ATLAS ESTATES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Atlas Estates Limited
3rd Floor, 1 Le Truchot
St Peter Port
Guernsey GY1 1WD
Company number: 44284

ATLAS ESTATES LIMITED

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ATLAS ESTATES LIMITED

I. Introduction

Atlas Estates Limited ("Atlas", the "Company" or "AEL") is a Guernsey incorporated closed-ended investment company investing in real estate in Central and Eastern European countries ("CEE"). Atlas shares were admitted to trading on 12 February 2008 on the Warsaw Stock Exchange (WSE).

The Company and its subsidiary undertakings (the "Group") invest mainly in real estate assets in Poland. The Group also operates in the Romanian and Bulgarian real estate markets.

The Group's assets are managed by Atlas Management Company Limited ("AMC", the Property Manager), a company focused on managing the Group's property portfolio. AMC provides the Group with a management team with vast experience and knowledge of real estate investment and development. In particular, AMC can demonstrate a good track record of investment, development and management of property in CEE markets.

There was no change in the name of reporting entity or other means of identification from end of preceding reporting period.

The ultimate parent company is Revaia Ltd and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki.

ATLAS ESTATES LIMITED

II. Financial Highlights

Selected Financial Items	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Administrative expenses	(2,473)	(2,940)
Other operating income	17,660	-
Other operating expenses	-	(19,987)
Profit from operations	15,187	(22,927)
Finance income	1	1
Profit/ (Loss) before taxation	15,113	(23,000)
Profit/ (Loss) for the year	15,113	(23,000)
Net cash outflow from operating activities	(1,183)	(1,345)
Net cash inflow from investing activities	1,043	1,392
Net (decrease)/ increase in cash and cash equivalents in the year	(140)	47
Non-current assets	144,100	137,482
Current assets	280	424
Total assets	144,380	137,906
Non-current liabilities	(5,937)	(5,870)
Current liabilities	(3,787)	(12,493)
Total liabilities	(9,724)	(18,363)
Net assets	134,656	119,543
Number of shares outstanding	46,852,014	46,852,014
Profit/ (Loss) per €0.01 ordinary share – basic (eurocents)	32.3	(49.1)

ATLAS ESTATES LIMITED

III. The Board of Directors' and Property Manager's Statements

1. Chairman's Statement

Dear Shareholders,

I am pleased to announce the audited financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the year ended 31 December 2021.

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. The International Monetary Fund estimated that the global economy shrunk by 4.4% in 2020. 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. The financial consequences were summarized in the Property Manager's Review.

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 December 2021 the Group received €1.2 million advance in respect of this transaction, which is to be completed in April 2022;
- 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 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 amounted to PLN 6.9 million (€1.5 million). 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). As a result of this decision the Group recognized a finance income of €1.1 million in the third quarter 2021.

Reported Results

Group results

As of 31 December 2021, the Group has reported basic net assets of €134.7 million.

The increase of basic net asset value by €15.1 million (i.e. 13%) from €119.5 million as at 31 December 2020 is primarily a result of:

- profit after tax amounting to €13.1 million for the year 2021; and
- €2.0 million upward revaluation of *Hilton* as of 31 December 2021 (net of tax).

Profit after tax amounts to €13.1 million in 2021 as compared to loss after tax of €5.0 million in 2020. This change was mainly attributable to:

- the settlement agreement reached between Atlas and Atlas Management Group in April 2021 based on which previously recorded performance fee amounting to €10.0 million, which remained unpaid, was waived and credited to the income statement in the second quarter 2021 (further explained in the Remuneration Report);
- the above described finance income resulting from the partial loan decrease (€1.1 million);
- movements in the foreign currency exchange differences from loss of €1.6 million in 2020 to profit of €0.5 million in 2021, mainly as a result of stabilization of PLN against EUR in 2021.

Company results

The Company reported a profit of €15.1 million as compared to last year loss of €23.0 million. This increase of €38.1 million was mainly driven by €20.0 million impairment of the carrying value of investments recorded in 2020 as compared to €7.7 million reversal of impairment of the carrying value of investments in 2021. Additionally Atlas and Atlas Management Group reached above described settlement based on which previously recorded performance fee amounting to €10.0 million, which remained unpaid, was waived and credited to the income statement in 2021.

The methodology applied by the Company with respect to the impairment review is further disclosed in note 7 of the financial statements.

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.

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 consolidated financial statements for the year ended 31 December 2021, as disclosed in the Directors' Report.

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")

As of 31 December 2021, NAV per share, as reported in the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, increased from the level of €2.6 per share at 31 December 2020 to €2.9 per share at 31 December 2021. The adjusted NAV per share adjusts basic NAV for unrecognized valuation gains and losses (net of deferred tax) on property portfolio assets not held on a fair value or revaluation model measurement basis. The increase is mainly attributable to the above-described decrease in net assets. As of 31 December 2021 and 31 December 2020 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."

Adjusted net assets

A key indicator of performance is the adjusted net asset value of the Group. The following table sets out the impact on adjusted NAV per share of the revaluation of land assets that cannot be reflected in the reported balance sheet due to accounting standards. As of 31 December 2021 the Group did not held any development land assets classified as inventory.

	31 December 2021 €'000	31 December 2020 €'000
Book value of Development Land held as Inventory	-	-
Fair Value of Development Land held as Inventory	-	-
Unrealised fair value adjustment	-	-
Deferred tax on unrealised fair value adjustment	-	-
Basic net asset value per balance sheet	134,656	119,543
Adjusted net asset value (see the Property Manager's Review)	**134,656**	**119,543**
Number of ordinary shares in issue	46,852,014	46,852,014
Adjusted net asset value per share	**€2.9**	**€2.6**

Further analysis of the Company's NAV is contained in the Property Manager's Review below.

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. Details are presented in the Directors' Report. A statement on Atlas compliance with the corporate governance recommendations and principles contained in Best Practice for WSE listed companies is presented on Atlas' corporate website.

Risks and uncertainties

The Board and the Property Manager continually assess and monitor the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance are summarised in the Property Manager's Review.

Changes in Board of Directors

There were no changes in Board of Directors, except for resignation of Mr Andrew Fox on 24 November 2021 as further disclosed in the Directors' Report.

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
12 April 2022

2. Property Manager's Review

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

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 Polish Economic Institute, a government think-tank, predicts that the war in Ukraine will slow Polish economic growth to 3.5% this year, down from 4.3% estimated earlier.

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 further in the Property Manager's Review.

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 81% as of 31 December 2021 (93% as of 31 December 2020). The decrease of occupancy is a result of the termination of an agreement with a tenant, whose main activity was focused on organizing conferences.

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 December 2021 all apartments and retail units were sold or presold.

Capital Art Apartments

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

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks – Voluntari and Solaris. The occupancy rates at the Golden Tulip increased from 18% for the year ended 31 December 2020 to 34% for the year ended 31 December 2021. However, these rates still remain low as the economy continues to recover from the impact of COVID-19. The Golden Tulip hotel is subject to a sale agreement which is expected to be completed in April 2022, see note 15 to the consolidated financial statements .

Bulgaria

The Group holds one income yielding property in Bulgaria, the Atlas House, which is a ca. 3,500 sqm office building in Sofia. The occupancy of this property decreased from 75% as of 31 December 2020 to 62% as of 31 December 2021 due to the termination of one lease contract.

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

A valuation of the entire property portfolio is carried out on an annual basis as described in the Chairman's Statement.

Loans

As at 31 December 2021, the Group's bank debt associated with its portfolio was €67 million (31 December 2020: €69 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods in which valuations were undertaken may be analysed as follows:

	Loans	Valuation	LTV* Ratio	Loans	Valuation	LTV* Ratio
	31 December 2021			31 December 2020		
	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	22	73	30%	23	72	32%
Hotels	45	84	54%	46	84	55%
Total	**67**	**157**	**43%**	**69**	**156**	**44%**

**LTV Ratio- Loan to Value Ratio*

LTV ratio of investment property slightly decreased to 30% as of 31 December 2021 as compared to 31 December 2020 due to the increase in valuation of *Atlas Tower* and partial loan repayments.

LTV ratio of hotels decreased from 55% as of 31 December 2020 to 54% as of 31 December 2021 mainly due to partial loan repayments.

The gearing ratio is 15% (as disclosed in note 1.3. to the consolidated financial statements) based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio remains at the similar level as compared to 31 December 2020.

Debt financing

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*).

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).

New Hilton loan facility- undrawn as of 31 December 2021

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 2020

During 2020 the Group paid €2.6 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton*, *Atlas Tower*, *Galeria Platinum Towers*). As disclosed at page 10 the Group signed several annexes with the bank financing *Golden Tulip* based on which loan repayments scheduled in 2020 were suspended until 31 December 2021. Additionally, the loan maturity date was extended from June 2026 till September 2026.

<u>Review of the operational performance and key items in the Consolidated Income Statement</u>

	Property Rental € millions	**Development Properties € millions**	**Hotel Operations € millions**	**Other € millions**	**Year ended 31 December 2021 € millions**	**Year ended 31 December 2020 € millions**
Revenue	8.1	-	7.4	-	15.5	15.1
Cost of operations	(2.7)	(0.1)	(6.1)	-	(8.9)	(9.1)
Gross profit	5.4	(0.1)	1.3	-	6.6	6.0
Administrative expenses	(0.6)	(0.1)	(2.5)	(3.7)	(6.9)	(7.0)
Gross profit less administrative expenses	4.8	(0.2)	(1.2)	(3.7)	(0.3)	(1.0)
Gross profit %	67%	-	18%	0%	43%	40%
Gross profit less administrative expenses %	59%	-	-16%	0%	-2%	-7%

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

Revenues and cost of operations

Total Group revenues increased slightly from €15.1 million for the year ended 31 December 2020 to €15.5 million for the year ended 31 December 2021 as the hotel operations continued to be significantly impacted by the COVID-19 pandemic (see below section Financial management, operational management and material risks).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 were €8.9 million in 2021 compared to €9.1 million in 2020.

<u>Property Rental</u>

	Year ended 31 December 2021 € millions	Year ended 31 December 2020 € millions	**Total change 2021 v 2020 € millions**	Translation foreign exchange gain/ (loss) € millions	Operational change 2021 v 2020 € millions
Revenue	8.1	7.9	**0.2**	(0.2)	0.4
Cost of operations	(2.7)	(2.7)	**-**	0.1	(0.1)
Gross profit	5.4	5.2	**0.2**	(0.1)	0.3
Administrative expenses	(0.6)	(0.4)	**(0.2)**	-	(0.2)
Gross profit less administrative expenses	4.8	4.8	**-**	(0.1)	0.1
Gross profit %	67%	66%			
Gross profit less administrative expenses %	59%	61%			

In 2021 the gross margin realized by the Property Rental segment improved as compared to year ended 31 December 2020, due to stabilization of the negative COVID-19 impact and some minor changes in the portfolio of tenants.

Hotel operations

	Year ended 31 December 2021 € millions	Year ended 31 December 2020 € millions	**Total change 2021 v 2020 € millions**	Translation foreign exchange gain/ (loss) € millions	Operational change 2021 v 2020 € millions
Revenue	7.4	6.6	**0.8**	(0.2)	1.0
Cost of operations	(6.1)	(5.9)	**(0.2)**	0.2	(0.4)
Gross profit	1.3	0.7	**0.6**	-	0.6
Administrative expenses	(2.5)	(2.4)	**(0.1)**	-	(0.1)
Gross profit less administrative expenses	(1.2)	(1.7)	**0.5**	-	0.5
Gross profit %	18%	11%			
Gross profit less administrative expenses %	-16%	-26%			

In 2021 the hotel operation improved as compared to 2020, which was heavily impacted by outbreak of COVID-19.

Development Properties

	Year ended 31 December 2021 € millions	Year ended 31 December 2020 € millions	**Total change 2021 v 2020 € millions**	Translation foreign exchange gain/ (loss) € millions	Operational change 2021 v 2020 € millions
Revenue	-	0.6	**(0.6)**	-	(0.6)
Cost of operations	(0.1)	(0.5)	**0.4**	-	0.4
Gross profit/ (loss)	(0.1)	0.1	**(0.2)**	-	(0.2)
Administrative expenses	(0.1)	-	**(0.1)**	-	(0.1)
Gross profit/ (loss) less administrative expenses	(0.2)	0.1	**(0.3)**	-	(0.3)
Gross profit/ (loss) %	-	17%			
Gross profit/ (loss) less administrative expenses %	-	17%			

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.

As a result, as presented in the table below, in 2020 the Group managed to complete the sale of 2 apartments (in *Apartamenty przy Krasińskiego stage II*) and 2 small size retail units (in *Capital Art Apartments*), whereas in 2021 no sales were completed.

Apartment sales in Warsaw

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

Administrative expenses

Total administrative expenses increased slightly from €6.9 million in 2020 to €7.1 million in 2021. The most significant cost amounting to €2.3 million (2020: €2.8 million) is the annual management fee (see note 4.2. to the consolidated financial statements).

Other operating income and expenses

Other operating income and expenses are items that do not directly relate to the day-to-day activities of the Group. Such items include: income and expenses for items that are recharged to contractors and other suppliers at cost, and other such items.

The significant movements in the other operating income (see note 5 to the consolidated financial statements) related to:

- in 2021:
  €10.0 million gain on settlement agreement between AEL and AMC (see the Remuneration Report),
  €0.464 million profit on partial disposal of Kokoszki land asset in Gdańsk, Poland,
  €0.626 million government grants received following COVID-19 outbreak.
- in 2020:
  €0.3 million deposit retained after non completion of the sale agreement of asset classified as held for sale,
  €0.35 million profit on sale of minority shareholding in Fattal Leonardo Royal Berlin GmbH,
  €0.193 million government grants received following COVID-19 outbreak.

The significant movements in 2020 in the other operating expenses related to €0.8 million impairment of property, plant and equipment (*Golden Tulip hotel).*

Valuation movement

In 2021 the increase in the market value of the investment properties portfolio was €1.5 million as compared to an increase of €1.3 million in 2020. The movements relate to change in value of *Atlas Tower and Galeria Platinum Tower.*

Finance income and costs

Finance income and expenses are items that relate to the financing activities of the Group. Finance costs include mainly: interests on bank and other external borrowings (and related bank charges), interest on lease obligations, and valuation losses on interest rate derivatives. Finance income include mainly interest income as well as gains on the valuation of interest rate derivatives.

Finance income increased significantly from €0.2 million in 2020 to €4.4 million in 2021 mainly as a result of:

- gain on interest rate derivates of €2.6 million recorded in 2021, whereas in 2020 €0.8 million loss was reported,
- the above described (in the Chairman's Statement) finance income resulting from the partial loan decrease (€1.1 million).

Finance expenses incurred in 2021 decreased as compared 2020, mainly due to change in the valuation of interest rate derivatives, as described above, from a loss in 2020 to a gain 2021.

Foreign exchange

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

In 2021 the Polish functional currency did not change significantly in relation to the Euro, whereas Romanian currencies depreciated by 2% respectively as compared to 2020. The movements in value of the functional currencies have resulted in foreign exchange gain of €0.5 million in the income statement (2020: €1.6 million loss) and €0.4 million gain (2020: €11.9 million loss) in other comprehensive income for the year ended 31 December 2021.

A summary of exchange rates by country for average and closing rates against the reporting currency as applied in the financial statements is set out below.

	PLN	HUF	RON	BGN		PLN	HUF	RON	BGN
Closing rates					**Closing rates**				
31 December 2021	4.5994	369.00	4.9481	1.95583	31 December 2020	4.6148	365.13	4.8698	1.95583
31 December 2020	4.6148	365.13	4.8694	1.95583	31 December 2019	4.2585	330.52	4.7793	1.95583
% Change	0%	1%	2%	0%	% Change	8%	10%	2%	0%
Average rates					**Average rates**				
Year 2021	4.5674	358.52	4.9204	1.95583	Year 2020	4.4448	351.17	4.8707	1.95583
Year 2020	4.4448	351.17	4.8707	1.95583	Year 2019	4.2980	325.35	4.7773	1.95583
% Change	3%	2%	1%	0%	% Change	3%	8%	2%	0%

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 are disclosed as PPE – revaluation movements are taken directly to reserves, net of deferred tax via other comprehensive income; 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 Company sets out below the key measures relating to Net Asset Value (NAV) per share. This includes the NAV per share per the financial statements and the adjusted NAV per share as defined at IPO and previously disclosed by the Company.

	NAV 2021 € millions	**NAV per share 2021 €**	NAV 2020 € millions	**NAV per share 2020 €**
Basic NAV	134.7	**2.9**	119.5	**2.6**
Development land and valuation increase	-	**-**	-	**-**
Deferred tax	-	**-**	-	**-**
Adjusted NAV (see the Chairman's Statement)	134.7	**2.9**	119.5	**2.6**

Notes: The number of shares in issue as at 31 December 2021 and 2020 is 46,852,014 (excluding treasury shares).

The Property Manager's management and performance fees are based on the adjusted NAV.
For the twelve months to 31 December 2021, the fee charged by AMC to the Group was €2.3 million whereas for the twelve months to 31 December 2020 AMC fee was €2.8 million (for more details please see the Remuneration Report).

Ongoing activities

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

The property portfolio is constantly reviewed to ensure it remains in line with the Company's stated strategy of creating a balanced portfolio that will provide future capital growth, the potential to enhance investment value through active and innovative asset management programmes and the ability to deliver strong development margins.
A key management objective is to monitor operations of hotel activity as well as enhance occupancy of income yielding assets.

Financial management, operational management and material risks

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

Global economic conditions

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

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

Golden Tulip hotel:
- was also temporarily closed in April and May 2020;
- In 2021 the hotel occupancy was 95% higher as compared to 2020;

The revenues from the hotel activity amounted to €7.4 million in 2021 as compared to €6.6 million in 2020.

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

In 2020 the Group's subsidiaries HGC Gretna Investments Sp. z o.o. Sp. j. and D.N.B. - Victoria Towers SRL running hotel activity benefited from government cash grants amounting to €193 thousand in connection with payroll related expenditures. In 2021 the Group's subsidiaries HGC Gretna Investments Sp. z o.o. Sp. j. and D.N.B. - Victoria Towers SRL running hotel activity benefited from government cash grants amounting to €626 thousand in connection with payroll related expenditures (more details see note 5 to the consolidated financial statements)

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). Details of this loan is above described in the Debt Financing section of the Property Manager's Review.

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. At the end of 2020, the Group terminated the lease contract (of 3,026sqm) with tenant involved in organization of conferences.

The Group was also in contact with the banks financing its projects. As of 31 December 2021 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.

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
12 April 2022

ATLAS ESTATES LIMITED

3. Key Property Portfolio Information

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

4. Directors - Atlas Estates Limited

As of 31 December 2021:

Mark Chasey Chairman, Non-executive Director	Mr Chasey graduated with a Bachelor of Commerce degree in 1979 and a Bachelor of Accountancy degree in 1981, both from the University of the Witwatersrand, South Africa. Having completed his articles with the accounting firm Pim Goldby in Johannesburg, Mr Chasey qualified as a member of the South African Institute of Chartered Accountants in 1984 and was Financial Controller at Femco Electric Motors Limited in Johannesburg from 1984 to 1988. After establishing his own liquidation business in Johannesburg in 1989, Mr Chasey joined Ernst and Young Trust Company (Jersey) Limited in 1997 and then, in 1999, went on to establish Oak Trust (Guernsey) Limited.
Guy Indig Non-executive Director	Mr Indig graduated from Bar-Ilan University, Israel, with an LLB in 1990. In 2001 Mr Indig obtained an MBA from Tel-Aviv University. He also holds a Masters in Finance from the London Business School. Having practiced law for several years, in 2000 Mr Indig joined the Beny Steinmetz Group, a sizeable, global private equity group focused on real estate investments and natural resources. Mr Indig acted as an Investment Director in BSG's international Real Estate and Private Equity teams. Having completed a Masters in Finance degree at London Business School in 2005, Mr Indig joined the Royal Bank of Scotland and worked as a director in RBS' real estate finance division until 2008, focussing on asset-backed debt financing and investments throughout continental Europe and the UK. In 2008, Mr Indig was asked to join the Izaki Group as a Managing Director and he has since been leading the Izaki Group's European Real Estate and private equity investment activities.

Till 24 November 2021:

Andrew Fox Non-executive Director Chairman of Audit Committee	Mr Fox graduated with a Bachelor of Commerce degree in 1999 and a Post Graduate Diploma in Finance, Banking and Investment Management in 2000, both from the University of Natal, South Africa. Mr Fox qualified as a member of the Association of Chartered Certified Accountants in 2003 and was admitted as a Fellow in 2009. Mr Fox joined Oak Trust (Guernsey) Limited in 2001 and was appointed a Director in 2006.

Registered office

Atlas Estates Limited
3rd Floor, 1 Le Truchot
St Peter Port
Guernsey GY1 1WD
Company number: 44284

5. Directors and Senior Management of the Atlas Management Company Limited, the Property Manager

Erez Koren
Non-executive Director

Mr Koren is a Certified Public Accountant in Israel and is a member of the Institute of Certified Public Accountants in Israel. Mr Koren graduated with a Bachelor in Economics from Ben-Gurion University, Israel. He then finished academic accounting studies at the College of Management, Israel.

Mr Koren is serving as the Finance Director of one of IGI group real estate management company in London. Mr Koren has an extensive international experience and his previous roles included: Financial Controller of an AIM listed company in London; Financial Controller of a public traded real estate company registered in the Israeli stock exchange, having properties in Europe and Israel.

Nicholas Babbé
Non-executive Director

Mr Babbé Graduated with a Bachelor of Arts degree with Honours in 2001 from the University of the West of England. He subsequently moved into the finance industry taking positions with HSBC and Investec respectfully and undertook the Society of Trusts and Estates Practitioners diploma and joined the society as a full member in 2008. Mr Babbé joined Oak Trust (Guernsey) Limited in early 2009 where he is a Trust Manager and now studying for a BSC degree in Management with Trusts and Estates with The University of Manchester and Manchester Business School.

Ziv Zviel
Chief Executive Officer

Mr Zviel joined Atlas Management Company Limited in October 2010 as its Chief Financial Officer. Prior to this and from 2009 Mr Zviel served as Chief Financial Officer and Treasurer of Deltathree, a telecom company traded in the United States. From 2007 till then he served as VP of Finance of LivePerson, an Internet company publicly traded in the United States and Tel Aviv stock exchanges. Prior to that, and from 2002, Mr Zviel served in a number of roles in Magic Software, a global software company traded in the United States. Before that, and from 2000, Mr Zviel served as an audit manager in the Tel Aviv office of Ernst & Young.
Mr Zviel holds a first degree in accounting and economics and an MBA in Business Management, both from the Bar Ilan University in Israel.
On 27 March 2018 Mr Zviel was appointed as Chief Executive Officer.

6. Directors' Report

The Directors present their report and the audited financial statements for the twelve months ended 31 December 2021.

Results and dividends

The results for the Company for the year are set out in the statement of comprehensive income and show a profit after tax attributable to equity shareholders of €15.1 million (2020: €23.0 million loss).

The Company has not declared a dividend for 2021 (2020: €nil).

Activities and review of business

The Company is domiciled in Guernsey as a closed-ended investment company under Guernsey Law.

The principal activity of the Company and the Group is property investment and development throughout Central and Eastern Europe ("CEE"), together with the management of its properties. The development of the Group's business and future prospects, including a description of material risk factors and threats and information on the degree of the Group's exposure to such risks or threats, is considered in the Chairman's Statement and the Property Manager's Review.

There were no significant changes in the Company's organisational structure in the year ended 31 December 2021, except as presented in note 17 of the financial statements. There were no changes in the Company's organisational structure in the year ended 31 December 2020. A list of the operating subsidiaries of the Company subject to consolidation is included within note 17 of the financial statements.

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.

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.

Diversification

In order to hedge against risks, the Group maintains a diversified portfolio of real estate investments. Mainly the Group diversifies the type of investment (e.g., hotels, office, commercial, etc.).

Key performance Indicators

Key performance indicators vary between the different areas of the Group's business.

The success of developing and selling residential apartments will be measured in terms of the price achieved for each apartment, the profit margin earned over construction cost and as a proportion of sales and the overall rate of return from a development. Information on sales is detailed in the Property Manager's Review.

For yielding assets, the measure of the yield of an asset relative to its cost to the Group is of key importance. Also, the overall valuation of the portfolio will drive the value to the Company and ultimately the Company's share price. Details of total return targets and increases in net asset value per share are included within the Chairman's Statement and the Property Manager's Review.

The key financial risk policies are stated within note 1 to the financial statements.

Going concern

In 2021, 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. Economists say that in Poland inflation will accelerate and interest rates may rise more than has been expected. The Polish Economic Institute, a government think-tank, predicts that the war in Ukraine will slow Polish economic growth to 3.5% this year, down from 4.3% estimated earlier. However at the day of this report the Board of Directors concludes that any precise determination of the effects of this invasion on the Group is not possible at this moment.

The Directors consider that the outlook presents ongoing challenges in terms of the markets in which the Group operates, the impact of COVID-19 coronavirus (see the Property Manager's Review), 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 December 2021, the Group held land and building assets with a market value of €168 million, compared to external debt of €67 million (€156 million and €69 million respectively in 2020). 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 consolidated financial statements for the year ended 31 December 2021, the Directors have taken into account the fact of ongoing working capital management and noted the following:

- the Group is in a net current assets position of €24.3m (2020: €30.9m);
- 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. The assets held for sale have a net carrying value of €2.7 million and are in the process of sale for €7.7 million. Till 31 December 2021 the Group received €1.2 million advance in respect of this transaction, which is to be completed in April 2022,
- 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, which cover a period of not less than 12 months from the date of approval of these financial statements, 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. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2021.

Company website
To provide a portal for investor information and in accordance with the requirements of WSE, the Company maintains a website accessed at http://www.atlasestates.com.

Auditors

The Directors confirm that as at 12 April 2022:

- So far as they are aware, there is no material relevant information (that is, information needed by the Group's auditors, in connection with preparing their report) of which the Group's auditors are unaware;
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

On 19 August 2021 during the Annual General Meeting it was resolved that BDO Ireland were to be reappointed as the auditor of the financial reports of the Company for the year 2021.

The consolidated financial statements of the Group for 2021 and the financial statements of the Company for 2021 were audited by BDO on the basis of an engagement letter concluded on 16 February 2022. The consolidated financial statements of the Group for 2020 and the financial statements of the Company for 2020 were audited by BDO LLP and BDO on the basis of engagement letters dated 13 March 2021 (and subsequently updated on 27 April 2021) and 25 March 2021 respectively and approved by the Board on 28 April 2021.

The total fees specified in the contract with the audit company, payable or paid for an audit and review of the financial statements and for other services are presented below:

Audit Company – fees		
	2021 €'000	**2020 €'000**
Audit of individual and consolidated annual financial statements of the Company and its subsidiaries	188	188
Review of interim individual and consolidated financial statements	45	45
Tax services	-	-
Other compliance services	-	-
Total	**233**	**233**

Information about court proceedings

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

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

Significant Agreements and Capital Commitments

In addition to the Property Management Agreement detailed in the Remuneration Report, the Group did not enter into any significant agreements in 2021 and 2020.

Details of the bank financing agreements are disclosed above.

There are no other significant agreements that would result in Group's capital commitments as of 31 December 2021.

Related party transactions

Related party transactions are stated within note 13 of the financial statements.

Credit and loan facilities, guarantees and sureties

Key changes in credit and loan facilities are presented in the Property Manager's Review.

Guarantees and sureties – changes in 2021

In 2021 the Company did not issue any guarantees or sureties for the benefit of its subsidiaries/ or other parties.

The table below presents a list of guarantees, warranties and other types of security received by the Group from contracting parties as at 31 December 2021:

Company	Contractor's name	Type of security	Currency	(000)
Atlas Estates (Przasnyska 9) Sp. z o.o.	Kalter sp. z o.o.	Bank guarantee	PLN	1,500
Capital Art Apartments AEP Sp. z o.o. sp.j.	Unibep S.A.	Bank guarantee	PLN	250
Atlas Tower Sp. z o.o.	Several tenants	Bank guarantee	PLN	2,034
Properpol Sp. z o.o.	Jeronimo Martins Polska S.A.	Bank guarantee	EUR	46
Zielono AEP Sp z o.o.	Unibep S.A.	Bank guarantee	PLN	70
Mantezja 3 Sp. z o.o.	Holmes Place Poland	Corporate guarantee	PLN	5,035
Mantezja 3 Sp. z o.o.	Holmes Place Poland	Personal guarantee	EUR	531
Mantezja 3 Sp. z o.o.	Casinos Poland Sp. z.o.o.	Bank guarantee	EUR	209

Guarantees and sureties – changes in 2020

In 2020 the Company did not issue any guarantees or sureties for the benefit of its subsidiaries/ or other parties.

The table below presents a list of guarantees, warranties and other types of security received by the Group from contracting parties as at 31 December 2020:

Company	Contractor's name	Type of security	Currency	(000)
Atlas Estates (Przasnyska 9) Sp. z o.o.	Kalter sp. z o.o.	Bank guarantee	PLN	1,500
Capital Art Apartments AEP Sp. z o.o. sp.j.	Unibep S.A.	Bank guarantee	PLN	526
Atlas Tower Sp. z o.o.	Several tenants	Bank guarantee	PLN	1,571
Atlas Tower Sp. z o.o.	Modzelewski & Rodek Sp. z o.o.	Bank guarantee	PLN	246
Properpol Sp. z o.o.	Jeronimo Martins Polska S.A.	Bank guarantee	EUR	46
Zielono AEP Sp z o.o.	Unibep S.A.	Bank guarantee	PLN	70
Mantezja 3 Sp. z o.o.	Holmes Place Poland	Corporate guarantee	PLN	5,035
Mantezja 3 Sp. z o.o.	Holmes Place Poland	Personal guarantee	EUR	300
Mantezja 3 Sp. z o.o.	Casinos Poland Sp. z.o.o.	Bank guarantee	EUR	80

Corporate governance review

Indication of corporate governance rules, which the Company adheres to and the place, where the rules are publicly available

In accordance with the WSE Rules, the Board resolved in January 2008, to the extent practicable and reasonable, to comply with the majority of the corporate governance rules defined in the Code of Best Practices for WSE Listed Companies (“Best Practice”). The current and binding text of Best Practices is available at the WSE official website concerning corporate governance in public companies: https://www.gpw.pl/best-practice, whereas, in 2021, the Company applied Best Practices in accordance with the version that was in effect in 2021, to which this declaration of the Board regarding compliance with Corporate Governance Rules refers to. In addition, the Company’s shareholders may find “A statement on the company's compliance with the corporate governance recommendations and principles contained in Best Practice for GPW Listed Companies 2021” at the Company’s website www.atlasestates.com, section concerning corporate governance maintained as part of the investor relations site.

Information on the Company non-compliance with applying Best Practices

The Company’s compliance with certain principles is mainly limited by the differences between Guernsey and Polish legal systems, procedures and accepted practices.

According to the current status of compliance with the Best Practice, the Company does not apply 3 principles, which are not applicable:

3.2. and 3.7. - The principle is not applicable due to the size of the Company.
3.10. - The principle is not applicable as the Company does not participate in any of the indices as listed in the referred principle.

According to the current status of compliance with the Best Practice, the Company does not apply 21 principles:

1.3. - Since the Company’s registered seat is located outside of Poland, and since the corporate laws of the Company’s home state do not require such business strategies and policies to be implemented and communicated, especially in the form of any written document, the Company does not possess a business strategy to which ESG factors could be implemented. In light of the specific situation regarding the Company domicile, preparation and implementation of additional and complicated internal policies and strategies would be contrary to the principles of proportionality and adequacy, taking into account the Company’s individual needs, the size of its business, organizational structure and homogenous type of conducted activity.
1.4. - The Company does not possess a business strategy to which ESG factors could be implemented, nor does it plan to implement such a business strategy or any other policy, since this is neither required under the Company’s home country regulations nor justified and needed due to characteristics of the Company business and its internal organisational structure. Therefore, there is no source based on which such information can be prepared and shared with the stakeholders.

1.6. - The principle is not applicable to the Company, since the Company does not participate in any of the above indices.
1.7. - There is no regulation under the legal provisions of the Company's home country that would impose such deadline on the company as to when to answer the investor's request for information about the company. Also, no such rule has been introduced internally. The Company however puts its best efforts into making sure that the responses to investors are provided without undue delays, taking into account the nature of matter to which the question pertains. Also, in order to provide for equal access to information for all investors, the Company will in all cases review the scope of made requests, as responding to some of these individual investors may in fact put them in a privileged position relative to the remaining investors and therefore infringe the rule of equal access, as explained above.
2.1. and 2.2. - The principle concerning the members of the management and supervisory boards does not apply directly due to the fact that the Company does not have both a management and a supervisory board. Atlas Estates Limited as a Guernsey company has only one governing body – the Board of Directors. The principle also does not apply to the Board of Directors. Atlas Estates Limited Group has not adopted a diversity policy with respect to the Board of Directors and its key managers, however the process of selection of members of the Board of Directors and key managers is based on such elements as appropriate education, experience and expertise, as well as the qualifications and competencies of candidates, and in no way leads to the disqualification of any candidate due to the above-mentioned elements of a diversity policy. All three members of the Company's Board of Directors have been performing their functions for a long time and due to the high level of their expertise regarding the fields of the Company's activity, as well as the results achieved under their management, there are no changes in the Board of Directors as of now. Should such changes be introduced in the future, the Company will select the new director(s) in accordance with the principles as presented above. As of the moment however, complying with the referred principle would be disproportionate and inadequate, taking into account the Company's individual needs and type of conducted activity. At the same time, Atlas Management Company Group engages both women and men as its key management personnel, so the rule is generally applied within the capital group to which the Company belongs.
2.11.6. - The Company has not adopted a diversity policy with respect to the Board of Directors and its key managers, therefore such information cannot be included in the report.
3.6. - The principle is not applied, for as long as the head of internal audit function is not appointed in the Company, as per principle 3.3.
4.1. - The Company will not comply with this principal since it is not in a position to provide technical infrastructure enabling secure participation in general meeting using electronic communication means. This is all more difficult given the fact that general meetings of the Company are held in Guernsey. However, all the shareholders entitled to participate in the general meetings can appoint proxies to act on their behalf and vote at the general meetings according to their instructions.
4.2. - The Articles of Association provide that the Company's General Meeting shall be held in Guernsey or elsewhere. The determination of the location of the General Meeting is mainly driven by the need of ensuring administration assistance in accordance with the Guernsey law. The Company's administrator is located in Guernsey and, therefore, the general meetings will be, most likely, held in Guernsey. It is also important to state that: - Shareholders are not generally restricted from participating in General Meetings, but they may be restricted from voting in limited circumstances in accordance with Guernsey law and Articles of Association. If, for example, they fail to comply with the obligation pursuant to Articles of Association to disclose the identity of any person (other than the registered shareholders) who has an interest in the shares they would be barred from voting; and
- The Chairman of general meeting may interrupt proceedings and adjourn the meeting, which can be reconvened at a later point. This would not be at the instruction of a shareholder but any request could be submitted to the Chairman at the meeting who would decide the action to be taken.
4.3. - Atlas Estates Limited does not provide on-line transmissions of general meetings over the Internet. The reason for this is the fact that all the shareholders entitled to participate in the general meetings can appoint proxies to act on their behalf and vote at the general meetings according to their instructions. Therefore, in the opinion of the Company, there is no need to broadcast the general meetings.
4.4. - Atlas Estates Limited is incorporated under Guernsey law and there is no requirement under Guernsey law to permit media to attend general meetings. Accordingly, many Guernsey based fund administrators (corporate service providers) have adopted internal policies which do not permit the media to attend general meetings. In this regard, the internal policies of the Company's administrator, does not permit media to attend meetings as a matter of standard practice and as the Company's administrator co-ordinate the general meetings of the Company, such policy is adopted by the Company.
4.5. - Atlas Estates Limited is Guernsey company and therefore the rules of the Commercial Companies Code do not apply, instead the Company applies the Companies (Guernsey) Law. The Board of Directors (the "Board") may whenever it thinks fit and shall on the requisition in writing of one or more holders representing not less than one-tenth of the issued share capital of the Company upon which all calls or other sums then due have been paid convene an extraordinary General Meeting. If there are not sufficient Directors capable of acting to call a general meeting, any Director may call a General Meeting. If there is no Director able to act, any two Shareholders may call a general meeting for the purpose of appointing Directors. The requisition shall be dated and shall state the object of the meeting and shall be signed by the requisitions and deposited at the Company's registered office

and may consist of several documents in like form each signed by one or more of the requisitions. If the Board does not cause a meeting to be held within twenty-one days from the date of the requisition being so deposited the requisitions or a majority of them in value may themselves convene the meeting. Any meeting convened by requisitions shall be convened in the same manner (as nearly as possible) as that in which meetings are convened by the Board.

4.7. - The principle concerning the members of the management and supervisory boards, do not apply directly due to the fact that the Company does not have both a management and a supervisory board. Atlas Estates Limited as a Guernsey company has only one governing body– the Board of Directors.

4.9.2. - Pursuant to Guernsey law there are no further requirements for the Directors to fulfil a declaration described in this principle, however an information concerning a relationship between prospective Director and any shareholder is released as part of the information indicated in principle 4.9.1.

4.13. - Pursuant to the Company's Articles of Association before the issue of any new shares the Company may by ordinary resolution resolve that all or some of them shall be offered to some or all current shareholders in proportion to their existing shares. Since the change of the adopted solution would require a change of the Company's Articles of Association, the Company believes that introduction of the discussed principal would require efforts of disproportionate and inadequate size, especially considering the fact that the regulation currently in force remains in line with all corporate laws applicable to the Company due to its domicile.

5.1. - Pursuant to the Articles of Association, the Company's directors may take part in the discussion and vote in certain circumstances provided, however, that such directors disclose their interest. Circumstances in which a director may vote notwithstanding their interest are presented in the Articles.

5.4. - The terms of acquiring own shares by the Company are regulated by Guernsey law and the Articles of Association. Pursuant to the Articles of Association,, subject to provisions of law, the Company may purchase all or any of its own shares of any class whether or not they are redeemable and neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any other particular manner as between the holders of the same class or in accordance with the rights as to dividends or capital conferred by any class or shares. Since the change of the adopted solution would require a change of the Company's Articles of Association, the Company believes that introduction of the discussed principle would require efforts of disproportionate and inadequate size, especially considering the fact that the regulation currently in force remains in line with all corporate laws applicable to the Company. When deciding on a buyback of own shares the Company will comply with the applicable corporate laws of Guernsey and laws of Poland to the extent that the latter apply to foreign issuers of securities listed on regulated market in Poland.

5.5. - The Company's corporate organisation is based on the relevant provisions of the Guernsey laws, which do not provide for the obligation of having two separate organs for management and control over the company. In light thereof, the implementation of the discussed principle would require extensive changes in the Company's internal structure, which would not only be problematic, but also disproportionate to the aims that the principle is to realise.

5.6. and 5.7. - Under the Guernsey law no related party transaction requires the consent of the general meeting.

According to the current status of compliance with the Best Practice, the Company applies below listed principles however the Company added the following comments:

2.3. - This principle is applied subject to a significant modification. The principle cannot be applied fully due to the fact that the Company does not have both a management and a supervisory board. Atlas Estates Limited as a Guernsey company has only one governing body – the Board of Directors. This means that the Directors are not able, taking into account the corporate bodies structure as set out in accordance with the rules of Guernsey laws, to fulfil the requirement of not having been a member of the Company's governing body within the last 5 years, since the differentiation for the executive and nonexecutive directors is not included in the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, as it is in the Schedule 2 to the Commission guidance (2005/162/WE) dated 15 February 2005. In the remaining scope, the Company aims to apply this rule to the fullest possible extent. At the same time, two of the Directors remain independent in light of the requirements as set out in Schedule 2 to the Commission guidance (2005/162/WE) dated 15 February 2005.

4.11. - The principle concerning the members of the management and supervisory boards, do not apply directly due to the fact that the Company does not have both a management and supervisory boards. Atlas Estates Limited as a Guernsey company has only one governing body – the Board of Directors. However members of the Board of Directors participate in a general meeting as necessary to answer questions asked at the general meeting.

Financial statements' preparation process

DIRECTORS' RESPONSIBILITIES

Guernsey company law requires that Directors prepare financial statements for each financial period. These must give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the results of the Group for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Ensure the financial statements comply with IFRS as adopted by the EU; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that proper accounting records are maintained, which disclose with reasonable accuracy the financial position of the Group, and that the financial statements comply with Guernsey Law. They are also responsible for the system of internal control, for safeguarding the assets of the Group and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

DIVISION OF RESPONSIBILITIES AND COMPETENCES IN THE PREPARATION OF FINANCIAL INFORMATION

The Group aspires to apply high standards of corporate governance in all material areas of its business. The Board and, where delegated, the Property Manager use a comprehensive system of controls, checks and reporting requirements that they consider provide the capability to maintain these standards. The systems mentioned are being designed to meet the requirements of the Company and its business and to assess and manage the opportunities and risks that may arise.
The Group's reporting department prepares financial statements, interim reports of the Group and the Company under the supervision of the Property Manager (CFO).
The Group's reports are drafted by highly qualified team of employees of the controlling and reporting departments on the basis of accounting information prepared by the financial and accounting department. The preparation process is supervised by the reporting department's mid-level management. The financial statements, before they are delivered to the independent auditor, are verified by Group Financial Reporting Manager, then by the Property Manager (CFO).

INTERNAL CONTROLS

The Directors assume overall responsibility for the Group's system of internal control designed to safeguard shareholders' investments and the Group's assets and for reviewing its effectiveness. The controls are designed to identify and manage risks faced by the Group and not to totally eliminate the risk of failure to achieve business objectives. To this end internal controls provide reasonable, but not absolute assurance against material misstatement or loss. The implementation and operation of such systems has been delegated to the Property Manager and the processes are communicated regularly to all of their staff who are made aware of the areas for which they are responsible. Such systems include strategic planning, the appointment of appropriately qualified staff, regular reporting and monitoring of performance and effective control over capital expenditure and investment.

The Group's key internal controls are centred on a system of comprehensive reporting on all of its business activities. The Property Manager staff meets on a monthly basis to review the control systems and to assess the performance and position of the Group. A separate risk management process is operated that engages the Directors and senior management of the Company and Property Manager that is aimed at identifying areas of risk faced by the Group and assessing the likely impact on operating activities. Significant risks that are identified by this process are communicated to the Board with recommendations for actions to mitigate them. The Group uses independent agents to undertake any specialist analysis, investigation or action that is needed. The Property Manger reports to the Directors at least annually that they have carried out a review of the system for internal controls.

The internal financial control department operates on the basis of a clearly defined set of control procedures and a comprehensive monthly and quarterly reporting structure. Detailed revenue, cash flow and capital forecasts are prepared for each asset and updated regularly throughout the year and reviewed by the Property Manager and the Board. The Property Manager agreement sets out clearly defined guidelines for all asset transactions. These require the approval of the Board of Directors.

The Audit Committee is responsible for reviewing the effectiveness of the system of internal financial control. A review of these processes is conducted on a regular basis and any significant issues raised by this review are communicated to the Board for their consideration.

ATLAS ESTATES LIMITED

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.

Indication of the holders of any and all securities which give special control rights along with a description of these rights

The Company's share capital is divided into 46,852,014 shares which give equal rights to shareholders. Additionally the Company holds 3,470,000 treasury shares, which have no voting rights.

Legal or statutory limitations in the exercise of voting rights

Each share gives right to one vote at the General Meeting of the Company as indicated above. Shareholders are not generally restricted from participating in General Meetings, but they may be restricted from voting in limited circumstances in accordance with the Companies (Guernsey) Law, 2008, as amended ("the Companies Law") and Articles of Association. If, for example, they fail to comply with the obligation pursuant to Articles of Association to disclose the identity of any person (other than the registered shareholder) who has an interest in the shares they would be barred from voting.

Limitations in the transfer of the ownership rights of the Company's securities

The Articles of Association provide certain limitations with regard to the transfer of the ownership rights to the Company's shares as stated in article 13 of these Articles. The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of The National Depository for Securities' system.
The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share which is not fully paid or on which the Company has a lien, provided, in the case of a listed share that this would not prevent dealings in the share from taking place on an open and proper basis. In addition, the Directors may refuse to register a transfer in respect of certificated shares if:

(i) it is not fully paid up;
(ii) it is in respect of more than one class of shares;
(iii) it is not delivered for registration to the Company's registered office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the

transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.

The Board may comment in its absolute discretion and, without giving a reason, refuse to register any allotment or transfer of shares in favour of more than four joint transferees or a child, bankrupt or person of unsound mind.
If the Board refuses to register the transfer of a share they shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee. The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share provided that the Board may not suspend the registration of transfers of any participating security without the consent of the operator of the relevant system.

Terms for the appointment and removal of Directors and the description of their powers

Terms of appointment and removal of Directors are presented in the Company's Articles of Association in articles 23, 24 and 30. The current version of the Company's articles of Association is available at the Company website:

http://www.atlasestates.pl/en/investor-relations/corporate-governance

POWERS OF THE BOARD OF DIRECTORS

The Management Board exercises all powers in accordance with Guernsey Law and, the Company's Articles of Association (especially articles 27 and 28).

AUTHORISATION OF THE BOARD OF DIRECTORS TO MAKE DECISIONS CONCERNING THE ISSUE OF THE COMPANY'S SHARES

According to the Articles of Association (article 3) the unissued shares within the scope of the authorised capital (pursuant to a resolution of the General Meeting) are at the disposal of the Board, which has the unconditional authority to allot, grant options or warrants over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons on such terms and conditions and at such times as the Board determines but so that no share shall be allotted at a discount.

AUTHORISATION OF THE BOARD OF DIRECTORS TO MAKE DECISIONS CONCERNING THE REDEMPTION OF THE COMPANY'S SHARES

The Board has the power to issue redeemable shares pursuant to article 3.1 of the Articles of Association and may redeem any such shares in accordance with the terms of their issue.

Furthermore, the Board is authorised, on the basis of the article 8.4 of the Articles of Association to adopt a regulations governing the redemption of those redeemable shares.

Article 3.2(b) of the Articles of Association gives the company the power to buy back shares whether they are redeemable or not.

Annual General Meeting

The Annual General Meeting is usually scheduled in the period June/July/August. Detailed timing and agenda is communicated separately in accordance with WSE regulations and the Company's Articles of Association.

The Board encourages active communication with all of the Company's shareholders. The Chief Executive Officer of the Property Manager are the main points of contact for shareholders and they endeavour to respond to enquiries on a timely basis either verbally or in writing. Provision is made on the Company's website for enquiries to be made of Directors.

As part of the communication process a series of meetings is held between the Property Manager and significant shareholders throughout the year. Directors are invited to attend these meetings and are available should shareholders request their attendance. All shareholders have at least twenty working days' notice of the Annual General Meeting, at which questions can be raised.

The rights of the shareholders are subject to Guernsey Law and the Articles of Association of the Company.

Amendment of the Company's articles of association

The Company's articles can be altered in accordance with provisions of Part IV of the Companies Law. Any amendment of the articles of association of the Company may be done by a special resolution of the General Meeting or a written special resolution of the shareholders.

A special resolution requires a majority of no less than three-quarters of the votes recorded (including, where there is a poll, any votes cast by proxy) in order to be passed. In the case of a resolution passed at a General Meeting, notice specifying the intention to propose the resolution has to have been duly given in accordance with article 18 of the Company's articles.

Where the amendment of the Company's articles will result in the variation of the rights of a class of shares, the consent in writing of three-quarters of the nominal amount of the issued shares of that class or a special resolution of the holders of the shares of that class is required.

Structure and membership of the Company's Board

In the period 1 January 2020 – 24 November 2021 the Board of Directors comprised the non-executive Chairman and two further non-executive Directors. There is a clear separation of the role of the Directors and the Property Manager, governed by the Property Management Agreement that was entered into on 24 February 2006. The Board identifies the majority of its non-executive Directors, i.e. Mr Andrew Fox (till 24 November 2021) and Mr Mark Chasey as independent Directors and Mr Guy Indig as non-independent Director. The Directors provide strategic management and act as the final decision makers for all investment/divestment decisions. The executive and day to day management is provided by the Property Manager whose role and responsibilities are clearly defined in the Property Management Agreement. On 24 November 2021 Mr Andrew Fox resigned from the Board of Directors.

The Board meets formally at least four times a year and regular contact is made between the Board and the Property Manager in the intervening periods.

A formal schedule of matters reserved specifically for the Board's decision is approved and reviewed on an ongoing basis by the Board. Such matters include, but are not limited to:

- developing Group strategy and monitoring the progress towards objectives set for management;
- reviewing the Company's capital, operating and management structures;
- setting the system of internal and financial controls and accounting policies;
- communicating the aims and objectives of the Company to shareholders; and
- ensuring that the Group has effective risk management procedures in operation at all times.

A formal schedule of matters reserved for the Board of the Property Manager is also approved and reviewed on an ongoing basis by the Board.

All members of the Board have access to the advice and services of Maitland Fund Services ("Company's Administrator") and full and timely access to all relevant information in an appropriate form and of sufficient quality to enable them to discharge their duties and responsibilities. Guidance is provided to Directors on obtaining independent professional advice when necessary and the Company maintains a comprehensive directors' and officers' liability insurance policy.

Appointments to the Board are subject to a formal process of selection involving the Board as a whole. The Directors are appointed for indefinite terms and a third of the Board retire by rotation each year. Directors' terms of appointment provide for prior approval of the Board for the acceptance of any outside appointments. In the event of a request for approval the Director in question is asked to confirm and demonstrate that they can continue to commit sufficient time to the fulfilment of their duties.

Directors and Directors' share interests

The non-executive Directors who served during the year are detailed in table below. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the year or the preceding year.

Non-executive Directors		
Mr Andrew Fox	Appointed 16 June 2010	Resigned 24 November 2021
Mr Mark Chasey	Appointed 16 June 2010	
Mr Guy Indig	Appointed 16 June 2010	

Biographical details for all current Directors are set out in Directors – Atlas Estates Limited.

The Board is of the view that non-executive appointments for a fixed term would be inappropriate for each of the non-executive Directors due to the nature of the management of the Company. The Articles of the Company do provide for the retirement by rotation of a third of the Board each year.

The Remuneration Report contains details of Directors' remuneration, terms of their appointment and those of the Property Manager. No other Director had, during the accounting year or in the period to 12 April 2022, any material beneficial interest in any significant contract in the Group's business.

ATLAS ESTATES LIMITED

BOARD COMMITTEES

The Audit Committee comprises the whole of the Board and is chaired by Mr Andrew Fox. It meets at least two times a year to review the interim and year-end financial statements prior to their submission to the Board and to review the appointment of the independent auditors and the scope, performance and remuneration of services provided by them. Procedures are in place for the approval of non-audit services provided by the Company's auditors. The auditors will not be awarded non-audit work unless the Company is satisfied, through enquiry, that the provision of such services would not prejudice the independence and objectivity of the auditor.

The entire Board also forms the Investment Committee in order to appraise and approve or reject investment proposals made by the Property Manager. The Investment Committee meets as and when required.

The Company has not formed a separate Remuneration or Nominations Committee as the Property Management Agreement provides for the remuneration of the Manager and the Board as a whole considers any further appointments.

Attendance at meetings	**Board of Directors Meetings**	**Audit Committee Meetings**
No. of meetings in the year	5	4
Mr Andrew Fox (till 24 November 2021)	3	1
Mr Mark Chasey	5	4
Mr Guy Indig	5	3

No Investment Committee meetings were held in the year because all discussions and decisions related to investment proposals were made during the Board meetings.

PROPERTY MANAGER

The Property Manager has also undertaken to maintain the highest standards of corporate governance in line with the direction set by the Board. Where delegated, the Property Manager has continued to put in place a comprehensive system of controls, checks and reporting requirements that they feel provides the ability to maintain these standards.

The Property Manager has a board ("PM board") comprising of two non-executive directors. Additionally it employs Chief Executive Officer who on daily basis are engaged in the management of the Group. A formal schedule of matters reserved for the decision of the PM board, derived from the role and responsibilities set out in the Agreement has been approved and is reviewed on an ongoing basis.

The PM board collectively approves the appointment of senior management within the Property Manager, details of which are then reported to the Company.

The Board of Directors assessment of risk control, compliance, and management systems

The Board of Directors has a positive opinion on the Company's and Group's existing risk control, compliance and risk management systems as being appropriate for the size of the Group and the complexity of its operations. The Board has no reservations concerning the correctness of its compliance systems introduced and operating in the Group, nor regarding the risk management system which is of particular importance to the Company and the Group.

Assessment of the Company's compliance with disclosure obligations

In the disclosure policy, providing investors with confidential, current, and periodic information, the Management Board takes the current requirements of the law into account. In the opinion of the Board of Directors, in 2021, the Company properly performed its disclosure obligations arising out of the provisions of the law and the Best Practices of the WSE Listed Companies.

The Company's policies regarding sponsoring and charitable activities

The Company does not pursue sponsorship, charity or other similar activities.

Mark Chasey
Chairman

Guy Indig
Director

12 April 2022

7. Remuneration Report

The Directors present their report (the 'Report') on their remuneration, the fees payable to the Property Manager as well as details of payments to directors of subsidiary companies where the services are rendered or procured by external entities that has been prepared in a manner consistent with commonly accepted practice.

1) Non-executive Directors

All non-executive Directors have specific terms of appointment that include their membership of the Audit Committee and the fee payable to them for their services. Their remuneration is determined by the Board in accordance with the Articles of Association of the Company. Such fees are reviewed annually with regard to a Director's performance and those fees paid to non-executive Directors of similar companies.

Details of the terms of appointment for those who served as non-executive Directors during the year are:

Non-executive Directors' service contracts				
	Appointment Date	Resignation Date	Term	Notice Period
Mr Andrew Fox	16 June 2010	24 November 2021	Indefinite	30 days
Mr Mark Chasey	16 June 2010		Indefinite	30 days
Mr Guy Indig	16 June 2010		Indefinite	3 months

Directors' remuneration

The total amounts for Directors' remuneration were as follows:

Directors' emoluments – representing fees only	2021
Non-executive Directors	€
Mr Andrew Fox (GBP17,500)	21,000
Mr Mark Chasey (GBP17,500)	21,000
Mr Guy Indig (GBP20,000)	23,000
Total	65,000

Directors' emoluments – representing fees only	2020
Non-executive Directors	€
Mr Andrew Fox (GBP17,500)	20,000
Mr Mark Chasey (GBP17,500)	20,000
Mr Guy Indig (GBP20,000)	22,000
Total	62,000

2) Property Manager fees

Management fee
In consideration of the services to be provided by AMC, AMC receives an annual management fee of 2% of the previous year's closing adjusted NAV (less any un-invested net proceeds of the IPO or any subsequent equity capital raising). In consideration of the services provided, AMC charged a management fee amounting to €2.3 million for the year ended 31 December 2021 (2020: €2.8 million). However as described in note 30 to the consolidated financial statements, on 4 March 2022 AEL and AMC reached a settlement based on which this fee was reduced to € 345 thousand.

In addition, AMC is entitled to be reimbursed by the Company for all costs and expenses incurred by it in the performance of its obligations under the Property Management Agreement (not including its own internal operating costs).

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.

AMC's performance fee accrual in respect of the financial year ended 31 December 2021 is nil (2020: €nil million).

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.

Term and Termination

The Property Management Agreement was to run for an initial seven year term from 24 February 2006. Since the Company did not serve notice to Property Manager by 28 August 2012, the Agreement continues indefinitely after 24 February 2013. Currently the Agreement may be terminated on 12 months' notice by either party.

The agreement may be terminated at any time for reasons of material breach by either party not remedied within a 90 day period (21 days if the breach relates to non-payment of sums due to the Property Manager) or on the insolvency of either party. The Company may also terminate the Agreement in the event that any of the AMC Shareholders sells (other than to certain categories of intra-group permitted transferees) more than 49 percent of their respective shareholdings in AMC as at the date of Admission or in the event that the AMC Shareholders (or their permitted transferees) between them cease to own collectively at least 75 percent of the issued share capital of AMC. The Company also has the right to terminate the agreement in the event that it becomes tax resident in the United Kingdom for any reason. Upon termination of this Agreement, the Manager shall be entitled to receive all fees and other moneys accrued to it (and unpaid) and a performance fee.

3) Members of the subsidiaries' Management Boards

The following entities serve as members of the subsidiaries' Management Board in addition to the Property Manger mentioned above:

- ETM Corporate Services B.V., Krijnburg B.V. (representing Dutch subsidiaries) appointed for indefinite period with 6 weeks' notice period at the fixed fee of €80,500 (plus VAT- the fee also includes administration services provided to the subsidiaries);
- TMF Curacao N.V (representing Atlas Estates Antilles B.V.) appointed for indefinite period with 3 months' notice period at the fixed annual fee of USD1,500;
- Altea Management S.A. (representing Luxembourg subsidiaries) appointed for indefinite period with 3 months' notice period at the fixed annual fee of €6,000 (plus VAT);
- Cyproman Services Limited (representing Fernwood Limited) appointed for indefinite period with no notice period at the fixed annual fee of €1,400 (plus VAT).

Mark Chasey Chairman	**Guy Indig** Director

12 April 2022

ATLAS ESTATES LIMITED

8. Declarations of the Board of Directors

Declaration concerning accounting policies

The Board of Directors of Atlas Estates Limited confirms that, to the best of its knowledge, the annual financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Company for the period.

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

Declaration concerning election of the Company's auditor for the annual audit of the financial statement

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

Other obligatory declaration

Since the Company is incorporated outside European Union it is not Public Interests Entity as defined by Regulation (EU) No 537/2014 of the European Parliament and of the Council dated 16 April 2014 as well as Act of 11 May 2017 on statutory auditors, audit firms and on public oversight. As a result the Company is not obliged to comply with:
- the requirements regarding rules of the appointment, composition and functioning of the audit committees, and
- the mandatory rotation of the audit firm and statutory auditor and the mandatory period of grace
as imposed by the above mentioned regulations.

Mark Chasey
Chairman

Guy Indig
Director

12 April 2022

IV. Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ATLAS ESTATES LIMITED

Opinion

We have audited the financial statements of Atlas Estates Limited (the "Company") for the year ended 31 December 2021 which comprises the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement, the Statement of Accounting Policies and notes to the financial statements. The financial framework that has been adopted in the preparation of the financial statements is applicable law, including Commission Delegated Regulation 2018/815 regarding the single electronic reporting format (ESEF) and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements

- give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by the International Auditing and Assurance Standards Board (IAASB) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the Financial Reporting Council's Ethical Standards as required by Crown Dependencies' Audit Rules and Guidance and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter - Carrying value of investments in subsidiaries

The company accounting policy for determining the carrying value of investments in subsidiaries is set out in note 2. As detailed in note 7 the Company has material investments in its subsidiary undertakings, stated at cost less impairment.

The investments in subsidiaries are subject to annual review for impairment. Following impairment charges in previous periods the company's investments in subsidiaries are currently carried at recoverable value as this is lower than cost.

The recoverable value of the investment in subsidiaries is considered to be the adjusted net asset value of the subsidiaries. The subsidiaries' hotels and investment property are carried at fair value and contribute 71% to the subsidiaries gross assets. Management engage an external property valuer to value 99% of subsidiaries hotel and investment property portfolio.

As a result of the above:

- the company's net assets are the same as the group's adjusted net asset value.
- the carrying value of the company's investments in subsidiaries are sensitive to movements in the subsidiaries property valuations.

As disclosed in Note 7 to the financial statements, as required by RICS, the valuer of the subsidiaries' hotel has included a paragraph in their report that explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID 19) on the market, less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case.

Related Disclosures

Refer to the following notes accompanying the financial statements:

- Statement of Accounting Policies
- Note 2 - Critical accounting estimates and judgements; and
- Note 7 – Investments in subsidiaries

Audit Response

Our audit work included, but was not restricted to, the following:

- We inspected that the calculation of the carrying value of investments has been agreed to the adjusted net asset value of the underlying investees and that the amount has been included in the financial statements; and
- We considered the conclusions highlighted by the external valuer in regards to the certainty of the valuation and the impact this would have on our audit opinion.

Key Observations

Based on the work carried out we consider the judgements made by management in assessing the carrying value of investments in subsidiaries to be reasonable

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Opinion on other matters prescribed by the regulations of the Warsaw Stock Exchange

In our opinion, the information contained in the Directors' Report on the Company's activities complies with the requirements of the regulations of the Warsaw Stock Exchange issuers and is consistent with the information presented in the accompanying financial statements.

Based on our knowledge obtained during the audit about the Company and its environment we have identified no material misstatements in the Directors' Report on the Company's activities.

The Parent Company's Management Board and members of its Audit Committee are responsible for the preparation of a declaration on the application of corporate governance in accordance with regulations of the Warsaw Stock Exchange.

In connection with our audit of the financial statements it was our responsibility to read the declaration on the application of corporate governance, constituting a separate section of the Directors' Report on the Company's activities.

In our opinion, the declaration on the application of corporate governance contains the information specified in paragraph 70 section 6 point 5 of the Minister's of Finance Decree of 28 March 2018 on the current and periodic information provided by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2018 Journal of Laws, item 757 with subsequent amendments).
Information provided in paragraph 70 section 6 point 5 letters c-f, h and i of the Regulation contained in the statement on the application of corporate governance are in accordance with the applicable regulations and information contained in the annual financial statements.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ATLAS ESTATES LIMITED

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Stewart Dunne
For and on behalf of BDO, Recognised Auditor
Dublin, Ireland
12 April 2022

ATLAS ESTATES LIMITED

V. Financial Statements

1. Statement of Comprehensive Income

For the year ended 31 December 2021

	2021 €'000	2020 €'000	Notes
Revenues	-	-	
Cost of operations	-	-	
Gross profit	**-**	**-**	
Administrative expenses	(2,473)	(2,940)	3
Other operating income	17,660	-	4
Other operating expenses	-	(19,987)	4
Profit/ (Loss) from operations	**15,187**	**(22,927)**	
Finance income	1	1	5
Finance costs	(69)	(76)	5
Other (losses) and gains – foreign exchange	(6)	2	5
Profit/ (Loss) before taxation	**15,113**	**(23,000)**	
Tax expense	-	-	
Profit/ (Loss) for the year	**15,113**	**(23,000)**	
Total comprehensive income/ (loss) for the year	**15,113**	**(23,000)**	
Profit/ (Loss) per €0.01 ordinary share - basic (eurocents)	32.3	(49.1)	6
Profit/ (Loss) per €0.01 ordinary share - diluted (eurocents)	32.3	(49.1)	6

All amounts relate to continuing operations.

ATLAS ESTATES LIMITED

2. Statement of Financial Position

As at 31 December 2021

	2021 €'000	2020 €'000	Notes
ASSETS			
Non-current assets			
Investment in subsidiaries	144,002	137,392	7
Loans receivable from subsidiaries	98	90	8
	144,100	**137,482**	
Current assets			
Trade and other receivables	3	7	8
Cash and cash equivalents	277	417	9
	280	**424**	
TOTAL ASSETS	**144,380**	**137,906**	
Non-current liabilities			
Other payables	(5,937)	(5,870)	10
	(5,937)	**(5,870)**	
Current liabilities			
Trade and other payables	(3,787)	(12,493)	10
	(3,787)	**(12,493)**	
TOTAL LIABILITIES	**(9,724)**	**(18,363)**	
NET ASSETS	**134,656**	**119,543**	
EQUITY			
Share capital account	6,268	6,268	11
Other distributable reserve	194,817	194,817	12
Accumulated loss	(66,429)	(81,542)	
TOTAL EQUITY	**134,656**	**119,543**	

The notes form part of these financial statements. The financial statements were approved by the Board of Directors on 12 April 2022 and signed on its behalf by:

Mark Chasey
Chairman

Guy Indig
Director

12 April 2022

ATLAS ESTATES LIMITED

3. Statement of Changes in Equity

Year ended 31 December 2021

	Share capital account	Other reserves	Accumulated loss	Total
	€'000	**€'000**	**€'000**	**€'000**
As at 1 January 2020	6,268	194,817	(58,542)	142,543
Total comprehensive income for the year	-	-	(23,000)	(23,000)
As at 31 December 2020	**6,268**	**194,817**	**(81,542)**	**119,543**
Total comprehensive loss for the year	-	-	15,113	15,113
As at 31 December 2021	**6,268**	**194,817**	**(66,429)**	**134,656**

ATLAS ESTATES LIMITED

4. Cash flow Statement

Year ended 31 December 2021

	Notes	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
Profit/ (Loss) for the year		**15,113**	**(23,000)**
Adjustments for:			
Finance costs	5	67	74
Finance income	5	(1)	(1)
(Reversal of impairment)/ Impairment on investments	4	(7,660)	19,987
Write off of trade and other payables	4	(10,000)	-
		(2,481)	**(2,940)**
Changes in working capital			
Increase in trade and other receivables		4	(3)
Increase/ (Decrease) in trade and other payables		1,294	1,598
Net cash used in operating activities		**(1,183)**	**(1,345)**
Investing activities			
New loans advanced to subsidiaries	13c	(7)	(8)
Income from subsidiary	7	1,050	1,400
Net cash from investing activities		**1,043**	**1,392**
Net (decrease)/ increase in cash and cash equivalents in the year as a result of cashflows		**(140)**	**47**
Net (decrease)/ increase in cash and cash equivalents in the year		**(140)**	**47**
Cash and cash equivalents at the beginning of the year		**417**	**370**
Cash and cash equivalents at the end of the year	**9**	**277**	**417**
Cash and cash equivalents			
Cash at bank and in hand	9	277	417
	9	**277**	**417**

VI. Statement of Accounting Policies

Year ended 31 December 2021

Basis of preparation

These financial statements have been prepared in accordance with applicable Guernsey law and International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on a going concern basis and on a historical cost basis. The principal accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in accordance with IFRS requires the use of accounting judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgement and areas where assumptions and estimates are significant are discussed in note 2 – Critical accounting estimates and judgements.

In 2021, 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 and the Company 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. Economists say that in Poland inflation will accelerate and interest rates may rise more than has been expected. The Polish Economic Institute, a government think-tank, predicts that the war in Ukraine will slow Polish economic growth to 3.5% this year, down from 4.3% estimated earlier. However at the day of this report the Board of Directors concludes that any precise determination of the effects of this invasion on the Group is not possible at this moment.

In considering the going concern basis of preparation of the Company financial statements management note that the Company is in a net current liability position of €3.3m (2020: €12.5m). The going concern of the Company is dependent on income from its subsidiaries and their ability to continue as a going concern. The Company obtained a profit for the year of €15.1 million as compared to prior year loss of €23.0 million. Based upon cash flow forecasts prepared for the Group, management expect that the Company's subsidiaries will be able to support the Company as its liabilities fall due.

The Directors consider that the outlook presents ongoing challenges in terms of the markets in which the Group operates, the impact of COVID-19 coronavirus (see the Property Manager's Review), 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 December 2021 the Group held land and building assets with a market value of €168 million, compared to external debt of €65 million (€156 million and €69 million respectively in 2020). 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 consolidated financial statements for the year ended 31 December 2021, the Directors have taken into account the fact of ongoing working capital management and noted the following:

- the Group is in a net current assets position of €24.3m (2020: €30.9m);
- 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. The assets held for sale have a net carrying value of €2.7 million and are in the process of sale for €7.7 million. Till 31 December 2021 the Group received €1.2 million advance in respect of this transaction, which is to be completed in April 2022,
- 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.

STATEMENT OF ACCOUNTING POLICIES

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. Accordingly, the Directors continue to adopt the going concern basis in preparing the Company's and consolidated financial statements for the year ended 31 December 2021.

The financial statements present the individual financial data of the Company for the year ended 31 December 2021. The financial information is prepared in Euro and presented in thousands of Euro ("€'000"). Atlas Estates Limited also prepares separate consolidated financial statements, which incorporate the financial statements of the Company and its subsidiaries up to 31 December 2021.

Foreign currencies

The functional currency of the Company and the presentation currency for the financial statements is Euro.

Transactions in foreign currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value, which are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Gains and losses arising on the settlement of monetary items and on the re-translation of monetary items are included in the income statement for the year.

The following exchange rates were used in preparation of these financial statements:

	Polish Zloty	Hungarian Forint	Romanian Lei	Bulgarian Lev
Closing rates				
31 December 2021	4.5994	369.00	4.9481	1.95583
31 December 2020	4.6148	365.13	4.8694	1.95583
% Change	0%	1%	2%	0%
Average rates				
Year 2021	4.5674	358.52	4.9204	1.95583
Year 2020	4.4448	351.17	4.8707	1.95583
% Change	3%	2%	1%	0%

Finance income

Interest-bearing loans receivable are initially recorded at fair value, net of direct issue costs, and are then subsequently measured at amortised cost with interest being calculated using the effective interest rate method. All lending income is recognised in the income statement in the year in which it is incurred.

Financial assets

The Company classifies its financial assets in the following categories: measured at amortised cost, measured at fair value through profit or loss and measured at fair value through other comprehensive income. Classification is performed on initial recognition and depends on the business model for managing of financial assets adopted by the entity and on the characteristics of the contractual cash flows from such instruments

- *Financial assets measured at fair value through profit or loss*

  As at 31 December 2021 and 2020 no financial assets at fair value through profit or loss were held by the Company.

- *Financial assets measured at* amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Loan receivable from subsidiary (note 8) and cash and cash equivalents (note 9) are classified as financial assets measured at amortised cost.

Financial liabilities

a) Fair value through profit and loss

The Company does not have nor has it designated any financial liabilities as being at fair value through profit and loss.

b) Amortised cost

Interest-bearing loans are initially recorded at fair value, net of direct issue costs, and are then subsequently measured at amortised cost with interest being calculated using the effective interest rate method. Trade and other payables are classified as financial liabilities measured at amortised cost (note 10).

Investments in subsidiaries

Investments in subsidiary companies are recognised initially at cost.

The carrying amounts of the investments are reviewed at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed.

The method applied to assign recoverable amount to the Company's investments is fair value less costs to sell and has been based on the property valuations assessed by independent experts and, where appropriate, management. In assessing the value of each investment the Company has considered not only the asset value recognised in the books of the individual entities but also the valuation amount of elements held at cost. Substantially, this has resulted in the carrying values of investments and loans receivable from subsidiaries being compared to the adjusted net asset value of the Group.

An impairment loss (or subsequent reversal) is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

Loans receivable

Loans receivable are recognised initially at fair value and subsequently measured using the amortised cost method. The carrying amounts of other loans receivable are reviewed at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.
As of 31 December 2021 the Company hold only other trade receivables (prepayments) (note 8).

Cash and cash equivalents

Cash and cash equivalents consist of cash balances, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within bank loans in current liabilities on the balance sheet. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

STATEMENT OF ACCOUNTING POLICIES

Treasury shares

The costs of purchasing Treasury shares are shown as a deduction against equity. The purchase or sale of own shares does not lead to a gain or loss being recognised in the income statement.

Taxation

With effect from 1 January 2008, Guernsey's corporate tax regime has changed. From that date the exempt company and international business regimes have been abolished as a consequence of which the Company is treated as resident for tax purposes subject to 0% tax. These changes do not adversely affect the tax efficiency of the AEL group corporate structure.

Dividends

Final dividend payments in respect of a financial year are recognised as a liability in the year in which the dividend payment is approved by the Company's shareholders. Interim dividends paid are recognised in the year in which the payment is made.

Changes to accounting policies since the last period

The accounting policies adopted and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2020.

The following standards and interpretations, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are also effective for the first time in the current financial year and have been adopted by the Company with no impact on its individual results or financial position for the current reporting period:

(a) Amendment to IFRS 16 Leases: COVID-19 Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020);
(b) Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 to 1 January 2023 (applicable for annual periods beginning on or after 1 January 2021);
(c) Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The following standards and interpretations issued by the IASB or IFRIC have not been adopted by the Company as these are not effective for the current year. The Company is currently assessing the impact these standards and interpretations will have on the presentation of its results in future periods; those that may have a material impact on the financial statements are:

(a) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
(c) Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
(d) References to Conceptual Framework (Amendments to IFRS 3);
(e) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
(f) Definition of Accounting Estimates (Amendments to IAS 8);
(g) Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
(h) Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021).

VII. Notes to the Financial Statements

1. Financial risk management

1.1. Financial assets and financial liabilities

	31 December 2021 €'000	31 December 2020 €'000	Note
Financial assets			
Financial assets held at amortised cost			
Loans receivable from subsidiaries	98	90	8
Cash and cash equivalents	277	417	9
	375	**507**	
Financial liabilities			
Liabilities at amortized cost			
Trade and other payables	(3,787)	(12,493)	10
Borrowings	(5,937)	(5,870)	10
	(9,724)	**(18,363)**	

1.2. Financial risk factors

The activities of the Company's subsidiaries exposes the Group to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. As a result, the Company is also exposed to the same financial risks. The Company's financial risks relate to the following financial instruments: loans and receivables, cash and cash equivalents and trade and other payables. The accounting policy with respect to these financial instruments is described above.

Risk management is carried out by the Property Manager under policies approved by the Board of Directors. The Property Manager identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, and is overseeing the development of policies covering specific areas such as foreign exchange risk and interest-rate risk. The Property Manager may call upon the services of a retained risk management consultant in order to assist with its risk assessment tasks.

Reports on risk management are produced periodically on an entity and territory level to the key management personnel of the Group and of the Company.

(a) Market risk

(i) Foreign exchange risk

Through its subsidiaries, the Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Polish Zloty and Romanian Lei. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

In the year covered by these financial statements the Group has not entered into any currency hedging transactions. Foreign exchange risk is monitored and the cost benefits of any potential currency hedging transactions are reviewed to determine their effectiveness for the Group.

The majority of the Company's assets and liabilities are Euro-based, minimising the Company's individual exposure to foreign exchange risk. The tables below summarise the Company's exposure to foreign currency risk. The Company's financial assets and liabilities at carrying amounts are included in the table, categorised by the currency at their carrying amount.

2021	€'000	GBP'000	Total'000
Loans receivable from subsidiaries	98	-	98
Cash and cash equivalents	277	-	277
Total financial assets	**375**	**-**	**375**
Trade and other payables	(9,596)	(128)	(9,724)
Total financial liabilities	**(9,596)**	**(128)**	**(9,724)**
Net financial assets / (liabilities)	**(9,221)**	**(128)**	**(9,349)**

2020	€'000	GBP'000	Total'000
Loans receivable from subsidiaries	90	-	90
Cash and cash equivalents	417	-	417
Total financial assets	**507**	**-**	**507**
Trade and other payables	(18,276)	(87)	(18,363)
Total financial liabilities	**(18,276)**	**(87)**	**(18,363)**
Net financial assets / (liabilities)	**(17,769)**	**(87)**	**(17,856)**

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated – for example, change in interest rate and change in foreign currency rates. The Company manages foreign currency risk on an overall basis. The sensitivity analysis prepared by management for foreign currency risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

If the euro weakened / strengthened by 10% against either of the Polish Zloty, Hungarian Forint or Romanian Lei, with all other variables held constant, post-tax loss for the year would have remained the same (2020: post-tax loss for the year would have remained the same).

(ii) Price risk

Through its subsidiaries, the Company is exposed to property price and property rentals risk. It is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities, other than its investment in subsidiaries.

(iii) Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term receivables from subsidiaries. Loans issued at variable rates expose the Company to cash flow interest rate risk.

The Company's cash flow and fair value interest rate risk is periodically monitored by the Property Manager. The Property Manager analyses its interest rate exposure on a dynamic basis. It takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are considered including refinancing, renewal of existing positions, alternative financing and hedging. The scenarios are reviewed on a periodic basis to verify that the maximum loss potential is within the limit given by management.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values.

An increase in 100 basis points in interest yields would result in a decrease in the post-tax profit for Company for the year of €58 thousand (2020: decrease in the post-tax profit for Company for the year of €58 thousand). A decrease in 100 basis points in interest yields would result in an increase in post-tax profit for the year of €58 thousand (2020: increase in post-tax profit for the year of €58 thousand).

(b) Credit risk

The Company's credit risk arises from cash and cash equivalents as well as credit exposures with respect to outstanding receivables from subsidiaries (note 9). Credit risk is managed on a local and Group basis and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual and more frequent review. Cash transactions are limited to high-credit-quality financial institutions. The utilisation of credit limits is regularly monitored.

As at 31 December 2021, the Company had one major counterparty, Barclays PLC. Given that Barclays PLC is a high-credit-quality financial institution, with a rating of A in 2021, as well as the short-term nature of those investments, the credit risk associated with cash and cash equivalents is estimated as low. The maximum exposure of the Company in respect of cash and cash equivalents and outstanding receivables is equal to their gross value at the balance sheet date.

(c) Liquidity risk

Prudent liquidity risk management for the Company implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities as well as availability of cash reserves in the Group (which can be distributed to the Company). Additionally within trade payables there is a performance fee payable to the Property Manager (as disclosed in note 13a). The payment terms of this fee is subject to consultation between the parties, and the actual payment will be subject to available cash flows of the Group.

The Company's liquidity position is monitored on a weekly basis by the management and is reviewed quarterly by the Board of Directors.

Below there is summary of maturity analysis of undiscounted cash flows for financial liabilities held by the Company.

	2021	**2020**
	€'000	**€'000**
Financial liabilities – non-current borrowings		
Over 5 years	(7,552)	(8,018)
	(7,552)	**(8,018)**
Financial liabilities – current		
Trade and other payables – maturity within one year	(3,787)	(12,493)
	(3,787)	**(12,493)**

1.3. Capital risk management

The Directors consider capital to consist of the Group's debt and equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

1.4. Segmental reporting

The Company is only a holding company and therefore the results reported in the income statement and the statement of financial position are also in accordance with the segmental reporting requirements.

2. Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

NOTES TO THE FINANCIAL STATEMENTS

Impairment of investments in the Company's subsidiaries

In assessing the carrying value of the Company's investments in its subsidiaries, the management consider the adjusted net asset value of the Group. The adjusted net asset value takes the basic net assets as per the consolidated financial statements and adjusts these for the fair value of the property portfolio, which is not included in the reported balance sheet due to the accounting standard requirements. To calculate the fair value of the property portfolio the Property Manager engages qualified experts to assist in its assessment. A valuation of the entire property portfolio is carried out on an annual basis by external and internal experts. The valuations are prepared in accordance with generally accepted international valuation methods and procedures. Any assumptions made by the valuer are reviewed by the Board and the Property Manager for their reasonableness.

3. Administrative expenses

	2021 €'000	2020 €'000
Audit and tax services		
- Fees payable to the Group's auditor for the audit of the Company and its consolidated financial statements	(139)	(139)
Fees payable to the Group's auditor for the other services:		
- Non audit services – interim reviews	(45)	(45)
Performance and management fee (note 13a)	(2,046)	(2,554)
Legal and other professional fees	(166)	(128)
Insurance cost	(12)	(12)
Staff costs	(65)	(62)
Administrative expenses	**(2,473)**	**(2,940)**

4. Other operating income/ (expenses)

	2021 €'000	2020 €'000
Gain on settlement agreement between AEL and AMC	10,000	-
Reversal of impairment of investments in subsidiaries (note 7)	7,660	-
Other operating income	**17,660**	**-**

	2021 €'000	2020 €'000
Impairment of investments in subsidiaries (note 7)	-	(19,987)
Other operating expenses	**-**	**(19,987)**

5. Finance income and finance costs – net

	2021 €'000	2020 €'000
Bank and other similar charges	(2)	(2)
Interest payable on loan received from subsidiary (note 13b)	(67)	(74)
Finance costs	**(69)**	**(76)**
Interest receivable on shareholder loans (note 13c)	1	1
Finance income	**1**	**1**
Finance income, excluding foreign exchange – net	**(68)**	**(75)**
Realised foreign exchange (losses)/ gains	(6)	2
Other losses – foreign exchange	**(6)**	**2**
Finance income, including foreign exchange – net	**(74)**	**(73)**

NOTES TO THE FINANCIAL STATEMENTS

6. Earnings per share

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.
Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

Year ended 31 December 2021	Loss	Weighted average number of shares	Per share amount
Continuing operations	**€'000**		**Eurocents**
Basic EPS			
Profit attributable to equity shareholders of the Company	15,113	46,852,014	32.3
Diluted EPS			
Adjusted profit	**15,113**	**46,852,014**	**32.3**

Year ended 31 December 2020	Loss	Weighted average number of shares	Per share amount
Continuing operations	**€'000**		**Eurocents**
Basic LPS			
Loss attributable to equity shareholders of the Company	(23,000)	46,852,014	(49.1)
Diluted LPS			
Adjusted loss	**(23,000)**	**46,852,014**	**(49.1)**

7. Investments in subsidiaries

	2021	2020
	€'000	**€'000**
Shares in subsidiary undertakings		
Cost		
At beginning of period	216,281	217,681
Decrease	(1,050)	(1,400)
At the end of the period	**215,231**	**216,281**
Impairment		
At beginning of period	(78,889)	(58,902)
Impairment	-	(19,987)
Reversal	7,660	-
At the end of the period	**(71,229)**	**(78,889)**
As at 31 December	**144,002**	**137,392**

Investments in subsidiary undertakings are stated at cost. Cost is recognised as the nominal value of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. A list of principal subsidiary undertakings and joint ventures is given in note 17.

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

It should be underlined that the valuation of one of the Group's key assets i.e. Hilton hotel, owned by the Company's subsidiary 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.

In 2021: €7.7 million was recognised in other operating income in respect of reversal of impairment of investment in subsidiaries.
In 2020: €20.0 million was recognised in other operating expenses in respect of impairment of investment in subsidiaries.

The method applied to assign value to the company's investments is fair value less costs to sell and has been based on the property valuations assessed by independent experts and, where appropriate, management. In assessing the value of each investment, the Company has considered not only the asset value recognised in the books of the individual entities but also the valuation amount of elements held at cost. Substantially, this has resulted in the carrying values of investments and loans receivable from subsidiaries being compared to the adjusted net asset value of the Group. The Adjusted Net Asset Value of the Group has increased from €119.5m to €134.7m which facilitates an impairment reversal of €7.7m such that the Company's net assets match and do not exceed the Group's Adjusted Net Assets.

8. Trade and other receivables

	2021	2020
	€'000	**€'000**
Amounts falling due within one year:		
Other third party receivables (prepayments)	3	7
As at 31 December	**3**	**7**
Non-current – loans receivable from subsidiaries:		
Loans receivable due from subsidiary (Atlas Estates Antilles BV) (note 13c)	98	90
As at 31 December	**98**	**90**

All trade and other receivables are financial assets, with the exception of prepayments and accrued income.

Loan receivable from subsidiary is interest bearing, with interest charged at EURIBOR plus an agreed margin. The loan has an agreed maturity date in 2024.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2021	2020
	€'000	**€'000**
Euro	-	-
Other	3	7
	3	**7**

The maximum amount of exposure of the Company to credit risk at the balance sheet date approximates the total of loans receivable from subsidiaries. The Company applies the IFRS 9 simplified approach to trade receivables for measuring expected credit losses. The Company has determined that the current loss allowance is €nil (2020: €nil).

9. Cash and cash equivalents

	2021	2020
	€'000	**€'000**
Cash and cash equivalents	277	417
	277	**417**

NOTES TO THE FINANCIAL STATEMENTS

10. Trade and other payables

	2021 €'000	2020 €'000
Current		
Amounts due to Atlas Management Company Group in respect of management and performance fee (note 13a)	(3,520)	(12,254)
Trade payables	(267)	(239)
	(3,787)	**(12,493)**
Non-current		
Loan from subsidiary- HGC Gretna Investements Sp. z o.o. Sp. J. (note 13b)	(5,937)	(5,870)
	(5,937)	**(5,870)**
Total trade and other payables	**(9,724)**	**(18,363)**

Loan payable to the subsidiary is interest bearing, with interest charged at EURIBOR plus an agreed margin. This loan has agreed maturity date in 2045.

11. Share capital account

	Number of shares	Ordinary shares - share capital account €'000	Total €'000
Authorised			
Ordinary shares of €0.01 each	100,000,000	1,000	**1,000**
Issued and fully paid			
As at 31 December 2021 and 2020	46,852,014	6,268	6,268

During 2007, 3,470,000 ordinary shares of €0.01 each with aggregate nominal value of €34,700 were purchased and held in Treasury. There are no issued and unpaid shares in 2021 and 2020. See more details in Directors' Report.

12. Other distributable reserve

The Other Distributable Reserve includes amounts relating to cancellation of share premium, shares bought back and cancelled or held in Treasury, and dividends paid.

	€'000
At 31 December 2020 and 2021	**194,817**

13. Related party transactions

a) Key management compensation

	31 December 2021 €'000	31 December 2020 €'000
Fees for non-executive directors	65	62

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 €2.0 million for the year ended 31 December 2021 (2020: €2.5 million). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. The Company has not accrued a performance fee for the year ended 31 December 2021 and 31 December 2020, as disclosed in the Remuneration Report.

As of 31 December 2021, €3.5 million included in current trade and other payables was due to AMC (2020: €12.2 million). In 2021, €0.7 million was paid to AMC in respect of management and performance fees (in 2020: €1.0 million). On 21 April 2021 AEL and AMC have agreed to decrease by €10.0 million the outstanding balance resulting from unpaid performance fees.

b) The loan payable to the subsidiary (HGC Gretna Investments Sp. z o.o Sp. J.) is interest bearing and the Company was charged €67 thousand as interest (2020: €74 thousand as interest). As at 31 December 2021 the loan balance including interest due to subsidiary amounted to €5.9 million (as of 31 December 2020: €5.9 million).

c) The loan receivable from the subsidiary (Atlas Estates Antilles B.V.) is interest bearing and the Company charged €0.9 thousand (2020: €0.8 thousand) as interest. As at 31 December 2021, the loan balance including capitalised interest due from subsidiary amounted to €97.4 thousand (2020: €89.9 thousand).

14. Post balance sheet events

There are no significant post balance sheet events that require disclosure except for the event described below:

a. The effects of the Russian invasion of Ukraine that began on February 24, 2022 and its potential impact on the Company and the Group and the assumption that the Company and the Group will continue as going concern is disclosed in VI. Statement of Accounting Policies (Basis of preparation).
b. on 4 March 2022 AEL and AMC reached an agreement based on which basic management fee amounting to €2.3 million for the year ended 31 December 2021 was reduced to € 345 thousand. Additionally the parties confirmed that no performance fee is due in respect of 2021.
c. 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 Atas Tower in Warsaw.
d. On 11 April 2022 the Group completed the sale agreement (described in note 15 of the consolidated financial statements) of its investment in D.N.B Victoria Tower.

15. Significant Agreements

In 2020 and 2021, the Company did not enter into any significant agreements.

16. Other items

16.1. Information about court proceedings

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

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

16.2. Financial forecasts

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

17. Principal subsidiary companies and joint ventures

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

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Atlas Projects B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	AEP Sp. z o.o. 2 SKA	Holding	100%
Poland	AEP Sp. z o.o. 3 SKA	Holding	100%
Poland	Platinum Towers AEP Sp. z o.o. SKA	Development	100%
Poland	Zielono AEP Sp. z o.o. SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Poland	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	Gretna Investments Sp. z o.o. 4 SKA	Holding	100%
Poland	Atlas Estates (Wilanów) Sp. z o.o. (former name: Negros 3Sp. z o.o.)	Other	100%
Hungary	CI-2005 Investment Kft.	Other	100%
Hungary	Atlas Estates (Moszkva) Kft.	Other	100%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Investment	100%
Romania	D.N.B. - Victoria Towers SRL*	Hotel operation	100%
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 15 to the consolidated financial statements).

18. Ultimate Parent Company and Ultimate Controlling Party

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.