Interim Financial Statement

INTERCAPITAL PROPERTY DEVELOPMENT REIT

June 30, 2024

Balance sheet

	Notes	30.06.2024 '000	31.12.2023 000 BGN
Assets			
Non-current assets			
Property, plant and equipment	6	8467	8,467
Investment property	7	36874	36,786
Investments in Subsidiaries			
Non-current assets		**45,341**	**45,253**
Current assets			
Trade receivables	9	1107	1 975
Advances granted	10	1923	1 106
Other receivables	11	149	1 488
Cash and cash equivalents	12	18	
Current assets		**3 197**	**4,569**
Total assets		**48,538**	**49,822**

Report for the financial condition

	Notes	30.06.2024	30.06.2023
		000 BGN	000 BGN
Equity			
Share capital	13	27,766	27,766
Issue premiums		7,651	7,651
Reserve from ex post valuation of assets		9,400	9 4000
General reservations		1	1
Retained earnings		14,447	14,447
Uncovered loss		(29,830)	(29,830)
Current Profit/(Loss)		-237	572
Equity		29,770	30,007
Passives			
Non-current liabilities			
Liabilities to financial institutions			
Obligations under bond loan	14	11,735	11,735
Other duties			
Non-current liabilities		11,735	11,735
Current liabilities			
Current part of long-term liabilities	14	-	-
Finance lease obligations	8	-	-
Trade obligations	15	3,520	3,624
Amounts received in advance from customers	17	681	1 199
Tax obligations	17	119	119
Obligations to staff and insurance institutions	18	27	16
Other duties	19	2,686	2,920
Current liabilities		7,033	8,080
Total liabilities		18,768	19,815
Total equity and liabilities		48 538	49,822

Date: 20.07.2024

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

Executive Director: ____________
/Velichko Klingov/

Statement of profit or loss and
other comprehensive income

	Notes	30.06.2024 000 BGN	30.06.2023 000 BGN
Sales revenue	20	43	8,209
Material costs		(2)	
Costs for external services	21	(90)	(56)
Staff costs	22	(33)	(26)
Depreciation expense			-
Other expenses	23	(3)	(22)
Book value of assets sold			(8,093)
Profit/(Loss) from operating activity		(86)	(8,197)
Financial income/expenses	25	(151)	(206)
Changes in the fair value of investment properties			-
Profit/Loss for the year		(237)	(195)
Earnings per share	27	(0.007)	(0.007)
Other comprehensive income			
Gains/Losses from property revaluations			-
Total comprehensive income for the year		(237)	(195)

Date: 20.07.2024

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

Executive Director: ____________

/Velichko Klingov/

Statement of changes in equity

All amounts are in '000 BGN.	Basic capital	Premium reserve	other reserves	Retained earnings	The uncovered loss	Total capital
Balance 1 January 2023	**27,766**	**7,651**	**9,251**	**14,447**	**(29,830)**	**29,285**
Issued capital						
Profit/Loss	-	-	-	573	-	573
Other comprehensive income	-	-	-	-	-	-
Revaluation of non-current assets	-	-	151	0	-	151
Total comprehensive income	-	-	151	573	-	724
Balance as of December 31, 2023	27,766	7,651	9 402	15,020	(29,830)	30,009
Profit/Loss				(237)		(237)
Other comprehensive income						
Revaluation of non-current assets						
Other changes						
Total comprehensive income						
	27,766	7,651	9 402	14,783	29,830	29,770
Balance as of June 30, 2024	27,766	7,651	9 402	14,783	29,830	29,770

Date: 20.07.2024

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

Executive Director: ____________________
/Velichko Klingov/

Cash Flow Statement

	Notes	30.06.2024 000 BGN	30.06.2023 000 BGN
Operations			
Receipts from customers		100	405
Payments to suppliers		(302)	(72)
Payments to staff and insurance institutions		(23)	(15)
Taxes paid/refunded other than corporate tax			
Other receipts and payments from operating activities, net		1 382	31
Net cash flow from operating activities		1157	349
Investment activity			
Acquisition of property, machinery and equipment			
Net cash flow from investing activity			
Financial activity			
Bond Loan Proceeds			
Payments on loans received			
Payments of interest, fees and commissions			
Lease payments		(148)	(349)
Net cash flow from financing activities			
Net change in cash and cash equivalents		**15**	**(5)**
Cash and cash equivalents at the beginning of the year		3	8
Cash and cash equivalents at the end of the period	12	18	3

Date: 20.07.2024

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

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

Notes to the financial statement

1. General information

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

Дружеството е регистрирано като акционерно дружество и е вписано в регистъра на търговските дружества при Софийски градски съд, по фирмено дело № 3624/2005г., партида № 92329, том 1204, рег. I, стр.: 23. Кодът по БУЛСТАТ е 131397743. Седалището и адресът на управление на Дружеството е – София, ул. „Добруджа“ № 6.

The Company's shares 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 single-level form of management. The Board of Directors is composed as follows:

- Velichko Klingov,
- Tsvetelina Hristova.
- Petya Georgieva Yordanova.

Investor Relations Director is Radostina Panteleeva.

Service companies, in accordance with the requirements of the Social Security Administration, 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. Compliance Statement

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

The company's financial statements are prepared in accordance with the International Standards for Financial Statements adopted by the Commission of the European Union. These include the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the interpretations for their application (SIC - IFRS interpretations). The International Financial Reporting Standards also include subsequent amendments and additions of these standards and interpretations for their application, as well as future standards and interpretations for their application prepared by the International Accounting Standards Board (IASB).

The financial report is drawn up in Bulgarian leva, which is the functional currency of the Company. All amounts are presented in thousands of BGN ('000 BGN) (including the comparative information for 2023), unless otherwise stated.

The financial report has been compiled in compliance with the principle of a going concern.

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

b. Responsibilities of management

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

Management confirms that, for the reporting period, it has consistently applied adequate accounting policies in the preparation of Междинния фthe financial statements and has made reasonable and prudent judgments, assumptions and estimates.

The management also confirms that it has adhered to the current accounting standards, and the Interim Financial Statement has been prepared on the going concern basis.

c. Working company

The Company has prepared its financial statements for the year ending December 31, 2023, based on the assumption that the Company is a going concern, which implies the continuation of the current business activity and the realization of the assets and settlement of the liabilities in the normal course of its activities. The Company's future financial results depend on the broader 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 availability of subcontractors and suppliers.

The company is in compliance with its financial commitments as of December 31, 2023.

The management has no plans or intentions to foresee a significant limitation of the scale of the activity and/or transformation in the foreseeable future in 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 to ensure comparability with the current period, and the nature, extent and reasons for the reclassification are disclosed. When it is practically impossible to reclassify the comparative data, the Company discloses the reason for this and the nature of the changes that would be made if the amounts were reclassified.

3. Changes in accounting policy

The Company's accounting policies are consistent with those applied in the previous reporting period, except for the following amended IFRS adopted from January 1, 2023:

For the first time in 2023, some amendments and clarifications are applied, but they have no impact on the Company's financial statements. The Company has not adopted standards, clarifications, or amendments that have been published but not yet effective.

IFRS 17 Insurance contracts

In May 2017, the IASB published IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. After its entry into force, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4), which was published in 2005. IFRS 17 applies to all types of insurance contracts (ie life insurance, non-life insurance, direct insurance and reinsurance), regardless of the type of companies that issue them , as well as in respect of certain guarantees and financial instruments with additional, non-guaranteed income (discretionary participation).

Few exceptions to the scope apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Unlike the requirements in IFRS 4, which are largely based on established, previous, local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts that covers all relevant accounting aspects. At the core of IFRS 17 is the general model, supplemented by:

- Specific adaptation for contracts with direct participation features (variable remuneration approach)
- Simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, requiring comparative information. Earlier application is permitted provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The standard is not applicable to the Company.

39. IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 17 are effective retrospectively for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments are intended to assist Companies in implementing the standard. Specifically, the amendments are intended to reduce costs by simplifying certain requirements in the standard, facilitating the explanation of the Company's financial condition and results of operations, and facilitating the transition by delaying the effective date of the Standard until 2023 and by providing additional facilitation to reduce the effort required when applying IFRS 17 for the first time. The amendments to IFRS 4 change the fixed expiry date of the temporary exemption in IFRS 4 *Insurance Contracts* from the application of IFRS 9 *Financial Instruments* so that Entities will be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023. Adoption of the amendments had no impact on the financial position or results of the Company's activity.

40. Amendments to IAS 1 Presentation of Financial Statements and Statement of Practice under IFRS 2: Disclosure of Accounting Policies

In February 2021, the Board published amendments to IAS 1 and Statement of Practice under IFRS 2 *Making judgments about the level of materiality*

(IP), in which it provides guidelines and examples to help enterprises in the implementation of

judgments about the level of materiality in the disclosure of accounting policies. The amendments aim to assist businesses in providing accounting policy disclosures that are more useful by:

- Replacing the requirement for businesses to disclose their "material" accounting policies with a requirement to disclose their "significant" accounting policies;

and

- Adding guidance on how entities should apply the materiality concept when making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application of the amendments to IAS 1 is permitted to the extent that this fact is disclosed. These amendments do not affect the Company's financial statements.

41. *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*

In February 2021, the Board published amendments to IAS 8 introducing a new definition of "accounting estimates". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and the correction of errors. They also explain how entities use valuation techniques and inputs to develop accounting estimates.

The amended standard clarifies that effects on an accounting estimate resulting from a change in inputs or a change in measurement technique constitute changes in accounting estimates if they do not result from the correction of prior period errors. The Board retains the aspect of the definition of accounting estimates that changes in accounting estimates may result from new information or new developments.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. These amendments do not affect the Company's financial statements.

42. *Amendments to IAS 12 Income Taxes: Deferred Tax Related to Assets and Liabilities Arising in a Transaction*

In May 2021, the Board published amendments to IAS 12 that narrowed the scope of permitted exceptions to initial recognition under IAS 12 so that they no longer apply to transactions that give rise to equal taxable and recognized temporary differences. The amendments clarify that when payments that settle a liability are recognized for tax purposes, it is a matter of judgment whether those deductions for tax purposes can be attributed to the liability recognized in the financial statements or to the related asset. This judgment is important in determining whether a temporary difference exists on initial recognition of the asset and liability.

Under the amendments, the exclusions in the initial recognition are not applicable

for transactions which, upon initial recognition, give rise to equal taxable and recognized temporary differences for tax purposes. It is applicable only if the recognition of a lease asset and a lease liability (or a decommissioning obligation and a decommissioning asset component) give rise to taxable and tax-recognised temporary differences,

which are not equal.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Entities must apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, the entity must also recognize a deferred tax asset (provided sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences related to leases and decommissioning obligations. These amendments do not affect the Company's financial statements.

43. *Amendments to IAS 12 Income Taxes: International Tax Reform – Model Second Pillar Rules*

The amendments to IAS 12 were adopted on 23 May 2023 in response to the OECD's second pillar rules on Base Reduction and Profit Shifting and include:

- Mandatory Temporary Exemption from the Recognition and Disclosure of Deferred Taxes Arising from the Jurisdiction's Application of the Second Pillar Model Rules; and
- Disclosure requirements for affected entities to help users of financial statements better understand an entity's exposure to second-pillar income taxes resulting from this legislation, particularly prior to its effective date.

The mandatory temporary exception, the use of which is required to be disclosed, applies immediately. The remaining disclosure requirements apply to annual reporting periods beginning on or after January 1, 2023, but not to interim periods ending on or before December 31, 2023. These amendments have no impact on the Company's financial statements.

a. Published standards that are not yet in force and have not been adopted earlier

At the date of approval of this financial statement, 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 2023 and have not been implemented from an earlier date than 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 during the first period beginning after their effective date.

The changes are related to the following standards:

- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IFRS 16: Lease liability on sale and leaseback
- Amendments to IAS 7 and IFRS 7: Financing arrangements with suppliers
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture These amendments have not yet been adopted by the EU.

b. Changes in accounting policy

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

2. Accounting policy

a. General

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

The financial statements have been prepared in compliance with the valuation principles for each type of assets, liabilities, income and expenses according to IFRS. The valuation bases are disclosed in detail further on in the accounting policy for the financial statements. The individual financial statement has been prepared in compliance with the principle of a going concern.

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

The statement of financial position presents two comparative periods when the Company:
a) applies accounting policy retrospectively;

b) retrospectively recalculates items in the financial statement; or

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

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

b. Transactions in foreign currency

The individual elements of the Company's financial statements are valued in the currency of the main economic environment in which the company operates ("functional currency"). The Company's financial statements are prepared in Bulgarian leva (BGN). It is the Company's functional and presentation currency.

Transactions in foreign currency are reported upon their initial recognition in the Company's reporting currency at the official exchange rate for the day of the transaction,

(the announced fixing of the Bulgarian National Bank). Income and expenses from exchange differences that arise in the settlement of these transactions and revaluation of cash positions in foreign currency at the end of the period are reflected in the Income Statement.

The currency board in Bulgaria was introduced on July 1, 1997 in fulfillment of 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 at a ratio of 1 euro = 1.95583 BGN.

c. Revenues and expenses Revenue recognition

The Company recognizes revenue to reflect the transfer of contractually promised goods or services to customers in an amount that reflects the consideration 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 transferring control over them, the ability to direct the use of the asset and obtain substantially all other benefits from it. Control also includes the ability to prevent other companies from directing the use of the asset and obtaining benefits from it.

Revenue from contracts with customers is recognized as follows:

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

- performance obligation (transfer of control) over time – in this case, revenue is recognized gradually, following the degree of transfer of control over the customer's goods or services;
- for performance satisfied (transferred control) at a specified point in time – the customer obtains control of the goods or services at a specified time and revenue is recognized in full at once.

d. Operating expenses

Operating costs are recognized in profit or loss when the services are used or on the date they are incurred. Warranty costs are recognized and deducted from related provisions when the related revenue is recognized.

e. Borrowing costs

Borrowing expenses mainly represent interest on the Company's loans. All borrowing costs, including those directly attributable to the purchase, construction of an eligible asset, are recognized as an expense in the period in which they are incurred as part of "financial expenses” in the Statement of Profit or Loss and Other Comprehensive Income. In the Statement of profit or loss and other comprehensive income, additionally paid bank fees related to the renegotiation of loan relationships are reported. Until the final completion of the SMR for the respective object, the costs of land increase the cost of the constructed properties. Upon final completion of construction, capitalization of borrowing costs ceases. The capitalization of these costs is terminated and in the event of a temporary suspension of CMR.

f. Staff income

Short-term staff income includes wages, salaries, social security contributions and annual compensable employee leave, which are expected to be fully settled within 12 months after the end of the reporting period.

When the Company receives the service, it is recognized as a personnel expense in profit or loss. Short-term staff income is valued at the undiscounted amount of expected settlement costs.

For the purposes of the Company's Remuneration Policy, fixed remunerations are all payments or other benefits that are determined in advance and do not depend on the achieved result, and variable remunerations are all additional payments or other benefits that are determined and paid depending on the achieved result or from other contractually defined conditions.

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 of carrying out a certain activity or action, incompatibility for occupying a position in an additional legal relationship, etc.).

The members of the Board of Directors receive a fixed monthly remuneration determined by the General Assembly, which cannot exceed 10 minimum monthly wages. The General Assembly also decided that the executive director's remuneration should be up to 12 minimum wages.

By decision of the General Meeting of Shareholders, the members of the Board of Directors may receive bonuses in the amount of no more than 0.1% of the Company's profit before the distribution of dividends for each member of the Board of Directors, but no more than 0.5% in total for the whole Advice.
The Company does not owe any other amounts and/or benefits in kind, nor does it set aside or charge amounts for the provision of pensions, benefits or other compensation upon retirement of the members of the Board of Directors.

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

- basic salary, determined according to the current regulations and the applied labor payment system;
- additional remunerations of a non-permanent nature, in the provided
-
- in the Labor Code, in the regulation or in another normative act, extraordinary cases, such as for overtime work;
- other labor remunerations defined in a regulatory act;
- remuneration under management contracts and other non-labor contracts - payment established in the individual contract, which is not directly dependent on the evaluation 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 increasing professional qualifications, as well as additional incentives related to voluntary pension and/or health insurance and insurances, subject to compliance of the general principles of this policy.

The company may pay additional remuneration of a non-permanent nature and in the form of one-time remuneration for received annual

results, target bonuses for the performance of additional assigned or successfully completed additional tasks. Additional remuneration may 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 valued at cost. In cases of independent 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 valuation is carried out at acquisition cost less accumulated depreciation and impairment losses. Impairments incurred are accounted for as an expense and are recognized in the Statement of Profit or Loss and other comprehensive income for the relevant period.

Subsequent costs that arise in relation to intangible assets after initial recognition are recognized in the Statement of Profit or Loss and other comprehensive income in the period in which they occur, unless it is probable that they will enable the asset to generate more than the originally anticipated future economic benefits and when those costs can be reliably estimated and allocated to the asset. If these two conditions are met, the costs are 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 "depreciation and impairment charges of non-financial assets" line on the statement of comprehensive income.

Trademarks and licenses are shown at historical cost. They have limited

useful life and are carried at cost less accumulated depreciation.

The Company exercises careful judgment when determining whether the criteria for initial recognition as an asset of development costs have been met. Management's judgment is based on all information available at the Statement of Financial Position date. 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 intangible fixed assets of

The company is in the amount of BGN 700.

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

Property, plant, and equipment are initially valued at cost, which includes the cost of acquisition, as well as all direct costs of bringing the asset into working order.

The subsequent valuation of land and buildings is carried out at a revalued value, which is equal to the fair value at the date of the revaluation, reduced by subsequently accumulated depreciation and impairment losses. Revaluations made are presented in the statement of comprehensive income and are reported against equity (revaluation reserve) if they are not preceded by previously charged expenses. Upon sale or write-off of the revalued asset, the remaining revaluation reserve is reflected against retained earnings.

Subsequent valuation of all other groups of assets is carried out at acquisition cost less accumulated depreciation and impairment losses. Impairments incurred are accounted for as expenses recognized in the statement of profit or loss and other comprehensive income for the relevant period.

Subsequent costs associated with a particular asset of property, plant, and equipment are added to the asset's carrying amount when it is probable that the company will have economic benefits that exceed the originally estimated effectiveness of the existing asset. All other subsequent costs are recognized as an expense in the period in which they are incurred.

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

Increases in value, based on the revaluation of the land, are recorded as an increase in reserves. Decreases that are up to the amount of previous increases for the same asset will be reported as a decrease in the same reserve. Further reductions in the value of the asset are recorded as a reduction of additional reserves (if any) or as a current expense.

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

The results of the disposal of non-current assets are determined by comparing the proceeds with the book value and are reported in the financial result for the period.

When the book value of a non-current asset is higher than its recoverable amount, that asset is written down to its recoverable amount.

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

Depreciation of property, plant and equipment is charged using the straight-line method over the estimated useful lives of 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 chosen materiality threshold for the Company's property, machinery, equipment and equipment is BGN 700.

i. Reporting of leases

On the effective date of the contract, the Company assesses whether the contract constitutes or contains a lease. Namely, whether the contract transfers the right to control the use of the identified asset for a specified period of time.

The company as lessee

The Company applies a uniform 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 liabilities under leases for the payment of lease installments and right-of-use assets representing the right to use the assets.

Right-of-use assets

The Company recognizes right-of-use assets from the commencement date of the lease (ie the date the underlying asset is available for use). Right-of-use assets are valued at acquisition cost, less accumulated depreciation and impairment losses, and adjusted for any revaluation of lease liabilities. The acquisition price of the right-of-use assets includes the sum of the recognized lease obligations, the initial direct costs incurred and the lease payments made on or before the lease commencement date, an estimate of the costs that will be incurred by the lessee in dismantling and moving the the asset, restoring the site on which it is located or restoring the asset to the condition required under the terms of the lease, less any lease incentives received.

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

Right-of-use assets are also subject to impairment.

Obligations under leases

From the commencement date of the lease, the Company recognizes lease liabilities valued at the present value of the lease payments to be made over the term of the lease. Lease payments include fixed payments (including fixed payments in substance) less any lease incentives receivable, 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 purchase option that is reasonably certain to be exercised by the Company, as well as termination penalty payments
of the lease if the term of the lease reflects the Company's exercise of a termination option.

Variable lease payments that do not depend on an index or interest rate are recognized as an expense (unless incurred to produce inventory) 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 an intrinsic interest rate on loans at the lease inception date, as the interest rate embedded in the lease cannot be reliably determined. After the start date, the amount of the lease obligations increases with the interest and decreases with the lease payments made. In addition, the carrying amount of lease liabilities is reassessed if there is a modification, change in lease term, change in lease payments (for example, changes in future payments as a result of 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 from the inception date and which do not contain an option to purchase. It also applies the exemption from recognition of leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments under short-term leases and leases of low-value assets are expensed on a straight-line basis over the term of the lease.

j. Impairment tests of intangible assets and properties, machinery, equipment and facilities

When calculating the impairment, the Company defines the smallest distinguishable group of assets for which independent cash flows can be determined - a cash flow generating unit. As a result, some of the assets are subject to an impairment test on an individual basis and others on a cash-generating unit basis.

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

When the recoverable amount of an asset or cash-generating unit is lower than the corresponding book value, the latter should be reduced to the amount of 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 to calculate the present value of those cash flows. The data used in the impairment testing are directly related to the Company's most recently approved estimated budget, adjusted as necessary to exclude the impact of future reorganizations and significant asset improvements. Discount factors are determined separately for each cash-generating unit and reflect the risk profile assessed by the Company's management.

Impairment losses of a cash-generating unit are allocated to reduce the carrying amount of the assets of that unit in proportion to their carrying amount. The Company's management subsequently assesses whether there are indications that the impairment loss recognized in prior years may no longer exist or may have been reduced. An impairment loss recognized in a previous period is reversed if the recoverable amount of the cash-generating unit exceeds its carrying amount.

a. Investment property

The Company accounts as investment property for buildings that are held primarily to obtain rental income or for capital appreciation or both, but also for sale in the ordinary course of business.

Investment properties are recognized as an asset in the Company's financial statements only if the following two requirements are met:

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

Investment properties are initially valued at cost, which includes the purchase price and any costs that are directly related to the investment property – for example, legal fees, property transfer taxes and other transaction costs.

After initial recognition, investment properties are accounted for using the fair value model. Fair value represents the most likely price that could be obtained in the market at the balance sheet date. Investment properties are revalued on an annual basis and are included in the Statement of Profit or Loss and other comprehensive income at market values. They are determined by independent valuers with a professional classification and significant professional experience, as well as recent experience in the location and category of the property being valued, 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 in the period in which it arises.

Subsequent costs related to investment properties that have already been recognized in the Company's financial statements are added to the book value of the properties when it is probable that the Company will receive future economic benefits exceeding the initially estimated value of the existing investment properties. All other subsequent costs are recognized as an expense in the period in which they are incurred.

The company writes off its investment properties when they are sold or when they are permanently removed from use, in the event that no economic benefits are expected from their

sale. Gains or losses arising from their retirement or sale are recognized in the Statement of Profit or Loss and other comprehensive income and are determined as the difference between the net proceeds from the sale and the carrying amount of the asset.

Rental income and operating expenses related to investment properties are reported as "sales revenue" and "materials costs", "external service costs" and "other costs", respectively.

b. Financial actives

Financial instruments – initial recognition and subsequent measurement

Initial recognition

The company classifies upon initial recognition the financial assets in one of the following categories:

1. Assessed at depreciated value,
2. Measured at fair value through other comprehensive income and
3. Measured at fair value through profit or loss.

The classification is determined on the basis of the business model for managing the given class of financial assets and the contractual characteristics of the cash flows. Investments held by the Company for the purpose of obtaining profit from short-term sales or reverse purchases are classified as financial assets held for trading. Investments in debt instruments that the Company holds within a business model in order to collect the agreed cash flows are classified as financial assets, reported at amortized cost. Investments in debt instruments that the Company holds within a business model for the purpose of collecting the agreed cash flows and selling them are classified as financial assets at fair value in other comprehensive income.

Financial assets reported 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, credits and loans, receivables under leasing contracts, receivables from deposits provided, receivables from assignments, receivables acquired through assignments, credits and loans acquired through assignments, held-to-maturity investments.

Trade receivables

Trade receivables are sums owed by customers for goods sold or services performed in the ordinary course of the company's business. They are usually settled within 30 days and are therefore all classified as current. Trade receivables are initially recognized at the amount of the unconditional receivable, unless they contain significant financial components, in which case they are recognized at fair value. The Company holds trade receivables for the purpose of collecting contractual cash flows and therefore subsequently measures them at amortized cost using the effective interest method.

Other receivables

These amounts generally arise from transactions outside the company's normal operating activities. Interest may be charged based on market interest rates when the repayment term exceeds six months. Usually the collateral is 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 that the Company holds as part of a business model with the objective of both collecting the contractual cash flows and selling the asset and where the contractual cash flows give rise only to payments of principal and interest 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, credits and loans, receivables under leasing contracts, receivables from deposits provided, receivables from assignments, receivables acquired through assignments, credits and loans 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 not classified in the above two categories. A financial asset is classified in this category if it is acquired for the purpose of selling in the short term or its contractual characteristics do not meet the condition that they give rise to payments of principal and interest only. Derivatives are also categorized as held for trading unless designated as hedging instruments. These financial assets can be debt or equity instruments.

Subsequent valuation of financial assets

Financial assets reported at amortized cost

After initial recognition, assets are reported at amortized cost.

Amortized cost accounting requires the application of the effective interest method. The amortized value of a financial asset is the value at which the financial asset was initially reported, less principal repayments plus or minus accumulated amortization using the effective interest rate method of any difference between the original value and the maturity value and less 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 written off, the accumulated gains or losses recognized in other comprehensive income are 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 changes in fair value into profit or loss.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses for all debt instruments that are not at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows and any cash flows the company expects to receive, discounted on an annual basis at 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 its initial recognition and on the change in credit risk in subsequent accounting 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 an indication of an 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 is recognized for expected credit losses that arise from a possible default in the next 12 months.

• Stage 2 (exposures with impaired service) - financial assets are classified with a significant increase in credit risk 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 charged based on the gross book value of the instrument.

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

Trade receivables and contract assets

The Company applies IFRS 9's simplified approach to measuring expected credit losses, where an impairment charge is charged for lifetime expected losses for all trade receivables and contract assets.

To measure expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. Contract assets relate to work in progress and have the same risk characteristics as trade receivables for the same types of contracts. The Company recognizes in profit or loss — as an impairment gain or loss — the amount of expected credit losses (or their reverse recovery). When an allowance for expected credit losses is recognized through other comprehensive income, any adjustment to it is recognized in other comprehensive income.

No changes were made to the methodology and assumptions on which the Company based its calculations of expected credit losses.

Write-off of financial assets

A financial asset is written off by the Company when the contractual rights to the cash flows from that asset mature or when the Company has transferred these rights through a transaction in which all significant risks and rewards arising from the ownership of the asset are transferred to the buyer. Any participation in an already transferred financial asset that the Company retains or creates is accounted for separately as a separate asset or liability.

In cases where the Company has retained all or a greater part of the risks and benefits associated with the assets, the latter are not written off from the financial statement (an example of such transactions are repo transactions - sale with an arrangement for repurchase).

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

Subsequent assessment of financial liabilities

The subsequent assessment of financial liabilities depends on how they were classified upon 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 primarily held for sale in the near future (trade payables) or are derivatives (except for 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 statement of profit or loss and other comprehensive income on the date they arise.

Liabilities reported at amortized cost

All liabilities not classified in the previous category fall into this category. These liabilities are accounted for at amortized cost using the effective interest rate method.

Items classified as trade and other payables are generally not revalued because the payables are known to have a high degree of certainty and settlement is short-term.

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

Write-off of financial liabilities

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

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

Offsetting financial asset and financial liability

Financial assets and financial liabilities are offset and the statement of financial position presents the net amount when:

- has a legally enforceable right to offset recognized amounts; and
- intends to either settle on a net basis or realize an asset and simultaneously settle a liability.

The offsetting of a recognized financial asset and a recognized financial liability and the presentation of the net value are different from the write-off of a financial asset or financial liability.

A right of set-off is a legal right of a contractual debtor to settle or otherwise eliminate all or part of an amount owed to a creditor by deducting from that amount an amount owed by the creditor.

c. Inventory, construction in progress

The company carries out its activities only by assigning the various types of activities to specific contractors. That is, the company does not have its own staff and outsources all work to external companies. The cost of construction in progress consists of the costs of design, construction and installation work, advertising, construction supervision, fees and others. The cost of the finished product also includes the costs of loans raised for the construction of a specific object.

In the cost price of the finished product (real estate - apartments, commercial establishments, etc.) will be included as an element and part of the value of the land, which corresponds to its depreciation, as a result the limited rights of disposal. The land will be appraised (according to the requirements of the Bulgarian legislation) at least once a year by an independent licensed appraiser.

Direct costs are accumulated at the time of their execution by batches for the specific objects, and indirect costs are distributed in proportion to the direct costs incurred for the object.

Inventories include materials and finished goods. The cost of inventories includes the costs of purchasing and other direct costs related to their delivery. The costs of used financing are included in the value of material stocks (unfinished construction), taking into account analytically the belonging to the relevant object, and after the final completion of the construction and assembly works, the financing costs are reported in the result. When the SMR is suspended, the reporting of the costs of interest, fees and commissions on used financing for the unfinished construction is stopped.

The Company determines inventory costs using the weighted average cost method.

When selling inventories, their book value is recognized as an expense in the period in which the corresponding income is recognized.

d. Income taxes

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

e. Cash and cash equivalents

The company reports as cash and cash equivalents available cash and cash on bank accounts.

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

f. 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 accumulated profits and uncovered losses from previous years.

The company is obliged under Art. 10 of the Law on companies with a special investment purpose to distribute as a dividend not less than 90 percent of the profit for the financial year, determined in the manner indicated below and in compliance with the requirements of Art. 247a of the Commercial Law. Distributable profit is the financial result (accounting profit/loss) adjusted as follows:

1. increased/decreased by costs/incomes from subsequent real estate assessments;

2. increased/decreased by losses/profits from transactions on the transfer of ownership of real estate;

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

a) the sale price of the real estate, and

b) the amount of the historical price of the real estate and the subsequent costs that led to an increase in its balance amount;

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

Incremental costs inherent in issuing new shares or options are shown in equity as a reduction of proceeds, net of tax. Additional costs directly related to the issuance of new shares are included in the acquisition price as part of the purchase consideration.

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

The company may issue different classes of shares. Shares of a single class grant equal rights to shareholders.

The company may issue the following classes of shares:

class A – ordinary registered shares with voting rights and

class B – preferred shares with the right to a guaranteed or additional dividend and without voting rights.

The difference between the nominal value of the imitation shares and the issue value is referred to additional reserves and constitutes an element of the company's equity capital.

g. Pension and other obligations to the staff

Short-term personnel liabilities include wages, salaries and social security benefits.

The Company has not developed and does not implement post-employment benefit plans or other long-term benefits and post-employment benefit plans either in the form of stock compensation or equity shares, as by law it can appoint to an employment contract only one person - director of investor relations.

h. Provisions, contingent assets and contingent liabilities

Provisions are recognized when it is probable that present obligations as a result of past events will result in an outflow of resources from the Company and a reliable estimate of the amount of the obligation can be made. The timing or amount of the cash outflow may not be certain. A present obligation arises from the existence of a legal or constructive obligation as a result of past events. Restructuring provisions 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 affected parties. Provisions for future losses from the activity are not recognized.

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

Indemnities from third parties in connection with a given obligation of the Company are recognized as a separate asset. This asset, however, cannot exceed the value of the relevant provision.

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

i. Significant management judgments in applying accounting policy

Significant judgments made by Management in applying the Company's accounting policies that have the most material impact on the financial statements are described below. The main sources of uncertainty in the use of accounting estimates are described in a note

4. Uncertainty of accounting estimates

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

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

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

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

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

Useful lives 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 represents the expected period of use of the assets by the Company. The balance sheet values of the assets are analyzed in note 6. The actual useful life may differ from the estimate due to technical and moral wear and tear, primarily of software products and computer equipment.

Impairment of receivables

The Company uses an adjustment account to record the provision for impairment of hard-to-collect and uncollectible receivables from customers. Management assesses the adequacy of this provision based on an age analysis of the receivables, historical experience of the level of bad debt write-offs, as well as an analysis of the solvency of the respective customer, changes in the agreed payment terms, etc. If the financial condition and performance of customers deteriorates (more than expected), the amount of receivables that must be written off in subsequent accounting periods may be greater than expected at the balance sheet date.

6. Property, plant and equipment

The balance sheet value of property, plant and equipment can be presented as follows:

	Earth	**Facilities**	**Computer and other equipment**	**Assets under construction**	**Total**
	000 BGN	**'000 BGN.**	**000 BGN**		**000 BGN**
Reporting value	**9,290**	**544**	**4**	**11,254**	**21,092**
Balance as of January 1, 2023.			-		
Newly acquired assets			-		
Change as a result of		-			
revaluation	151				
Assets written off	(974)		-	(11,254)	(12,228)
	8467	**544**	**4**		**9,015**
Balance as of December 31, 2023					
Amortization	-	(544)	(4)	-	(548)
Balance as of January 1,		-		-	
2024.	-		-		-
Depreciation written off	-	-	-	-	-
Amortization					

Balance as of **June 30** , 2024	**-**	**(544)**	**(4)**		**(548)**
Book value to June 30, 2024	**8,467**	**-**	**-**		**8,467**

	Earth	**Facilities**	**Computer and other equipment**	**Assets under construction**	**Total**
	000 BGN	**'000 BGN.**	**000 BGN**		**000 BGN**
Reporting value					
Balance as of January 1, 2024.	**8467**	**544**	**4**	**11,254**	**21,092**
Newly acquired assets	-	-	-	648	648
Change as a result of revaluation		-	-		
Assets written off		-	-	(11,254)	(12,228)
Balance as of December 31, 2023	**8,467**	**544**	**4**		**9,015**
Amortization					
Balance as of June 30, 2024	-	(544)	(4)	-	(548)
Depreciation written off	-	-	-	-	-
Amortization	-	-	-	-	-
Balance as of June 30, 2024	**-**	**(544)**	**(4)**		**(548)**
Book value as of June 30, 2024.	**8,467**	**-**	**-**	**4,922**	**13786**

7. Investment properties

The properties that have been built and received a certificate of occupancy, which have not been sold and accordingly transferred to customers, are reflected in the Statement of Financial Position in the section

"Investment properties", since the Company has a limitation to operate the built assets independently, and the income it can receive is by outsourcing the management activity to third parties. Investment properties are valued initially at cost, which includes any costs that are directly related to the investment property - for example, M&A, design, legal fees and other costs. After initial recognition, investment properties are accounted for using the fair value model.

In accordance with the requirements of the Law on Special Investment Purpose Companies, the Board of Directors assigned the evaluation of all properties owned by the Company to the independent appraiser "Dobi 02" EOOD, whose results are reflected in the 2023 financial report ..

The following table reflects the change in the size of investment properties in 2024 and 2023.

	30.06.2024
	000 BGN

Book value as of January 1, 2024 **.**	**36,786**
Newly acquired assets	88
Assets written off	
Net gain/(loss) from change in fair value	
Book value as of June 30, 2024.	**36,874**

	31.12.2023 000 BGN
Book value as of January 1, 2023.	28,908
Newly acquired assets	6,782
Assets written off	(284)
Net gain/(loss) from change in fair value	138
Book value as of December 31, 2023.	36,786

According to the theory of business valuation, in general, indications of the fair market value of a given property can be obtained by adopting three main approaches: market approach; income approach and cost approach. When using the cost and market approach, objects are considered statically, that is, as they are at the time of valuation. In the income approach, the determined value of the evaluated subject also takes into account the perspective in its development - its profitability. In accordance with the purpose of the evaluations, the evaluation team adopted the comparative value method (market approach) as the most suitable for determining the market value of the object. The price of the property in this case is basically formed on the basis of the studies for transactions with similar real estate realized on the free market. The comparative value method looks for the assumed market price of properties close in quality to the appraised one. When determining the market value of the property, information was used for three similar properties with characteristics close to the appraised one, located in the same area, for which transactions were completed in the last six months of the previous year. The sales prices of the three compared properties have been brought into uniformity with respect to the characteristics of the evaluated property, being adjusted with an area factor taking into account their differences.

The following was used in the preparation of the assessment:

- Information obtained during the site inspection;
- Information and documents regarding the legal status of the site;
- Information bulletins, price lists and reference books from official publications of the Ministry of Construction, Bulgarian Construction Chamber, etc.;
- Information from the evaluator's own experience.

The company invested in the construction of the site - "Marina Cape", a detailed presentation of which is made below.

In 2010, the construction of the Marina Cape site was fully completed, specifically Zone 4 of the site was finalized, for which an occupancy permit was obtained in August 2010. In addition, finishing works and retrofitting were completed on all remaining properties on the site, which were previously reported as construction in progress. As a result, by decision of the Board of Directors dated 01.10.2010, all unsold properties in the "Marina Cape" site are reflected as investment properties.

In 2021, the company concluded a contract with MKM OOD for the reconstruction and modernization of the so-called zone 4, The same envisages the reconstruction of the existing large and non-functional apartments to be made into small functional studios, with the aim of easy and practical use for tourist purposes, and also with the aim of easy sale. Modern technologies for heating and ventilation, access control, video surveillance, etc. will be introduced. The area is intended to function practically as a small hotel, with all the necessary amenities. In this way, the seasons of use will be extended by holding mass events. A building permit has been issued for the redevelopment and it is planned to be completed in the second quarter of 2023 and to be maximally used in the 2023 season.

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

Marina Cape facility

Holiday complex "Marina Cape" is located in the peninsular part of the Black Sea town of Aheloy, which provides a picturesque view of both the bay and the open sea. This is reflected both in the urban planning solution - the plastic S-shaped shape of the first and second zones, and in the design of the individual dwellings. A vertical accent in the general silhouette are the lighthouse and the clock tower.

The complex consists of four separate areas, spread over a property with an area of 40,000 sq.m. and forming a total built-up area of over 66,000 sq.m., with a total of 761 apartments. The complex has 4 restaurants, 4 cafes, 14 shop premises, two squash halls (licensed by the Squash Federation), premises for a Medical and Dental Centre, a fully equipped and working fitness and spa centre, a bowling alley, a children's centre, a premises intended for bank office, administrative part, offices, two swimming pools and service rooms for the respective sites.

Each of the zones consists of separate sectors (27 in total), the majority of which are residential, with the exception of the sectors intended for: a bank office, a sports and entertainment area, a children's center and Sector 27 - a restaurant on two levels. Some of the residential sectors include public facilities - restaurants, cafes, shops, offices,

premises for medical center, fitness. In the central part of the complex there is a swimming pool with a total area of 910 sq.m. with a water bar and a children's pool, and in the north-eastern part there is a pool with an area of 470 sq.m.

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

The total area of the 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 power transmission network was built and put into operation, the existing roads and streets in the area were rehabilitated, and a completely new road connection was built. Implemented the necessary systems to provide telephones and Internet, including a wireless Internet network, as well as fire alarm and video surveillance systems.

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

Provided security for obligations to a bond loan

Number of real estates under the collateral	Area of real estate under the collateral	Book value of the collateral provided 000 BGN
60 residential objects	4,811 sq.m.	13,438,719
19 commercial/warehouse sites	1,555 sq.m.	15,319,653
land	40,000 sq.m.	8,467,000

8. Receivables

The following table shows the more important trade receivables:

	30.06.2024 000 BGN	31.12.2023 000 BGN
Marina Cape Management Ltd	1918	1 969
Others	5	5
Net receivables	**1923**	1 974

Receivables from customers represent unpaid, remaining installments due to the Company 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 approximation of their fair value.

All of the Company's trade receivables are reviewed for indications of impairment. During the reporting period All trade receivables are subject to credit risk.

9. Provided advances

Advances granted to suppliers are presented in the following table:

	30.06.2024 000 BGN	31.12.2023 000 BGN
Marina Cape Management Ltd	1 106	1 106
Others	1	
Total	**1 107**	1 106

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

10. Others receivables

	30.06.2024 000 BGN	**31.12.2023 000 BGN**
Current:		
VAT recovery	2	10
Receivables from the sale of Grand Borovets		1 358

Receivable from sale of subsidiary		98
Others	147	20
Current other receivables	**149**	**1 488**

11. Monetary means

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

Cash includes the following components:

Cash and bank funds:	**30.06.2024 000 BGN**	31.12.2023 000 BGN
- Bulgarian Levs	1	
- euro	17	3
Total	**18**	3

12. Own capital

- **Shareholder 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 have the right to receive a dividend and a liquidation share and represent one vote from the General Meeting of the Company's shareholders.

	30.06.2024 000 BGN	**31.12.2023 000 BGN**
Issued and fully paid shares:		
- in the beginning of the year	27,766,476	27,766,476
- issued during the year	-	-
Total shares authorized.	**27,766,476**	**27,766,476**

Share capital structure

	30.06.2024		2023	
	Number of shares	%	Number of shares	%
"MARINA CAPE PROPERTIES" LTD	3,350,162	12.07%	3,350,162	12.07%
UNIVERSAL PENSION FUND-FUTURE	1,900,000	6.84%	1,900,000	6.84%
NDF ASSETS	1,400,000	5.04%	1,400,000	5.04%
DF "EF RAPID"	1,815,000	6.54%	2,415,000	8.70%
EXCHANGE TRADED FUND EF PRINCIPAL ETF	2,684,483	9.67%	1,824,483	6.57%
EUROINS ROMANIA	1,731,110	6.23%	1,731,110	6.23%
DF ASSETS HIGH YIELD FUND	1,848,818	6.66%		
Other natural persons	1,425,210	5.13%	1,501,961	5.40%

Other Legal Entities	11,611,693	41.82%	13,643,760	49.14%
	27,766,476	**100%**	27,766,476	100%

13. Credits , loans , reported by depreciated value

	30.06.2024			31.12.2023		
	000 BGN	**000 BGN**	**000 BGN**	**000 BGN**	**000 BGN**	**000 BGN**
	Long avg.	short wed.	Total	Long avg.	short wed.	Total
Liabilities to financial institutions						
Bond loan				11,735	203	**11,983**
Other commercial obligations						
				11,735	**405**	**12 140**

On 17.09.2021, the Company successfully placed a second corporate issue of bonds under the conditions of a primary private offering. The bond loan has a total nominal and issue value of EUR 6,000,000, divided into 6,000 ordinary, non-privileged, registered, non-current, secured, interest-bearing, non-convertible, freely transferable bonds, with a nominal value of one bond - EUR 1,000. 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 the refinancing of an existing loan and investments with an investment purpose in the v.c. Marina Cape. The characteristics of the bond loan are detailed in the memorandum to

her. The Board of Directors chose "TEXIM BANK" AD as trustee of the issue, which was elected by the First General Meeting of the bondholders.

14. Commercial obligations

The following table reflects the more significant obligations of the Company as of June 30, 2024.

	30.06.2024 **000 BGN**	**31.12.2023** **000 BGN**
Marina Cape Management Ltd	3458	3,508
IP Intercapital Markets AD	3	4
Others	59	104
Total	3520	3,616

15. Advance received amounts from customers

Amounts received in advance from customers include

	30.06.2024 **000 BGN**	**31.12.2023** **000 BGN**
Foreign natural persons	**681**	**640**
Guarantee deposits from customers under concluded contracts		**559**

Total	**681**	**1 199**

16. Tax obligations

	30.06.2024 000 BGN	31.12.2023 000 BGN
Obligations for VAT	-	3
VAT obligations	71	217
Real estate tax and municipal waste tax obligations	3	61
Total	74	281

17. Obligations to staff and insurance institutions

	30.06.2024 000 BGN	31.12.2023 000 BGN
Current:		
Payroll obligations	119	119
Insurance obligations	27	16
Total	**146**	**135**

18. Others obligations

	30.06.2024 '000 BGN	31.12.2023 000 BGN
Current:		
Obligation to BGI Imo EAD	208	208
Obligation to Marina Keep Management EOOD	1148	1 148
Duty to Dika account		-
Obligation to Telelink	522	522
OPTIMA audit	567	567
Others	167	194
Total:	**2,612**	**2,639**

19. Income from sales

Sales revenue includes:

	30.06.2024 000 BGN	30.06.2023 000 BGN
Sale of investment properties	42	8199
Management of investment properties		
Others	1	10
Total	**43**	8,209

20. Expenses for external services

External service costs include:

	30.06.2024 000 BGN	30.06.2023 000 BGN
Commissions and advertising		
Taxis,	(11)	(12)
Consulting services - evaluation, accounting and auditing services	(60)	(30)
Telecommunications services	(4)	(2)
Others	(15)	(12)
Total	**(90)**	(56)

21. Expenses for the staff

Staff remuneration costs include:

	30.06.2024 000 BGN	30.06.2023 000 BGN
Wage cost	(28)	(22)
Compensable leave expenses		
Social security costs	(5)	(4)
Social security costs for compensable leave		
Total	**(33)**	(26)

22. Others expenses

Other costs include:

	30.06.2024 B	**30.06.2023 000 BGN**
Receivables written off	(3)	(9)
Fines, fees and penalties		(9)
Others		(650)
Total	(3)	(666)

23. Balance sheet value on the ones sold assets

In the article "Balance value of assets sold", the Company reports the book value of alienated investment properties.

Exemption of the investment property can occur through sale or through the establishment of a right of use. When determining the date of exemption for an investment property, the Company applies the criteria in IAS 18 for the recognition of income from the sale of goods or takes into account the relevant instruction in the supplement to IAS 18 .

24. Financial income and expenses

Financial expenses for the presented accounting periods can be analyzed as follows:

	30.06.2024 000 BGN	30.06.2023 000 BGN
Net proceeds from sale of subsidiary		
Negative differences from changes in exchange rates	(2)	(1)
Interest expenses	(149)	(821)
Other financial costs (bank renegotiation fees loans and other penalties)		(4)
	(151)	(826)
Total financial income and expenses, net		

25. Changes in fair value on investment properties

	30.06.2024 000 BGN	31.12.2023 000 BGN
Negative reviews		(4,473)
Positive reviews		5,854
Net change in fair value of investment properties		1 381

26. Expenses for taxes

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

27. Income / (Loss) of action

Basic income/(loss) per share and diluted income/(loss) per share were calculated using the net profit/(loss) attributable to the Company's shareholders as the numerator. The weighted average number of shares used to calculate basic income/(loss) per share and net income/(loss) allocable to holders of common stock.

	30.06.2024 000 BGN	31.12.2023 000 BGN
Profit/(loss),	(237)	573
Weighted average number of shares (in '000 BGN)	27,766	27,766
Basic income/(loss) per share (in BGN '000)	(0.0085)	0.021

28. Deals with connected persons

Transactions with key management personnel

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

	30.06.2024	31.12.2023
	000 BGN	000 BGN
Remuneration to natural persons	28	42
Award to Aheloy 2012	-	-
Total	28	42

The members of the Board of Directors receive a fixed monthly remuneration determined by the General Assembly, which cannot exceed 10 minimum monthly wages. The General Assembly also decided that the executive director's remuneration should be up to 12 minimum wages.

By decision of the General Meeting of Shareholders, the members of the Board of Directors may receive bonuses in the amount of no 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% in total for the entire Board.

The Company does not owe any other amounts and/or benefits in kind, nor does it set aside or charge amounts for the provision of pensions, benefits or other compensation 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 accrued amounts to provide pensions, benefits or other compensation upon retirement of the members of the Board of Directors in 2023.

- **The obligations on the company to the members on The council on the directors are the following :**

	3 0 . 06.2024	31.12.2023
	000 BGN	000 BGN
Remuneration to natural persons	103	100
Award to Aheloy 2012	-	-
Total	103	100

29. Objectives and policy on the guide by attitude management on the risk

The company regularly analyzes the liquidity of assets and liabilities.

(a) Market Risk

(-) Macroeconomic and microeconomic risk

Macroeconomic risk is the risk of shocks that may affect economic growth, population income, supply and demand, the realization of profits by economic entities, etc. These shocks include global economic and business conditions, fluctuations in national currencies, political events, changing legislation and regulatory requirements, priorities of national governments, etc. Trends in the macroeconomic environment affect the market performance and the final results of the activity of all sectors of the economy. Bulgaria has an open economy and its development depends directly on international market conditions.

The macroeconomic situation and economic growth worldwide are of serious importance for the development of the company, as they influence the government policies of the respective countries and in particular the regulations and decisions made by the respective Central Banks regarding monetary and interest policy, of

exchange rates, taxes, GDP, inflation, budget deficit and external debt,

the unemployment rate and the income structure.

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

The company is also exposed to currency risk when carrying out transactions with financial instruments denominated in foreign currency.

When conducting transactions in foreign currency, income and expenses from foreign exchange operations arise, which are reported in the income statement. During the reporting periods presented, the Company was not exposed to currency risk, as far as it did not have positions positioned in currencies other than leva and euro.

The currency risk management policy carried out by the company is not to carry out significant operations and not to maintain open positions in foreign currency other than Euro.

The financial assets and liabilities, which are denominated in foreign currency (euro) and were recalculated in Bulgarian leva at the end of the reporting period, are presented as follows:

(-) Price risk. The risk of an increase in inflation is related to the reduction of the real purchasing power of economic entities and the possible devaluation of assets denominated in local currency. The currency board system controls the money supply, but external factors (eg rising oil prices) can put upward pressure on price levels.

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

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

(-) Risks related to increased competition. As a result of the significant growth of the Bulgarian real estate market in recent years before the onset of

the recent global financial crisis, many new players have entered the sector, c

including many foreign investors. As a result, we have witnessed increasing competition between construction companies, real estate agencies, special investment companies, commercial banks, individuals, etc. 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 under construction). These assets can be considered to have a fixed price or income, as their price is not directly affected by changes in interest rates.
Liabilities exposed to interest rate risk:

	2024 000 BGN	2023 000 BGN
Bond Loan Obligations	11,735	11,735
Other duties	1 715	1 715
	13,450	13,450

(c) Credit Risk

In its activity, the Company may be exposed to credit risk in cases where it pays in advance (provides advances) to its suppliers or has receivables from sales (including when selling deferred payment). The Company's policy envisages avoiding advance payments as much as possible. When such are necessary (for example, for the purchase of joinery, elevators, etc. for buildings under construction), the Company will analyze in detail and thoroughly the reputation and financial status of the relevant suppliers and, if necessary, will require bank and other guarantees for 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

	2024 000 BGN	2023 000 BGN
Cash and cash equivalents	17	1
Trade and other receivables	3 179	3 430
	3 196	3 431

(d) Liquidity risk

Liquidity risk arises in connection with the provision of funds for the Company's activities 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

receivables and risk of the Company not being able to realize its assets at

suitable price and in acceptable terms. The company aims to maintain a balance between

urgency of the attracted resource and flexibility in the use of funds with different maturity structures. In order to minimize this risk, the company has taken the following measures:

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

000 BGN	On request	Up to 3 m.	6-12 the month	1-5 years	Total
Obligations to bond loan			203	11,735	11,938
Lease obligations					
Duties to staff	135				135
Commercial and other obligations	6,536		1 199	-	7,735
	6,671		1 402	11,735	19,808

30. Policy and Procedures for management on the capital

The objectives of the Company in relation to capital management are:

- to ensure the Company's ability to continue as a going concern and
- to ensure adequate profitability for shareholders by pricing 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 the changes in the economic situation and the risk characteristics of the relevant assets.

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.

31. Categories financial assets and liabilities

The balance sheet values of the Company's financial assets and liabilities can be presented in the following categories:

Financial actives	2024 000 BGN	2023 000 BGN
Financial assets accounted for at fair value c profit and loss:		
Cash and cash equivalents	1	1
Trade and other receivables	3 457	3 457
	3 458	3 458

Financial liabilities	2024 '000 BGN.	2023 '000 BGN.
Liabilities to financial institutions		
Retention to bond loan	11,735	11,938
Obligations under finance leases		
Commercial and other obligations		7,589
	11,735	19,527

32. Information on important events after the balance sheet date

No events have occurred since the balance sheet date that would require an adjustment to this statement.

33. Approval of the financial statement

The financial report as of June 30, 2024 was approved and adopted by the Board of Directors on July 20, 2024.

July 20, 2024

Signature:

/ Velichko Klingov – Ex. Director/