

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FIRST QUARTER 2022

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ATLAS ESTATES LIMITED

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Financial Highlights

| Selected Consolidated Financial Items | Three months ended | Year ended | Three months ended |
|--|---------------------------------------|--|---------------------------------------|
| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
| Revenues | 5,076 | 15,470 | 2,834 |
| Gross profit | 2,117 | 6,523 | 984 |
| Increase in value of investment properties | - | 1,537 | - |
| Profit/ (Loss) from operations | 2,579 | 12,419 | (569) |
| Profit/ (Loss) before tax | 2,672 | 14,150 | (368) |
| Profit/ (Loss) after tax | 2,254 | 13,115 | (635) |
| Net cash (used in)/ from operating activities | 2,240 | 3,683 | (24) |
| Net cash used in investing activities | (1,117) | (5,382) | (2,688) |
| Net cash used in financing activities | (484) | (4,570) | (1,386) |
| Net decrease in cash and cash equivalents | 484 | (5,451) | (3,175) |
| Non-current assets | 181,912 | 183,105 | 182,795 |
| Current assets | 61,129 | 59,924 | 53,067 |
| Total assets | 243,041 | 243,029 | 235,862 |
| Current liabilities | (35,205) | (35,573) | (25,685) |
| Non-current liabilities | (72,515) | (72,800) | (92,564) |
| Total liabilities | (107,720) | (108,373) | (118,249) |
| Basic net assets (1) | 135,321 | 134,656 | 117,613 |
| Number of shares outstanding | 46,852,014 | 46,852,014 | 46,852,014 |
| Basic and diluted (loss)/ earnings per share (eurocents) | 4.8 | 28.0 | (1.4) |
| Basic net asset value per share (€) | 2.9 | 2.9 | 2.5 |

(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 financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the three months ended 31 March 2022.

COVID-19 pandemic has spread with alarming speed and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. In 2021 a disrupted recovery trend was noted as the economy started to recover but still during ongoing pandemic conditions. 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. In 2022 the Group's hotels operations improved as presented on page 9. The financial consequences were summarized in the Property Manager's Review.

In 2022, Atlas Estates Limited Group has not conducted or intended to conduct any operating activities in the territory of Ukraine, Belarus and Russia. Thus, Russian invasion of Ukraine that began on February 24, 2022 does not have a material direct impact on the assumption that the Group will continue as going concern, nor does it constitute an indication of impairment of the Group's assets. The Russian invasion of Ukraine will have its imminent consequences for the European economy. The World Bank has lowered its gross domestic product (GDP) annual growth forecast for Poland to 3.9 percent in 2022. Poland's GDP growth is expected to outpace the average for Central Europe, but due to the impact of the war, it has been lowered by 0.8 percentage points compared to the growth projections released in the January 2022.

Below are our main developments:

- 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. As of 31 March 2022 the Group received €1.2 million advance and on 11 April 2022 the transaction was completed and full price was received;
- On 28 December 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate *Hilton* hotel in Warsaw, concluded a second loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"). Similar to the loan signed in June 2021, this loan was part of the Polish government's assistance to countering the effects of COVID-19. The new loan amounts to PLN 5.7 million (€1.2 million), can be used for financing Hilton expenses and must be repaid by 31 December 2024. This facility was drawn on 25 February 2022. In accordance with the loan agreement the loan can be partially waived up to 75% of its amount at the sole discretion of PFR. The decision of the lender concerning the amount that may be waived will be known before 30 September 2022.

Reported Results

As of 31 March 2022 the Group has reported basic net assets of €135.3 million.

The slight increase of basic net asset value by €0.6 million (i.e. 0.5%) from €134.7 million as at 31 December 2021 is primarily a result of:

- profit after tax amounting to €2.3 million for the three months period ended 31 March 2022, offset by:
- 1% depreciation of PLN against EUR in the first quarter 2022;

Majority of the Group assets are located in Poland and reporting in PLN functional currency. While preparing consolidated accounts of the Group, their balances were translated into EUR reporting currency, which resulted in €1.6 million loss reported in translation reserve;

Profit after tax amounts to €2.3 million for the three months period ended 31 March 2022 as compared to loss after tax of €0.6 million for the three months period ended 31 March 2021. The change was mainly attributable to:

- €1.1 million increase in gross profit realised in the first quarter 2022 due to the improvement of the hotel activity, as presented on page 9, and
- the agreement reached between Atlas and Atlas Management Group on 4 March 2022 based on which previously recorded management fee amounting to €2.3 million, which remained unpaid, was reduced to €0.3 million and credited to the income statement in the first quarter 2022 (further explained on page 10)

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.

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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 and to manage its loan facilities for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial information for the three months ended 31 March 2022, 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 91% 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 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 anticipated that the Company shall employ a gearing ratio of up to 80% of the total value of its interest in income-generating properties within its property portfolio.

Net Asset Value (“NAV”) and Adjusted Net Asset Value (“Adjusted NAV”)

In the three months to 31 March 2022, NAV per share does not change. The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. As of 31 March 2022 and 31 December 2021 the adjusted NAV per share is equal to basic NAV per share since there was no need to adjust basic net assets value for unrecognized valuations gains and losses (net of deferred tax) on property portfolio assets not held on a fair value or revaluation model measurement basis.

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

As of 31 December 2021:

- Jones Lang LaSalle, independent qualified experts were our independent qualified experts who have carried out the valuation of our properties located in Poland (*Atlas Tower* and *Galeria Platinum Towers*), Bulgaria and Romania.
- Emmerson Evaluation, independent qualified experts were our independent qualified experts who have carried out the valuation of *Hilton* hotel in Poland. It should be underlined that the valuation of this property was reported with degree of uncertainty :
“The Covid 19 pandemic announced by the World Health Organization (WHO) on 2020-03-11, had a strong impact on global financial markets. Restrictions have been placed on travel and the activities of certain industries. This is a situation that the real estate market has never encountered before. The valuation is based on historical data and takes into account the impact of the pandemic on the real estate market, which was identifiable in the first phase of the phenomenon. Due to the still uncontrollable development of the pandemic and the recurring restrictions and lock downs, this valuation has been prepared with a high degree of uncertainty as to the future price development in the real estate market, including commercial real estate, to which the valued property belongs. A post-pandemic revaluation is recommended to verify the impact of the current situation on the value of the property.”

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 the Group’s 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 are summarised in the Property Manager’s Review.

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Changes in Board of Directors

There were no changes in Board of Directors in the three months period ended 31 March 2022.

Prospects

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



Mark Chasey
CHAIRMAN
26 May 2022

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Property Manager's Review

In this review we present the financial and operating results for the three months ended 31 March 2022. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 31 March 2022, 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.

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 91% (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. The Russian invasion of Ukraine will have its imminent consequences for the European economy. Economists say that in Poland inflation will accelerate and interest rates may rise more than has been expected. The World Bank predicts that the war in Ukraine will slow Polish economic growth to 3.9% this year.

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 13, and its operations improved in the first quarter 2022 (see page 9).

Atlas Tower (former name: Millennium Plaza), Warsaw

The Atlas Tower is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 84% as of 31 March 2022 (84% as of 31 December 2021).

Galeria Platinum Towers

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

Apartamenty przy Krasińskiego

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

The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 31 March 2022 all apartments and retail units were sold or presold.

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 31 March 2022 all apartments from all stages were either sold or presold, whereas 1 retail units remains available for sale.

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks – Voluntari and Solaris. The occupancy rates at the Golden Tulip increased from 20% for the three months ended 31 March 2021 to 44% for the three months ended 31 March 2022. The Golden Tulip hotel was sold in April 2022 (see note 16).

Bulgaria

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

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Financial Review

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

Portfolio valuation and valuation methods

The latest independent valuation was performed on 31 December 2021 and has been used in the interim condensed consolidated financial information at 31 March 2022 (as described on page 5).

Loans and valuations

As at 31 March 2022, the Company's share of bank debt associated with the portfolio of the Group was €67 million (31 December 2021: €67 million; 31 March 2021: €68 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken (please note that the most recent valuation was performed as of 31 December 2021):

| | 31 March 2022 | | | 31 December 2021 | | | 31 March 2021 | | |
|---------------------|---------------------|-------------------------|--------------------|---------------------|-------------------------|--------------------|---------------------|-------------------------|--------------------|
| | Loans € millions | Valuation € millions | LTV Ratio* % | Loans € millions | Valuation € millions | LTV Ratio* % | Loans € millions | Valuation € millions | LTV Ratio* % |
| Investment property | 22 | 73 | 30% | 22 | 73 | 30% | 23 | 72 | 32% |
| Hotels | 45 | 84 | 54% | 45 | 84 | 54% | 45 | 84 | 54% |
| Total | 67 | 157 | 43% | 67 | 157 | 43% | 68 | 156 | 44% |

*LTV Ratio- Loan to Value Ratio

LTV ratio of investment property slightly decreased to 30% as of 31 March 2022 and 31 December 2021 as compared to 31 March 2021 due to the increase in valuation of *Atlas Tower* and partial loan repayments.

LTV ratio of hotels as of 31 March 2022 remained stable as compared to 31 December 2021 and 31 March 2021.

Debt financing

Key developments were described in note 14.

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

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

| | Hotel Operations € millions | Property Rental € millions | Development Properties € millions | Other € millions | Three months ended 31 March 2022 € millions | Three months ended 31 March 2021 € millions |
|---|--------------------------------|-------------------------------|--------------------------------------|---------------------|---|---|
| Revenue | 2.9 | 2.2 | - | - | 5.1 | 2.8 |
| Cost of operations | (2.1) | (0.9) | - | - | (3.0) | (1.8) |
| Gross profit | 0.8 | 1.3 | - | - | 2.1 | 1.0 |
| Administrative expenses | (0.6) | (0.1) | - | (1.0) | (1.7) | (1.5) |
| Gross profit / (loss) less administrative expenses | 0.2 | 1.2 | - | (1.0) | 0.4 | (0.5) |
| Gross profit/ (loss) % | 28% | 59% | - | 0% | 41% | 36% |
| Gross profit/ (loss) less administrative expenses % | 7% | 55% | - | 0% | 8% | -18% |

Revenues and cost of operations

Total Group revenues increased significantly to €5.1m for the three months ended 31 March 2022 compared to €2.8m for the same period in 2021 due to the improvement of hotel operations, which were significantly impacted by the COVID-19 pandemic in 2021 (see page 13). The Group's principal revenue streams are from its hotel operations, property rental and from the sale of the residential apartments that the Group develops.

Cost of operations as at 31 March 2022 were €3.0 million compared to €1.8 million as at 31 March 2021.

Hotel operations

| | Three months ended 31 March 2022 € millions | Three months ended 31 March 2021 € millions | Total change 2022 v 2021 € millions | Translation foreign exchange gain/ (loss) € millions | Operational change 2021 v 2020 € millions |
|---|---|---|---|---|---|
| Revenue | 2.9 | 0.9 | 2.0 | - | 2.0 |
| Cost of operations | (2.1) | (1.2) | (0.9) | - | (0.9) |
| Gross profit | 0.8 | (0.3) | 1.1 | - | 1.1 |
| Administrative expenses | (0.6) | (0.6) | - | - | - |
| Gross profit less administrative expenses | 0.2 | (0.9) | 1.1 | - | 1.1 |

In the first quarter of 2022 the hotel operation improved as compared to the first quarter 2021, which was heavily impacted by outbreak of COVID-19.

Property Rental

| | Three months ended 31 March 2022 € millions | Three months ended 31 March 2021 € millions | Total change 2022 v 2021 € millions | Translation foreign exchange gain/ (loss) € millions | Operational change 2022 v 2021 € millions |
|---|---|---|---|---|--|
| Revenue | 2.2 | 1.9 | 0.3 | - | 0.3 |
| Cost of operations | (0.9) | (0.6) | (0.3) | - | (0.3) |
| Gross profit | 1.3 | 1.3 | - | - | - |
| Administrative expenses | (0.1) | - | (0.1) | - | (0.1) |
| Gross profit less administrative expenses | 1.2 | 1.3 | (0.1) | - | (0.1) |

In the first quarter of 2022 the gross profit realized by the Property Rental remained at the same level as in the first quarter 2021.

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Development Properties

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

In the three months ended 31 March 2022 and in 2021 no sales were completed.

Foreign exchange

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

The movements in value of the functional currencies resulted in foreign exchange gain of €0.4 million in the consolidated income statement for the first quarter 2022 (Q1 2021: €0.4 million gain). These gains were mainly due to the unrealised foreign exchange gains on USD cash deposit in the Dutch holding company. In the first quarter 2022 the foreign exchange gains were due to appreciation of USD against EUR, and offset by losses resulting from depreciation of PLN against EUR. In the first quarter 2021 the foreign exchange gains were due to appreciation of USD against EUR and losses occurred mainly as a result of depreciation of PLN and RON against EUR.

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

| | Polish Zloty | Hungarian Forint | Romanian Lei | Bulgarian Lev |
|------------------------------|--------------|------------------|--------------|---------------|
| Closing rates | | | | |
| 31 March 2022 | 4.6225 | 367.52 | 4.9466 | 1.95583 |
| 31 December 2021 | 4.5994 | 369.00 | 4.9481 | 1.95583 |
| % Change | 1% | 0% | 0% | 0% |
| 31 March 2021 | 4.6603 | 363.73 | 4.9251 | 1.95583 |
| 31 December 2020 | 4.6148 | 365.13 | 4.8698 | 1.95583 |
| % Change | 1% | 0% | 1% | 0% |
| Average rates | | | | |
| 1 st quarter 2022 | 4.6253 | 364.32 | 4.9481 | 1.95583 |
| Year 2021 | 4.5674 | 358.52 | 4.9204 | 1.95583 |
| % Change | 1% | 2% | 1% | 0% |
| 1 st quarter 2021 | 4.5493 | 361.10 | 4.8878 | 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. In consideration for the services provided in the three months to 31 March 2022 AMC charged a management fee of €0.7 million (€0.6 million in the first quarter of 2021 (as presented in note 4.2).

On 4 March 2022 AEL and AMC reached an agreement based on which basic management fee charged in respect of year 2021 and amounting to €2.3 million was reduced to €345 thousand. As a result a gain of €2.0 million was recognized in the first quarter 2022 as disclosed in note 4.4.

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Performance fee

On signing the Property Management Agreement, the Company and AMC agreed upon performance related fee that motivates the Property Manager and align their interests with the performance and growth of the Atlas business and the long term enhancement of shareholder value. The Property Management agreement provides for a formal process of performance evaluation that is based on the collective performance of the Property Manager rather than on standalone companies' performance. These performance criteria are based on financial measures assessed over the life of the Property Management Agreement. Procedures are in place to review the approach and resources applied by the Property Manager and its performance throughout the year.

In addition to the management fee, AMC is entitled to a performance fee payable if the Total Shareholder Return (means the sum of the growth in adjusted NAV per ordinary share plus an amount equal to the aggregate dividends or other distributions per ordinary share declared or paid in respect of such accounting period expressed as a percentage of the adjusted NAV per ordinary share at the end of the previous accounting period) in any year exceeds 12 per cent (adjusted to make up for any prior years where the Total Shareholder Return was negative – the "Hurdle Rate"). Once this threshold is exceeded, AMC is entitled to receive a fee equal to 25% of the amount by which the Total Shareholder Return for the relevant financial period exceeds the Hurdle Rate for such period multiplied by the previous year's closing adjusted NAV after the deduction of any dividends declared or to be declared but not yet paid in respect of that period. One third of any performance fee payable to AMC under the agreement may, at the option of the Company, be paid in the form of new Ordinary Shares issued to AMC at a price equal to the average closing price of the Company's shares for the 45 days prior to the date of issue of such shares.

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

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

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

Performance fees prior to 2019

Past Performance Fees which have accrued, and remained unpaid as of 31 December 2020 amounted to €10.8 million. On 21 April 2021 AEL and AMC have agreed to decrease this balance by €10.0 million.

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

On 4 March 2022 AEL and AMC have confirmed that no performance fee will be due for 2021, as a result no performance fee was accrued as of 31 December 2021.

Performance fee in respect of 2022

The Board has not yet agreed a mechanism for 2022 onwards.

Ongoing activities

During the three months ended 31 March 2022, 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.

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

Financial management, operational management and material risks

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

Global economic conditions

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

The Group derives its revenue from activities carried out mainly in the Polish market with Romania and Bulgaria also contributing, however at a much lower level. The Group's financial results are therefore contingent on factors such as the stability of the political systems at the given moment and the macroeconomic data related mainly to the condition of the Polish but also Romanian and Bulgarian economies, in particular the level of GDP growth, investment spending, levels of household income, interest rates, foreign exchange rates and inflation rate. Any deterioration to the macroeconomic conditions in these countries (e.g. arising as a result of the Russian invasion of Ukraine) 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. This limit was reduced further to 30% capacity, but excluded guests who are fully vaccinated.
- Since 1 March 2022, there are no limits imposed, which relate to hotel's capacity.
- In 2021 the hotel occupancy was 64% higher as compared to 2020.
- In the first quarter 2022 the hotel occupancy significantly exceeded the rate recorded in the same period of 2021.

Golden Tulip hotel:

- was also temporarily closed in April and May 2020;
- In 2021 the hotel occupancy was 95% higher as compared to 2020;
- In the first quarter 2022 the hotel occupancy significantly exceeded the rate recorded in the same period of 2021.

The revenues from the hotel activity amounted to €7.4 million in 2021 as compared to €6.6 million in 2020. The revenues from the hotel activity amounted to €2.9 million in in the first quarter 2022 as compared to €0.9 million in the same period of 2021.

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 €626 thousand in connection with payroll related expenditures.

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In 2022 the Group's subsidiary D.N.B. - Victoria Towers SRL running hotel activity benefited from government cash grant amounting to €139 thousand. There are no unfulfilled conditions attached to government assistance that has been recognized, but D.N.B. - Victoria Towers SRL is obliged to maintain its business activity and settle all tax obligations on time for a period of at least 12 months.

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 by Polish State of Treasury, which offers financial instruments for entities on preferential terms. The amount of the loan extended to HGC was PLN 6.9 million (€1.5 million). The facility can be used for financing Hilton expenses and must be repaid by 30 September 2024. In accordance with PFR's decision concluded in September 2021 the loan was partially waived. The repayable loan amount was decreased by PLN 5.1 million (€1.1 million).

On 28 December 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate Hilton hotel in Warsaw concluded a second loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"). Similar to the loan signed in June 2021, this loan was part of the Polish government's assistance to countering the effects of COVID-19. The new loan amounts to PLN 5.7 million (€1.2 million), can be used for financing Hilton expenses and must be repaid by 31 December 2024. This facility was received on 25 February 2022. In accordance with loan agreement the loan can be partially waived up to 75% of its amount at the sole discretion of PFR. The decision of the lender concerning the amount that may be waived will be known before 30 September 2022.

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 was forbidden. It was only possible to provide services for take-away and delivery. No restrictions were imposed to the office rental activity.

The Group was also in contact with the banks financing its projects. As of 31 December 2021 and 31 March 2022 there were no breaches of the bank covenants in respect all of the Group's facilities.

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.

ATLAS ESTATES LIMITED

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 Russian invasion of Ukraine as well as 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

Ziv Zviel
Chief Executive Officer
Atlas Management Company Limited
26 May 2022

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 (sold in April 2022, see note 16). | 100% |
| Bulgaria | | |
| The Atlas House | Office building in Sofia's city centre with 3,472 square meters of lettable area. | 100% |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2022

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 | Note |
|---|---|---|------|
| Revenues | 5,076 | 2,834 | 3 |
| Cost of operations | (2,959) | (1,850) | 4.1 |
| Gross profit | 2,117 | 984 | |
| Administrative expenses | (1,722) | (1,578) | 4.2 |
| Other operating income | 2,220 | 29 | 4.4 |
| Other operating expense | (36) | (4) | |
| Profit from operations | 2,579 | (569) | |
| Finance income | 1,143 | 581 | 4.3 |
| Finance costs | (1,483) | (827) | 4.3 |
| Other gains/(losses) – foreign exchange | 433 | 457 | 4.3 |
| Share of losses from equity accounted joint ventures | - | (10) | |
| Profit/ (Loss) before taxation | 2,672 | (368) | |
| Tax charge | (418) | (267) | 5 |
| Profit/ (Loss) for the period | 2,254 | (635) | |
| Attributable to: | | | |
| Owners of the parent | 2,254 | (635) | |
| Non-controlling interests | - | - | |
| | 2,254 | (635) | |
| Profit/ (Loss) per €0.01 ordinary share – basic (eurocents) | 4.8 | (1.4) | 7 |
| Profit/ (Loss) per €0.01 ordinary share – diluted (eurocents) | 4.8 | (1.4) | 7 |

All amounts relate to continuing operations.

The notes on pages 22 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2022

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|---|--|--|
| PROFIT/ (LOSS) FOR THE PERIOD | 2,254 | (635) |
| Other comprehensive income: | | |
| <i>Items that may be recycled through profit or loss</i> | | |
| Exchange adjustments | (1,658) | (1,353) |
| Deferred tax on exchange adjustments | 69 | 58 |
| Total | (1,589) | (1,295) |
| Other comprehensive loss for the period (net of tax) | (1,589) | (1,295) |
| TOTAL COMPREHENSIVE PROFIT/ (LOSS) FOR THE PERIOD | 665 | (1,930) |
| Total comprehensive loss attributable to: | | |
| Owners of the parent | 665 | (1,930) |
| | 665 | (1,930) |

The notes on pages 22 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 | Note |
|---|---------------------------------------|---|---------------------------------------|------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | 6 | 7 | 12 | |
| Total investment in equity accounted joint ventures | 250 | 250 | - | |
| Property, plant and equipment | 85,506 | 86,966 | 90,298 | 8 |
| Investment property | 88,307 | 87,838 | 84,521 | 9 |
| Deferred tax asset | 7,843 | 8,044 | 7,964 | |
| | 181,912 | 183,105 | 182,795 | |
| Current assets | | | | |
| Inventories | 2,052 | 2,077 | 2,063 | |
| Trade and other receivables | 2,579 | 1,959 | 2,068 | |
| Financial assets at fair value through profit or loss | 5,777 | 6,714 | 2,586 | 10 |
| Derivative financial instruments | 1,066 | - | - | |
| Cash and cash equivalents | 44,285 | 43,832 | 46,350 | 11 |
| | 55,759 | 54,582 | 53,067 | |
| Assets held within disposal groups classified as held for sale | 5,370 | 5,342 | - | 12 |
| | 61,129 | 59,924 | 53,067 | |
| TOTAL ASSETS | 243,041 | 243,029 | 235,862 | |
| Non-current liabilities | | | | |
| Other payables | (17,499) | (17,916) | (17,365) | 13 |
| Bank loans | (41,642) | (41,536) | (62,633) | 14 |
| Deferred tax liabilities | (13,374) | (13,348) | (12,566) | |
| | (72,515) | (72,800) | (92,564) | |
| Current liabilities | | | | |
| Trade and other payables | (8,935) | (9,335) | (17,845) | 13 |
| Bank loans | (23,688) | (23,530) | (5,761) | 14 |
| Derivative financial instruments | - | (65) | (2,079) | |
| | (32,623) | (32,930) | (25,685) | |
| Liabilities held within disposal groups classified as held for sale | (2,582) | (2,643) | - | 12 |
| | (35,205) | (35,573) | (25,685) | |
| TOTAL LIABILITIES | (107,720) | (108,373) | (118,249) | |
| NET ASSETS | 135,321 | 134,656 | 117,613 | |

The notes on pages 22 to 39 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| EQUITY | | | |
| Share capital account | 6,268 | 6,268 | 6,268 |
| Revaluation reserve | 35,235 | 35,235 | 33,575 |
| Other distributable reserve | 194,817 | 194,817 | 194,817 |
| Translation reserve | (20,799) | (19,210) | (20,843) |
| Accumulated loss | (80,200) | (82,454) | (96,204) |
| Issued capital and reserves attributable to owners of the parent - total equity | 135,321 | 134,656 | 117,613 |
| Basic net asset value per share | € 2.9 | € 2.9 | € 2.5 |

The notes on pages 22 to 39 form part of the consolidated financial information. The condensed consolidated financial information on pages 16 to 39 were approved by the Board of Directors on 26 May 2022 and signed on its behalf by:

Mark Chasey
Chairman

Guy Indig
Director

26 May 2022

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

| | Share capital account €'000 | Revaluation reserve €'000 | Other distributable reserve €'000 | Translation reserve €'000 | Accumulated loss €'000 | Total equity €'000 |
|---|-----------------------------------|---------------------------------|--|---------------------------------|------------------------------|--------------------------|
| Three months ended 31 March 2022 | | | | | | |
| As at 1 January 2022 | 6,268 | 35,235 | 194,817 | (19,210) | (82,454) | 134,656 |
| Profit for the period | - | - | - | - | 2,254 | 2,254 |
| Other comprehensive income for the period | - | - | - | (1,589) | - | (1,589) |
| As at 31 March 2022 (unaudited) | 6,268 | 35,235 | 194,817 | (20,799) | (80,200) | 135,321 |
| Year ended 31 December 2021 | | | | | | |
| As at 1 January 2021 | 6,268 | 33,575 | 194,817 | (19,548) | (95,569) | 119,543 |
| Profit for the year | - | - | - | - | 13,115 | 13,115 |
| Other comprehensive income for the year | - | 1,660 | - | 338 | - | 1,998 |
| As at 31 December 2021 (audited) | 6,268 | 35,235 | 194,817 | (19,210) | (82,454) | 134,656 |
| Three months ended 31 March 2021 | | | | | | |
| As at 1 January 2021 | 6,268 | 33,575 | 194,817 | (19,548) | (95,569) | 119,543 |
| Loss for the period | - | - | - | - | (635) | (635) |
| Other comprehensive income for the period | - | - | - | (1,295) | - | (1,295) |
| As at 31 March 2021 (unaudited) | 6,268 | 33,575 | 194,817 | (20,843) | (96,204) | 117,613 |

The notes on pages 22 to 39 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2022

| | Note | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|--|-------|---|---|
| Profit/ (Loss) for the period | | 2,254 | (635) |
| Adjustments for: | | | |
| Effects of foreign currency | | (30) | (1,035) |
| Finance costs | | 1,410 | 754 |
| Finance income | | (1,131) | (542) |
| Tax charge | | 418 | 267 |
| Share of losses from equity accounted joint ventures | | - | 10 |
| Depreciation of property, plant and equipment | 8 | 504 | 591 |
| Amortisation charges | | 1 | 1 |
| Write off of trade and other payables | | (2,045) | - |
| | | 1,381 | (589) |
| Changes in working capital | | | |
| Decrease in inventory | | 20 | 23 |
| (Decrease)/ Increase in trade and other receivables | | (699) | 49 |
| Decrease in trade and other payables | | 1,543 | 493 |
| | | 864 | 565 |
| Cash (outflow)/ inflow from operations | | 2,245 | (24) |
| Tax paid | | (5) | - |
| Net cash (used in)/ from operating activities | | 2,240 | (24) |
| Investing activities | | | |
| Purchase of investment property | 9 | (910) | (102) |
| Purchase of property, plant and equipment | 8, 12 | (3) | - |
| Purchases of financial assets at fair value through profit or loss | 10 | (122) | (2,586) |
| Payment for acquisition of subsidiary, net of cash acquired | | (437) | - |
| Sales of financial assets at fair value through profit or loss | | 355 | - |
| Net cash used in investing activities | | (1,117) | (2,688) |
| Financing activities | | | |
| Proceeds from loans and borrowings | | 1,240 | - |
| Interest paid | | (640) | (617) |
| Repayments of lease liabilities | | (387) | (111) |
| Repayments of bank loans | 14 | (697) | (658) |
| Net cash used in financing activities | | (484) | (1,386) |
| Net decrease in cash and cash equivalents in the period | | 639 | (4,098) |
| Effect of foreign exchange rates | | (155) | 923 |
| Net decrease in cash and cash equivalents in the period | | 484 | (3,175) |
| Cash and cash equivalents at the beginning of the period | | 44,074 | 49,525 |
| Cash and cash equivalent at the end of the period | 11 | 44,558 | 46,350 |

The notes on pages 22 to 39 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

1. Basis of preparation

This condensed interim financial information for the three months ended 31 March 2022 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at amortised cost. The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2021. The quarterly financial results are not necessarily indicative of the full year results.

The Directors consider that the outlook presents ongoing challenges in terms of the markets in which the Group operates, the effect of fluctuating exchange rates in the functional currencies of the Group and the availability of bank financing for the Group.

As at 31 March 2022 the Group held land and building assets with a market value as at 31 December 2021 of €168 million, compared to external debt of €67 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets, which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the three months ended 31 March 2022, 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 €25.9 million;
- Assets held for sale included in current assets are held at cost and are forecasted to realise cash revenues in excess of this carrying value in future period. (see note 16);
- ongoing negotiations with the bank financing the projects and the fact that there is sufficient time to agree and sign the extension to the loans expiring in September and December 2022.

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of these interim financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the three months ended 31 March 2022.

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 2021, as described in the annual financial statements for the year ended 31 December 2021, and with those expected to be applied to the financial statements for the year ended 31 December 2022.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

3. Segmental information

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

| Three months ended 31 March 2022 (unaudited) | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
|---|----------------------------------|---|-----------------------------------|------------------------|------------------------|
| Revenues | 2,229 | - | 2,847 | - | 5,076 |
| Cost of operations | (870) | (13) | (2,076) | - | (2,959) |
| Gross profit | 1,359 | (13) | 771 | - | 2,117 |
| Administrative expenses | (125) | (9) | (593) | (995) | (1,722) |
| Gross profit/ (loss) less administrative expenses | 1,234 | (22) | 178 | (995) | 395 |
| Other operating income | 19 | 4 | 151 | 2,046 | 2,220 |
| Other operating expenses | - | - | (14) | (22) | (36) |
| Increase in value of investment properties | - | - | - | - | - |
| Profit/ (Loss) from operations | 1,253 | (18) | 315 | 1,029 | 2,579 |
| Finance income | 53 | 8 | 1,079 | 3 | 1,143 |
| Finance cost | (256) | (5) | (542) | (680) | (1,483) |
| Finance costs - other gains – foreign exchange | (227) | 81 | (15) | 594 | 433 |
| Share of losses from equity accounted joint ventures | - | - | - | - | - |
| Segment result before tax | 823 | 66 | 837 | 946 | 2,672 |
| Tax (expense)/ credit | (365) | 55 | (107) | (1) | (418) |
| Profit for the period as reported in the income statement as attributable to non-controlling interests | | | | | 2,254 |
| Three months ended 31 March 2022 (unaudited) | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
| Reportable segment assets | 100,427 | 3,969 | 105,038 | - | 209,434 |
| Unallocated assets | - | - | - | 33,607 | 33,607 |
| Total assets | 100,427 | 3,969 | 105,038 | 33,607 | 243,041 |
| Reportable segment liabilities | (33,675) | (607) | (63,208) | - | (97,490) |
| Unallocated liabilities | | | | (10,230) | (10,230) |
| Total liabilities | (33,675) | (607) | (63,208) | (10,230) | (107,720) |
| Three months ended 31 March 2022 (unaudited) | Property rental €'000 | Development properties €'000 | Hotel operations €'000 | Other €'000 | Total €'000 |
| Other segment items | | | | | |
| Capital expenditure | 910 | - | - | 3 | 913 |
| Depreciation | - | - | 499 | 5 | 504 |
| Amortisation | - | - | 1 | - | 1 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

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

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

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

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.

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

Unallocated costs represent corporate expenses.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

Regional Analysis

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

1. Poland,
2. Romania, and
3. Bulgaria.

4. Analysis of expenditure

4.1 Cost of operations

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|--|---|---|
| Utilities, services rendered and other costs | (1,762) | (1,069) |
| Legal and professional expenses | (159) | (36) |
| Staff costs | (833) | (587) |
| Sales and direct advertising costs | (134) | (33) |
| Depreciation and amortisation | (71) | (125) |
| Cost of operations | (2,959) | (1,850) |

4.2 Administrative expenses

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|--|---|---|
| Audit and tax service | (33) | (54) |
| Incentive and management fee | (673) | (598) |
| Legal and other professional fees | (192) | (130) |
| Utilities, services rendered and other costs | (112) | (101) |
| Staff costs | (234) | (228) |
| Depreciation and amortisation | (434) | (467) |
| Other administrative expenses | (44) | - |
| Administrative expenses | (1,722) | (1,578) |

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

4.3 Finance income and finance costs- net

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|--|---|---|
| Other | 12 | 39 |
| Gain on interest rate derivative | 1,131 | 542 |
| Finance income | 1,143 | 581 |
| Interest payable on bank borrowings | (640) | (617) |
| Fair value loss on financial assets | (544) | - |
| Loss on sale of financial assets | (86) | - |
| Interests on obligations under leases | (91) | (93) |
| Other similar charges | (122) | (117) |
| Finance costs | (1,483) | (827) |
| Finance (costs)/ income, excluding foreign exchange – net | (340) | (246) |
| Other gains and (losses) – foreign exchange | 433 | 457 |
| Finance income/ (costs), including foreign exchange – net | 93 | 211 |

4.4. Other operating income

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|--|---|---|
| Gain on settlement agreement between AEL and AMC | 2,045 | - |
| Government grants | 139 | - |
| Other | 36 | 29 |
| Other operating income | 2,220 | 29 |

On 4 March 2022 AEL and AMC have agreed to decrease by €2.0 million the outstanding balance resulting from unpaid management fee for year 2021 (as disclosed on page 11).

In 2022 the Group's subsidiary D.N.B. - Victoria Towers SRL running hotel activity benefited from government cash grant amounting to €139 thousand. There are no unfulfilled conditions attached to government assistance that has been recognized, but D.N.B. - Victoria Towers SRL is obliged to maintain its business activity and settle all tax obligations on time for a period of at least 12 months.

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5. Tax

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|----------------------------------|---|---|
| Continuing operations | | |
| Current tax | (59) | (5) |
| Deferred tax | (359) | (262) |
| Tax charge for the period | (418) | (267) |

6. Dividends

There were no dividends declared or paid in the three months ended 31 March 2022 (2021: €nil).

7. Earnings/ (Loss) per share (“EPS”/ “LPS”)

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

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

| Three months ended 31 March 2022 | Profit | Weighted average number of shares | Per share amount |
|---|--------|--------------------------------------|---------------------|
| Continuing operations | €'000 | | Eurocents |
| Basic EPS | | | |
| Profit attributable to equity shareholders of the Company | 2,254 | 46,852,014 | 4.8 |
| Diluted EPS | | | |
| Adjusted profit | 2,254 | 46,852,014 | 4.8 |
| | | | |
| Three months ended 31 March 2021 | Loss | Weighted average number of shares | Per share amount |
| Continuing operations | €'000 | | Eurocents |
| Basic LPS | | | |
| Loss attributable to equity shareholders of the Company | (635) | 46,852,014 | (1.4) |
| Diluted LPS | | | |
| Adjusted loss | (635) | 46,852,014 | (1.4) |

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8. Property, plant and equipment

| | Buildings €'000 | Plant and equipment €'000 | Motor vehicles €'000 | Total €'000 |
|--|--------------------|---------------------------------|----------------------------|-----------------|
| Cost or valuation | | | | |
| At 1 January 2021 | 97,612 | 10,027 | - | 107,639 |
| Additions at cost | 33 | 10 | - | 43 |
| Exchange adjustments | 255 | 28 | - | 283 |
| Revaluation | 366 | - | - | 366 |
| Transfer to assets classified as held for sale (note 12) | (6,765) | - | - | (6,765) |
| At 31 December 2021 | 91,501 | 10,065 | - | 101,566 |
| Additions at cost | - | 3 | - | 3 |
| Exchange adjustments | (1,263) | (106) | - | (1,369) |
| At 31 March 2022 | 90,238 | 9,962 | - | 100,200 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | (6,667) | (9,199) | - | (15,866) |
| Charge for the year | (1,817) | (394) | - | (2,211) |
| Adjustment due to revaluation | 1,817 | - | - | 1,817 |
| Exchange adjustments | (36) | (22) | - | (58) |
| Transfer to assets classified as held for sale (note 12) | 1,718 | - | - | 1,718 |
| At 31 December 2021 | (4,985) | (9,615) | - | (14,600) |
| Charge for the year | (398) | (74) | - | (472) |
| Exchange adjustments | 276 | 102 | - | 378 |
| At 31 March 2022 | (5,107) | (9,587) | - | (14,694) |
| Net book value at 31 March 2022 | 85,131 | 375 | - | 85,506 |
| Net book value at 31 December 2021 | 86,516 | 450 | - | 86,966 |

| | Buildings €'000 | Plant and equipment €'000 | Motor vehicles €'000 | Total €'000 |
|--|--------------------|---------------------------------|----------------------------|-----------------|
| Cost or valuation | | | | |
| At 1 January 2021 | 97,612 | 10,027 | - | 107,639 |
| Exchange adjustments | (1,127) | (92) | - | (1,219) |
| At 31 March 2021 | 96,485 | 9,935 | - | 106,420 |
| Accumulated depreciation | | | | |
| At 1 January 2021 | (6,667) | (9,199) | - | (15,866) |
| Charge for the period | (467) | (124) | - | (591) |
| Exchange adjustments | 248 | 87 | - | 335 |
| At 31 March 2021 | (6,886) | (9,236) | - | (16,122) |
| Net book value at 31 March 2021 | 89,599 | 699 | - | 90,298 |

As of 31 December 2020 hotels Hilton in Warsaw and Golden Tulip in Bucharest constituted the majority of the total property, plant and equipment balance. As of 30 September 2021 Golden Tulip hotel in Bucharest was classified to assets classified as held for sale (note 12). As a result of 31 December 2021 and 31 March 2022 hotel Hilton in Warsaw constituted the majority of the total property, plant and equipment balance.

Hilton hotel was valued as at 31 December 2021 by Emmerson Evaluation Sp. z o.o., Chartered Surveyors, acting in the capacity of External Valuers. The property was valued on the basis of Market Value and the valuation was carried out in accordance with the RICS Valuation Global Standards. As described in Chairman's Statement, the

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valuation of Hilton as of 31 December 2021 was reported by Emmerson Evaluation Sp. z o.o. with degree of uncertainty :

“The Covid 19 pandemic announced by the World Health Organization (WHO) on 2020-03-11, had a strong impact on global financial markets. Restrictions have been placed on travel and the activities of certain industries. This is a situation that the real estate market has never encountered before. The valuation is based on historical data and takes into account the impact of the pandemic on the real estate market, which was identifiable in the first phase of the phenomenon. Due to the still uncontrollable development of the pandemic and the recurring restrictions and lock downs, this valuation has been prepared with a high degree of uncertainty as to the future price development in the real estate market, including commercial real estate, to which the valued property belongs. A post-pandemic revaluation is recommended to verify the impact of the current situation on the value of the property.”

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.

As of 31 March 2022 the Group has pledged property, plant and equipment of €90.8 million (31 December 2021: €91.9 million, 31 March 2021: €90.2 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €45.6 million (31 December 2021: €45.0 million, 31 March 2021: €45.6 million) are secured on these properties.

9. Investment property

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| At beginning of the year | 87,838 | 85,239 | 85,239 |
| Acquisition | 448 | - | - |
| Right of use of land in perpetual usufruct | - | (39) | - |
| Partial disposal | - | (275) | - |
| Capitalised subsequent expenditure | 910 | 1,048 | 102 |
| Exchange movements | (889) | 132 | (820) |
| Fair value gains and losses | - | 1,733 | - |
| At the end of the period | 88,307 | 87,838 | 84,521 |

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 2021 by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in these locations except for one investment property valued by the property manager at €2,561 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 the investment property has not been adjusted for the purposes of financial reporting. In the director's view, the properties are stated at fair value.

The Group has pledged investment property of €73.0 million (2021: €73.0 million; 31 March 2022: €72.0 million) to secure certain banking facilities granted to subsidiaries.

10. Financial assets at fair value through profit or loss

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|---|---------------------------------------|--|---------------------------------------|
| Financial assets at fair value through profit or loss | 5,777 | 6,714 | 2,586 |
| As at period end | 5,777 | 6,714 | 2,586 |

Financial assets measured at fair value through profit and loss (FVTPL) 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. In three months period ended 31 March 2022 fair value loss on equity instruments at FVPL recognized in financial cost amounted to €544 thousand.

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11. Cash and cash equivalents

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|--|---------------------------------------|--|---------------------------------------|
| Cash and cash equivalents | 44,285 | 43,832 | 39,491 |
| Short term bank deposits | - | - | 6,859 |
| As at period end | 44,285 | 43,832 | 46,350 |
| Cash presented as cash held for sale (note 12) | 273 | 242 | - |
| As at period end | 44,558 | 44,074 | 46,350 |

Included in cash and cash equivalents is €8.8 million (31 December 2021: €7.9 million; 31 March 2021: €6.3 million) restricted cash relating to security and customer deposits.

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

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

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|--|---------------------------------------|---|--|
| Assets: | | | |
| Property, plant and equipment | 4,981 | 5,013 | - |
| Inventory | 30 | 25 | - |
| Cash | 273 | 242 | - |
| Trade and other receivables | 86 | 62 | - |
| Non-current assets classified as held for sale | 5,370 | 5,342 | - |
| Liabilities: | | | |
| Deferred tax liability | (557) | (557) | - |
| Bank loan | (1,902) | (1,901) | - |
| Trade and other payables | (123) | (185) | - |
| Liabilities directly associated with non-current assets classified as held for sale | (2,582) | (2,643) | - |

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. Till 31 March 2022 the Group received €1.2 million advance in respect of this transaction, which was completed on 11 April 2022 (see note 16).

As a result, at 31 March 2022 the Group classified assets and liabilities associated with the Group's investment in D.N.B. - Victoria Towers SRL as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale.

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

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|--|---------------------------------------|---|--|
| At beginning of the year | 5,342 | - | - |
| Transfer from/ (to) property, plant and equipment | - | 5,047 | - |
| Transfer from/ (to) inventory | - | 25 | - |
| Transfer from/ (to) cash | - | 148 | - |
| Transfer from/ (to) trade and other receivables | - | 79 | - |
| Assets related to assets classified as held for sale during the year | 28 | 43 | - |
| As at period end | 5,370 | 5,342 | - |

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

| | 31 March 2022 | 31 December 2021 | 31 March 2021 |
|---|----------------|------------------|---------------|
| | (unaudited) | (audited) | (unaudited) |
| | €'000 | €'000 | €'000 |
| At beginning of the year | (2,643) | - | - |
| Finance expense | (24) | (27) | - |
| Payment | 86 | 190 | - |
| Current tax | - | (7) | - |
| Exchange movements | (1) | - | - |
| Transfer to deferred tax liability | - | (557) | - |
| Transfer to bank loans | - | (2,064) | - |
| Transfer to trade and other payable | - | (155) | - |
| Liabilities related to assets classified as held for sale during the year | - | (23) | - |
| As at period end | (2,582) | (2,643) | - |

13. Trade and other payables

| | 31 March 2022 | 31 December 2021 | 31 March 2021 |
|--|-----------------|------------------|-----------------|
| | (unaudited) | (audited) | (unaudited) |
| | €'000 | €'000 | €'000 |
| Current | | | |
| Trade payables | (1,373) | (758) | (723) |
| Other tax and social security | (1,139) | (761) | (728) |
| Amounts due to Atlas Management Company Group in respect of management and performance fee | (2,063) | (3,637) | (12,946) |
| Other creditors | (477) | (657) | (554) |
| Amounts payable to related party (note 15b) | (240) | (240) | (240) |
| Accruals | (1,683) | (1,419) | (1,079) |
| Leases payables | - | - | (588) |
| Deferred income | (759) | (662) | (987) |
| Deposit received in relation with assets held for sale | (1,200) | (1,200) | - |
| Income tax payable | (1) | (1) | - |
| Total current trade and other payables | (8,935) | (9,335) | (17,845) |
| Non-current – other payables | | | |
| Amounts payable to Felikon Kft (note 15c) | (6,336) | (6,317) | (6,257) |
| Leases payables | (9,508) | (9,916) | (9,552) |
| Other third party non-current trade and other payables | (1,655) | (1,683) | (1,556) |
| Total non-current trade and other payables | (17,499) | (17,916) | (17,365) |
| Total trade and other payables | (26,434) | (27,251) | (35,210) |

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14. Bank loans

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|---|---------------------------------------|--|---------------------------------------|
| Current | | | |
| <i>Bank loans and overdrafts due within one year or on demand</i> | | | |
| Secured | (23,688) | (23,530) | (5,761) |
| Non-current | | | |
| <i>Repayable within two years</i> | | | |
| Secured | (1,994) | (1,554) | (20,430) |
| <i>Repayable within three to five years</i> | | | |
| Secured | (39,648) | (39,982) | (41,604) |
| <i>Repayable after five years</i> | | | |
| Secured | - | - | (599) |
| | (41,642) | (41,536) | (62,633) |
| Total | (65,330) | (65,066) | (68,394) |

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

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

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

| | Euro €'000 | Zloty €'000 | Total €'000 |
|--|---------------|----------------|----------------|
| Bank loans and overdrafts – 31 March 2022 | 39,576 | 27,656 | 67,232 |
| Bank loans and overdrafts – 31 December 2021 | 40,023 | 26,944 | 66,967 |
| Bank loans and overdrafts – 31 March 2021 | 41,568 | 26,826 | 68,394 |

Debt financing

Changes in the three months ended 31 March 2022

During three months ended 31 March 2022 the Group paid €0.7 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton, Atlas Tower, Galeria Platinum Towers*).

New Hilton loan facility- drawn in February 2022

On 28 December 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate *Hilton* hotel in Warsaw concluded a second loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"). Similar to the loan signed in June 2021, this loan was part of the Polish government's assistance to countering the effects of COVID-19. The new loan amounts to PLN 5.7 million (€1.2 million), can be used for financing *Hilton* expenses and must be repaid by 31 December 2024. This facility was received on 25 February 2022. In accordance with loan agreement the loan can be partially waived up to 75% of its amount at the sole discretion of PFR. The decision of the lender concerning the amount that may be waived will be known before 30 September 2022.

Changes in the year ended 31 December 2021

During year ended 31 December 2021 the Group paid €2.9 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton, Atlas Tower, Galeria Platinum Towers, Golden Tulip*).

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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 by Polish State of Treasury, which offers financial instruments for entities on preferential terms. The loan provided by PFR was part of the Poland Government's aid programme called "Covid Shield" which is an assistance from the State countering the effects of COVID-19. The amount of the loan extended to HGC was PLN 6.9 million (€1.5 million). The facility can be used for financing *Hilton* expenses and must be repaid by 30 September 2024. In accordance with PFR's decision concluded in September 2021 the loan was partially waived. The repayable loan amount was decreased by PLN 5.1 million (€1.1 million).

15. Related party transactions

(a) Key management compensation

| | 31 March 2022 (unaudited) €'000 | 31 March 2021 (unaudited) €'000 |
|----------------------------------|---------------------------------------|---------------------------------------|
| Fees for non-executive directors | 11 | 16 |

The Company has appointed AMC, a company under common control, to manage its property portfolio. In consideration of the services provided, AMC charged a management fee of €0.7 million for the three months ended 31 March 2022 (year ended 31 December 2021: €2.3 million; 3 months ended 31 March 2021: €0.6 million). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. No performance fee has been accrued for the three months ended 31 March 2022 (year ended 31 December 2021: €nil million; 3 months ended 31 March 2021: €nil million).

As of 31 March 2022 €2.1 million included in current trade and other payables was due to AMC in respect of the performance and management fee (31 December 2021: €3.6 million; 31 March 2021: €12.9 million).

- (b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 31 March 2022 the purchase price of €0.2 million (31 December 2021: €0.2 million, 31 March 2021: €0.2 million) is due to former non-controlling shareholder (Coralcliff Limited).
- (c) Following deconsolidation of the Company's subsidiary Felikon Kft in 2019, the Group has a loan payable due to Felikon Kft. The loan repayment date was extended to 31 December 2025. As of 31 March 2022 the Group owes €6.3 million (31 December 2021: €6.3 million; 31 March 2021: €6.3 million).
- (d) In 2021 Mr Ziv Zviel, the Chief Finance Officer and Chief Operations Officer of AMC, signed preliminary contract for apartment in Capital Art Apartments project at total value of PLN 670 thousand. As of 31 December 2021 the advance amounting to PLN 25 thousand was received in respect of this transaction, which is scheduled to be completed by 31 December 2022.

16. Post balance sheet events

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

- on 11 April 2022 the Group completed the sale (described in note 12) of its investment in D.N.B Victoria Tower;
- on 16 May 2022 the Company received from its shareholders who as of the date of this request held in aggregate 44,024,309 shares representing 87.49% of the issued share capital of the Company a request to convene an Extraordinary General Meeting of the Company in order to vote on resolutions approving the delisting of the shares in the Company from trading on the regulated market operated by the Warsaw Stock Exchange. Extraordinary General Meeting is scheduled to take place on 20 June 2022.

17. Other items

17.1 Information about court proceedings

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

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

17.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2022.

17.3 Substantial shareholdings

Substantial shareholding

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

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

| Significant Shareholders | Number of Shares held | Voting Rights |
|--------------------------------------|-----------------------|---------------|
| Euroclear Nominees Limited <EOCO1> | 40,329,959 | 86.08 |
| Atlas International Holdings Limited | 6,461,425 | 13.79 |
| TOTAL | 46,791,384 | 99.87 |

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 | 37,562,884 | 80.17 |
| Atlas International Holdings Limited | 6,461,425 | 13.79 |
| TOTAL | 44,024,309 | 93.96 |

3. The Company's immediate parent company is Fragiolig Holdings Limited, a company incorporated in Cyprus. The ultimate parent company is Revaia Ltd, a company incorporated in Israel and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki.

17.4 Directors' share interests

There have been no changes to the Directors' share interests during the three months ended 31 March 2022. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the three months ended 31 March 2021.

18. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. On 16 March 2022, the Group acquired 100% shares in Baroja Sp. z o.o., an entity owing leased rights to the underground parking located next to Atlas Tower in Warsaw. The assets and liabilities recognized as a result of the acquisition are as follows:

| | €'000 |
|---------------------------------------|-------|
| Investment property | 448 |
| Cash | 2 |
| Trade and other receivables | 2 |
| Trade and other payables | (12) |
| Fair value of the net assets acquired | 440 |
| Total purchase consideration | 440 |

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| 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% |
| 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% |
| Poland | Baroja Sp. z o.o. | Investment | 100% |
| Hungary | CI-2005 Investment Kft. | Other | 100% |
| Hungary | Atlas Estates (Moszkva) Kft. | Other | 100% |
| Romania | World Real Estate SRL | Investment | 100% |
| Romania | Atlas Solaris SRL | Investment | 100% |
| Romania | D.N.B. - Victoria Towers SRL* | Hotel operation | 100% |
| 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% |

* An agreement was signed in 2021 to sell this entity (see note 12).

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NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2022

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|--|--|--|
| Revenues | - | - |
| Cost of operations | - | - |
| Gross profit | - | - |
| Administrative expenses | (710) | (561) |
| Other operating income | 2,045 | - |
| Other operating expenses | (653) | (1,348) |
| Profit/ (Loss) from operations | 682 | (1,909) |
| Finance costs | (17) | (17) |
| Other (losses) and gains – foreign exchange | - | (4) |
| Profit/ (Loss) before taxation | 665 | (1,930) |
| Tax expense | - | - |
| Profit/ (Loss) for the year | 665 | (1,930) |
| Total comprehensive profit/ (loss) for the year | 665 | (1,930) |

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

| | 31 March 2022 (unaudited) €'000 | 31 December 2021 (audited) €'000 | 31 March 2021 (unaudited) €'000 |
|------------------------------------|--|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Investment in subsidiaries | 143,049 | 144,002 | 136,044 |
| Loans receivable from subsidiaries | 103 | 98 | 93 |
| | 143,152 | 144,100 | 136,137 |
| Current assets | | | |
| Trade and other receivables | 13 | 3 | 12 |
| Cash and cash equivalents | 306 | 277 | 301 |
| | 319 | 280 | 313 |
| TOTAL ASSETS | 143,471 | 144,380 | 136,450 |
| Non-current liabilities | | | |
| Other payables | (5,954) | (5,937) | (5,887) |
| | (5,954) | (5,937) | (5,887) |
| Current liabilities | | | |
| Trade and other payables | (2,196) | (3,787) | (12,950) |
| | (2,196) | (3,787) | (12,950) |
| TOTAL LIABILITIES | (8,150) | (9,724) | (18,837) |
| NET ASSETS | 135,321 | 134,656 | 117,613 |
| EQUITY | | | |
| Share capital account | 6,268 | 6,268 | 6,268 |
| Other distributable reserve | 194,817 | 194,817 | 194,817 |
| Accumulated loss | (65,764) | (66,429) | (83,472) |
| TOTAL EQUITY | 135,321 | 134,656 | 117,613 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2022

| Three months ended 31 March 2022 (unaudited) | Share capital account €'000 | Other reserves €'000 | Accumulated loss €'000 | Total €'000 |
|---|--|-------------------------------------|---------------------------------------|------------------------|
| As at 1 January 2022 | 6,268 | 194,817 | (66,429) | 134,656 |
| Total comprehensive income for the period | - | - | 665 | 665 |
| As at 31 March 2022 | 6,268 | 194,817 | (65,764) | 135,321 |

| Year ended 31 December 2021 (audited) | Share capital account €'000 | Other reserves €'000 | Accumulated loss €'000 | Total €'000 |
|--|--|-------------------------------------|---------------------------------------|------------------------|
| As at 1 January 2021 | 6,268 | 194,817 | (81,542) | 119,543 |
| Total comprehensive income for the year | - | - | 15,113 | 15,113 |
| As at 31 December 2021 | 6,268 | 194,817 | (66,429) | 134,656 |

| Three months ended 31 March 2021 (unaudited) | Share capital account €'000 | Other reserves €'000 | Accumulated loss €'000 | Total €'000 |
|---|--|-------------------------------------|---------------------------------------|------------------------|
| As at 1 January 2021 | 6,268 | 194,817 | (81,542) | 119,543 |
| Total comprehensive loss for the period | - | - | (1,930) | (1,930) |
| As at 31 March 2021 | 6,268 | 194,817 | (75,005) | 117,613 |

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2022

NON-CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2022

| | Three months ended 31 March 2022 (unaudited) €'000 | Three months ended 31 March 2021 (unaudited) €'000 |
|---|---|---|
| Profit/ (Loss) for the year | 665 | (1,930) |
| Adjustments for: | | |
| Finance costs | 17 | 17 |
| Impairment on investments | 653 | 1,348 |
| Write off trade and other payables | (2,045) | - |
| | (710) | (565) |
| Changes in working capital | | |
| Increase in trade and other receivables | (10) | (5) |
| Decrease in trade and other payables | 454 | 457 |
| Net cash used in operating activities | (266) | (113) |
| Investing activities | | |
| New loans advanced to subsidiaries | (5) | (3) |
| Income from subsidiary | 300 | - |
| Net cash from investing activities | 295 | (3) |
| Net decrease in cash and cash equivalents in the year as a result of cashflows | 29 | (116) |
| Net decrease in cash and cash equivalents in the year | 29 | (116) |
| Cash and cash equivalents at the beginning of the year | 277 | 417 |
| Cash and cash equivalents at the end of the year | 306 | 301 |