

**ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2021**

**Atlas Estates Limited
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Company number: 44284**

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Financial Highlights

Selected Consolidated Financial Items	Six months ended 30 June 2021 (unaudited) €'000	Year ended 31 December 2020 (audited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Revenues	5,947	15,105	8,890
Gross profit	2,117	6,041	3,693
(Decrease)/ Increase in value of investment properties	(2,913)	1,317	1,371
Profit from operations	6,709	483	1,542
Profit/ (Loss) before taxation	6,411	(5,307)	(2,098)
Profit/ (Loss) for the period	6,496	(4,975)	(2,554)
Net cash from operating activities	1,988	3,548	1,934
Net cash used in investing activities	(7,092)	(7)	(2,516)
Net cash used in financing activities	(1,767)	(5,353)	(2,766)
Net decrease in cash and cash equivalents in the period	(7,584)	(5,340)	(5,361)
Non-current assets	184,426	180,155	188,317
Current assets	53,046	58,837	63,578
Total assets	237,472	238,992	251,895
Current liabilities	(12,199)	(27,967)	(35,137)
Non-current liabilities	(97,101)	(91,482)	(88,905)
Total liabilities	(109,300)	(119,449)	(124,042)
Basic net assets (1)	128,172	119,543	127,853
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Basic and diluted earnings/(loss) per share (eurocents)	13.9	(10.6)	(5.5)
Basic net asset value per share (€)	2.7	2.6	2.7

(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 interim condensed consolidated report of Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 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

Half Year Reported Results

As of 30 June 2021 the Group has reported basic net assets of €128.2 million.

The increase of basic net asset value by €8.7 million (i.e. 7%) from €119.5 million as at 31 December 2020 is primarily a result of:

- profit after tax amounting to €6.5 million for the six months period ended 30 June 2021;
- 2% appreciation of PLN against EUR in the first half of 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 €2.8 million gain reported in translation reserve; offset by:
- €0.6 million downward revaluation of *Hilton* as of 30 June 2021 (net of tax).

Profit after tax amounts to €6.5 million for the six months period ended 30 June 2021 as compared to loss after tax of €2.5 million for the six months period ended 30 June 2020. This change was mainly attributable to the settlement agreement reached between Atlas and Atlas Management Group in April 2021 based on which previously recorded performance fee amounting to €10.0 million, which remained unpaid, was waived and credited to the income statement in the second quarter 2021 (further explained on page 11). This gain was partially offset with €1.6 million gross profit reduction resulting from the restriction of trade due to nationally imposed social distancing measures on hotels operations in the first half of 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 approval of these interim financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial information for the six months ended 30 June 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. Additionally in the six months ended 30 June 2021 the Group also invested part of its cash reserves in funds and equities.

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

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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 six months to 30 June 2021, NAV per share increased from €2.6 per share to €2.7 per share. The NAV per share as at 30 June 2020 was €2.7. The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The increase is mainly attributable to the above-described increase in net assets.

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 entire portfolio takes place.

For the interim accounts valuations of key assets located in Poland (*Hilton Hotel, Atlas Tower*- office building and *Galeria Platinum Towers*- retail property) and Romania (*Golden Tulip* hotel) were performed by an external expert. As of 30 June 2021 Jones Lang LaSalle - external independent qualified expert, was responsible for the valuation of these assets.

It should be underlined that the valuation of Atlas property portfolio as of 31 December 2020 and 30 June 2021 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".

The subject Atlas Estates portfolio represents various property sectors (office, retail, hotel) but as of 30 June 2021 the above clause applies to hotel assets only, whereas on 31 December 2020 to the entire portfolio.

Corporate Governance

Atlas ensures that the Group applies a robust corporate governance structure, which is vital in the current economic conditions. This is important as there is a clear link between high quality corporate governance and shareholder value creation. A statement on Atlas compliance with the corporate governance recommendations and principles contained in Best Practice for WSE listed companies is presented on Atlas corporate website.

Risks and uncertainties

The Board and the Property Manager continually assess and monitor the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance for the rest of the financial year 2021 are summarised in the Property Manager's Report on pages 12 and 13 below.



Mark Chasey
CHAIRMAN
14 September 2021

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Review of the Property Manager

In this review we present the financial and operating results for the six months ended 30 June 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 30 June 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 assessed that GDP decreased in Poland in 2020 by 2.7%, 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 39,044 sqm office and retail building centrally located in Warsaw with occupancy rate of 85% as of 30 June 2021 (88% 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 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 30 June 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 30 June 2021 all apartments from all stages were either sold or presold, whereas 1 retail unit 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 increased from 21% for the six months ended 30 June 2020 to 26% for the six months ended 30 June 2021. The Golden Tulip hotel was subject to a sales agreement and was expected to be sold during 2020, however the transaction was cancelled, see note 17. As of the date of this report Golden Tulip hotel is subject to a sales agreement and is expected to be sold during 2022 (see note 23).

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

An independent valuation of the entire property portfolio is carried out on an annual basis. For the interim semi-annual accounts the valuation of selected assets was performed as described on page 5.

Loans and valuations

As at 30 June 2021, the Company's share of bank debt associated with the portfolio of the Group was €70 million (31 December 2020: €69 million; 30 June 2020: €72 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken:

	30 June 2021			31 December 2020			30 June 2020		
	Loans € millions	Valuation € millions	LTV Ratio* %	Loans € millions	Valuation € millions	LTV Ratio* %	Loans € millions	Valuation € millions	LTV Ratio* %
Investment property	22	71	31%	23	72	32%	24	74	32%
Hotels	48	84	57%	46	84	55%	48	91	53%
Total	70	155	45%	69	156	44%	72	165	44%

*LTV Ratio- Loan to Value Ratio

LTV ratio of investment property remained stable and amounted to 32% as of 30 June 2020 and 31 December 2020 and decreased to 31% as of 30 June 2021 due to the slight decrease in valuation of *Atlas Tower* offset by partial loan repayments.

LTV ratio of hotels increased from 53% as of 30 June 2020 to 55% as of 31 December 2020 and 57% as of 30 June 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 19.

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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	Six months ended 30 June 2021 € millions	Six months ended 30 June 2020 € millions
Revenue	3.8	-	2.1	-	5.9	8.8
Cost of operations	(1.3)	-	(2.5)	-	(3.8)	(5.1)
Gross profit	2.5	-	(0.4)	-	2.1	3.7
Administrative expenses	(0.1)	-	(1.2)	(1.9)	(3.2)	(3.6)
Gross profit / (loss) less administrative expenses	2.4	-	(1.6)	(1.9)	(1.1)	0.1
Gross profit %	66%	n/a	-19%	0%	36%	42%
Gross profit/ (loss) less administrative expenses %	63%	n/a	-76%	0%	-19%	1%

Revenues and cost of operations

Total Group revenues decreased significantly to €5.9m for the six months ended 30 June 2021 compared to €8.8m 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 30 June 2021 were €3.8 million compared to €5.1 million as at 30 June 2020.

Development Properties

	Six months ended 30 June 2021 € millions	Six months ended 30 June 2020 € millions	Total change 2021 v 2020 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2021 v 2020 € millions
Revenue	-	0.4	(0.4)	-	(0.4)
Cost of operations	-	(0.3)	0.3	-	0.3
Gross profit	-	0.1	(0.1)	-	(0.1)
Administrative expenses	-	(0.1)	0.1	-	0.1
Gross profit/ (loss) less administrative expenses	-	-	-	-	-

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 six months ended 30 June 2020 the Group completed the sale of 1 apartment (in *Apartamenty przy Krasińskiego stage II*) and 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 30 June 2021 (only preliminary agreements concluded)	1	-	-	-	-
Apartments available for sale as of 30 June 2021	-	-	-	-	-

Property Rental

	Six months ended 30 June 2021 € millions	Six months ended 30 June 2020 € millions	Total change 2021 v 2020 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2021 v 2020 € millions
Revenue	3.8	4.2	(0.4)	(0.1)	(0.3)
Cost of operations	(1.3)	(1.4)	0.1	-	0.1
Gross profit	2.5	2.8	(0.3)	(0.1)	(0.2)
Administrative expenses	(0.1)	(0.3)	0.2	-	0.2
Gross profit less administrative expenses	2.4	2.5	(0.1)	(0.1)	(0.0)

In the first half of 2021 the gross margin realized by the Property Rental decreased as compared to the first half of 2020 due to outbreak of COVID-19 (as disclosed on page 12), which resulted in rent reliefs for some tenants.

Hotel operations

	Six months ended 30 June 2021 € millions	Six months ended 30 June 2020 € millions	Total change 2021 v 2020 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2021 v 2020 € millions
Revenue	2.1	4.2	(2.1)	(0.1)	(2.0)
Cost of operations	(2.5)	(3.4)	0.9	0.1	0.8
Gross (loss)/ profit	(0.4)	0.8	(1.2)	-	(1.2)
Administrative expenses	(1.2)	(1.2)	-	-	-
Gross (loss)/ profit less administrative expenses	(1.6)	(0.4)	(1.2)	-	(1.2)

In the six months ended 30 June 2021 the hotel operation declined due to outbreak of COVID-19 (as disclosed on page 12), which resulted in sharp decrease of *Hilton* and *Golden Tulip* occupancy since mid-March 2020.

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Valuation movement

As of 30 June 2021 the decrease of the market value of the investment properties portfolio was of €2.9 million as compared to an increase of €1.4 million as of 30 June 2020. The movements relate to change in value of *Atlas Tower and Galeria Platinum Towers*.

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 profit of €0.1 million in the consolidated income statement for the first half of 2021 (first half 2020: €0.9 million loss) and €2.8 million profit in other comprehensive income for the first half of 2021 (first half 2020: €7.1 million loss). The losses in the consolidated income statement were mainly due to the unrealised foreign exchange gains and losses on EUR denominated liabilities (bank loans, intra group financing) in Polish, Romanian and Hungarian subsidiaries. In the first half of 2020 the foreign exchange losses occurred mainly as a result of depreciation of PLN against EUR. In the first half 2021 the foreign exchange gains occurred mainly as a result of appreciation 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				
30 June 2021	4.5208	351.90	4.9267	1.95583
31 December 2020	4.6148	365.13	4.7793	1.95583
% Change	-2%	-4%	3%	0%
30 June 2020	4.466	356.57	4.8423	1.95583
31 December 2019	4.2585	330.52	4.7793	1.95583
% Change	5%	8%	1%	0%
Average rates				
H1 2021	4.5408	357.93	4.9236	1.95583
Year 2020	4.4448	351.17	4.8707	1.95583
% Change	2%	2%	1%	0%
H1 2020	4.4146	345.15	4.8393	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 six months to 30 June 2021 the combined fee payable to AMC by the Group was €1.2 million (€1.4 million in the first six months to 30 June 2020 (more details are presented in note 22a).

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:

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- 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 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 amount was 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 was 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 first half of 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

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macroeconomic conditions in these countries may expose the Group's business to risk, thus affecting its future financial results and prospects for development.

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;
- In the period from May 8, 2021 until June 24, 2021 hotel could operate with limit of up to 50% capacity;
- Since June 25, 2021 hotel could operate with limit of up to 75% capacity;
- In the first half 2021 the hotel occupancy was 40% 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 half 2021 the hotel occupancy was 22% higher as compared to the same period of 2020.

The revenues from the hotel activity amounted to €2.1 million in in the first half 2021 as compared to €4.2 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. As of 30 June 2021, the valuation of Hilton and Golden Tulip hotels remained at the similar level as compared to the previous year-end valuation as of 31 December 2020.

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. In 2021 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 €381 thousand in connection with payroll related expenditures. There are no unfulfilled conditions or other contingencies attached to government assistance that has been recognised.

On 25 June 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate *Hilton* hotel in Warsaw concluded a new loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"), a Polish joint-stock company owned Polish State of treasury, which offers financial instruments for entities on preferential terms. The new loan amounts to PLN 6.9 million (€1.5 million), can be used for financing *Hilton* expenses and must be repaid by 30 September 2024. In accordance with loan agreement the loan can be partially waived up to 75% of the loan amount at the sole discretion of PFR. The decision of lender concerning the amount waived will be known before 30 September 2021.

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. In the period from 24 October 2020 till 15 May 2021 customers eating on-site at restaurants in restaurants was forbidden. It was only possible to provide services for take-away and delivery. No restrictions were

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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 30 June 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 30 June 2021, there were no breaches of the bank covenants in respect of this facility.

On 23 June 2021 the Group signed an amendment to the existing loan agreement based on which the final repayment date of the facility was extended from 30 June 2021 to 30 December 2022.

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
14 September 2021

ZIV ZVIEL

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.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

Independent Review Report on the Interim Condensed Consolidated and non-consolidated Financial Information for the six month period ended 30 June 2021

Independent Review to Atlas Estates Limited

Introduction

We have been engaged by the company to review the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2021, which comprises the consolidated income statement, the consolidated and non-consolidated statements of comprehensive income, the consolidated and non-consolidated statements of financial position, the consolidated and non-consolidated statements of changes in equity, the consolidated and non-consolidated statements of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim condensed consolidated and non-consolidated financial information.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the rules of the Warsaw Stock Exchange.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The interim condensed consolidated and non-consolidated financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK & Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphasis of Matter: Property valuations – Hilton Hotel and Golden Tulip Hotel

We draw attention to note 12, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Company's property valuer has advised that less certainty, and a higher degree of caution, should be attached to their valuation of the Hilton and Golden Tulip properties than would normally be the case. The inputs to the valuation of the Hilton and Golden Tulip Hotels include the forecast of performance of the hotels that have 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. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union and the rules of the Warsaw Stock Exchange.

ATLAS ESTATES LIMITED

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of the requirements of the rules of the Warsaw Stock Exchange and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.



Stewart Dunne
For and on behalf of BDO, Recognised Auditor
Dublin, Ireland
14 September 2021

BDO is a partnership and Statutory Audit Firm registered in Ireland (with registered number AI223876).

ATLAS ESTATES LIMITED

Declarations of the Board of Directors

Declaration concerning accounting policies

The Board of Directors of Atlas Estates Limited ("the Company") confirms that, to the best of their knowledge, the interim condensed consolidated and non-consolidated financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Group and the Company for the period.

The Directors and Property Manager's Reports in this report give a true and fair view of the situation on the reporting date and of the developments during the period, and include a description of the major risks and uncertainties.

Declaration concerning election of the Company's auditor for the interim condensed consolidated and non-consolidated financial statements

The Company's auditor has been elected according to applicable rules. The audit firm engaged in the review of the financial statements of Atlas Estates Limited meet the objectives to present an objective and independent report in accordance with applicable laws and professional regulations.



Mark Chasey
Chairman



Andrew Fox
Director



Guy Indig
Director

14 September 2021

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT For the six months ended 30 June 2021

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000	Note
Revenues	5,947	8,890	3
Cost of operations	(3,830)	(5,197)	4.1
Gross profit	2,117	3,693	
Administrative expenses	(3,182)	(3,548)	4.2
Other operating income	10,752	60	5
Other operating expense	(65)	(34)	
(Decrease)/ Increase in value of investment properties	(2,913)	1,371	6
Profit from operations	6,709	1,542	
Finance income	1,208	87	7
Finance costs	(1,639)	(2,813)	7
Other gains/ (losses) – foreign exchange	121	(871)	7
Share of profit/ (losses) from equity accounted joint ventures	12	(43)	
Profit/ (Loss) before taxation	6,411	(2,098)	
Tax charge	85	(456)	8
Profit/ (Loss) for the period	6,496	(2,554)	
Attributable to:			
Owners of the parent	6,496	(2,554)	
Non-controlling interests	-	-	
	6,496	(2,554)	
Profit/ (loss) per €0.01 ordinary share – basic (eurocents)	13.9	(5.5)	10
Profit/ (loss) per €0.01 ordinary share – diluted (eurocents)	13.9	(5.5)	10

All amounts relate to continuing operations.

The notes on pages 24 to 46 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the six months ended 30 June 2021

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
PROFIT/ (LOSS) FOR THE PERIOD	6,496	(2,554)
Other comprehensive income:		
<i>Items that will not be recycled through profit or loss</i>		
Revaluation of buildings	(690)	(6,327)
Deferred tax on revaluation	131	1,202
Total	(559)	(5,125)
<i>Items that may be recycled through profit or loss</i>		
Exchange adjustments	2,817	(7,128)
Deferred tax on exchange adjustments	(125)	117
Total	2,692	(7,011)
Other comprehensive income/ (loss) for the period (net of tax)	2,133	(12,136)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	8,629	(14,690)
Total comprehensive income/ (loss) attributable to:		
Owners of the parent	8,629	(14,690)
	8,629	(14,690)

The notes on pages 24 to 46 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2021

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	11	14	14	
Total investment in equity accounted joint ventures	251	-	-	11
Property, plant and equipment	91,799	91,773	92,507	12
Investment property	83,998	85,239	87,673	13
Deferred tax asset	8,367	8,232	8,123	
	184,426	185,258	188,317	
Current assets				
Inventories	2,124	2,086	2,255	14
Trade and other receivables	2,343	2,123	5,788	
Financial assets at fair value through profit or loss	6,638	-	-	15
Cash and cash equivalents	41,941	49,525	49,219	16
	53,046	53,734	57,262	
Assets held within disposal groups classified as held for sale	-	-	6,316	17
	53,046	53,734	63,578	
TOTAL ASSETS	237,472	238,992	251,895	
Non-current liabilities				
Other payables	(17,707)	(17,750)	(11,849)	18
Bank loans	(66,603)	(63,498)	(63,703)	19
Deferred tax liabilities	(12,791)	(12,681)	(13,353)	
	(97,101)	(93,929)	(88,905)	
Current liabilities				
Trade and other payables	(6,961)	(17,069)	(23,411)	18
Bank loans	(3,487)	(5,817)	(5,777)	19
Derivative financial instruments	(1,751)	(2,634)	(3,024)	20
	(12,199)	(25,520)	(32,212)	
Liabilities held within disposal groups classified as held for sale	-	-	(2,925)	17
	(12,199)	(25,520)	(35,137)	
TOTAL LIABILITIES	(109,300)	(119,449)	(124,042)	
NET ASSETS	128,172	119,543	127,853	

The notes on pages 24 to 46 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2021

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	33,016	33,675	34,895
Other distributable reserve	194,817	194,817	194,617
Translation reserve	(16,858)	(19,548)	(14,978)
Accumulated loss	(89,073)	(95,599)	(93,146)
Issued capital and reserves attributable to owners of the parent - total equity	128,172	119,543	127,653
Basic net asset value per share	€ 2.7	€ 2.6	€ 2.7

The notes on pages 24 to 46 form part of this consolidated financial information. The condensed consolidated financial information on pages 18 to 46 was approved by the Board of Directors on 14 September 2021 and signed on its behalf by:

Mark Cheney
Chairman

14 September 2021

Andrew Fox
Director

Guy Indig
Director

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the six months ended 30 June 2021

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total equity €'000
Six months ended 30 June 2021 <i>(unaudited)</i>						
As at 1 January 2021	6,268	33,575	194,817	(19,548)	(95,569)	119,543
Profit for the period	-	-	-	-	6,496	6,496
Other comprehensive income for the period	-	(559)	-	2,692	-	2,133
As at 30 June 2021	6,268	33,016	194,817	(16,856)	(89,073)	128,172
Year ended 31 December 2020 <i>(audited)</i>						
As at 1 January 2020	6,268	40,020	194,817	(7,968)	(90,594)	142,543
Loss for the period	-	-	-	-	(4,975)	(4,975)
Other comprehensive loss 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
Six months ended 30 June 2020 <i>(unaudited)</i>						
As at 1 January 2020	6,268	40,020	194,817	(7,968)	(90,594)	142,543
Loss for the period	-	-	-	-	(2,554)	(2,554)
Other comprehensive loss for the period	-	(5,125)	-	(7,011)	-	(12,136)
As at 30 June 2020	6,268	34,895	194,817	(14,979)	(93,148)	127,853

The notes on pages 24 to 46 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CASH FLOWS For the six months ended 30 June 2021

	Note	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Profit/ (Loss) for the period		6,496	(2,554)
Adjustments for:			
Effects of foreign currency		(771)	1,768
Finance costs		1,503	2,754
Finance income		(1,201)	(51)
Tax charge	8	(85)	456
Share of losses/ (profit) from equity accounted joint ventures	11	(12)	43
Depreciation of property, plant and equipment	12	1,174	1,139
Amortisation charges		2	2
Increase/ (Decrease) in value of investment properties	6	2,913	(1,593)
Reversal of impairment on property, plant and equipment	5	(134)	-
Write off of trade and other payables	5	(10,000)	-
		(115)	1,964
Changes in working capital			
Decrease/ (increase) in inventory		(38)	443
Increase in trade and other receivables		(79)	(490)
Increase in trade and other payables		171	612
Effects of foreign currency on working capital translation		1,974	(487)
		2,028	78
Cash inflow from operations		1,913	2,042
Tax refund/ (paid)		75	(108)
Net cash from operating activities		1,988	1,934
Investing activities			
Interest received		-	43
Deposits paid to secure future property acquisitions		(221)	(2,357)
Deposit received in relation with sale of assets held for sale		-	300
Development of investment property	13	(230)	(403)
Purchase of property, plant and equipment	12	(19)	(99)
Funds invested in equity accounted joint ventures	11	(251)	-
Purchases of financial assets at fair value through profit or loss		(6,555)	-
Sales of financial assets at fair value through profit or loss		184	-
Net cash used in investing activities		(7,092)	(2,516)
Financing activities			
Interest paid	21a	(1,227)	(1,371)
Repayments of lease liabilities	21a	(721)	(76)
Repayments of loans and borrowings	21a	(1,352)	(1,319)
Proceeds from loans and borrowings	21a	1,533	-
Net cash used in financing activities		(1,767)	(2,766)
Net decrease in cash and cash equivalents in the period		(6,871)	(3,348)
Effect of foreign exchange rates		(713)	(2,013)
Net decrease in cash and cash equivalents in the period		(7,584)	(5,361)
Cash and cash equivalents at the beginning of the period		49,525	54,865
Cash and cash equivalent at the end of the period	16	41,941	49,504

The notes on pages 24 to 46 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

This condensed interim financial information for the six months ended 30 June 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, investment property and financial assets at fair value through profit or loss. 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 six months 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 30 June 2021 the Group held land and building assets with a market value of €155 million, compared to external debt of €70 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 six months ended 30 June 2021, the directors have taken into account the fact of the ongoing working capital management and noted that the Group is in a net current assets position of €40.8m.

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 approval of these interim financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the six months ended 30 June 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

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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:

Six months ended 30 June 2021 (unaudited)	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	3,829	19	2,095	4	5,947
Cost of operations	(1,324)	(33)	(2,469)	(4)	(3,830)
Gross profit/ (loss)	2,505	(14)	(374)	-	2,117
Administrative expenses	(112)	(15)	(1,229)	(1,826)	(3,182)
Gross profit/ (loss) less administrative expenses	2,393	(29)	(1,603)	(1,826)	(1,065)
Other operating income	178	51	523	10,000	10,752
Other operating expenses	(1)	(50)	(9)	(5)	(65)
Decrease in value of investment properties	(2,913)	-	-	-	(2,913)
(Loss)/ Profit from operations	(343)	(28)	(1,089)	8,169	6,709
Finance income	110	-	828	270	1,208
Finance cost	(525)	(11)	(990)	(113)	(1,639)
Finance costs - other gains – foreign exchange	346	(101)	(7)	(117)	121
Share of profits from equity accounted joint ventures	-	12	-	-	12
Segment result before tax	(412)	(128)	(1,258)	8,209	6,411
Tax credit/ (expense)	100	96	(112)	1	85
Profit for the period as reported in the income statement as attributable to non-controlling interests					6,496

Six months ended 30 June 2021 (unaudited)	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Reportable segment assets	95,941	3,561	103,439	-	202,941
Unallocated assets	-	-	-	34,531	34,531
Total assets	95,941	3,561	103,439	34,531	237,472
Reportable segment liabilities	(34,246)	(640)	(64,874)	-	(99,760)
Unallocated liabilities	-	-	-	(9,540)	(9,540)
Total liabilities	(34,246)	(640)	(64,874)	(9,540)	(109,300)

Six months ended 30 June 2021 (unaudited)	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Other segment items					
Capital expenditure	230	-	12	7	249
Depreciation	-	-	1,165	9	1,174
Amortisation	-	-	2	-	2
Impairment charges/ (reversals)	-	-	(134)	-	(134)

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Six months ended 30 June 2020 (unaudited)	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	4,251	446	4,193	-	8,890
Cost of operations	(1,420)	(352)	(3,425)	-	(5,197)
Gross profit	2,831	94	768	-	3,693
Administrative expenses	(256)	(51)	(1,231)	(2,010)	(3,548)
Gross profit/ (loss) less administrative expenses	2,575	43	(463)	(2,010)	145
Other operating income	2	5	49	4	60
Other operating expenses	(7)	(8)	(9)	(10)	(34)
Increase in value of investment properties	1,371	-	-	-	1,371
Profit/ (Loss) from operations	3,941	40	(423)	(2,016)	1,542
Finance income	22	32	25	8	87
Finance cost	(557)	(10)	(2,197)	(49)	(2,813)
Finance costs - other gains – foreign exchange	(1,006)	237	(61)	(41)	(871)
Share of losses from equity accounted joint ventures	-	(43)	-	-	(43)
Segment result before tax	2,400	256	(2,656)	(2,098)	(2,098)
Tax (expense)/ credit	(767)	(14)	318	7	(456)
Profit for the period as reported in the income statement as attributable to non-controlling interests					(2,554)

Six months ended 30 June 2020 (unaudited)	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	100,289	5,487	110,497	-	216,273
Unallocated assets	-	-	-	35,622	35,622
Total assets	100,289	5,487	110,497	35,622	251,895
Reportable segment liabilities	(36,165)	(789)	(68,499)	-	(105,453)
Unallocated liabilities	-	-	-	(18,589)	(18,589)
Total liabilities	(36,165)	(789)	(68,499)	(18,589)	(124,042)

Six months ended 30 June 2020 (unaudited)	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	403	-	63	36	502
Depreciation	-	-	1,129	12	1,141
Amortisation	-	-	2	-	2

There are immaterial sales between the business segments.

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.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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.

Regional Analysis

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

- Poland,
- Bulgaria, and
- Romania.

Revenue	Six months ended 30 June 2021 (unaudited) €'000	Year ended 31 December 2020 (audited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Poland	5,572	14,392	8,493
Bulgaria	184	344	164
Romania	191	369	233
Total	5,947	15,105	8,890

4. Analysis of expenditure

4.1 Cost of operations

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Costs of sale of residential property	-	(309)
Utilities, services rendered and other costs	(2,192)	(2,599)
Legal and professional expenses	(122)	(191)
Staff costs	(1,193)	(1,641)
Sales and direct advertising costs	(84)	(201)
Depreciation and amortisation	(239)	(256)
Cost of operations	(3,830)	(5,197)

4.2 Administrative expenses

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Audit and tax service	(145)	(111)
Incentive and management fee	(1,195)	(1,426)
Legal and other professional fees	(238)	(239)
Utilities, services rendered and other costs	(217)	(244)
Staff costs	(450)	(488)
Depreciation and amortisation	(937)	(885)
Other administrative expenses	-	(155)
Administrative expenses	(3,182)	(3,548)

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5. Other operating income

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Gain on settlement agreement between AEL and AMC	10,000	-
Reversal of impairment on property, plant and equipment	134	-
Government grants	381	-
Other	237	60
Other operating income	10,752	60

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 (as disclosed at page 11).

In 2021 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 € 381 thousand in connection with payroll related expenditure. There are none unfulfilled conditions or other contingencies attached to government assistance that has been recognised.

6. Investment property valuation gains and losses

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Fair value (losses)/ gains	(2,913)	1,593
Rent levelling	-	(222)
At the end of the year	(2,913)	1,371

7. Finance income and finance costs – net

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Gain on interest rate derivative	934	8
Profit on sale of financial assets	8	-
Fair value gains on financial assets	259	-
Other	15	79
Finance income	1,208	87
Interest payable on bank borrowings	(1,227)	(1,371)
Loss on interest rate derivative	-	(1,097)
Interests on obligations under leases	(186)	(190)
Other similar charges	(226)	(155)
Finance costs	(1,639)	(2,813)
Finance costs excluding foreign exchange – net	(431)	(2,726)
Other gains and (losses) – foreign exchange	121	(871)
Finance costs, including foreign exchange – net	(310)	(3,597)

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8. Tax

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Continuing operations		
Current tax	(5)	23
Deferred tax	90	(479)
Tax charge for the period	85	(456)

On an individual company basis, an estimate has been made of the effective tax rate for the full year and has been applied to the half-year results.

9. Dividends

There were no dividends declared or paid in the six months ended 30 June 2021 (2020: €nil).

10. Earning/ Loss per share ("EPS"/ "LPS")

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

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

Six months ended 30 June 2021	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Continuing operations			
Basic EPS			
Profit attributable to equity shareholders of the Company	6,496	46,852,014	13.9
Diluted EPS			
Adjusted profit	6,496	46,852,014	13.9

Six months ended 30 June 2020	Loss €'000	Weighted average number of shares	Per share amount Eurocents
Continuing operations			
Basic LPS			
Loss attributable to equity shareholders of the Company	(2,554)	46,852,014	(5.5)
Diluted LPS			
Adjusted loss	(2,554)	46,852,014	(5.5)

11. Joint ventures

As detailed in note 25, the group has a 50% interest in a jointly controlled entities Atlas Estates (Cybernetyki) Sp. z o.o. and Atlas MG Sp. z o.o. (based on the percentage of shares held and attributable voting right), which have been accounted for by equity method in the consolidated financial statements.

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). As of 30 June 2021, the Group lent €251 thousand to Atlas MG Sp. z o.o. This new joint venture 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. Currently the activity of this subsidiary is focused on arranging architectural plan, which is a key element of building permit application.

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The Group's 50% share of joint venture's (Atlas Estates (Cybernetyki) Sp. z o.o.) summarised financial information is presented below:

	30 June 2021	31 December 2020	30 June 2020
	(unaudited)	(audited)	(unaudited)
	€'000	€'000	€'000
Non-current assets	822	819	816
Current assets	1	1	1
Current liabilities	(823)	(820)	(817)
Non-current liabilities	-	-	-
Net assets	-	-	-

Included in the above amounts are:

Cash and cash equivalents	-	-	-
Income	18	-	-
Expenses	(6)	(78)	(43)
Profit/ (Loss) after tax	12	(78)	(43)

Included in the above amounts are:

Interests expense	(6)	(12)	(6)
Income tax (expense) / income	-	(21)	-

12. 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 17)	6,913	-	-	6,913
At 31 December 2020	97,612	10,027	-	107,639
Additions at cost	12	7	-	19
Revaluation	(556)	-	-	(556)
Exchange adjustments	2,171	190	(2)	2,359
At 30 June 2021	99,239	10,224	(2)	109,461
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 17)	(1,813)	-	-	(1,813)
At 31 December 2020	(6,667)	(9,199)	-	(15,866)
Charge for the year	(935)	(239)	-	(1,174)
Exchange adjustments	(449)	(175)	2	(622)
At 30 June 2021	(8,051)	(9,613)	2	(17,662)
Net book value at 30 June 2021	91,188	611	-	91,799
Net book value at 31 December 2020	90,945	828	-	91,773

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	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	66	33	-	99
Revaluation	(6,327)	-	-	(6,327)
Exchange adjustments	(5,842)	(465)	(2)	(6,309)
At 30 June 2020	96,093	10,369	60	106,522
Accumulated depreciation				
At 1 January 2020	(4,894)	(9,379)	(62)	(14,335)
Charge for the period	(884)	(255)	-	(1,139)
Exchange adjustments	1,053	404	2	1,459
At 30 June 2020	(4,725)	(9,230)	(60)	(14,015)
				-
Net book value at 30 June 2020	91,368	1,139	-	92,507

A reconciliation of the right of use asset included in property, plant and equipment is provided in note 22b.

Depreciation of right of use assets of €48 thousand (2020: €98 thousand) has been included in the above depreciation charge. Additions to right of use assets of €nil thousand (2020: €47 thousand) have been included in the above additions at cost amounts.

As of 1 January 2019 hotels Hilton in Warsaw and Golden Tulip in Bucharest constituted the majority of the total property, plant and equipment balance. As of 31 December 2019 Golden Tulip hotel in Bucharest was classified to assets classified as held for sale and was reported as held for sale also as of 30 June 2020 (note 17). Since the sale transaction was not completed, Golden Tulip hotel was transferred from assets held for sale to property, plant and equipment as of 31 December 2020. As a result of 31 December 2020 and 30 June 2021 hotels Hilton in Warsaw and Golden Tulip in Bucharest constituted the majority of the total property, plant and equipment balance.

Hotels were valued as at 30 June 2021 by Jones Lang LaSalle Sp. z o.o., Chartered Surveyors, acting in the capacity of External Valuers. The properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Valuation Global Standards. As described at page 5, the valuation of Atlas portfolio as of 30 June 2021 and 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 income (note 5).

The fair value of both hotels is level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Opening balance (level 3 recurring fair values)	91,707	104,632	110,632
Effect of adoption of IFRS 16	-	47	-
Additions at cost	12	122	63
Revaluation losses included in other comprehensive income	(690)	(7,958)	(6,327)
Profit included in other operating income	134	-	-
Depreciation charge for the year	(1,165)	(2,241)	(1,129)
Exchange adjustments	1,737	(7,995)	(4,927)
Closing balance (level 3 recurring fair values)	91,735	86,607	98,312
Transfer from assets classified as held for sale (note 17)	-	5,100	5,919
Closing balance (level 3 recurring fair values)	91,735	91,707	91,911

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The valuation techniques and significant unobservable inputs used in determining the fair value measurement as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Income approach The valuation has been undertaken using DCF valuation methodology.	Hilton: Exit Capitalisation Rate for hotel and retail part (6.75%, 6.50%)	An increase/decrease in the exit yield by 0.25% would decrease/increase the fair value by €1,673k/€1,763k.
	Discount Rate for hotel and retail part (10.25%, 7.00%)	An increase/decrease in the discount rate by 0.25% would decrease/increase the fair value by €1,445k/€1,569k.
	Golden Tulip: Exit Capitalisation Rate (8.75%)	
	Discount Rate (12.35%)	

Fair value measurements are based on highest and best use, which does not differ from their actual use.

As of 30 June 2021 the Group has pledged property, plant and equipment of €91.7 million (31 December 2020: €91.7 million, 30 June 2020: €91.9 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €47.6 million (31 December 2020: €46.2 million, 30 June 2020: €47.8 million) are secured on these properties.

13. Investment property

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
At beginning of the year	85,239	89,396	89,396
Right of use of land in perpetual usufruct	(39)	87	89
Capitalised subsequent expenditure	230	583	403
Exchange movements	1,481	(6,344)	(3,808)
Fair value (losses)/ gains	(2,913)	1,517	1,593
At the end of the period	83,998	85,239	87,673

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 (except for key properties in Poland: *Atlas Tower* and *Galeria Platinum Towers*, which are based on the valuation carried out as at 30 June 2021) by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in these locations, and except for one investment property valued by the property manager at €1,340 thousand (2020: €1,313 thousand).

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 investment property is categorised as a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Opening balance (level 3 recurring fair values)	85,239	89,396	89,396
Capitalised subsequent expenditure	230	583	403
Disposals- other	(39)	87	89
Unrealized change in fair value	(2,913)	1,517	1,593
Unrealized foreign exchange movements	1,481	(6,344)	(3,808)
Closing balance (level 3 recurring fair values)	83,998	85,239	87,673

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The valuation techniques and significant unobservable inputs used in determining the fair value measurement of investment property, as well as the inter-relationship between key unobservable inputs and fair value, is detailed in the table below.

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
<p>Income approach (Total value of properties at 30 June 2021: €75.7 million)</p> <p>Fair value is determined by applying the income approach based on the estimated rental value of the property.</p>	<p>Discount Rate (8.00% - 9.00%) Exit Yield (7.00% - 8.00%) Letting voids on vacant spaces (12 months) Rent - individually estimated per each property/type of leasable unit (€7/m²- €36/m²)</p>	<p>An increase/ decrease in the discount rate and in the exit yield (simultaneously) by 0.25% would decrease/ increase the fair value by €2,540k/€2,550k.</p> <p>An increase/decrease in rental income by 2.50% would increase/decrease the fair value by €1,910k/€2,110k.</p>
<p>Comparable approach (Total value of properties at 30 June 2021: €8.3 million)</p> <p>The valuation technique that uses prices and other relevant information generated by market transactions involving comparable (i.e. similar) assets, adjusted for several factors to ensure comparability of the transactions.</p>	<p>The following adjusting factors were adopted:</p> <ul style="list-style-type: none"> ✓ Size (from -15% to +10%) ✓ Location (from -20% to +5%) ✓ Development potential (from -10% to +5%) 	<p>The higher/ the lower the adjusting factor the higher/ the lower the fair value.</p>

There were no changes to the valuation techniques of level 3 fair value measurements in the period. The fair value measurement is based on the above items highest and best use, which does not significantly differ from their actual use.

The Group has pledged investment property of €70.7 million (31 December 2020: €72.0 million; 30 June 2020: €73.9 million) to secure certain banking facilities granted to subsidiaries.

14. Inventories

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Completed properties	1,072	1,051	1,191
Hotel inventory	1,052	1,035	1,064
As at period end	2,124	2,086	2,255

€nil million (31 December 2020: €0.4 million; 30 June 2020: €0.3 million) of inventories was released to cost of operations in the income statement during six months ended 30 June 2021. €nil million was recognised in the income statement in relation to reversal of the impairment on inventories (31 December 2020: €nil million in relation to reversal of impairment on inventories; 30 June 2020: €nil).

15. Financial assets at fair value through profit or loss

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Financial assets at fair value through profit or loss	6,638	-	-
As at period end	6,638	-	-

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.

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16. Cash and cash equivalents

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Cash and cash equivalents	41,360	42,693	42,754
Short term bank deposits	581	6,832	6,465
As at period end	41,941	49,525	49,219
Cash presented as cash held for sale (note 17)	-	-	285
As at period end	41,941	49,525	49,504

Included in cash and cash equivalents is €7.9 million (31 December 2020: €6.5million; 30 June 2020: €6.9 million) restricted cash relating to security and customer deposits.

17. 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:

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Assets:			
Property, plant and equipment	-	-	5,919
Inventory	-	-	32
Cash	-	-	285
Trade and other receivables	-	-	80
Non-current assets classified as held for sale	-	-	6,316
Liabilities:			
Deferred tax liability	-	-	(651)
Bank loan	-	-	(2,064)
Trade and other payables	-	-	(210)
Liabilities directly associated with non-current assets classified as held for sale	-	-	(2,925)

As of 31 December 2019 (and 30 June 2020) 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. This transaction was planned to be completed by 31 December 2020. Due to changes in the real estate market the purchasers did not complete the transaction, and as a result the Group ceased to classify these assets and liabilities as held for sale.

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

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
At beginning of the year	-	6,493	6,493
Impairment write off	-	(788)	-
Exchange movements	-	(119)	(84)
Disposal-other	-	(331)	(93)
Transfer to property, plant and equipment	-	(5,100)	-
Transfer to inventory	-	(28)	-
Transfer to cash	-	(63)	-
Transfer to trade and other receivables	-	(64)	-
As at period end	-	-	6,316

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	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
At beginning of the year	-	(2,854)	(2,854)
Finance expense	-	(97)	(48)
Payment	-	97	48
Current tax	-	(7)	-
Deferred tax	-	103	-
Exchange movements	-	11	37
Disposal during the period	-	(12)	-
Liabilities classified as held for sale during the period	-	-	(108)
Transfer to deferred tax liability	-	2,064	-
Transfer to bank loans	-	545	-
Transfer to trade and other payable	-	150	-
As at period end	-	-	(2,925)

18. Trade and other payables

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Current			
Trade payables	(902)	(668)	(820)
Other tax and social security	(461)	(637)	(839)
Amounts due to Atlas Management Company Group in respect of management and performance fee	(2,965)	(12,382)	(11,578)
Other creditors	(224)	(564)	(516)
Amounts payable to related party (note 22b)	(240)	(240)	(240)
Accruals and deferred income	(2,169)	(2,262)	(2,895)
Amounts payable to Felikon Kft (note 22c)	-	-	(6,196)
Lease payables	-	(316)	(327)
Total current trade and other payables	(6,961)	(17,069)	(23,411)
Non-current – other payables			
Amounts payable to Felikon Kft (note 22c)	(6,277)	(6,239)	-
Leases payables	(9,901)	(9,945)	(10,034)
Other third party non-current trade and other payables	(1,529)	(1,566)	(1,815)
Total non-current trade and other payables	(17,707)	(17,750)	(11,849)
Total trade and other payables	(24,668)	(34,819)	(35,260)

19. Bank loans

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Current			
<i>Bank loans and overdrafts due within one year or on demand</i>			
Secured	(3,487)	(5,817)	(5,777)
Non-current			
<i>Repayable within two years</i>			
Secured	(23,555)	(20,688)	(2,524)
<i>Repayable within three to five years</i>			
Secured	(43,048)	(42,211)	(61,179)
<i>Repayable after five years</i>			
Secured	-	(599)	-
	(66,603)	(63,498)	(63,703)
Total	(70,090)	(69,315)	(69,480)

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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 as liabilities held for sale in note 17):

	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 30 June 2021	41,101	28,989	70,090
Bank loans and overdrafts – 31 December 2020	42,032	27,283	69,315
Bank loans and overdrafts – 30 June 2020*	42,958	28,586	71,544

Debt financing

Changes in the six months ended 30 June 2021

During six months ended 30 June 2021 the Group paid €1.3 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton, Atlas Tower, Galeria Platinum Towers*).

Galeria Platinum Towers project - loan facility extension

On 23 June 2021 Properpol Sp. z o.o. (the Company's subsidiary) signed an amendment agreement with mBank S.A. to the facility agreement dated 2 September 2013 based on which the final repayment date of the facility was extended from 30 June 2021 to 30 December 2022.

New Hilton loan facility

On 25 June 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate *Hilton* hotel in Warsaw concluded a new loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"), a Polish joint-stock company owned Polish State of treasury, which offers financial instruments for entities on preferential terms. The new loan amounts to PLN 6.9 million (€1.5 million), can be used for financing *Hilton* expenses and must be repaid by 30 September 2024. In accordance with loan agreement the loan can be partially waived up to 75% of the loan amount at the sole discretion of PFR. The decision of lender concerning the amount waived will be known before 30 September 2021.

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.

20. Derivative financial instruments

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
<i>Derivatives not designated as hedging instruments:</i>			
- Interest rate swap	(1,751)	(2,634)	(3,024)
Total financial instruments classified as held for trading	(1,751)	(2,634)	(3,024)
<i>Less non-current portion:</i>			
- Interest rate swap	-	-	-
Current portion	(1,751)	(2,634)	(3,024)

The fair value of the Group's interest rate derivatives is based on broker quotes (level 2 recurring fair values).

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21. Reconciliations:

21 a. Between opening and closing balances in the statement of financial position for liabilities arising from financing activities (including leases)

	1 January 2021	Cash flows			Non-cash changes				30 June 2021
		Interests/arrangement fees	Drawdowns	Repayments	Foreign Exchange	Adjustment	Valuation	Interests and other charges accrued	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans (short-term and long-term)	69,315	(1,227)	1,533	(1,352)	542	-	-	1,279	70,090
Lease Liabilities	10,261	-	-	(721)	214	(39)	-	186	9,901
Derivative Financial Liabilities	2,634	-	-	-	51	-	(934)	-	1,751
Amounts payable to Felikon Kft (note 22c)	6,239	-	-	-	-	-	-	38	6,277

	1 January 2020	Cash flows			Non-cash changes				30 June 2020
		Interests/arrangement fees	Repayments	Foreign Exchange	Additions	Valuation	Interests and other charges accrued		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans (short-term and long-term)	74,205	(1,371)	(1,319)	(1,395)	-	-	-	1,424	71,544
Lease Liabilities	10,655	-	(76)	(497)	89	-	-	190	10,361
Derivative Financial Liabilities	2,042	-	-	(115)	-	1,097	-	-	3,024
Amounts payable to Felikon Kft (note 22e)	6,153	-	-	-	-	-	-	43	6,196

21 b. Between opening and closing balances in the statement of financial position for right of use of assets arising from leases

	1 January 2021	Non-cash changes				31 June 2021
		Foreign Exchange	Adjustment	Valuation	Depreciation	
	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	7,288	151	-	-	(48)	7,391
Investment property	2,503	51	(39)	(2)	-	2,513

	1 January 2020	Non-cash changes				31 December 2020
		Foreign Exchange	Additions	Valuation	Depreciation	
	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	7,949	(610)	47	-	(98)	7,288
Investment property	2,623	(203)	86	(3)	-	2,503

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22. Related party transactions

(a) Key management compensation

	30 June 2021 (unaudited) €'000	30 June 2020 (unaudited) €'000
Fees for non-executive directors	32	31

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 €1.2 million for the six months ended 30 June 2021 (year ended 31 December 2020: €2.8 million; six months ended 30 June 2020: €1.4 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 six months ended 30 June 2021 (year ended 31 December 2020: €nil million; six months ended 30 June 2020: €nil million).

As of 30 June 2021, €3.0 million included in current trade and other payables was due to AMC (31 December 2020: €12.3 million; 30 June 2020: €11.6 million). In 2021 cash of €0.6 million was paid to AMC in respect of the management fee (31 December 2020 €12.3 million) and in accordance with the settlement agreement concluded on 21 April 2021 between AEL and AMC €10.0 million was waived and written off to other operating income (see page 11).

- (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 30 June 2021 the purchase price of €0.2 million (31 December 2020: €0.2 million, 30 June 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 loan payable due to Felikon Kft. The loan repayment date was extended to 31 December 2025. As of 30 June 2021 the Group owes €6.2 million (31 December 2020: €6.2 million; 30 June 2020: €6.2 million).

23. Post balance sheet events

No specific significant events have occurred which would require an adjustment to this report, except for the fact that on 31 August 2021 the Group concluded the sale agreement of its investment in D.N.B Victoria Tower, as well as intra group loan at the net sale price of €7.3 million. On 1 September 2021 the Group received €0.6 million advance in respect of this transaction, which is to be completed in April 2022.

24. Other items

24.1 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.

24.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2020.

24.3 Substantial shareholdings

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

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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.

24.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2021. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the six months ended 30 June 2021.

25. 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).

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 (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas MG 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%

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SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
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%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Investment	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
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%

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the six months ended 30 June 2021

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000	Note
Revenues	-	-	
Cost of operations	-	-	
Gross profit	-	-	
Administrative expenses	(1,195)	(1,430)	1
Other operating income	10,000	-	2
Other operating expenses	(138)	(13,224)	3
Profit/ (Loss) from operations	8,667	(14,654)	
Finance costs	(34)	(39)	
Other (losses) and gains – foreign exchange	(4)	3	
Profit/ (Loss) before taxation	8,629	(14,690)	
Tax expense	-	-	
Profit/ (Loss) for the period	8,629	(14,690)	
Total comprehensive profit/ (loss) for the period	8,629	(14,690)	

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Investment in subsidiaries	136,854	137,392	145,255	4
Loans receivable from subsidiaries	95	90	87	
	136,949	137,482	145,342	
Current assets				
Trade and other receivables	9	7	8	
Cash and cash equivalents	114	417	31	
	123	424	39	
TOTAL ASSETS	137,072	137,906	145,381	
Non-current liabilities				
Other payables	(5,903)	(5,870)	(5,834)	5
	(5,903)	(5,870)	(5,834)	
Current liabilities				
Trade and other payables	(2,997)	(12,493)	(11,694)	5
	(2,997)	(12,493)	(11,694)	
TOTAL LIABILITIES	(8,900)	(18,363)	(17,528)	
NET ASSETS	128,172	119,543	127,853	
EQUITY				
Share capital account	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	
Accumulated loss	(72,913)	(81,542)	(73,232)	
TOTAL EQUITY	128,172	119,543	127,853	

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2021 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2021	6,268	194,817	(81,542)	119,543
Total comprehensive profit for the period	-	-	8,629	8,629
As at 30 June 2021	6,268	194,817	(72,913)	128,172

Year ended 31 December 2020	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'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

Six months ended 30 June 2020 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2020	6,268	194,817	(58,542)	142,543
Total comprehensive loss for the period	-	-	(14,690)	(14,690)
As at 30 June 2020	6,268	194,817	(73,232)	127,853

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS For the six months ended 30 June 2021

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Profit/ (Loss) for the period	8,629	(14,690)
Adjustments for:		
Finance costs	33	38
Write off of trade and other payables	(10,000)	-
Impairment on investments	138	13,224
	(1,200)	(1,428)
Changes in working capital		
Increase in trade and other receivables	(2)	(4)
Increase in trade and other payables	504	799
Net cash used in operating activities	(698)	(633)
Investing activities		
New loans advanced to subsidiaries	(5)	(6)
Income from subsidiary	400	300
Net cash from investing activities	395	294
Net decrease in cash and cash equivalents in the year as a result of cashflows	(303)	(339)
Effect of foreign exchange rates	-	-
Net decrease in cash and cash equivalents in the period	(303)	(339)
Cash and cash equivalents at the beginning of the period	417	370
Cash and cash equivalents at the end of the period	114	31
Cash and cash equivalents		
Cash at bank and in hand	114	31
	114	31

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

1. Administrative expenses

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Audit and tax services	(75)	(42)
Incentive and management fee	(1,037)	(1,287)
Legal and other professional fees	(45)	(63)
Insurance cost	(6)	(7)
Staff costs	(32)	(31)
Administrative expenses	(1,195)	(1,430)

2. Other operating income

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Gain on settlement agreement between AEL and AMC (see page 11)	10,000	-
Other operating income	10,000	-

3. Other operating expenses

	Six months ended 30 June 2021 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Impairment of investments in subsidiaries	(138)	(13,224)
Other operating expenses	(138)	(13,224)

4. Investment in subsidiaries

	Six months ended 30 June 2021 (unaudited) €'000	Year ended 31 December 2020 (unaudited) €'000	Six months ended 30 June 2020 (unaudited) €'000
Shares in subsidiary undertakings			
<i>Cost</i>			
At beginning of period	216,281	217,681	217,681
Decrease	(400)	(1,400)	(300)
At the end of the period	215,881	216,281	217,381
<i>Impairment</i>			
At beginning of period	(78,889)	(58,902)	(58,902)
Additions	(138)	(19,987)	(13,224)
At the end of the period	(79,027)	(78,889)	(72,126)
At the end of the period	136,854	137,392	145,255

Investments in subsidiary undertakings are stated at cost. Cost is recognised as the nominal value of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings.

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

A list of principal subsidiary undertakings and joint ventures is given at note 25 of the interim condensed consolidated financial information.

The Company has carried out an impairment review of the carrying values of investments and loans receivable from subsidiaries. The Company considers the best indication of value of investments and loans to subsidiaries to be the valuation reports produced by the independent qualified experts.

It should be underlined that the valuation of property portfolio (excludes property classified as inventory) contained in the subsidiaries as of 30 June 2021 and 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 as described on page 5. Consequently, less certainty – and a higher degree of caution – should be attached to this valuation than would normally be the case. It must be also underlined that valuation as of June 2021 performed by Jones Lang LaSalle was only for selected properties and the material valuation uncertainty was only applicable for hotels.

In the six months period ended 30 June 2021 €0.1 million was recognised in other operating expenses in respect of impairment on investment in subsidiaries (in 2020 €20.0 million was recognised in other operating expenses in respect of impairment on investment in subsidiaries; in the six months period ended 30 June 2020: €13.2 million was recognised in other operating expenses in respect of impairment on investment in subsidiaries).

The method applied to assign value to the company's investments is fair value less costs to sell and has been based on the property valuations assessed by independent experts and, where appropriate, management. In assessing the value of each investment the Company has considered not only the asset value recognized in the books of the individual entities but also the valuation amount of elements held at cost. Substantially, this has resulted in the carrying values of investments and loans receivable from subsidiaries being compared to the adjusted net asset value of the Group. The Net Asset Value of the Group has increased from €119.5m to €128.2m which facilitates an impairment of €0.1m such that the Company's net assets match and do not exceed the Group's Net Assets, following €10.0 million write off of trade payables due to AMC.

5. Trade and other payables

	30 June 2021 (unaudited) €'000	31 December 2020 (audited) €'000	30 June 2020 (unaudited) €'000
Current			
Amounts due to Atlas Management Company Group in respect of management and performance fee	(2,841)	(12,254)	(11,547)
Trade payables	(156)	(239)	(147)
	(2,997)	(12,493)	(11,694)
Non-current			
Loan from subsidiary- HGC Gretna Investments Sp. z o.o. Sp. J.	(5,903)	(5,870)	(5,834)
	(5,903)	(5,870)	(5,834)
Total trade and other payables	(8,900)	(18,363)	(17,528)

Loan from subsidiary- HGC Gretna Investments Sp. z o.o. Sp. J.

The loan payable to the subsidiary (HGC Gretna Investments Sp. z o.o Sp. J.) is interest bearing. The Company accrued interest of €33 thousand in the 6 months ended 30 June 2021 (year ending 31 December 2020: €74 thousand; 6 months ended 30 June 2020: €38 thousand). As at 30 June 2021 the loan balance including accrued interest due to the subsidiary amounted to €5.9 million (as of 31 December 2020: €5.9 million; 6 months ended 30 June 2020: €5.8million).