**Friday 29 September, 2023**

**Black Sea Property**

***Half-year Report***



RNS Number :

Black Sea Property PLC

29 September 2023

**BLACK SEA PROPERTY PLC**

("Black Sea Property" or the "Company")

**Half-yearly report for the period ended 30 June 2023**

The Board of Black Sea Property PLC is pleased to announce its interim report for the six-month period ended 30 June 2023.

Electronic copies of the interim report will be available at the Company's website [http://www.blackseapropertyplc.com](http://www.blackseapropertyplc.com/)

|  |  |
| --- | --- |
| **BLACK SEA PROPERTY PLC** Simon Hudd, Chairman   | simon.hudd@d3ainvestments.com    |
|   **PETERHOUSE CAPITAL LIMITED** Aquis Corporate Adviser Heena Karani and Duncan Vasey |  +44 (0) 20 7469 0930  |

Market Abuse Regulation (MAR) Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018).

Black Sea Property PLC

HALF-YEARLY REPORT

FOR THE SIX MONTH PERIOD ENDED

30 JUNE 2023

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# Chairman’s Statement

As at 30 June 2023 the significant shareholders of Black Sea Property Plc (“the Company”) were as follows:

|  |  |  |
| --- | --- | --- |
| **Beneficial shareholder**  | **Holding** | **Percentage** |
| Neo London Capital Plc | 515,126,806 | 28.41% |
| Compass Capital JSC  | 304,354,182 | 16.78% |
| Mamferay Holdings Limited | 449,957,562 | 24.81% |
| Capman AM  | 92,000,000 | 5.07% |
| Interfund Investments Plc | 89,500,000 | 4.94% |

The shareholder structure as at 31 December 2022 is the following:

|  |  |  |
| --- | --- | --- |
| **Beneficial shareholder**  | **Holding** | **Percentage** |
| Neo London Capital Plc | 515,126,806 | 28.41% |
| Compass Capital JSC  | 304,354,182 | 16.78% |
| Mamferay Holdings Limited | 449,957,562 | 24.81% |
| Capman AM  | 92,000,000 | 5.07% |
| Interfund Investments Plc | 89,500,000 | 4.94% |

**Chairman’s statement**

I am pleased to present the unaudited interim financial statements of the Company for the six months ended 30 June 2023.

The unaudited net asset value as at 30 June 2023 was €28.7 million or 1.58 cents per share (31 December 2022: €28.8 million or 1.59 cents per share).

During the period, the Company generated revenues of €264,835 (June 2022: €152,646) which resulted in a loss before taxation of €74,412 (June 2022: €553,150). The results reflected other income of €678,836 (June 2022: €106,798), property operating expenses of €283,729 (June 2022: €132,856), other operating expenses of €328,293 (June 2022: €458,473) and interest payable and other charges of €406,061 (June 2022: €215,287). Loss per share amounted to €0.01 cents (June 2022: €0.03 cents).

**Camping South Beach EOOD ("CSB”)**

The summer season in 2023 marked a positive development, despite the challenging environment arising from the military conflict in Ukraine. Camping South Beach preserved its prime position as a destination for luxury camping holidays and beach houses. Following the trend from the previous seasons most of the guests were Bulgarian citizens, as well as tourists from the EU.

Camping South Beach achieved occupancy levels of around 58% in July and 51% in August 2023. On yearly basis the occupancy increase is approx. 5 %, compared to 2022.

Despite the slight increase in occupancy, they still remain below the targeted levels, based on the overall economic uncertainty arising from the war in Ukraine.

In 2023, the third active season under the Concession Agreement (“Agreement”) for the beach in front of CSB, has provided additional value to the property and has enabled synergy with the campsite. The term of the Concession Agreement is 20 years, and all requirements and obligations specified in the Agreement have been fulfilled.

The long-term strategy of CSB is to develop the whole Gradina area including the newly acquired adjacent real estate and Black Sea Star hotel into an exclusive summer resort meeting the highest standards.

**Ivan Vazov 1 Building**

During the period, the reconstruction works for the historic Ivan Vazov building were ongoing. The renovation of the roof has been completed and all construction works were executed to a high standard in line with the approved designs.

# Chairman’s Statement (continued)

The building consists of a basement floor, five floors and an attic floor with total built-up area of 9,107 m2. The attic floor will be converted into a mansard floor following the reconstruction of the roof.

As the building is recognized as a historical monument by the National Institute of Cultural Monuments in Bulgaria, both the exterior and interior of the building will undergo renovation. This includes elements such as the columns, profiled cornices, figures of Atlanteans, the mask of the Goddess on the façade, and the ornamental ironwork of the entrance doors. The Company is carrying out all of the works in accordance with applicable regulations. The construction of the beautiful copper covered roof has been finalized and thus the building will be preserved according to the highest standards. We hope to receive permission from the local authorities for using the top floor and reconstructing the roof in November 2023.

**Byala Plots of Land ("Byala")**

The public procedure for the Urban Master Plan of Byala municipality region by the authorities has commenced, but the approval process is not yet finished.

The Company is planning the development of plots of land at Byala as a camping site with luxury bungalows, which is anticipated to be complementary to existing investments at CSB. The project will add value to the portfolio of the Company, reflecting the high demand of close-to-nature camp sites offering a safe and secure environment for visitors.

**Received final payment for the sale of ECDC Group**

During the period Black Sea Property has received the final payment for the sale of the remaining assets of ECDC Group which the Company sold on 30 September 2021, for a cash consideration of EUR4.5 million.

**Events after reporting date**

**Signed agreement for acquisition of Grand Hotel Varna AD**

Black Sea Property PLC has signed an agreement to acquire 98.27% of Grand Hotel Varna AD (the “Acquisition”).

Grand Hotel Varna AD wholly owns GHV-Dolphins EAD, a Bulgarian company which holds the title to real estate comprising three hotels and a beach marina resort (together, the "Resort"), situated in a prime location on the Black Sea Coast, with excellent accessibility.

The primary purpose of the Acquisition is to strengthen Black Sea Property's hospitality investments, by adding desirable hotels to its existing investment in Camping South Beach.

The consideration payable for the Acquisition is EUR 28 million in cash, of which an initial non-refundable deposit of EUR 1.6 million was paid upon signing of the agreement. The property assets being acquired have been independently valued at EUR 19 million, and the mutual fund portfolio is currently valued at EUR 12 million.

BSP has raised €12million through the issue of unsecured loan notes to certain existing shareholders. The proceeds of the issue of the Loan Notes have been used to pay tranches of the consideration for the Acquisition.

To satisfy the balance of the consideration, the Company will need to raise additional funds. Subject to securing the required funding, which the Directors are confident of achieving, the Acquisition is expected to be completed by 30 October 2023.

The Directors of the Company are responsible for the contents of this announcement.

Simon Hudd

Chairman

29.09.2023

Consolidated Statement of Comprehensive Income **for the period ended 30 June 2023**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **(Unaudited)** |  | (Unaudited) |  | (Audited) |
|  |  | **6 months to** |  | 6 months to |  | Year ended |
|  |  | **30 June 2023** |  | 30 June 2022 |  | 31 December 2022 |
|  | ***Note*** | **€** |  | € |  | € |
| **Total revenue** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Revenue |  | **264,835** |  | 152,646 |  | 1,159,445 |
| Property operating expenses |  | **(283,729)** |  | (132,856) |  | (1,409,106) |
| Net rental income/(expense) |  | **(18,894)** |  | 19,790 |  | (249,661) |
|  |  |  |  |  |  |  |
| (Loss)/gain on revaluation of investment properties |  | **-** |  | (3,430) |  | 724,708 |
| **Net (loss)/gain on investment property** |  | **-** |  | (3,430) |  | 724,708 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Administration and other expenses | **5** | **(328,293)** |  | (458,473) |  | (800,340) |
| **Total operating profit/(loss)** |  | **(347,187)** |  | (442,113) |  | (325,293) |
|  |  |  |  |  |  |  |
| Other income | **6** | **678,836** |  | 106,798 |  | 3,449,267 |
| Bargain purchase | **11** |  |  | - |  | 2,127,765 |
| (Losses)/Profit from investments accounted for using the equity method |  | **-** |  | (2,548) |  | (2,548) |
| Interest payable and similar charges |  | **(406,061)** |  | (215,287) |  | (862,551) |
| **(Loss)/profit before tax** |  | **(74,412)** |  | (553,150) |  | 4,386,640 |
|  |  |  |  |  |  |  |
| Tax expense | **8** | **-** |  | (62,266) |  | (537,399) |
|  |  |  |  |  |  |  |
| **(Loss)/profit and total comprehensive income for the period** |  | **(74,412)** |  | (615,416) |  | 3,849,241 |
|  |  |  |  |  |  |  |
| **(Loss)/Profit and total comprehensive income attributable to the:** |  |  |  |  |  |  |
| - shareholders of the parent company |  | **(74,412)** |  | (615,416) |  | 3,849,241 |
| - non-controlling interest |  | **-** |  |  - |  | - |
|  |  |  |  |  |  |  |
| **(Loss)/earnings per share** |  |  |  |  |  |  |
| Basic & Diluted(loss)/earnings per share (cents) | **7** | **(0.01)**  |  | (0,03)  |  | 0,22  |

The notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28.09.2023

and were signed on their behalf by:

Chairman Director

Simon Hudd Ventsislava Altanova

# **Consolidated Statement of Financial Position at 30 June 2023**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **(Unaudited)** |  | (Audited) |
|  |  | **30 June 2023** |  | 31 December 2022 |
|  | ***Note*** | **€** |  | € |
| **Non-current assets** |  |  |  |  |
| Investment properties  | **9** | **47,517,500** |  | 47,517,500 |
| Intangible assets | **10** | **433,126**  |  | 450,390 |
| Property, plant and equipment |  | **1,224,043** |  | 517,952 |
| Long term Deposit |  | **102,258** |  | - |
| **Total non-current assets** |  | **49,277,927** |  | 48,485,842 |
|  |  |  |  |  |
| **Current assets** |  |  |  |  |
| Trade and other receivables | **12** | **3,685,698** |  | 6,331,172 |
| Cash and cash equivalents |  | **384,599** |  | 239,409 |
| **Total current assets** |  | **4,070,297** |  | 6,570,581 |
|  |  |  |  |  |
| **Total assets** |  | **53,348,224** |  | 55,056,423 |
|  |  |  |  |  |
| **Equity and liabilities** |  |  |  |  |
| Issued share capital | **13** | **70,699,442** |  | 70,699,442 |
| Retained deficit |  | **(40,461,277)** |  | (40,386,865) |
| Foreign exchange reserve |  | **(1,553,086)** |  | (1,533,086) |
| **Total equity** |  | **28,705,079** |  | 28,779,491 |
|  |  |  |  |  |
| **Non-current liabilities** |  |  |  |  |
| Bank loans | **14** | **18,161,392** |  | 18,185,200 |
| Trade and other payables | **15** | **528,775** |  | 539,929 |
| Deferred tax liability | **8** | **2,407,965** |  | 2,407,965 |
| **Total non-current liabilities** |  | **21,098,132** |  | 21,133,094 |
|  |  |  |  |  |
| **Current liabilities** |  |  |  |  |
| Trade and other payables | **15** | **1,082,172** |  | 726,326 |
| Tax liability | **15** | **153,796** |  | 80,425 |
| Bank loans | **14** | **2,084,062** |  | 1,771,278 |
| Related party payables | **16** | **115,199** |  | - |
| Shareholder loan | **16** | **109,784** |  | 2,565,808 |
| **Total current liabilities** |  | **3,545,013** |  | 5,143,838 |
|  |  |  |  |  |
| **Total liabilities** |  | **24,643,145** |  | 26,276,932 |
|  |  |  |  |  |
| **Total equity and liabilities** |  | **53,348,224** |  | 55,056,423 |
|  |  |  |  |  |
|  |  |  |  |  |
| Number of ordinary shares in issue |  | **1,813,323,603** |  | 1,813,323,603 |
| NAV per ordinary share (cents) | **17** | **1.58** |  | 1.59 |

The notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28.09.2023

and were signed on their behalf by:

Chairman Director

Simon Hudd Ventsislava Altanova

# Consolidated Statement of Changes in Equity for the period ended 30 June 2023

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Share capital** | **Retained earnings** | **Foreign currency translation reserve** | **Total equity attributable to the parent company** | **Non-controlling interests** | **Total** |
|  | **€** | **€** | **€** | **€** | **€** | **€** |
|  |  |  |  |  |  |  |
| **At 1 January 2022** | **70,699,442** | **(44,236,106)** | **(1,533,086)** | **24,930,250** | **-** | **24,930,250** |
|  |  |  |  |  |  |  |
| Loss for the period | - | (615,416) | - | (615,416) | - | (615,416) |
| Total comprehensive income | - | (615,416) | - | (615,416) | - | (615,416) |
| **At 30 June 2022 (unaudited)** | **70,699,442** | **(44,851,522)** | **(1,533,086)** | **24,314,834** | **-** | **24,314,834** |
|  |  |  |  |  |  |  |
| **At 1 January 2022** | **70,699,442** | **(44,236,106)** | **(1,533,086)** | **24,930,250** | **-** | **24,930,250** |
|  |  |  |  |  |  |  |
| Transactions with owners | - | - | - | - | - | - |
| Profit for the year | - | 3,849,241 | - | 3,849,241 | - | 3,849,241 |
| Total comprehensive income | - | 3,849,241 | - | 3,849,241 | - | 3,849,241 |
| **At 31 December 2022 (audited)** | **70,699,442** | **(40,386,865)** | **(1,533,086)** | **28,779,491** | **-** | **28,779,491** |
|  |  |  |  |  |  |  |
| **At 1 January 2023** | **70,699,442** | **(40,386,865)** | **(1,533,086)** | **28,779,491** | **-** | **28,779,491** |
|  |  |  |  |  |  |  |
| Loss for the period | - | (74,412) | - | (74,412) | - | (74,412) |
| Total comprehensive income | - | (74,412) | - | (74,412) | - | (74,412) |
| **At 30 June 2023 (unaudited)** | **70,699,442** | **(40,461,277)** | **(1,533,086)** | **28,705,079** | **-** | **28,705,079** |

The notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28.09.2023

and were signed on their behalf by:

Chairman Director

Simon Hudd Ventsislava Altanova

# Consolidated Statement of Cash Flows for the period ended 30 June 2023

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **(Unaudited)** |  | (Unaudited) |  | (Audited) |
|  | **6 months to** |  | 6 months to |  | Year ended |
|  | **30 June 2023** |  | 30 June 2022 |  | 31 December 2022 |
|  | **€** |  | € |  | € |
| **Operating activities** |  |  |  |  |  |
| (Loss)/profit before tax | **(74,412)** |  | (553,150) |  | 4,386,640 |
|  |  |  |  |  |  |
| Loss/(gain) on revaluation of investment properties | **-** |  | 3,430 |  | (724,708) |
| Bargain Purchase on Acquisition | **-** |  | - |  | (2,127,765) |
| Materials from disposal of subsidiaries | **-** |  | - |  | 232,737 |
| Loss from investments accounted for using the equity method | **-** |  | 2,548 |  | - |
| Impairment of intangible fixed assets | **-** |  | (142,499) |  | - |
| Amortization of intangible fixed assets | **17,264** |  | 49,191 |  | 62,987 |
| Depreciation of property, plant and equipment | **1,859** |  | 1,586 |  | 3,444 |
| Interest received | **(662,944)** |  | (94,882) |  | (898,689) |
| Bad debt recovered | **-** |  | - |  | (2,550,578) |
| Interest paid | **298,399** |  | 215,288 |  | 862,551 |
| **Changes in the working capital** | **(419,834)** |  | (518,488) |  | (753,381) |
| Decrease/(increase) in receivables | **2,729,479** |  | (254,811) |  | (1,451,996) |
| (Decrease)/increase in payables | **459,891** |  | 715,094 |  | 431,565 |
| **Cash used in operation** | **2,769,536** |  | (58,205) |  | (1,773,812) |
| Tax refund/(paid) | **73,370** |  | - |  | 6,190 |
| **Net cash outflow from operating activities** | **2,842,906** |  | (58,205) |  | (1,767,622) |
|  |  |  |  |  |  |
| **Investing activities** |  |  |  |  |  |
| Investment property additions and acquisitions | **-** |  | (1,526,600) |  | (1,470,562) |
| Property, plant and equipment  | **(708,950)** |  | - |  | (496,513) |
| Star Mill acquisition | **-** |  | - |  | (5,150,001) |
| Bad debt recovered | **-** |  | - |  | 2,550,578 |
| Loans granted | **(84,005)** |  | (29,235) |  | - |
| Loan repayments | **-** |  | 38,244 |  | - |
| Interest received  | **662,944** |  | 84,466 |  | 898,689 |
| Long term deposit | **(102,258)** |  | - |  | - |
| Cash held by the (disposed)/acquired subsidiary | **-** |  | - |  | 151 |
| **Net cash (outflow)/ from investing activities** | **(232,269)** |  | (1,433,125) |  | (3,667,658) |
|  |  |  |  |  |  |
| **Financing activities** |  |  |  |  |  |
| Loans issued/(repaid) | **(2,167,048)** |  | 2,939,083 |  | 6,211,052 |
| Interests paid and other charges | **(298,399)** |  | (215,943) |  | (862,551) |
| Other flows from financing activities | **-** |  | (49,305) |  | - |
| **Net cash inflow/(outflow) from financing activities** | **(2,465,447)** |  | 2,673,835 |  | (5,348,501) |
|  |  |  |  |  |  |
| **Net increase/(decrease) in cash and cash equivalents** | **145,190** |  | 1,182,505 |  | (86,779) |
| **Cash and cash equivalents at beginning of period** | **239,409** |  | 326,188 |  | 326,188 |
|  |  |  |  |  |  |
| **Cash and cash equivalents at end of period** | **384,599** |  | 1,508,693 |  | 239,409 |

The notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 28.09.2023

and were signed on their behalf by:

Chairman Director

Simon Hudd Ventsislava Altanova

# Notes to the Financial Statements for the period ended 30 June 2023

#### General information

Black Sea Property Plc (the Company) is a company incorporated and domiciled in the Isle of Man whose shares are publicly traded on the Aquis Stock Exchange in London.

#### Statement of compliance

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year-ended 31 December 2022.

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 are available upon request from the Company's registered office at 6th Floor, Victory House, Prospect Hill, Douglas, Isle of Man or at www.blackseapropertyplc.com.

These interim consolidated financial statements were approved by the Board of Directors on 28.09.2023.

#### Significant accounting policies

The accounting policies applied in these interim financial statements, except for the ones listed below, are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2022.

#### Financial risk management policies

The principal risks and uncertainties are consistent with those disclosed in preparation of the Group’s annual financial statements for the year ended 31 December 2022.

#### Administration and other expenses

|  |  |  |  |
| --- | --- | --- | --- |
|  | **(Unaudited)** | (Unaudited) | (Audited) |
|  | **6 months to** | 6 months to | Year ended |
|  | **30 June 2023** | 30 June 2022 | 31 December 2022 |
|  | **€** | € | € |
|  |  |  |  |
| Directors' remuneration | **27,824** | 27,818 | 54,208 |
| Administration fees – Isle of Man | **-** | - | 64,579 |
| Administration fees – Bulgaria | **37,322** | - | 28,279 |
| Legal and professional fees | **108,012** | 309,746 | 301,063 |
| Auditors’ remuneration |  **-** | - | 53,477 |
| Foreign currency expenses | **2,051** | - | 3,262 |
| Other administration and sundry expenses | **54,876** | 13,551 | 229,041 |
| Investment advisory fees | **98,208** | 107,358 | 66,431 |
|  | **328,293** | 458,473 | 800,340  |

####

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### Other income

|  |  |  |  |
| --- | --- | --- | --- |
|  | **(Unaudited)** | (Unaudited) | (Audited) |
|  | **6 months to** | 6 months to | Year ended |
|  | **30 June 2023** | 30 June 2022 | 31 December 2022 |
|  | **€** | € | € |
|  |  |  |  |
| Interest income – receivable balances | **662,944** | 94,882 | 303,952 |
| Bad debts recovered | **-** | - | 2,550,578 |
| Others | **15,892** | 11,916 | 594,737 |
|  | **678,836** | 106,798 | 3,449,267 |

####  (Loss)/earnings per share

The basic (loss)/earnings per ordinary share is calculated by dividing the net (loss)/profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **(Unaudited)** | (Unaudited) | (Audited) |
|  | **6 months to** | 6 months to | Year ended |
|  | **30 June 2023** | 30 June 2022 | 31 December 2022 |
|  | **€** | € | € |
|  |  |  |  |
| (Loss)/earnings attributable to owners of parent € | **(74,412)** | (615,416) | 3,849,241 |
| Weighted average number of ordinary shares in issue | **1,813,323,603** | 1,813,323,603 | 1,783,601,434 |
| **Basic (loss)/earnings per share (cents)** | **(0.01)** | (0.03) | 0.22 |

The Company has no potential dilutive ordinary shares; the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

# Taxation

Isle of Man

There is no taxation payable on the Company's or its Jersey subsidiaries' results as they are based in the Isle of Man and in Jersey respectively where the Corporate Income Tax rates for resident companies are 0% (2022: 0%). Additionally, neither the Isle of Man nor Jersey levies tax on capital gains.

Consequently, shareholder’s resident outside of the Isle of Man and Jersey will not incur any withholding tax in those jurisdictions on any distributions made to them.

Bulgaria

Subsidiaries of the Company incorporated in Bulgaria are taxed in accordance with the applicable tax laws of Bulgaria. The Bulgarian corporate tax rate for the year was 10% (2022: 10%).

No deferred tax assets are recognised on trading losses in the subsidiary companies as there is significant uncertainty as to whether sufficient future profits will be available in order to utilise these losses.

A reconciliation of the tax charge for the year to the standard rate of corporation tax for the Isle of Man of 0% (2022: 0%) is shown below.

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited) 30 June****2023****€** | (Audited) 31 December 2022€  |
| **(Loss)/Profit before tax** | **(74,412)** | 3,849,241 |
|  |  |  |
| Profit on ordinary activities multiplied by the standard rate in the Isle of Man of 0% (2021: 0%) | **-** | - |
| Effect of different tax rates in different countries | **-** | 74,236 |
| Deferred tax liability movement | **-** | 463,163 |
| **Current charge for the year** | **-** | 537,399 |
|  |  |  |
| Bulgarian tax losses brought-forward at 10% | **(183,943)** | (183,943) |
| Tax losses utilised in the year | **-** | - |
| Bulgarian tax losses carried-forward at 10%  | **(183,943)** | (183,943) |
|  |  |  |
| **Deferred tax liability** |  |  |
| Opening deferred tax liability balance | **2,407,965** | 1,944,802 |
| Deferred tax liability on fair value uplift of investment property onAcquisition/(disposal) of a subsidiary | **-** | - |
| Bulgarian deferred tax liability charge | **-** | - |
| Deferred tax liability on fair value uplift of investment property | **-** | 463,163 |
| Closing deferred tax liability balance | **2,407,965** | 2,407,965 |

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### Investment properties

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | (Audited) |
|  | **30 June 2023** | 31 December 2022 |
|  | **€** | € |
| Beginning of year | **47,517,500** | 38,144,730 |
| Additions | **-** | 7,177,500 |
| Additions – further plot CSB | **-** | 1,470,562 |
| Disposals | **-** | - |
| Fair value adjustment | **-** | 724,708 |
| **Total investment property** | **47,517,500** | 47,517,500 |
|  |  |  |
| Ivan Vazov 1 Building | **11,550,000** | 11,550,000 |
| Camp South Beach | **16,430,000** | 16,430,000 |
| Camp South Beach additional plots | **1,500,000** | 1,500,000 |
| Byala Land | **10,860,000** | 10,860,000 |
| Star Mill  | **7,177,500** | 7,177,500 |
| **Total investment property** | **47,517,500** | 47,517,000 |

The Directors confirm that there are no material changes in the valuation of investments as of 30 June 2023.

#### The valuations of the other Group properties at 31 December 2022 were based on the most recent independent valuation received for each property. The valuations were performed by external accredited independent valuers with recognised professional qualifications and with recent experience in the location and category of the investment properties being valued.

#### The fair value of completed investment property has been determined on a market value basis in accordance with the RICS “Red Book”. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement, historical transactional comparable and discounted cash flow forecasts. The highest and best use of the investment properties is not considered to be different from its current use.

#### The cost of the investment properties comprises their purchase price and directly attributable expenditure. Directly attributable expenditure includes professional fees for legal services and stamp duty land tax.

#### In November 2022, CSB acquired several plots behind the camp site for total consideration of €1,470,562, with the aim to achieve synergy and optimization with the joint development and management of CSB, the newly acquired Black Sea Star Hotel and future developments on the plots.

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### Intangible assets

At the end of 2020, after participating in an open concession award procedure, the Group through Camping South Beach received the concession rights over the sea beach "Camping Gradina". During the active summer season of 2021, the beach is managed by CSB under the terms of a lease agreement. The concession agreement enters into force on 17.10.2020, and at the beginning of 2021 the handover of the sea beach by the grantor Ministry of Tourism to the concessionaire was carried out. The term of the contract is 20 years. The concession contract of CSB grants the right to operate the sea beach, performing alone or through subcontractors providing visitors to the sea beach of the following services: beach services, including the provision of umbrellas and sunbeds, services in fast food restaurants, sports and entertainment services, water attraction services, health and rehabilitation services and other events, after prior agreement with the grantor. A condition for operation of the concession site is the implementation of mandatory activities, which include provision of water rescue activities, security of the adjacent water area, health and medical services for beach users, sanitary and hygienic maintenance of the beach, maintenance for use of the elements of

the technical infrastructure, the temporary connections, the movable objects, the facilities and their safe functioning.

In 2020 the Group has paid the first due concession fee, which provides the period from the date of entry into force of the concession agreement until the end of the same calendar year and the period from January 1 of the last calendar year in which the concession agreement is valid until the date upon expiration of the contract.

According to the financial model presented by the Company, which is accepted by the grantor and is an integral part of the concession agreement, for the concession period the Group will make additional investments related to the implementation of mandatory activities and investments to improve access to the beach. After the expiration of the concession contract, all constructed sites remain the property of the grantor. The activities related to the operation of the concession site are performed by the concessionaire at his risk and at his expense. The cost of the acquired intangible assets was €655,876 and no amortization expenses were recognized in 2020. The acquired intangible asset was amortized by €17,264 (2022: €49,191) in the current period.

#### Acquisition of a subsidiary

On 18 July 2022, the Company through its owned subsidiary, BSPF Project 1 EAD, acquired 100% of share capital Star Mil EOOD (“Star Mil”) including all its assets and liabilities. Star Mil owns the Black Sea Star hotel complex, located in a prime location on the Black Sea Coast, behind the Company’s existing site at Camping Gradina. The Acquisition of Star Mil provides opportunities for synergies and economies of scale with the joint development and management of Camping Gradina and Black Sea Star.

The consideration for this acquisition was €5.15 million. BSPF Project 1 EAD acquired €7.83 million worth of outstanding loans due to the company’s previous parent company.

On 24 July 2022, the transaction for the shares was finalized and the acquisition recorded in the Trade Register in Bulgaria. This is the date that the group obtained control of Star Mil.

The property was deemed to have a fair value at acquisition of €7,177,500.

Since the acquisition Star Mill has contributed €20,740 to group revenue and loss of €429,377 to group profit. If the acquisition had occurred on 1 January 2022, group revenue would have been €1,159,445 and group profit for the year would have been €3,832,081.

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### 11. Acquisition of a subsidiary (continued)

The fair value of the identifiable assets and liabilities of Star Mil as at the date of acquisition were:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Pre- acquisition carrying value****€** | **Fair value adjustments** **€** | **Recognised value on acquisition** **€** |
| Investment propertyPlant and equipment | 3,270,579 - | 3,906,921 - | 7,177,500 - |
| Materials | 232,738 | - | 232,738 |
| Trade and other receivables | 27,575 | - | 27,575 |
| Cash and cash equivalents | 151 | - | 151 |
| Trade and other payables | (138,775) | - | (138,775) |
| Long/short loans | (7,855,597) | 7,834,174 | (21,423) |
|  |  |  |  |
| **Total net identifiable assets**  | **(4,463,329)** | **11,741,095** | **7,277,766** |
|  |  |  |  |
| **Purchase consideration transferred** |  |  | **5,150,001** |
| **Bargain purchase on acquisition** |  |  | **(2,127,765)** |

#### Trade and other receivables

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | (Audited) |
|  | **30 June 2023** | 31 December 2022 |
|  | **€** | € |
|  |  |  |
| Trade receivables\* | **1,613,957** | 1,798,839 |
| Amount receivable from the sale of the ECDC group\* | **2,000,000** | 4,500,000 |
| Prepayments | **71,741** | 32,333 |
|  | **3,685,698** | 6,331,172 |

\*All amounts are due within one year. The expected credit losses (ECL) for this amount is nil. On 30 May 2023 Black Sea Property received €2.5million from the price. The remaining balance were received on 6 July 2023.

#### Issued share capital

|  |  |  |
| --- | --- | --- |
| **Authorised** | **(Unaudited)****As at****30 June 2023** | (Audited)As at31 December 2022  |
| Founder shares of no par value | 10 | 10 |
| Founder shares of no par value | Unlimited | Unlimited |
| Issued and fully paid | € | € |
| 2 Founders shares of no par value (2022: 2) | - | - |
| 1,813,323,603 ordinary shares of no par value (2022: 1,813,323,603) | 70,699,442 | 70,699,442 |

The Founders shares do not carry any rights to dividends or profits and on liquidation they will rank behind Shares for the return of the amount paid up on each of them. The shares carry the right to receive notice of and attend general meetings, but carry no right to vote thereat unless there are no Participating Shares in issue.

**Capital management**

The Directors consider capital to be the net assets of the Group. The capital of the Company will be managed in accordance with the Investment Strategy documented on the Company’s website.

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### Bank Loans

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | (Audited) |
|  | **30 June 2023** | 31 December 2022 |
|  | **€** | € |
|  |  |  |
| Loan from UniCredit (a & c) | **8,057,661** | 7,795,499 |
| Loan from BACB (b) | **3,971,036** | 3,968,384 |
| Central Cooperative Bank (d) | **8,216,757** | 8,192,595 |
|  | **20,245,454** | 19,956,478 |
| Long term bank loans | **18,161,392** | 18,185,200 |
| Current bank loans | **2,084,062** | 1.771.278 |
|  |  |  |
| **Reconciliation of bank loans** |  |  |
| Beginning of year (gross loan) | **19,956,478** | 16,289,811 |
| Bank loan arrangement fees | **(2,515)**  | - |
| Loan received | **354,902**  | 5,099,630 |
| Interest charged |  **314,338**  | 472,617 |
| Principal repayments |  **(79,350)**  | (1,366,680) |
| Interest payments |  **(298,399)**  | (538,900) |
| **Total bank loans** | **20,245,454** | 19,956,478 |

1. In October 2017, the Company entered into a secured debt funding of €7 million from UniCredit Bulbank AD (“UniCredit”), a leading Bulgarian commercial bank which was used to complete the acquisition of the Ivan Vazov 1 Building. The debt funding from UniCredit is secured by a commercial

mortgage on the property valued at €11,550,000 (see note 10). The term of the debt funding is thirty-six months from date of execution of the loan documentation. The repayment shall be made as a one-off payment on the repayment deadline. The company renegotiated the terms of the loan, extending the repayment period until 30 November 2033 and changed the margin to the interest rate to 2%.

The interest on the loan is now the internal interest percentage by the bank plus 2.00% (2022: 2%).

The company entered into an agreement with Unicredit Bulbank AD (“UniCredit”), a leading Bulgarian commercial bank, which involved revised and extended lending terms for the construction of the Ivan Vazov 1 Building.

b) In 2022, the BSPF Project 1 received financing from a commercial bank in the amount of €4,167,028. The financing was granted in connection with the acquisition of an investment in Star Mill EOOD. The loan is repayable by October 20, 2030 in instalments according to a repayment plan. The loan is charged a floating interest sum of LEONIA Plus and a risk allowance. The loan is secured by the following assets:

• Receivables of the BSPF Project 1 from Star Mill EOOD;

• Bank deposit of the BSPF Project 1 of €102,258, which will be released after full payment to the creditor;

• Mortgage of the real estate of Star Mill EOOD

• Current and future funds of the BSPF Project 1 and Star Mill EOOD on current accounts opened with the creditor bank,

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### 14. Bank Loans (continued)

c) In November 2021, the Company entered into a secured debt funding of up to €2.3 million from UniCredit Bulbank AD (“UniCredit”), a leading Bulgarian commercial bank which was used to partly finance the construction costs for the planned renovation of the roof and overhaul of the administrative building known as the Ivan Vazov 1 Building. The secured debt funding is made up of an investment limit of up to €1.8 million and a revolving limit of up to €0.5 million. The debt funding from UniCredit is secured by a commercial mortgage on the property valued at €11,550,000 (see note 10). The debt funding is also secured by a first rank pledge of all the receivables, claims, rights and interests, both current and future, of the company along with a second ranking registered pledge of the commercial enterprise of the company and a second ranking pledge of 100% of the shares of the capital of the company. The utilization deadline of €1.5 million of the investment limit is no later than 30 November 2023 while the utilization deadline of the remaining €0.3 million is no later than 30 November 2024. There is a grace period on the repayment of the principal amount due until 30 November 2023. After this date the principal will be repaid in equal monthly instalments. Interest is also repayable monthly with no grace period agreed. The repayment period is up until 30 November 2033. The utilization deadline of €0.5 million of the revolving limit is no later than 30 November 2023.The repayment of the revolving limit is made within 6 months of each utilized amount and the repayment period is up until 30 May 2024.

1. Central Cooperative bank loan and overdraft

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | (Audited) |
|  | **30 June 2023** | 31 December 2022 |
|  | **€** | € |
|  |  |  |
| Central Cooperative Bank overdraft (i) |  **667,665**  | 664,234 |
| Central Cooperative Bank overdraft (ii) |  **6,192,155**  | 6,178,112 |
| Central Cooperative Bank investment loan (ii) |  **1,356,937**  | 1,350,248 |
|  | **8,216,757**  | 8,912,594 |

(i) This is an overdraft with Central Cooperative Bank. The interest on the account is 4% and was repayable on 24 June 2020 however the terms of the contract were extended to 24 June 2022. At the date these financial statements were signed the Company made an extension of the credit repayment period by 12 months.

1. The interest rate on the overdraft and the investment loan is 3.6%. The maturity date for both the overdraft and the investment loan is 21 January 2028.

In March 2020, the Group successfully negotiated reduction of the interest rates on the loans due to Central Cooperative Bank to 2.8%. The loan is secured by the commercial property of South Beach (Gradina) Camp which includes all the tangible fixed assets of the property along with the mortgage on the land.

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### Trade and other payables

Non-current trade and other payables can be presented as follows:

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | (Audited) |
|  | **30 June 2023** | 31 December 2022 |
|  | **€** | € |
|  |  |  |
| Concession payable | **528,775** | 539,929 |
|  | **528,775** | 539,929 |

The current trade and other payables can be presented as follows:

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | (Audited) |
|  | **30 June 2023** | 31 December 2022 |
|  | **€** | € |
|  |  |  |
| Trade creditors | **429,806** | 188,499 |
| Concession payable | **23,822** | 23,823 |
| Other payables | **628,544** | 514,004 |
|  | **1,082,172** | 726,326 |
| Tax liability | **153,796** | 80,426 |

#### Related party transactions

In 2022 the Group obtained a short-term loan of € 2,500,000 from Neo London Capital AD at a fixed interest rate of 4.25% which the principal amount was paid. However, at the end of the period the interest amount was still payable of €109,784 (2022: €65,808).

In July 2017, the Company appointed Phoenix Capital Management JSC as its investment adviser with responsibility for advising on the investment of the Company's property portfolio. Phoenix Capital Holding Plc owns 79.99% of the Phoenix Capital Management JSC shares. Phoenix Capital Holding Plc, through its wholly owned subsidiary Mamferay Holdings Ltd, holds 24.81% (31.12.2022: 24.81%) of the issued share capital of the Company. Phoenix Capital Management JSC received fees of €98,208 (2022: €107,358). The amount outstanding as at 30.06.2023 is €115,199 (31.12.2022: €268,062).

**Notes to the Financial Statements for the period ended 30 June 2023 (continued)**

#### 17. Net asset value per share

|  |  |  |
| --- | --- | --- |
|  | **(Unaudited)** | (Unaudited) |
|  | **30 June 2023** | 30 June 2022 |
|  | **€** | € |
|  |  |  |
| Net assets attributable to owners of the parent (€) | **28,705,079** | 24,314,834 |
| Number of ordinary shares outstanding | **1,813,323,603** | 1,813,323,603 |
| **Net Asset Value (cents)** | **1.58** | 1.34 |

#### 18. Events after reporting date

**Signed agreement for acquisition of Grand Hotel Varna AD**

Black Sea Property PLC has signed an agreement to acquire 98.27% of Grand Hotel Varna AD (the “Acquisition”).

Grand Hotel Varna AD wholly owns GHV-Dolphins EAD, a Bulgarian company which holds the title to real estate comprising three hotels and a beach marina resort (together, the "Resort"), situated in a prime location on the Black Sea Coast, with excellent accessibility.

The primary purpose of the Acquisition is to strengthen Black Sea Property's hospitality investments, by adding desirable hotels to its existing investment in Camping South Beach.

The consideration payable for the Acquisition is EUR 28 million in cash, of which an initial non-refundable deposit of EUR 1.6 million was paid upon signing of the agreement. The property assets being acquired have been independently valued at EUR 19 million, and the mutual fund portfolio is currently valued at EUR 12 million.

BSP has raised €12million through the issue of unsecured loan notes to certain existing shareholders. The proceeds of the issue of the Loan Notes have been used to pay tranches of the consideration for the Acquisition.

To satisfy the balance of the consideration, the Company will need to raise additional funds. Subject to securing the required funding, which the Directors are confident of achieving, the Acquisition is expected to be completed by 30 October 2023.