Black Sea Property PLC

Consolidated Annual Report
Year ended 31 December 2021

Directors
Ventsislava Altanova
Yordan Naydenov
Miroslav Georgiev
Simon Hudd – Appointed 26 February 2021

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Auditor of the Company and Group
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Chairman's Statement

I am pleased to present the financial statements of Black Sea Property PLC ("Black Sea Property" or the "Company") for the year ended 31 December 2021.

The net asset value as at 31 December 2021 was € 24,930,250 or 1.37 cents per share (2020: € 22,392,434 or 1.23 cents per share).

The Company generated revenues from camping reservations of € 1,246,616 (2020: € 955,157). This resulted in earnings per share of 0.14 cents (2020: 0.02 cents).

Investments

Camping South Beach EOOD ("CSB")

In 2021 the hospitality segment continued operating in the challenging Covid-19 pandemic environment, that has so far significantly disturbed everyday life and economic activity.

Nevertheless Camping South Beach succeeded to strengthen its position as a destination for luxury camping holidays and beach houses, which resulted in further revenue generation in the season.

The competitive advantage of CSB is that it provides fully-equipped self-catering luxury houses located at the beachfront, offering breathtaking views of the sea.

Again the Bulgarian summer tourist in 2021 was mainly driven by domestic travel. CSB benefits from the increased trends within the Bulgarian hospitality market towards camping holidays in local markets which allow for social distancing while holidaying within the country.

During the high season CSB achieved occupancy levels of 75% in July 2021 and 81.5% in August 2021, a trend that is expected to continue in 2022.

At the end of 2020, CSB won a tender procedure for a concession of approximately 79 978 sq m of beach in front of the property, for a term of 20 years (the "Concession"). 2021 marked the first active season under the Concession Agreement for the beach adding value to the property and enabling synergy with the camp site.

The high-end restaurants in close proximity to CSB and high quality maintenance of the infrastructure upgrade the hospitality service.

In accordance with the terms of the Concession agreement, the company has to fulfill certain mandatory activities, also engaging subcontractors where necessary, including: 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.
The investment requirements as per the Concession agreement in infrastructure and improvements for 2021 amounted to EUR 201 000 and were completed by CSB and by subcontractors in the period 2020-2021. The investment requirements for 2022 amount to EUR 76 182 and are gradually fulfilled.

The fair value of the investment property in CSB at the year-end was €16,230,000 which represents an increase of € 190,000 above the value at the end of the previous year.

Outlook for 2022

The expectation is that CSB will rely mostly on Bulgarian tourists, however taking into account the winter season results, an increased number of foreign tourists from Western Europe and the UK could be anticipated. However, the economic consequences of the war in Ukraine are far-reaching and unpredictable. Energy and raw material prices have risen sharply, further accelerating inflationary pressures from supply chain disruptions.

Over the years, an insignificant part of the revenues was generated by tourists from the countries affected by the conflict, and the forecasts prepared by the management for the summer season 2022 do not include revenues from this segment. However, the development of the conflict and its impact on the overall economic situation is unpredictable.

Ivan Vazov 1 Building

In July 2021, after a long approval process, the historical Ivan Vazov building received a building permit for reconstruction of the roof and the building.

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

As the building is a historical monument (according to the National Institute of Cultural Monuments) not only the outside, but also the inside of the building with elements such as the columns, the profiled cornices, the figures of Atlanteans and the mask of Goddess on the façade and the iron ornamental wrought of the entrance doors will be renovated.

Simultaneously with the restoration of the historical value of the building it is planned to be converted into a luxury office space meeting the highest requirements of the office segment.

During the period the company has revised and extended lending terms with a leading Bulgarian commercial bank for the reconstruction works of the Ivan Vazov Building. The Funding is for a term of 12 years.

The bank has agreed to lend the Company up to approximately £2.0 million in agreed allocated tranches for the reconstruction, which need to be utilized within agreed timescales.

The Ivan Vazov 1 Building was valued at € 11 184 730 at 31 December 2021 which includes € 34 730 assets under construction (note 9), which represents an increase of € 210 730 above the balance at the end of the previous year.

In April 2022 the company started reconstruction works for the building that is planned to be completed by the end of Q1 2023.

Byala Plots of Land ("Byala")

During the period the public procedure for the Urban Master Plan of Byala municipality region was preceded by the Authorities but has not been approved yet.

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.

Byala plots were valued at €10 730 000 at 31 December 2021 (note 9), which represents an increase of € 220,000 above the balance at the end of the previous year.

ECDC Group

In July 2021, one of the investment properties in Plovdiv held by the ECDC Malta Company was sold for cash consideration of approx. €1.06 million. The property was valued at €0.83 million at the time of acquisition by Black Sea Property in February 2020. The proceeds of the disposal were used to repay debt and for general working capital purposes.

On 30 September 2021, Black Sea Property agreed to sell the remaining assets of ECDC Group for cash consideration of €4.5 million. Those assets were valued by the Company at €2.5 million at the time of the sale.

The proceeds of the disposal after receipt and completion of the conditions will be used to repay debt and for general working capital purposes.

Outlook

Recent signs indicate that the impact of the Covid-19 pandemic has reduced to some extent, however the Company is not able to assess the full impact of the war in Ukraine. The economic consequences will be far-reaching and unpredictable. Energy and raw material prices have risen sharply, further accelerating inflationary pressures from supply chain disruptions.

The Directors are taking cautious measures to diminish and manage the cash flow and cost base of the Company and are confident that the business is well equipped to withstand this near-term uncertainty.

The Directors believe that CSB will attract strong rental demand from both domestic and also other European customers for the 2022 season following Over the years, an insignificant part of the revenues of the Group were generated by tourists from the countries affected by the conflict, and the forecasts prepared by the management for the summer season 2022 do not include revenues from this segment. However, the escalation of the conflict and its impact on the overall economic situation is unpredictable.

The reconstruction of Ivan Vazov Building and the subsequent letting of the office premises will generate returns for the Company in due course.

Signed on behalf of the Board by:

Simon Hudd
Chairman

30 June 2022

Director's Report

As at 31 December 2021, 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 2020 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%

Auditor

The Company's Auditor, Grant Thornton Limited, being eligible, has expressed their willingness to continue in office in accordance with Section 80C of the Isle of Man Companies Act 2006.

Directors' interests

No current Director has an interest in the share capital of the Company.

Directors' remuneration

Directors' remuneration comprises solely the fee payments received by the Directors. No Directors received any benefits under long term or short-term incentive schemes.

The maximum amount of the aggregate Directors' ordinary remuneration permitted under Article 83.1 of the Company's Articles of Association is £100,000 (€115,796 at year-end exchange rate) per annum, plus expenses.

	Fees Year ended 31 Dec 2021 €	Fees Payable As at 31 Dec 2021 €	Fees Year ended 31 Dec 2020 €	Fees payable As at 31 Dec 2020 €
Alex Borrelli*	-	-	24,203	6,168
Ventsislava Altanova	13,901	3,249	13,251	-
Miroslav Georgiev	13,901	3,273	13,231	-
Boris Lagadinov	8,271	-	11,343	-
Simon Hudd	11,855	-	-	-
Yordan Naydenov	14,173	-	16,906	3,316
	62,101	**6,522**	**78,934**	**9,484**

*includes 20% VAT charge.

Corporate Governance

The Company is committed to applying the highest principles of corporate governance commensurate with its size.

While the Company is not required to comply in full with the provisions set out in the UK Corporate Governance Code Issued by the Financial Reporting Council, or to comment on its compliance with the provisions of that Code, the Board is nevertheless accountable to shareholders for the good corporate governance of the Company.

The Board consists of four Directors and holds at least four board meetings annually. Matters which would normally be referred to appointed committees, such as the Audit, Remuneration and Nomination Committees, are dealt with by the Board as a whole.

Going concern

The Group had €5,232,940 current assets at 31 December 2021, the majority of which are related party receivables, cash and cash equivalents and other receivables.

Accordingly, the Directors have a reasonable expectation that the Company and the Group will continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of signing of these financial statements. Therefore, the financial statements have been prepared as a going concern.

Post balance sheet events

Revised Lending agreed on Ivan Vazov Building refurbishment

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

The bank has agreed to lend the Company up to BGN 4,498,409 (approximately £2.0 million) in agreed allocated tranches for the reconstruction, which need to be utilised within agreed timescales. The Funding will be secured by a commercial mortgage on the property and the Company has agreed to provide additional security to the bank in accordance with normal commercial practice.

Lending agreed from Neo London Capital AD

The company agreed and entered into lending terms with its major shareholder Neo London Capital AD for deposits that may be required in relation to the exploration of future property development opportunities.
Neo London Capital AD has agreed to lend the Company up to €2,500,000 in agreed allocated tranches for the exploration, which need to be utilised within agreed timescales. The Funding is un-secured and is for a term of 3 months from the date the funding is provided.

Statement of Director's Responsibilities

The Directors are responsible for preparing the Annual Report and the Group financial statements in accordance with applicable law and regulations.

The Directors are required to prepare Group financial statements for each financial year. The Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom and applicable law.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing each of the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs;
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Isle of Man Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Simon Hudd
Chairman

30 June 2022

Independent auditor's report to the members of Black Sea Property Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Black Sea Property Plc (the 'company') and its subsidiary companies (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19. All audits assess and challenge the reasonableness of estimates made by the Board and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future operational arrangements.

Covid-19 continues to be one of the most significant economic events currently faced by companies. It has continued to have an impact on the results of the group in the year to 31 December 2021 although the situation has improved from the previous year. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an entity associated with these particular events.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In our evaluation of the directors' conclusions, we considered the risks associated with the group's business model, including effects arising from macro-economic uncertainties such as Covid-19, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict with certainty all future events or conditions and as any subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report cannot be viewed as a guarantee as the group's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
Carrying value of investment property As detailed in note 9, the group owns investment properties with a fair value of €38,144,730 at 31 December 2021. The determination of the fair value of the investment properties is considered to be a significant judgement as detailed in note 3 and we therefore considered this to be a significant audit risk and key audit area. The group engages an independent valuer to determine the fair value of the properties at the year end. This valuation considers the nature of the property, its location and any comparable property transactions. The valuations require the independent valuer to make significant professional judgements in relation to expected future cash flows, market capitalisation yields and appropriate input information provided by the management in relation to occupancy and rental values. Any inaccuracies in this input information or unreasonable judgements made in the valuation could result in a material misstatement of the Statement of Comprehensive Income and the Statement of Financial Position.	Our audit work included, but was not restricted to, the following: - We assessed the competency, independence, qualifications and objectivity of the independent valuer to confirm that they are appropriately qualified to value the properties. - We reviewed the valuation reports to ensure that all valuations have been carried out in line with relevant professional standards and in accordance with the group's accounting policy. - We assessed the significant judgements used in the valuations to ensure they are reasonable. - We reviewed the appropriateness of the disclosures within the group's financial statements in relation to the valuation methodology, key valuation inputs and valuation uncertainty. - We recalculated the movement in fair value, ensured that this was reasonable and agreed this to the financial statements.

Key observations

As a result of our work we concluded that the valuation of the group's investment properties is appropriate and in line with the group's accounting policies

Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of receivable As detailed in note 6, following the sale of the ECDC Group in the year the group is owed €4,500,000 at 31 December 2021. Under the terms of the sale agreement, this balance should have been settled by the year end therefore we have raised recoverability of this receivable as a key audit matter.	Our audit work included, but was not restricted to, the following: - We reviewed the sale agreement for the ECDC group and its terms for payment of the sale price. - We received confirmation from the buyer of the ECDC group that they will transfer sufficient assets or receivables to Black Sea Property Plc in advance of 31 July 2022 to settle this receivable and confirmation of the director's consent for the receivable to be settled in this way has also been received. - We received and reviewed a copy of the Share Mortgage in place between the company and Gelabo AG in relation to the shares of European Convergence Development (Cayman) Limited and ECD Management (Cayman) Limited. This provides security over the shares of these companies to Black Sea Property Plc in the event of non-payment of the consideration. We consider that this provides sufficient audit evidence to conclude that this receivable is fully recoverable.

Key observations
As a result of our work we concluded that the receivable is in agreement with the sale agreement and is fully recoverable.

Our application of materiality

We define materiality as the magnitude of a misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.
The materiality for the group was set at €658,000, which equates to 1.5% of group total assets at the planning stage of our audit. This benchmark was considered to be the most appropriate given the nature of the asset based group. We chose not to revise our materiality threshold throughout the course of the audit once the final property valuation figures were known as this would result in a higher materiality to that set at planning which we did not feel was appropriate.
We use a different level of materiality, performance materiality, to drive the extent of our testing. This was set at 60% of the financial statement materiality which reflects our assessment of risk inherent in the audit.
We determined the threshold at which we will report individual audit differences to the Board to be €32,900. In addition, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the group's business and is risk-based. Our audit was scoped by obtaining an understanding of the group and its environment, including the group's system of internal control, and assessing the risk of material misstatement at the group level.

A full scope audit was carried out on most components of the group. For the subsidiaries sold in the year audit procedures were carried out over the valuation of assets and liabilities at the date of sale.

Detailed audit instructions were issued to the auditors of the components which detailed the significant risks that were to be addressed through the audit and indicated the information that needed to be reported back to the group audit team.

The group audit team communicated with all component auditors throughout the planning, fieldwork and concluding stages of the local audits.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Chairman's Statement and the Directors' Report set out on pages 2 to 7, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.
Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

– The Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including IFRS as adopted by the United Kingdom, the Isle of Man Companies Act 2006, Bulgarian and Jersey company law, the listing regulations of the Aquis stock exchange and taxation laws. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

– We understood how the group is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of minutes and documents provided to the board.

– We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any unusual journal entry postings.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited

Grant Thornton Limited
Douglas
Isle of Man

Date: 30 June 2022

Consolidated Statement of Comprehensive Income

	Notes	Year to 31 Dec 21	Year to 31 Dec 20
Total Revenue			
Revenue	4)	**1,246,616**	955,157
Property operating expenses	4)	**(568,559)**	(805,931)
		678,057	149,226
Gain on revaluation of investment properties	9)	**554,443**	262,596
Bargain purchase on acquisition		-	731,634
Net gain on investment properties		**554,443**	994,230
Administration and other expenses	5)	**(858,290)**	(931,382)
Operating Profit		**374,210**	212,074
Other Income	7)	**1,287,782**	912,816
(Losses) from investments accounted for using the equity method		**(14,765)**	(29,313)
Profit from disposal of subsidiary	6)	**1,718,367**	-
Interest payable and similar charges	7)	**(825,739)**	(753,806)
Profit before taxes		**2,539,855**	341,771
Taxation	8)	**(53,471)**	(38,015)
Profit and total comprehensive income		**2,486,384**	303,756
Profit and total comprehensive income attributable to the:			
- shareholders of the parent company		**2,537,817**	401,035
- non-controlling interest		**(51,433)**	(97,279)
Gain per share			
Basic and Diluted gain per share (cents)	18)	**0.14**	0.02

The results are derived from continuing operations during the year.

The notes on pages 17 to 39 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2022 and were signed on their behalf by:

Simon Hudd
Chairman

Ventsislava Altanova
Director

Consolidated Statement of Financial Position

	Notes	2021	2020
Non-current assets			
Investment properties	9)	38,144,730	42,360,142
Intangible assets	10)	513,377	655,876
Property, plant and equipment		24,883	27,782
Investments in associates		2,548	17,313
Total non-current assets		38,685,538	43,061,113
Current assets			
Trade and other receivables	11)	4,906,752	168,330
Related party receivables	24)	-	811,809
Cash and cash equivalents	12)	326,188	370,197
Total current assets		5,232,940	1,350,336
Total assets		43,918,478	44,411,449
Equity and liabilities			
Issued share capital	16)	70,699,442	70,699,442
Retained earnings	17)	(44,236,106)	(46,773,922)
Foreign currency translation reserve	17)	(1,533,086)	(1,533,086)
Total equity, attributable to the shareholders of the parent company		24,930,250	22,392,434
Non-controlling interest		-	(3,065,234)
Total equity		24,930,250	19,327,200
Liabilities			
Non-current liabilities			
Bank loans	14)	14,521,076	8,612,341
Trade payables	13)	560,615	585,628
Deferred tax liability	8)	1,944,802	1,941,799
Total non-current liabilities		17,026,493	11,139,768
Current liabilities			
Trade payables	13)	193,000	1,023,520
Bank loans	14)	1,768,735	8,772,797
Related party payables	24)	-	4,148,164
Total current liabilities		1,961,735	13,944,481
Total liabilities		18,988,228	25,084,249
Total equity and liabilities		43,918,478	44,411,449
Number of ordinary shares in issue	16)	1,813,323,603	1,813,323,603
NAV per ordinary share (cents)	18)	1.37	1.23

The notes on pages 17 to 39 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2022 and were signed on their behalf by:

Simon Hudd
Chairman

Ventsislava Altanova
Director

Consolidated Statement of Changes in Equity

	Share capital	Retained earnings	Foreign currency translation reserve	Total equity attributable to the parent company	Non-controlling interests	Total
	€	€	€	€	€	€
At 1 January 2020	**64,774,886**	**(47,174,957)**	**(1,533,086)**	**16,066,843**	-	**16,066,843**
Share capital placing	5,924,556	-	-	5,924,556	-	5,924,556
Business combinations	-	-	-	-	(2,967,955)	(2,967,955)
Transactions with owners	5,924,556	-	-	5,924,556	(2,967,955)	2,956,601
Profit for the year	-	401,035	-	401,035	(97,279)	303,756
Total comprehensive income	-	401,035	-	401,035	(97,279)	303,756
At 31 December 2020	**70,699,442**	**(46,773,922)**	**(1,533,086)**	**22,392,434**	**(3,065,234)**	**19,327,199**
At 1 January 2021	**70,699,442**	**(46,773,922)**	**(1,533,086)**	**22,392,434**	**(3,065,234)**	**19,327,199**
Business disposal	-	-	-	-	3,116,667	3,116,667
Transactions with owners	-	-	-	-	3,116,667	3,116,667
Profit for the year	-	2,537,817	-	2,537,817	(51,433)	2,486,384
Total comprehensive income	-	2,537,817	-	2,537,817	(51,433)	2,486,384
At 31 December 2021	**70,699,442**	**(44,236,106)**	**(1,533,086)**	**24,930,250**	-	**24,930,250**

The notes on pages 17 to 39 are an integral part of these consolidated financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 June 2022 and were signed on their behalf by:

Simon Hudd
Chairman

Ventsislava Altanova
Director

Consolidated Statement of Cash Flows

	Note	2021 €	2020 €
Operating activities			
Profit before taxation		2,539,855	341,771
Gain on revaluation of investment property	9)	(554,443)	(262,596)
Bargain Purchase on Acquisition		-	(731,634)
Profit from disposal of subsidiaries		(1,718,367)	-
Loss from disposal of investment property		192,788	-
Loss from investments accounted for using the equity method		14,765	29,313
Amortization of intangible fixed assets		142,499	-
Depreciation of property, plant and equipment		2,899	-
Other income	7)	(1,277,756)	(879,901)
Finance expense	7)	825,739	753,806
Changes in working capital		**167,979**	**(739,757)**
(Increase)/Decrease in trade and other receivables		(238,422)	202,335
(Decrease)/Increase in trade and other payables		(940,143)	128,063
Cash used in operations		**(1,010,586)**	**(418,843)**
Tax refund/(paid)		-	-
Cash flows used in operating activities		**(1,010,586)**	**(418,843)**
Investing activities			
Investment property additions		(673,764)	(4,712,662)
Proceeds from disposal of investment property		1,270,800	-
Interest received	7)	1,277,756	207,447
Cash held by the (disposed)/acquired subsidiary		(32,923)	613,952
Net cash (outflow) from investing activities		**1,841,869**	**(3,891,263)**
Financing activities			
Proceeds from issuing share capital		-	4,527,165
Loans repaid		(272,286)	(196,000)
Interest paid and other charges	14)	(575,027)	(362,841)
Other flows from financing activities		(27,979)	(5,966)
Net cash (outflow)/inflow from financing activities		**(875,292)**	**3,962,358**
Net (decrease) in cash and cash equivalents	**12)**	(44,009)	(347,748)
Cash and cash equivalents at beginning of year		370,197	717,945
Cash and cash equivalents at end of year	**12**	**326,188**	**370,197**

The notes on pages 17 to 39 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2021

1) General information

Black Sea Property PLC (the "Company") was originally incorporated in Jersey and re-domiciled to the Isle of Man with effect from 20 July 2016 and continues under the Isle of Man Companies Act 2006 with registered number 013712V.

The Company seeks to generate capital gains through the development, financing and sale of property in Bulgaria, including the prime areas of Bulgaria's Black Sea coast, the ski resorts and the capital, Sofia. The Company has five wholly owned Jersey subsidiaries. In 2020 the parent-company purchased the ECDC group, including entities in Cayman Islands, Malta, Cyprus, Romania and Bulgaria. This ECDC group was subsequently sold in the current year. The financial statements represent the financial position and effects of the operations of the Company and its subsidiaries (collectively referred as the "Group").

2) Summary of significant accounting policies

a) Basis of preparation

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied throughout the year, unless otherwise stated.

The financial statements have been prepared on a going concern basis under the historical-cost convention as modified by the revaluation of financial assets held at fair value through profit or loss and investment properties that have been measured at fair value.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as applicable to an Isle of Man company under the Companies Act 2006.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors, which are believed to be reasonable under the circumstances, and are reviewed on an on-going basis. The Directors believe that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates. The most significant accounting estimate affecting the financial statements is the valuation of investment property (see note 3).

b) Standards and amendments which are first effective for the period beginning 1 January 2021

- Amendment to IFRS 9, IAS 39 – Interest rate benchmark reform. This requires entities to update the effective interest rate to reflect the change to the alternative benchmark rate rather than derecognise or adjust the carrying amount of financial instruments for changes required by the reform. Also, it requires companies to provide additional information to investors on potential new risks from the reform and how it manages the transition to the alternative benchmark rate. This amendment will be applied prospectively.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

- Amendments to IAS 1 'Presentation of financial statements' and IAS 8 'Accounting policies, changes in accounting estimates and errors' – Definition of material. This has been applied and do not have significant impact on the financial statements.
- Amendment to conceptual framework. The framework is not an IFRS standard and does not override any standard. This amendment will be applied prospectively.

c) New standards, amendments and interpretations issued but not yet effective and not early adopted

A number of new standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction. Effective date for annual periods on or after 1 January 2023.
- Amendments to IAS 1 'Presentation of financial statements' on classification of liabilities. Effective date for annual periods on or after 1 January 2023.

d) Basis of consolidation

The financial statements comprise the results of the Company and its subsidiaries as set out in note 15. Subsidiaries in which the Company has the ability to exercise control are fully consolidated. Control is defined as having exposure, or rights, to variable returns due to involvement in an investee and the ability to affect those returns.

Inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. The accounting policies of the subsidiaries are consistent with those of the Company.

e) Going concern

The Group had €5,232,940 current assets at 31 December 2021, the majority of which are trade receivables, cash and cash equivalents and other receivables. As part of their going concern assessment, the Board of Directors have reviewed cash flow forecasts for the 12 months from the date these financial statements were signed and with support by the shareholders, they believe that the group is able to continue as a going concern at least for the next 12 months from date of signing. Further details are given in note 25.

Accordingly, the Directors have a reasonable expectation that the Company and the Group will continue in operational existence for the foreseeable future, and for a period of at least 12 months from the date of signing of these financial statements. Therefore, the financial statements have been prepared as a going concern.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

f) Functional and presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Euros, which is the Company's presentational currency. The functional currency of each entity within the Group is a key judgement of management and the Directors. This judgement prioritises primary factors, such as the source of competitive forces and the denomination of sales prices and input costs, over secondary considerations such as the source of financing, in accordance with IAS21. These considerations indicate that the functional currency of the Bulgarian entities is Bulgarian Lev and the functional currency of the holding companies is the Euro.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items carried at fair value, which are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined, and the gain or loss is recognised in the profit or loss.

(iii) Foreign operations

The results and financial position of all the foreign entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated to Euro at exchange rates at the reporting date;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of Other Comprehensive Income.

When a foreign operation is sold, such exchange differences are recognised in the Consolidated Statement of Comprehensive Income as part of the gain or loss on sale.

g) Fair value measurement principles

The Group measures its investments in properties at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for financial instruments traded in active markets at the reporting date is based on their mid quoted price or binding dealer price quotations, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

The valuations of investment properties are performed by an external accredited independent valuer with recognised and relevant professional qualifications and with recent experience in the location and category of

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

g) Fair value measurement principles (continued)

the investment property being valued. The valuations are prepared in accordance with the RICS Valuation - Global Standards, which incorporate the International Valuation Standards ("IVS") and the RICS UK Valuation standards (the "RICS Red Book"), as set out by the International Valuation Standards Council ("IVSC"), taking into consideration the relevant IFRS 13 requirements. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables. Properties are valued annually.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

h) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted using the asset's original effective interest rate.

i) Interest income

Income on investments is recognised on an accrual basis.

j) Revenue recognition

Revenue includes mainly fees from camping reservations. Such fees are recognised in income when received and in the period that the company reservation has occurred.

k) Expenses

Expenses are accounted for on an accrual basis. The Group's property operating expenses, administration fees, finance costs and all other expenses are charged to the profit or loss. Transaction costs directly attributable to the purchase of investment property are included within the cost of the property.

l) Loans payable at amortised cost

Loans payable are recognised on an amortised cost basis. Loans payable are recognised when cash is received from lenders and are derecognised when the cash, and related interest, has been repaid. Loans payable are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash held at the bank and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

n) Trade and other receivables

Trade receivables are non-derivative financial assets with fixed or determinable payment terms that are not quoted in an active market. The carrying value of trade receivables approximates their fair values. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

o) Investment properties

Property that is held for rental yields or for capital appreciation or both is classified as investment property. Investment property comprises freehold land, freehold buildings, and land held under long term operating leases. Investment property is measured initially at its cost, including related transaction costs and subsequently revalued annually to fair value.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Investment properties are accounted for on completion of contract when ownership is recorded in the trade registry.

p) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is payable on taxable profits for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current taxes include irrecoverable withholding tax on the interest receivable on loans from the Company to its Bulgarian subsidiaries.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the reporting date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be sufficient profits from which the future reversal of the temporary differences can be deducted.

q) Trade and other payables

Trade and other payables are recognised at amortised cost and relate to amounts accrued in the normal course of business which are payable within one year.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

r) Share capital

Ordinary share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are deducted from the proceeds of issue and shown as a deduction to reserves.

Founder shares

Founder shares are classified as equity.

s) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

t) Disposal of businesses

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss.

u) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

(i) Financial assets

Financial assets are classified at initial recognition. The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Classification and measurement are based on both whether contractual cash flows are solely payments of principal and interest; and whether the debt instrument is held to collect those cash flows. In the case of the Company or Group, all financial assets meet this criteria and so are held at amortised cost.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses ("ECLs") – the ECL model. This replaces IAS 39's 'incurred loss model'.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate ("EIR").

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

Impairment of financial assets (continued)

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a '12-month ECL'). For those credit exposures for which there has

been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a 'lifetime ECL').

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

(ii) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss and OCI when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

v) Intangible assets

Intangible assets include rights under a concession agreement. They are accounted for using the cost model. The cost comprises discounted cash flows of the future payment according to the concession agreement.

After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment losses. Impairment losses are recognized in the statement of profit or loss and other comprehensive income for the respective period.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

v) Intangible assets (continued)

Subsequent expenditure on an intangible asset after its purchase or its completion is expensed as incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured reliably and attributed to the asset. If these two conditions are met, the subsequent expenditure is added to the carrying amount of the intangible asset.

Residual values and useful lives are reviewed at each reporting date.

3) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A key judgement area for the Group is the valuation of investment properties. External independent valuers assessed the fair value of investment properties. The valuations are performed by a recognised valuer with a relevant professional qualification and recent experience in the location and category of the investment properties as described in note 2g. Details of investment properties held at fair value can be found in note 9.

The investment properties are valued annually. The Directors consider any relevant movements in property markets that may impact the carrying values of the property held between the date of the last valuation and the date of financial statements.

4) Net operating income

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Camping reservations	**1,246,616**	955,157
Property operating expenses	**(568,559)**	(805,931)
	678,057	149,226

All income during the year is primarily due to camping reservations from CSB – see note 8.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

5) Administration and other expenses

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Directors' remuneration	**62,101**	78,934
Administration fees – Isle of Man	**70,544**	67,262
Administration fees – Bulgaria	**28,845**	54,446
Legal and professional fees	**378,988**	340,183
Auditors' remuneration	**46,501**	55,269
Foreign currency expenses	**(2,379)**	10,937
Broker fees	**-**	33,353
Other administration and professional fees	**273,690**	290,998
	858,290	931,382

In 2021, key management personnel comprise the Board (2020: The Board). The Board's compensation comprised Directors' fees only during the year, the amount of which is summarised within the Directors' Report.

6) Disposal of ECDC group

On 30 September 2021, the Company successfully completed the disposal of 100% of European Convergence Development (Cayman) Limited ("ECD Cayman") and ECD Management (Cayman) Limited ("ECD Management"). The consideration receivable for ECD Cayman and ECD Management in total is €4,500,000. Both companies were subsidiaries of Black Sea Property PLC.

The fair value of assets and liabilities disposed were as follows:

	€
Investment properties	3,585,404
Trade and other receivables	723,333
Cash and cash equivalents	32,923
Trade payables	(20,224)
Loan payables	(4,632,418)
Net identifiable assets	**(310,982)**

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

The profit on disposal of the ECD Cayman group is presented as follows:

	€
Net identifiable assets	(310,982)
FX differences on disposal	(24,052)
Non-controlling interest	3,116,667
Consideration receivable	(4,500,000)
	1,718,367

7) Finance income/(expense)

The following amounts have been included in the Consolidated Statement of Comprehensive Income line for the reporting periods presented:

Other income	**Year ended 31 Dec 2021 €**	Year ended 31 Dec 2020 €
Interest income – cash and deposit instruments	**1,277,756**	212,173
Reversal of fair value adjustment of acquisition receivable balance	-	662,500
Others	**10,026**	38,143
	1,287,782	912,816

Interest payable and similar charges	**Year ended 31 Dec 2021 €**	Year ended 31 Dec 2020 €
Interest expense on borrowings*	**541,883**	701,523
Amortisation of bank loan agreement fee	**64,190**	46,912
Loan impairment	-	3,950
Other	**219,666**	1,421
	825,739	753,806

*The interest on borrowings relates mainly to the secured debt funding on note 14.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

8) 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% (2020: 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% (2020: 10%).

Cyprus

Subsidiaries of the Company incorporated in Cyprus are taxed in accordance with the applicable tax laws of Cyprus. The Cyprus corporate tax rate for the year was 12.5% (2020: 10%).

Malta

Subsidiaries of the Company incorporated in Malta are taxed in accordance with the applicable tax laws of Malta. The Malta corporate tax rate for the year was 35% (2020: 35%).

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% (2020: 0%) is shown below.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Profit before tax	**2,539,855**	351,255
Profit on ordinary activities multiplied by the standard rate in the Isle of Man of 0% (2020: 0%)	-	-
Effect of different tax rates in different countries	50,468	3,155
Deferred tax liability on fair value uplift of investment property	3,003	34,860
Current charge for the year	53,471	38,015
Bulgarian tax losses brought-forward at 10%	(190,958)	(359,178)
Tax losses utilised in the year	7,015	168 220
Bulgarian tax losses carried-forward at 10%	(183,943)	(190,958)
Deferred tax liability		
Opening deferred tax liability balance	**1,941,799**	1,903,784
Deferred tax liability on fair value uplift of investment property on Acquisition/(disposal) of a subsidiary	(34,860)	34,860
Bulgarian deferred tax liability charge	3,063	3,155
Deferred tax liability on fair value uplift of investment property	34,800	-
Closing deferred tax liability balance	**1,944,802**	1,941,799

9) Investment properties

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Beginning of year	42,360,142	35,986,000
Acquisition	-	4,922,142
Additions	66,287	1,189,404
Disposals	(4,836,142)	-
Fair value adjustment	554,443	262,596
Total investment property	**38,144,730**	42,360,142
Ivan Vazov 1 Building	**11,184,730**	10,974,000
CSB	**16,230,000**	16,040,000
Byala Land	**10,730,000**	10,510,000
Tsaratovo Plovdiv	-	1,472,142
Targovski Park	-	3,364,000
Total investment property	**38,144,730**	42,360,142

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

Upon the prior year purchase of ECD group, the group acquired three plots in Plovdiv with a fair value of €1,472,142 (through European Convergence Development (Malta) Limited) and two plots in Burgas with a fair value of €3,364,000 (through Targovski Park Kraimorie).

The fair value of the Tsaratsovo Plovdiv properties was measured at the most recent sale prices.

With the current year sale of the ECD group, the group disposed of the three plots in Plovdiv (through European Convergence Development (Malta) Limited) and the two plots in Burgas with a fair value of €4,836,142.

The valuations of the other Group properties at 31 December 2021 and 31 December 2020 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 comparables 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.

10) 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 entered 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 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. During the year, the acquired intangible asset was amortized by €142,499.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

11) Trade and other receivables

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Trade receivables*	**406,729**	133,505
Amount receivable from the sale of the ECDC group	**4,500,000**	-
Prepayments	**23**	34,825
	4,906,752	168,330

*All amounts are due within one year. The expected credit losses (ECL) for this amount is nil.

12) Cash and cash equivalents

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Cash in hand	**1,724**	2,138
Cash at bank	**324,464**	368,059
	326,188	370,197

Cash and cash equivalents comprise cash on hand, cash held at the bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. € 83,726 cash are restricted according to the bank loan agreement with Unicredit.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

13) Trade and other payables

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

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Concession payable	**560,615**	571,351
Lease payables	**-**	14,277
	560,615	585,628

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

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Trade creditors	**23,074**	663,731
Concession payable	**23,008**	46,404
Lease payables	**-**	8,506
Other payables	**146,918**	304,879
	193,000	1,023,520

14) Bank loans

	Year ended 31 Dec 2021 €	Year ended 31 Dec 2020 €
Loan from UniCredit (a)	**7,016,178**	7,018,083
Central Cooperative Bank (b)	**9,273,633**	10,367,055
	16,289,811	17,385,138
Long term bank loans	**14,521,076**	8,612,341
Current bank loans	**1,768,735**	8,772,797

Reconciliation of bank loans		
Beginning of year (gross loan)	**17,385,138**	17,193,043
Bank loan arrangement fees	**-**	8,729
Interest charged	**541,883**	546,207
Principal repayments	**(1,062,183)**	-
Interest payments	**(575,027)**	(362,841)
Total bank loans	**16,289,811**	17,385,138

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

(a) 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 €11,150,000 (see note 9). 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% (2020: 3%).

(b) Central Cooperative bank loan and overdraft

	As at 31 Dec 2021	As at 31 Dec 2020
	€	€
Central Cooperative Bank overdraft (i)	662,737	664,605
Central Cooperative Bank overdraft (ii)	6,938,614	7,957,698
Central Cooperative Bank investment loan (ii)	1,672,282	1,744,752
	9,273,633	10,367,055

(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 2021. At the date these financial statements were signed the Company made an extension of the credit repayment period by 12 months.

(ii) 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.

In 2020, in connection with the Covid-19 pandemic and the effects on the business environment in Bulgaria, the Governing Council of the Bulgarian National Bank (BNB) approved the implementation of a debt moratorium with a limited duration, allowing for changes in the principal repayment schedule and / or interest on bank loan liabilities, without changing key parameters of the loan agreement. The Group took advantage of this opportunity for debt substitution agreements for the investment loan one of the overdrafts. With annexes from 12.06.2020 and 31.12.2020 a grace period was determined for the due interest from May 2020 to January 2021. The term of repayment of the loans remains unchanged.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

15) Details of Group undertakings

The Group holds 20% or more of the nominal value of any class of share capital in the following investments:

	Share-holding	Nature of Business	Country of Incorporation
Held directly:			
BSPF (Property 2) Limited	100%	Property Investment	Jersey
BSPF (Property 3) Limited	100%	Property Investment	Jersey
BSPF (Property 4) Limited	100%	Property Investment	Jersey
BSPF (Property 5) Limited	100%	Property Investment	Jersey
BSPF (Property 6) Limited	100%	Property Investment	Jersey
BSPF Project 1 EAD	100%	Property Investment	Bulgaria
BSPF Super Borovetz EAD	100%	Property Investment	Bulgaria
BSPF Bulgaria EAD	100%	Property Investment	Bulgaria
European Convergence Development Company Plc	29.85%	Property Investment	Isle of Man
Held indirectly:			
Camping South Beach EOOD	100%	Property Investment	Bulgaria

BSPF (Property 3) Limited and BSPF (Property 6) Limited are dormant companies.

16) Issued share capital

Authorised	**As at 31 Dec 2021**	As at 31 Dec 2020
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 (2020: 2)	-	-
1,813,323,603 ordinary shares of no par value (2020: 1,269,407,896)	**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.

During the prior year, the Company successfully completed a share raise of 416,880,162 new ordinary shares of nil par value (at a price of €0.011 per ordinary share).

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

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.

17) Reserves

The following describes the nature and purpose of each reserve within equity:

Retained earnings - The retained earnings represent cumulative net profits and losses recognised in the Group's statement of comprehensive income.

Foreign currency translation reserve - Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units). The Bulgarian subsidiaries' functional currency is the Bulgarian Lev which is pegged to the Euro at 1 EUR = 1.95583 BGN, hence there is no movement of foreign currency translation reserve during the year.

18) Profit and Net Asset Value per share

Profit per share

The basic profit per ordinary share is calculated by dividing the net profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
	€	€
Profit attributable to owners of parent (€)	2,537,817	401,035
Weighted average number of ordinary shares in issue	1,783,601,434	1,783,601,434
Basic profit per share (cents)	0.14	0.02

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

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
	€	€
Net assets attributable to owners of the parent (€)	**24,930,250**	22,392,434
Number of ordinary shares outstanding	**1,813,323,603**	1,813,323,603
Net Asset Value per share (cents)	**1.37**	1.23

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

19) Segmental analysis

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Other than the previous investments in money market funds in the UK, the Group is organised into one main operating and reporting segment focusing on investment in the Bulgarian property market.

No additional disclosure is included in relation to segmental reporting as the Group's activities are limited to one operating and reporting segment.

20) Contingencies and commitments

There are no contingencies or commitments outstanding at 31 December 2021 (2020: nil).

21) Directors' interests

Total compensation paid to the Directors during the period was €62,101 (2020: €78,934). Outstanding Directors' fee was € 6,522 (2020: €9,484).

22) Ultimate controlling party

The Directors consider that there is no controlling or ultimate controlling party of the Group.

23) Financial risk management objectives and policies

The Group's financial instruments comprise cash and cash equivalents, receivables and payables that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and receivables for accrued income. All of the Group's financial instruments are loans and receivables. The main risks the Group faces from its financial instruments are (i) market price risk (comprising currency risk, interest rate risk and other price risk), (ii) liquidity risk and (iii) credit risk.

The Board regularly considers risks applicable to the portfolio.

As a result of the short term nature of the Group's financial instruments, the carrying values approximate to fair value.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

i. Currency risk

The functional and presentational currency of the Group is Euros. The Group does not hedge this risk.

An analysis of the Group's currency exposure is detailed below:

As at 31 December 2021	GBP €	EUR €	Bulgarian LEV €	Total €
Investment Property	-	-	38,144,730	38,144,730
Intangible assets	-	-	513,377	513,377
Property, plant and equipment	-	-	24,883	24,883
Investment in associates	-	2,548	-	2,548
Trade and other receivables	-	4,500,000	406,752	4,906,752
Cash and cash equivalents	70	43,557	282,561	326,188
Trade and other payables	-	(50,208)	(703,407)	(753,615)
Deferred tax liability	-	-	(1,944,802)	(1,944,802)
Bank loans	-	(7,016,178)	(9,273,633)	(16,289,811)
Net exposure	**70**	**(2,520,281)**	**27,450,461**	**24,930,250**

As at 31 December 2020	GBP €	EUR €	Bulgarian LEV €	Total €
Investment Property	-	-	42,360,142	42,360,142
Intangible assets	-	-	655,876	655,876
Property, plant and equipment	-	-	27,782	27,782
Investment in associates	-	17 313	-	17 313
Trade and other receivables	7,165	39,879	121,286	168,330
Related party receivables	-	811,809	-	811,809
Cash and cash equivalents	589	226,760	142,848	370,197
Trade and other payables	(124,768)	(264,725)	(1,210,171)	(1,599,664)
Deferred tax liability	-	-	(1,941,799)	(1,941,799)
Bank loans	-	(7,018,083)	(10,367,055)	(17,385,138)
Related party payables	-	(4,148,164)	-	(4,148,164)
Net exposure	**(117,013)**	**(10,335,211)**	**29,788,909**	**19,336,685**

Foreign currency sensitivity

The Bulgarian lev has been pegged to the Euro since its launch in 1999 at the rate of 1.95583 leva = 1 euro, hence effectively there is no foreign currency risk as long as the peg is in place. If the EUR/GBP exchange rate as at 31 December 2021 was to strengthen or weaken by +/-10% it would result in a decrease or increase respectively in the net liabilities of €10 (2020: a decrease or increase in net liabilities of €12,540).

ii. Credit risk

Credit risk arises on investments, cash balances and debtor balances. The amount of credit risk is equal to the amounts stated in the statement of financial position for each of these assets. Cash balances are limited to high-credit-quality financial institutions. The Group has recognized and impairment of € nil for the loan granted to Phoenix Capital Holding as at 31 December 2021 (2020: €3,950).

The allowance for expected credit losses (ECLs) are nil.

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

iii. Interest rate risk

Interest rate movements may affect: (i) the fair value of the investments in fixed interest rate securities and (ii) the level of income receivable on cash deposits. There are no fixed interest rate securities as at 31 December 2021 or 31 December 2020. The interest rate profile of the Group's financial instruments excluding other receivables was as follows:

As at 31 December 2021	Variable rate	Fixed rate	Non-interest bearing	Total
	€	€	€	€
Trade and other receivables	-	4,500,000	406,752	4,906,752
Cash and cash equivalents	-	-	326,188	326,188
Trade and other payables	-	(583,623)	(169,992)	(753,615)
Bank loans	(16,289,811)	-	-	(16,289,811)
	(16,289,811)	**3,916,377**	**562,948**	**(11,810,486)**

As at 31 December 2020				
Trade and other receivables	-	-	168,330	168,330
Related party receivables		811,809	-	811,809
Cash and cash equivalents	-	-	370,197	370,197
Trade and other payables	-	(640,539)	(959,125)	(1,599,664)
Bank loans	(17,385,138)	-	-	(17,385,138)
Related party payables	-	(4,148,164)	-	(4,148,164)
	(17,385,138)	**(3,976,893)**	**(420,598)**	**(21,782,630)**

Interest rate sensitivity

An increase of 100 basis points in interest rates during the year would have decreased the net assets attributable to shareholders and changes in net assets attributable to shareholders by €161,229 (2020: increase €161,480). A decrease of 100 basis points would not be possible because an interest rate floor has been set with loan providers which is currently in operation.

iv. Liquidity risk

'Liquidity risk' is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's policy and the Boards approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions. The Group's financial assets include investment properties, which are generally illiquid. As a result, the Group may not be able to liquidate some of its investments in due time to meet its liquidity requirements. The Group's liquidity is managed on a daily basis by the administrators of the Company and its subsidiaries in accordance with policies and procedures in place. The Group's overall liquidity risk is managed on a monthly basis by the Board of Directors.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to liquidity risk:

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

As at 31 December 2021	<1 Year €	1-5 Years €	>5 Years €	Total €
Trade and other payables	(193,000)	(560,615)	-	(753,615)
Bank loans and interest	(1,768,735)	(3,328,334)	(11,192,742)	(16,289,811)
	(1,977,205)	**(4,117,824)**	**(11,192,742)**	**(17,287,771)**

As at 31 December 2020	<1 Year €	1-5 Years €	>5 Years €	Total €
Trade and other payables	(1,014,036)	(199,895)	(649,661)	(1,863,592)
Shareholder loans	(4,148,164)	-	-	(4,148,164)
Bank loans and interest	(9,216,230)	(5,088,050)	(4,458,783)	(18,763,063)
	14,378,430)	**(5,287,945)**	**(5,108,444)**	**(24,774,819)**

24) Related party transactions

In the prior year, the Group provided a loan of € 196,000 to Phoenix Capital Holdings at a fixed interest rate of 4.50% and due up to June 2021. At the end of the year the debtor made a repayment of the loan amounting to €149,309 (2020: €47,429). The outstanding balance as at 31.12.2021 is € nil (2020: € 149 309). The Group has recognized expected credit losses of € nil (2020: € 3,950).

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 JSC owns 79.99% of the Phoenix Capital Management JSC shares. Phoenix Capital Holding JSC, through its wholly owned subsidiary Mamferay, holds 24.81% (2020: 24.81%) of the issued share capital of the Company. Phoenix Capital Management JSC received fees of €214,272 (2020: €214,272). The amount outstanding as at year-end is €53,568 (2020: €160,704).

Yordan Naydenov is a Director of the Company and a partner with Boyanov & Co, a legal adviser to the Company. During the year, Boyanov & Co received fees of €26,391 (2020: €87,347).

Upon the prior year business combination the Group recognized €3,982,084 as payables to Sienit Holdings AD owner of 30% of Targovski Park Kraimorie. The liabilities represented loans granted by the shareholder. The Group recognized interest expenses for €nil (2020: €166,080). The outstanding liabilities as 31.12.2021 are €nil (2020: €4,148,164).

Upon the prior year business combination the Group acquired a receivable from Sienit Holding. The nominal value was €1,325,000, but at acquisition date it had been fully impaired. As at prior year end, the board made a valuation of the recoverability and 50% of nominal value (€662,500) had been recognized. The Group has successfully arranged a new repayment schedule with Sienit.

25) Subsequent events

Revised Lending agreed on Ivan Vazov Building refurbishment

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

The bank has agreed to lend the Company up to BGN 4,498,409 (approximately £2.0 million) in agreed allocated tranches for the reconstruction, which need to be utilised within agreed timescales. The Funding

Notes to the Consolidated Financial Statements (continued)
For the year ended 31 December 2021

will be secured by a commercial mortgage on the property and the Company has agreed to provide additional security to the bank in accordance with normal commercial practice.

Lending agreed from Neo London Capital AD

The company agreed and entered into lending terms with its major shareholder Neo London Capital AD for deposits that may be required in relation to the exploration of future property development opportunities. Neo London Capital AD has agreed to lend the Company up to EUR2,500,000 in agreed allocated tranches for the exploration, which need to be utilised within agreed timescales. The Funding is un-secured and is for a term of 3 months from the date the funding is provided.