

**ERG CAPITAL - 3 ADSIP**

**FINANCIAL STATEMENTS,  
PREPARED IN ACCORDANCE WITH  
INTERNATIONAL FINANCIAL  
REPORTING STANDARDS  
31 DECEMBER 2017**

**TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**AND  
ANNUAL MANAGEMENT REPORT ON  
THE ACTIVITY**

ERG CAPITAL - 3 ADSIP  
 NOTES TO THE FINANCIAL STATEMENTS  
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BGN in thousands except per share amounts or unless otherwise stated

	Notes	2017	2016
<b>Revenue</b>			
Other income	4	107	106
Interest income		-	1
<b>Net revenue</b>		<b>107</b>	<b>107</b>
<b>Expenses</b>			
Operating expenses	3	(229)	(233)
Interest expense	8	(666)	(620)
Impairment loss on investment property	4	-	-
<b>Total expenses</b>		<b>(895)</b>	<b>(853)</b>
<b>Loss for the year</b>		<b>(788)</b>	<b>(746)</b>
<b>Loss per share - basic and diluted</b>	<b>10</b>	<b>(0.38)</b>	<b>(0.36)</b>

These financial statements have been approved by the Board of Directors on 28 February 2018

  
 Boyan Nikolov Ikononov  
 Executive Director



  
 Penka Georgieva-Higgins \*  
 Manager of PSG-98 EOOD  
 Compiler of the financial report



In accordance with an Independent Auditors' Report: BDO Bulgaria OOD

  
 Stoyanka Apostolova, CPA  
 Managing Partner, Registered auditor



  
 Nedjalko Apostolov,  
 Manager

The notes are an integral part of these annual financial statements

ERG CAPITAL - 3 ADSIP  
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	Notes	2017	2016
<b>ASSETS</b>			
Cash and cash equivalents	5	552	694
Other assets	6	9	9
Investment property (net)	4	24,244	24,244
<b>TOTAL ASSETS</b>		<b>24,805</b>	<b>24,947</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Other liabilities	7	31	35
Interest payable on debt securities	8	3,478	2,885
Debt securities	8	5,648	5,591
<b>Total liabilities</b>		<b>9,157</b>	<b>8,511</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	9	2,100	2,100
Share premium		8,941	8,941
Reserve fund	9	18,937	18,937
Retained earnings		(14,330)	(13,542)
<b>Total shareholders' equity</b>		<b>15,648</b>	<b>16,436</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>24,805</b>	<b>24,947</b>

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	Share capital	Share premium	Reserve fund	Retained earnings	Total
31 December 2015	2,100	8,941	18,937	(12,796)	17,182
Loss for the year	-	-	-	(746)	(746)
31 December 2016	2,100	8,941	18,937	(13,542)	16,436
Loss for the year	-	-	-	(788)	(788)
31 December 2017	2,100	8,941	18,937	(14,330)	15,648

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	Notes	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss for the year		(788)	(746)
<b>Adjustments to reconcile loss for the year to net cash provided by operating activities</b>			
Investment in properties		-	(114)
Increase in interest payable on debt securities		593	594
Decrease in other assets		-	3
(Decrease) increase in other liabilities		(4)	3
<b>Net cash used in operating activities</b>		<b>(199)</b>	<b>(260)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of debt securities, net of amortization of transaction cost	8	57	11
<b>Net cash from/(used in) financing activities</b>		<b>57</b>	<b>11</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(142)</b>	<b>(249)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>694</b>	<b>943</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>552</b>	<b>694</b>
<b>Supplemental cash flow information:</b>			
Interest and transaction cost paid		15	15

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## 1 Organization and operations

ERG Capital - 3 ADSIP ("the Company" or "ERG"), PIC 175113002, was registered on 13 July 2006 as a Bulgarian joint stock company with special investment purpose with the sole purpose to invest the funds raised in real estate. America for Bulgaria Foundation ("ABF") as the receiver of the assets of the Bulgarian-American Enterprise Fund ("BAEF"), following the principles, policies and controls of BAEF owns directly 49.37% of the share capital of the Company. Under the Company's by-laws, ERG has a fixed term of existence that ends on 31 December 2020.

ERG activities and operations are governed by the provisions of the Special Investment Purpose Companies Act ("SIPCA"), the Public Offering of Securities Act ("POSA") and related secondary legislative acts. The Financial Supervision Commission is responsible for supervision of the Company's compliance with the laws and regulations. The SIPCA requires the Company's cash and securities to be held at a custodian bank, which is United Bulgarian Bank AD. In 2015 Bulgarian American Management Company EOOD ("BAMC") replaced Serdika Capital Advisors Permanent Establishment ("SCA") as the servicing company for ERG.

On 25 April 2007 the Company received its license to operate as a company with special investment purpose from the Financial Supervision Commission.

The Company's registered office is located at 3 Shipka Str., Sofia, Bulgaria.

## 2 Summary of significant accounting policies

### **Basis of Preparation**

The Company prepares and presents its financial statements in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and the interpretations, issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as approved by the European Union ("the EU") and applicable in the Republic of Bulgaria. IFRS, as adopted by the EU do not differ from IFRS, issued by the IASB, and are effective for reporting periods ended as of 31 December 2017, except for certain IFRS, amendments to IFRS and interpretations, which have not been adopted by the EU. The management believes that if those have been approved by the EU it would have no influence on these financial statements.

During 2017 the Company has adopted all new and revised IFRS by IASB, as approved by the EU, effective for 2017, which refer to the Company's business. The adoption of these amendments and interpretations has not resulted in changes in the accounting policies of the Company.

Certain IFRS, amendments to IFRS and interpretations have been adopted by IASB and IFRIC as of the date of the financial statements, but are effective for annual periods beginning on or after 1 January 2017. The Company has not elected earlier application of those IFRS and IFRS revisions.

These financial statements have been prepared on the historical cost basis. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The Company prepares these financial statements on the going concern basis, which assumes that the Company will continue to operate in the foreseeable future. In making its assessment of compliance with the going concern principle, the Board of Directors (the "Management") of the Company took note of the change in the maturity date of the bond issue with ISIN code: BG2100002125 from 21 February 2018 to 21 February 2021 respectively the term and the interest period of the issue from 72 to 108 months, proposed by the Management and adopted by the General Meeting of Bondholders on October 10, 2017 and confirmed by the General Meeting of Shareholders on 23 November 2017. In addition, as of 21.02.2018 the interest rate of bonds is reduced from 10.5% to 9.5%.

BGN in thousands except per share amounts or unless otherwise stated

The statement of financial position presents assets and liabilities in decreasing order of liquidity and does not distinguish between current and non-current items. These financial statements are prepared for general purposes and provide information for the financial position, operations and cash flows of the Company for the year ended 31 December 2017.

#### **Functional and reporting currency**

The functional currency of the Company is the national currency of Bulgaria - BGN. The financial statements are presented in thousand BGN.

#### **Foreign currency**

Foreign currency transactions, i.e. transactions denominated in currencies other than BGN, the Company's functional currency, are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

#### **Cash and cash equivalents**

For the purposes of the financial statements, the Company considers all highly liquid financial instruments and other financial instruments with maturity of three months or less to be cash equivalents.

#### **Investment property**

Investment property is property (land or a building-or part of a building-or both) held to be leased under long term operating leases or for capital appreciation or both in accordance with the Improvements to IFRS issued in May 2008 and effective 1 January 2009. An investment property is measured initially at its cost. Cost comprises its purchase price and any directly attributable expenditures, including taxes and fees directly related to the purchase and other transaction costs. For all new investments started after 1 January 2009 borrowing costs that are directly attributable to the acquisition, construction and development are capitalised as part of the cost of the investment property, in accordance with the amendments to IAS 23 "Borrowing costs". Construction cost is recorded based upon stages of completion. Development cost is recorded at the time the services are performed. After the initial recognition the investment property is accounted for in accordance with the cost model - cost less accumulated depreciation and accumulated impairment losses as determined by management. The SIPCA requires that ERG's investment property is appraised at the end of each fiscal year. Depreciation of the buildings starts when they are available for use and is based on the straight-line method.

#### **Debt securities**

Debt securities represent an issue of secured bonds, which is recognized initially at fair value less transaction costs. Subsequently, the issue is valued at amortized cost with any difference between net proceeds and the redemption value is recognized in the statement of comprehensive income using the effective interest rate for the term of the liability.

#### **Fair Value Measurement**

Some of the accounting policies of the Company require fair value estimates for both financial and non-financial assets and liabilities. The measurement of fair value is done from a position of assumptions and estimates, which would be made by potential market participants when they determined the price of the respective asset or liability, assuming that they would operate to achieve the best economic benefits of it for them. When measuring of the fair value, the Company applies observable data, if possible. The fair values are categorized into different levels of the fair value hierarchy based on the inputs to valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for similar assets or liabilities.
- Level 2: inputs data other than quoted prices included in Level 1 that directly (i.e. as prices) or indirectly (i.e. derived from prices) are available for observation for the asset or liability.
- Level 3: inputs data for the asset or liability that are not based on observable market data (unobservable inputs).

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### Rental income recognition

Rents from operating leases are recorded as rental income proportionately to the term of the lease agreement.

### Interest income and expense recognition

Interest income and expense are recognised in the statement of comprehensive income for all interest bearing instruments using the effective interest method. Interest income includes interest on bank deposits. Interest expense includes interest and transaction costs on borrowings, debt securities and payables.

### Tax status and dividend requirement

The Company was formed under the SIPCA and is exempt from Bulgarian corporate income taxes as long as it distributes to shareholders 90% of its profit for the year or 90% of its retained earnings if retained earnings is less than the profit for the year. Considering the SIPCA requirement, the Company accrues the required dividend as of the end of each fiscal year and recognizes this dividend as a liability at the statement of financial position date, meeting the criteria of a present obligation as defined in IAS 37.

### Standards, which are in force during the year

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted for use in the European Union, including International Accounting Standards and their interpretations issued by the International Accounting Standards (collectively IFRS).

### New standards, amendments and interpretations effective as of 1 January 2017

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the EU are effective for the current period:

- Amendments to IAS 7: Disclosure Initiative (issued on 29 January 2016), endorsed by the EU on 6 November 2017, published in the Official Journal on 9 November 2017
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (issued on 19 January 2016), endorsed by the EU on 6 November 2017, published in the Official Journal on 9 November 2017

The adoption of these amendments to the existing standards has not led to any changes in the Company's accounting policies.

### Standards, interpretations and amendments in standards that are issued by IASB and endorsed by EU but not yet effective

- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016), effective 1 January 2018, endorsed by the EU on 3 November 2017, published in the Official Journal on 9 November 2017
- Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016), effective 1 January 2018, endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017
- IFRS 16 Leases (issued on 13 January 2016), effective 1 January 2019, endorsed by the EU on 31 October 2017, published in the Official Journal on 9 November 2017
- IFRS 9 Financial Instruments (issued on 24 July 2014), effective 1 January 2018, endorsed by the EU on 22 November 2016, published in the Official Journal on 29 November 2016
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014) including amendments to IFRS 15: Effective date of IFRS 15 (issued on 11 September 2015), effective 1 January 2018, endorsed by the EU on 22 September 2016, published in the Official Journal on 29 October 2016

### Documents issued by the IASB / IFRIC not yet endorsed by the EU

These new or revised standards, new interpretations and amendments to existing standards that at the reporting date



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are already issued by the International Accounting Standards Board have not yet been endorsed by the EU and therefore are not taken into account by the Company in preparing these financial statements.

- IFRS 17 Insurance Contracts (issued on 18 May 2017), effective 1 January 2021
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016), effective 1 January 2018
- IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017), effective 1 January 2019
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016), effective 1 January 2018
- Annual improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016), effective 1 January 2018/1 January 2017
- Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016), effective 1 January 2018
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017), effective 1 January 2019
- Amendments to IAS 28: Long-term interests in Associates and Joint Ventures (issued on 12 October 2017), effective 1 January 2019
- Annual improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017), effective 1 January 2019

**3 Operating expenses**

	<u>2017</u>	<u>2016</u>
Professional fees	191	205
Board of Directors fees	18	18
General and administrative expenses	<u>20</u>	<u>11</u>
<b>Total</b>	<b><u>229</u></b>	<b><u>233</u></b>

**4 Investment property (net)**

At 31 December 2017 and 2016 the Company owned three properties.

- "Yavor property" at 31 December 2017 (2016) represents a 14,724 sq. m. (the cadastre measured area) land plot and buildings, located in Varna – 2, Oreh Str. During 2017 and 2016, the Company generated immaterial amount of rental income of BGN 106 thousand and BGN 106 thousand, respectively from Varna property under a short term operating lease contract that was renewed until 31 July 2018.

- "Sofia Ring property" at 31 December 2017 (2016) represents a 131,262 sq. m. (the cadastre measured area) land plot located in Sofia, at the Ring road and Botevgradsko shose junction. In February 2012 the property was pledged in favor of TB Victoria EAD (previously Credit Agricole Bulgaria EAD and Emporiki Bank – Bulgaria EAD) as trustee bank to secure holders of the bond issue with ISIN code BG2100002125. In November 2014 the pledge was transferred to Allianz Bank Bulgaria AD as a new trustee bank to secure holders of the bond issue (Note 8).

- "Burgas retail property" at 31 December 2017 (2016) represents a 24,959 sq. m. (the cadastre measured area) land plot, located in Burgas between Todor Alexandrov Blvd. and the Burgas port.

	<u>Investment property under development</u>
	<u>Land &amp; Buildings</u>
Cost	
31 December 2015	27,424
Acquired	114
31 December 2016	<u>27,538</u>
Acquired	-
31 December 2017	<u>27,538</u>

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*Accumulated depreciation  
and impairment loss*

<b>31 December 2015</b>	<b>3,294</b>
Impairment loss for 2016	-
<b>31 December 2016</b>	<b>3,294</b>
Impairment loss for 2017	-
<b>31 December 2017</b>	<b>3,294</b>
<i>Net book value</i>	
31 December 2017	24,244
31 December 2016	24,244
31 December 2015	24,130

Based upon the result of the required annual appraisal (prepared by an independent appraiser with recognized and relevant professional qualification), the fair value of the investment property at 31 December 2017 and 2016 was BGN 24,402 thousand and BGN 24,561 thousand, respectively. The investment property is classified within Level 3 of the fair value hierarchy and has been determined based on combination of generally accepted valuation methods. In estimating the fair value of the investment property, the highest and best use of the property is its current use. There has been no change to the valuation technique during the year.

**5 Cash and cash equivalents**

	<u>2017</u>	<u>2016</u>
Cash at bank accounts, including	19	8
<i>Bank accounts in BGN</i>	18	5
<i>Bank accounts in foreign currency</i>	1	3
Bank deposits, including	533	686
<i>In BGN</i>	533	99
<i>In foreign currency</i>	-	587
<b>Total</b>	<b><u>552</u></b>	<b><u>694</u></b>

**6 Other assets**

	<u>2017</u>	<u>2016</u>
Prepaid expenses	6	6
Other	3	3
<b>Total</b>	<b><u>9</u></b>	<b><u>9</u></b>

**7 Other liabilities**

	<u>2017</u>	<u>2016</u>
Guarantee deposit	24	24
Other	7	11
<b>Total</b>	<b><u>31</u></b>	<b><u>35</u></b>

**8 Debt securities**

**Bond issue**

In February 2012, the Company issued fixed rate (10.5%) secured bonds with ISIN code: BG2100002125 with fixed interest percent (10.5%) in the amount of EUR 6.8 million with a term of 36 months. In November 2014 the term of the bond issue was extended by 36 months, effective February 2015. In October 2017, The General Meeting of the Bondholders decided to extend the bond issue for further 36 months as of February 21, 2018 and from the same date, the interest rate was reduced from 10.5% to 9.5%. The decision of the General Meeting of Bondholders was accepted by the General Meeting of Shareholders in November 2017. Both interest and principal are due in full amount at maturity. In case the Company decides to repay partially or in full the principal, the Company should pay the accrued interest on

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the repaid principal. This bond issue is secured by mortgages on Sofia Ring property, Yavor property (mortgage on Yavor property was released in October 2014), Burgas retail property (mortgage on Burgas retail property was released in October 2014) and a pledge on a bank account to be credited with the proceeds of the future sale of the pledged properties. In October 2014 TB Victoria EAD (previously Credit Agricole Bulgaria EAD and Emporiki Bank – Bulgaria EAD) was replaced by Allianz Bank Bulgaria AD as the trustee bank under this bond issue. The bond issue is listed on the BSE for secondary trading and trades under BSE code 5ERB. Through the years and using part of the revenues from sold properties, the Company has paid in advance partially the bond issue, whereas as a result of this the mortgages recorded over properties Yavor and Burgas Retail were released. The unpaid part of the principal, net of deferred transaction costs, as of December 31, 2017 and in 2016 is EUR 2,89 million (BGN 5,648 thousand) and EUR 2,86 million (BGN 5,591 thousand), respectively, and obligations for interest EUR 1,78 million (BGN 3,478 thousand) and EUR 1,48 million (BGN 2,885 thousand), respectively (Note 11).

The fair value of this bond issue approximates its carrying amount and is classified within Level 3 of the fair value hierarchy. The fair value has been determined in accordance with generally accepted pricing models based on a discounted cash flows analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties.

The Company plans to sell the investment properties before the end of its term of existence - December 31, 2020, while with part of the proceeds to pre-repay the bond. If this doesn't happened, the Management will propose to the General Meeting of Shareholders that the Company's term of existence to be extended.

## **9 Share capital**

After receiving a license for special investment purpose company ERG was required to increase its outstanding shares by at least 30% through a public offering. On 25 April 2007 the Company received its license and subsequently completed a 50% capital increase within the prescribed period.

The capital of the Company is BGN 2,100 thousand distributed in 2,100,000 common shares with a face value of BGN 1 per share, each with equal voting rights.

The Company's by-laws were amended at the December 2014 General Meeting of shareholders to confirm that the Company should maintain its Reserve fund in the minimum amount of BGN 18,900 thousand (accumulated from the reduction of the face value of the common shares of the Company in 2012), but not less than 1/10 of the capital of the Company.

Since January 2015, as a result of several transactions with ERG shares, the Bulgarian-American Enterprise Fund ("BAEF" or the "Fund") holds indirectly 49.37% of the share capital through ABF, related to BAEF entity (pursuant to the Supplementary provisions of the Public Offering of Securities Act) and does not hold direct ownership in ERG. Following BAEF's Board of Directors decision from September 30, 2015 BAEF was dissolved without being liquidated. ABF as receiver of BAEF's assets, following the principles, policies and controls of BAEF owns directly 49.37% of the share capital of the Company. Majority of ABF Directors are former directors of BAEF.

The owners of BAEF, as set forth in BAEF Certificate of Incorporation, are its Members, who do not own any personal stake in the equity of BAEF, but they manage the assets of the Fund acting as fiduciaries for the ultimate beneficiaries of the BAEF's charitable activities. The Members of BAEF are the Directors of BAEF who established the ABF to receive the assets of the Fund, subject to the Fund's principles, policies and controls. The Directors of BAEF are also Directors of ABF.

The remaining shares are owned by other companies and individuals.

The Company's shares are traded on the Bulgarian Stock Exchange under BSE code 5ER.

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## 10 Earnings per share

Earnings per share is computed by dividing profit or loss for the year available to common shareholders by the weighted average number of common shares outstanding for the period. The Company does not have any diluted shares thus basic and diluted earnings per share are equal. The weighted average number of common shares used in the calculations for 2017 and 2016 is 2,100,000.

## 11 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions or if it is under common control. The Company has entered into transactions with related parties in the normal course of business.

The balances due to/from related companies and the related expense and income at 31 December 2017 and 2016, respectively were as follows:

<u>Related company</u>	<u>2017</u>	<u>2016</u>
Debt securities, net from deferred expenses – ABF*	5,648	5,591
Interest payable on debt securities – ABF*	3,478	2,885
Bond interest expense - ABF	666	620
Expenses for remuneration of the BOD	18	18

\* As of December 31, 2017 ABF is the only bondholder of the bond issue with ISIN code BG2100002125 registered for secondary trading on the Bulgarian Stock Exchange.

## 12 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: credit risk, interest rate risk, liquidity risk and market risk (including currency and price risk).

### **Credit risk**

The Company is exposed to credit risk in its investment activities. Credit risk is the risk that counterparty will be unable to pay amounts in full when they become due. ERG limits the credit risk by ensuring that rental contracts are made with customers with an appropriate credit history and also by having in place bank guarantees and/or company guarantees from the lessees' parent companies for prompt and accurate performance of the obligations under the rental contracts.

### **Interest rate risk**

The interest rate risk relates to the potentially adverse impact of interest rate fluctuations to the Company's profit for the year and equity value. It is the Company's policy to reduce the interest rate risk on floating rate loans through the use of interest rate swaps if necessary. This reduces to a large extent the overall interest rate risk. As of December 31, 2017 the Company has an interest-bearing liability only on the bond issue, which has a fixed interest rate.

### **Liquidity Risk**

The liquidity risk refers to the risk that the Company might not have sufficient cash to meet its obligations and arises from mismatch in cash flows. For the Company, the primary liquidity risk relates to its dependence on the payments of rents and property sales in order to service the debenture loan. The Company aims to maintain positive balance between the incoming and outgoing cash flows on its rents, while its ability to make large one-time outflows depends on its ability to sell properties and/or refinance maturing borrowings.

### **Market risk**

#### **Currency Risk**

The Company is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Rent receivables, debt securities and a significant amount of interest and operating expenses

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are denominated in EUR. The Company does not maintain positions in currency other than EUR and BGN. The BGN/EUR exchange rate of BGN 1.95583 for EUR 1 is fixed under a Currency Board arrangement.

#### Price risk

The Company is exposed to property price and market rental risks. This risk has increased as a result of the global financial crisis that limited the credit availability worldwide and affected negatively the real estate prices and the rental rates. The crisis affected Bulgarian real estate market in the second half of 2008. There was some recovery in the Bulgarian real estate market in 2017, which is expected to continue in 2018, but there is no guarantee that this will lead to increase in the prices of properties owned by the Company. Company's policy is to decrease the price risk by investing in high quality and good location properties.

#### Capital management

The Company manages its capital so as to operate as a going concern company, while seeking to maximize the returns to the shareholders through optimization of the ratio between debt and equity (return of invested capital). The goal of the management is to maintain the confidence of the investors, creditors and the market and to ensure the future development of the Company.

Management of the Company monitors the capital structure based on the ratio of net debt to the equity. Net debt includes long and short term interest bearing loans less cash. The share capital, share premium, reserve fund, accumulated loss/profit represent equity of the Company.

The ratios of net debt to equity as of December 31, 2017 and in 2016 are as follows:

	31 December 2017	31 December 2016
Bond issue	9,126	8,476
Cash	(552)	(694)
Net debt	8,574	7,782
Share capital	15,648	16,436
Debt - capital ratio	0.55	0.47

ERG - 3 does not have a separate unit for internal control. This function is performed by the Board of Directors. The company has a set of internal policies and rules for risk management - including its accounting policy presented in the notes to the financial statements.

#### 13. Events after the date of the statement of financial position

There are no significant events after the date of the statement of financial position that require adjustments or disclosure in the financial statements as of and for the year ending December 31, 2017.

TO  
THE SHAREHOLDERS OF  
ERG CAPITAL - 3 ADSIP

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We audited the financial statements of ERG Capital - 3 ADSIP which includes the statement of financial position as at 31 December 2017 and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to the financial statements that also contain a summary of the significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union (EU).

### Basis for expression of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are further described in our section "Auditor's Responsibilities for the Auditing of the Financial Statements". We are independent of the Company in accordance with the Ethics Code of Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), along with the ethical requirements of the Independent Financial Audit Act (IFAA) applicable to our audit of the financial a report in Bulgaria, and we have fulfilled our other ethical responsibilities in line with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence received is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those issues which, according to our professional judgement, were of the utmost importance in auditing the financial statements for the current period. These issues are considered as part of our audit of the financial statements in general and the formation of our opinion on it, and we do not provide a separate opinion on these issues.

Key Audit matter	How this key audit matter was addressed in the audit conducted by us
<p>1.Valuation of investment property with book value 24 244 thousand BGN Disclosed in note 4. According to SPVA (the Special Purpose Vehicles Act) the company should annually evaluate the fair value of investment property. To estimate the fair value of investment property to 31.12.2017, the board of Directors has engaged a licensed independent evaluator. The report prepared by the evaluator is also used to disclose the fair value of the Investment property in accordance with IAS 40.</p> <p>The company uses the report of the Independent Assessor for impairment conditions. Based on the fair value determined by the independent assessor in December 2017 The Board of Directors has concluded that there is no indication of impairment.</p>	<p>In the course of our audit we have conducted the following procedures in relation to the assessment of investment property:</p> <ul style="list-style-type: none"><li>➢ Assessment of the objectivity and independence of the external evaluators;</li><li>➢ Assessment based on our knowledge of the methodology used industry and key assumptions made, and we also use our internal expert evaluations;</li><li>➢ Checking the sample base of the accuracy of the input data used;</li></ul> <p>We consider that the disclosures in notes 2 and 4 are appropriate;</p>

Key Audit matter	How this key audit matter was addressed in the audit conducted by us
<p>The valuation of the investment property of the company is a key matter for our audit as it requires a significant level of judgement and at the same time investment property is an important part of the total amount of assets. Property assessments contain assumptions, such as information on market transactions, market assumptions, expected rental revenues, discount factors, valuation methods, and more.</p>	
<p>2. Debt Securities as disclosed in Note 2, basis of preparation and Note 8, the Board of Directors has assessed the liquidity position of the company and the change in the due date of the bond issue of 21 February 2018 on 21 February 2021, respectively, and the interest payment period from 72 to 108 months. As of 21.02.2018, the interest rate Of the bond loan was reduced from 10.5% to 9.5%. The company has sufficient liquidity available to settle the pending payment. Bond debt is secured with an one investment property from the investment property - Property Sofia ring. The Board of Directors examines several options for settling the obligation of the bond issue:</p> <ul style="list-style-type: none"> <li>➤ Sale of investment property; and</li> <li>➤ Maturity extension</li> </ul> <p>On the basis of the various options for settling the obligation, the Board of Directors considers that the going concern principle is applicable and there is no significant uncertainty in this regard. According to note 8 the company plans to realise from the investment property before the end of the period of existence-31 December 2020, as with part of the proceeds to repay the bond issue early. In case this does not happen, the management will propose to the general Meeting of shareholders that the period of existence of the company should be extended</p>	<p>In The course of our audit we have conducted the following procedures in relation to the assessment of The liquidity situation of the company:</p> <ul style="list-style-type: none"> <li>➤ We have conducted an assessment of the board of Directors ' assessment of the company's ability to continue as a working enterprise;</li> <li>➤ We have checked whether the bond issue is covered by Sofia ring property;</li> <li>➤ We have conducted an assessment of the assessment made by the Board of Directors of various settlement options.</li> </ul> <p>We consider that the disclosures in note 2, basis of preparation, note 8 are appropriate.</p>

#### Other matters

The financial statements of ERG Capital - 3 ADSIP for the year ended 31 December 2016 are audited by another auditor who has issued an auditor's report with an unmodified opinion on these financial statements dated March 29, 2017.

#### Other information other than the financial statement and the audit report thereon

The management is responsible for the other information. The other information consists of an activity report and a corporate governance statement prepared by management in accordance with Chapter Seven of the Accountancy Act but does not include the financial statements and our audit report thereon.

Our opinion on the financial statement does not cover other information and we do not express any form of assurance conclusion regarding this, unless explicitly stated in our report and to the extent that it is stated.

In relation to our audit of the financial statements, our responsibility is to read the other information and thus to determine whether such other information is materially inconsistent with the financial statement or with our knowledge acquired during the audit, or otherwise appear to contain substantially incorrect reporting. In the event that, on the basis of the work

we have carried out, we conclude that there is substantial misreporting in this other information, we are required to report this fact.  
We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the financial statements**

The management is responsible for the preparation and truthful presentation of this financial report in accordance with the IFRS adopted by the EU and for such an internal control system as the management defines as necessary to ensure the preparation of financial statements that do not contain significant misstatements, whether due to fraud or error.

When preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern by disclosing, where applicable, matters relating to the going concern assumption and using the entity's accounting bases on the going concern assumption unless the management does not intend to liquidate the Company or to cease its activities, or if the management has virtually no other alternative than to do so.

The Audit Committee (Persons charged with governance) shall be responsible for supervising the financial reporting process of the company.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain a reasonable degree of certainty as to whether the financial statements as a whole do not contain materially incorrect reports, whether due to fraud or error, and to issue an audit report that includes our audit opinion. A reasonable level of security is a high level of security, but it is not a guarantee that an audit carried out in accordance with the Independent Financial Audit Act and ISAs will always reveal a significant misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered to be material if it could reasonably be expected that they, alone or as a whole, could have an impact on the economic decisions of users taken on the basis of that financial statements.

As part of the audit in accordance with ISAs, we use professional judgement and retain professional skepticism throughout the entire audit. We also:

- identify and measure the risks of material misstatement in the financial statements, whether due to fraud or error, we develop and perform audit procedures in response to those risks and we obtain audit evidence that is sufficient and relevant to provide a basis for our opinion. The risk of material misstatement resulting from fraud is higher than the risk of material misstatement resulting from error, as fraud may involve covert agreement, counterfeiting, deliberate omissions, statements of introduction the auditor's misconduct, as well as neglecting or circumventing internal control.
- we obtain an understanding of internal control relevant to the audit in order to develop audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal control.
- we assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management.
- we conclude on the appropriateness of management's use of the accounting basis on the basis of the going concern assumption and, on the basis of the audit evidence obtained, whether there is significant uncertainty about events or conditions that could give rise significant doubts about the Company's ability to continue as a going concern. If we come to the conclusion that there is significant uncertainty, we are required to draw attention in our audit report to the disclosures in the financial statements relating to that uncertainty or, in the event that these disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence we have received by the date of our audit report. However, future events or conditions may cause the Company to cease operating as a going concern.
- we evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements present the underlying transactions and events in a manner that delivers credible presentation.



We communicate with those charged with governance, along with other matters, the scope and timing of the audit, and the material audit findings, including significant internal control deficiencies that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with applicable ethical requirements in relation to independence, and that we will communicate with them all relationships and other matters that could reasonably be considered to be relevant to our independence, and, where applicable, associated safeguards.

Among the issues communicated to those charged with governance, we identify the issues that were most relevant to the audit of the current period's financial statements and which are therefore key audit questions. We describe these issues in our audit report except in cases where a law or regulation prevents the public disclosure of information on this issue, or when, in extremely rare cases, we decide that a question should not be communicated in our report, since it could reasonably be expected that the adverse consequences of this action would outweigh the public interest benefits of this communication.

#### **Report on Other Legal and Regulatory Requirements**

##### ***Additional matters to report under the Accountancy Act and the Public Offering of Securities Act***

In addition to our responsibilities and reporting under the ISAs, described above in the section "Other information other than the financial report and the audit report on it" in respect of the activity report, the corporate governance statement, we have also implemented the procedures added to the requirements of the ISAs required in accordance with the Guidelines of the Professional Organization of Certified Public Accountants and Registered Auditors in Bulgaria - Institute of Certified Public Accountants (ICPA). These procedures relate to verification of the existence and verification of the form and content of such other information in order to assist us in formulating an opinion as to whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and the Public Offering Act offering of securities (Article 100n, paragraph 10 of POSA in relation to Art. 100n, para 8, items 3 and 4 of POSA) applicable in Bulgaria.

##### ***Opinion in relation to art. 37, para. 6 of the Accountancy Act***

Based on the procedures carried out, our opinion is that:

- a) The information included in the activity report for the financial year for which the financial statement was drawn up corresponds to the financial statement.
- b) The activity report has been prepared in accordance with the requirements of Chapter 7 of the Accountancy Act And of Article 100 H, para 7 of the Act on public offering of securities.
- c) The corporate governance Statement of the financial year for which the financial statement was drawn up is presented according to the requirements of Chapter 7 of the Accountancy Act And of Article 100 H, para 8 of the Act on public offering of securities.

##### ***Opinion in relation to art. 100 (n), para. 10 In relation to art. 100, para. 8, paragraphs 3 and 4 Of the Act on public offering of securities***

Based on the procedures performed and the acquired knowledge and understanding of the activities of The enterprise and the environment in which it operates, in our view, the description of the main features of the enterprise's internal control and risk management systems in relation to the financial reporting process, Which is part of the activity report (As an element of the content of the corporate governance statement) and information under art. 10 (1) (c), (d), (f), (h) and (i) of Directive 2004/25/EC Of the European Parliament and of the Council of 21 April 2004 on takeover bids do not contain cases of substantial incorrect reporting.

***Additional reporting on the audit of the financial statements in the Relation to art. 100(n) para. 4, item 3 of the Act on public offering of securities<sup>1</sup>***

***Statement in relation to art. 100 (n), para. 4, item 3, letter "B" of the Public Offering of Securities Act***

Information about Transactions with related parties is disclosed in annex 11 To the financial statements. Based on the audit procedures performed by us on related party transactions as part of our audit of the financial statements as a whole, we have not become aware of facts, circumstances or other information on the basis of which to conclude that the transactions with Related parties are not disclosed in the attached financial report for the year ending 31 December 2017 In all the essential respects, in accordance with the requirements of IAS 24, related party disclosures. The results of our audit procedures on related party transactions are considered with by us in the context of the formation of our opinion on the financial statements as a whole and not for the purpose of expressing a separate opinion on the related party transactions.

***Statement in relation to art. 100 (n), para. 4, item 3, letter "C" of the Public Offering of Securities Act***

Our responsibilities for auditing the financial statements as a whole, described in the section of our report "responsibilities of the auditor for the audit of the financial statement", include assessing whether the financial statement presents the essential transactions and events in a Our audit responsibilities for the financial statements as a whole described in the section of our Report "Auditor's Responsibilities for the Audit of the Financial Statements " include assessing whether the financial statements present the significant transactions and events in a manner that delivers credible presentation. Based on our audit procedures on the material transactions underlying the financial statements for the year ended 31 December 2017, no facts, circumstances or other information have been disclosed to us to conclude that there are instances of significant unreliable representation and disclosure in accordance with the applicable IFRS requirements adopted by the European Union. The results of our audit procedures on the Company's significant transactions and events are reviewed by us in the context of our opinion on the financial statements as a whole and not for the purpose of expressing an opinion.

***Reporting under art. 10 of Regulation (EU) № 537/2014 in relation to the requirements of art. 59 of the Independent Financial Audit Act***

According to the requirements of the Law for independent financial audit in relation to art. 10 of Regulation (EU) № 537/2014, we report further and the information set out below.

- BDO Bulgaria OOD has been appointed as a statutory auditor of the financial statements for the year ended 31 December 2017 of ERG Capital - 3 REIT from the General Meeting of Shareholders held on 30.05.2017 for a period of one year.
- The audit of the financial statements for owners for the year ended 31 December 2017 of the Company represents a first time full, continuous commitment to a statutory audit of this entity that we have carried out.
- We confirm that the audit opinion expressed by us is in accordance with the additional report presented to the Audit committee of the company, according to the requirements of art. 60 of the Independent Financial Audit Act.

- We confirm that we have not provided the mentioned in art. 64 of the Independent Financial Audit Act prohibited non-audit services.
- We confirm that in conducting the audit we have maintained our independence towards the company.

BDO Bulgaria OOD  
Sofia, 07.03.2018

  
Stoyanka Apostolova,  
CPA, Registered Auditor  
Managing Partner



  
Nedyalko Apostolov,  
Manager

# ANNUAL MANAGEMENT REPORT ON THE ACTIVITY OF ERG CAPITAL – 3 ADSIP FOR 2017

28 February 2018

"ERG Capital – 3" ADSIP ("ERG-3" or "the Company") is a Bulgarian joint stock company with special investment purpose. Its activity is governed by the Special Investment Purpose Companies Act ("SIPCA") and its related regulations. The Company raises funds through the issue of securities and uses these funds to acquire real estate, in effect implementing real estate securitization.

In 2007, the Company was licensed as a Special Investment Purpose Company by the Financial Supervision Commission ("FSC"). In the same year the Company increased its capital by 50%.

Since its listing as a public company ERG-3 complies with its obligations under the agreements to which it is a party. Its activity is oriented towards managing and/or developing its own real estate investments (three as at the date of this report) in the cities of Sofia, Varna and Burgas and described below and in Note 4 to the financial statements.

## ACTIVITY REVIEW

On 25 April 2007 the Financial Supervision Commission approved the prospectus for mandatory initial capital increase of ERG-3 and licensed the Company as a company with special investment purpose.

Below are the highlights of activity in 2017.

On 30 May 2017 a regular General Meeting of Shareholders ("GMS") of the Company was held, the GMS (1) accepted the reports of the Board of Directors, the Audit Committee and the registered auditor, (2) approved 2016 financial statements of the Company, (3) elected BDO Bulgaria Ltd as Auditor of the Company for 2017 and (4) made changes in the Audit Committee of the Company as required by the new Independent Financial Audit Act. The GMS protocol is available on the Company's website - [www.ergcapital-3.bg](http://www.ergcapital-3.bg) in the "Investor Information" section.

On 3 July 2017 an Extraordinary General Meeting of Shareholders was held, in which Yordan Nikolov Chompalov was discharged as an independent member of the Board of Directors of the Company, and Stanislava Antonova Kuyumdjieva was elected as an independent member of the Board of Directors.

On 10 October 2017 a General Meeting of Bondholders of the Company's Bond Issue was held with ISIN code: BG2100002125. The bondholders accepted the proposal of the Board of Directors for changing the following terms of the issue (1) the term of the bond was extended by three years, as of 21.02.2018, (2) the interest rate of the bond was reduced from 10.5% to 9.5% effective from 21.02.2018; and (3) introduce a rule, that changes in the conditions under which the bonds are issued may be accepted by the General Meeting of Bondholders, but not less than three quarters of the issued bonds, by a decision, taken by a majority of no less than three quarters of the represented bond.

On 23 November 2017 an Extraordinary General Meeting of Shareholders was held, in which the shareholders of the Company reviewed and accepted the decisions of the General Meeting of the Bondholders to amend the Company's bond issue with the ISIN code: BG2100002125 described in the previous paragraph.

On 29 November 2017 the company has assigned the following identification code to a legal entity, the so-called LEI code (Legal Entity Identifier) - 485100RL5O0VM53XN446

In the following discussion we present some comments regarding important aspects of the activity of the Company during 2017:

### 1. Liquidity

As of 31 December 2017 the Company's cash and cash equivalents are in the amount of BGN 552 thousand and other current assets are in the amount of BGN 9 thousand. The current liabilities are in the amount of BGN 31 thousand.

The Company has issued a secured bond with a residual principal as of 31 December 2017 amounting to EUR 2,890 thousand, the maturity of which, following the decisions of the General Meeting of Bondholders from 10 October.2017 and the General Meeting of Shareholders of 23 December 2017 was postponed until 21 February 2021.

### 2. Capital resources

As of 31 December 2017 ERG-3's shareholders' equity is BGN 15,648 thousand. The capital of the Company was paid in full and despite the accumulated losses for the period 2008 - 2016, and it is currently sufficient to support the Company's business activity. At this stage, ERG-3 does not plan any future capital increases.

For each of the properties described below and in Note 4 to the Financial statements, the Company considers two alternatives: a/ to develop it as commercial property and lease it or sell it and b/ to sell it without development in its current condition. In the cases when the Company decides to develop a property, because the management deems this alternative better for the shareholders, the Company will have significant capital outlays for construction, which it is planning to finance with bank loans.

#### **Information about the properties, owned by ERG-3 (Art. 41 of Ordinance 2 of FSC)**

As of 31 December 2017 the Company owned three real estate investments: "Yavor property", "Sofia Ring property" and "Burgas retail property".

Yavor property represents a 14,483 sq. m. land plot (the cadastre measured area is 14,724 sq. m.) and buildings, located in Varna, with administrative address 2 Oreh Str. The property is on Slivnitsa Blvd, which is one of the main boulevards in Varna. The land represents regulated land plot № I-65, located in district 14 from the 26<sup>th</sup> region of Varna and has cadastre identification number 10135.3513.216. During 2009 part of the buildings were demolished. The total built-up area of the buildings as of 31 December 2017 is 14,916 sq. m. (the cadastre measured area), the biggest of which was built in 1989 with total built-up area of 13,383 sq. m., and could be used in future development of the property. The maximum building-development intensity for plot № I-65 is 3.5, which means possible construction of buildings with total built-up area of up to 51,534 sq. m., according to the city plan.

Sofia Ring property represents two land plots with total area of 131,284 sq. m. (the cadastre measured area is 131,262 sq. m.) located on the inner side of the Ring Road with 400 meters face on the Ring Road close to the intersection with Botevgradsko Shosse. The maximum building development intensity is 1.5, which means possible construction of buildings with total built-up area of up to 196,926 sq. m.

Burgas retail property represents 24,966 sq. m. land plot (the cadastre measured area is 24,959 sq. m.) adjacent to Todor Aleksandrov Blvd, which is one of the main boulevards in Burgas. The plot consisted of two regulated land plots: LI - 265 and L - 636, which in 2009 were united in one regulated land plot L-265,636 and has cadastre identification number 07079.659.505. The property is cleared from buildings and construction scrap. According to the effective regulation and the city plan the property is in the 3/Smf1 zone, which, according to the existing standards allows maximum building development intensity up to 2.5 and respectively the possible construction of buildings with total built-up area up to 62,397.5 sq. m.

#### **Acquisitions and disposals of real estate investments in 2017**

During 2017 the Company did not have any acquisitions and disposals of real estate.

#### **Lease agreements executed in 2017**

In 2017 the Company did not execute new lease agreements. During the period the lease for the property in Varna was extended by 11 months. As of 31 December 2017 there are no due and not received rents from the Company for the rented properties.

#### **Construction works, repairs and improvements made in 2017:**

During 2017 ERG-3 did not make any significant constructions works, repairs and improvements to the properties it owns.

### **3. Results from operations**

The Company ended 2017 with a loss for the year of BGN 788 thousand.

The revenue of the Company for 2017 is mainly from renting Varna property under short-term lease agreement with a lease term up to July 31, 2018 – BGN 107 thousand.

During 2017, the main costs are for interest amounting to BGN 666 thousand and operating expenses amounting to BGN 229 thousand.

**Selected indicators of financial and accounting analysis of the company**

<b>1 Profitability ratio</b>	<b>2017</b>	<b>coefficient</b>	<b>2016</b>	<b>coefficient</b>	<b>Diff</b>
	<b>amounts</b>		<b>amounts</b>		
	<b>(TBGN)</b>		<b>(TBGN)</b>		
Sales profitability ratio	<u>(788)</u>	<b>-7.36</b>	<u>(746)</u>	<b>-7.04</b>	-0.32
	107		106		
Return on equity	<u>(788)</u>	<b>-0.05</b>	<u>(746)</u>	<b>-0.05</b>	0.00
	15648		16436		
Return on liabilities	<u>(788)</u>	<b>-0.09</b>	<u>(746)</u>	<b>-0.09</b>	0.00
	9157		8511		
Return on Assets	<u>(788)</u>	<b>-0.03</b>	<u>(746)</u>	<b>-0.03</b>	0.00
	24805		24947		
<b>2 Efficiency Ratio</b>					
Efficiency of expenses ratio	<u>107</u>	<b>0.12</b>	<u>107</u>	<b>0.13</b>	-0.01
	895		853		
Efficiency of income ratio	<u>895</u>	<b>8.36</b>	<u>853</u>	<b>7.97</b>	0.39
	107		107		
<b>3 Liquidity Ratio</b>					
General Liquidity ratio	<u>561</u>	<b>18.10</b>	<u>561</u>	<b>20.09</b>	-1.99
	31		35		
Quick Liquidity ratio	<u>561</u>	<b>18.10</b>	<u>561</u>	<b>20.10</b>	-1.99
	31		35		
Immediate Liquidity ratio	<u>561</u>	<b>18.10</b>	<u>703</u>	<b>20.09</b>	-1.99
	31		35		
Absolute Liquidity ratio	<u>552</u>	<b>17.81</b>	<u>694</u>	<b>19.83</b>	-2.02
	31		35		
<b>4 Financial solvency ratio</b>					
Financial solvency ratio	<u>15648</u>	<b>1.71</b>	<u>16436</u>	<b>1.93</b>	-0.22
	9157		8511		
Debt ratio	<u>9157</u>	<b>0.59</b>	<u>8511</u>	<b>0.52</b>	0.07
	15648		16436		
<b>5 Return on Equity</b>					
Return on equity	<u>(788)</u>	<b>-0.05</b>	<u>(746)</u>	<b>-0.05</b>	0.00
	15648		16436		
Return on assets	<u>(788)</u>	<b>-0.03</b>	<u>(746)</u>	<b>-0.03</b>	0.00
	24805		24947		

#### 4. Risks

The Company is operating in the area of real estate investment and the main risks it faces are related to the development of the real estate sector in Bulgaria and to retail space in particular. Listed below are the main Company specific risk factors:

- Rising construction costs
- Rising interest rates
- Market price decreases of both real estate assets and rental levels
- Increase in the cost of insurance
- Dependence of the income stream on the financial condition of the future tenants
- Unexpected maintenance expenses
- Risk of occurrence of an uninsured event.

In addition to the Company specific risk factors, ERG-3 also faces some general risks, associated with doing business in Bulgaria. These are as follows:

- Risk of unfavorable legislative changes
- Risk of economic downturn
- Credit risk
- Currency risk
- Inflation risk.

There was a recovery in the Bulgarian real estate market during 2017, which will probably continue in 2018, but there is no guarantee that this will lead to an increase in the prices of properties owned by the Company and accordingly to improvement of the financial condition and operating results of the Company.

#### 5. Important events after the date of the Financial Statements

No important events (other than the ones described in this report) have occurred after the date of the Financial Statements until the date of this report that might have significant impact to the financial position and the operating results of the Company.

#### 6. Expected developments and plans for 2018

At this stage, the Company does not plan any further capital increases or new real estate acquisitions. For each of the properties described above and in Note 4 to the Financial statements, the Company is actively looking for buyers, but there is no guarantee that it will be able to sell any of the properties in 2018. The Company also considers the alternative option to develop the properties and to lease / sell them as commercial properties. In such case, when the company chooses this alternative option, due to the management judgment that such option is better off for shareholders, the Company will make significant capital construction costs, which plans to finance with bank loans.

#### 7. Research and development

ERG-3 is operating in the real estate sector and is not involved in any research and development activities.

#### 8. Use of financial instruments

As at 31 December 2017 the Company has outstanding bond's principal in the amount of EUR 2,890 thousand (out of issued EUR 6,800 thousand) with yearly coupon of 10.5% and it is secured by mortgage recorded over Sofia Ring property. The interest is due at the bond's maturity. On 10 October 2017 a General Meeting of Bondholders was held where the bondholders approved the proposal of the Board of Directors to change the following terms of the bond issue:

1. The term of the bond is extended with three years from 21.02.2018, with the maturity date of the bond /residual principal at the date of this General Meeting of 2.89 million euro/ is changed from 21.02 .2018 to 21.02.2021 and the maturity and period of the interest payment changed from 72 months to 108 months respectively.
2. The interest rate of the bond shall be reduced from 10.5% (ten point five percent) to 9.5% (nine point five percent) as of 21.02.2018.
3. A rule is introduced that changes in the conditions under which the bonds are issued may be accepted by a General Meeting of Bondholders, representing at least three quarters of the issued bonds, by a decision taken by a majority of not less than three-quarters of the bonds.

The changes described in the previous paragraph were accepted on 23.11.2017 at a General Meeting of Shareholders of the Company.

#### **9. Branches**

ERG-3 has not registered and does not have any branches.

#### **10. Share buy backs**

Unlike the other public companies the companies with special investment purpose are not allowed by law to buy-back their own shares under the conditions of art.111, (5) of the Public Offering of Securities Act (POSA). Therefore, by virtue of the law, ERG-3 is not allowed to purchase or own any of its shares and the Company has never traded in its own shares.

#### **11. Periodic information disclosed by companies with special investment purpose**

11.1. According to the requirements of Art. 41, para. 1 item 6 of Ordinance No. 2: ERG Capital - 3 does not own shares of its servicing company - Bulgarian American Management Company EOOD.

11.2. According to the requirements of Art. 41, para. 1, item 7 of Ordinance No. 2 of 17.09.2003:

A) Share of assets, rented as a percentage of total securitized assets:

As of 31.12.2017 the share of rented properties as a percentage of total securitized properties owned by ERG Capital - 3 is 17.8% (based on propertybook values).

B) Information for sale or purchase of a new asset, exceeded 5% of total securitized assets after the date of the annual financial statement:

None.

C) Major constructions, repairs and improvements of the real estates:

None.

D) Percentage of unpaid rents and lease payments of total receivables from all rental, and lease agreements of the Company: 0%

11.3. According to the requirements of Art. 41, para. 1, item 8 of Ordinance No. 2 of 17 September 2003. The Company has no securitized receivables.

#### **CORPORATE GOVERNANCE**

The Company adopted its Good Corporate Governance Program (GCGP) in 2007. During 2016 the activities of the Company and of the Board of Directors have been in compliance with the GCGP and the National Corporate Governance Code, after its approval by the FSC.

The discussion in the following sections provides additional information on the Company's share capital and disclosures related to its corporate governance, whereas in addition and pursuant to Article 100n, para 7 and 8 of the POSA and with respect to the corporate governance of the Company the Management hereby declares the following:

1. The Company complies as appropriate with the National Corporate Governance Code approved by the -Deputy- Chairman of FSC, running the "Investment Activity Supervision" division. The Company complies as appropriate with the recommendations of the Code contained in Chapters 1-5, as far as they are applicable to the nature, the structure and the activities of the Company (*for example with respect to the first chapter, the Company may comply only with the recommendations concerning the one-tier management system*), with the exceptions listed below;

2. In addition to the National Corporate Governance Code, the Company has adopted and complies with its own Program for good corporate governance, which can be found on the website of the Company;

3. Currently the Company does not comply with to the following recommendations of the National Corporate Governance Code:

- The Chairman of the Board of Directors of the Company is not the independent director, whereas this position is entrusted to Kostadin Petkov due to his the widest experience in the management and sales of real estates;
- The Company has not designated in its Bylaws the number of companies in which members of the Board of Directors can hold managerial positions since such a restriction is not required by the legal form and activities of the Company. As a company with a special investment purpose, ERG Capital - 3 ADSIP cannot directly operate and maintain of the acquired real estates and assigns these activities to its servicing company. Therefore, the participation of the members of the Board of Directors in other companies would not obstruct their work as members of the Board of Directors of the Company;
- The Company has not limited the number of consecutive mandates of its independent member.
- The Company does not foresee payment of additional incentives to fixed remuneration of the Directors. According to the adopted policy for the remuneration of members of the Board of Directors, the Company does not pay variable remuneration or provide such in the form of shares, stock options or other rights to acquire shares. The amount of



remuneration of the Board of Directors of the Company is determined so that: (i) the Directors are not encouraged to take risks exceeding the normal acceptable level of risk in carrying out their activities; (ii) it will meet not only the short-term, but also the medium-term and long-term goals and interests of the Company; (iii) the Company will be able to hire professionals, who will participate in the management of the Company while avoiding possible conflicts of interest between the Company and its Directors.

4. As for the description of the main features of the internal control system and the risk management system of the issuer in relation to the financial reporting process: as stated below in this report the Company has no separate unit for internal control. This function is performed by the Audit Committee. Part of the control activities of the Audit Committee include review of quarterly financial statements and the accompanying notes to the financial statements, for the accuracy, completeness and compliance with appropriate accounting principles prior to their publication; review of the financial policy of the Company; review the adequacy of accounting and financial services; overseeing the work of the registered independent auditor and others. An exemplary result of the effectiveness of the internal control system is the timely preparation, disclosure and publication of financial statements of the Company before the Financial Supervision Commission, a trustee bank, Bulgarian stock exchange and the public. The company has a set of internal policies and rules for risk management - including its accounting policies presented in the notes to the financial statements. Part of the internal control and risk management systems are also the meetings conducted with the experts engaged by the servicing company. Risk management is also linked to the efforts and the early actions carried out, as far as it is possible, in order to forecast, identify and control the risks
5. As for the information under Article 10, para 1, letter "c", "d", "f", "h" and "i" of the Directive 2004/25 /EU of the European Parliament and of the Council of 21 April 2004 on take-over bids: such information, as far as it is applicable to the Company, could be found below in item 4 Controlling shareholders, item 9 Voting rights restrictions, item 11 Appointment of the Board of Directors and amendments and supplements of Bylaws and item 12 Powers of the Board of Directors. In addition to the above, during the period January 1, 2017 - December 31, 2017 the Company has not received notifications, from individuals or legal entities, reporting an acquisition or a sale of shares of the Company, as a result of which the voting right of an individual or a legal entity reached, exceed or fell below one of the following threshold: 10%, 20%, 1/3, 50% and 2/3.
6. With respect to the composition and functioning of the administrative, management and supervisory bodies and their committees: The Company has one-tier management system and it is managed by a Board of Directors whereas its members are as follows: Boyan Ikonov, Kostadin Petkov and Stanislava Kuyumdjieva (Yordan Chompalov till July 2017). The powers of Board of Directors are described in item 12 below.

## SHARES OF THE COMPANY

### 1. Capital structure

#### Share Capital (Item 1, Appendix 11 to Ordinance 2 of FSC)

At 31 December 2017, the Company has outstanding share capital of BGN 2,100 thousand comprising of 2,100,000 shares, each with a nominal value of BGN 1. All the issued and outstanding shares are fully paid-up. During 2017 there were no changes in the number of shares outstanding.

ERG-3 has a single class of ordinary shares, representing 100% of its registered capital. Each of the shares ranks pari passu amongst themselves, with no preferential rights attached to any of the shares. Each share entitles its holder to one vote at a general meeting of shareholders, to dividends when declared and to participate in a liquidation of the Company in proportion to the nominal value of the share. The Company does not have non-listed shares.

The following table shows the issued and outstanding share capital of the Company at the dates indicated:

	Number of issued shares	Paid-up share capital (thousand BGN)
31 December 2016	2,100,000	2,100
31 December 2017	2,100,000	2,100

#### Pre-emption Rights

Each holder of shares has pre-emptive rights to subscribe for any new shares or convertible bonds issued by the Company pro rata to its existing holding of shares. The number of shares required to subscribe for one new share or convertible bond must be specified in the shareholder resolution approving the share capital increase. Under Bulgarian law, pre-emption rights may not be removed in any way, unless those pre-emption rights are automatically removed by operation of Bulgarian law, which occurs whenever shares are issued for the following purposes: (i) to be allotted to holders of interests in another company as part of a merger or a non-cash tender offer for the shares in that company; (ii) to be allotted to holders of convertible bonds or warrants due to the conversion of those instruments.

If the capital increase is authorized by a shareholder resolution, the pre-emption rights accrue to those persons registered as shareholders at the Central Depository on the ex-dividend date, i.e. 14 days following the date of the shareholders' resolution. If the capital increase is authorized by a resolution of the Board of Directors, the pre-emption rights accrue to those persons registered as shareholders at the Central Depository on the seventh day after the publication of the announcement of the rights issue pursuant to the terms and conditions of the Public Offering of Securities Act. On the business day following the ex-dividend date (or the seventh day after the announcement, as appropriate) the Central Depository opens rights accounts in the name of the relevant shareholders based on the register at the Central Depository at such date.

The first date on which pre-emption rights may either be: (1) exercised to subscribe for new shares or convertible bonds; or (2) traded on the BSE is required to be specified in the announcement of the rights issue. The final date for the exercise of pre-emption rights must be between fourteen and thirty days from the date set for the first exercise of such rights. All rights not exercised within this time must be offered to the public by means of an auction organized by the BSE five business days after the final date on which rights may be traded. This auction is open for a period of one day. Any right acquired pursuant to the auction could be exercised within ten business days of the auction.

## 2. Restrictions on Share Transfers (item 2, Appendix 11 to Ordinance 2 of FSC)

In general there are no limitations on the transfer of the shares and shareholders do not need the approval of the Company or of any other shareholder in order to do so.

## 3. Principal Shareholders (item 3, Appendix 11 to Ordinance 2 of FSC)

The following table sets out details, insofar as they are known to the Company, of the interests in shares held by persons who are directly or indirectly interested in five per cent or more of the Company's issued share capital at the date of this document.

### At 31 December 2016

Shareholder	Number of shares Owned at 31.12.2017	% of Voting shares at 31.12.2017
America for Bulgaria Foundation ("ABF") as the receiver of the assets of the Bulgarian American Enterprise Fund ("BAEF" or the "Fund")	1,036,700	49.37
Frank Louis Bauer	165,509	7.88
Michael David Hunsberger	124,500	5.93

Save as disclosed in the table above, the Company is not aware of any person who is holding directly or indirectly 5% or more of the Company's registered share capital.

None of the Company's shareholders have different voting rights from any other holder of shares in respect of any shares held by them.

## 4. Controlling Shareholders (item 4, Appendix 11 to Ordinance 2 of FSC)

No shareholders of the Company exercise any special controlling rights.

By virtue of the Company's bylaws the general meeting of the shareholders has a quorum if at least 50% of the voting shares are presented. Pursuant to the provisions of the Company's bylaws certain decisions of the shareholders' meeting are taken with majority of  $\frac{3}{4}$  of the shares represented at the general meeting. Unless otherwise provided by law or by the Company's bylaws the decisions of the general meeting are taken with a 50% majority of the shares represented at the general meeting. These provisions set forth higher majorities than those generally required in the Commercial Act.

## 5. Remuneration of the Members of the Board of Directors

In 2017 Directors received gross remuneration from ERG-3 in the amount of BGN 18,000 (excluding VAT) based on the decisions of the AGM. According to these decisions each member of the Board of Directors receives gross remuneration in the amount of BGN 500 per month. Save for these payments the Company has not made any other payments to its directors in whatever form.

## 6. Employees and Directors as Shareholders

Company's directors (Boyan Ikonov and Kostadin Petkov) hold certain interest in the Company's shares, which is equal to 1.16% of its share capital at 31 December 2017. The single employee of the Company does not own any shares. Each director and employee votes his shares on his/her own and the Company is not aware of the existence of any control system imposing voting limitations. (item 5, Appendix 11 to Ordinance 2)

The Company is not aware of any shareholder agreement, restriction or limitation being imposed on directors or employees in voting their shares. Each shareholder exercises his/her voting right or may choose to authorize a third party of its own choice to vote by proxy. The Company is not aware of any directors' or employees' shares being blocked or restricted. The table below provides information on director's and their respective representatives' dealings with Company's shares in 2017:

Director	Shares owned on 31 December 2016	Net purchases (sales) of Company shares	Shares owned on 31 December 2017
Kostadin Petkov	17,000	-	17,000
Yordan Chompalov till 03 July 2017	-	-	-
Stanislava Kuyumdjieva from 03 July 2017	-	-	-
Boyan Ikonov	7,450	-	7,450

Directors do not have any special rights or privileges to acquire securities issued by the Company.

## 7. Directors as owners of beneficial interest in other legal entities or as Directors

### 7.1. Yordan Chompalov (from 01.01.2017 till 03.07.2017)

7.1.1. Does not participate in any trade company as a general partner with unlimited liability;

7.1.2. Owns more than 25% of the capital in the following companies:

- "DTT" OOD;

7.1.3. Does not serve as director in other companies.

### 7.2. Stanislava Kuyumdjieva (as of the date of this report)

7.2.1. Does not participate in any trade company as a general partner with unlimited liability;

7.2.2. Does not own more than 25% of the capital in a trade company;

7.2.3. Serves as director/member in the following companies:

- Pizza Lab AD, Member of the Board of Directors.

### 7.3. Kostadin Petkov (as of the date of this report)

7.3.1. Does not participate in any trade company as a general partner with unlimited liability;

7.3.2. Owns more than 25% of the capital of the following companies:

- MMTT Petkov Engineering EOOD;

7.3.3. Serves as director/member of board in the following companies:

- MMTT Petkov Engineering EOOD;

- Association "Institute for interdisciplinary researches and technologies";

- Foundation "Center for economic strategy and competitiveness";

- Association "Red hearts";

- Association "Basketball club Sofia".

### 7.4. Boyan Ikonov (as of the date of this report)

7.4.1. Does not participate in any trade company as a general partner with unlimited liability;

7.4.2. Owns more than 25% of the capital of the following companies:

- KMN Consult EOOD;

7.4.3. Serves as director/member of board in the following companies:

- KMN Consult EOOD;

## 8. Conflicts of interest

In 2017 none of the Directors has entered into any agreements with the Company outside of its scope of activity or on terms and conditions different from those prevailing on the market.

## 9. Voting Rights Restrictions (item 6, Appendix 11 to Ordinance 2 of FSC)

The Company is not aware of any restrictions or limitations on voting rights on any grounds. A limitation may arise by law regarding voting on certain deals with interested parties as stipulated in article 114 of POSA.

#### **10. Restrictive Shareholder Agreements (item 7, Appendix 11 to Ordinance 2 of FSC)**

The Company is not aware of any agreements between any of its shareholders that might lead to restrictions in transferring the Company's shares or in exercising voting rights.

#### **11. Appointment of the Board of Directors and amendments and supplements of Bylaws (item 8, Appendix 11 to Ordinance 2 of FSC)**

The by-laws of the Company provide for a one-tier management system consisting of a Board of Directors. Members of the Board of Directors may be either individuals or legal entities.

##### **Board of Directors**

Bulgarian law and the Company's bylaws provide that the Board of Directors must consist of at least three and not more than seven persons. The members of the Board of Directors may be appointed and dismissed by a resolution passed by a majority of  $\frac{3}{4}$  of the shareholders in general meeting. Under Bulgarian law at least one third of the members of the Board of Directors should be independent (i.e. (i) not being an employee of the Company, (ii) not being a majority shareholder or a person related to the Company, (iii) not being in a long-term commercial relationship with the Company, (iv) not being a board member, procurator or employee of an entity under (ii) and (iii) or (v) being related to another member of board of the Company).

The Company's by-laws provide that a quorum of at least half of all Board members is necessary for a valid meeting and for passing of resolutions. Unless otherwise provided by law or by the Company's bylaws the decisions of the Board are taken with simple majority of Board members.

The Board has authorized the Executive Director to represent the Company and to take responsibility for its daily operations.

Board members may be re-elected without limitation and may be dismissed at any time by the Shareholders meeting. A board member may resign and require to be deregistered as a Board member in the commercial register with notice in writing addressed to the Company.

##### **Amendments or supplements to the bylaws**

The Company's by-laws provide that the shareholder resolution to amend or supplement the by-laws requires the approval of  $\frac{3}{4}$  of the voting shares present at the meeting. The Financial Supervision Commission has the power to issue a "stop order" or a compulsory instruction or injunction to the Company if any resolution of the shareholders in general meeting or resolution of the Board of Directors is found to be illegal. The Financial Supervision Commission alone may make such an order if a resolution of the Board would be detrimental to the interests of shareholders or other investors.

Amendments and supplements to the by-laws of the Company are only effective at the date of the registration of the resolution at the Bulgarian commercial register.

#### **12. Powers of the Board of Directors (item 9, Appendix 11 to Ordinance 2 of FSC)**

The Board of Directors is responsible for securing the lawful and viable operation of the Company. It resolves on all issues that are not of the exclusive competence of the General meeting of the shareholders. The Board of Directors reports on its activities to the General Meeting of the Shareholders.

The most important resolutions of the Board of Directors are listed below:

- conclude, terminate and rescind agreements with the Depository Bank;
- control the execution and performance of the agreements with the Servicing Company/ies and with the Depository Bank;
- take decisions to invest the Company's free funds in accordance with the requirements and the restrictions set forth by the Law on Companies with Special Investment Purpose, the By-laws and the current legislation;
- take decisions to take bank credits and conclude loan agreements with banks:
  - (a) for acquisition or completion of real estate for securitization including loans which for the current year amount to more than  $\frac{1}{2}$  of the total assets of the Company according to the certified financial report, and
  - (b) in the amount of up to 20% of the book value of the total assets of the Company which loans shall be used for payment of interest and only if the term of the loan is not exceeding 12 months;
- take decisions for providing collateral to the loan agreements under the above item including the case when the amount of the collateral for the current year exceeds  $\frac{1}{2}$  of the total assets of the Company as per the certified financial report;
- take decisions to invest up to 10% of the registered capital of the Company in a servicing company;
- elect and dismiss an executive director/s;

- take decisions for issue of bonds under the terms and conditions of Art. 13, para. (3) and (4) of the by-laws.
- Based on proposals from the Servicing Company/ies decides on acquisitions and sales of real estate investments within the limitations of the Law and the By-laws.

The Board of Directors resolves on all issues that are not of the sole competence of the General Meeting.

Unlike the other public companies the companies with special investment purpose are not allowed by law to buy-back their own shares under the conditions of art.111, (5) of POSA.

### **13. Agreements Representing a Takeover Defense (Item 10, Appendix 11 to Ordinance 2 of FSC)**

The Company is not aware of any agreements that shall become in effect, supplemented or cancelled in the event of change in control or a takeover bid.

### **14. Agreements on Severance Packages in Case of Termination of Employment (item 11, Appendix 11 to Ordinance 2 of FSC)**

The Company is not aware of any arrangements between the company and its directors or employees that may result in extra payments, bonuses or other compensation in case of termination of employment, dismissal or cancellation of employment without any legal grounds or due to a takeover bid.

## **ADDITIONAL INFORMATION (APPENDIX 10 TO ORDINANCE 2 OF FSC)**

### **1. Main goods and services**

ERG-3's main activity is managing and/or developing and leasing and/or sale of the properties it owns.

### **2. Revenue by type of activity, geography and main service providers**

In 2017, there is no revenue from sales of investment properties.

The revenue of the Company for 2017 is mainly from renting Varna property under short-term lease agreement with a lease term up to July 31, 2018 – BGN 107 thousand.

During 2017 the total amount of expenses of the Company are at the amount of BGN 895 thousand, of which 74.4 % represent interest and expenses related to the bond issue maturing on 21 February 2021 and 5.25% represent expenses for the servicing company.

### **3. Significant deals in 2017**

Please refer to Acquisitions and disposals of real estate investments in 2017 and Lease agreements executed in 2017 above.

Except for the deals described in these paragraphs, during 2017 the Company has not executed other deals that are significant to its operations.

### **4. Deals or proposals for deals with related parties**

There were no such new deals in 2017.

### **5. Unusual events with significant impact on the activities**

In 2017 there were no unusual events that could have a material impact on the activity of the Company, its financials and results from operations safe for the ones disclosed in this document.

### **6. Off-balance sheet commitments**

All off-balance sheet assets or liabilities are disclosed in the Notes 5, 8 and 9 to the financial statements.

### **7. Ownership of other legal entities**

ERG-3 does not own shares or any other ownership interest in other companies.

#### **8. Loans of the Company, extended guarantees or other assumed obligations**

At 31 December 2017 ERG-3 has one listed bond issue with details provided in this report and in Note 7 to the Financial statements.

The Company is prohibited by law to and it has not extended any guarantees to any third party.

#### **9. Loans by the Company**

By law ERG-3 is not allowed to provide loans to any party and in 2017 the Company has not entered in such deals.

#### **10. Use of funds from a new issue of securities**

In 2017 the company did not issue any new securities.

#### **11. Comparison of financial results with prior earnings forecasts**

ERG-3 does not publish earnings forecasts.

#### **12. Capital budgeting, liability management, threats and measures**

ERG-3's policy in managing its financial resources is adequate and the Company has sufficient resources to service its obligations and to fund its activities. For details, please see above the sections on Liquidity and Capital Resources.

#### **13. Planned investments and their funding**

The information is in section 7. *Expected developments and plans for 2018* above.

#### **14. Change in governance principles and in the group companies under the Accountancy Act of the Company**

There were no changes to ERG-3's governance principles.

#### **15. Internal control and risk management**

ERG-3 does not have a separate internal control unit rather this function is exercised by the Board of Directors. The Company has an internal set of policies and rules for risk management, including its accounting policy, presented in the notes to the Financial Statements.

#### **16. Changes of the Board of Directors (item 16, Annex 10 to Ordinance 2 of the FSC)**

During 2017 the following changes are made in the Board of Directors of the Company:

With a resolution of the General Meeting of Shareholders held on 03.07.2017, Yordan Nikolov Chompalov was discharged as an independent member of the Board of Directors of the Company and in his position was elected Stanislava Antonova Kuyumdjieva as an independent member of the Board of Directors of the Company.

#### **17. Remuneration of the Board of Directors**

During 2017 the members of the Board of Directors received gross remuneration from ERG-3 in the amount of BGN 18,000 (net of VAT). For more details, please see the section on Corporate Governance above.

#### **18. Shares owned by Directors**

The Company has a single class of shares and it has not issued any options. For more details on Director's ownership of shares, please see the section on Corporate Governance above.

#### **19. Possible change in control**

The Company is not aware of any negotiations or agreements that may result in change of ownership of its shares held by

current shareholders.

## 20. Court, administrative or arbitration procedures

The Company is not a party to any pending, court, administrative or arbitration proceedings, regarding receivables or obligations exceeding 10% of its shareholders' equity.

## 21. Investor relations officer

Svetozara Stoyanova-Tavityan  
3 Shipka Str.  
Sofia, 1504

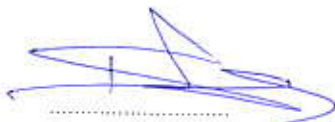
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## CHANGES IN THE PRICE OF THE SHARES

According to infostock.bg between 1 January 2017 and 31 December 2017, 3047 shares of the Company were traded for a total value of BGN 18,044 at prices ranging between BGN 5.00 and 6.00 per share. During the period the Company's share price remained relatively constant, but with a low traded volume. The last deal at BSE-Sofia for 2017 was executed on 29 December 2017 for 5 shares at BGN 5.90 per share.



Boyan Nikolov Ikonov  
Executive Director

