disposal of non-current assets are determined by comparing the proceeds with the carrying amount 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 and equipment of the Company amounts to BGN 700.

i. Reporting of leasing contracts

On the date of entry into force of the contract, the Company assesses whether the contract represents or contains a lease. Namely, whether the contract transfers the right to control the use of the identified asset for a certain period of time.

The company as a lessee

The Company applies a unified approach to the recognition and measurement of all leases, except for short-term leases (ie leases with a lease term of up to 12 months) and leases of low-value assets. The Company recognizes lease liabilities for the payment of lease payments and assets with the right of use, representing the right to use the assets.

Assets with the right to use

The Company recognizes assets eligible for use from the commencement date of the lease (ie the date on which the underlying asset is available for use). Assets entitled to use are measured at cost less accumulated depreciation and impairment losses and adjusted for any revaluation of the lease. The cost of an asset includes the amount of recognized lease obligations, incurred initial direct costs and lease payments made on or before the commencement date of the lease, an estimate of the costs to be incurred by the lessee in dismantling and relocating the lease. the asset, the restoration of the site on which it is located or the restoration of the asset to the condition required under the terms of the lease, less any incentives received under the lease.

If at the end of the lease term the ownership of the leased asset is transferred to the Company, or the acquisition price reflects the exercise of a call option, the depreciation is calculated using the expected useful life of the asset.

Assets with the right of use are also subject to impairment.

Lease liabilities

From the starting date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments that will be made during the lease term. Lease payments include fixed installments (including fixed payments in substance), reduced by any eligible incentives under the lease, variable lease payments that depend on an index or interest rate, and amounts expected to be paid under guarantees for residual value. Lease payments also include the exercise price of a call option that is reasonably certain to be exercised by the Company, as well as penalties for termination of the lease if the lease term reflects the Company's exercise of the lease option. termination.

Variable lease payments that do not depend on an index or interest rate are recognized as an expense (unless incurred in producing inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the intrinsic interest rate on loans at the start date of the lease, as the interest rate set in the lease cannot be reliably determined. After the starting date, the amount of lease liabilities increases with interest and decreases with lease payments. In addition, the carrying amount of leased liabilities is revalued if there is a modification, change in lease term, change in lease payments (for example, changes in future payments due to a change in the index or interest rate used to determine those lease payments). or a change in the valuation of the option to purchase the underlying asset.

Short - term leases and leases of low - value assets

The Company applies the exemption from recognition of short-term leases in respect of its short-term leases, the lease term of which is 12 months or less than the starting date and which do not contain a purchase option. It also applies the exemption from the recognition of leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are stated as an expense on a straight-line basis over the term of the lease.

j. 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 assets are subject to impairment testing on an individual basis and others on a cash-generating unit basis.

All cash-generating assets and 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 less than its 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 improvements in assets. 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 reduce the carrying amount of the assets of that cash unit in proportion to their carrying amount. The Company's management then 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.

k. Investment property

The Company reports as investment property buildings that are held rather for rental income or for capital increase or both, but also for sale within the ordinary course of business.

Investment property is recognized as an asset in the financial statements of the Company only if the following two requirements are met:

- future economic benefits from the investment property are likely to be obtained
- the value of investment property can be reliably estimated.

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

After their initial recognition, investment property is accounted for using the fair value model. Fair value is the most likely price that can be obtained in the market at the balance sheet date. Investment property is revalued on an annual basis and is included in the income statement 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 costs associated with investment property that are already recognized in the Company's financial statements are added to the carrying amount of the property when it is probable that future economic benefits associated with the item will flow to the Company. All other subsequent costs are recognized as an expense in the period in which they are incurred.

The Company writes off its investment properties upon their sale or upon their permanent decommissioning, in case no economic benefits are expected from their sale. Gains or losses arising from decommissioning or sale are recognized in the income statement and other comprehensive income and are determined as the difference between the net disposal proceeds and the carrying amount of the asset.

Rental income and operating expenses related to investment property are reported as "sales revenue" and "material costs", "external services costs" and "other costs", respectively.

1. Financial actives

Financial instruments - initial recognition and subsequent measurement

Initial recognition

Upon initial recognition, the Company classifies financial assets in one of the following categories:

1. Valued at amortized cost,
2. Measured at fair value through other comprehensive income and
3. Measured at fair value through profit or loss.

The classification is determined based on the business model for managing the class of financial assets and the contractual characteristics of cash flows. Investments held by the Company for the purpose of gaining short-term sales or repurchases are classified as financial assets held for trading. Investments in debt instruments that the Company holds within the business model in order to collect the agreed cash flows are classified as financial assets carried at amortized cost. Investments in debt instruments that the Company holds within the business model for the purpose of collecting the agreed cash flows and sales are classified as financial assets at fair value through other comprehensive income.

Financial assets carried at amortized cost

The following financial assets of the Company may fall into this category, depending on the chosen business model and the characteristics of their cash flows: trade receivables, loans and borrowings, lease receivables, receivables on deposits, receivables on assignments, receivables acquired through assignments, loans and credits acquired through assignments, held-to-maturity investments.

Trade receivables

Trade receivables are amounts due from customers for goods or services sold in the ordinary course of business. They usually have a settlement period of 30 days and are therefore all classified as current. Trade receivables are initially recognized in the amount of the unconditional amount receivable, unless they contain significant financial components, then they are recognized at fair value. The Company holds trade receivables in order to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

Other receivables

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

Financial assets at fair value through other comprehensive income

Debt instruments held by the Company under a business model for the purpose of both collecting the agreed cash flows and selling the asset and for which the contractual cash flows give rise to payments of principal and interest only are reported at fair value through other comprehensive income.

The following financial assets of the Company may fall into this category, depending on the chosen business model and the characteristics of their cash flows: trade receivables, loans and borrowings, lease receivables, receivables on deposits, receivables on assignments, receivables acquired through assignments, loans and credits acquired through assignments, financial assets, debt instruments that are available for sale.

Financial assets at fair value through profit or loss

This category of financial assets is divided into two subcategories: financial assets held for trading and financial assets that are not classified in the above two categories. A financial asset is classified in this category if it is acquired for short-term sale or its contractual characteristics do not meet the condition that they give rise to payments of principal and interest only. Derivatives are also classified as held for trading unless they are designated as hedging instruments. These financial assets can be debt or equity instruments.

Ex - post valuation of financial assets

Financial assets carried at amortized cost

After initial recognition, assets are carried at amortized cost.

Amortized cost reporting requires the application of the effective interest rate method. The amortized cost of a financial asset is the amount at which the financial asset is initially recognized, less any repayment of principal plus or minus accumulated depreciation using the effective interest method on any difference between the original cost and the amount of maturity and reduced by impairment.

Financial assets at fair value through other comprehensive income

After initial recognition, the asset is measured at fair value, taking into account changes in fair value in the revaluation reserve of investments in securities (other comprehensive income). When the debt instrument is derecognised, the cumulative 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 through profit or loss.

Impairment of financial assets

The Company recognizes impairment of expected credit losses for all debt instruments that are not carried at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows and all cash flows that the company expects to receive, discounted on an annual basis with the initial effective interest rate.

The amount of expected credit losses recognized as an allowance for impairment depends on the credit risk of the financial asset at 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) - financial assets are classified without indication of increase in credit risk compared to the initial assessment. For financial instruments for which there has been no significant increase in credit risk compared to initial recognition, an adjustment for expected credit losses arising from possible default over the next 12 months is recognized.

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

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

Trade receivables and contractual assets

The Company applies the simplified approach of IFRS 9 for measuring expected credit losses, which accrue impairment for expected lifelong losses for all trade receivables and contractual assets.

To measure expected credit losses, trade receivables and contractual assets are grouped based on shared credit risk characteristics and days past due. Contractual assets relate to work not performed and have the same risk characteristics as trade receivables for the same types of contracts. The Company recognizes in profit or loss - as a gain or loss on impairment, the amount of expected credit losses (or reverse recovery). When the adjustment for expected credit losses is recognized in other comprehensive income, any adjustment in it is recognized in other comprehensive income.

There have been no changes in the methodology and assumptions on which the Company has based its calculations of expected credit losses, however, the Company has included estimates, assumptions and judgments specific to the impact of Covid-19.

The impact of the COVID-19 pandemic on debt recovery was analyzed. While the methodologies and assumptions used in the baseline estimates of expected credit losses remain unchanged from those applied in the previous financial year, the Company has included estimates, assumptions and estimates specific to the impact of the Covid-19 pandemic. In making these estimates, the Company has taken into account the business in which it operates, the age structure of its receivables and their comparability with the previous period, indicating the lack of significant deterioration in the liquidity position of its customers and the lack of extension of credit terms those applied in the previous period. Although no significant recovery issues have been identified, there is a risk that the economic impact of the COVID-19 pandemic will be deeper or longer than expected, which could lead to higher credit losses than those modeled in the base case.

Derecognition of financial assets

A financial asset is derecognised by the Company when the contractual rights to the cash flows from the asset mature or when the Company has transferred those rights through a transaction in which all material risks and rewards of ownership of the asset are transferred to the buyer. Any participation in an already transferred financial asset that the Company retains or creates is reported separately as a separate asset or liability.

In cases where the Company has retained all or most of the risks and rewards associated with the assets, the latter are not written off from the statement of financial position (examples of such transactions are repo transactions - sale with repurchase agreement).

In transactions where the Company neither retains nor transfers the risks and rewards of a financial asset, the financial asset is derecognised from the statement of financial position if, and only when, the Company has lost control of it. The rights and obligations that the Company retains in these cases are reported separately as an asset or liability. In transactions in which the Company retains control over the asset, its reporting in the statement of financial position continues, but up to the amount determined by the extent to which the Company has retained its participation in the asset and bears the risk of change in its value.

Ex - post valuation of financial liabilities

Subsequent measurement of financial liabilities depends on how they were classified on initial recognition. The Company classifies its financial liabilities in one of the following categories:

Liabilities at fair value through profit or loss

Liabilities are classified in this category when they are generally held for sale in the near future (trade liabilities) or are derivatives (excluding a derivative that is intended for and is an effective hedging instrument) or qualifies for this category. determined at initial recognition. All changes in fair value relating to liabilities at fair value through profit or loss are recognized in the income statement and other comprehensive income at the date they arise.

Liabilities carried at amortized cost

All liabilities that are 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 re-evaluated as the payables are known with a high degree of certainty and the settlement is short-term.

The following financial liabilities of the Company usually fall into this category: trade liabilities, loans and borrowings, liabilities under leasing contracts, liabilities on received deposits, liabilities on assignments.

Write-off of financial liabilities

The Company writes off a financial liability when the contractual obligations under it are repaid, expire or are canceled.

The difference between the carrying amount of the written-off financial liability and the consideration paid is recognized in profit or loss.

Compensation of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when:

- has a legally enforceable right to reimburse the recognized amounts; and
- intends either to settle on a net basis or to realize an asset and at the same time to settle a liability.

The offsetting of a recognized financial asset and a recognized financial liability and the presentation of net worth differ from the derecognition of a financial asset or financial liability.

The right of compensation is a legal right of a debtor under a contract to settle or otherwise eliminate all or part of the amount due to a creditor by deducting from that amount the amount due from the creditor.

m. Inventories, construction in progress

The company carries out its activities only by outsourcing the various types of activities to specific contractors. That is, the company does not have its own staff and outsources all work. The cost of unfinished construction consists of costs for design, construction and installation work, advertising, construction supervision, fees and more. The cost of finished products includes the cost of loans raised for the construction of a particular site.

The cost of finished products (real estate - apartments, commercial properties, etc.) will be included as an element and part of the value of land, which corresponds to its depreciation, due to 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.

Direct costs are accrued at the time of their execution in batches for specific sites, and indirect costs are allocated in proportion to the direct costs incurred for the site.

Inventories include materials and finished goods. 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), taking into account the analytical affiliation to the site, and after the final completion of construction and installation works, financing costs are reported in the result. Upon termination of the construction and installation works, 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.

n. Income taxes

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

o. Money and cash equivalents

The Company reports as cash and cash equivalents cash in hand and cash in bank accounts.

For the purposes of the statement of cash flows, cash and cash equivalents include cash and cash equivalents as defined above.

p. 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 shown 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 special investment purpose companies to distribute as dividend not less than 90 per cent of the profit for the financial year, determined in the following way and in compliance with the requirements of art. 247a of the Commercial Code. 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 of real estate;

3. increased / decreased in the year of transfer of ownership of real estate with the positive / negative difference between:

(a) the selling 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 issuing 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 purchase consideration.

The Company may not issue shares that entitle to more than one vote or additional liquidation share.

The company may 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 is an element of the company's equity.

q. 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 post-employment remuneration plans or other long-term remuneration and post-employment remuneration plans or in the form of compensation with shares or equity shares, as by law it can only appoint an employment contract. one person - Investor Relations Director.

r. Provisions, contingent assets and contingent liabilities

Provisions are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the liability can be made. The maturity or amount of cash outflows 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 announced 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.

Compensation from third parties in connection with a liability of the Company is 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 their value 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.

s. Significant judgments of management in applying accounting policies

The significant judgments of the Management in the implementation 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

5. 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, may be consistent with estimates.

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

Determining the term of the lease for contracts with options for renewal and termination - the Company as a lessee

The Company defines the lease term as the irrevocable lease term, together with any periods covered by the option to extend it, if it is reasonably certain that the option will be exercised, or any periods covered by the lease option. termination of the lease if it is reasonably certain that the option will not be exercised.

Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at the end of each reporting period. As of December 31, 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 depreciation, mainly of software products and computer equipment.

Impairment of receivables

The Company uses a corrective account to account for the provision for impairment of bad and bad debts from customers. The management assesses the adequacy of this provision on the basis of age analysis of receivables, historical experience for the level of write-off of bad debts, as well as analysis of the solvency of the client, changes in the agreed terms of payment and more. If the financial condition and performance of customers deteriorate (above expectations), the value of receivables to be written off in subsequent reporting periods may be higher than expected at the balance sheet date.

6. Property, plant and equipment

The carrying amount of property, plant and equipment may be presented as follows:

	Earth	Facilities	Computer and more equipment	Assets under construction	Total
	'000 BGN	'000 BGN.	'000 BGN		'000 BGN
Book value					
Balance as at 1 January 2020	7 422	544	4	7 273	15 243
Newly acquired assets	-	-	-	-	-
Change as a result of revaluation	127	-	-	-	127
Depreciated assets	-	-	-	-	-
Balance as at 31 December 2020	**7 549**	**544**	**4**	**7 273**	**15 370**
Depreciation					
Balance as at 1 January 2020	-	(499)	(4)	-	(503)
Depreciation written off	-	-	-	-	-
Depreciation	-	(45)	-	-	(45)
Balance as at 31 December 2020	**-**	**(544)**	**(4)**		**(548)**
Book value to December 31, 2020	**7 549**	**-**	**-**	**7 273**	**14 822**

	Earth	Facilities	Computer and other equipment	Assets under construction	Total
	'000 BGN	'000 BGN.	'000 BGN		'000 BGN
Book value					
Balance as at 1 January 2021	7 549	544	4	7 273	15 370

Newly acquired assets	-	-	-	-	-
Change as a result of revaluation	1 839	-	-	889	2 72 8
Depreciated assets	-	-	-	-	-
Balance as at 31 December 2021	**9 388**	**544**	**4**	**8 162**	**18 098**
Depreciation					
Balance as at 1 January 2021	-	(544)	(4)	-	(548)
Depreciation written off	-	-	-	-	-
Depreciation	-	-	-	-	-
Balance as at 31 December 2021	**-**	**(544)**	**(4)**		**(548)**
Book value as of December 31, 2021	**9 388**	**-**	**-**	**8 16 2**	**17 550**

7. **Investment property**

The constructed and received certificates for use of properties, which have not been sold and respectively transferred to clients, are reflected in the Statement of financial position in the part "Investment properties", as the Company has a restriction to operate independently constructed assets and the income it can receive , is by outsourcing the management activities to third parties. Investment property is initially valued at cost, which includes any costs that are directly related to the investment property - such as construction, design, legal fees and other costs. After their initial recognition, investment property is accounted for using the fair value model.

Pursuant to the requirements of the Special Investment Purposes Companies Act, the Board of Directors has assigned an appraisal as of December 31, 2021 of all properties owned by the Company to the independent appraiser Dobi 02 EOOD, the results of which are reflected in the financial statements for 2021. ..

The following table shows the change in the amount of investment property in 2021 and 2020.

	12/31/2021 '000 BGN
Book value as of January 1, 2021	**24 968**
Newly acquired assets	-
Depreciated assets	(5,975)
Net profit / (loss) from change in fair value	6 897
Book value as of December 31, 2021	**25 890**

	12/31/2020 '000 BGN
Book value as of January 1, 2020	**23 695**
Newly acquired assets	-
Depreciated assets	(370)
Net profit / (loss) from change in fair value	1 643
Book value as of December 31, 2020	**24 968**

According to the theory of business valuation, in general, indications of fair market value of a property can be obtained by adopting three main approaches: market approach; income approach and cost approach. When using the cost and market approach, the objects are considered statically, ie as they are at the time of evaluation. In the approach of income, the determined value of the assessed subject takes into account the perspective in its development - its profitability. Taking into account the purpose of the evaluations, the evaluation team has accepted as the most appropriate for determining the market value of the object the method of comparative value (market approach). The price of the property in this case is generally formed on the basis of studies on real estate transactions with similar real estate. The comparative value method looks for the estimated market price of properties close in value to the appraised. In determining the market value of the property, information was used for three similar properties with characteristics close to the appraisals, located in the same area, for which transactions were realized in the last six months of the previous year. The sale prices of the three compared properties are aligned with the characteristics of the assessed property, adjusted by an area coefficient taking into account their differences.

The following was used in the preparation of the assessment:

- Information obtained during the site inspection;
- Information and documents concerning the legal status of the site;
- Information bulletins, price lists and directories from official publications of the Ministry of Regional Development and Public Works, Bulgarian Construction Chamber, etc .;
- Information from the appraiser's own experience.

The company invests in the construction of two sites - " Marina Kay " and "Grand Borovets", a detailed presentation of which is made below.

In 2010, the construction of the Marina Cape site was fully completed, in particular Zone 4 of the site was finalized, for which a use permit was obtained in August 2010. In addition, the finishing works and the completion of all other properties in the site, which have so far been reported as unfinished construction, have been completed. As a result, with a decision of the Board of Directors dated 01.10.2010, all unsold properties in the Marina Cape site are recorded as investment.

There are two sites that are being built on the Company's own land, described in detail below:

Object Marina Cape

Holiday complex "Marina Cape" is located in the peninsula of the Black Sea town of Aheloy, which allows for scenic views of both the bay and the open sea. This is reflected both in the urban planning solution - the plastic S- shape of the first and second zones, and in the design of individual homes. Vertical accents in the overall silhouette are the lighthouse and the clock tower.

The complex consists of four separate zones, spread over a property with an area 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 Medical and Dental Center, fully equipped and working fitness and spa center, bowling, children's center, a room provided for bank office, administrative part, offices, two swimming pools and service premises at the respective sites.

Each of the zones consists of separate sectors (27 in total), the predominant part being residential, with the exception of the sectors intended for: bank office, sports and entertainment area, children's center and Sector 27 - restaurant on two levels. Some of the residential sectors include public facilities - restaurants, cafes, shops, offices, medical center facilities, fitness. In the central part of the complex is a swimming pool with a total area of 910 sq.m. with a water bar and a children's pool, and in the northeastern part there is a pool with an area of 470 sq.m.

A special landscaping project has been developed for the surrounding area of the holiday complex, and the ground floor apartments of most of the buildings have separate private courtyards.

The total area of commercial and public service facilities in the complex is nearly 12,000 sq.m.

For the needs of the complex a new water supply, sewerage and electricity transmission network has been built and put into operation, the existing roads and streets in the region have been rehabilitated, and a completely new road connection has been built. Implemented the necessary systems for providing telephones and the Internet, including a wireless Internet network, as well as fire alarm and video surveillance systems.

Grand Borovets site

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. Southeast of Sofia. Borovets is one of the oldest and most famous winter resorts in Bulgaria. Today Borovets is the largest Bulgarian ski center in length and capacity of ski slopes and facilities. The climate in the resort is temperate, the winter is mild and with a lot of snowfall. The average temperature in January, which is the coldest month, is around 4.8 ° C. The ski season usually lasts from mid-December to April. The resort offers excellent conditions for winter sports: alpine skiing, snowboarding, cross-country skiing, maintaining marked trails with a total length of 58 km, the longest of which is 12 km. The resort has 12 lift facilities with a total length of over 14 km. The lifts provide access to the surrounding peaks - Musala peak, Malka Musala peak, Irechek peak, Deno peak, Aleko peak.

The Grand Borovets complex

The project is a "G" -shaped building, situated in the southeastern part of the plot, with access to two streets. The first two levels of the building are half-dug due to the large displacement of the terrain. The three residential floors and the penthouse under the roof are completely above the terrain. Hotel complex "Grand Borovets" is located in the old center of Borovets. In the past, a summer cinema operated on the same site. The property was part of the forest fund, in its northwestern part there is a dense forest, and in the southwest it borders a small river.

The commercial-administrative zone and the service facilities for the complex are located on the ground floor and in the basement. They include a reception lobby with reception and administration, lobby bar, restaurant for 110 seats with banquet hall and covered terrace, two shops, ski storage, fitness and SPA center, indoor pool, children's center, bowling, hairdresser, lobby with reception, as well as and technical and office premises and bathrooms, including for people with disabilities. The total area of the commercial sites is 3,140 sq.m. The complex also has a covered parking on two levels for 34 parking spaces, as well as an open one with 16 parking spaces.

The residential part of the complex consists of 75 apartments with a total built-up area of 5,175 sq.m. They represent 41 studios, 14 apartments, mostly one-bedroom, and a wide variety of penthouses.

A landscaping project with alleys and park lighting will be implemented in the surrounding area and the coniferous forest will be preserved.

Collateral provided on real estate owned by Intercapital Property Development REIT for liabilities of the Company:

Provided collateral for liabilities to financial institutions

Number of real estate collateral	Area of real estate under collateral	Book value of the collateral provided '000 BGN

60 residential sites	4,811 sq.m.	6 931 712
19 commercial / warehouse sites	1,555 sq.m.	2 009 867
land	40,000 sq.m.	4,517,000

8. Investments in subsidiaries

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

Name of the subsidiary	12/31/2021 '000 BGN	participation %	12/31/2020 '000 BGN	participation %
Marina Cape Management EOOD	-	-	5	100
Total	**-**	**-**	**5**	**100**

In 2017, the Company entered into a contract for the sale of its subsidiary Marina Cape Management EOOD in exchange for repayment of an interest liability in the amount of BGN 12,604 thousand.

On December 29, 2021, pursuant to a contract for “giving instead of performing” dated December 27, 2017, Intercapital Property Development REIT transferred the ownership of all owned shares to its only subsidiary participating in the Issuer's consolidation, and namely the shares of Marina Cape Management EOOD.

As of December 29, 2021, Intercapital Property Development REIT will not prepare consolidated financial statements, and the Company will prepare only separate financial statements. The last prepared audited annual consolidated financial statement of the Issuer is for 2020, and the last unaudited interim consolidated financial statement is as of 30.09.2021.

9. Leasing

The company has acquired land and buildings under construction contracts under financial leasing. The net carrying amount of assets acquired under finance leases amounts to BGN 10,305 thousand. The assets are included in the groups “Land” and “Assets under construction” of “Property, plant and equipment” (see Note 6).

The Company has concluded a number of financial leasing agreements with Bulgaria Leasing EAD dated December 17, 2013. The financial leasing liabilities are secured by the respective assets acquired under the terms of financial leasing.

On December 17, 2013 the Company entered into a contract for financial leasing of real estate with Bulgaria Leasing EAD with a leasing object: investment project Grand Borovets, owned by Intercapital Property Development REIT. The lease price to be paid was EUR 2,927,724.36 excluding VAT. Initially, the lease price was to be paid within 2 years of the transfer of possession of the leased objects, of which 6 months grace period, through 24 lease payments due on the 20th of the month for which the installment is due, at a fixed annual interest rate of 9 %. By mutual agreement between the parties from 2014, the term for repayment of lease payments was extended to 20.12.2019, as a result of which the lease price was changed to EUR 3,183,968.45 excluding VAT. At the end of 2016, a new agreement was signed between the parties, according to which the deadline for repayment of lease payments was extended to 20.12.2022, and the lease price was changed to EUR 3,411,746 excluding VAT. Pursuant to this agreement on December 17, 2013 Intercapital Property Development REIT has notarized the ownership of the land with identifier 65231.918.189, located in the town of Samokov, Samokov municipality, Sofia region, and built in this property building, representing a hotel apartment complex with service facilities with identifier 65231.918.189.2, of the lessor Bulgaria Leasing EAD. As a result, under the terms of a reverse lease, Intercapital Property Development REIT received from the lessor the possession of the properties subject to the Financial Leasing Agreement.

On November 13, 2019, the Company signed an agreement with which Bulgaria Leasing was replaced by Investbank AD as a lessor, and all other clauses of the contract remain unchanged.

With Annex of 10.2020 the interest rate under the leasing contract is reduced to 6% per annum. To date, all other clauses of the contract have remained unchanged.

Leases include fixed lease payments and an option to purchase at the end of the last year of the lease term. Leases are irrevocable but do not contain other restrictions.

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Liabilities under financial leasing contracts current	1 270	1,400
Total	**1 270**	**1,400**

10. receivables

The following table shows the most important receivables from customers:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Grand Borovets 2013 EOOD	3 035	3 035
Marina Cape Management Ltd.	2071	
Others	30	33
Accrued impairment	(2,276)	
Net receivables	**2 860**	**3 068**

Receivables from customers represent unpaid, remaining due to the Company installments on transferred real estate from a complex of residential buildings for seasonal use "Marina Cape". The carrying amount of trade receivables is considered a reasonable estimate of their fair value.

All trade receivables of the Company have been tested for indications of impairment. During the reporting period, the Company accrued impairment of its receivables from Grand Borovets 2013 OOD in the amount of BGN 2,276 thousand. All trade receivables are subject to credit risk.

11. Advances provided

Advances provided to suppliers are presented in the following table:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Gergana Nedina-notary	6	-
Marina Cape Management Ltd.	4 944	

Total	**4 950**	**-**

The provided advances are in connection with the completion of holiday properties in the Malrina Cape complex in Aheloy.

12. Other receivables

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Current:		
VAT recovery	285	13
Guarantees provided	16	16
Receivables from sale to a subsidiary	98	
Others	17	5
Current other receivables	**416**	**34**

13. Financial assets

The company's funds are kept in the depository bank - Unicredit Bulbank AD - St. Sunday.

Cash includes the following components:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Cash and banks:		
- Bulgarian Levs	4	-
- euros	14	2
Total	**18**	**2**

As of 31 December 2021, the fair value of cash and short-term deposits was BGN 18 thousand (2020: BGN 2 thousand).

14. Equity

Share capital

The registered capital of the Company consists of 27,766,476 ordinary shares with a nominal value of BGN 1 per share. All shares are entitled to receive dividends and liquidation shares and represent one vote of the General Meeting of Shareholders of the Company.

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Issued and fully paid shares:		
- in the beginning of the year	27 766 476	6 011 476
- issued during the year	-	21 75500
Total shares authorized.	**27 766 476**	**27 766 476**

On 13.10.2020, according to entry № 20201013143520 on the electronic file of the Company in the Commercial Register, a change in the amount of capital was entered, which was increased as a result of a successfully completed subscription under the terms of public offering of shares with new 21,755,000 ordinary shares. , registered dematerialized shares, each with the right to one vote, nominal value BGN 1 and issue value BGN 1

On 14.10.2020 the Central Depository entered in its register the issue from the capital increase. On 20.10.2020 the issue was entered in the register of the FSC under Art. 30, para. 1, item 3 of the FSCA. On 23.10.2020 the issue was introduced for trading on the BSE.

Share capital structure

	2021 Number of shares	%	2020 Number of shares	%
MARINA CAPE PROPERTIES LTD	3 530 162	12.71%	6 930 108	24.96%
UNIVERSAL PENSION FUND-FUTURE	1,900,000	6.84%	1,900,000	6.84%
NDF ASSETS	1,800,000	6.48%	1,500,000	5.40%
SF "RAPID"	2,730,000	9.83%		
STOCK EXCHANGED FUND F PRINCIPAL ETF	1,824,483	6.57%		
DF ASSETS HIGH INCOME FUND	1,730,818	6.23%		
Other individuals	1,693,982	6.10%	1,725,246	6.21%
Legal entities	12 557 031	45.24%	24 141 230	86.94%
	27 766 476	100%	27 766 476	100%

15. Loans, loans reported at amortized cost

	12/31/2021 '000 BGN Long-term	12/31/2021 '000 BGN Short-term	12/31/2021 '000 BGN Total	12/31/2020 '000 BGN Long-term	12/31/2020 '000 BGN Short-term	12/31/2020 '000 BGN Total
Liabilities to financial institutions				11 735	7	**11 742**
Debenture loan	11 735	203	**11 938**			
Other commercial obligations related to the lease agreement	5 365		**5 365**			
Other trade payables	1 002	40	**1 042**			
	18 102	**243**	**18 345**	**11 735**	**7**	**11 742**

On September 17, 2021, the Company successfully placed the second corporate bond issue in terms of initial private offering. The debenture loan has a total nominal and issue value of EUR 6,000,000, divided into 6,000 ordinary, unprivileged, registered, dematerialized, secured, interest-bearing, non-convertible, freely transferable bonds, with a nominal value of EUR 1,000 per bond. The nominal annual interest rate is fixed at 6.00% and interest payments every 6 months, the term of the bond issue is 60 months. The purpose of the issue is to refinance an existing loan and investments for investment purposes in the resort. Marina Cape. The characteristics of the debenture loan are described in detail in the memorandum to it. The Board of Directors elected TEXIM BANK AD as a trustee of the issue, which should be elected by the First General Meeting of Bondholders.

During the reporting period, the liability to BGI Imo EAD arose in connection with a lease agreement (see Note 9). The liability does not bear interest annually and matures on 31-12-2024.

The maturity of other liabilities to BGI Imo EAD has been renegotiated on 31-12-2024. Liabilities bear interest at 8%.

16. Trade payables

The following table shows the more significant liabilities of the Company as of December 31, 2021.

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Marina Cape Management Ltd.	10	
Intercapital Markets AD	1	20
Others	13	12
Total	**24**	**32**

17. Amounts received in advance from customers

Advances received from customers include

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Foreign individuals	928	1 090
Guarantee deposits from clients under concluded contracts	559	560
Total	**1 487**	**1,650**

18. Tax obligations

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
VAT obligations to pay		4
PIT liabilities	5	5
Liabilities for real estate tax and municipal waste tax	26	40
Total	**31**	**49**

19. Obligations to staff and social security institutions

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Current:		
Wage obligations	171	187
Insurance obligations	4	4
Total	**173**	**191**

20. Other obligations

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Current:		

Debt to Dick account	208	208
Obligation to BGI Imo EAD	-	6 281
Obligation to Telelink	522	522
OPTIMA audit	522	
Others	193	192
Total:	**1 445**	**7 203**

21. Sales revenue

Sales revenue includes:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Sale of investment properties	5 114	393
Investment property management	822	822
Total	**5 935**	**1 215**

22. Material costs

Material costs include:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Costs for electricity and heat	-	(1)
Total	**-**	**(1)**

23. Costs for external services

Expenditure on external services includes:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Commissions and advertising		**(291)**
Taxi,	(61)	(113)
Consulting services - appraisal, accounting and auditing services	(42)	(23)
Telecommunication services	(3)	(4)
Others	(62)	(156)
Total	**(168)**	**(587)**

24. Staff costs

Staff remuneration costs include:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Wage cost	(40)	(40)
Expenses for compensable leave	(3)	(3)

Social security costs	(7)	(7)
Social security costs for compensable leave	(1)	(1)
Total	**(51)**	**(51)**

25. Other expenses

Other costs include:

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Impairment of receivables	(2,276)	-
Written off receivables	(35)	(12)
Fines, fees and penalties	(521)	(153)
Others	(90)	(35)
Total	**(2,922)**	**(200)**

26. Book value of assets sold

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

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

27. Financial income and expenses

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

	12/31/2021 '000 BGN	12/31/2020 '000 BGN
Net income from the sale of a subsidiary	93	
Negative differences from changes in exchange rates	(1)	
Interest expenses	(875)	(1 0 93)
Other financial expenses (bank renegotiation fees loans and other penalties)	(82)	(6)
Total financial income and expenses, net	**(865)**	**(1,099)**

28. Changes in the fair value of investment property

	12/31/2021 '000 BGN	12/31/2020 '000 BGN

Negative revaluations	(2)	
Positive revaluations	7 788	1 644
Net change in the fair value of investment property	**7 786**	**1 644**

29. Tax expenses

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

30. Earnings / (Loss) per share

The basic income / (loss) per share and the income / (loss) per share with reduced value are calculated, using the net profit / (loss), which is subject to distribution among the shareholders of the Company. The weighted average number of shares used to calculate basic earnings / (loss) per share, as well as the net profit / (loss) to be distributed among the holders of ordinary shares.

	12/31/2021 '000 BGN	**12/31/2020 '000 BGN**
Profit / (loss),	3 775	506
Weighted average number of shares (in BGN 000)	27 766	10 291
Earnings / (loss) per share	**0.136**	**0.049**

For the purpose of dividend distribution, the financial result is converted in accordance with item 5. p of the accounting policy.

Financial result of INTERCAPITAL PROPERTY DEVELOPMENT REIT for the period: 2021	**'000 BGN**
accounting profit	3740
an accounting loss	
Increased / decreased with costs / revenues from subsequent real estate appraisals;	
raise	
reduction	(7788)
Increased / decreased by losses / gains from real estate transfer transactions;	
raise	861
reduction	
Increased / decreased in the year of transfer of ownership of real estate with the positive / negative difference between:	
(a) the selling price of the immovable property	
raise	339
reduction	(18)
(b) the sum of the historical cost of the property and the subsequent costs that led to an increase in its carrying amount	
raise	
reduction	

Increased / decreased by losses / gains from sales reported in the year of concluding financial leasing contracts;	
raise	
reduction	
Increased / decreased in the year of expiration of the financial leasing contract with the positive / negative difference between:	
(a) the proceeds from the sale of immovable property entered at the beginning of the term of the finance lease;	
raise	
reduction	
(b) the sum of the historical cost of the immovable property and the subsequent costs that led to an increase in its carrying amount;	
raise	
reduction	
Reduced in the year of their implementation with interest payments on debt securities under Art. 26, para. 2, item 1 of the SPVPA and on bank loans under Art. 26, para. 2, item 2 of the SPV Act, not included in the statement of comprehensive income;	
Reduced in the year of their implementation with the payments for repayment of principal on debt securities under Art. 26, para. 2, item 1 of the SPVPA and on bank loans under Art. 26, para. 2, item 2 of the SPVPA;	
Dividend amount;	(2831)
Annual dividend - not less than 90 percent of the profit for the financial year, determined by the order of par. 3 and in compliance with the requirements of Art. 247a of the Commercial Code.	
Net value of the property under Art. 247a, para. 1 of the Commercial Law;	
The capital of the company, the "Reserve" fund and the other funds, which the company is obliged to form by law or statute according to art. 247a, para. 1 of the Commercial Law;	
Adjusted amount of the annual dividend, in accordance with Art. 247a, para. 3 of the Commercial Law:	

31. Related party transactions

On December 29, 2021, pursuant to a contract for "giving instead of performing" dated December 27, 2017, Intercapital Property Development REIT transferred the ownership of all owned shares to its only subsidiary participating in the Issuer's consolidation, and namely the shares of Marina Cape Management EOOD.

a. Transactions with subsidiaries until the date of loss of control

	12/29/2021 '000 BGN	12/31/2020 '000 BGN
Sale of goods and services		
- sale of services of Marina Cape Management EOOD	822	822

Receivables from subsidiaries	**12/29/2021**	**12/31/2020**

	'000 BGN	'000 BGN
Current:		
Marina Cape Management EOOD	7 051	2 673
Total current receivables from related parties	**7 051**	**2 673**

Liabilities to subsidiaries	**12/29/2021 '000 BGN**	**12/31/2020 '000 BGN**
Current:		
Marina Cape Management EOOD	10	10
Total current liabilities to related parties	**10**	**10**

8% of receivables between related parties arose more than 360 days ago.

b. Transactions with key management personnel

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

	12/31/2021 '000 BGN	**12/31/2020 '000 BGN**
Remuneration to individuals	39	39
Remuneration for Aheloy 2012	-	-
Total	**39**	**39**

The members of the Board of Directors receive a fixed monthly remuneration determined by the General Meeting, which may not exceed 10 minimum monthly salaries. The General Assembly also decided that the remuneration of the Executive Director should be up to 12 minimum salaries.

By decision of the General Meeting of Shareholders, members of the Board of Directors may receive royalties of not more than 0.1% of the Company's profit before the distribution of dividends for each member of the Board of Directors, but not more than 0.5% of the total Advice.

The Company does not owe any other amounts and / or benefits in kind, nor does it set aside or accrue amounts for the provision of pensions, benefits or other compensations upon retirement of the members of the Board of Directors.

The members of the Board of Directors have not received remuneration or compensation from subsidiaries of the issuer and the latter have not set aside or accrues amounts for pensions, benefits or other compensations upon retirement of the members of the Board of Directors in 2021.

The obligations of the company to the members of the Board of Directors are the following:

	12/31/2021 '000 BGN	**12/31/2020 '000 BGN**
Remuneration to individuals	171	187
Remuneration for Aheloy 2012	-	-
Total	**171**	**187**

The receivables of the company from the members of the Board of Directors are as follows:

	12/31/2021 '000 BGN	**12/31/2020 '000 BGN**
Taking from Aheloy 2012	-	35

Total	**-**	**35**

During the reporting period, the receivable from Aheloy 2012 was written off.

32. Management's objectives and policy regarding risk management

The company regularly analyzes the liquidity of assets and liabilities.

(a) Market risk

(-) Currency risk. The expenses of the Company are denominated in BGN or in EUR. The expenses related to the construction, construction and operation of real estate are denominated in BGN. The cost (purchase price) of real estate is most often negotiated in euros. On the other hand, all revenues of the Company are negotiated in euros. In the conditions of a currency board and a fixed exchange rate of the lev against the euro, there is practically no currency risk for the company.

The Company is also exposed to currency risk when conducting transactions with financial instruments denominated in foreign currency.

When making transactions in foreign currency, income and expenses arise from foreign exchange transactions, which are reported in the income statement. During the presented reporting periods the Company was not exposed to currency risk, as long as it did not incur positions positioned in currencies other than BGN and EUR.

The currency risk management policy pursued by the company is not to perform significant operations and not to maintain open positions in foreign currency other than the euro.

Financial assets and liabilities denominated in foreign currency (euro) and translated into Bulgarian levs at the end of the reporting period are presented as follows:

(-) Price risk. The risk of rising inflation is related to the reduction of the real purchasing power of economic entities and the possible depreciation of assets denominated in local currency. The currency board system controls money supply, but external factors (eg rising oil prices) can put upward pressure on price levels. After the accession of our country to the EU, there is pressure to bring the price levels closer to those of other EU countries, ie. inflation in the country is higher than the average inflation rate in EU member states. Although the country's inflation rate has slowed significantly as a result of the global economic and financial crisis, it remains higher than the average inflation rate in the EU. At present and in general, the currency board mechanism provides guarantees that inflation in the country will remain under control and will not adversely affect the country's economy, and in particular the activities of the Company.

The company may be exposed to risks of rising prices of certain individual goods, materials and services related to the activity and the risk of lowering the prices of owned properties.

- Risk of rising prices for plots and land. Plots of land are one of the main "raw materials" used in the activities of the Company for the construction of real estate. A significant increase in plot prices could reduce the company's profits and business opportunities. The possibility of losses is eliminated by the policy of the Company, according to which real estate is sold (in advance) only after the land property or the right to build on it is purchased or agreed (in cases of compensation).

- Risk of lower real estate prices. The change in the market prices of real estate and specifically of the assets owned by the Company changes their net as well as the net asset value per share. The reduction of the market prices of the real estates and the incomes from them would lead to a decrease of the incomes, respectively to a decrease of the financial result realized by the Company, of which 90% are distributed in the form of dividend.

(-) Risks associated with increased competition. Due to the significant growth of the Bulgarian real estate market in recent years before the recent global financial crisis, many new players have entered the sector, including many foreign investors. As a result, we have witnessed increasing competition between construction companies, real estate agencies, special purpose vehicles, commercial banks, individuals and others. This affects the investment costs of the Company and may lead to a decrease in the attractiveness of investments in securities of Intercapital Property Development REIT.

(b) Interest rate risk on cash flows and fair value

The company may be exposed to interest rate risk if there is a discrepancy between the type (fixed or floating income or interest) of assets and liabilities. The main assets of the Company are properties (land or those under construction). It can be assumed that these assets have a fixed price or income, as their price is not directly affected by changes in interest rates. The company will strive to finance these assets with debt instruments, which will also be at a fixed interest rate. When this is not possible or unfavorable for the company, it may resort to the use of floating rate debt. In these cases the Company will constantly analyze the forecasts regarding the interest rates. In the event of significant risks of a large increase in interest rates that would have a material adverse effect on the company's profits, it may use derivative or other financial instruments to hedge this risk.

Liabilities exposed to interest rate risk:

	2021 '000 BGN	**2020 '000 BGN**
Liabilities to financial institutions		11 742
Debt loan liabilities	11 735	
Financial leasing liabilities	1 270	1,400
Other obligations	1 002	
	14 007	**13 142**

(c) Credit risk

In its activity, the Company may be exposed to credit risk in cases when it pays in advance (provides advances) to its suppliers or has receivables from sales (including the sale of deferred payment). The Company's policy is to avoid advance payments as much as possible. However, when necessary (for example, for the purchase of windows, elevators, etc. for buildings under construction), the Company will analyze in detail and thoroughly the reputation and financial condition of relevant suppliers and, if necessary, will require bank and other guarantees of good performance. Similarly, when selling goods and services and providing loans to customers, the Company will focus on the credit reputation of counterparties.

Assets exposed to credit risk

	2021 '000 BGN	**2020 '000 BGN**
Money and cash equivalents	18	2
Trade and other receivables	8 226	5,797
	8 244	5,799

(d) Liquidity risk

Liquidity risk arises in connection with the provision of funds for the activities of the Company and the management of its positions. It has two dimensions - the risk that the Company will not be able to meet its obligations when they become due and the risk of the Company's inability to sell its assets at an appropriate price and within reasonable time. The company aims to maintain a balance between the maturity of the attracted resource and flexibility in the use of funds with different maturity structure. The company seeks to reduce the risks of liquidity shortages by undertaking investments and construction works only when their financing is provided with own funds, advance payments from customers or loans. The company monitors closely the financial markets and the opportunities for raising additional funds (own or debt). The company seeks to shorten the time for raising such funds if necessary. In the current financial crisis, when liquidity risk is increasingly relevant for existing companies, Intercapital Property Development REIT seeks to reduce its negative impact by taking the following measures:

- The company monitors strict compliance with its contracts with financial institutions in order to exclude the possibility of requiring early repayment;
- Priority work with financial institutions (banks) in good financial condition;
- Cost optimization, revision of the investment program;
- Active search of buyers for the properties offered by the Company in order to generate cash receipts and maintain adequate cash.

'000 BGN	On request	Up to 3 m.	6-12 months	1-5 years	Total
Debt loan liabilities		349	355	11 938	12 624
Lease liabilities			1 270		1 270
Obligations to staff	173				173
Trade and other payables	3 160		80	6 367	9 607
	3 333	349	1705	18 305	23 692

33. Capital management policies 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 by 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.

34. Categories of financial assets and liabilities

The book values of the financial assets and liabilities of the Company can be presented in the following categories:

Financial actives	**2021 '000 BGN**	**2020 '000 BGN**
Financial assets at fair value through profit or loss:		
Money and cash equivalents	18	2
Trade and other receivables	8 258	5,797
	8 276	5799

Financial liabilities	**2021 '000BGN**	**2020 '000BGN**
Liabilities to financial institutions		11 742
Detention to bond loan	11 938	
Financial leasing liabilities	1 270	1,400
Trade and other payables	10 836	7 436
	22 774	20 578

35. Information on important events after the balance sheet date

No such events have occurred since the balance sheet date.

36. Approval of the financial statements

The financial statements as of December 31, 2021 (including comparative information) were approved and approved by the Board of Directors on March 26, 2022.

March 26, 2022

Signature:

/ Velichko Klingov - Ex. Director /