

BALANCE SHEET

	Notes	31.12.2021 '000 BGN	31.12.2020 '000 BGN
ASSETS			
Non-current assets			
Property, plant and equipment	6	17,550	14,882
Investment property	7	25,890	24,968
Investments in subsidiaries	8		5
Non-current assets		43,440	39,795
Current assets			
Trade receivables	10	2,860	3,068
Advances granted	11	4,950	
Receivables from related parties	33		2,708
Other receivables	12	416	34
Cash and cash equivalents	13	18	2
Current assets		8,244	5,812
Total assets		51,684	45,607

Date: 26.03.2022

Prepared by:
/Optima Audit AD,
Blagorodna Atanasova-mancher/



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

/Nikolay Polinchev, CPA 684/



Executive
Director:

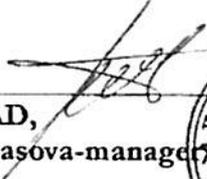
/Velichko Klingov/



BALANCE SHEET

	Notes	31.12.2021 '000 BGN	31.12.2020 '000 BGN
EQUITY			
Share capital	14	27,766	27,766
Premium reserve		7,651	7,651
Property, plant and equipment revaluation reserve		9,347	7,508
Additional reserves		1	1
Retained earnings		10,234	9,728
Uncovered loss		(29,830)	(29,830)
Current Profit/(Loss)		3,740	506
Equity		28,909	23,330
LIABILITIES			
Non-current liabilities			
Liabilities to financial institutions	15		11,735
Obligations under bond loan	15	11,735	
Other liabilities	15	6,367	
Non-current liabilities		18,102	11,735
Current liabilities			
Current part of long-term liabilities	15	243	7
Finance lease liabilities	9	1,270	1,400
Trade payables	16	24	32
Amounts received in advance from customers	17	1,487	1,650
Short-term liabilities to related parties	33		10
Tax payables	18	31	49
Payables to personnel and for social security	19	173	191
Other current liabilities	20	1,445	7,203
Current liabilities		4,673	10,542
Total liabilities		22,775	22,277
Total equity and liabilities		51,684	45,607

Date: 26.03.2022

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

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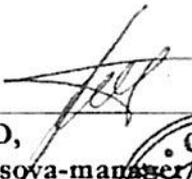
/Velichko Klingov/



STATEMENT OF PROFIT, LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	31.12.2021 '000 BGN	31.12.2020 '000 BGN
Revenue	21	5,935	1,215
Cost of used materials	22		(1)
Hired services expense	23	(168)	(587)
Employee benefits expense	24	(51)	(51)
Depreciation	6		(45)
Other expenses	25	(2,922)	(200)
Book value of assets sold	26	(5,975)	(370)
Profit/(Loss) from operating activity		(3,181)	(39)
Financial income/expenses	27	(865)	(1,099)
Changes in the fair value of investment properties	28	7,786	1,644
Profit/Loss for the year		3,740	506
Earnings per share	30	0.136	0.049
Other comprehensive income			
Gains/Losses from property revaluations		1,839	127
Total comprehensive income for the year		5,579	633

Date: 26.03.2022

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

Executive
Director: 

/Velichko Klingov/

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

/Nikolay Polinchev, CPA 6847



STATEMENT OF CHANGES IN EQUITY

All amounts are in '000 BGN.	Share capital	Premium reserve	Other reserves	Retained earnings	Uncovered loss	Total equity
Balance 1 January 2020	6,011	7,651	7,382	9,728	(29,830)	942
Issued capital	21,755					21,755
Profit/Loss	-	-	-	506	-	3,740
Other comprehensive income						
Property revaluations	-	-	127	-	-	1,829
Total comprehensive income	-	-	127	506	-	1,829
Balance as of December 31, 2020	27,766	7,651	7,509	10,234	(29,830)	23,330
Profit/Loss	-	-	-	3,740	-	3,740
Other comprehensive income						
Property revaluations	-	-	1,829	-	-	1,829
Total comprehensive income	-	-	1,829	3,740	-	1,829
Balance as of December 31, 2021	27,766	7,651	9,348	13,974	(29,830)	28,909

Date: 26.03.2022

Prepared by: 
/Optima Audit AD,
Blagorodna Atanasova-managers



Executive Director:

/Velichko Klingov/



Financial statement on which is issued
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/Nikolay Polirchev, CPA 684/



CASH FLOW STATEMENT

	Clarifications	31.12.2021 000 BGN	31.12.2020 000 BGN
Cash flows from operating activities			
Receipts from customers		6,448	861
Payments to suppliers		(4,931)	(1,430)
Payments to employees and for social security		(57)	(9)
Taxes paid/refunded other than corporate tax		(698)	
Other (payments)/proceeds, net		-	(23)
Net cash flow from operating activities		762	(601)
Investment activity			
Acquisition of property, plant and equipment		-	-
Net cash flow from investing activity		-	-
Financial activity			
Issued capital			21,755
Bond Loan Proceeds		11,375	
(Repayment) / Proceeds from loans received		(11,742)	(20,121)
Payments of interest, fees and commissions		(618)	(971)
Lease payments		(121)	(73)
Net cash flow from financing activities		(746)	590
Net change in cash and cash equivalents		16	(11)
Cash and cash equivalents at 1 January		2	13
Cash and cash equivalents at 31 December	15	18	2

Date: 26.03.2022

Prepared by:

/Optima Audit AD/

Blagorodna Atanasova-manager



Executive
Director:

/Velichko Klingov/



Financial statement on which it is issued
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/Nikolay Polinchev, CPA 684/



INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of Intercapital Property Development REIT

Report on the financial statement

Opinion

We have audited the financial statements of Intercapital Property Development REIT (the Company), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, (or give a true and fair view of) the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards adopted by the European Union.

Basis for expressing an opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

Investment properties and assets under construction - Appraisal

See Note 6 to the financial statement.

Key audit question	<i>How this key audit question was addressed in our audit</i>
The company owns investment properties, land and assets under construction, with a balance sheet value of BGN 43,440 thousand. The assets are valued at fair value. The Company uses an	In this area, our audit procedures included verifying the adequacy of management's valuation and the market valuation prepared by an independent appraiser for the value of

independent appraiser to determine the fair values of investment properties. This valuation is important as it represents 84 % of the company's assets. The rating may not be appropriate. There is a risk of misrepresentation in the statement of properties owned.

investment properties and assets under construction. In our work, we used external experts with expertise in real estate valuation. We performed further calculations on the resulting benchmark values. We tested selected data on which the valuation of investment properties is based against alternative sources of information. We found that there are no significant differences in property prices and they are within tolerances.

Report on other legal and regulatory requirements

In addition to our reporting responsibilities according to ISAs described in section "Information Other than the separate financial statements and Auditors' Report Thereon", with respect to the annual report on activities, the corporate governance statement, and the report on the implementation of the remuneration policy, we have also performed the procedures required by the Guidelines related to new extended audit reports and communication from the auditors of the Professional Organization of Registered Auditors in Bulgaria - Institute of Certified Public Accountant.

These procedures include tests over the existence, form and content of the other information in order to assist us in forming an opinion as to whether the other information includes the disclosures and reporting as required by Chapter Seven of the Accountancy Act and the Public Offering of Securities Act (art. 100n, para 10 of POSA in relation to art. 100n, para 8, p. 3 and 4 of POSA), applicable in Bulgaria.

Opinion in connection with Art. 37, para. 6 of the Law on Accounting

Based on the procedures performed, in our opinion:

- The information included in the annual report on the activities for the financial year for which the separate financial statements have been prepared is consistent with the separate financial statements.
- The annual report on the activities has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100n, paragraph 7 of the Public Offering of Securities Act.
- The information required by Chapter Seven of the Accountancy Act and Art. 100n, para 8 of the Public Offering of Securities Act is presented in the corporate governance statement covering the financial year for which the separate financial statements have been prepared.
- The report on the implementation of the remuneration policy for the financial year for which the financial statements have been prepared has been submitted and meets the requirements set out in the ordinance under Art. 116c, para. 1 of the Public Offering of Securities Act

Opinion under Art. 100n, para 10 in relation to art. 100n, para 8, p. 3 and 4 of the Public Offering of Securities Act

Based on the procedures performed and as a result of the acquired knowledge and understanding of the Company and the environment in which it operates, acquired during our audit, in our opinion, the description of the main features of the Company's internal control and risk management systems in relation to the financial reporting process as part of the annual report on activities (as element of the content of the corporate governance statement) and the information under Article 10, paragraph 1, letter "c", "d", "f", "h" and "i" of the Directive 2004/25/EC of the European Parliament and of the EU Council of April 21, 2004 related to takeover bids, included in the corporate governance statement do not contain cases of material misrepresentations.

Additional reporting on the audit of the financial statement in connection with Art. 100(n), para. 4, item 3 of the Law on the Public Offering of Securities

Statement in connection with Art. 100(n), para. 4, item 3, b. "b" of the Law on the Public Offering of Securities Act

The information on transactions with related parties is disclosed in Note Transactions with related parties to the separate financial statements. Based on the audit procedures performed on the transactions with related parties, we have not identified any facts or other information, based on which we could conclude that the transactions with related parties are not disclosed in the attached financial statements for the year ended 31 December 2021, in all material aspects, in accordance with the requirements of IAS 24 Disclosure of related parties. The results of our audit procedures regarding transactions with related parties are considered in the context of forming our audit report on the separate financial statements taken as a whole, and not with the purpose of expressing the audit opinion on transactions with related parties.

Statement in connection with Art. 100(n), para. 4, item 3, b. "c" of the Law on the Public Offering of Securities Act

Our responsibilities for the audit of the separate financial statements as a whole, described in the section Auditors' Responsibilities for the Audit of the separate financial statements include assessment whether the separate financial statements present true and fair view of material transactions and events. Based on the audit procedures performed on the material transactions, underlying the separate financial statements for the year ended 31 December 2021, no facts circumstances or other information have come to our attention, based on which we can conclude that there are cases of material misstatements and disclosures in the separate financial statements in accordance with the requirements of IFRS, adopted by EU. The results of our audit procedures on the material transactions and events related to the Company are considered in the context of forming our audit report on the separate financial statements taken as a whole, and not with the purpose of expressing the audit opinion on these material transactions.

Reporting according to Art. 10 of Regulation (EU) No. 537/2014 in connection with the requirements of Art. 59 of the Law on the Independent Financial Audit

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

- Nikolay Polinchev was appointed as a mandatory auditor of the financial statement for the year ending on 31.12.2021 of Intercapital Property Development REIT , from the general meeting of shareholders, held on 28-06-2021, for a period of one year
- The audit of the Company's financial statements for the year ended 31.12.2021 represents the fifth full continuous statutory audit engagement of this entity undertaken by us.
- We confirm that the audit opinion expressed by us is in accordance with the additional report submitted to the audit committee of the Company, in accordance with the requirements of Art. 60 of the Law on the Independent Financial Audit Act.
- We confirm that we have not provided the specified in Art. 64 of the Independent Financial Audit Act prohibited non-audit services.
- We confirm that in carrying out the audit we have maintained our independence from the Company.
- For the period covered by our mandatory audit, apart from the audit, we have not provided any other services to Intercapital Property Development REIT and the companies controlled by it, which are not specified in the activity report or financial statement of Intercapital Property Development REIT

Reporting for compliance of the electronic format of the separate financial statements, included in the annual separate financial statements according to art. 100m, para 4 of the Public Offering of Securities Act in relation to the requirements of the ESEF Regulation

In addition to our reporting responsibilities according to ISAs described in section "Auditors' Responsibilities for the Audit of the separate financial statements", we have also performed the procedures required by the „Guidelines related to issuing of audit opinion in relation to the application of the European single electronic format (ESEF) for the financial statements of entities, which shares are traded on a regulated market in the European union (EU)" of the Professional Organization of Registered Auditors in Bulgaria - Institute of Certified Public Accountants.

These procedures are related to inspection of the format and whether human readable part of this electronic format complies with the audited separate financial statements and issuing an opinion in relation to compliance of the electronic format of separate financial statements of "Sopharma AD" for the year ended 31 December 2021, included in electronic file "25490027CZAZKV10Y612-20211231-BG-SEP.zip", with the requirements of Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("Regulation ESEF").

In relation to these requirements, the electronic format of the separate financial statements, included in the annual separate financial statements according to art. 100m, para 4 of the Public Offering of Securities Act, should be presented in XHTML format.

Management of the Company is responsible for the implementation of the requirements of the Regulation ESEF when preparing the electronic format of the separate financial statements in XHTML.

Our opinion is related to the electronic format of the separate financial statements, included in electronic file "25490027CZAZKV10Y612-20211231-BG-SEP.zip" and does not include other information, included in the annual separate financial statements according to art. 100m, para 4 of the Public Offering of Securities Act.

Based on the procedures performed, our opinion is that electronic format of the separate financial statements of the Company for the year ended 31 December 2021, included in the attached electronic file "25490027CZAZKV10Y612-20211231-BG-SEP.zip" is prepared in all material respects in compliance with the Regulation ESEF.

Other information other than the financial statement and the auditor's report thereon

The Management Board of the Company ("the Management") is responsible for the other information. The other information comprises the annual report on activities, including the non-financial declaration, the corporate governance statement, statement and the report on the implementation of the remuneration policy prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditors' report thereon. Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless it is not specifically stated in our auditors' report and to the extent it is specifically stated.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

Management's responsibilities for the financial statement

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The persons charged with general management are responsible for the supervision of the Company's financial reporting process.

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 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.

Further details of our liability are set out in the Appendix to this report.

Registered auditor:

Nikolay Polinchev

Date: March 31, 2022




APPENDIX to the Independent Auditor's Report on the financial statements of Intercapital Property Development REIT for 2021

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.