

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FIRST QUARTER 2021

Atlas Estates Limited
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ATLAS ESTATES LIMITED

Contents

Page

| | |
|----|--|
| 3 | Financial Highlights |
| 4 | Chairman's Statement |
| 6 | Review of the Property Manager |
| 14 | Key Property Portfolio Information |
| 15 | Interim Condensed Consolidated Financial Information |
| 21 | Selected Notes to the Interim Condensed Consolidated Financial Information |
| 36 | Interim Condensed Non-Consolidated Financial Information |

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Financial Highlights

| Selected Consolidated Financial Items | Three months ended 31 March 2021 (unaudited) €'000 | Year ended 31 December 2020 (audited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|---|---|--|---|
| Revenues | 2,834 | 15,105 | 5,799 |
| Gross profit | 984 | 6,041 | 2,224 |
| Increase in value of investment properties | - | 1,317 | - |
| (Loss)/ Profit from operations | (569) | 483 | 363 |
| Loss before tax | (368) | (5,307) | (2,068) |
| Loss for the period | (635) | (4,975) | (1,754) |
| Net cash (used in)/ from operating activities | (24) | 3,548 | (1,002) |
| Net cash (used in)/ from investing activities | (2,688) | (7) | (159) |
| Net cash (used in)/ from financing activities | (1,386) | (5,353) | (1,415) |
| Net decrease in cash | (3,175) | (5,340) | (4,475) |
| Non-current assets | 182,795 | 185,258 | 191,931 |
| Current assets | 53,067 | 53,734 | 64,198 |
| Total assets | 235,862 | 238,992 | 256,129 |
| Current liabilities | (25,685) | (25,520) | (30,723) |
| Non-current liabilities | (92,564) | (93,929) | (93,975) |
| Total liabilities | (118,249) | (119,449) | (124,698) |
| Basic net assets (1) | 117,613 | 119,543 | 131,431 |
| Number of shares outstanding | 46,852,014 | 46,852,014 | 46,852,014 |
| Basic and diluted loss (eurocents) | (1.4) | (10.6) | (3.7) |
| Basic net asset value per share (€) | 2.5 | 2.6 | 2.8 |

(1) "Basic net assets" represent net assets value as per the consolidated balance sheet.

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Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited condensed consolidated quarterly report of Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the quarter ended 31 March 2021.

The International Monetary Fund estimated that the global economy shrunk by 4.4% in 2020 and described the decline as the worst since the Great Depression of the 1930s. COVID-19 pandemic has spread with alarming speed, infecting millions and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. As the effects of COVID-19 are felt around the world, real estate companies were also impacted in different ways, largely dependent on region and asset class. This involved also *Hilton* and *Golden Tulip* hotels owned by the Group. The financial consequences were summarized on page 12.

Reported Results

As of 31 March 2021 the Group has reported basic net assets of €117.6 million.

The decrease of basic net asset value by €1.9 million (i.e. 2%) from €119.5 million as at 31 December 2020 is primarily a result of:

- 1% depreciation of PLN against EUR in the first quarter 2021;

Majority of the Group assets are located in Poland and reporting in PLN functional currency. While preparing consolidated accounts of the Group, their balances were translated into EUR reporting currency, which resulted in €1.3 million loss reported in translation reserve;

- loss after tax amounts to €0.6 million for the three months period ended 31 March 2021.

Loss after tax amounts to €0.6 million for the three months period ended 31 March 2021 as compared to loss after tax of €1.7 million for the three months period ended 31 March 2020. The change of the loss after tax was mainly attributable to the restriction of trade due to nationally imposed social distancing measures on hotels operations in the first quarter 2021 as compared to the same period of 2020 due to outbreak of COVID-19 (further explained on page 12).

Financing, Liquidity and Forecasts

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and mitigating factors. These forecasts incorporate management's best estimate of future trading performance, potential sales of properties and the future financing requirements of the Group.

In determining the going concern basis of the Group the Board have considered worst case scenarios that can be anticipated and in all scenarios forecasts show that the Group shall have sufficient cash and cash equivalents to meet expected liabilities as they fall due for a period of not less than 12 months from the date of these interim financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial information for the three months ended 31 March 2021, as set out in accounting policies to the condensed consolidated financial information.

Investing Policy

Atlas invests mainly in Poland in a portfolio of real estate assets across a range of property types, where approximately 93% of its assets are located. We actively target Poland, where we believe we have the best capabilities and footprint. Atlas also operates in the Romanian and Bulgarian real estate markets.

We may employ leverage to enhance returns on equity. Wherever possible, the Directors intend to seek financing on a non-recourse, asset by asset basis. The Company has no set limit on its overall level of gearing. However, it is anticipated that the Company shall employ a gearing ratio of up to 80% of the total value of its interest in income-generating properties within its property portfolio.

Net Asset Value ("NAV") and Adjusted Net Asset Value ("Adjusted NAV")

In the three months to 31 March 2021, NAV per share decreased from €2.6 per share to €2.5 per share. The NAV per share as at 31 March 2020 was €2.8. The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The decrease is mainly attributable to the above-described decrease in net assets.

ATLAS ESTATES LIMITED

As in the previously reported quarterly results, the Adjusted NAV per share, which includes valuation gains net of deferred tax on development properties held in inventory has not been included. The Adjusted NAV per share is calculated on an annual basis when the market valuation of the Group's assets portfolio takes place.

Prospects

The Board's experience in Polish market causes us to believe that the Group should still focus on strengthening as well as expanding our real estate portfolio in Poland.

On 10 February 2021 the Group established a joint venture company (Atlas MG Sp. z o.o.) together with PL Properties Sp. z o.o. (Magnus Group). This new subsidiary concluded a preliminary agreement to acquire a plot in Warsaw on which a construction of residential project is expected. The execution of the final agreement is dependent on several factors, one of which is obtaining building permit till August 2024.



Mark Chasey
CHAIRMAN
31 May 2021

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Review of the Property Manager

In this review we present the financial and operating results for the three months ended 31 March 2021. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 31 March 2021, the Company held a portfolio of twelve properties comprising six investment properties of which three are income yielding properties, three are held for capital appreciation, two hotels and four development properties (see note 12).

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 93% (by value) of the Group's portfolio located there. The Polish economy has been one of most resilient economies in Europe. The outbreak of coronavirus in the world and its occurrence in Poland affected the economic growth of this country. International Monetary Fund predicts that GDP will decrease in Poland in 2020 by 3.6%, whereas in 2021 it anticipates GDP growth of 4.6%.

Hilton Hotel, Warsaw

The *Hilton* hotel in the Wola district of Warsaw is the Group's flagship asset. The hotel was continuously performing at a satisfactory level until the outbreak of COVID-19, as disclosed on page 12.

Atlas Tower (former name: Millennium Plaza), Warsaw

The Atlas Tower is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 85% as of 31 March 2021 (93% as of 31 December 2020). The decrease of occupancy is a result of a termination of an agreement with a tenant, whose main activity was focused on organizing a conferences. The Group completed a renovation project in 2019 of some of the public spaces, which attracts new tenants and currently focuses on reletting the available space.

Galeria Platinum Towers

Commercial area on the ground and first floors of Platinum Towers with 1,904 sqm of gallery and 208 parking places almost fully let to tenants.

Apartamenty przy Krasińskiego

Apartamenty przy Krasińskiego project is a development in the Żoliborz district of Warsaw.

The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 31 March 2021 all apartments and retail units were sold or presold.

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 31 March 2021 all apartments from all stages were either sold or presold, whereas 1 retail units remains available for sale.

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks – Voluntari and Solaris. The occupancy rates at the Golden Tulip decreased from 40% for the three months ended 31 March 2020 to 20% for the three months ended 31 March 2021. The Golden Tulip hotel was subject to a sales agreement and was expected to be sold during 2020, see note 12.

Bulgaria

The Group holds one income yielding property in Bulgaria, the Atlas House, which is a ca. 3,500 sqm office building in Sofia.

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Financial Review

The on-going analysis of the economics of the region and the key measures of the sectors in which the Group operates are vital to ensure it does not become overexposed to, or reliant on, any one particular area. AMC evaluates the risks and rewards associated with a particular country, sector or asset class, in order to optimise the Company's return on investment and therefore the return that the Company is able to deliver to Shareholders over the longer term.

Portfolio valuation and valuation methods

The latest independent valuation was performed on 31 December 2020 and has been used in the interim condensed consolidated financial information at 31 March 2021.

A valuation of the entire property portfolio is carried out on an annual basis by external and internal experts. The internal valuations calculated by the Property Manager concerned completed development projects in Warsaw and land asset near Gdansk (Kokoszki). The results of these internal valuations were not reflected in net assets as presented in the consolidated statement of financial position since these projects are classified as inventory and there is no need to impair these balances.

As of 31 December 2020, Jones Lang LaSalle were our independent qualified experts who have carried out the valuation of our properties located in Poland, Bulgaria and Romania, excluding Kokoszki which was subject to management internal valuations based upon recent transactions. It should be underlined that the valuation of Atlas property portfolio as of 31 December 2020 was reported by Jones Lang LaSalle on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global and subject to the following clause:

"The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuations under frequent review".

Although Atlas property portfolio represents various property sectors (office, retail and hotel) and the above clause seems not apply equally for all, Jones Lang LaSalle concluded that taking into account the "second lock-down" recorded in the third and fourth quarter of 2020 for many CEE regions, the above clause fully applies.

Loans and valuations

As at 31 March 2021, the Company's share of bank debt associated with the portfolio of the Group was €68 million (31 December 2020: €69 million; 31 March 2020: €72 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken (please note that the most recent valuation was performed as of 31 December 2020):

| | 31 March 2021 | | | 31 December 2020 | | | 31 March 2020 | | |
|---------------------|---------------------|-------------------------|--------------------|---------------------|-------------------------|--------------------|---------------------|-------------------------|--------------------|
| | Loans € millions | Valuation € millions | LTV Ratio* % | Loans € millions | Valuation € millions | LTV Ratio* % | Loans € millions | Valuation € millions | LTV Ratio* % |
| Investment property | 23 | 72 | 32% | 23 | 72 | 32% | 24 | 75 | 32% |
| Hotels | 45 | 84 | 54% | 46 | 84 | 55% | 48 | 103 | 47% |
| Total | 68 | 156 | 44% | 69 | 156 | 44% | 72 | 178 | 40% |

*LTV Ratio- Loan to Value Ratio

LTV ratio of investment property remained stable and amounted to 32% as of 31 March 2020, 31 December 2020 and as of 31 March 2021 due to the slight decrease in valuation since 31 March 2020 being offset by partial loan repayments.

LTV ratio of hotels increased from 47% as of 31 March 2020 to 55% as of 31 December 2020 and 54% as of 31 March 2021 mainly due to decrease in the valuation of *Hilton* and *Golden Tulip* as a result of COVID outbreak.

Debt financing

Key developments were described in note 14.

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Review of the operational performance and key items on the Income Statement

The financial analysis of the income statement set out below reflects the monitoring of operational performance by segment as used by management.

| | Property Rental € millions | Development Properties € millions | Hotel Operations € millions | Other € millions | Three months ended 31 March 2021 € millions | Three months ended 31 March 2020 € millions |
|---|----------------------------------|---|-----------------------------------|------------------------|--|--|
| Revenue | 1.9 | - | 0.9 | - | 2.8 | 5.8 |
| Cost of operations | (0.6) | - | (1.2) | - | (1.8) | (3.5) |
| Gross profit | 1.3 | - | (0.3) | - | 1.0 | 2.3 |
| Administrative expenses | - | - | (0.6) | (0.9) | (1.5) | (1.8) |
| Gross profit / (loss) less administrative expenses | 1.3 | - | (0.9) | (0.9) | (0.5) | 0.5 |
| Gross profit % | 68% | - | -33% | 0% | 36% | 40% |
| Gross profit/ (loss) less administrative expenses % | 68% | - | -100% | 0% | -18% | 9% |

Revenues and cost of operations

Total Group revenues decreased significantly to €2.8m for the three months ended 31 March 2021 compared to €5.8m for the same period in 2020 due to the hotel operations being significantly impacted by the COVID-19 pandemic (see page 12). The Group's principal revenue streams are from its hotel operations, property rental and from the sale of the residential apartments that the Group develops.

Cost of operations as at 31 March 2021 were €1.8 million compared to €3.5 million as at 31 March 2020.

Development Properties

| | Three months ended 31 March 2021 € millions | Three months ended 31 March 2020 € millions | Total change 2021 v 2020 € millions | Translation foreign exchange gain/ (loss) € millions | Operational change 2021 v 2020 € millions |
|--|--|--|--|---|--|
| Revenue | - | 0.3 | (0.3) | - | (0.3) |
| Cost of operations | - | (0.2) | 0.2 | - | 0.2 |
| Gross profit/ (loss) | - | 0.1 | (0.1) | - | (0.1) |
| Administrative expenses | - | - | - | - | - |
| Gross profit/ (loss) less administrative expenses | - | 0.1 | (0.1) | - | (0.1) |

Sale of residential units (i.e. apartments, retail units, parking places, storages) developed by the Group are recognised when the performance obligations have been fulfilled in line with the Group's accounting policies. The performance obligations are considered fulfilled when the customer takes control of the property units documented by the signing of the relevant notarial deed.

In the three months ended 31 March 2020 the Group completed the sale of 2 small size retail units (in *Capital Art Apartments*), whereas in 2021 no sales were completed.

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Apartment sales in developments in Warsaw

| | CAA stage I | CAA stage II | CAA stage III&IV | Apartamenty przy Krasieńskiego I | Apartamenty przy Krasieńskiego II |
|---|-------------|--------------|------------------|----------------------------------|-----------------------------------|
| Total apartments for sale | 219 | 300 | 265 | 303 | 123 |
| Sales completions in 2008-2019 | 218 | 300 | 265 | 303 | 121 |
| Sales completions in 2020 | - | - | - | - | 2 |
| Total sales completions | 218 | 300 | 265 | 303 | 123 |
| Sales not completed as of 31 March 2021 (only preliminary agreements concluded) | 1 | - | - | - | - |
| Apartments available for sale as of 31 March 2021 | - | - | - | - | - |

Property Rental

| | Three months ended 31 March 2021 € millions | Three months ended 31 March 2020 € millions | Total change 2021 v 2020 € millions | Translation foreign exchange gain/ (loss) € millions | Operational change 2021 v 2020 € millions |
|---|--|--|--|---|--|
| Revenue | 1.9 | 2.2 | (0.3) | - | (0.3) |
| Cost of operations | (0.6) | (0.8) | 0.2 | - | 0.2 |
| Gross profit | 1.3 | 1.4 | (0.1) | - | (0.1) |
| Administrative expenses | - | (0.1) | 0.1 | - | 0.1 |
| Gross profit less administrative expenses | 1.3 | 1.3 | - | - | - |

In the first quarter of 2021 the gross margin realized by the Property Rental segment remained at similar level as compared to the first quarter 2020.

Hotel operations

| | Three months ended 31 March 2021 € millions | Three months ended 31 March 2020 € millions | Total change 2021 v 2020 € millions | Translation foreign exchange gain/ (loss) € millions | Operational change 2021 v 2020 € millions |
|---|--|--|--|---|--|
| Revenue | 0.9 | 3.3 | (2.4) | - | (2.4) |
| Cost of operations | (1.2) | (2.5) | 1.3 | - | 1.3 |
| Gross profit | (0.3) | 0.8 | (1.1) | - | (1.1) |
| Administrative expenses | (0.6) | (0.7) | 0.1 | - | 0.1 |
| Gross profit less administrative expenses | (0.9) | 0.1 | (1.0) | - | (1.0) |

In the first quarter of 2020 the hotel operations were not affected severely by outbreak of COVID-19 (only since mid-March 2020), in contrast to the first quarter of 2021 when hotels operations were subject to several restrictions. These restrictions resulted in sharp decrease of *Hilton* and *Golden Tulip* occupancy, as disclosed on page 12.

ATLAS ESTATES LIMITED

Foreign exchange

The fluctuations in exchange rates in the underlying currencies in the countries in which the Group operates and owns assets have resulted in significant foreign exchange differences.

The movements in value of the functional currencies resulted in foreign exchange gain of €0.4 million in the consolidated income statement for the first quarter 2021 (Q1 2020: €0.6 million loss). These gains were mainly due to the unrealised foreign exchange gains on USD cash deposit in the Dutch holding company and partially offset with the unrealised foreign exchange losses on EUR denominated loans in Polish and Romanian subsidiaries. The foreign exchange gains were due to appreciation of USD against EUR and losses occurred mainly as a result of depreciation of PLN and RON against EUR in the first quarter 2021. The foreign exchange losses reported in the first quarter 2020 occurred mainly as a result of depreciation of PLN against EUR.

A summary of exchange rates by country for average and closing rates against the reporting currency as applied in the interim condensed consolidated financial information are set out below.

| | Polish Zloty | Hungarian Forint | Romanian Lei | Bulgarian Lev |
|------------------------------|--------------|------------------|--------------|---------------|
| Closing rates | | | | |
| 31 March 2021 | 4.6603 | 363.73 | 4.9251 | 1.95583 |
| 31 December 2020 | 4.6148 | 365.13 | 4.8698 | 1.95583 |
| % Change | 1% | 0% | 1% | 0% |
| 31 March 2020 | 4.5523 | 359.09 | 4.8254 | 1.95583 |
| 31 December 2019 | 4.2585 | 330.52 | 4.7793 | 1.95583 |
| % Change | 7% | 9% | 1% | 0% |
| Average rates | | | | |
| 1 st quarter 2021 | 4.5493 | 361.10 | 4.8878 | 1.95583 |
| Year 2020 | 4.4448 | 351.17 | 4.8707 | 1.95583 |
| % Change | 2% | 3% | 0% | 0% |
| 1 st quarter 2020 | 4.3226 | 339.05 | 4.8263 | 1.95583 |

Net Asset Value

The Group's property assets are categorised into three classes, when accounted for in accordance with International Financial Reporting Standards as adopted by the EU. The recognition of changes in value in each category is subject to different treatment as follows:

- Yielding assets let to paying tenants, including the land on which they will be built or land held for development of yielding assets – classed as investment properties with valuation movements being recognised in the Income Statement;
- Property, plant and equipment ("PPE") operated by the Group to produce income, such as the Hilton hotel or land held for development of yielding assets are disclosed as PPE – revaluation movements are taken directly to reserves, net of deferred tax; and
- Property developments, including the land on which they will be built – held as inventory, with no increase in value recognised in the financial statements unless where an increase represents the reversal of previously recognized deficit below cost.

The Property Manager's management and performance fees are based on the adjusted NAV. For the three months to 31 March 2021 the fee payable to AMC by the Group was €0.6 million (€0.7 million in the first quarter of 2020 (as presented in note 15a).

In 2020 the Board of Directors of the Company (the Board) conducted a review of the Property Management Agreement ("PMA") and in particular the means by which performance fee is calculated. Of primary concern to the Board were the following issues:

- the drafting of the clauses and definitions in the PMA with regards to the calculation of performance fee are not concise and ambiguity can lead to multiple interpretations and thus differing calculations;
- the lack of a properly constructed high-water mark mechanism has led to performance fees being paid multiple times on NAV gains in the same bracket, i.e. performance fees have been paid or accrued on certain gains in NAV, but due to subsequent reductions in NAV in a following period, upon the NAV increasing again in the next period, performance

ATLAS ESTATES LIMITED

fees have been paid or accrued again on the same NAV increase for which performance fees have been paid previously;

- performance fee calculations appear to be disproportionate to the intention of the PMA which is to set a 12% hurdle rate.

Having concluded its review, and taken external legal advice on the interpretation of the PMA, the Board was of the view that it does not agree with the interpretation which has been taken previously in respect of performance fee calculations and it disputed the amounts which have been paid or accrued.

Performance fees prior to 2019

Past Performance Fees which have accrued, but which are yet to be paid amount to €10.8 million. The amount due to AMC was subject to change that was contingent on the resolution of the dispute. As of 31 December 2020 and 31 March 2021 no asset has been recognised in respect of any reduction of the said balance. On 21 April 2021 AEL and AMC have agreed to decrease this balance by €10 million. This is a non-adjusting post balance sheet event and €10.0 million will be credited to the income statement in Q2 2021.

Performance fee in respect of 2019 and 2020

On 8 April 2020 AEL and AMC have agreed that no performance fee will be due for 2019. On the basis of the above, the Board was in a position to approve the financial statements of the Company and the consolidated financial statements of the Group for the year ending December 2019, without accruing for a performance fee for 2019 and at the same time the Board agreed with AMC that for the purpose of the calculation of the performance fee for the year 2020 the opening NAV per share at the beginning of the period is NAV per share as of 31 December 2018. Since NAV per share as of 31 December 2020 decreased as compared to 31 December 2018 AMC is not entitled to any performance fee in respect of 2020 and 2019.

Performance fee in respect of 2021

The Board has not yet agreed a mechanism for 2021 onwards.

Ongoing activities

During the three months ended 31 March 2021, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio.

The property portfolio is constantly reviewed to ensure it remains in line with the Company's stated strategy of creating a balanced portfolio that will provide future capital growth, the potential to enhance investment value through active and innovative asset management programmes and the ability to deliver strong development margins.

A key management objective is to monitor operations of hotel activity as well as enhance occupancy of income yielding assets.

Financial management, operational management and material risks

In continuing to fulfil its obligations to its Shareholders and the markets, together with maintaining its policy of maximum disclosure and timely reporting, the Group is continually improving and developing its financial management and operational infrastructure and capability. Experienced operational teams are in place in each country, where there is significant activity, otherwise a central operational team and investment committee monitor and control investments and major operational matters. As such, the management team continually reviews its operating structures to optimise the efficiency and effectiveness of its network, which is particularly important given the current environment.

Global economic conditions

The Board and the Property Manager closely monitor the effects that the current global economic conditions have on the business and will continue to take steps to mitigate, as far as possible, any adverse impact that may affect the business.

The Group derives its revenue from activities carried out mainly in the Polish market with Romania and Bulgaria also contributing, however at a much lower level. The Group's financial results are therefore contingent on factors such as the stability of the political systems at the given moment and the macroeconomic data related mainly to the condition of the Polish but also Romanian and Bulgarian economies, in particular the level of GDP growth, investment spending, levels of household income, interest rates, foreign exchange rates and inflation rate. Any deterioration to the macroeconomic conditions in these countries may expose the Group's business to risk, thus affecting its future financial results and prospects for development.

ATLAS ESTATES LIMITED

Impact of COVID-19 coronavirus on the Group's operations

As of today, there has been an impact on the business of:

a. Hotel sector

Hilton hotel:

- Following Polish government decision, the hotel was closed in the period from April 2 until May 3, 2020;
- On May 4, 2020 the hotel's management concluded that closure of the hotel should be extended until the end of May 2020 (insufficient expected occupancy of the hotel would not cover additional costs associated with hotel reopening);
- the Board together with Hilton's management have taken significant actions to decrease the operating expenses of the hotel, nevertheless some costs were unavoidable and continued to be incurred while the hotel was closed;
- Following Polish government decision hotels were available to guests on business trips and remain closed for tourists starting from November 7, 2020 until December 28, 2020. Since December 28, 2020 hotels were available mainly for medical staff, plane crew members or diplomats;
- Since May 8, 2021 hotel can operate with limit of up to 50% capacity;
- In 2020 the hotel occupancy was 73% lower as compared to 2019;
- In the first quarter 2021 the hotel occupancy was 81% lower as compared to the same period of 2020.

Golden Tulip hotel:

- was also temporarily closed in April and May 2020;
- In 2020 the hotel occupancy was 76% lower as compared to 2019;
- In the first quarter 2021 the hotel occupancy was 49% lower as compared to the same period of 2020.

The revenues from the hotel activity amounted to €6.6 million in 2020 as compared to €20.0 million in 2019. The revenues from the hotel activity amounted to €0.9 million in in the first quarter 2021 as compared to €3.3 million in the same period of 2020.

As of 31 December 2020, the valuation of Hilton and Golden Tulip hotels, as assessed by external experts Jones Lang LaSalle, has dropped by 18% and 15% respectively as compared to the previous year-end valuation as of 31 December 2019.

The timing when the hospitality sector will achieve historical results is unknown as it depends on several factors e.g., on timing of relaxing the international flights restrictions or restrictions on public gatherings.

In 2020 the Group's subsidiaries HGC Gretna Investments Sp. z o.o. Sp. j. and D.N.B. - Victoria Towers SRL running hotel activity benefited from government cash grants amounting to €193 thousand in connection with payroll related expenditures. There is no unfulfilled conditions or other contingencies attached to government assistance that has been recognised.

b. Rental income from tenants:

- Following Polish government decision to close the restaurants, fitness clubs, etc. several of the Group's tenants suffered financially from these restrictions. As a result, in 2020 the Group offered extended payment terms or certain rent reliefs to these tenants in return for lease term extensions. Since 24 October 2020 customers eating on-site at restaurants in restaurants is forbidden. It is only possible to provide services for take-away and delivery. No restrictions were imposed to the office rental activity. At the end of 2020, the Group terminated the lease contract (of 3,026sqm) with tenant involved in organization of conferences.

The Group was also in contact with the banks financing its projects:

- *Hilton*

The Group obtained a covenant waiver from the bank and as of 31 December 2020 and 31 March 2021, there were no breaches of the bank covenants in respect of this facility;

- *Golden Tulip*

In 2020, The Group signed several annexes with the bank based on which loan repayments scheduled in 2020 were suspended till 31 December 2021. Additionally, the loan maturity date was extended from June 2026 until September 2026;

- *Galeria Platinum Towers*

The Group obtained a covenant waiver from the bank and as of 31 December 2020 and 31 March 2021, there were no breaches of the bank covenants in respect of this facility.

ATLAS ESTATES LIMITED

Financing and liquidity

Management has experienced strict requirements of the lenders for financing in the CEE region which has been reflected in the covenants that are applied to facilities, such as a reduction of loan to value ratio, increasing margins and an increase in levels of required pre-sales on development projects. The management team see this as a potential risk to the ongoing development of the Company and as a result are devoting significant resource to the management of banking relationships and the monitoring of risk in this area.

Cash is managed both at local and head office levels, ensuring that rent collection is prompt, surplus cash is suitably invested or distributed to other parts of the Group, as necessary, and balances are held in the appropriate currency. Where possible, the Company will use debt facilities to finance its projects, which the Company will look to secure at appropriate times and when available, depending on the nature of the asset – yielding or development.

Currency and foreign exchange

Currency and foreign exchange rates exposures are continually monitored. Foreign exchange risk is largely managed at a local level by matching the currency in which income and expenses are transacted and also the currencies of the underlying assets and liabilities.

Most of the income from the Group's investment properties are denominated in Euro and our policy is to arrange debt to fund these assets in the same currency. Where possible, the Group looks to match the currency of the flow of income and outgoings. Some expenses are still incurred in local currency and these are planned for in advance. Development of residential projects has created receipts largely denominated in local currencies and funding facilities are arranged accordingly. "Free cash" available for distribution within the Group is identified and appropriate translation mechanisms are put in place.

Conclusions

AMC's key strategic objective is the maximisation of value for the Company's Shareholders, which it continues to work towards. Its teams are very experienced in the active management of investment and development properties and provide the Company with local market knowledge and expertise. AMC currently focuses its efforts on monitoring the risks posed by the COVID-19 coronavirus and developing new investment opportunity connected with new residential project in Warsaw that that will consist of several stages which will release around 560 apartments as well as parking and retail facilities.



Ziv Zviel
Chief Executive Officer
Atlas Management Company Limited
31 May 2021

ATLAS ESTATES LIMITED

Key Property Portfolio Information

| Location/Property | Description | Company's ownership |
|-------------------------|--|---------------------|
| Poland | | |
| Hilton Hotel | First <i>Hilton</i> Hotel in Poland – a 4-star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw. | 100% |
| Galeria Platinum Towers | Commercial area on the ground and first floors Platinum Towers with 1,904 square meters of gallery and 208 parking places almost fully let to tenants. | 100% |
| Atlas Tower | 39,138 square meters of office and retail space in the central business district of Warsaw. | 100% |
| Romania | | |
| Voluntari | 86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera. | 100% |
| Solaris Project | 32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest. | 100% |
| Golden Tulip Hotel | 4-star 78 room hotel in central Bucharest. As of 31 March 2020, this property was classified as non-current assets held for sale as disclosed in note 12. | 100% |
| Bulgaria | | |
| The Atlas House | Office building in Sofia's city centre with 3,472 square meters of lettable area. | 100% |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT For the three months ended 31 March 2021

| | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 | Note |
|--|---|---|------|
| Revenues | 2,834 | 5,799 | 3 |
| Cost of operations | (1,850) | (3,575) | 4.1 |
| Gross profit | 984 | 2,224 | |
| Administrative expenses | (1,578) | (1,849) | 4.2 |
| Other operating income | 29 | 21 | |
| Other operating expense | (4) | (33) | |
| Profit from operations | (569) | 363 | |
| Finance income | 581 | 73 | 4.3 |
| Finance costs | (827) | (1,795) | 4.3 |
| Other gains/(losses) – foreign exchange | 457 | (651) | 4.3 |
| Share of losses from equity accounted joint ventures | (10) | (58) | |
| Loss before taxation | (368) | (2,068) | |
| Tax charge | (267) | 314 | 5 |
| Loss for the period | (635) | (1,754) | |
| Attributable to: | | | |
| Owners of the parent | (635) | (1,754) | |
| Non-controlling interests | - | - | |
| | (635) | (1,754) | |
| Loss per €0.01 ordinary share – basic (eurocents) | (1.4) | (3.7) | 7 |
| Loss per €0.01 ordinary share – diluted (eurocents) | (1.4) | (3.7) | 7 |

All amounts relate to continuing operations.

The notes on pages 21 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

| | Three months ended 31 March 2021 | Three months ended 31 March 2020 |
|---|-------------------------------------|-------------------------------------|
| | €'000 (unaudited) | €'000 (unaudited) |
| LOSS FOR THE PERIOD | (635) | (1,754) |
| Other comprehensive income: | | |
| <i>Items that may be recycled through profit or loss</i> | | |
| Exchange adjustments | (1,353) | (9,862) |
| Deferred tax on exchange adjustments | 58 | 504 |
| Total | (1,295) | (9,358) |
| Other comprehensive loss for the period (net of tax) | (1,295) | (9,358) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | (1,930) | (11,112) |
| Total comprehensive loss attributable to: | | |
| Owners of the parent | (1,930) | (11,112) |
| | (1,930) | (11,112) |

The notes on pages 21 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 | Note |
|---|---------------------------------------|--|---------------------------------------|------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 12 | 14 | 14 | |
| Property, plant and equipment | 90,298 | 91,773 | 97,430 | 8 |
| Investment property | 84,521 | 85,239 | 84,377 | 9 |
| Deferred tax asset | 7,964 | 8,232 | 10,110 | |
| | 182,795 | 185,258 | 191,931 | |
| Current assets | | | | |
| Inventories | 2,063 | 2,086 | 2,331 | |
| Trade and other receivables | 2,068 | 2,123 | 5,436 | |
| Financial assets at fair value through profit or loss | 2,586 | - | - | 10 |
| Cash and cash equivalents | 46,350 | 49,525 | 50,038 | 11 |
| | 53,067 | 53,734 | 57,805 | |
| Assets held within disposal groups classified as held for sale | - | - | 6,393 | 12 |
| | 53,067 | 53,734 | 64,198 | |
| TOTAL ASSETS | 235,862 | 238,992 | 256,129 | |
| Non-current liabilities | | | | |
| Other payables | (17,365) | (17,750) | (11,863) | 13 |
| Bank loans | (62,633) | (63,498) | (66,862) | 14 |
| Deferred tax liabilities | (12,566) | (12,681) | (15,250) | |
| | (92,564) | (93,929) | (93,975) | |
| Current liabilities | | | | |
| Trade and other payables | (17,845) | (17,069) | (22,350) | 13 |
| Bank loans | (5,761) | (5,817) | (2,704) | 14 |
| Derivative financial instruments | (2,079) | (2,634) | (2,771) | |
| | (25,685) | (25,520) | (27,825) | |
| Liabilities held within disposal groups classified as held for sale | - | - | (2,898) | 12 |
| | (25,685) | (25,520) | (30,723) | |
| TOTAL LIABILITIES | (118,249) | (119,449) | (124,698) | |
| NET ASSETS | 117,613 | 119,543 | 131,431 | |

The notes on pages 21 to 39 form part of these consolidated financial information.

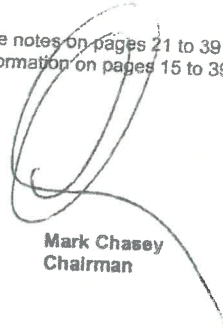
ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

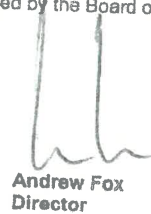
As at 31 March 2021

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| EQUITY | | | |
| Share capital account | 6,268 | 6,268 | 6,268 |
| Revaluation reserve | 33,575 | 33,575 | 40,020 |
| Other distributable reserve | 194,817 | 194,817 | 194,817 |
| Translation reserve | (20,843) | (19,548) | (17,326) |
| Accumulated loss | (96,204) | (95,569) | (92,348) |
| Issued capital and reserves attributable to owners of the parent - total equity | 117,613 | 119,543 | 131,431 |
| Basic net asset value per share | € 2.5 | € 2.6 | € 2.8 |

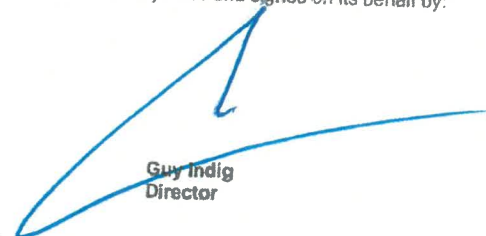
The notes on pages 21 to 39 form part of the consolidated financial information. The condensed consolidated financial information on pages 15 to 39 were approved by the Board of Directors on 25 May 2020 and signed on its behalf by:



Mark Chasey
Chairman



Andrew Fox
Director



Guy Indig
Director

31 May 2021

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

| | Share capital account €'000 | Revaluation reserve €'000 | Other distributable reserve €'000 | Translation reserve €'000 | Accumulated loss €'000 | Total equity €'000 |
|---|-----------------------------------|---------------------------------|---|---------------------------------|------------------------------|--------------------------|
| Three months ended 31 March 2021 | | | | | | |
| As at 1 January 2021 | 6,268 | 33,575 | 194,817 | (19,548) | (95,569) | 119,543 |
| Loss for the period | - | - | - | - | (635) | (635) |
| Other comprehensive income for the period | - | - | - | (1,295) | - | (1,295) |
| As at 31 March 2021 | 6,268 | 33,575 | 194,817 | (20,843) | (96,204) | 117,613 |
| Year ended 31 December 2020 | | | | | | |
| As at 1 January 2020 | 6,268 | 40,020 | 194,817 | (7,968) | (90,594) | 142,543 |
| Profit for the period | - | - | - | - | (4,975) | (4,975) |
| Other comprehensive income for the period | - | (6,445) | - | (11,580) | - | (18,025) |
| As at 31 December 2020 | 6,268 | 33,575 | 194,817 | (19,548) | (95,569) | 119,543 |
| Three months ended 31 March 2020 | | | | | | |
| As at 1 January 2020 | 6,268 | 40,020 | 194,817 | (7,968) | (90,594) | 142,543 |
| Loss for the period | - | - | - | - | (1,754) | (1,754) |
| Other comprehensive income for the period | - | - | - | (9,358) | - | (9,358) |
| As at 31 March 2020 | 6,268 | 40,020 | 194,817 | (17,326) | (92,348) | 131,431 |

The notes on pages 21 to 39 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED CASH FLOW STATEMENT Three months ended 31 March 2021

| | Note | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|---|------|---|---|
| Loss for the year | | (635) | (1,754) |
| Adjustments for: | | | |
| Effects of foreign currency | | (1,035) | 760 |
| Finance costs | | 754 | 1,759 |
| Finance income | | (542) | (40) |
| Tax charge | | 267 | (314) |
| Share of losses from equity accounted joint ventures | | 10 | 58 |
| Depreciation of property, plant and equipment | 8 | 591 | 618 |
| Amortisation charges | | 1 | 1 |
| | | (589) | 1,088 |
| Changes in working capital | | | |
| Decrease in inventory | | 23 | 357 |
| Increase in trade and other receivables | | 49 | (2,609) |
| Decrease in trade and other payables | | 493 | 179 |
| | | 565 | (2,073) |
| Cash (outflow)/ inflow from operations | | (24) | (985) |
| Tax paid | | - | (17) |
| Net cash (used in)/ from operating activities | | (24) | (1,002) |
| Investing activities | | | |
| Interest received | | - | 40 |
| Purchase of investment property | 9 | (102) | (186) |
| Purchase of property, plant and equipment | 8 | - | (13) |
| Purchase of financial assets | 10 | (2,586) | - |
| Net cash used in investing activities | | (2,688) | (159) |
| Financing activities | | | |
| Interest paid | | (617) | (708) |
| Repayments of lease liabilities | | (111) | (56) |
| Repayments of bank loans | 14 | (658) | (651) |
| Net cash used in financing activities | | (1,386) | (1,415) |
| Net decrease in cash and cash equivalents in the period | | (4,098) | (2,576) |
| Effect of foreign exchange rates | | 923 | (1,899) |
| Net decrease in cash and cash equivalents in the period | | (3,175) | (4,475) |
| Cash and cash equivalents at the beginning of the period | | 49,525 | 54,865 |
| Cash and cash equivalent at the end of the period | 11 | 46,350 | 50,390 |

The notes on pages 21 to 39 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

1. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2021 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at amortised cost. The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2020. The quarterly financial results are not necessarily indicative of the full year results.

The Directors consider that the outlook presents ongoing challenges in terms of the markets in which the Group operates, the impact of COVID-19 coronavirus (page 12), the effect of fluctuating exchange rates in the functional currencies of the Group and the availability of bank financing for the Group.

As at 31 March 2021 the Group held land and building assets with a market value as at 31 December 2021 of €156 million, compared to external debt of €68 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets, which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the three months ended 31 March 2021, the directors have taken into account the fact of the ongoing working capital management and noted the following:

- the Group is in a net current assets position of €27.4m
- Within current trade payables of the Group is a performance fee payable to the Property Manager (as disclosed in note 13). The payment terms of this fee was subject to consultation between the parties (see note 17.5).

Although the Directors are aware that the management of the liquidity position of the Group is a high priority considering the impact of COVID-19 coronavirus, the Company underlines that the Group holds significant cash reserves and over the past years proved their abilities in managing its cash position carefully and will continue to do so.

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and the mitigating factors referred to above. These forecasts take into account reasonably possible changes in trading performance, potential sales of properties, favourable arrangements for the payment timetable for the AMC performance fee and the future financing of the Group. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of these interim financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the three months ended 31 March 2021.

2. Accounting policies

The accounting policies adopted and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in the annual financial statements for the year ended 31 December 2020, and with those expected to be applied to the financial statements for the year ended 31 December 2021.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

3. Segmental information

For management purposes, the Group is currently organised into three operating divisions – the ownership and management of investment property, the development and sale of residential property and the ownership and operation of hotels. These divisions are the basis on which the Group reports its segment information. Segment information about these businesses is presented below:

| Three months ended 31 March 2021 | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
|---|--------------------------|---------------------------------|---------------------------|----------------|----------------|
| Revenues | 1,945 | 9 | 880 | - | 2,834 |
| Cost of operations | (650) | (19) | (1,181) | - | (1,850) |
| Gross profit/ (loss) | 1,295 | (10) | (301) | - | 984 |
| Administrative expenses | (37) | (5) | (611) | (925) | (1,578) |
| Gross profit/ (loss) less administrative expenses | 1,258 | (15) | (912) | (925) | (594) |
| Other operating income | - | 2 | 27 | - | 29 |
| Other operating expenses | - | (4) | - | - | (4) |
| Increase in value of investment properties | - | - | - | - | - |
| Profit/ (Loss) from operations | 1,258 | (17) | (885) | (925) | (569) |
| Finance income | 8 | - | 536 | 37 | 581 |
| Finance cost | (267) | (7) | (493) | (60) | (827) |
| Finance costs - other gains – foreign exchange | (306) | 46 | (27) | 744 | 457 |
| Share of losses from equity accounted joint ventures | - | (10) | - | - | (10) |
| Segment result before tax | 693 | 12 | (869) | (204) | (368) |
| Tax (expense)/ credit | (113) | 150 | (306) | 2 | (267) |
| Profit for the period as reported in the income statement as attributable to non-controlling interests | | | | | (635) |

| Three months ended 31 March 2021 | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
|---------------------------------------|--------------------------|---------------------------------|---------------------------|-----------------|------------------|
| Reportable segment assets | 95,572 | 3,289 | 100,805 | - | 199,666 |
| Unallocated assets | - | - | - | 36,196 | 36,196 |
| Total assets | 95,572 | 3,289 | 100,805 | 36,196 | 235,862 |
| Reportable segment liabilities | (34,331) | (670) | (63,808) | - | (98,809) |
| Unallocated liabilities | | | | (19,440) | (19,440) |
| Total liabilities | (34,331) | (670) | (63,808) | (19,440) | (118,249) |

| Three months ended 31 March 2021 | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
|----------------------------------|--------------------------|---------------------------------|---------------------------|----------------|----------------|
| Other segment items | | | | | |
| Capital expenditure | 102 | - | - | - | 102 |
| Depreciation | - | - | 586 | 5 | 591 |
| Amortisation | - | - | 1 | - | 1 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

| Three months ended 31 March 2020 | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
|--|--------------------------|---------------------------------|---------------------------|----------------|----------------|
| Revenues | 2,165 | 275 | 3,359 | - | 5,799 |
| Cost of operations | (834) | (214) | (2,527) | - | (3,575) |
| Gross profit | 1,331 | 61 | 832 | - | 2,224 |
| Administrative expenses | (143) | (28) | (696) | (982) | (1,849) |
| Gross profit/ (loss) less administrative expenses | 1,188 | 33 | 136 | (982) | 375 |
| Other operating income | 1 | 15 | 4 | 1 | 21 |
| Other operating expenses | (1) | (24) | (3) | (5) | (33) |
| Profit/ (Loss) from operations | 1,188 | 24 | 137 | (986) | 363 |
| Finance income | 17 | 33 | 17 | 6 | 73 |
| Finance cost | (303) | (2) | (1,467) | (23) | (1,795) |
| Finance costs - other gains – foreign exchange | (1,530) | 740 | (55) | 194 | (651) |
| Share of losses from equity accounted joint ventures | - | (58) | - | - | (58) |
| Segment result before tax | (628) | 737 | (1,368) | (809) | (2,068) |
| Tax (expense)/ credit | (171) | (14) | 507 | (8) | 314 |
| Net loss attributable to owners of the parent | | | | | (1,754) |

| Three months ended 31 March 2020 | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
|---------------------------------------|--------------------------|---------------------------------|---------------------------|-----------------|------------------|
| Reportable segment assets | 96,963 | 5,610 | 117,516 | - | 220,089 |
| Unallocated assets | - | - | - | 36,040 | 36,040 |
| Total assets | 96,963 | 5,610 | 117,516 | 36,040 | 256,129 |
| Reportable segment liabilities | (36,127) | (970) | (70,007) | - | (107,104) |
| Unallocated liabilities | - | - | - | (17,594) | (17,594) |
| Total liabilities | (36,127) | (970) | (70,007) | (17,594) | (124,698) |

| Three months ended 31 March 2020 | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
|----------------------------------|--------------------------|---------------------------------|---------------------------|----------------|----------------|
| Other segment items | | | | | |
| Capital expenditure | 186 | - | 9 | 4 | 199 |
| Depreciation | - | - | 613 | 5 | 618 |
| Amortisation | - | - | 1 | - | 1 |

Segment assets include investment property, property, plant and equipment, intangible assets, inventories, debtors and operating cash. Segment liabilities comprise operating liabilities and financing liabilities.

Unallocated assets represent cash balances, receivables and other assets held by the Company and those of selected sub-holding companies.

Unallocated liabilities include accrued costs and deferred taxation liabilities within the Company and selected sub-holding companies as at the balance sheet date.

Unallocated costs represent corporate expenses.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

The Group manages its business segments on a region wide basis. The operations in the reporting periods were based in four main countries within the Group's region of focus with mainly cash balances being held by the parent company. The four principal territories were:

- Poland,
- Hungary,
- Bulgaria, and
- Romania.

4. Analysis of expenditure

4.1 Cost of operations

| | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|--|---|---|
| Costs of sale of residential property | - | (193) |
| Utilities, services rendered and other costs | (1,069) | (1,789) |
| Legal and professional expenses | (36) | (183) |
| Staff costs | (587) | (1,092) |
| Sales and direct advertising costs | (33) | (187) |
| Depreciation and amortisation | (125) | (131) |
| Cost of operations | (1,850) | (3,575) |

4.2 Administrative expenses

| | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|--|---|---|
| Audit and tax service | (54) | (31) |
| Incentive and management fee | (598) | (707) |
| Legal and other professional fees | (130) | (132) |
| Utilities, services rendered and other costs | (101) | (114) |
| Staff costs | (228) | (258) |
| Depreciation and amortisation | (467) | (488) |
| Other administrative expenses | - | (119) |
| Administrative expenses | (1,578) | (1,849) |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

4.3 Finance income and finance costs- net

| | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|--|---|---|
| Other | 39 | 73 |
| Gain on interest rate derivative | 542 | - |
| Finance income | 581 | 73 |
| Interest payable on bank borrowings | (617) | (714) |
| Loss on interest rate derivative | - | (906) |
| Interests on obligations under leases | (93) | (97) |
| Other similar charges | (117) | (78) |
| Finance costs | (827) | (1,795) |
| Finance (costs)/ income, excluding foreign exchange – net | (246) | (1,722) |
| Other gains and (losses) – foreign exchange | 457 | (651) |
| Finance income/ (costs), including foreign exchange – net | 211 | (2,373) |

5. Tax

| | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|----------------------------------|---|---|
| Continuing operations | | |
| Current tax | (5) | (18) |
| Deferred tax | (262) | 332 |
| Tax charge for the period | (267) | 314 |

6. Dividends

There were no dividends declared or paid in the three months ended 31 March 2020 (2019: €nil).

7. Loss per share (“LPS”)

Basic loss/ earnings per share is calculated by dividing the loss after tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Reconciliations of the loss and weighted average number of shares used in the calculations are set out below:

| Three months ended 31 March 2021 | Loss | Weighted average number of shares | Per share amount |
|---|-------|--------------------------------------|---------------------|
| Continuing operations | €'000 | | Eurocents |
| Basic LPS | | | |
| Loss attributable to equity shareholders of the Company | (635) | 46,852,014 | (1.4) |
| Diluted LPS | | | |
| Adjusted loss | (635) | 46,852,014 | (1.4) |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

| Three months ended 31 March 2020 | Loss | Weighted average | Per share |
|---|---------|------------------|-----------|
| Continuing operations | €'000 | number of shares | amount |
| | | | Eurocents |
| Basic LPS | | | |
| Loss attributable to equity shareholders of the Company | (1,754) | 46,852,014 | (3.7) |
| Diluted LPS | | | |
| Adjusted loss | (1,754) | 46,852,014 | (3.7) |

8. Property, plant and equipment

| | Buildings | Plant and equipment | Motor vehicles | Total |
|--|----------------|---------------------|----------------|-----------------|
| | €'000 | €'000 | €'000 | €'000 |
| Cost or valuation | | | | |
| At 1 January 2020 | 108,196 | 10,801 | 62 | 119,059 |
| Additions at cost | 169 | - | - | 169 |
| Exchange adjustments | (9,709) | (774) | (4) | (10,487) |
| Revaluation | (7,957) | - | - | (7,957) |
| Disposal | - | - | (58) | (58) |
| Transfer from assets classified as held for sale (note 12) | 6,913 | - | - | 6,913 |
| At 31 December 2020 | 97,612 | 10,027 | - | 107,639 |
| Additions at cost | - | - | - | - |
| Exchange adjustments | (1,127) | (92) | - | (1,219) |
| At 31 March 2021 | 96,485 | 9,935 | - | 106,420 |
| Accumulated depreciation | | | | |
| At 1 January 2020 | (4,894) | (9,379) | (62) | (14,335) |
| Charge for the year | (1,757) | (507) | - | (2,264) |
| Exchange adjustments | 1,797 | 687 | 4 | 2,488 |
| Disposal | - | - | 58 | 58 |
| Transfer from assets classified as held for sale (note 12) | (1,813) | - | - | (1,813) |
| At 31 December 2020 | (6,667) | (9,199) | - | (15,866) |
| Charge for the year | (467) | (124) | - | (591) |
| Exchange adjustments | 248 | 87 | - | 335 |
| At 31 March 2021 | (6,886) | (9,236) | - | (16,122) |
| Net book value at 31 March 2021 | 89,599 | 699 | - | 90,298 |
| Net book value at 31 December 2020 | 90,945 | 828 | - | 91,773 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

| | Buildings €'000 | Plant and equipment €'000 | Motor vehicles €'000 | Total €'000 |
|--|--------------------|---------------------------------|----------------------------|-----------------|
| Cost or valuation | | | | |
| At 1 January 2020 | 108,196 | 10,801 | 62 | 119,059 |
| Additions at cost | 9 | 4 | - | 13 |
| Exchange adjustments | (8,115) | (647) | (3) | (8,765) |
| At 31 March 2020 | 100,090 | 10,158 | 59 | 110,307 |
| Accumulated depreciation | | | | |
| At 1 January 2020 | (4,894) | (9,379) | (62) | (14,335) |
| Charge for the period | (452) | (130) | - | (582) |
| Exchange adjustments | 1,474 | 563 | 3 | 2,040 |
| At 31 March 2020 | (3,872) | (8,946) | (59) | (12,877) |
| Net book value at 31 March 2020 | 96,218 | 1,212 | - | 97,430 |

As of 31 March 2021 and 31 December 2020 Hotels Hilton in Warsaw and Golden Tulip in Bucharest constituted the majority of the total property, plant and equipment balance. As of 31 March 2020 Golden Tulip hotel in Bucharest was classified to assets classified as held for sale (note 12).

Hotels were valued as at 31 December 2020 by Jones Lang LaSalle Sp. z o.o., Chartered Surveyors, acting in the capacity of External Valuers. The property was valued on the basis of Market Value and the valuation was carried out in accordance with the RICS Valuation Global Standards. As described at page 7, the valuation of Atlas portfolio as of 31 December 2020 was reported by Jones Lang LaSalle on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to this valuation than would normally be the case. This is the result of the outbreak of the novel coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020 and its negative impact on hotel sector. The inputs to the valuation of the hotels include the forecast of performance of the hotel that has been prepared based on a number of assumptions including occupancy levels and average room rates which are affected by the uncertainty of the continued impact of Covid-19. The result of valuation, i.e. in case of Hilton hotel: revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity (consolidated statement of comprehensive income), and in case of Golden Tulip hotel impairment adjustment have been taken to other operating expenses (note 12).

As of 31 March 2021 the Group has pledged property, plant and equipment of €90.2 million (31 December 2020: €91.7 million, 31 March 2020: €103.2 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €45.6 million (31 December 2020: €46.2 million, 31 March 2020: €47.6 million) are secured on these properties.

9. Investment property

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| At beginning of the year | 85,239 | 89,396 | 89,396 |
| Right of use of land in perpetual usufruct | - | 87 | - |
| Capitalised subsequent expenditure | 102 | 583 | 186 |
| Exchange movements | (820) | (6,344) | (5,205) |
| Fair value gains and losses | - | 1,517 | - |
| At the end of the period | 84,521 | 85,239 | 84,377 |

The fair value of the Group's investment properties located in Poland, Romania and Bulgaria has been arrived at on the basis of the latest valuation carried out at 31 December 2020 by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in these locations.

The fair value of the Group's investment properties located in Poland and Romania at 31 December 2020 has been arrived at on the basis of a valuation carried out at that date by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in these locations except for one investment property

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

valued by the property manager at €1,313 thousand (2019: €1,423 thousand). As described at page 7, the valuation of Atlas portfolio as of 31 December 2020 was reported by Jones Lang LaSalle on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to this valuation than would normally be the case. This is the result of the outbreak of the novel coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020 and its negative impact on the investment property sector. The inputs to the valuation of the investment properties include comparable market transactions and forecasted performance of the income yielding assets that has been prepared based on a number of assumptions including occupancy levels and rental rates which are affected by the uncertainty of the continued impact of Covid-19.

All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. The fair value of the investment property has not been adjusted for the purposes of financial reporting.

The Group has pledged investment property of €72.0 million (31 December 2020: €72.0 million; 31 March 2020: €75.5 million) to secure certain banking facilities granted to subsidiaries.

10. Financial assets at fair value through profit or loss

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|---|---------------------------------------|--|---------------------------------------|
| Financial assets at fair value through profit or loss | 2,586 | - | - |
| As at period end | 2,586 | - | - |

Financial assets measured at fair value through profit and loss include the Group's non-strategic equity investments which are held for trading. The fair value of these securities is based on published sales prices.

11. Cash and cash equivalents

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| Cash and cash equivalents | 39,491 | 42,693 | 48,526 |
| Short term bank deposits | 6,859 | 6,832 | 1,512 |
| As at period end | 46,350 | 49,525 | 50,038 |
| Cash presented as cash held for sale (note 12) | - | - | 352 |
| As at period end | 46,350 | 49,525 | 50,390 |

Included in cash and cash equivalents is €6.3 million (31 December 2020: €6.5 million; 31 March 2020: €7.7 million) restricted cash relating to security and customer deposits.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

12. Non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale

The major classes of assets and liabilities held for sale were as follows:

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| Assets: | | | |
| Right of use of leased asset | - | - | - |
| Property, plant and equipment | - | - | 5,904 |
| Inventory | - | - | 34 |
| Cash | - | - | 352 |
| Trade and other receivables | - | - | 103 |
| Non-current assets classified as held for sale | - | - | 6,393 |
| Liabilities: | | | |
| Deferred tax liability | - | - | (653) |
| Bank loan | - | - | (2,064) |
| Trade and other payables | - | - | (181) |
| Liabilities directly associated with non-current assets classified as held for sale | - | - | (2,898) |

As of 31 December 2019 the Group classified assets and liabilities associated with the Group's investment in D.N.B. - Victoria Towers SRL (i.e. Romanian subsidiary holding Golden Tulip hotel in Bucharest) as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale. On 27 January 2020 the Group concluded the sale agreement of its investment in D.N.B. - Victoria Towers SRL at the net sale price of €7.7 million. As of 31 December 2020 the book value of this investment (classified as assets held for sale and liabilities directly associated with assets held for sale) amounted to €2.4 million. This transaction was planned to be completed by 31 December 2020 and on April 8, 2020 the Group received a €0.3 million advance in respect of the sale price. Due to changes in the real estate market the purchaser did not complete the transaction and advance received was retained by the Group and recognized as other operating income in 2020.

The movement on non-current assets classified as held for sale account is as shown below:

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| At beginning of the year | - | 6,493 | 6,493 |
| Exchange movements | - | (119) | (64) |
| Depreciation | - | - | (36) |
| Impairment write off | - | (788) | - |
| Disposal-other | - | (331) | - |
| Transfer to property, plant and equipment (note 8) | - | (5,100) | - |
| Transfer to inventory | - | (28) | - |
| Transfer to cash | - | (63) | - |
| Transfer to trade and other receivables | - | (64) | - |
| As at period end | - | - | 6,393 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

The movement on liabilities directly associated with non-current assets classified as held for sale account is as shown below:

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|---|---------------------------------------|--|---------------------------------------|
| At beginning of the year | - | (2,854) | (2,854) |
| Finance expense | - | (97) | (24) |
| Payment | - | 97 | 24 |
| Current tax | - | (7) | - |
| Deferred tax | - | 103 | - |
| Exchange movements | - | 11 | 7 |
| Disposal during the year | - | (12) | - |
| Liabilities classified as held for sale during the period | - | - | (51) |
| Transfer to deferred tax liability | - | 2,064 | - |
| Transfer to bank loans | - | 545 | - |
| Transfer to trade and other payable | - | 150 | - |
| As at period end | - | - | (2,898) |

13. Trade and other payables

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| Current | | | |
| Trade payables | (723) | (668) | (819) |
| Other tax and social security | (728) | (637) | (810) |
| Amounts due to Atlas Management Company Group in respect of management and performance fee | (12,946) | (12,382) | (11,028) |
| Other creditors | (209) | (564) | (219) |
| Amounts payable to related party (note 15b) | (240) | (240) | (240) |
| Accruals and deferred income | (2,411) | (2,262) | (3,055) |
| Leases payables | (588) | (316) | - |
| Income tax payable | - | - | (5) |
| Amounts payable to Felikon Kft (note 15c) | - | - | (6,174) |
| Total current trade and other payables | (17,845) | (17,069) | (22,350) |
| Non-current – other payables | | | |
| Amounts payable to Felikon Kft (note 15c) | (6,257) | (6,239) | - |
| Leases payables | (9,552) | (9,945) | (10,003) |
| Other third party non-current trade and other payables | (1,556) | (1,566) | (1,860) |
| Total non-current trade and other payables | (17,365) | (17,750) | (11,863) |
| Total trade and other payables | (35,210) | (34,819) | (34,213) |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

14. Bank loans

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|---|---------------------------------------|--|---------------------------------------|
| Current | | | |
| <i>Bank loans and overdrafts due within one year or on demand</i> | | | |
| Secured | (5,761) | (5,817) | (2,704) |
| Non-current | | | |
| <i>Repayable within two years</i> | | | |
| Secured | (20,430) | (20,688) | (5,570) |
| <i>Repayable within three to five years</i> | | | |
| Secured | (41,604) | (42,211) | (22,942) |
| <i>Repayable after five years</i> | | | |
| Secured | (599) | (599) | (38,350) |
| | (62,633) | (63,498) | (66,862) |
| Total | (68,394) | (69,315) | (69,566) |

The bank loans are secured on various properties of the Group by way of fixed or floating charges.

The fair value of the fixed and floating rate borrowings approximated their carrying values at the balance sheet date, as the impact of marking to market and discounting is not significant. The fair values are based on cash flows discounted using rates based on equivalent fixed and floating rates as at the end of the year.

Bank loans are denominated in a number of currencies and bear interest based on a variety of interest rates. An analysis of the Group's borrowings by currency (* including loan balance presented as liabilities held for sale in note 12):

| | Euro €'000 | Zloty €'000 | Total €'000 |
|--|---------------|----------------|----------------|
| Bank loans and overdrafts – 31 March 2021 | 41,568 | 26,826 | 68,394 |
| Bank loans and overdrafts – 31 December 2020 | 42,032 | 27,283 | 69,315 |
| Bank loans and overdrafts – 31 March 2020 | 43,412 | 28,218 | 71,630* |

Debt financing

Changes in the three months ended 31 March 2021

During three months ended 31 March 2021 the Group paid €0.7 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton, Atlas Tower, Galeria Platinum Towers*).

Changes in the year ended 31 December 2020

During 2020 the Group paid €2.6 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton, Atlas Tower, Galeria Platinum Towers*). In 2020, the Group signed several annexes with the bank financing *Golden Tulip* based on which loan repayments scheduled in 2020 were suspended until 31 December 2021. Additionally, the loan maturity date was extended from June 2026 till September 2026.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

15. Related party transactions

- (a) Key management compensation

| | 31 March 2021 (unaudited) €'000 | 31 March 2020 (unaudited) €'000 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Fees for non-executive directors | 16 | 15 |

The Company has appointed AMC, a company under common control, to manage its property portfolio. In consideration of the services provided, AMC charged a management fee of €0.6 million for the three months ended 31 March 2021 (year ended 31 December 2020: €2.8 million; 3 months ended 31 March 2020: €0.7 million). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. No performance fee has been accrued for the three months ended 31 March 2021 (year ended 31 December 2020: €nil million; 3 months ended 31 March 2020: €nil million)- as disclosed in note 17.5.

As of 31 March 2021, €12.9 million included in current trade and other payables was due to AMC in respect of the performance and management fee (31 December 2020: €12.3 million; 31 March 2020: €11.0 million).

- (b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 31 March 2021 the purchase price of €0.2 million (31 December 2020: €0.2 million, 31 March 2020: €0.2 million) is due to former non-controlling shareholder (Coralcliff Limited).
- (c) Following deconsolidation of the Company's subsidiary Felikon Kft in 2019, the Group has a loan payable due to Felikon Kft. The loan repayment date was extended to 31 December 2025. As of 31 March 2021 the Group owes €6.3 million (31 December 2020: €6.2 million; 31 March 2020: €6.2 million).

16. Post balance sheet events

There are no significant post balance sheet events that require disclosure except for:

- a. On 21 April 2021 AEL and AMC have agreed to decrease by €10.0 million the outstanding balance resulting from unpaid performance fees for years of 2018 and 2017 amounting to €10.8 million as of 31 December 2020. This is a non-adjusting post balance sheet event and €10.0 million will be credited to the income statement in Q2 2021.

17. Other items

17.1 Information about court proceedings

The Company is not aware of any proceedings instigated before a court, a competent arbitration body or a public administration authority concerning liabilities or receivables of the Company, or its subsidiaries, whose joint value constitutes at least 15% the Company's net equity.

There are no other material legal cases or disputes that are considered material to the consolidated financial information that would either require disclosure or provision within the financial information.

17.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2021.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

17.3 Substantial shareholdings

Substantial shareholding

The Board is aware of the following direct or indirect interest in 5% or more of the Company's ordinary share capital (excluding 3,470,000 treasury shares, which have no voting rights). All shares have equal voting rights.

1. Direct shareholders (*i.e. shareholders holding the shares for the benefit of other parties*)

| Significant Shareholders | Number of Shares held | Voting Rights |
|--------------------------------------|-----------------------|---------------|
| Euroclear Nominees Limited <EOCO1> | 40,316,174 | 86.05 |
| Atlas International Holdings Limited | 6,461,425 | 13.79 |
| TOTAL | 46,777,599 | 99.84 |

2. Beneficial shareholders (*i.e. shareholders for the benefit of which the above direct shareholders held the shares*) based on the information provided to the Company by these shareholders under the applicable legislation (*the notifications received from shareholders in accordance with Art. 70 with connection to art. 69 of the Act of 29 July 2005 on the Public Offering, Condition Governing the introduction of Financial Instruments to Organized Trading and Public Companies*)

| Significant Shareholders | Number of Shares held | Voting Rights |
|--------------------------------------|-----------------------|---------------|
| Fragiolig Holdings Limited | 37,197,437 | 79.39 |
| Atlas International Holdings Limited | 6,461,425 | 13.79 |
| TOTAL | 43,658,862 | 93.18 |

3. The ultimate parent company of Fragiolig Holdings Limited and Atlas International Holdings Limited is RIG Investments Sarl and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki.

17.4 Directors' share interests

There have been no changes to the Directors' share interests during the three months ended 31 March 2021. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the three months ended 31 March 2020.

17.5 Contingencies

In 2020 the Board of Directors of the Company (the Board) conducted a review of the Property Management Agreement ("PMA") and in particular the means by which performance fee is calculated. Of primary concern to the Board were the following issues:

- the drafting of the clauses and definitions in the PMA with regards to the calculation of performance fee are not concise and ambiguity can lead to multiple interpretations and thus differing calculations;
- the lack of a properly constructed high-water mark mechanism has led to performance fees being paid multiple times on NAV gains in the same bracket, i.e. performance fees have been paid or accrued on certain gains in NAV, but due to subsequent reductions in NAV in a following period, upon the NAV increasing again in the next period, performance fees have been paid or accrued again on the same NAV increase for which performance fees have been paid previously;
- performance fee calculations appear to be disproportionate to the intention of the PMA which is to set a 12% hurdle rate.

Having concluded its review, and taken external legal advice on the interpretation of the PMA, the Board was of the view that it does not agree with the interpretation which has been taken previously in respect of performance fee calculations and it disputed the amounts which have been paid or accrued.

Performance fees prior to 2019

Past Performance Fees which have accrued, but which are yet to be paid amount to €10.8 million. The amount due to AMC was subject to change that was contingent on the resolution of the dispute. As of 31 December 2020 and 31 March 2021 no asset has been recognised in respect of any reduction of the said balance. On 21 April 2021 AEL and AMC have agreed to decrease this balance by €10.0 million. This is a non-adjusting post balance sheet event and €10.0 million will be credited to the income statement in Q2 2021.

Performance fee in respect of 2019 and 2020

On 8 April 2020 AEL and AMC have agreed that no performance fee will be due for 2019. On the basis of the above, the Board was in a position to approve the financial statements of the Company and the consolidated financial statements of the Group for the year ending December 2019, without accruing for a performance fee for 2019 and at the same time the Board agreed with AMC that for the purpose of the calculation of the performance fee for the year

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

2020 the opening NAV per share at the beginning of the period is NAV per share as of 31 December 2018. Since NAV per share as of 31 December 2020 decreased as compared to 31 December 2018 AMC is not entitled to any performance fee in respect of 2020 and 2019.

Performance fee in respect of 2021

The Board has not yet agreed a mechanism for 2021 onwards.

18. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. On 10 February 2021 the Group established a joint venture company (Atlas MG Sp. z o.o.) together with PL Properties Sp. z o.o. (Magnus Group). This new subsidiary was in the process of registration as of 31 March 2021.

| Country of incorporation | Name of subsidiary/ joint venture entity | Status | Percentage of nominal value of issued shares and voting rights held by the Company |
|--------------------------|---|-----------------|--|
| Holland | Atlas Estates Cooperatief U.A. | Holding | 100% |
| Holland | Atlas Estates Investment B.V. | Holding | 100% |
| Holland | Atlas Projects B.V. | Holding | 100% |
| Guernsey | Atlas Finance (Guernsey) Limited | Holding | 100% |
| Curacao | Atlas Estates Antilles B.V. | Holding | 100% |
| Cyprus | Fernwood Limited | Holding | 100% |
| Poland | AEP Sp. z o.o. | Management | 100% |
| Poland | AEP Sp. z o.o. 2 SKA | Holding | 100% |
| Poland | AEP Sp. z o.o. 3 SKA | Holding | 100% |
| Poland | Platinum Towers AEP Sp. z o.o. SKA | Development | 100% |
| Poland | Zielono AEP Sp. z o.o. SKA | Development | 100% |
| Poland | Properpol Sp. z o.o. | Investment | 100% |
| Poland | Atlas Tower Sp. z o.o. (former name: Atlas Estates (Millennium) Sp. z o.o.) | Investment | 100% |
| Poland | Atlas Estates (Sadowa) Sp. z o.o. | Investment | 100% |
| Poland | Atlas Estates (Kokoszki) Sp. z o.o. | Investment | 100% |
| Poland | Capital Art Apartments AEP Sp. z o.o. Sp. j. | Development | 100% |
| Poland | HGC Gretna Investments Sp. z o.o. Sp. j. | Hotel operation | 100% |
| Poland | Mantezja 3 Sp. z o.o. | Hotel operation | 100% |
| Poland | HPO AEP Sp. z o.o. Sp. j. | Other | 100% |
| Poland | Atlas Estates (Cybermetyki) Sp. z o.o. | Development | 50% |
| Poland | Le Marin Sp. z o.o. | Other | 100% |
| Poland | Atlas Estates (Przasnyska 9) Sp. z o.o. | Development | 100% |
| Poland | La Brea Management Sp. z o.o. | Other | 100% |
| Poland | CAA Finance Sp. z o.o. | Development | 100% |
| Poland | Gretna Investments Sp. z o.o. | Holding | 100% |
| Poland | Gretna Investments Sp. z o.o. 4 SKA | Holding | 100% |
| Poland | Atlas Estates (Wilanów) Sp. z o.o. (former name: Negros 3Sp. z o.o.) | Other | 100% |
| Hungary | CI-2005 Investment Kft. | Other | 100% |
| Hungary | Atlas Estates (Moszkva) Kft. | Other | 100% |
| Romania | World Real Estate SRL | Investment | 100% |
| Romania | Atlas Solaris SRL | Investment | 100% |
| Romania | D.N.B. - Victoria Towers SRL | Hotel operation | 100% |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

| Country of incorporation | Name of subsidiary/ joint venture entity | Status | Percentage of nominal value of issued shares and voting rights held by the Company |
|--------------------------|---|------------|---|
| Bulgaria | Immobul EOOD | Investment | 100% |
| Luxembourg | Gretna SCSP | Holding | 100% |
| Luxembourg | Residential SCSP | Holding | 100% |
| Luxembourg | Gretna Projects Sarl | Holding | 100% |
| Luxembourg | HPO SCSP | Holding | 100% |
| Luxembourg | Residential Projects Sarl | Holding | 100% |

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

| | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|--|--|--|
| Revenues | - | - |
| Cost of operations | - | - |
| Gross profit | - | - |
| Administrative expenses | (561) | (676) |
| Other operating expenses | (1,348) | (10,420) |
| Loss from operations | (1,909) | (11,096) |
| Finance costs | (17) | (19) |
| Other (losses) and gains – foreign exchange | (4) | 3 |
| Loss before taxation | (1,930) | (11,112) |
| Tax expense | - | - |
| Loss for the year | (1,930) | (11,112) |
| Total comprehensive loss for the year | (1,930) | (11,112) |

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 March 2021

| | 31 March 2021 (unaudited) €'000 | 31 December 2020 (audited) €'000 | 31 March 2020 (unaudited) €'000 |
|------------------------------------|---------------------------------------|--|---------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 136,044 | 137,392 | 148,059 |
| Loans receivable from subsidiaries | 93 | 90 | 81 |
| | 136,137 | 137,482 | 148,140 |
| Current assets | | | |
| Trade and other receivables | 12 | 7 | - |
| Cash and cash equivalents | 301 | 417 | 211 |
| | 313 | 424 | 211 |
| TOTAL ASSETS | 136,450 | 137,906 | 148,351 |
| Non-current liabilities | | | |
| Other payables | (5,887) | (5,870) | (5,815) |
| | (5,887) | (5,870) | (5,815) |
| Current liabilities | | | |
| Trade and other payables | (12,950) | (12,493) | (11,105) |
| | (12,950) | (12,493) | (11,105) |
| TOTAL LIABILITIES | (18,837) | (18,363) | (16,920) |
| NET ASSETS | 117,613 | 119,543 | 131,431 |
| EQUITY | | | |
| Share capital account | 6,268 | 6,268 | 6,268 |
| Other distributable reserve | 194,817 | 194,817 | 194,817 |
| Accumulated loss | (83,472) | (81,542) | (69,654) |
| TOTAL EQUITY | 117,613 | 119,543 | 131,431 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY As at 31 March 2020

| Three months ended 31 March 2021 (unaudited) | Share capital account €'000 | Other reserves €'000 | Accumulated loss €'000 | Total €'000 |
|---|-----------------------------------|----------------------------|------------------------------|----------------|
| As at 1 January 2021 | 6,268 | 194,817 | (81,542) | 119,543 |
| Total comprehensive loss for the period | - | - | (1,930) | (1,930) |
| As at 31 March 2021 | 6,268 | 194,817 | (83,472) | 117,613 |

| Year ended 31 December 2020 | Share capital account €'000 | Other reserves €'000 | Accumulated loss €'000 | Total €'000 |
|---------------------------------------|-----------------------------------|----------------------------|------------------------------|----------------|
| As at 1 January 2020 | 6,268 | 194,817 | (58,542) | 142,543 |
| Total comprehensive loss for the year | - | - | (23,000) | (23,000) |
| As at 31 December 2020 | 6,268 | 194,817 | (81,542) | 119,543 |

| Three months ended 31 March 2020 (unaudited) | Share capital account €'000 | Other reserves €'000 | Accumulated loss €'000 | Total €'000 |
|---|-----------------------------------|----------------------------|------------------------------|----------------|
| As at 1 January 2020 | 6,268 | 194,817 | (58,542) | 142,543 |
| Total comprehensive loss for the period | - | - | (11,112) | (11,112) |
| As at 31 March 2020 | 6,268 | 194,817 | (69,654) | 131,431 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2021

NON-CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2021

| | Three months ended 31 March 2021 (unaudited) €'000 | Three months ended 31 March 2020 (unaudited) €'000 |
|---|---|---|
| Loss for the year | (1,930) | (11,112) |
| Adjustments for: | | |
| Finance costs | 17 | 19 |
| Impairment on investments | 1,348 | 10,420 |
| | (565) | (673) |
| Changes in working capital | | |
| Increase in trade and other receivables | (5) | 4 |
| Increase in trade and other payables | 457 | 210 |
| Net cash used in operating activities | (113) | (459) |
| Investing activities | | |
| New loans advanced to subsidiaries | (3) | - |
| Income from subsidiary | - | 300 |
| Net cash from investing activities | (3) | 300 |
| Net decrease in cash and cash equivalents in the year as a result of cashflows | (116) | (159) |
| Net decrease in cash and cash equivalents in the year | (116) | (159) |
| Cash and cash equivalents at the beginning of the year | 417 | 370 |
| Cash and cash equivalents at the end of the year | 301 | 211 |
| Cash and cash equivalents | | |
| Cash at bank and in hand | 301 | 211 |
| | 301 | 211 |