ADVANCE TERRAFUND ADSIC

INTERIM FINANCIAL STATEMENTS
31 March 2024

Contents

General information i
Statement of comprehensive income 1
Statement of financial position 2
Statement of changes in equity 3
Statement of cash flows 4

Notes to the Financial Statements

1. Corporate information 5
2.1 Basis of preparation 5
2.2 Summary of significant accounting policies 6
2.3 Changes in accounting policies and disclosures 16
3. Significant accounting judgements, estimates and assumptions 16
4. Standards issued, but not yet effective and not early adopted 20
5. Revenue and expenses 21
6. Property 23
7. Receivables on lease contracts and on deferred payment sales 26
8. Trade and other receivables 26
9. Cash and short-term deposits 27
10. Share capital and reserves 28
11. Provisions 29
12. Trade and other payables 30
13. Related party disclosures 30
14. Basic earnings per share 32
15. Financial risk and capital management objectives and policies 32
16. Fair value measurement 37
17. Events after the reporting date 38

Board of Directors

Borislav Petkov, Chairman of the Board of Directors
Nencho Penev, Member of the Board of Directors
Radoslav Manolov, Executive director

Audit committee

Kamen Kamenov, Chairman of the Audit Committee
Zhechko Petrov, Member of the Audit Committee
Stanimir Kachulev, Member of the Audit Committee

Registered office

1 Zlatovrah St.
Lozentets district
1164 Sofia

Depository bank

United Bulgarian Bank AD

ADVANCE TERRAFUND ADSIC
STATEMENT OF COMPREHENSIVE INCOME
for the year ending on 31 March 2024

	Notes	2024	2023
		BGN'000	*BGN'000*
Revenue			
Income from leasing and renting of investment property	5.1	2,432	2,017
Income from sale of investment property	5.1	966	23,642
Carrying amount of property sold		(407)	(23,613)
Revenues from sales of investment property		559	29
Interest income	5.5	128	60
Other income	5.2	10	101
Total revenue		**3,129**	**2,207**
Expenses			
Costs of hired services	5.3	(840)	(3,284)
Employee benefits expense		(52)	(34)
Other expenses	5.4	(1)	(206)
Total expenses		**(893)**	**(3,524)**
Profit for the year		**2,236**	**(1,317)**
Other comprehensive income for the year		**-**	**-**
Total comprehensive income for the year		**2,236**	**(1,317)**
Basic earnings per share (BGN)	14	0.0263	(0.0154)

Radoslav Manolov
Executive director

Yoana Georgieva
Preparer

The accompanying financial statements were authorised for issue with a resolution of the Board of Directors dated 29 April 2024.

The notes on pages 5 to 38 form an integral part of these financial statements.

ADVANCE TERRAFUND ADSIC
STATEMENT OF FINANCIAL POSITION
for the year ending on 31 March 2024

	Notes	2024	2023
		BGN'000	*BGN'000*
ASSETS			
Non-current assets			
Investment property	6.1	310,206	310,793
Receivables on deferred payment sales	7	73	73
		310,279	**310,866**
Current assets			
Trade and other receivables	8	5,326	3,807
Receivables on deferred payment sales	7	105	105
Cash and short-term deposits	9	24,565	23,980
		29,996	**27,892**
Investment property held for sale	6.2	448	-
TOTAL ASSETS		**340,723**	**338,758**
EQUITY AND LIABILITIES			
Equity			
Share capital	10.1	85,110	85,110
Share premium	10.2	43,411	43,411
Other reserves	10.3	45	45
Retained earnings		192,596	190,360
Total equity		**321,162**	**318,926**
Current liabilities			
Trade and other payables	12	2,109	2,373
Dividends payable	11.2	17,122	17,129
Provisions	11.1	330	330
		19,561	**19,832**
Total liabilities		**19,561**	**19,832**
TOTAL EQUITY AND LIABILITIES		**340,723**	**338,758**

Radoslav Manolov
Executive director

Yoana Georgieva
Preparer

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ADVANCE TERRAFUBD ADSIC
STATEMENT OF CHANGES IN EQUITY
for the year ending on 31 March 2024

	Share capital (Note 10.1)	Share premium (Note 10.2)	Other reserves (Note 10.3)	Retained earnings	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
At 1 January 2023	**85,110**	**43,411**	**43**	**199,176**	**327,740**
Profit / loss for the period	-	-	-	10,041	10,041
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	10,041	10,041
Transactions with equity holders					
Dividend (Note 11.2)	-	-	-	(18,857)	(18,857)
Dividends with expired prescription period	-	-	2	-	2
At 31 December 2023	**85,110**	**43,411**	**45**	**190,360**	**318,926**
At 1 January 2024	**85,110**	**43,411**	**45**	**190,360**	**318,926**
Profit / loss for the period	-	-	-	2,236	2,236
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,236	2,236
At 31 March 2024	**85,110**	**43,411**	**45**	**192,596**	**321,162**

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Radoslav Manolov
Executive director

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Yoana Georgieva
Preparer

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The notes on pages 5 to 38 form an integral part of these financial statements.

ADVANCE TERRAFUND ADSIC
STATEMENT OF CASH FLOWS
for the year ending on 31 March 2024

	Note	2024	2023
		BGN'000	*BGN'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from rent and sales of investment property, including reimbursement payments		1,988	21,622
Cash flows related to remuneration of the servicing company	13.1	(995)	(2,874)
Purchase of investment property		(466)	(1,700)
Cash flows related to business counterparties		(52)	(154)
Payments for salary expenses		(80)	(57)
Interest received on bank deposits		195	-
Other cash flows generated from operations		2	(2)
Net cash flows from operating activities		**592**	**16,835**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flows related to payment of dividends	11.2	(7)	(1)
Net cash flows used for financing activities		**(7)**	**(1)**
Change in cash during the period		585	16,834
Cash and cash equivalents at the beginning of the period	9	23,980	37,579
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**9**	**24,565**	**54,413**

Radoslav Manolov
Executive director

Yoana Georgieva
Preparer

The accompanying financial statements were authorised for issue with a resolution of the Board of Directors dated 29 April 2024.

The notes on pages 5 to 38 form an integral part of these financial statements.

1. Corporate information

The financial statements of Advance Terrafund ADSIC for the period ended 31 March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 29 April 2024.

Advance Terrafund ADSIC (the “Company”) is a public joint-stock company which was established at the Constituent Assembly dating from 12 April 2005, with initial capital amounting to BGN 500 thousand, allocated into 500,000 shares with par value of BGN 1 each. The Company was re-registered with the Trade Register of the Registry Agency under UIC 131418187. The Company’s registered office is: 1 Zlatovruh Str., Sofia.

The Company’s scope of activity is the following: investment of financial resources, raised through public offering of securities, in real estate (real estate securitization) through purchase of right of ownership and other material rights on real estate as well as building constructions and improvements to them, with the purpose of their management, renting, leasing, and/or sale.

The activities of the Company fall under the regulations found in the Act on Special Investment Purpose Companies and on Securitization Companies /ASIPCSC/ and in the Public Offering of Securities Act (POSA). In accordance with these two Acts, the Company is subject to regulation by the Financial Supervision Commission (FSC). The Company obtained license № 10-SPIC (Special Purpose Investment Company)/08 December 2005, issued on the basis of Decision № 452-SPIC from 14 July 2005 of the Financial Supervision Commission.

The Company has been constituted for an unlimited duration.

The Company has a one-tier management system. The Board of Directors (BD) of the Company is composed of the following members: Radoslav Iliev Manolov – Executive Director, Borislav Vitanov Petkov – Chairman of the Board of Directors and Nencho Invanov Penev – Member of the Board of Directors. The persons entrusted with the general management are members of the Company’s Audit Committee and are: Kamen Petrov Kamenov – Chairman of the Audit Committee, Zhechko Dimitrov Petrov – Member of the Audit Committee and Stanimir Petrov Kachulev – Member of the Audit Committee.

Karoll Finance EOOD is third party within the meaning of Article 27, paragraph 4 of the ASIPCSC /financial services company/ of Advance Terrafund ADSIC, which as of 31 March 2024, is a shareholder holding 32,25% of the capital of Advance Terrafund ADSIC and is engaged in providing consultancy and other services, such as administrative, accounting and human resources services.

After the establishment of the Company in 2005, five subsequent increases of the capital of the Company have been carried out, and as of 31 March 2024 the capital of the Company amounts to BGN 85,110,091 (see Note 10.1).

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis with the exception of investment property, including investment property held for sale, which are measured at fair value.

The Company has prepared its financial statements for the year ended 31 March 2024 on a going concern basis which assumes that it will continue in business for the foreseeable future and that the realization of assets and the settlement of liabilities will be done in the ordinary course of business. The future financial results of the Company depend on the broader economic environment in which it operates. Factors that specifically affect the Company's results include zero or negative economic growth, agricultural land market conditions, liquidity of investments, investment property occupancy, as well as any changes in the current legislation regulating the relations in the agricultural sector. The Company has assessed that, at this stage, the economic sanctions and macroeconomic effects in Bulgaria and Europe, as a result of the military conflict between Russia and Ukraine, as well as that between Israel and Palestine, do not affect the Company's ability to continue to exist as a going concern. The Company has cash in banks with a good credit rating in the amount of BGN 24,565 thousand, which are sufficient to fully cover the Company's current liabilities as of 31 March 2024, amounting to BGN 19,561 thousand.

Based on an analysis of the Company's ability to continue as a going concern, management has not identified any indicators, facts or circumstances that make the principle-assumption of a going concern inapplicable or raise significant doubts about the validity of the principle-assumption of a going concern which need to be disclosed in the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

2.1 Basis of preparation (continued)

The financial statements are presented in Bulgarian Leva (BGN) and all values are rounded to the nearest thousand (BGN thousand or BGN'000) except when otherwise indicated.

Statement of compliance

The financial statements of Advance Terrafund ADSIC have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The reporting framework "IFRS, as adopted by the EU" is essentially the defined national basis of accounting "IAS, as adopted by the EU", specified in the Bulgarian Accountancy Act and defined in Paragraph 8 of its Additional provisions.

2.2 Summary of significant accounting policies

a) Foreign currency translation

The financial statements have been prepared in Bulgarian Leva, which is the Company's presentation currency. Transactions in foreign currencies are recorded in Bulgarian Leva at the central exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the end of each month by applying the closing exchange rate published by the Bulgarian National Bank for the last working day of the respective month. Any foreign currency differences are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction (acquisition).

b) Revenue recognition

Revenue from contracts with customers

The Company's scope of activity is related to the purchase of right of ownership and other material rights on real estate with the purpose of their management, renting, leasing, and/or sale. Revenue from contracts with customers is recognized when the control of the property is passed to the customer in exchange for an amount that reflects the consideration the Company expects to be entitled to in exchange for the investment property. As a whole, the Company has come to the conclusion that it is a principal in its revenue arrangements since the Company has the control over the property before transferring it to the client.

Disclosures for significant accounting judgments, estimates and assumptions in relation to revenue from contracts with customers are presented in Note 3.

Sale of investment property

Revenue from the sale of investment property is recognized in the statement of comprehensive income at a time when the control of the property is transferred to the client, which is the transfer of the legal right of ownership, except in the case of deferred payment sales. The main judgments of the management of the Company in relation to the transfer of control, when selling investment property with deferred payment, are disclosed in Note 3.

In determining the transaction price for the sale of investment property, the Company estimates the effects of the variable consideration and considers the existence of significant financing component.

(i) Variable consideration

When a contract contains elements of variable consideration, the Company estimates the amount of consideration to which it is entitled in exchange for the transfer of ownership of the investment property to the client. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal (reintegration) in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Certain contracts for the sale of investment property provide a customer with a right to terminate the contract within a specified period of the contract. Rights of termination give rise to variable consideration. In addition, the Company enters into deferred payment contracts that contain several provisions for earlier performance of the contract with different rates of consideration.

2.2 Summary of significant accounting policies (continued)

b) Revenue recognition (continued)

Revenue from contracts with customers (continued)

Sale of investment property (continued)

(i) Variable consideration (continued)

- Rights of return

The Company concludes deferred payment contracts for the sale of agricultural land for a period of five (five) years. The payment of the consideration is made in annual instalments. The right to use the land is conveyed to the buyer upon the reception of an earnest money deposit under the terms of the signed contract, while the legal transfer of ownership rights is carried out upon the full payment of the selling price. The buyer is entitled to withdraw from the contract at any time during its agreed period. In this event, the Company keeps the earnest payment made, while each payment, other than the earnest amount, is reimbursed to the buyer.

The Company uses the expected value method to estimate the transactions that will not be terminated because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. On the basis of the significant accounting judgments made and presented in Note 3, the Company considers that its customers are not expected to terminate agricultural land sale agreements with deferred payment and therefore as of 31 March 2023 has not recognized a refund liability or a right of return asset.

- Rights for early exercise of a contract with different rates of consideration

The Company concludes deferred payment contracts for the sale of agricultural land for a period of five (five) years. These contracts contain options for early exercise between the nineteenth (19th) and forty-eighth (48th) month, as well as from the contract inception (upon the full payment of the earnest amount) with a different amount of consideration for each option. The transfer of the legal rights of ownership is made after the exercise of the option. Based on the significant accounting judgments presented in Note 3, the Company recognizes revenue on such contracts based on the lowest agreed price.

(ii) Significant financing component

The Company receives short-term advances from its customers in relation to direct sales contracts. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

For sales contracts with deferred payment, the Company receives the consideration from its clients in instalments for a period of 5 /five/ years. The transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception, to take into consideration the significant financing component. The difference between the gross and present value of the receivable is treated as deferred income but is not recognized as a liability in the statement of financial position. Financial income from deferred payment contracts is recognized for the term of the contract.

2.2 Summary of significant accounting policies (continued)

b) Revenue recognition (continued)

Revenue from contracts with customers (continued)

Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for the right of ownership of the investment property transferred to the customer. If the Company performs its obligation by transferring assets to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. In case of deferred payment sale of investment property where the client makes the payment of consideration by annual instalments based on a predetermined repayment schedule, the present value of the contractual payments is recognized as a receivable on a deferred payment, i.e. as a contract asset.

(i) Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section f) Financial instruments – initial recognition and subsequent measurement.

Costs to obtain a contract/ Contract performance costs

The Company pays sales commission to its brokers for each contract that they obtain. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under costs for hired services) because the revenue from sales of investment property is recognized at a certain period of time and because the contracts are not of long-term character.

Revenues from rent and lease of investment property

Rental income from operating leases of property is recognized on a straight-line basis over the whole lease term.

Interest income

Interest income is recognized using the effective interest rate method, i.e. the interest rate that discounts exactly the estimated future cash outflows over the estimated useful life of the financial instrument, or a shorter period where appropriate, to the carrying amount of the financial asset. Interest income is included in the finance income in the statement of comprehensive income.

c) Expenses

Expenses include costs for hired services, employee benefits expense, impairment loss on receivables, finance and other costs. They are recognized for the period of their occurrence under the accrual basis. Brokerage fees payable under operating lease contracts of investment property are reported as operating expenses for the period in which they arise (upon the conclusion of the operating lease contract).

2.2 Summary of significant accounting policies (continued)

d) Taxes

Corporate income tax

The Company is established pursuant to the provisions of the Act on Special Investment Purpose Companies and on Securitization Companies / ASIPCSC/ and is exempt from taxation with Bulgarian corporate income tax in compliance with Article 175 of the Corporate Income Tax Act.

As a result, the Company does not owe and has not accrued current income tax and deferred income tax for the relevant period as reported in the present financial statements.

e) Basic earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

The weighted average number of shares is calculated by adjusting the ordinary shares in issue at the beginning of the period by the number of the shares bought back or issued during the period, multiplied by a time-weighting factor, i.e. the number of days that the specific shares are outstanding as a proportion of the total number of days in the period.

f) Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section b) *Revenue from contracts with customers.*

In order for a financial asset to be classified and measured at amortised cost or fair value through 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.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2.2 Summary of significant accounting policies (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement

The subsequent measurement of the financial assets depends on their classification as follows:

Financial assets carried at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade receivables and receivables from deferred payment sales.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.2 Summary of significant accounting policies (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Disclosures for significant assumptions (Note 3)
- Receivables from sales under lease and deferred payment contracts (Note 7)
- Trade receivables (Note 8)

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. 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.

For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company analyzes the receivables from sales under lease and deferred payment contracts separately taking into consideration the fair value of the collateral under the contract less the amounts that would be returned to the customer upon eventual termination of the contract. Based on the significant accounting judgments presented in Note 3, as of 31 March 2024 the Company does not recognize a provision for receivables from sales under lease and deferred payment contracts.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables and dividends payable.

2.2 Summary of significant accounting policies (continued)

f) Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

After initial recognition, trade and other payables are subsequently measured by the Company at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Derecognition

A financial liability is derecognised when the obligation under the liability 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 the statement of comprehensive income.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

h) Fair value measurement of financial instruments

The Company measures its non-financial assets such as investment property and investment property held for sale at fair value at the reporting date. The fair values of financial assets measured at amortized cost are disclosed in Note 16.

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 by the Company.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2.2 Summary of significant accounting policies (continued)

h) Fair value measurement of financial instruments (continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period and determines whether it is necessary to make transfers from one level into another.

The management of the Company determines the policies and procedures applied to fair value measurement made on a recurring basis as well as to fair value measurement made on a non-recurring basis for investment property and investment property held for sale.

Under normal conditions, the fair value measurement of investment property and investment property held for sale is subject to valuation made by external independent valuers. External valuers are selected on the basis of their professional experience, qualities and reputation. After discussions with the external valuations experts, the management decides which valuation techniques and inputs are most relevant to be used on a case-by-case basis.

At each reporting date, the management analyzes the changes in the values of the assets that are subject to re-measurement in accordance with the accounting policies applied by the Company. This includes reviewing the key inputs used in the last measurement and comparing them with the relevant historical information involving contracts and other appropriate documentation. In addition, the management, together with the external valuations experts, compares the changes in the fair value of each asset or liability with the appropriate external sources to assess whether the changes are reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

i) Share capital

The share capital of the Company is in the form of ordinary registered dematerialized shares. The excess of the share issue proceeds received over the par value of the shares is reported as a share premium.

Expenses that are directly attributable to the issuance of new shares are recognized in equity as a reduction in the proceeds of the issuance of shares thus eliminating the effect of taxes on income.

A liability for cash distributions to shareholders is recognized when the distribution is authorized or required by law and is no longer at the discretion of the Company. The corresponding amount is debited directly to equity.

2.2 Summary of significant accounting policies (continued)

j) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially measured at cost, including transaction costs. The subsequent costs related to the investment property, which has already been recognized, are added to the carrying amount of the investment property when it is probable that the Company will receive future economic benefits connected with the asset and when the asset acquisition price can be reliably valued.

Investment property is re-measured at fair value which reflects the actual market state and circumstance as of the balance sheet date. Gains or losses arising from changes in the fair value of investment property must be included in net profit or loss for the period in which it arises.

The investment property is derecognized upon its sale or permanent withdrawal from use in case that no future economic benefits are expected from its disposal. Gains or losses arising from the permanent withdrawal from use of the investment property or its disposal are included in the statement of comprehensive income in the period of the withdrawal or disposal.

The investment properties are transferred to investment properties held for sale when there is a signed preliminary sale contract and when part of the total amount of the advance payment is paid by the customer.

k) Investment property held for sale

The Company classifies investment property as held for sale when its carrying amount will be recovered through sale rather than through continuing use. In order for this to be the case, the property must be available for immediate sale in its present condition and the sale is likely to be implemented within 12 months. Investment property held for sale is measured at fair value.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the Company’s control and there is sufficient evidence that the entity remains committed to its plan to sell the asset.

l) Leases

On the effective date of the contract, the Company assesses whether the contract constitutes or contains a lease. Namely, whether the contract transfers the right to control the use of the identified asset for a specified period of time.

Company as a lessor

Finance lease

Leases where the company does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Incurring rental income is recognized on a straight-line basis over the term of the lease and is included in income in the statement of comprehensive income due to its operational nature.

2.2 Summary of significant accounting policies (continued)

m) Operating segments

An operating segment is a component of the Company:

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses, relating to transactions with other components of the same Company);

b) whose operating results are reviewed by the management of the Company, the chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and

c) for which discrete information is available.

Two or more operating segments may be aggregated into a single operating segment, if the segments have similar economic characteristics and are similar in various prescribed respects:

a) the nature of the services;

b) the type of class of customer for their services;

c) the methods used to provide their services; and

d) the nature of the regulatory environment relating to public services.

The company presents an individual external client as the main client if it generates 5% or more of its revenues.

As of 31 March 2024 and as of 31 December 2023 the Company does not have separate reportable operating segments. Additional information about the revenue from sales to external customers is presented in Note 5.1.

n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and in current accounts and short-term deposits with an original maturity of three months or less. The management of the Company considers that deposits with maturity of over 3 months meet the criteria for cash equivalents, as they are easily convertible into cash without any material loss of value. These deposits are convertible into cash without a written notice and without the Company being charged early termination fees.

For the purposes of the statement of cash flows, cash and cash equivalents are defined above. The Company recognizes investment property sales and receivables from sales and rentals of investment property as part of the cash flows from operating activities since they represent the core activity of the Company.

o) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.2 Summary of significant accounting policies (continued)

p) Dividends payable

In compliance with the requirements of the Act on Special Investment Purpose Companies and on Securitization Companies /AASIPCSC/ the Company is obliged to distribute as dividend not less than 90% of the profit (accounting profit) for the financial year, adjusted with the effect from subsequent valuations of investment property and the effect from all transactions with investment property, carried out throughout the year. The required minimum amount of dividends payable for the current reporting period in accordance with AASIPCSC is reported in retained earnings decrease for the current period while the difference between the approved dividend payments by the shareholders and the minimum required amount is reported for the next accounting period in retained earnings decrease after a decision taken at the General Assembly of the shareholders.

The dividends shall be paid within 12 months from the end of the respective financial year.

2.3 Changes in accounting policies and disclosures

Standards / amendments that have entered into force and have been adopted by the European Union

The adopted accounting policies are consistent with those applied in the previous financial year, with the exception of the following IFRS and IFRS amendments, which have been adopted by the Company from 1 January 2023:

• IFRS 17 Insurance contracts,

• IAS 1 Presentation of Financial Statements and Statement of Practice under IFRS 2: Disclosure of Accounting Policies (Amendments),

• IAS 8 Accounting Policy, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments),

• IAS 12 Income taxes: Deferred tax related to assets and liabilities arising as a result of a transaction (Amendments),

• IAS 12 Income Taxes: International Tax Reform – Second Pillar Model Rules (Amendments)

The adopted and amended standards and clarifications did not have a significant impact on the Company's accounting policies.

3. Significant accounting judgments, estimates, and assumptions

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Company’s accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

3. Significant accounting judgments, estimates, and assumptions (continued)

Judgments (continued)

Transfers to investment property held for sale

In accordance with its investment objectives, the Company classifies the acquired property as investment property at the time of their initial recognition. Subsequently, the management makes judgments regarding the transfers from investment property to investment property held for sale when their carrying amount would be recovered through sale rather than through continuing use of the asset. The existence of signed preliminary sale agreements and the receipt of earnest payments by customers under deferred payment contracts, finance leases or direct sales as of the end of the reporting period, are considered to be evidence for the change in the intentions of the management. Thus, the Company presents the respective property as property held for sale at the end of the reporting period. Upon termination of the preliminary contract without the sale of the investment property subject to the contract being realized, the Company reclassifies the property as an investment property at its fair value. Significant accounting policies for transfers to investment property are presented in Note 2.2. (k).

Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Determining the timing when the control over the property is transferred to the customer under deferred payment contracts

When entering into sales agreements requiring non-refundable earnest payments by the buyers and deferred transfer of ownership rights, the Company analyzes whether the material risks and rewards of ownership of the assets are transferred to the buyer at the time of the contract conclusion (and the transfer of the physical possession of the asset) or at a later point in time coinciding with the legal transfer of ownership rights. These type of contracts are concluded for the period of 5 /five/ years while the payments are made in equal annual instalments. The right to use the land is conveyed to the buyer upon the reception of an earnest money deposit under the terms of the signed contract, while the legal transfer of ownership rights is carried out upon the full payment of the selling price. The buyer is entitled to withdraw from the contract at any time during its agreed period. In this event, the Company keeps the earnest payment made, while each payment, other than the earnest amount, is reimbursed to the buyer.

In making its judgment the Company has analyzed 1) the timing when the risks and rewards of the use of the asset have been transferred to the buyer, which the Company has estimated to occur the moment the legal rights to use the property are granted to the buyer; 2) the existence of a payment entitlement for the asset as at the time of the transfer of physical possession to the customer – the Company has come to the conclusion that the existence of a binding agreement and a significant non-refundable earnest payment supports the judgment that the customer has a significant economic incentive to pay the negotiated transaction price; 3) the Company has estimated that the retention of the legal rights to the property is made with the aim to ensure the reimbursement of the agreed consideration and was therefore not an indication of the timing of the transfer of control over the property.

Due to these factors, the Company has concluded that the timing of transfer of control under deferred payment transactions coincides with the timing of the transfer of the physical possession of the asset and the payment of the non-refundable amount by the customer.

- Determining the estimate of the constraint on the variable consideration up to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur in the future.

As described above, deferred payment sale contracts of investment property include a right of return, which gives rise to variable consideration. The Company also enters into deferred payment sale contracts that contain several options for early completion and different (reduced) amount of the consideration respectively.

In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Company has determined that the expected value method is the appropriate method to use in estimating the variable consideration under the sale contracts of investment property.

3. Significant accounting judgments, estimates, and assumptions (continued)

Judgments (continued)

Revenue from contracts with customers (continued)

The Company has determined that the estimates of variable consideration in relation to the right of return under sale contracts are not constrained based on its historical experience, business forecast and the current economic conditions. In order to reach this conclusion, the Company has analyzed various factors, including but not limited to: the amount of the non-refundable advance payment against the total amount of the transaction price, the expected fair value of the assets subject to such type of transactions against the recoverable amount of the transaction price, the historical experience relating to the customers' exercise of the termination option, and has estimated that it is reasonably certain that the Company would obtain economic benefits from the transaction, and the option to terminate the transaction and return the property will not be exercised.

The Company updates its estimates of expected returns / terminated deferred payment sale contracts at the end of each reporting period based on indicators related to the changes in the market value of agricultural land, historical experience and other economic factors. As of 31 March 2024 and as of 31 December 2023, the Company has estimated that the probability of a significant reversal in the amount of cumulative revenue recognized in relation to deferred payment sale contracts is insignificant. Accordingly, the Company does not recognize any refund liabilities for the expected returns, as well as assets for rights of return.

With regards to the deferred payment sale contracts containing several options for earlier completion at a reduced price, the Company has no historical experience and such an experience would not be relevant in making a reasonable judgment in relation to the exercise of the option for early completion at a lower price. In this case, the Company uses the constraint on variable consideration and recognizes revenue up to the amount of the lowest agreed price. In the event that the option is not exercised, the Company recognizes revenue from the sale of investment property with regards to the next largest amount of the agreed reduced price.

- Consideration of significant financing component in a contract

Taking into consideration the length of time between the customer's payment and the transfer of the control over the asset, as well as the prevailing interest rates in the market, the Company has come to the conclusion that, for deferred payment sale contracts where the client pays the agreed consideration for a period of five years through equal annual instalments, there is a significant financing component.

In determining the interest rate to be applied to the amount of consideration, the Company concluded that 5 / five / per cent is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction between the Company and its customer at contract inception. The difference between the gross and present value of the receivable is treated as a deferred income but is not recognized as a liability in the statement of financial position. Financial income from deferred payment sale contracts is recognized for the term of the contract.

Dividends payable calculation

In compliance with the requirements of the Special Purpose Investment Companies Act, the Company is obliged to distribute as dividend not less than 90% of the profit (book profit) for the financial year, adjusted with the effect from all investment property transactions carried out throughout the year, including the net gains/losses on subsequent valuations of investment property. Additional information about the recognized dividends payable as of 31 December 2023 is presented in Note 11.2.

The company as lessor

The company has leased part of its investment properties. Based on an assessment of the terms of the agreements, the Company has determined them to be those where the lease term does not cover a large portion of the economic life of the investment properties and the present value of the minimum lease payments does not amount to substantially the full fair value of the investment properties, that is, the Company retains substantially all the risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

The significant accounting policies for accounting for leases are presented in Note 2.2, letter l).

3. Significant accounting judgments, estimates, and assumptions (continued)

Judgments (continued)

"De facto" control

As of 31 March 2024 and as of 31 December 2023, the Company has over 2,100 shareholders and a fragmented shareholder structure, which consists of a large number of shareholders holding a percentage of the capital below 7% (Note 10.1) and the service company Karol Finance EOOD with ultimate owner Stanimir Marinov Karolev, which owns 32.25% of the capital and votes in the General Assembly. Over the years, the participation/representation of the shareholders in the held general meetings has been observed in the range of 50% to 60% of the shares of the Company's capital.

If these trends related to the attendance of shareholders at the General Meeting are maintained, the service company Karol Finance EOOD, with ultimate owner Stanimir Marinov Karolev, could have the necessary votes to form a majority for making a decision on the proposals on the agenda of the relevant General Meeting , could accordingly exercise "de facto" control over the Company.

The company has made all necessary disclosures in connection with the service company Karol Finance EOOD with ultimate owner Stanimir Marinov Karolev in Note 13.1 of the financial statement.

Deposits with a maturity of more than three months

The company concludes contracts with banks for short-term deposits - with a term of 3 to 12 months. They are compounded at agreed fixed interest rates. In case of early termination of the deposit, the Company owes a penalty - only the interest charged at the time of early termination. The Company's management considers that these deposits are entered into for the purpose of managing cash availability and meeting short-term cash needs, and therefore meet the criteria for a cash equivalent, since the cash received upon early termination of the deposits would be equal to those received under current accounts. accounts of the Company.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below.

Fair value of investment property

The investment property of the Company is measured at fair value using the market approach. The valuation is made by an independent licensed valuer authorised by the Bulgarian Ministry of Agriculture and Food. For 2023 the valuation is carried out without any official representative agricultural market information, including the price levels of agricultural land, rent levels, levels of crop yields by regions, etc. Additional information is provided in Note 6. As of 31 December 2023 the valuation is fully based on the market analogy method (comparative method) and the method of capitalization of land rent (based on return of investments).

Provision for expected credit losses for trade receivables and receivables from lease and deferred payment sales

The Company uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the agricultural sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 8 and Note 15.

3. Significant accounting judgments, estimates, and assumptions (continued)

Estimates and assumptions (continued)

Provision for expected credit losses for trade receivables and receivables from lease and deferred payment sales (continued)

The Company analyzes the receivables from sales under lease and deferred payment contracts separately taking into consideration the fair value of the collateral under the contract less the amounts that would be returned to the customer upon eventual termination of the contract. As at 31 March 2024, the fair value of the collateral under the contract less the amounts that would be returned to the client upon termination of the contract exceeds the receivables from sales under lease and deferred payment contracts included in the statement of financial position. Accordingly, the Company did not recognize a provision for ECLs for receivables from sales under lease and deferred payment contracts. Additional information on receivables from sales under lease and deferred payments contracts is presented in Note 7.

4. Standards issued but not yet effective and not early adopted

4.1) Standards/amendments that have not yet entered into force but have been adopted by the European Union

• **IAS 1 Presentation of financial statements: Classification of liabilities as current or non-current (Amendments).** The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted, and will be required to be applied retrospectively in accordance with IAS 8. The Company does not expect effects of the amendments on the financial position or the results of the activity.

• **IFRS 16 Leases: Lease liability in a sale-leaseback transaction (amendments).** The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The company does not expect effects of the amendments on the financial position or the results of the activity.

4**.2) Standards/amendments that have not yet entered into force and have not been adopted by the European Union**

• IAS 7 Statements of Cash Flows and IFRS 7 Financial Instruments: Disclosure – Supplier Financing Arrangements (Amendments). The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The company does not expect effects of the amendments on the financial position or the results of the activity.

• **IAS 21 Effects of Changes in Exchange Rates: Lack of Exchangeability (Amendments).** The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. The Company does not expect any effects of the amendments on its financial position or results of operations.

• **Amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associate or joint venture**. In December 2015, the IASB indefinitely postponed the effective date of this amendment pending the outcome of its research project on equity method accounting. The company does not expect effects of the amendments on the financial position or the results of the activity.

5. Revenue and expenses

5.1 Revenue from sales to external customers

	2024	2023
	BGN'000	*BGN'000*
Revenue from sale		
Revenue from direct sales of property	966	23,642
	966	**23,642**
Revenue from lease or rent of property	*2,432*	*2,017*
Total revenue from external customers	**3,398**	**25,659**

Revenue from contracts with customers within the meaning of IFRS 15 Revenue from contracts with clients includes income from the sale of deferred payment for real estate, income from direct sales of real estate (including revenue from the sale of investments in a subsidiary) and revenue from unexercised options previous periods of property sales on deferred payment.

a) Geographical area information

Revenue from sales of investment property and rental income are from external customer based in Bulgaria.

b) Information on key customers

	Type of revenue	2024	2023
		BGN'000	*BGN'000*
Customer 1	Sales	966	-
Customer 2	Rentals	298	266
Customer 3	Rentals	174	233
Customer 4	Rentals	509	80
Customer 4	Sales	-	23,460

* Customer 2 aggregates transactions with related parties of the Company as disclosed in Note 13.3.

Key customer information includes revenue from sales of investment property and rental income from these customers, which represent 5% or more of the revenue from sales of investment property and from rental income for the respective reporting periods.

All entities under common control are considered as one customer for the purposes of this disclosure.

5. Revenue and expenses (continued)

5.2 Other revenue

	2024	2023
	BGN'000	*BGN'000*
Income from impaired/written off in previous periods receivables	8	1
Income benefits for expropriated properties	2	100
	10	**101**

5.3 Expenses on hired services

	2024	2023
	BGN'000	*BGN'000*
Consultancy services	784	2,495
Brokers' commissions	38	766
Advertising	6	6
Annual fees	5	5
Administrative costs and fees for the preparation of documents for the sale of real estate	4	9
Other expenses and fees	3	3
	840	**3,284**

More detailed information about the consultancy services expenses is presented below:

	2024	2023
	BGN'000	*BGN'000*
Financial services company remuneration (Note 13.1)	758	2,474
Valuation services	20	15
Other consultancy services	6	6
Total	**784**	**2,495**

5.4 Other expenses

	2024	2023
	BGN'000	*BGN'000*
Costs for participation in trainings and seminars	1	-
Book value of expropriated/written-off properties	-	204
Sponsorship costs	-	2
	1	**206**

5. Revenue and expenses (continued)

5.5 Finance income

	2024	2023
	хил. лв.	*хил. лв.*
Interest income from bank deposits	128	60
	128	**60**

6. Property

6.1 Investment property

	Agricultural land	Property within urbanized territories	Total
	BGN'000	*BGN'000*	*BGN'000*
Level within the fair value hierarchy	Level 3	Level 3	Level 3
Fair value			
On 1 January 2023	**288,749**	**1,016**	**289,765**
Additions during the year	13,665	-	13,665
Transfer of property held for sale to investment property (Note 6.2)	45	-	45
Disposals during the year	(116)	-	(116)
Property expropriated during the year	(204)	-	(204)
On 31 December 2023	**302,139**	**1,016**	**303,155**
Subsequent fair value measurement	7,638	-	7,638
On 31 December 2023	**309,777**	**1,016**	**310,793**
Fair value			
On 1 January 2024	**309,777**	**1,016**	**310,793**
Additions during the year	268	-	268
Disposals during the year	(407)	-	(407)
Transfer of property held for sale to investent property (Note 6.2)	(448)	-	(448)
On 31 March 2024	**309,190**	**1,016**	**310,206**
Subsequent fair value measurement	-	-	-
On 31 March 2024	**309,190**	**1,016**	**310,206**

6. Property (continued)

6.1. Investment property (continued)

Transfer to investment property held for sale

As of 31 March 2024, the Company has signed preliminary contracts for the sale of 232 decares of agricultural land.

As of 31 December 2023, the Company has no signed preliminary contracts for the sale of investment properties.

Fair value measurement

As of 31 December 2023 a valuation of the Company's investment property is made by an independent licensed valuer who holds the appropriate professional qualification and uses the latest observations on the locations of the investment property. The current use of the Company's investment property is considered to be the highest and best use. For 2023 the valuation is carried out without any official representative agricultural market information, including the price levels of agricultural land, rent levels, levels of crop yields by regions, etc.

As of 31 December 2023 the valuation of the Company's investment property is based on the fair market value model. Fair market value (FMV) is the most likely value at which an asset can be sold on a competitive market and in compliance with all the conditions for realizing a fair and transparent sale, namely: the buyer and the seller are willing and unpressured to trade and have reasonable knowledge of the respective asset; both sidesare driven by their own interests; they act independently of any external influence and are aware that the realization period of the transaction should be of reasonable length.

The valuation of the independent valuer as of 31 December 2023 is based on a combined approach with 80% weighting of the market analogue method (comparative method) and 20% weighting of the method of capitalization of the rent (based on the return on investment).

When using the market analogues method, the value of the appraised property is determined by comparing its basic characteristics with the same or similar characteristics of other similar properties, for which offer or sale prices are available. Moreover, the closer to the time of valuation the transactions for which information is made, the more reliable the market value of the appraised property will be.

The main assumptions and unobservable inputs used in estimating fair values of investment property by the market analogy method include the average values of real offer or sale prices of similar agricultural properties by area, ranging from BGN 100 per decare up to BGN 3000 per decare depending on the location and area of the analogues observed. For properties acquired during 2023, the purchase value is considered as fair value.

Using the method of capitalization of rent, it is assumed that a property can be rented for an infinitely long period of time. In such a case, the purchase of agricultural land is considered with investment goal from which life expectancy is expected to last forever. The present value of such an eternal asset is obtained by dividing its income from the rate of return.

The average income levels by districts used in the assessment are in interval from BGN 10 to BGN 100 per decare per year and the rate of return is 4%. In order to achieve maximum independence and reliability of results in the method of capitalization, the processed information on average rent levels of the contracts concluded by the Company for the agricultural year 2023 - 2024 was used.

The changes in the fair values of investment property are recognized in the statement of comprehensive income as profit or loss for the year.

6. Property (continued)

6.1 Investment property (continued)

The valuation of investment properties as of 31 December 2023. leads to a significant increase in their fair value. The company believes that the overall macroeconomic situation (economic, market and geopolitical shocks (Ukraine-Russia war, as well as the one between Israel and Palestine), leading to high levels of price and rent inflation) has an effect on this, as well as the desire of investors to invest in low-risk assets (including agricultural lands).

Sensitivity analysis

Significant increases/decreases in agricultural land market prices would result in substantially higher/(lower) fair values of investment property.

Geographical area information

The Company's investment properties are located on the territory of the Republic of Bulgaria

Other disclosures

The company has concluded lease and rent agreements for approximately 146,629 decares and 142,681 decares of agricultural land as of 31 March 2024 and 31 March 2023, respectively. The realized lease and rental income for the period 31 March 2024 and 31 March 2023, respectively in the amount of BGN 2,432 thousand and BGN 2,017 thousand, are reflected in the statement of comprehensive income.

During the past period the Company realized as follows:

- direct sales of 215 decares of agricultural land (31 March 2023: 8,451 decares of agricultural land).

6.2 Investment property held for sale

	2024	2023
	BGN'000	*BGN'000*
Balance at 1 January	-	23,580
Property sold during the period	-	(23,535)
Classified as property held for sale (Note 6.1)	448	-
Transfer from assets held for sale to investment properties	-	45
Subsequent fair value measurement	-	-
Balance at the end of the period	**448**	-

As of 31 March 2024, the Company has signed preliminary contracts for sale of 232 decares farmland (as of 31 December 2023: no preliminary contracts for the sale of investment properties have been concluded). Investment properties held for sale are reported at fair value. It was determined by an independent valuer using the market analogues method, taking into account the pre-contracted contract price as the best indication of the fair value of the properties at the end of the reporting period. Changes in the fair value of property held for sale are recognized in the statement of comprehensive income.

7. Receivables on deferred payment sales

As of 31 March 2024

	Up to 1 year	From 1 year to 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*
Gross receivables on deferred payment sales	105	73	178
Unearned finance income	-	-	-
Carrying amount	**105**	**73**	**178**

As of 31 March 2023

	Up to 1 year	From 1 year to 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*
Gross receivables on deferred payment sales	105	73	178
Unearned finance income	-	-	-
Carrying amount	**105**	**73**	**178**

Receivables from sales under deferred payment contracts that represent assets under contracts with clients within the meaning of IFRS 15 *Revenue from contracts with customers* are not invoiced. An invoice is issued upon receipt of a contract instalment.

As of 31 March 2024 the Company has deferred payment sales contracts concluded for the sale of 415 decares of agricultural land (31 December 2023: 415 decares).

For part of the deferred payment sales contract the customers have the option for earlier gaining of a legal title. This may happen between the 19th and 48th month of the contract by paying the full amount of a reduced purchase price. After the expiration of the term of the agreed options, the Company recognizes additional income from the sale of property until the full sale price is paid.

8. Trade and other receivables

	2024	2023
	BGN'000	*BGN'000*
Rent receivables, gross	4,653	3,169
Impairment	(202)	(202)
Rent receivables, net of impairment	4,451	2,967
Advance payments to brokers and counterparties	487	287
Receivables from interest on deposits in BGN	266	332
Court receivables	55	54
Cash at the Central Depository AD after the completed payment of dividends for 2022 by Eurobank Bulgaria AD (Note 11.2)	-	23
Other	67	144
	5,326	**3,807**

The amount of past-due and impaired rent receivables is BGN 202 thousand as at 31 March 2024, which is unchanged from 31 December 2023.

8. Trade and other receivables (continued)

Movements in the provision for the impairment of rent receivables for 2024 and for 2023 are as follows:

	2024	2023
	BGN'000	*BGN'000*
Balance at 1 January	202	303
Provision accrued	-	107
Provision reversed	-	(1)
Provision written off against carrying amount of receivables	-	(207)
Balance at the end of the period	**202**	**202**

As of 31 March 2024, the Company has collected in advance more than 25% of its receivables under the concluded lease agreements for the current business year 2023-2024 (31 December 2023: 21%).

The ageing analysis of trade receivables that were not impaired is illustrated in the table below:

			Past due but not impaired				
	Total	Neither past due nor impaired	< 30 days	30-60 days	60-90 days	90-180 days	>180 days
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
2024	4,451	3,579	-	-	-	-	872
2023	2,338	1,415	-	-	-	923	-

9. Cash and short-term deposits

	2024	2023
	BGN'000	*BGN'000*
Cash on hand	54	56
Cash in bank accounts	3,511	2,924
Short-term deposits	21,000	21,000
	24,565	**23,980**

Cash in bank accounts earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods – from 6 to 12 months, depending on the immediate cash needs of the Company. They earn interest at negotiated fixed rates. These deposits are convertible into cash at insignificant loss of value (penalty).

10. Share capital and reserves

10.1 Share capital

The share capital of the Company comprises 85,110,091 fully-paid ordinary registered dematerialized shares with par value of BGN 1 each. All shares are dividend shares with liquidation quota which carry a right to one vote per share at the General Assembly of shareholders.

	Number of shares (thousands)	Par value (BGN)	Share capital (BGN'000)
At 1 January 2023	85,110	1	85,110
At 31 December 2023	85,110	1	85,110
At 31 March 2024	**85,110**	**1**	**85,110**

List of the main shareholders of the Company is presented below:

	31 March 2024	31 March 2024	31 December 2023	31 December 2023
	Number of shares	Interest (%)	Number of shares	Interest (%)
Karoll Finance EOOD	27,450,312	32.25	27,450,312	32.25
Universal Pension Fund UBB	5,708,725	6.71	5,708,725	6.71
	33,159,037	**38.96**	**33,159,037**	**38.96**

The sole owner of the capital of Karoll Finance EOOD is Stanimir Marinov Karolev. As disclosed in Note 13.1, Karoll Finance EOOD is a servicing company of Advance Terrafund ADSIC.

As of 31 March 2024 the remaining part of the share capital is held by 113 legal entities /25,793,170 shares/ and 2,042 natural persons /26,157,884 shares/, each of whom holding less than 5% of the capital.

As of 31 December 2023 the remaining part of the share capital is held by 110 legal entities /25,856,456 shares/ and 2 029 natural persons /26,094,598 shares/, each of whom holding less than 5% of the capital.

According to the provisions of ASIPCSC, the Company is not entitled to hold own shares.

10.2 Share premium

As at 31 March 2024 the share premium amount is BGN 43,411 thousand (31 December 2023: BGN 43,411 thousand). It is the result of five increases of the Company's capital in the period between 2005 and 2008 and presents the difference between the issue price and nominal value of the new shares. Share premium can only be used to cover losses from a previous year.

10.3 Other reserves

Unclaimed and not received dividends after the expiration of the five-year prescription period are accounted for as other reserves of the Company. As of 31 March 2024 their amount is: BGN 45 thousand (31 December 2023: BGN 45 thousand).

11. Provisions

11.1 General provisions

	2024	2023
	BGN'000	*BGN'000*
Balance at 1 January	330	249
Provisions accrued during the year	-	81
Balance at the end of the period	**330**	**330**

According to the legal team, the lawsuits filed against the buyers of properties from the Company, which affect the ownership of the properties already sold, will be lost and the buyer will be removed from the properties. For this reason, the Company charged BGN 249 thousand provisions for reimbursement of the sales price received to the purchasers.

In connection with the sale contract with deferred payment of the price terminated in December 2020 due to repeated non-fulfilment by the buyer of the obligation to pay the periodic installments and the withheld deposit securing the performance (137 thousand BGN) and penalties for delay (BGN 61 thousand) a case was initiated against Advance Terrafund ADSIC. The expectation of the legal team is that after the conclusion of the case, the Company will be ordered to reimburse the client the delayed penalty (61 thousand BGN) together with legal interest on the same amount. For this reason, a provision in the amount of BGN 81 thousand has been charged, which also includes the legal interest as of 31 December 2023 on the expected liability.

11.2 Provision for dividends

In compliance with Article 29 of AASIPCSC (repealed Art. 10 of ASIPC), the Company is obliged to allocate as dividend no less than 90% of the financial result, which shall be converted following the procedure outlined in Article 29, Paragraph 3 of the same Act.

As of 31 December 2023 the accrued dividend by the Company is in the amount of BGN 17,064 thousand (BGN 0.20 per share), which is expected to be paid in 2024, following a decision of the General Assembly of Shareholders.

The amount of dividend provision for 2023 was determined as follows:

	2023
Book profit, as per the statement of comprehensive income	10,041
Adjustment for:	
Net profit from subsequent valuation of real estate (art. 29, Para. 3, Item 1 of the AASIPCSC)	(7,638)
Profits on transactions for transfer of ownership of property (art. 29, para 3, item 2 of the AASIPCSC)	(88)
Positive difference between the selling price and the historical cost of the property (art. 29, para 3, item 3 of the AASIPCSC)	16,227
Profits from options on deferred payment sale contracts (art. 29, Para. 3, Item 4 of the AASIPCSC)	(29)
Positive difference between the discounted selling price and the historical cost upon termination of deferred payment sale contracts (art. 29, Para. 3, Item 5 of the AASIPCSC)	342
The carrying amount of expropriated parts of property	204
Historical cost of expropriated parts of properties	(99)
Adjusted financial result for the period	18,960
Distribution Dividend - 90% of the adjusted financial result	90%
Dividend payable	**17,064**

11. Provisions (continued)

11.2 Provision for dividends (continued)

In 2024 and in 2023 the movement in the dividend payable can be presented as follows:

	2023	2022
	BGN'000	*BGN'000*
Balance at 1 January	17,129	18,865
Paid dividend, net after withholding tax	(7)	(20,260)
Dividend provision for the current year	-	17,064
Additionally accrued distributed dividend for 2022	-	1,793
Withholding tax on dividend payment	-	(331)
Dividends with expired statute of limitations	-	(2)
Balance at the end of the period	**17,122**	**17,129**

On 28 December 2023, the payment of dividends for 2022 to shareholders with personal accounts by Eurobank Bulgaria AD ended. The unpaid dividends in the amount of BGN 23 thousand. in accordance with the statutory requirements and the concluded contract for the payment of dividends, were returned by Eurobank Bulgaria AD to the account of the Central Depository AD, which transferred them on 2 January 2024 to Advance Terafund ADSIC.

At the end of the reporting period, the Company reported a liability for unpaid dividends for the period from 2018 to 2022, totaling BGN 58 thousand (31 December 2023: BGN 65 thousand).

12. Trade and other payables

	2024	2023
	BGN'000	*BGN'000*
Advance payments received for the year 2023-2024	1,185	1,433
Payables to the financial services company (Note 13.1)	650	887
Advances received for the sale of real estate	124	-
Advance payments received for the year 2024-2025	102	-
Payables to suppliers and brokers	40	43
Other	8	10
	2,109	**2,373**

The terms and conditions of the payables set out in the table above are as follows:
- Payables to suppliers and brokers are non-interest bearing and are normally settled on 14-day terms.
- Payables to the financial services company are non-interest bearing and are normally settled on 30-day terms.

13. Related party disclosures

13.1 Financial services company remuneration - third party within the meaning of ASIPCSC

The Company has concluded a contract for the provision of services by Karoll Finance EOOD, which holds a share of the share capital of the Company as of 31 March 2024 in the amount of 32.25% (as of 31 December 2023 - 32.25%). The sole owner of the capital of Karoll Finance EOOD is Stanimir Marinov Karolev.

According to the above contract, Karoll Finance EOOD provides the following exemplary, but not exhaustively listed consulting and administrative services: research of the identified real estate for purchase, preparation of works for concluding lease/ rental agreements, leasing and sale of real estate owned by the Company, control over the implementation of the concluded contracts and collection of the remunerations due under them, keeping and storage of the accounting and other reporting and correspondence and others.

13. Related party disclosures (continued)

13.1 Financial services company remuneration - third party within the meaning of ASIPCSC (continued)

The annual remuneration under the contract is formed as follows:

1. 0.375% of the value of the Company's investment property at acquisition cost, payable for each quarter;
2. 10% of the receivables of the Company from rent and leasing, calculated at the end of each quarter.
3. 10% of the difference between the selling price and the acquisition cost of the respective property /land/, payable at the time the sale is realized, provided that the rate of return on the investment amounts to at least 15%;
4. 2.5% on the difference between the lease price/selling price under a finance lease contract/deferred payment contract and the acquisition cost of the relevant property;
5. annual management and administration fee for each finance lease contract/deferred payment contract to the amount of 0.6 on the fee under Item 4 (above) for every year of the duration of the finance lease contract/deferred payment contract.

The total amount of the consideration under the service contract with Karoll Finance amounts to BGN 758 thousand and BGN 2,474 thousand for as of 31 March 2024 and as of 31 March 2023, respectively.

	2024	2023
	BGN'000	*BGN'000*
Balance at 1 January	887	2,868
Accruals during the period	758	2,474
Paid during the period	(995)	(2,874)
Balance at the end of the period	**650**	**2,468**

13.2 Board of Directors remuneration

The remuneration of the Board of Directors is determined by the General Assembly of Shareholders. The company has paid to the members of the Board of Directors from the beginning of the reporting period to the end of March 2024 remuneration in the amount of BGN 38 thousand, including social security contributions in the amount of BGN 6 thousand. (31 March 2023: BGN 20 thousand, including BGN 3 thousand social security).

The Company has not opted for a defined-benefit pension plan for its employees or for share-based payments.

13.3 Transactions with other related parties

01 January 2024 – 31 March 2024

As of 31 March 2024, the Company has carried out the following transactions and reports the following balances with Agro Terra Sever AD, which is under the control of the ultimate owner of the capital of the service company - Stanimir Marinov Karolev.

Leases	Receivable at the beginning of the year	Accrued during the year	Received during the year	Receivable at the end of the year
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Agro Terra Sever AD	963	298	-	1,261

13. Related party disclosures (continued)

13.3 Transactions with other related parties (continued)

01 January 2023 – 31 March 2023 (continued)

As of 31 March 2023, Advance Terafund ADSIC has carried out the following transactions (payments) and reports the following balances with Law firm Borislav Vitanov and partners, in which Borislav Vitanov Petkov is a partner - Chairman of the Company's Board of Directors.

Legal services	Obligation at the beginning of the period	Accrued during the period	Paid during the period	Obligation at the end of the period
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Law firm Borislav Vitanov and partners	-	20	(20)	-

14. Basic earnings per share

	2024	2023
	BGN'000	*BGN'000*
Profit / loss for the period (BGN'000)	2,236	(1,317)
Day-to-day weighted average number of shares	85,110,091	85,110,091
Basic earnings per share (BGN)	0.0263	(0.0154)

The weighted average number of shares is calculated by adjusting the ordinary shares in circulation at the beginning of the period by the number of the shares issued during the period, multiplied by a time-weighting factor.

15. Financial risk and capital management objectives and policies

The activity of the Company is exposed to various financial risks: credit risk, interest rate risk, liquidity risk and market risk (including foreign currency risk and price risk).

Credit risk

The Company carries out credit policies to attract creditworthy customers with good financial standing and credit history in order to manage investment property. The Company is not exposed to any significant credit risk.

The table below shows the Company's maximum exposure to credit risk for each class of financial asset:

	2024	2023
	BGN'000	*BGN'000*
Trade receivables, net of impairment (Note 8)	4,451	2,967
Receivables from interest on deposits in BGN (Note 8)	266	332
Receivables from deferred payment sales (Note 7)	178	178
Court receivables (Note 8)	55	54
Cash at the Central Depository AD after the completed payment of dividends for 2022 by Eurobank Bulgaria AD (Note 11.2)	-	23
Cash and short-term deposits (Note 9)	24,565	23,980
	29,515	**27,534**

15. Financial risk and capital management objectives and policies (continued)

Credit risk (continued)

An analysis of the credit quality of financial assets is presented below:

	2024	2023
	BGN'000	*BGN'000*
Trade receivables, gross		
Rent receivables	3,579	1,884
Receivables from customers on deferred payment contracts	178	178
Total receivables neither past due, nor impaired	**3,757**	**2,062**
Past due, but not impaired		
- past due up to 30 days	-	-
- past due between 30 – 90 days	-	-
- past due between 90 – 180 days	-	1,083
- past due between 180 – 360 days	872	-
Total receivables past-due, but not impaired	**872**	**1,083**
Receivables individually impaired, gross		
- past due over 1 year	107	107
- past due between 2 and 5 years	95	95
Total receivables individually impaired	**202**	**202**
Less provision for impairment of receivables	*(202)*	*(202)*
Total receivables after impairment loss	**4,629**	**3,145**

In determining the amount of the provision for impairment of receivables, the Company has determined that the provision for expected credit losses on receivables overdue for less than 360 days is insignificant and accordingly has not recognized such.

Cash and short-term deposits, neither past due, nor impaired, are presented in the table below:

Credit rating	2024	2023
	BGN'000	*BGN'000*
BBB-**	21,000	11,000
A-*	3,511	2,924
BBB*	-	10,000
	24,511	**23,924**

** The credit rating is prepared by the Bulgarian Credit Rating Agency*
*** The credit rating is confirmed by Fitch Ratings.*

Liquidity risk

In order to assess the exposure to liquidity risk, the Company monitors its cash flows, the maturities of its debt obligations and its liquidity ratio. The Company always maintains sufficient liquid funds to provide financial resources for its activities and to reduce the effects of cash flows fluctuations. The financial resources for the Company's business activities are provided through public offering of securities and through numerous credit possibilities offered by different financial institutions. The Company's loans are secured against the investment property it possesses.

15. Financial risk and capital management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments.

At 31 March 2024

Financial assets	< 1 month	1-3 months	3 months - 1 year	1 - 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Cash and short-term deposits*	8,511	16,000	-	-	24,511
Trade receivables, net of impairment	872	-	3,579	-	4,451
Receivables from deferred payment sales, gross	-	-	105	73	178
Receivables from interest on deposits in BGN	93	173	-	-	266
Court receivables	9	-	46	-	55
	9,485	**16,173**	**3,730**	**73**	**29,461**

Financial liabilities	< 1 month	1-3 months	3 months - 1 year	1 - 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Payables to related parties	648	-	2	-	650
Payables to suppliers and brokers	40	-	-	-	40
Dividends payable	58	-	17,064	-	17,122
	746	**-**	**17,066**	**-**	**17,812**

*Cash and short-term deposits are available upon request.
)

At 31 December 2023

Financial assets	< 1 month	1-3 months	3 months - 1 year	1 - 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Cash and short-term deposits*	13,924	-	10,000	-	23,924
Trade receivables, net of impairment	1,083	-	1,884	-	2,967
Receivables from deferred payment sales, gross	-	-	105	73	178
Receivables from interest on deposits in BGN	193	-	139	-	332
Court receivables	-	8	46	-	54
Cash at the Central Depository AD after the completed payment of dividends for 2022 by Eurobank Bulgaria AD (Note 11.2)	23	-	-	-	23
	15,223	**8**	**12,174**	**73**	**27,478**

15. Financial risk and capital management objectives and policies (continued)

Liquidity risk (continued)

Financial liabilities	< 1 month	1-3 months	3 months - 1 year	1 - 5 years	Total
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*	*BGN'000*
Payables to related parties	887	-	-	-	887
Payables to suppliers and brokers	13	30	-	-	43
Dividends payable	65	-	17,064	-	17,129
	965	**30**	**17,064**	**-**	**18,059**

**Cash and short-term deposits are available upon request.*

Interest rate risk

The value of the Company's assets depends on the changes in market interest rates. The Company is exposed to the risk related to interest rates fluctuations since the yield on interest-bearing assets changes as a result of the changes in market interest rates. With regard to the floating interest rates, the Company is exposed to a risk related to the interest rate index which is used to determine the value of the relevant financial instrument. As at 31 March 2024, the Company does not have significant financial assets and liabilities with floating interest rates and therefore the Company's exposure to interest rate risk is insignificant.

Foreign currency risk

The Company is exposed to a foreign currency risk when carrying out transactions with financial instruments denominated in foreign currencies. The transactions denominated in foreign currencies generate profit and loss from foreign exchange differences. As of 31 March 2024 the financial assets and investments are denominated in BGN and EUR. Since the exchange rate of BGN/EUR is fixed, the foreign currency risk originating from the EUR exposure of the Company is insignificant. As of the reporting date the Company has no exposure to foreign currencies different from BGN and EUR.

Market risk

Market risk is a systematic risk, which influences the value of all assets. It depends on the macroeconomic environment and the state of the capital market in the country. The market risk is beyond the Company's control and as a whole it cannot be reduced or eliminated through diversification. One of the main strategies to reduce market risk and its components is to collect and process information about the macroeconomic environment. Based on this information, the Company can make projections and adapt its investment policy to the expected changes in the environment.

The Company's investment portfolio allocates at least 95% of its assets in agricultural land and up to 5% in land in urbanized territories. The agricultural land is exposed to a low risk related to changes in the level of prices and the level of rents.

Advance Terrafund ADSIC continues to pursue the policy to invest in high quality property thus meeting the needs for the development of modern and sustainable agriculture. The Company rents out and leases agricultural and urbanized land and creates long-term value for its first-class tenants/lessees/.

15. Financial risk and capital management objectives and policies (continued)

Market risk (continued)

The structure of the Company's investment portfolio (investment property held for sale are not included) is as follows:

	31 March 2024		31 December 2023	
	Fair market value BGN thousand	% of net assets valued at market price	Fair market value BGN thousand	% of net assets valued at market price
Agricultural land	309,190	99.67	309,777	99.67
Property in urbanized territories	1,016	0.33	1,016	0.33
Total	**310,206**	**100.00**	**310,793**	**100.00**

Capital risk

Capital management aims to maximize the return to shareholders through the optimization of the capital structure. The Company's strategy has remained unchanged since the end of 2023. The capital structure comprises cash and short-term deposits and equity (see Note 9 and Note 10, respectively).

	2024	2023
	BGN'000	*BGN'000*
Total liabilities	19,561	19,832
Less: cash and short-term deposits	(24,565)	(23,980)
Net debt	(5,004)	(4,148)
Non-current liabilities	-	-
Equity	321,162	318,926
Debt-to-equity ratio (non-current liabilities to equity)	0	0

16. Fair value measurement

Quantitative disclosures related to the fair value hierarchy as of 31 March 2024

	Measurement date	Carrying amount	Quoted market prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Assets, measured at fair value:					
Investment property (Note 6.1)					
Agricultural land	31.03.2024	309,190	-	-	309,190
Property in urbanized territories	31.03.2024	1,016	-	-	1,016
Investment properties held for sale (Note 6.2)	31.03.2024	448	-	-	448
Assets, for which fair value is disclosed:					
Receivables on deferred payment contracts (Note 7)	31.03.2024	178	-	178	-

Quantitative disclosures related to the fair value hierarchy as of 31 December 2023

	Measurement date	Carrying amount	Quoted market prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Assets, measured at fair value:					
Investment property (Note 6.1)					
Agricultural land	31.12.2023	309,777	-	-	309,777
Property in urbanized territories	31.12.2023	1,016	-	-	1,016
Assets, for which fair value is disclosed:					
Receivables on deferred payment contracts (Note 7)	31.12.2023	178	-	178	-

In 2024 and 2023, there were no transfers between levels of the fair value hierarchy.

16. Fair value measurement (continued)

Fair value of financial instruments

A comparative analysis of the carrying amounts and fair values of the Company's financial instruments is presented below:

	Carrying amount		*Fair value*	
Financial assets	2024	2023	2024	2023
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Trade receivables	4,451	2,967	4,451	2,967
Receivables from interest on deposits	266	332	266	332
Receivables on deferred payment sales	178	178	178	178
Court receivables	55	54	55	54
Cash at the Central Depository AD after the completed payment of dividends for 2022 by Eurobank Bulgaria AD (Note 11.2)	-	23	-	23
Cash and short-term deposits	24,565	23,980	24,565	23,980

	Carrying amount		*Fair value*	
Financial liabilities	2024	2023	2024	2023
	BGN'000	*BGN'000*	*BGN'000*	*BGN'000*
Dividends payable	17,122	17,129	17,122	17,129
Payables to related parties	650	887	650	887
Payables to suppliers and brokers	40	43	40	43

Fair value of the financial instruments of the Company is defined as the price that would be received to sell an asset or paid to transfer a liability in an casual transaction between market participants at the measurement date.

Fair value measurement is based on the following methods and assumptions:

- Fair values of long-term financial assets with fixed interest rates are determined by discounting the estimated future cash flows using current market interest rates.
- Fair values of financial instruments which include cash and short-term deposits, trade receivables, trade payables and other financial assets and liabilities reasonably approximate the respective carrying amounts because of their short-term character.

17. Events after the reporting date

No events have occurred after the reporting date until the date on which the present financial statements are authorized for issue, which require additional adjustments and/or disclosures in the financial statements of the Company for the period ended 31 March 2024.