

Black Sea Property PLC

HALF-YEARLY REPORT

**FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2022**

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Chairman's Statement

As at 30 June 2022, 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 2021 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 2022.

The unaudited net asset value as at 30 June 2022 was €24.3 million or 1.34 cents per share (30 December 2021: €24.9 million or 1.37 cents per share).

During the period, the Company generated revenues of €152,646 (June 2020: €207,147) which resulted in a loss before taxation of €553,150 (June 2021: €593,746). The results reflected other income of €106,798 (June 2021: €213,543), property operating expenses of €132,856 (June 2020: €271,863), other operating expenses of €458,473 (June 2021: €278,605) and interest payable and other charges of €215,287 (June 2020: €390,939). Loss per share amounted to €0.03 cents (June 2021: €0.03 cents).

Camping South Beach EOOD ("CSB")

Throughout 2022 CSB continued operating in the challenging environment marked by the far-reaching economic consequences of the war in Ukraine, as well as post Covid implications. The company struggled to preserve its position as a destination for luxury camping holidays and beach houses in the significant political and economic uncertainty created by the Ukraine conflict, just when the COVID-19 pandemic started to recede.

Following the trend from the previous years, during the period CSB relied to a great extent on domestic demand for high-end luxury camping holidays. It has to be noted that, due to the relaxation of travelling Covid restrictions, many domestic tourists have chosen overseas holiday destinations which negatively influenced the expected occupancy levels.

Camping South Beach achieved occupancy levels of around 44% in July and 50% in August 2022. The occupancy levels reflect the overall economic uncertainty, the rapidly rising inflation levels due to energy and raw materials price increase.

Nevertheless, CSB has continued to provide hospitality services at highest standards in a safe environment.

Chairman's Statement (continued)

2022 marked the second active season under the Concession Agreement for the beach in front of the location, adding value to the property and enabling synergy with the camp site. The term of the Concession Agreement is 20 years. According to the Concession Agreement, the investment requirements for 2022 amount to EUR 76 182 and have been successfully fulfilled.

Though the outcome for 2023 is unclear due to the severe international political situation, CSB will strive to strengthen its position and will benefit from its competitive advantage due to its prime location at the beachfront of one of the widest and most beautifully-preserved beaches on the Black Sea coast.

Ivan Vazov 1 Building

In April 2022 the company started reconstruction works for the historic Ivan Vazov building in central Sofia that is planned to be completed by the end of Q2 2023.

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.

The Company is carrying out all of the works in line with the applicable regulations. In parallel to the reconstruction process the renting out process of the premises will proceed.

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.

Events after reporting date

Acquisition of Star Mil

Black Sea Property PLC, through its subsidiary has completed the purchase of a 100% stake in Star Mil EOOD, and acquired all outstanding loans due to its previous parent company, on 18 July 2022. The total consideration paid for Star Mil is approximately € 5.15 million. 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 rationale behind the investment is the opportunity for synergy and economy of scale with the joint development and management of Camping Gradina and Black Sea Star.

Chairman's Statement (continued)

The acquisition was partially financed through a loan from a leading Bulgarian commercial bank amounting to approximately € 4.2 million for the acquisition of all receivables of Star Mil. The funding was secured by a commercial mortgage on the property of Star Mil and the Company agreed to provide additional security to the bank in accordance with normal commercial practice. The Company financed the outstanding € 1 million of the consideration by way of cash.

Outlook

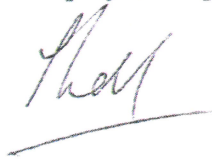
The impact of the severe political and economic situation due to the war in Ukraine, just when the Covid-19 pandemic started to recede will affect negatively all economic segments. Energy and raw material prices have risen sharply, further accelerating inflationary pressures.

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 Company will follow its strategy to invest in real estate assets in Bulgaria and to develop and maintain its portfolio.

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

Simon Hudd
Chairman
29 September 2022



Consolidated Statement of Comprehensive Income for the period ended 30 June 2022

		(Unaudited) 6 months to 30 June 2022 €	(Unaudited) 6 months to 30 June 2021 €	(Audited) Year ended 31 December 2021 €
	Notes			
Total revenue				
Revenue		152,646	207,147	1,246,616
Property operating expenses		(132,856)	(271,863)	(568,559)
Net rental and related income		19,790	(64,716)	678,057
(Loss)/gain on revaluation of investment properties		(3,430)	(60,674)	554,443
Net (loss)/gain on investment property		(3,430)	(60,674)	554,443
Administration and other expenses	6	(458,473)	(278,605)	(858,290)
Total operating (loss)/profit		(442,113)	(403,995)	374,210
Operating (loss)/profit before interest and tax				
Other income	7	106,798	213,543	1,287,782
Losses from investments accounted for using the equity method		(2,548)	(12,355)	(14,765)
Profit from disposal of subsidiary		-	-	1,718,367
Interest payable and similar charges		(215,287)	(390,939)	(825,739)
(Loss)/profit before tax		(553,150)	(593,746)	2,539,855
Tax expense		(62,266)	-	(53,471)
(Loss)/profit and total comprehensive income for the period		(615,416)	(593,746)	2,486,384
(Loss)/Profit and total comprehensive income attributable to the:				
- shareholders of the parent company		(615,416)	(552,335)	2,537,817
- non-controlling interest		-	(41,411)	(51,433)
(Loss)/earnings per share				
Basic & Diluted (loss)/earnings per share (cents)	8	(0,03)	(0,03)	0,14

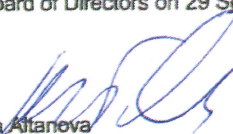
The notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2022 and were signed on their behalf by:

Chairman
Simon Hudd



Director
Ventsislava Altanova



Consolidated Statement of Financial Position at 30 June 2022

		(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
	Notes		
Non-current assets			
Investment properties	10	38,211,523	38,144,730
Intangible assets	11	606,685	513,377
Property, plant and equipment		31,477	24,883
Trade and other receivables	12	806,600	-
Investment in associate		-	2,548
Total non-current assets		<u>39,656,285</u>	<u>38,685,538</u>
Current assets			
Trade and other receivables	12	5,803,160	4,906,752
Cash and cash equivalents		1,508,693	326,188
Total current assets		<u>7,311,853</u>	<u>5,232,940</u>
Total assets		<u><u>46,968,138</u></u>	<u><u>43,918,478</u></u>
Equity and liabilities			
Issued share capital		70,699,442	70,699,442
Retained deficit		(44,851,522)	(44,236,106)
Foreign exchange reserve		(1,533,086)	(1,533,086)
Total equity		<u>24,314,834</u>	<u>24,930,250</u>
Non-current liabilities			
Bank loans	14	14,702,657	14,521,076
Trade payables	15	550,680	560,615
Deferred tax liability	9	1,949,249	1,944,802
Total non-current liabilities		<u>17,202,586</u>	<u>17,026,493</u>
Current liabilities			
Bank loans	14	2,009,388	1,768,735
Related party payables	16	2,520,518	-
Trade payables	15	920,812	193,000
Total current liabilities		<u>5,450,718</u>	<u>1,961,735</u>
Total liabilities		<u>22,653,304</u>	<u>18,988,228</u>
Total equity and liabilities		<u><u>46,968,138</u></u>	<u><u>43,918,478</u></u>
Number of ordinary shares in issue		1,813,323,603	1,813,323,603
NAV per ordinary share (cents)	17	1.34	1.37

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Chairman
Simon Hudd



Director
Ventsislava Altanov



Consolidated Statement of Changes in Equity for the period ended 30 June 2022

	Share capital	Retained earnings	Foreign currency translation reserve	Total equity attributable to the parent company	Non-controlling interests	Total
	€	€	€	€	€	€
At 1 January 2021	70,699,442	(46,773,922)	(1,533,086)	22,392,434	(3,065,234)	19,327,199
Profit for the period	-	(552,335)	-	(552,335)	(41,411)	(593,746)
Total comprehensive income	-	(552,335)	-	(552,335)	(41,411)	(593,746)
At 30 June 2021 (unaudited)	70,699,442	(47,326,257)	(1,533,086)	21,840,099	(3,106,645)	18,733,454
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 (audited)	70,699,442	(44,236,106)	(1,533,086)	24,930,250	-	24,930,250
At 1 January 2022	70,699,442	(44,236,106)	(1,533,086)	24,930,250	-	24,930,250
Profit 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

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Chairman
Simon Hudd

Director
Ventsislava Altanova

Consolidated Statement of Cash Flows for the period ended 30 June 2022

	(Unaudited) 6 months to 30 June 2022 €	(Unaudited) 6 months to 30 June 2021 €	(Audited) Year ended 31 December 2021 €
Operating activities			
(Loss)/profit before tax	(553,150)	(593,746)	2,539,855
Profit from disposal of subsidiaries	-	-	(1,718,367)
Loss from disposal of investment property	-	-	192,788
Loss/(gain) on revaluation of investment properties	3,430	60,674	(554,443)
Loss from investments accounted for using the equity method	2,548	12,355	14,765
Impairment of intangible fixed assets	(142,499)	-	142,499
Amortization of intangible fixed assets	49,191	-	-
Depreciation of property, plant and equipment	1,586	-	2,899
Other income	(94,882)	(213,543)	(1,277,756)
Finance expense	215,288	390,939	825,739
Changes in the working capital	(518,488)	(343,321)	167,979
Decrease/(increase) in receivables	(254,811)	19,310	(238,422)
(Decrease)/increase in payables	715,094	226,315	(940,143)
Cash used in operation	(58,205)	(97,696)	(1,010,586)
Net cash outflow from operating activities	(58,205)	(97,696)	(1,010,586)
Investing activities			
Investment property additions and acquisitions	(1,526,600)	(294,298)	(673,764)
Proceeds from sale of investment property	-	1,000,000	1,270,800
Loans granted	(29,235)	(89,936)	-
Loan repayments	38,244	153,259	-
Interest received	84,466	208,660	1,277,756
Cash held by the (disposed)/acquired subsidiary	-	-	(32,923)
Net cash (outflow)/ from investing activities	(1,433,125)	977,685	1,841,869
Financing activities			
Interests paid and other charges	(215,943)	(316,333)	(575,027)
Loans received	2,939,083	400,000	-
Loan repayment	-	(407,363)	(272,286)
Other flows from financing activities	(49,305)	(5,348)	(27,979)
Net cash inflow/(outflow) from financing activities	2,673,835	(329,044)	(875,292)
Net increase/(decrease) in cash and cash equivalents	1,182,505	550,945	(44,009)
Cash and cash equivalents at beginning of period	326,188	370,197	370,197
Cash and cash equivalents at end of period	1,508,693	921,142	326,188

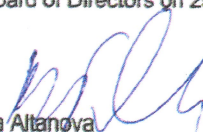
The notes form an integral part of these financial statements.

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Chairman
Simon Hudd



Director
Ventsislava Altanova



Notes to the Financial Statements for the period ended 30 June 2022

1. 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.

2. 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 2021.

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 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 29 September 2022.

3. 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 2021.

4. 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 2021.

5. 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 Financial Statements for the period ended 30 June 2022 (continued)

5. Disposal of ECDC group (continued)

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

6. Administration and other expenses

	(Unaudited) 6 months to 30 June 2022 €	(Unaudited) 6 months to 30 June 2021 €	(Audited) Year ended 31 December 2021 €
Directors' remuneration	27,818	23,595	62,101
Investment advisory fees	107,358	107,136	214,272
Legal and professional fees	309,746	106,815	378,988
Other administration and sundry expenses	13,551	41,059	202,929
	458,473	278,605	858,290

7. Other income

	(Unaudited) 6 months to 30 June 2022 €	(Unaudited) 6 months to 30 June 2021 €	(Audited) Year ended 31 December 2021 €
Interest income – receivable balances	94,882	113,371	1,277,756
Reversal of fair value adjustment of CSB acquisition receivable balance	-	96,223	-
Reintegration of expected credit losses	-	3,950	-
Others	11,916	-	10,026
	106,798	213,543	1,287,782

Notes to the Financial Statements for the period ended 30 June 2022 (continued)

8. (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) 6 months to 30 June 2022 €	(Unaudited) 6 months to 30 June 2021 €	(Audited) Year ended 31 December 2021 €
(Loss)/earnings attributable to owners of parent €	(615,416)	(552,335)	2,537,871
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)	(0.03)	(0.03)	0.14

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

9. 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% (2021: 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% (2021: 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% (2021: 0%) is shown below.

Notes to the Financial Statements for the period ended 30 June 2022 (continued)

9. Taxation (continued)

	(Unaudited) 30 June 2021 €	(Audited) 31 December 2021 €
(Loss)/Profit before tax	(553,150)	2,539,855
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	57,819	50,468
Deferred tax liability movement	4,447	3,003
Current charge for the year	62,266	53,471
Bulgarian tax losses brought-forward at 10%	(183,943)	(190,958)
Tax losses utilised in the year	-	7,015
Bulgarian tax losses carried-forward at 10%	(183,943)	(183,943)
Deferred tax liability		
Opening deferred tax liability balance	1,944,802	1,941,799
Deferred tax liability on fair value uplift of investment property on Acquisition/(disposal) of a subsidiary	-	(34,860)
Bulgarian deferred tax liability charge	4,447	3,063
Deferred tax liability on fair value uplift of investment property	-	34,800
Closing deferred tax liability balance	1,949,249	1,944,802

10. Investment properties

	(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
Beginning of year	38,144,730	42,360,142
Additions	70,223	66,287
Disposals	-	(4,836,142)
Fair value adjustment	(3,430)	554,443
Total investment property	38,211,523	38,144,730
Ivan Vazov 1 Building	11,251,523	11,184,730
Camp South Beach	16,230,000	16,230,000
Byala Land	10,730,000	10,730,000
Total investment property	38,211,523	38,144,730

The Directors confirm that there are no material changes in the valuation of investments as of 30 June 2022.

Notes to the Financial Statements for the period ended 30 June 2022 (continued)

10. Investment properties (continued)

With the prior 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 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.

11. 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. During the prior year, the acquired intangible asset was impaired by €142,499 however the impairment of €142,499 was fully reversed in the current period. The acquired intangible asset was amortized by €49,191 in the current period.

Notes to the Financial Statements for the period ended 30 June 2022 (continued)

12. Trade and other receivables

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

	(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
Trade receivables*	806,600	-
	806,600	-

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

	(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
Trade receivables*	1,285,750	406,729
Amount receivable from the sale of the ECDC group	4,500,000	4,500,000
Prepayments	17,410	23
	5,803,160	4,906,752

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

13. Issued share capital

Authorised	(Unaudited) As at 30 June 2022	(Audited) As at 31 December 2021
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 (2021: 2)	-	-
1,813,323,603 ordinary shares of no par value (2021: 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 2022 (continued)

14. Bank Loans

	(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
Loan from UniCredit (a & b)	7,421,345	7,016,178
Central Cooperative Bank (c)	9,290,700	9,273,633
	16,712,045	16,289,811
Long term bank loans	14,702,657	14,521,076
Current bank loans	2,009,388	1,768,735
Reconciliation of bank loans		
Beginning of year (gross loan)	16,289,811	17,385,138
Bank loan arrangement fees	(49,305)	-
Interest charged	248,399	541,883
Loan received	439,083	-
Principal repayments	-	(1,062,183)
Interest payments	(215,943)	(575,027)
Total bank loans	16,712,045	16,289,811

- 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 €11,251,523 (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%.
- b) 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 €11,251,523 (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

Notes to the Financial Statements for the period ended 30 June 2022 (continued)

14. Bank Loans (continued)

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.

The interest on the loan is the average deposit interest of the bank plus 2.00% (2021: 2.00%).

a) Central Cooperative bank loan and overdraft

	(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
Central Cooperative Bank overdraft (i)	665,381	662,737
Central Cooperative Bank overdraft (ii)	7,073,251	6,938,614
Central Cooperative Bank investment loan (ii)	1,552,068	1,672,282
	9,290,700	9,273,633

(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.

(i) 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.

15. Trade and other payables

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

	(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
Concession payable	550,680	560,615
	550,680	560,615

Notes to the Financial Statements for the period ended 30 June 2022 (continued)

15. Trade and other payables (continued)

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

	(Unaudited) 30 June 2022 €	(Audited) 31 December 2021 €
Trade creditors	57,394	23,074
Concession payable	23,365	23,008
Other payables	1,727,194	146,918
	1,807,953	193,000

16. Related party transactions

In the current year, the Group obtained a short-term loan of € 2,500,000 from Neo London Capital AD at a fixed interest rate of 4.25% and due in September 2022. At the end of the period the amount payable on the loan amounted to €2,520,518 (2021: €nil).

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% (31.12.2020: 24.81%) of the issued share capital of the Company. Phoenix Capital Management JSC received fees of €107,358 (2021: €214,272). The amount outstanding as at 30.06.2022 is € 160,926 (31.12.2021: €53,568).

17. Net asset value per share

	(Unaudited) 30 June 2022 €	(Unaudited) 30 June 2021 €
Net assets attributable to owners of the parent (€)	24,314,834	24,930,250
Number of ordinary shares outstanding	1,813,323,603	1,813,323,603
Net Asset Value (cents)	1.34	1.37

18. Events after reporting date

Lending agreed for the acquisition of Star Mil EOOD, UIC

Black Sea Property PLC entered into lending terms with a leading Bulgarian commercial bank for payment of part of the price for the acquisition of all receivables of Star Mil EOOD, UIC ("Star Mil").

The bank agreed to lend the Company up to BGN 8,150,000 (approximately € 4.2 million) for payment of part of the price for the acquisition of all receivables of Star Mil. The funding was secured by a commercial mortgage on the property of Star Mil and the Company agreed to provide additional security to the bank in accordance with normal commercial practice. The Company shall further finance the acquisition of Star Mil by way of a cash investment amounting to € 1 million.

Notes to the Financial Statements for the period ended 30 June 2022 (continued)

18. Events after reporting date (continued)

Acquisition of Star Mil EOOD, UIC

Black Sea Property PLC purchased 100% stake in Star Mil EOOD, UIC ("Star Mil") and acquired all outstanding loans due to its previous parent company, on 18 July 2022. The total consideration paid for Star Mil was approximately €5.15 million. 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 Acquisition was part financed through a loan from a leading Bulgarian commercial bank amounting to BGN 8,150,000 (approximately € 4.2 million) for the acquisition of all receivables of Star Mil. The Company financed the outstanding € 1 million of the consideration by way of cash.

Renegotiation of terms with Neo London Capital AD

Black Sea Property PLC entered into discussions with Neo London Capital AD with the aim of extending the terms of the loan agreement. The aim is to extend the term of the loan from being repayable in September 2022 to being repayable on or before 31 March 2023. The loan amount and fixed repayment rate will not be changed. Black Sea Property PLC are in advanced stages of the negotiations and the Directors are confident that a positive agreement will be reached.