



Interim Activity Report of Advance Terrafund ADSIC for the period between 1 January 2022 and 30 June 2022

I. General background of the Company

Advance Terrafund ADSIC ("The Company") is a public joint-stock company established at the Constituent Assembly from 12 April 2005, with initial capital amounting to BGN 500 thousand, allocated into 500,000 shares with par value of BGN 1 each. After the establishment of the company, five subsequent increases of the capital of the Company have been carried out, and as of 30 June 2022 the capital of the Company amounts to BGN 85,110,091.

The Company was re-registered with the Trade Register of the Registry Agency under UIC 131418187.

The seat and registered office of the Company are at 1 Zlatovrah Str., Sofia.

The Company's subject of activity is investment of funds raised through public offering of securities in real estate (securitization of real estate) through purchase of right of ownership and other material rights on real estate and building constructions and improvements thereof, with the purpose of their management, rental, leasing, and/or sale.

Advance Terrafund ADSIC obtained license № 10-DSIC/08.12.2005, issued on the basis of Decision № 452-DSIC from 14 July 2005 of the Financial Supervision Commission.

The Company has a one-tier management system.

The Board of Directors (BD) of the Company is composed as follows:

Radoslav Iliev Manolov – Executive Director,
Borislav Vitanov Petkov – Chairman of the BD; and
Nencho Ivanov Penev – Member of the BD.

The Company is represented and managed by its Executive Director Radoslav Manolov.

II. Information about important events and their influence on the results

Key financial performance indicators:

INDICATOR	Current period	Preceding period
OPERATING REVENUES	3,450	9,715
OPERATING COSTS	(1,831)	(3,998)
NET PROFIT FOR THE PERIOD	1,619	5,717
TOTAL ASSETS	248,684	291,956
SHARE CAPITAL	85,110	85,110
SHARE PREMIUM	43,411	43,411
OTHER RESERVES	41	41
RETAINED EARNINGS	116,737	119,490
TOTAL CAPITAL	245,299	248,052
TOTAL CURRENT LIABILITIES	3,385	43,904

	30.06.2022
Income from rent and lease of investment property	3,034
Income from sale of investment property	253
Income from interest	13
Other income	150
OPERATING INCOME	3,450

	30.06.2022
Costs for hired services	1,756
Employee benefits expense	67
Financial expenses	2
Other expenses	6
OPERATING COSTS	1,831

As of 30 June 2022, the investment properties of the Company include: agricultural lands with an area of approximately 182,705 decares worth BGN 224,975 thousand, properties in urban areas with an area of approximately 61 decares worth BGN 1,015 thousand or a total of BGN 225,990 thousand including BGN 112,274 thousand revaluation to fair value.

As of 30 June 2022, the Company has concluded for economic year 2021-2022 rental and leasing contracts for 143,777 decares, which constitute 78.69% of the land purchased so far. The average amount of the leasing/rental payment for the economic year amounts to BGN 41.68/dca.

III. Major risks and uncertainties facing the Issuer during the remainder of the financial year

As of 01 April 2022, the extraordinary epidemic situation in the country in connection with the spread of COVID-19 was lifted, which lifted the temporary restrictive measures on the territory of the country.

The company expects the legislative, economic and medical measures taken in the country, including the started vaccination of the population, to have a positive impact on the normalization of economic life.

At this stage, there are no terminated contracts with suppliers and clients of the Company, and no delayed cash receipts and payments as a result of the pandemic situation.

Apart from the above, Advance Terrafund ADSIC is exposed to the common risks facing all public companies and economic entities in the real estate segment. The Company is influenced by the land market environment, the liquidity of investments, the state of the investment property, as well as the changes in the effective legislation regulating the agricultural sector.

The company carries out its investment activity by selling concentrated own land and at the same time investing in agricultural land. The limited supply is the reason for the trend started in 2021 and continuing in 2022 of increased interest from farmers and other investors to buy agricultural land, which leads to a significant increase in the price per decare.

The financial assets and investments as at 31 March 2022 are denominated in BGN and EUR and, due to the operating currency board and the fixed BGN/EUR exchange rate, no currency risk exists. As to date, the Company has no exposure to currencies other than BGN and EUR.

The Company invests a minimum of 95% of its portfolio in land designated for agricultural purposes and up to 5% in land in urbanized territories.

Advance Terrafund ADSIC strictly adheres to its policy of investing in high-quality properties meeting the needs of developing modern agriculture and renting or leasing to first-class tenants under conditions favorable to the Company.

IV. Information about material transactions concluded between related parties

The related party transactions, including the transaction value and the nature of the relations between the parties, are reported in the Interim Financial Statements for the relevant period.

The transactions are concluded in accordance with the normal course of trade.

Date: 28 July 2022

Executive Director:

/Radoslav Manolov/