

ATLAS ESTATES LIMITED  
CONDENSED CONSOLIDATED QUARTERLY REPORT  
THIRD QUARTER 2020

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

# ATLAS ESTATES LIMITED

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# ATLAS ESTATES LIMITED

## Financial Highlights

Selected Consolidated Financial Items	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2020 (unaudited) €'000	30 September 2020 (unaudited) €'000	30 September 2019 (unaudited) €'000	30 September 2019 (unaudited) €'000
Revenues	12,361	3,471	30,944	7,462
Gross profit	(7,158)	(1,961)	(18,628)	(4,043)
Increase in value of investment properties	1,371	-	668	-
Profit from operations	1,813	271	7,756	1,939
(Loss)/ Profit before taxation	(2,992)	(894)	2,965	(134)
(Loss)/ Profit for the period	(3,097)	(543)	2,325	161
Net cash from operating activities	3,077	1,143	11,300	3,318
Net cash (used in)/ from investing activities	(223)	2,293	(3,365)	(629)
Net cash used in financing activities	(4,091)	(1,325)	(3,922)	(1,268)
Net (decrease)/ increase in cash and cash equivalents in the period	(3,867)	1,494	3,567	688
Non-current assets	185,671	185,671	197,345	197,345
Current assets	62,230	62,230	41,720	41,720
Total assets	247,901	247,901	239,065	239,065
Current liabilities	(34,825)	(34,825)	(26,177)	(26,177)
Non-current liabilities	(87,668)	(87,668)	(105,105)	(105,105)
Total liabilities	(122,493)	(122,493)	(131,282)	(131,282)
Basic net assets (1)	125,408	125,408	107,783	107,783
Number of shares outstanding	46,852,014	46,852,014	46,852,014	46,852,014
Profit per share (eurocents)	(6.6)	(1.2)	5.0	0.3
Basic net asset value per share (€)	2.7	2.7	2.3	2.3

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

# ATLAS ESTATES LIMITED

## Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the nine and three months ended 30 September 2020.

In the current financial market conditions and the disruption caused by the outbreak of COVID-19 coronavirus the key priorities are enhancing liquidity, gaining access to capital as well as monitoring the market to locate new investment projects. All of these objectives are vital for operations as they will underpin our drive to progress the growth of the operations.

Below are our main developments:

- On 27 January 2020 the Group concluded sale agreement of its investment in a Romanian subsidiary at the net sale price of €7.7 million. As of 30 September 2020 the book value of this investment (classified as assets held for sale and liabilities directly associated with assets held for sale) amounted to €3.3 million. This transaction is planned to be completed by 31 December 2020 and on April 8, 2020 the Group received a €0.3 million advance in respect of the sale price (note 12).
- In February 2020 the Group paid a refundable deposit of €2.4 million (disclosed as trade and other receivables as of 30 June 2020) in relation with potential acquisition of an office building in Warsaw. This purchase transaction was not completed and the deposit was returned to the Group in July 2020.
- In the third quarter 2020 the Group acquired and sold minority shareholding in the entity holding hotel in Berlin. A profit of €0.3 million was realised as a result of this transaction (see note 19).

## Reported Results

As of 30 September 2020 the Group has reported basic net assets of €125.4 million.

The decrease of basic net asset value by €17.1 million (i.e. 14%) from €142.5 million as at 31 December 2019 is primarily a result of:

- €5.1 million downward revaluation of *Hilton* (net of tax) recorded in 2020;
- 6% depreciation of PLN against EUR in the first nine months of 2020;

Majority of the Group assets are located in Poland and reporting in PLN functional currency. While preparing consolidated accounts of the Group, their balances were translated into EUR reporting currency, which resulted in €9.2 million loss reported in translation reserve;

- loss after tax amounts to €3.1 million for the nine months period ended 30 September 2020;

Loss after tax amounts to €3.1 million for the nine months period ended 30 September 2020 as compared to profit after tax of €2.3 million for the nine months period ended 30 September 2019. The significant change of the noted results was mainly a joint effect of:

- €4.4 million deterioration of gross profit generated by hotel operations in 2020 (as explained on page 14) and,
- €2.2 million gross profit realized on one-off transaction, i.e. sale of Nakielska Apartment Project, in May 2019 (as explained in note 10).

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## Financing, Liquidity and Forecasts

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

In determining the going concern basis of the Group the Board have considered worst case scenarios that can be anticipated and in all scenarios forecasts show that the Group shall have sufficient cash and cash equivalents to meet expected liabilities as they fall due for a period of not less than 12 months from the date of approval of these interim financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial information for the nine months ended 30 September 2020, as set out in accounting policies to the condensed consolidated financial information.

## Investing Policy

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

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

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

In the nine months to 30 September 2020, NAV per share decreased from €3.0 per share to €2.7 per share. The NAV per share as at 30 September 2019 was €2.3 (restated). The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The significant increase in NAV per share during 2019 was mainly attributable to increase of net assets due to cash realisation of property assets in excess of the carrying value and the recognition of a right of use asset at fair value related to the rights of perpetual usufruct connected with *Hilton* hotel in Warsaw following the implementation of IFRS 16 as presented in 2019 annual consolidated financial statement.

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

For the interim accounts valuations of key assets located in Poland (Hilton Hotel, Atlas Tower- office building and Galeria Platinum Towers- retail property) were performed by an external expert. As of 30 June 2020 Jones Lang LaSalle - external independent qualified expert, was responsible for the valuation of these assets.

It should be underlined that the valuation of Hilton hotel as of 30 June 2020 was reported by Jones Lang LaSalle on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to this valuation than would normally be the case. This is the result of the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020 and its negative impact on hotel sector.

## Corporate Governance

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

## Risks and uncertainties

The Board and the Property Manager continually assess and monitor the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance for the rest of the financial year 2020 are summarised in the Property Manager's Report on pages 13 and 14 below.

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## Prospects

The outbreak of coronavirus in the world and its occurrence in Poland affects the economic growth of this country. At the end of 2019, Polish Ministry of Finance, when preparing the strategy for 2020-2023, estimated the GDP index at 3.7% in 2020. After the outbreak of the coronavirus, most banks in Poland decided to revise the GDP forecasts to decrease from -2% to -4.2%. International Monetary Fund predicts that GDP will decrease in Poland in 2020 by 3.6%, whereas in 2021 it anticipates GDP growth of 4.6%.

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

**Mark Chasey**  
CHAIRMAN  
23 November 2020

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## Review of the Property Manager

In this review we present the financial and operating results for the nine months ended 30 September 2020. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 30 September 2020, 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. One hotel is subject to sale agreement (see note 12).

## Markets and Key Properties

### Poland

This is the major market of operation for the Group, with 93% (by value) of the Group's portfolio located there. The Polish economy has been one of most resilient economies in Europe with annual real GDP growth of 4.1% in 2019.

### Hilton Hotel, Warsaw

The *Hilton* hotel in the Wola district of Warsaw is the Group's flagship asset. The hotel was continuously performing at a satisfactory level until the outbreak of COVID-19, as disclosed on page 14.

### 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 93% as of 30 September 2020 (95% as of 31 December 2019). The Group completed a renovation project in 2019 of some of the public spaces, which attracts new tenants.

### Atlas Estates Tower

The Group was planning to build a mixed use (residential and office) Atlas Estates Tower, on the neighbouring plot alongside the *Hilton* hotel, however since the scale of the development exceeded the Group's investment abilities on 22 November 2018 the Group decided to enter into a preliminary sale agreement and dispose this property at the sale price of PLN147 million (i.e. equivalent of €34 million) to a third party. On 7 August 2019 a conditional sale agreement was concluded (increasing sale price to PLN 148 million) and by 30 September 2019 PLN 14.8 million (equivalent of ca €3.5 million) was received in respect of the sales price. This transaction was completed on 7 October 2019 and full sale price was received.

### Galeria Platinum Towers

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

### Apartamenty przy Krasińskiego

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

The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 30 September 2020 all apartments and retail units were sold or presold.

### Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 30 September 2020 all apartments from all stages were either sold or presold, whereas 1 retail unit remains available for sale.

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## **Nakielska Apartments Project**

This is a residential development that was planned to be constructed in Wola district of Warsaw. On 13 May 2019 the Group sold this project as disclosed in note 10.

## **Romania**

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks – Voluntari and Solaris. The occupancy rates at the Golden Tulip decreased from 71% for the nine months ended 30 September 2019 to 19% for the nine months ended 30 September 2020 as a result of the implications of COVID-19. The Golden Tulip hotel is subject to a sale agreement and is expected to be sold during 2020, see note 12.

## **Bulgaria**

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



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## Financial Review

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

### Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on an annual basis. For the interim semi-annual accounts the valuation of selected assets was performed as described on page 5. There is uncertainty taking into account current fluctuations in the global economy as a result of the COVID-19 outbreak and therefore these valuations could be different as of the date of this report. However the management strongly believes that the current market disruption is temporary and key assets held by the Group will generate long term value for the shareholders.

### Loans and valuations

As at 30 September 2020, the Company's share of bank debt associated with the portfolio of the Group was €70 million (31 December 2019: €74 million; 30 September 2019: €74 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods in which valuations were undertaken may be analysed as follows:

	LTV			LTV			LTV		
	Loans	Valuation	Ratio*	Loans	Valuation	Ratio*	Loans	Valuation	Ratio*
	30 September 2020	30 September 2020	30 September 2020	31 December 2019	31 December 2019	31 December 2019	30 September 2019	30 September 2019	30 September 2019
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	23	74	31%	24	75	32%	25	71	35%
Hotels	47	91	52%	50	103	49%	49	101	49%
<b>Total</b>	<b>70</b>	<b>165</b>	<b>42%</b>	<b>74</b>	<b>178</b>	<b>42%</b>	<b>74</b>	<b>172</b>	<b>43%</b>

\*LTV Ratio- Loan to Value Ratio

LTV ratio of investment property decreased from 35% as of 30 September 2019 to 32% as of 31 December 2019 and to 31% as of 30 September 2020 mainly due to increase in the valuation of *Atlas Tower*, as well as scheduled loan repayments.

LTV ratio of hotels increased from 49% as of 30 September 2019 and 31 December 2019 to 52% as of 30 September 2020 mainly due to decrease in the valuation of *Hilton* as a result of COVID outbreak.

The gearing ratio is 13% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio increased as compared to 31 December 2019 (12%) mainly due to the decrease in valuation of *Hilton* and €9.2 million loss reported in translation reserve (as explained at page 12).

### Debt financing

Key developments were described in note 14.

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

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

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Nine months ended 30 September 2020 € millions	Nine months ended 30 September 2019 € millions
Revenue	6.1	0.6	5.7	-	12.4	30.9
Cost of operations	(2.0)	(0.5)	(4.7)	-	(7.2)	(18.6)
<b>Gross profit</b>	4.1	0.1	1.0	-	5.2	12.3
Administrative expenses	(0.4)	-	(1.8)	(3.0)	(5.2)	(5.1)
<b>Gross profit less administrative expenses</b>	3.7	0.1	(0.8)	(3.0)	-	7.2
Gross profit %	67%	17%	18%	-	42%	40%
Gross profit less administrative expenses %	61%	17%	-14%	-	0%	23%

### Revenues and cost of operations

Total Group revenues decreased significantly to €12.4 million for the nine months ended 30 September 2020 compared to €30.9m for the same period in 2019 due to the hotel operations being significantly impacted by the COVID-19 pandemic (see page 14), as well as one off sale transaction which generated €7.8m proceeds in May 2019 (sale of Nakielska project - as explained in note 10). 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 €7.2 million in the nine months ended 30 September 2020 compared to €18.6 million for the nine months ended 30 September 2019.

### Development Properties

	Nine months ended 30 September 2020 € millions	Nine months ended 30 September 2019 € millions	Total change 2020 v 2019 € millions	Translation foreign exchange effect € millions	Operational change 2020 v 2019 € millions
Revenue	0.6	9.4	<b>(8.8)</b>	(0.3)	(8.5)
Cost of operations	(0.5)	(6.4)	<b>5.9</b>	(0.2)	6.1
Gross profit	0.1	3.0	<b>(2.9)</b>	(0.5)	(2.4)
Administrative expenses	-	(0.2)	<b>0.2</b>	-	0.2
Gross profit less administrative expenses	0.1	2.8	<b>(2.7)</b>	<b>(0.5)</b>	(2.2)

Sale of residential units (i.e. apartments, retail units, parking places, storages) developed by the Group are recognised when the performance obligations have been fulfilled in line with the Group's accounting policies. The performance obligations are considered fulfilled when the customer takes control of the property units documented by the signing of the relevant notarial deed. In 2017 the Group, following a completion of *Apartamenty przy Krasińskiego stage II* project in August 2017, has started signing notarial deeds and consequently recognised first sales and associated costs of this project.

As a result, as presented in the table below, in the nine months ended 30 September 2020 the Group managed to complete the sale of 2 apartment (in *Apartamenty przy Krasińskiego stage II*) and 2 small size retail units (in *Capital Art Apartments*), whereas in 2019 the revenues from the sale of 4 retail units (in *Capital Art Apartments and Apartamenty przy Krasińskiego*

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stage II projects) and 2 apartments were recognized. Additionally, as described in note 10, in May 2019 the Group sold *Nakielska Apartment Projects* realizing €2.2 million gross profit on this transaction.

Apartment sales in developments in Warsaw

	CAA stage I	CAA stage II	CAA stage III&IV	Apartamenty przy Krasieńskiego I	Apartamenty przy Krasieńskiego II	Concept House*
Total apartments for sale	219	300	265	303	123	160
Sales completions in 2008-2018	218	298	265	303	120	160
Sales completions in 2019	-	2	-	-	1	-
Sales completions in 2020	-	-	-	-	2	-
Total sales completions	218	300	265	303	123	160
Sales not completed as of 30 September 2020 (only preliminary agreements concluded)	1	-	-	-	-	-
Apartments available for sale as of 30 September 2020	-	-	-	-	-	-

\*Joint venture project fully sold out as at 31 December 2017

### Property Rental

	Nine months ended 30 September 2020 € millions	Nine months ended 30 September 2019 € millions	Total change 2020 v 2019 € millions	Translation foreign exchange effect € millions	Operational change 2020 v 2019 € millions
Revenue	6.1	6.8	(0.7)	(0.2)	(0.5)
Cost of operations	(2.0)	(2.9)	0.9	(0.1)	1.0
Gross profit	4.1	3.9	0.2	(0.3)	0.5
Administrative expenses	(0.4)	(0.3)	(0.1)	-	(0.1)
Gross profit less administrative expenses	3.7	3.6	0.1	(0.3)	0.4

In the first nine months of 2020 the gross margin realized by the Property Rental segment improved as compared to the first nine months of 2019, which was mainly attributable to *Atlas Tower* improved occupancy as well as deconsolidation of *Felikon* property in the first quarter of 2019.

### Hotel operations

	Nine months ended 30 September 2020 € millions	Nine months ended 30 September 2019 € millions	Total change 2020 v 2019 € millions	Translation foreign exchange effect € millions	Operational change 2020 v 2019 € millions
Revenue	5.7	14.7	(9.0)	(0.4)	(8.6)
Cost of operations	(4.7)	(9.3)	4.6	(0.3)	4.9
Gross profit	1.0	5.4	(4.4)	(0.7)	(3.7)
Administrative expenses	(1.8)	(2.0)	0.2	-	0.2
Gross profit less administrative expenses	(0.8)	3.4	(4.2)	(0.7)	(3.5)

In the nine months ended 30 September 2020 the hotel operation declined due to outbreak of COVID-19 (as disclosed on page 14), which resulted in sharp decrease of *Hilton* and *Golden Tulip* occupancy since mid-March 2020.

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## Valuation movement

As of 30 September 2020 the increase of the market value of the investment properties portfolio was of €1.4 million as compared to an increase of €0.7 million as of 30 September 2019. The movements relate to change in value of *Atlas Tower and Galeria Platinum Towers* (in 2020) and *Atlas Tower* only (in 2019) valued at 30 June.

## 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 large foreign exchange differences.

The movements in value of the functional currencies resulted in foreign exchange loss of €1.3 million in the consolidated income statement for the nine months ended 30 September 2020 (nine months period ended 30 September 2019: €1.0 million loss) and €9.2 million loss in other comprehensive income for the nine months ended 30 September 2020 (nine months ended 30 September 2019: €1.4 million gain). The losses in the consolidated income statement were mainly due to the unrealised foreign exchange losses on EUR denominated liabilities (bank loans, intra group financing) in Polish, Romanian and Hungarian subsidiaries. The incurred foreign exchange losses worsened as a result of the increase in depreciation of PLN against EUR from 2% in the nine months ended 30 September 2019 to 6% in the nine months ended 30 September 2020.

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

	Polish Zloty	Hungarian Forint	Romanian Lei	Bulgarian Lev
<b>Closing rates</b>				
30 September 2020	4.5268	364.65	4.8698	1.9558
31 December 2019	4.2585	330.52	4.7793	1.9558
% Change	6%	10%	2%	0%
30 September 2019	4.3736	334.77	4.7511	1.9558
31 December 2018	4.3000	321.51	4.6639	1.9558
% Change	2%	4%	2%	0%
<b>Average rates</b>				
Third quarter 2020	4.4240	348.03	4.8586	1.9558
Third quarter 2019	4.3019	323.22	4.7376	1.9558
% Change	3%	8%	3%	0%

## **Net Asset Value**

The Group's property assets are categorised into four 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 – 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 – revaluation movements are taken directly to reserves, net of deferred tax; and
- Property developments, including the land to be used to build property for sale – 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.
- Land held for possible future development of as yet undetermined use – classed as investment properties with valuation movements being recognised in the Income Statement.

The Property Manager's management and performance fees are based on the adjusted NAV. For the nine months to 30 December 2020 the combined fee payable to AMC by the Group was €2.1 million (€1.8 million in the first nine months to 30 September 2019 (more details are presented in note 16a).

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

- the drafting of the clauses and definitions in the PMA as regards 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. Past Performance Fees which have accrued, but which are yet to be paid amount to €10.8m. The amount due to AMC is subject to change that is contingent on the resolution of the dispute. No asset has been recognised in respect of any reduction of the said balance. 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 commenced discussions with AMC to discuss the above concerns and agree a mechanism which will ensure a fair and appropriate remuneration structure for both parties going forward from 2020. The value of performance fee for 2019 and 2020 which has not been accrued by the Company (if historical interpretation of calculation method is applied) amounts to €nil million. The Board have not yet agreed a mechanism for 2020 onwards and accordingly no performance fee has been accrued for the period to 30 September 2020.

### **Ongoing activities**

During the first nine months of 2020, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio.

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

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

### **Financial management, operational management and material risks**

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

#### *Global economic conditions*

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

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

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## *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:*

- March 2020 occupancy was 76% lower as compared to the same period of 2019;
- 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;
- In the period June- September 2020 the hotel occupancy was 77% lower as compared to the same period of 2019;
- No income from conference organization was earned from April to September 2020;
- Following Polish government decision hotels are available to guests on business trips and remain closed for tourists starting from November 7, 2020.

*Golden Tulip hotel:*

- was also temporarily closed in April and May 2020;
- In the period June- September 2020 the hotel occupancy was 84% lower as compared to the same period of 2019.

The revenues from the hotel activity amounted to €2.4 million in the second and third quarter 2020 as compared to €9.8 million in the same period in 2019.

As of 30 June 2020 the valuation of Hilton hotel, as assessed by external experts Jones Lang LaSalle, has dropped by 8% as compared to the previous valuation as of 31 December 2019.

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

b. Rental income from tenants:

- Following Polish government decision to close the restaurants, fitness clubs etc. several of the Group's tenants suffered from these restrictions. As a result in the second and third quarter 2020 the Group offered certain rent reliefs to these tenants in return for lease term extensions. Since 24 October 2020 stationary business activity in restaurants is forbidden. It is only possible to provide services for take-away and delivery. No restrictions were imposed to the office rental activity.

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

- *Hilton*

The Group obtained a waiver from the bank and as of 30 September 2020 there were no breaches of the bank covenants in respect of this facility;

- *Golden Tulip*

The Group signed the annex with the bank based on which loan repayments scheduled in the period April- June 2020 were suspended until 1 July 2020. Additionally the loan maturity date was extended from June 2026 until September 2026;

- *Galeria Platinum Towers*

The Group obtained a waiver from the bank and as of 30 September 2020 there were no breaches of the bank covenants in respect of this facility.

## *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.

## ATLAS ESTATES LIMITED

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 searching new investment opportunities in Poland, mainly in Warsaw.

**Ziv Zviel**

**Chief Executive Officer**

Atlas Management Company Limited

23 November 2020

# ATLAS ESTATES LIMITED

## Key Property Portfolio Information

Location/Property	Description	Company's ownership
<b>Poland</b>		
Hilton Hotel	First <i>Hilton</i> Hotel in Poland – a 4 star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in the Wola area of Warsaw.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors of 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%
<b>Romania</b>		
Voluntari	86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 78 room hotel in central Bucharest. As of 30 June 2020 and 31 December 2019 this property is classified as non-current assets held for sale as disclosed in note 12.	100%
<b>Bulgaria</b>		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%



# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT

For the nine and three months ended 30 September 2020

	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Not e
Revenues	12,361	3,471	30,944	7,462	3
Cost of operations	(7,158)	(1,961)	(18,628)	(4,043)	4.1
<b>Gross profit</b>	<b>5,203</b>	<b>1,510</b>	<b>12,316</b>	<b>3,419</b>	
<i>Property manager fee</i>	(2,133)	(707)	(1,825)	(606)	
<i>Central administrative expenses</i>	(1,042)	(328)	(372)	(101)	
<i>Property related expenses</i>	(2,028)	(620)	(2,924)	(757)	
Administrative expenses	(5,203)	(1,655)	(5,121)	(1,464)	4.2
Other operating income	480	420	75	5	
Other operating expense	(38)	(4)	(182)	(21)	
Increase in value of investment properties	1,371	-	668	-	
<b>Profit from operations</b>	<b>1,813</b>	<b>271</b>	<b>7,756</b>	<b>1,939</b>	
Finance income	122	35	249	23	4.3
Finance costs	(3,602)	(789)	(3,973)	(1,330)	4.3
Other (losses)/ gains – foreign exchange	(1,267)	(396)	(1,043)	(740)	4.3
Share of losses from equity accounted joint ventures	(58)	(15)	(24)	(26)	
<b>(Loss)/ Profit before taxation</b>	<b>(2,992)</b>	<b>(894)</b>	<b>2,965</b>	<b>(134)</b>	
Tax charge	(105)	351	(640)	295	5
<b>(Loss)/ Profit for the period</b>	<b>(3,097)</b>	<b>(543)</b>	<b>2,325</b>	<b>161</b>	
<b>Attributable to:</b>					
Owners of the parent	(3,097)	(543)	2,325	161	
Non-controlling interests	-	-	-	-	
	<b>(3,097)</b>	<b>(543)</b>	<b>2,325</b>	<b>161</b>	
(Loss)/ Profit per €0.01 ordinary share – basic (eurocents)	(6.6)	(1.2)	5.0	0.3	7
(Loss)/ Profit per €0.01 ordinary share – diluted (eurocents)	(6.6)	(1.2)	5.0	0.3	7

All amounts relate to continuing operations.

The notes on pages 24 to 49 form part of this condensed consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the nine and three months ended 30 September 2020

	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) (restated) €'000	Three months ended 30 September 2019 (unaudited) (restated) €'000
<b>(LOSS)/ PROFIT FOR THE PERIOD</b>	<b>(3,097)</b>	<b>(543)</b>	<b>2,325</b>	<b>161</b>
<b>Other comprehensive (loss)/ income :</b>				
<i>Items that will not be recycled through profit or loss</i>				
Revaluation of buildings (note 8)	(6,243)	84	6,731	(20)
Deferred tax on revaluation	1,187	(15)	(1,288)	4
<b>Total</b>	<b>(5,056)</b>	<b>69</b>	<b>5,443</b>	<b>(16)</b>
<i>Items that may be recycled through profit or loss</i>				
Exchange adjustments	(9,179)	(2,051)	(1,434)	(2,931)
Deferred tax on exchange adjustments	197	80	163	241
<b>Total</b>	<b>(8,982)</b>	<b>(1,971)</b>	<b>(1,271)</b>	<b>(2,690)</b>
<b>Other comprehensive (loss)/ income for the period (net of tax)</b>	<b>(14,038)</b>	<b>(1,902)</b>	<b>4,172</b>	<b>(2,706)</b>
<b>TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD</b>	<b>(17,135)</b>	<b>(2,445)</b>	<b>6,497</b>	<b>(2,545)</b>
<b>Total comprehensive (loss)/ income attributable to:</b>				
Owners of the parent	(17,135)	(2,445)	6,497	(2,545)
Non-controlling interests	-	-	-	-
	<b>(17,135)</b>	<b>(2,445)</b>	<b>6,497</b>	<b>(2,545)</b>

The notes on pages 24 to 49 form part of this condensed consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2020

	30 September 2020 (unaudited)	30 June 2020 (unaudited)	31 December 2019 (audited)	30 September 2019 (unaudited) (restated)	Note
	€'000	€'000	€'000	€'000	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	12	14	19	19	
Property, plant and equipment	90,713	92,507	104,724	105,898	8
Investment property	86,656	87,673	89,396	81,156	9
Deferred tax asset	8,290	8,123	9,654	10,272	
	<b>185,671</b>	<b>188,317</b>	<b>203,793</b>	<b>197,345</b>	
<b>Current assets</b>					
Inventories	2,124	2,255	2,688	2,566	10
Trade and other receivables	3,110	5,788	2,827	3,379	
Cash and cash equivalents	50,859	49,219	54,513	28,010	11
	56,093	57,262	60,028	33,955	
Assets held within disposal groups classified as held for sale	6,137	6,316	6,493	7,765	12
	<b>62,230</b>	<b>63,578</b>	<b>66,521</b>	<b>41,720</b>	
<b>TOTAL ASSETS</b>	<b>247,901</b>	<b>251,895</b>	<b>270,314</b>	<b>239,065</b>	
<b>Non-current liabilities</b>					
Other payables	(11,844)	(11,849)	(12,611)	(18,005)	13
Bank loans	(62,720)	(63,703)	(69,415)	(71,289)	14
Deferred tax liabilities	(13,104)	(13,353)	(16,020)	(15,811)	
	<b>(87,668)</b>	<b>(88,905)</b>	<b>(98,046)</b>	<b>(105,105)</b>	
<b>Current liabilities</b>					
Trade and other payables	(23,329)	(23,411)	(22,103)	(19,421)	13
Bank loans	(5,718)	(5,777)	(2,726)	(2,835)	14
Derivative financial instruments	(2,906)	(3,024)	(2,042)	(2,592)	
	(31,953)	(32,212)	(26,871)	(24,848)	
Liabilities held within disposal groups classified as held for sale	(2,872)	(2,925)	(2,854)	(1,329)	12
	<b>(34,825)</b>	<b>(35,137)</b>	<b>(29,725)</b>	<b>(26,177)</b>	
<b>TOTAL LIABILITIES</b>	<b>(122,493)</b>	<b>(124,042)</b>	<b>(127,771)</b>	<b>(131,282)</b>	
<b>NET ASSETS</b>	<b>125,408</b>	<b>127,853</b>	<b>142,543</b>	<b>107,783</b>	

The notes on pages 24 to 49 form part of this consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2020

	30 September 2020 (unaudited)	30 June 2020 (unaudited)	31 December 2019 (audited)	30 September 2019 (unaudited) (restated)
	€'000	€'000	€'000	€'000
<b>EQUITY</b>				
Share capital account	6,268	6,268	6,268	6,268
Revaluation reserve	34,964	34,895	40,020	37,765
Other distributable reserve	194,817	194,817	194,817	194,817
Translation reserve	(16,950)	(14,979)	(7,968)	(11,315)
Accumulated loss	(93,691)	(93,148)	(90,594)	(119,752)
<b>Issued capital and reserves attributable to owners of the parent - total equity</b>	<b>125,408</b>	<b>127,853</b>	<b>142,543</b>	<b>107,783</b>
Basic net asset value per share	€ 2.7	€ 2.7	€ 3.0	€ 2.3

The notes on pages 24 to 49 form part of this consolidated financial information. The condensed consolidated financial information on pages 17 to 49 was approved by the Board of Directors on 23 November 2020 and signed on its behalf by:

**Mark Chasey**  
Chairman

**Andrew Fox**  
Director

**Guy Indig**  
Director

23 November 2020

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the nine months ended 30 September 2020

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total equity €'000
<b>Nine months ended 30 September 2020</b>						
As at 1 January 2020	6,268	40,020	194,817	(7,968)	(90,594)	142,543
Loss for the period	-	-	-	-	(3,097)	(3,097)
Other comprehensive income for the period	-	(5,056)	-	(8,982)	-	(14,038)
<b>As at 30 September 2020</b>	<b>6,268</b>	<b>34,964</b>	<b>194,817</b>	<b>(16,950)</b>	<b>(93,691)</b>	<b>125,408</b>
<b>Three months ended 30 September 2020</b>						
As at 30 June 2020	6,268	34,895	194,817	(14,979)	(93,148)	127,853
Loss for the period	-	-	-	-	(543)	(543)
Other comprehensive income for the period	-	69	-	(1,971)	-	(1,902)
<b>As at 30 September 2020</b>	<b>6,268</b>	<b>34,964</b>	<b>194,817</b>	<b>(16,950)</b>	<b>(93,691)</b>	<b>125,408</b>
<b>Year ended 31 December 2019</b>						
As at 1 January 2019 (restated after adoption of IFRS 16)	6,268	32,322	194,817	(10,044)	(122,077)	101,286
Profit for the period	-	-	-	-	32,722	32,722
Other comprehensive income for the year	-	7,341	-	1,194	-	8,535
Transfer	-	357	-	882	(1,239)	-
<b>As at 31 December 2019</b>	<b>6,268</b>	<b>40,020</b>	<b>194,817</b>	<b>(7,968)</b>	<b>(90,594)</b>	<b>142,543</b>
<b>Nine months ended 30 September 2019 (restated)</b>						
As at 1 January 2019 (restated after adoption of IFRS 16)	6,268	32,322	194,817	(10,044)	(122,077)	101,286
Profit for the period	-	-	-	-	2,325	2,325
Other comprehensive income for the period	-	5,443	-	(1,271)	-	4,172
<b>As at 30 September 2019</b>	<b>6,268</b>	<b>37,765</b>	<b>194,817</b>	<b>(11,315)</b>	<b>(119,752)</b>	<b>107,783</b>

The notes on pages 24 to 49 form part of this condensed consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2020

Notes	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000
<b>(Loss)/ Profit for the period</b>	<b>(3,097)</b>	<b>(543)</b>	<b>2,325</b>	<b>161</b>
<b>Adjustments for:</b>				
Effects of foreign currency	2,463	695	743	1,221
Finance costs	3,496	742	3,198	1,069
Finance income	(83)	(32)	(48)	(13)
Tax charge	105	(351)	640	(295)
Share of losses from equity accounted joint ventures	58	15	24	26
Depreciation of property, plant and equipment	8	1,704	565	1,741
Amortisation charges	4	2	196	63
(Increase) in value of investment property	9	(1,593)	(668)	-
	<b>3,057</b>	<b>1,093</b>	<b>8,151</b>	<b>2,810</b>
<b>Changes in working capital</b>				
Decrease in inventory	577	134	6,392	408
(Increase)/ Decrease in trade and other receivables	(422)	68	(443)	(93)
Increase/ (Decrease) in trade and other payables	485	(127)	(1,727)	447
Effects of foreign currency on working capital translation	(855)	(368)	398	(100)
	<b>(215)</b>	<b>(293)</b>	<b>4,620</b>	<b>662</b>
<b>Cash inflow from operations</b>	<b>2,842</b>	<b>800</b>	<b>12,771</b>	<b>3,472</b>
Tax refund/ (paid)	235	343	(1,471)	(154)
<b>Cash inflow from operations</b>	<b>3,077</b>	<b>1,143</b>	<b>11,300</b>	<b>3,318</b>
<b>Investing activities</b>				
Interest received	48	5	48	13
Refund of deposit paid to secure future property acquisitions	-	2,357	-	-
Deposit received in relation with sale of assets held for sale	300	-	-	-
Development of investment property	9	(470)	(67)	(550)
Purchase of property, plant and equipment	8	(101)	(2)	(113)
Assets and liabilities of deconsolidated subsidiary- net of cash disposed	19	-	(596)	21
<b>Net cash (used in)/ from investing activities</b>	<b>(223)</b>	<b>2,293</b>	<b>(3,365)</b>	<b>(629)</b>
<b>Financing activities</b>				
Interest paid	4.3	(2,023)	(652)	(644)
Repayments of bank loans	14	(1,992)	(673)	(624)
Repayments of lease liabilities		(76)	-	-
<b>Net cash used in financing activities</b>	<b>(4,091)</b>	<b>(1,325)</b>	<b>(3,922)</b>	<b>(1,268)</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2020

Notes	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000
Net (decrease)/ increase in cash and cash equivalents in the period	(1,237)	2,111	4,013	1,421
Effect of foreign exchange rates	(2,630)	(617)	(446)	(733)
Net (decrease)/ increase in cash and cash equivalents in the period	(3,867)	1,494	3,567	688
Cash and cash equivalents at the beginning of the period	54,865	49,504	24,443	27,322
Cash and cash equivalent at the end of the period	11 50,998	50,998	28,010	28,010

The notes on pages 24 to 49 form part of this condensed consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the three and nine months ended 30 September 2020 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at amortised cost. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, non-consolidated statement of comprehensive income, non-consolidated statement of financial position, non-consolidated statement of changes in equity, non-consolidated cash flow statement are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2019. The nine months financial results are not necessarily indicative of the full year results.

As described in the Chairman's Statement and in the Review of the Property Manager, the economic environment as a result of the impact of COVID-19 coronavirus continues to present a lot of challenges for the Group and its management.

As at 30 September 2020 the Group held land and building assets with a market value of €165 million, compared to external debt of €70 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets, which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the nine months ended 30 September 2020, the directors have taken into account the fact of the ongoing working capital management and noted the following:

- Assets held for sale included in current assets are held at cost with a net carrying value of €3.3m and are forecasted to realise proceeds of €7.7 million during 2020;
- Within trade payables of the Group is a performance fee payable to the Property Manager (as disclosed in note 13). The payment terms of this fee are subject to consultation between the parties (see note 18.5), and the actual payment will be subject to available cash flows of the Group.

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of approval of these interim financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the nine months ended 30 September 2020.

### 2. Accounting policies

The accounting policies adopted and methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in the annual financial statements for the year ended 31 December 2019, and with those expected to be applied to the financial statements for the year ended 31 December 2020.

As disclosed in the consolidated annual financial statements for the year ended 31 December 2019 at pages 52-54 the Group implemented IFRS 16 and used the modified retrospective approach with 1 January 2019 being the date of initial application. Two of these adjustments applied as of 1 January 2019 were not included in the previously reported condensed consolidated quarterly report for the six months ended 30 September 2019, therefore in order to ensure comparativeness of the financial information the below balances had to be restated:



# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	30 September 2019 (as previously reported) (unaudited)	Transfer	IFRS 16 adjustment		30 September 2019 (restated) (unaudited)
	€'000		€'000	Revaluation At 1 January 2019 €'000	Revaluation 9 months ended 30 September 2019 €'000
Right of use of leased asset	14,474	(14,474)	-	-	-
Property, plant and equipment	79,549	14,474	11,707	168	105,898
<i>Total assets</i>			11,707	168	
Revaluation reserve	(28,146)	-	(9,483)	(136)	(37,765)
Deferred tax liabilities	(14,043)	-	(2,224)	(32)	(16,299)
<i>Total liabilities</i>			(11,707)	(168)	

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 3. Segmental information

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

Nine months ended 30 September 2020	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	6,122	578	5,661	-	12,361
Cost of operations	(2,044)	(456)	(4,658)	-	(7,158)
<b>Gross profit</b>	<b>4,078</b>	<b>122</b>	<b>1,003</b>	<b>-</b>	<b>5,203</b>
Administrative expenses	(360)	(58)	(1,806)	(2,979)	(5,203)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>3,718</b>	<b>64</b>	<b>(803)</b>	<b>(2,979)</b>	<b>-</b>
Other operating income	2	5	468	5	480
Other operating expenses	(8)	(10)	(10)	(10)	(38)
Increase in value of investment properties	1,371	-	-	-	1,371
<b>Profit/ (Loss) from operations</b>	<b>5,083</b>	<b>59</b>	<b>(345)</b>	<b>(2,984)</b>	<b>1,813</b>
Finance income	47	32	27	16	122
Finance cost	(836)	(28)	(2,662)	(76)	(3,602)
Finance costs - other gains – foreign exchange	(1,290)	579	(72)	(484)	(1,267)
Share of losses from equity accounted joint ventures	-	(58)	-	-	(58)
<b>Segment result before tax</b>	<b>3,004</b>	<b>584</b>	<b>(3,052)</b>	<b>(3,528)</b>	<b>(2,992)</b>
Tax (expense)/ credit	(442)	(23)	379	(19)	(105)
<b>Net profit attributable to owners of the parent</b>					<b>(3,097)</b>

Nine months ended 30 September 2020	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Reportable segment assets</b>	98,818	5,275	108,085	-	212,178
Unallocated assets	-	-	-	35,723	35,723
<b>Total assets</b>	<b>98,818</b>	<b>5,275</b>	<b>108,085</b>	<b>35,723</b>	<b>247,901</b>
<b>Reportable segment liabilities</b>	(35,221)	(681)	(67,510)	-	(103,412)
Unallocated liabilities	-	-	-	(19,081)	(19,081)
<b>Total liabilities</b>	<b>(35,221)</b>	<b>(681)</b>	<b>(67,510)</b>	<b>(19,081)</b>	<b>(122,493)</b>

Nine months ended 30 September 2020	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Other segment items</b>					
Capital expenditure	470	-	63	38	571
Depreciation	-	-	1,689	15	1,704
Amortisation	-	-	4	-	4

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 30 September 2020	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	1,871	132	1,468	-	3,471
Cost of operations	(624)	(104)	(1,233)	-	(1,961)
<b>Gross profit</b>	<b>1,247</b>	<b>28</b>	<b>235</b>	<b>-</b>	<b>1,510</b>
Administrative expenses	(104)	(7)	(575)	(969)	(1,655)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>1,143</b>	<b>21</b>	<b>(340)</b>	<b>(969)</b>	<b>(145)</b>
Other operating income	-	-	419	1	420
Other operating expenses	(1)	(2)	(1)	-	(4)
<b>Profit/ (Loss) from operations</b>	<b>1,142</b>	<b>19</b>	<b>78</b>	<b>(968)</b>	<b>271</b>
Finance income	25	-	2	8	35
Finance cost	(279)	(18)	(465)	(27)	(789)
Finance costs - other gains – foreign exchange	(284)	342	(11)	(443)	(396)
Share of losses from equity accounted joint ventures	-	(15)	-	-	(15)
<b>Segment result before tax</b>	<b>604</b>	<b>328</b>	<b>(396)</b>	<b>(1,430)</b>	<b>(894)</b>
Tax (expense)/ credit	325	(9)	61	(26)	351
<b>Net profit attributable to owners of the parent</b>					<b>(543)</b>

Three months ended 30 September 2020	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Reportable segment assets</b>	98,818	5,275	108,085	-	212,178
Unallocated assets	-	-	-	35,723	35,723
<b>Total assets</b>	<b>98,818</b>	<b>5,275</b>	<b>108,085</b>	<b>35,723</b>	<b>247,901</b>
<b>Reportable segment liabilities</b>	(35,221)	(681)	(67,510)	-	(103,412)
Unallocated liabilities	-	-	-	(19,081)	(19,081)
<b>Total liabilities</b>	<b>(35,221)</b>	<b>(681)</b>	<b>(67,510)</b>	<b>(19,081)</b>	<b>(122,493)</b>

Three months ended 30 September 2020	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Other segment items</b>					
Capital expenditure	67	-	-	2	69
Depreciation	-	-	560	3	563
Amortisation	-	-	2	-	2

Segment information about these businesses for the nine and three months ended 30 September 2019 is presented below:

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Nine months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	6,797	9,410	14,709	28	30,944
Cost of operations	(2,899)	(6,426)	(9,303)	-	(18,628)
<b>Gross profit</b>	<b>3,898</b>	<b>2,984</b>	<b>5,406</b>	<b>28</b>	<b>12,316</b>
Administrative expenses	(324)	(219)	(1,998)	(2,580)	(5,121)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>3,574</b>	<b>2,765</b>	<b>3,408</b>	<b>(2,552)</b>	<b>7,195</b>
Other operating income	40	15	20	-	75
Other operating expenses	(55)	(10)	(82)	(35)	(182)
Increase in value of investment properties	668	-	-	-	668
<b>Profit/ (Loss) from operations</b>	<b>4,227</b>	<b>2,770</b>	<b>3,346</b>	<b>(2,587)</b>	<b>7,756</b>
Finance income	29	199	18	3	249
Finance cost	(1,043)	(39)	(2,843)	(48)	(3,973)
Finance costs - other gains – foreign exchange	(982)	18	(112)	33	(1,043)
Share of losses from equity accounted joint ventures	-	(24)	-	-	(24)
<b>Segment result before tax</b>	<b>2,231</b>	<b>2,924</b>	<b>409</b>	<b>(2,599)</b>	<b>2,965</b>
Tax (expense)/ credit	235	(465)	(391)	(19)	(640)
<b>Net profit attributable to owners of the parent</b>					<b>2,325</b>

Nine months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Reportable segment assets</b>	94,067	13,840	108,138	-	216,045
Unallocated assets	-	-	-	11,145	11,145
<b>Total assets</b>	<b>94,067</b>	<b>13,840</b>	<b>108,138</b>	<b>11,145</b>	<b>227,190</b>
<b>Reportable segment liabilities</b>	(37,245)	(5,925)	(69,775)	-	(112,945)
Unallocated liabilities	-	-	-	(16,081)	(16,081)
<b>Total liabilities</b>	<b>(37,245)</b>	<b>(5,925)</b>	<b>(69,775)</b>	<b>(16,081)</b>	<b>(129,026)</b>

Nine months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Other segment items</b>					
Capital expenditure	1,125	1,500	192	-	2,817
Depreciation	-	-	1,725	16	1,741
Amortisation	-	46	144	6	196

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	2,143	771	4,545	3	7,462
Cost of operations	(711)	(289)	(3,043)	-	(4,043)
<b>Gross profit</b>	<b>1,432</b>	<b>482</b>	<b>1,502</b>	<b>3</b>	<b>3,419</b>
Administrative expenses	107	(24)	(693)	(854)	(1,464)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>1,539</b>	<b>458</b>	<b>809</b>	<b>(851)</b>	<b>1,955</b>
Other operating income	-	5	-	-	5
Other operating expenses	-	(1)	(2)	(18)	(21)
Increase in value of investment properties	-	-	-	-	-
<b>Profit/ (Loss) from operations</b>	<b>1,539</b>	<b>462</b>	<b>807</b>	<b>(869)</b>	<b>1,939</b>
Finance income	5	8	9	1	23
Finance cost	(312)	(12)	(982)	(24)	(1,330)
Finance costs - other gains – foreign exchange	(894)	81	(64)	137	(740)
Share of losses from equity accounted joint ventures	-	(26)	-	-	(26)
<b>Segment result before tax</b>	<b>338</b>	<b>513</b>	<b>(230)</b>	<b>(755)</b>	<b>(134)</b>
Tax (expense)/ credit	122	204	16	(47)	295
<b>Net profit attributable to owners of the parent</b>					<b>161</b>

Three months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Reportable segment assets</b>	94,067	13,840	108,138	-	216,045
Unallocated assets	-	-	-	11,145	11,145
<b>Total assets</b>	<b>94,067</b>	<b>13,840</b>	<b>108,138</b>	<b>11,145</b>	<b>227,190</b>
<b>Reportable segment liabilities</b>	(37,245)	(5,925)	(69,775)	-	(112,945)
Unallocated liabilities	-	-	-	(16,081)	(16,081)
<b>Total liabilities</b>	<b>(37,245)</b>	<b>(5,925)</b>	<b>(69,775)</b>	<b>(16,081)</b>	<b>(129,026)</b>

Three months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
<b>Other segment items</b>					
Capital expenditure	550	11	102	-	663
Depreciation	-	-	572	6	578
Amortisation	-	15	42	6	63

There are immaterial sales between the business segments.

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

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

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

### Regional Analysis

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

Revenue	Nine months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000
Poland	11,801	28,958
Hungary	-	411
Bulgaria	251	266
Romania	309	1,309
<b>Total</b>	<b>12,361</b>	<b>30,944</b>

### 4. Analysis of expenditure

#### 4.1 Cost of operations

	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000
Costs of sale of residential property	(399)	(90)	(6,353)	(266)
Utilities, services rendered and other costs	(3,706)	(1,107)	(6,020)	(1,850)
Legal and professional expenses	(250)	(59)	(1,173)	(363)
Staff costs	(2,163)	(522)	(3,957)	(1,225)
Sales and direct advertising costs	(257)	(56)	(693)	(196)
Depreciation and amortisation	(383)	(127)	(432)	(143)
<b>Cost of operations</b>	<b>(7,158)</b>	<b>(1,961)</b>	<b>(18,628)</b>	<b>(4,043)</b>

#### 4.2 Administrative expenses

	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000
Audit and tax service	(164)	(53)	(136)	(7)
Incentive and management fee	(2,133)	(707)	(1,825)	(606)
Legal and other professional fees	(363)	(124)	(367)	(108)
Utilities, services rendered and other costs	(353)	(109)	(403)	(191)
Staff costs	(689)	(201)	(768)	(198)
Depreciation and amortisation	(1,325)	(440)	(1,505)	(498)
Other administrative expenses	(176)	(21)	(117)	144
<b>Administrative expenses</b>	<b>(5,203)</b>	<b>(1,655)</b>	<b>(5,121)</b>	<b>(1,464)</b>

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 4.3 Finance income and finance costs - net

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2020	30 September 2020	30 September 2019	30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Gain on interest rate derivative	35	27	-	-
Other	87	8	249	23
<b>Finance income – interest income</b>	<b>122</b>	<b>35</b>	<b>249</b>	<b>23</b>
Interest payable on bank borrowings	(2,023)	(652)	(1,883)	(644)
Loss on interest rate derivative	(1,042)	55	(1,233)	(338)
Interest on obligations under finance leases	(287)	(97)	(330)	(110)
Other similar charges	(250)	(95)	(527)	(238)
<b>Finance costs</b>	<b>(3,602)</b>	<b>(789)</b>	<b>(3,973)</b>	<b>(1,330)</b>
<b>Finance costs, excluding foreign exchange – net</b>	<b>(3,480)</b>	<b>(754)</b>	<b>(3,724)</b>	<b>(1,307)</b>
<b>Other (losses)/ gains – foreign exchange</b>	<b>(1,267)</b>	<b>(396)</b>	<b>(1,043)</b>	<b>(740)</b>
<b>Finance (costs)/ income, including foreign exchange – net</b>	<b>(4,747)</b>	<b>(1,150)</b>	<b>(4,767)</b>	<b>(2,047)</b>

### 5. Tax

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2020	30 September 2020	30 September 2019	30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
<b>Continuing operations</b>				
Current tax	100	77	(529)	92
Deferred tax	(205)	274	(111)	203
<b>Tax (charge)/ credit for the year</b>	<b>(105)</b>	<b>351</b>	<b>(640)</b>	<b>295</b>

### 6. Dividends

There were no dividends declared or paid in the three and nine months ended 30 September 2020 (2019: €nil).

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

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

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

<b>Nine months ended 30 September 2020</b> <b>(unaudited)</b>	<b>Loss</b> <b>€'000</b>	<b>Weighted average</b> <b>number of shares</b>	<b>Per share</b> <b>amount</b> <b>Eurocents</b>
<b>Basic (LPS)</b> Loss attributable to equity shareholders of the Company	(3,097)	46,852,014	(6.6)
<b>Diluted (LPS)</b> Adjusted loss	<b>(3,097)</b>	<b>46,852,014</b>	<b>(6.6)</b>
<b>Three months ended 30 September 2020</b> <b>(unaudited)</b>	<b>Loss</b> <b>€'000</b>	<b>Weighted average</b> <b>number of shares</b>	<b>Per share</b> <b>amount</b> <b>Eurocents</b>
<b>Basic (LPS)</b> Loss attributable to equity shareholders of the Company	(543)	46,852,014	(1.2)
<b>Diluted (LPS)</b> Adjusted loss	<b>(543)</b>	<b>46,852,014</b>	<b>(1.2)</b>
<b>Nine months ended 30 September 2019</b> <b>(unaudited)</b>	<b>Profit</b> <b>€'000</b>	<b>Weighted average</b> <b>number of shares</b>	<b>Per share</b> <b>amount</b> <b>Eurocents</b>
<b>Basic (EPS)</b> Profit attributable to equity shareholders of the Company	2,325	46,852,014	5.0
<b>Diluted (EPS)</b> Adjusted profit	<b>2,325</b>	<b>46,852,014</b>	<b>5.0</b>
<b>Three months ended 30 September 2019</b> <b>(unaudited)</b>	<b>Profit</b> <b>€'000</b>	<b>Weighted average</b> <b>number of shares</b>	<b>Per share</b> <b>amount</b> <b>Eurocents</b>
<b>Basic (EPS)</b> Profit attributable to equity shareholders of the Company	161	46,852,014	0.3
<b>Diluted (EPS)</b> Adjusted profit	<b>161</b>	<b>46,852,014</b>	<b>0.3</b>



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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 8. Property, plant and equipment

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
<b>Cost or valuation</b>				
At 1 January 2019	79,115	10,693	62	89,870
Transfer from land held under operating lease	8,172	-	-	8,172
Effect of adoption of IFRS 16	19,770	-	-	19,770
Additions at cost	228	19	-	247
Exchange adjustments	752	89	-	841
Revaluation	8,006	-	-	8,006
Transfer to assets classified as held for sale (note 12)	(7,847)	-	-	(7,847)
<b>At 31 December 2019</b>	<b>108,196</b>	<b>10,801</b>	<b>62</b>	<b>119,059</b>
Additions at cost	65	36	-	101
Revaluation	(6,243)	-	-	(6,243)
Exchange adjustments	(7,452)	(593)	(3)	(8,048)
<b>At 30 September 2020</b>	<b>94,566</b>	<b>10,244</b>	<b>59</b>	<b>104,869</b>
<b>Accumulated depreciation</b>				
At 1 January 2019	(5,285)	(8,729)	(61)	(14,075)
Transfer from land held under operating lease	(1,279)	-	-	(1,279)
Charge for the year	(1,886)	(574)	(1)	(2,461)
Adjustment due to revaluation	1,886	-	-	1,886
Exchange adjustments	(177)	(76)	-	(253)
Transfer to assets classified as held for sale (note 12)	1,847	-	-	1,847
<b>At 31 December 2019</b>	<b>(4,894)</b>	<b>(9,379)</b>	<b>(62)</b>	<b>(14,335)</b>
Charge for the period	(1,323)	(381)	-	(1,704)
Exchange adjustments	1,359	521	3	1,883
<b>At 30 September 2020</b>	<b>(4,858)</b>	<b>(9,239)</b>	<b>(59)</b>	<b>(14,156)</b>
<b>Net book value at 30 September 2020</b>	<b>89,708</b>	<b>1,005</b>	<b>-</b>	<b>90,713</b>
Net book value at 31 December 2019	103,302	1,422	-	104,724

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
<b>Cost or valuation</b>				
At 1 January 2020	108,196	10,801	62	119,059
Additions at cost	66	33	-	99
Revaluation	(6,327)	-	-	(6,327)
Exchange adjustments	(5,842)	(465)	(2)	(6,309)
<b>At 30 June 2020</b>	<b>96,093</b>	<b>10,369</b>	<b>60</b>	<b>106,522</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	(4,894)	(9,379)	(62)	(14,335)
Charge for the period	(884)	(255)	-	(1,139)
Exchange adjustments	1,053	404	2	1,459
<b>At 30 June 2020</b>	<b>(4,725)</b>	<b>(9,230)</b>	<b>(60)</b>	<b>(14,015)</b>
<b>Net book value at 30 June 2020</b>	<b>91,368</b>	<b>1,139</b>	<b>-</b>	<b>92,507</b>

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Buildings (restated) €'000	Plant and equipment €'000	Motor vehicles €'000	Total (restated) €'000
<b>Cost or valuation</b>				
At 1 January 2019	79,115	10,693	62	89,870
Transfer from land held under operating lease	8,172	-	-	8,172
Effect of adoption of IFRS 16	19,770	-	-	19,770
Additions at cost	172	20	-	192
Revaluation	5,275	-	-	5,275
Exchange adjustments	(1,941)	(174)	-	(2,115)
<b>At 30 September 2019</b>	<b>110,563</b>	<b>10,539</b>	<b>62</b>	<b>121,164</b>
<b>Accumulated depreciation</b>				
At 1 January 2019	(5,285)	(8,729)	(61)	(14,075)
Transfer from land held under operating lease	(1,279)	-	-	(1,279)
Charge for the period	(1,456)	(429)	-	(1,885)
Adjustment due to revaluation	1,456	-	-	1,456
Exchange adjustments	369	148	-	517
<b>At 30 September 2019</b>	<b>(6,195)</b>	<b>(9,010)</b>	<b>(61)</b>	<b>(15,266)</b>
<b>Net book value at 30 September 2019</b>	<b>104,368</b>	<b>1,529</b>	<b>1</b>	<b>105,898</b>

Hotels Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance as of 30 September 2020, 30 June 2020, 31 December 2019 and 30 September 2019. The latest valuation of hotels was performed as of 30 June 2020 (Hilton hotel) and 31 December 2019 (Golden Tulip hotel) by qualified professional valuers, acting in the capacity of external valuers. The results of valuation:

- revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity,
- impairment adjustments have been taken to other operating expenses/ reversal of impairment adjustments have been taken to other operating income.

It should be underlined that the valuation of Hilton hotel as of 30 June 2020 was reported by Jones Lang LaSalle on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to this valuation than would normally be the case. This is the result of the outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020 and its negative impact on hotel sector. The inputs to the valuation of the Hilton include the forecast of performance of the hotel that has been prepared based on a number of assumptions including occupancy levels and average room rates which are affected by the uncertainty of the continued impact of Covid-19.

The Group has pledged property, plant and equipment (including property, plant and equipment classified as held for sale) of €96.5 million (30 June 2020: €98.3 million; 31 December 2019: €110.6 million, 30 September 2019: €79.5 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €47.1 million (30 June 2020: €47.8 million; 31 December 2019: €49.9 million, 30 September 2019: €49.5 million) are secured on these properties.

### 9. Investment property

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
At beginning of the year	89,396	89,396	91,625	91,625
Leased assets recognition (IFRS 16)	89	89	1,021	1,021
Disposal of subsidiary (note 19)	-	-	(11,611)	(11,463)
Control regain of subsidiary (note 19)	-	-	1,423	-
Capitalised subsequent expenditure	470	403	1,328	1,125
Exchange movements	(4,890)	(3,808)	249	(1,791)
PV of annual perpetual usufruct fees	(2)	-	(3)	(2)
Fair value gains	1,593	1,593	5,364	641
<b>At the end of the period</b>	<b>86,656</b>	<b>87,673</b>	<b>89,396</b>	<b>81,156</b>

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The fair value of the Group's investment properties has been arrived at on the basis of the latest valuation carried out at 31 December 2019 (except for key properties in Poland: *Atlas Tower and Galeria Platinum Towers*, which are based on the valuation carried out as at 30 June 2020) by Jones Lang LaSalle Sp. Z o.o. external independent qualified valuer with recent experience valuing the properties in these locations.

All properties were valued on the basis of Market Value and the external valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. The fair value of the investment property has not been adjusted for the purposes of financial reporting. In the directors' view, the properties are stated at fair value.

The Group has pledged investment property of €73.9 million (30 June 2020: €73.9 million; 31 December 2019: €75.5 million; 30 September 2019: €70.7 million) to secure certain banking facilities granted to subsidiaries.

### 10. Inventories

	30 September 2020	30 June 2020	31 December 2019	30 September 2019
	(unaudited)	(unaudited)	(audited)	(unaudited)
	€'000	€'000	€'000	€'000
Completed properties	1,057	1,191	1,568	1,426
Hotel inventory	1,067	1,064	1,120	1,140
<b>As at period end</b>	<b>2,124</b>	<b>2,255</b>	<b>2,688</b>	<b>2,566</b>

€0.4 million (six months ended 30 June 2020: €0.3 million; year ended 31 December 2019: €6.4 million; nine months ended 30 September 2019: €6.4 million) of inventories was released to cost of operations in the income statement during nine months ended 30 September 2020.

#### *Nakielska Apartments Project- sale agreement*

On 31 January 2019 the Group concluded preliminary sale agreement of Nakielska Apartment Project at the net sale price of PLN 33.5 million (equivalent of ca €7.8 million). The book value of this project amounted to €5.6 million. This transaction was completed on 13 May 2019 and full sale price was received.

### 11. Cash and cash equivalents

	30 September 2020	30 June 2020	31 December 2019	30 September 2019
	(unaudited)	(unaudited)	(audited)	(unaudited)
	€'000	€'000	€'000	€'000
Cash and cash equivalents	29,755	42,754	23,902	24,799
Short term bank deposits	21,104	6,465	30,611	3,211
<b>As at period end</b>	<b>50,859</b>	<b>49,219</b>	<b>54,513</b>	<b>28,010</b>
Cash presented as cash held for sale (note 12)	139	285	352	-
<b>As at period end</b>	<b>50,998</b>	<b>49,504</b>	<b>54,865</b>	<b>28,010</b>

Included in cash and cash equivalents is €6.5 million (30 June 2020: €6.9 million; 31 December 2019: €8.3 million; 30 September 2019: €8.7 million) restricted cash relating to security and customer deposits.

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

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

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
<b>Assets:</b>				
Property, plant and equipment	5,889	5,919	6,000	7,765
Inventory	29	32	42	-
Cash	139	285	352	-
Trade and other receivables	80	80	99	-
<b>Non-current assets classified as held for sale</b>	<b>6,137</b>	<b>6,316</b>	<b>6,493</b>	<b>7,765</b>
<b>Liabilities:</b>				
Deferred tax liability	(647)	(651)	(659)	-
Bank loan	(2,064)	(2,064)	(2,064)	-
Trade and other payables	(161)	(210)	(131)	-
Lease liabilities	-	-	-	(1,329)
<b>Liabilities directly associated with non-current assets classified as held for sale</b>	<b>(2,872)</b>	<b>(2,925)</b>	<b>(2,854)</b>	<b>(1,329)</b>

On 22 November 2018 the Group concluded a preliminary sale agreement of Atlas Estates Tower (undeveloped real estate property located in Warsaw) at the net sale price of PLN 147 million (which was increased to PLN 148 million based on conditional sale agreement concluded in August 2019). This transaction was completed on 7 October 2019, the full sale price was received and the Group realized a gross profit of €27.6 million.

	<b>€'000</b>
Proceeds from the sale (net of transaction costs)	34,179
Book value of assets and liabilities sold	(6,548)
<b>Profit on disposal of asset and liabilities held for sale</b>	<b>27,631</b>

Since 31 December 2019 the Group classifies assets and liabilities associated with the Group's investment in D.N.B. - Victoria Towers SRL (i.e. Romanian subsidiary holding Golden Tulip hotel in Bucharest) as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale. On 27 January 2020 the Group concluded sale agreement of investment in D.N.B. - Victoria Towers SRL at the net sale price of €7.7 million. As of 30 September 2020 the book value of this investment (classified as assets held for sale and liabilities directly associated with assets held for sale) amounted to €3.3 million. This transaction is planned to be completed by 31 December 2020 and on April 8, 2020 the Group received a €0.3 million advance in respect of the sale price.

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
At beginning of the year	6,493	6,493	5,054	5,054
Additions (capitalized expenditures)	-	-	1,540	1,500
Exchange movements	(117)	(84)	(26)	(125)
Right of use of land in perpetual usufruct (note 2)	-	-	1,382	1,382
Depreciation	-	-	(50)	(46)
Disposal	-	-	(7,900)	-
Disposal- other	(239)	(93)	-	-
Assets classified as held for sale during the period	-	-	6,493	-
<b>As at period end</b>	<b>6,137</b>	<b>6,316</b>	<b>6,493</b>	<b>7,765</b>

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	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
At beginning of the year	(2,854)	(2,854)	-	-
Right of use of land in perpetual usufruct	-	-	(1,382)	(1,382)
Finance expense	(72)	(48)	(36)	(27)
Payment	72	48	51	51
Exchange movements	14	37	15	29
Disposal	-	-	1,352	-
Liabilities classified as held for sale during the period	(32)	(108)	(2,854)	-
<b>As at period end</b>	<b>(2,872)</b>	<b>(2,925)</b>	<b>(2,854)</b>	<b>(1,329)</b>

### 13. Trade and other payables

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
<b>Current</b>				
Trade payables	(685)	(820)	(946)	(1,039)
Other tax and social security	(907)	(839)	(554)	(665)
Amounts due to Atlas Management Company Group in respect of management and performance fee (note 16a)	(12,161)	(11,578)	(10,802)	(10,327)
Other creditors	(308)	(516)	(190)	(27)
Amounts payable to related party (note 16b)	(240)	(240)	(240)	(240)
Accruals and deferred income	(2,475)	(2,895)	(3,182)	(7,110)
Income tax payable	(13)	-	(36)	(13)
Amounts payable to Felikon Kft (note 16c)	(6,218)	(6,196)	(6,153)	-
Leases payables	(322)	(327)	-	-
<b>Total current trade and other payables</b>	<b>(23,329)</b>	<b>(23,411)</b>	<b>(22,103)</b>	<b>(19,421)</b>
<b>Non-current – other payables</b>				
Amounts payable to Felikon Kft (note 16c)	-	-	-	(6,131)
Leases payables	(9,995)	(10,034)	(10,655)	(8,737)
Other third party non-current trade and other payables	(1,849)	(1,815)	(1,956)	(3,137)
<b>Total non-current trade and other payables</b>	<b>(11,844)</b>	<b>(11,849)</b>	<b>(12,611)</b>	<b>(18,005)</b>
<b>Total trade and other payables</b>	<b>(35,173)</b>	<b>(35,260)</b>	<b>(34,714)</b>	<b>(37,426)</b>

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### 14. Bank loans

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
<b>Current</b>				
<i>Bank loans and overdrafts due within one year or on demand</i>				
Secured	(5,718)	(5,777)	(2,726)	(2,835)
<b>Non-current</b>				
<i>Repayable within two years</i>				
Secured	(20,626)	(2,524)	(5,671)	(5,919)
<i>Repayable within three to five years</i>				
Secured	(42,094)	(61,179)	(23,343)	(25,291)
<i>Repayable after five years</i>				
Secured	-	-	(40,401)	(40,079)
	<b>(62,720)</b>	<b>(63,703)</b>	<b>(69,415)</b>	<b>(71,289)</b>
<b>Total</b>	<b>(68,438)</b>	<b>(69,480)</b>	<b>(72,141)</b>	<b>(74,124)</b>

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

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

Bank loans are denominated in a number of currencies and bear interest based on a variety of interest rates. An analysis of the Group's borrowings by currency:

	Euro €'000	Zloty €'000	Total €'000
<b>Bank loans and overdrafts – 30 September 2020</b>	<b>42,495</b>	<b>28,007</b>	<b>70,502*</b>
Bank loans and overdrafts – 30 June 2020	42,958	28,586	71,544*
Bank loans and overdrafts – 31 December 2019	43,855	30,350	74,205*
Bank loans and overdrafts – 30 September 2019	44,392	29,732	74,124

(\* including loan balances presented as liabilities held for sale in note 12)

### Debt financing

#### **Changes in the nine months ended 30 September 2020**

During nine months ended 30 September 2020 the Group paid €2.0 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton, Atlas Tower, Galeria Platinum Towers*).

#### **Changes in the year ended 31 December 2019**

During 2019 the Group paid €2.8 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton and Golden Tulip hotels, Atlas Tower, Galeria Platinum Towers*).

Following the deconsolidation of the Company's subsidiary Felikon Kft in the first quarter 2019 the loan facility extended to this subsidiary totalling €12.2 million was derecognized as being part of the Group's bank loans in the consolidated financial statements as of 31 December 2019.

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15. Derivative financial instruments

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
<i>Derivatives not designated as hedging instruments:</i>				
- Interest rate swap	(2,906)	(3,024)	(2,042)	(2,592)
Total financial instruments classified as held for trading	(2,906)	(3,024)	(2,042)	(2,592)
<i>Less non-current portion:</i>				
- Interest rate swap	-	-	-	-
<b>Current portion</b>	<b>(2,906)</b>	<b>(3,024)</b>	<b>(2,042)</b>	<b>(2,592)</b>

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

### 16. Related party transactions

#### (a) Key management compensation

	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000
Fees for non-executive directors	46	15	46	15

The Company has appointed AMC, a company under common control, to manage its property portfolio. In consideration of the services provided, AMC charged a management fee of €2.1 million and €0.7 million for the nine and three months ended 30 September 2020 respectively (€1.8 million and €0.6 million for the nine and three months ended 30 September 2019 respectively). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. No performance fee has been accrued for the nine and three months ended 30 September 2020 (year ended 31 December 2019: €nil million; nine and three months ended 30 September 2019: €nil million) as discussed in note 18.5.

As of 30 September 2020, €12.2 million included in current trade and other payables was due to AMC (30 June 2020: €11.6 million; 31 December 2019: €10.8 million; 30 September 2019: €10.3 million). In 2020 cash of €0.8 million was paid to AMC in respect of the management fee (year ended 31 December 2019 €4.4 million).

- (b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 30 September 2020 the purchase price of €0.2 million (31 December 2019: €0.2 million, 30 September 2019: €0.2 million) is due to former non-controlling shareholder (Coralcliff Limited).
- (c) Following deconsolidation of the Company's subsidiary Felikon Kft (as described in note 19) the Group has a loan payable due to Felikon Kft. The loan repayment date is 31 December 2020 however it can be extended to 31 December 2025. As of 30 September 2020 the Group owes €6.2 million (30 June 2020: €6.2 million; 31 December 2019: €6.2 million; 30 September 2019: €6.1 million).

### 17. Post balance sheet events

No specific significant events have occurred which would require an adjustment to this report, except as disclosed at page 14.

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### 18. Other items

#### 18.1 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.

#### 18.2 Financial forecasts

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

#### 18.3 Substantial shareholdings

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

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

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

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

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

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

#### 18.4 Directors' share interests

There have been no changes to the Directors' share interests during the nine and three months ended 30 September 2020. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the nine or three months ended 30 September 2019.

#### 18.5 Contingencies

The Board of Directors of the Company (the Board) conducted a review of the 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 as regards 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.



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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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. Past Performance Fees which have accrued, but which are yet to be paid amount to €10.8m. The amount due to AMC is subject to change that is contingent on the resolution of the dispute. No asset has been recognised in respect of any reduction of the said balance. 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 commenced discussions with AMC to discuss the above concerns and agree a mechanism which will ensure a fair and appropriate remuneration structure for both parties going forward from 2020. The value of performance fee for 2019 and 2020 which has not been accrued by the Company (if historical interpretation of calculation method is applied) amounts to €nil million. The Board have not yet agreed a mechanism for 2020 onwards and accordingly no performance fee has been accrued for the period to 30 September 2020.

### 19. 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. In 2020 there were no changes in the Group structure except of the acquisition of 10.1% shareholding in Fattal Leonardo Royal Berlin GmbH at the price of €0.8 and its subsequent sale at the price of €1.1m. As a result the Group reported a profit of €0.3m on this transaction.

In 2019 there were no changes in the Group structure except for:

- Deconsolidation of the subsidiary over which the Group control was lost:
  - a Hungarian subsidiary, Felikon Kft., which received on 27 February 2019 a decision from the Metropolitan Companies' Court in Budapest ordering the compulsory strike off of Felikon Kft. The court's decision commenced a process of liquidation and deletion of Felikon Kft. from the companies register. No gain or loss was recognised in the consolidated financial statements for the year ended 31 December 2019 as a result of this event. Additionally, the liability of €6.2m in note 15c arose as it was no longer subject to elimination post de-consolidation of Felikon from the Group.

	€'000	€'000
The fair value of any consideration received		-
The carrying amount of the deconsolidated subsidiary's assets and liabilities:		
- Investment property	11,611	
- Cash	604	
- Trade and other receivables	6,063	
- Trade and other payables	(5,616)	
- Deferred tax liability	(429)	
- Loans	(12,233)	
Nil gain or loss on the deconsolidation of Felikon Kft	-	-

- consolidation of the subsidiary over which the Group control was lost in 2014:
  - a Polish subsidiary, Atlas Estates (Kokoszki) Sp. z o.o. which was under bank enforcement proceedings since 2014. In November 2019 following an agreement and part settlement of the outstanding liabilities owed by the company to the bank, the bank released the company of all obligations towards the bank, and the Group control over this subsidiary was regained. The gain was recognised in the consolidated financial statements for the year ended 31 December 2019 as a result of this event.

	€'000	€'000
The fair value of any consideration paid		-
The carrying amount of the consolidated subsidiary's assets and liabilities:		
- Investment property	1,423	
- Trade and other receivables	328	
- Trade and other payables	(543)	
Gain on the consolidation of Atlas Estates (Kokoszki) Sp. z o.o.	1,208	-

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

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## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### NON-CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME For the nine and three months ended 30 September 2020

	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Note
Revenues	-	-	-	-	
Cost of operations	-	-	-	-	
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Administrative expenses	(2,129)	(699)	(1,688)	(584)	1
Other operating expenses	(14,951)	(1,727)	-	-	3
<b>(Loss)/ Profit from operations</b>	<b>(17,080)</b>	<b>(2,426)</b>	<b>(1,688)</b>	<b>(584)</b>	
Finance income	-	-	4,000	-	2
Finance costs	(58)	(19)	(55)	(19)	2
Other (losses) and gains – foreign exchange	3	-	(2)	(4)	
<b>Profit before taxation</b>	<b>(17,135)</b>	<b>(2,445)</b>	<b>2,255</b>	<b>(607)</b>	
Tax expense	-	-	-	-	
<b>Profit for the year</b>	<b>(17,135)</b>	<b>(2,445)</b>	<b>2,255</b>	<b>(607)</b>	

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## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 30 September 2020

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000	Note
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	143,328	145,255	158,779	142,376	3
Loans receivable from subsidiaries	88	87	81	79	4
	<b>143,416</b>	<b>145,342</b>	<b>158,860</b>	<b>142,455</b>	
<b>Current assets</b>					
Trade and other receivables	5	8	4	8	
Cash and cash equivalents	47	31	370	499	
	<b>52</b>	<b>39</b>	<b>374</b>	<b>507</b>	
<b>TOTAL ASSETS</b>	<b>143,468</b>	<b>145,381</b>	<b>159,234</b>	<b>142,962</b>	
<b>Non-current liabilities</b>					
Other payables	(5,852)	(5,834)	(5,796)	(5,777)	5
	<b>(5,852)</b>	<b>(5,834)</b>	<b>(5,796)</b>	<b>(5,777)</b>	
<b>Current liabilities</b>					
Trade and other payables	(12,208)	(11,694)	(10,895)	(10,303)	5
	<b>(12,208)</b>	<b>(11,694)</b>	<b>(10,895)</b>	<b>(10,303)</b>	
<b>TOTAL LIABILITIES</b>	<b>(18,060)</b>	<b>(17,528)</b>	<b>(16,691)</b>	<b>(16,080)</b>	
<b>NET ASSETS</b>	<b>125,408</b>	<b>127,853</b>	<b>142,543</b>	<b>126,882</b>	
<b>EQUITY</b>					
Share capital account	6,268	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	194,817	
Accumulated loss	(75,677)	(73,232)	(58,542)	(74,203)	
<b>TOTAL EQUITY</b>	<b>125,408</b>	<b>127,853</b>	<b>142,543</b>	<b>126,882</b>	

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<b>Nine months ended 30 September 2020 (unaudited)</b>	<b>Share capital account €'000</b>	<b>Other reserves €'000</b>	<b>Accumulated loss €'000</b>	<b>Total €'000</b>
As at 1 January 2020	6,268	194,817	(58,542)	142,543
Total comprehensive loss for the period	-	-	(17,135)	(17,135)
<b>As at 30 September 2020</b>	<b>6,268</b>	<b>194,817</b>	<b>(75,677)</b>	<b>125,408</b>

<b>Three months ended 30 September 2020 (unaudited)</b>	<b>Share capital account €'000</b>	<b>Other reserves €'000</b>	<b>Accumulated loss €'000</b>	<b>Total €'000</b>
As at 1 July 2020	6,268	194,817	(73,232)	127,853
Total comprehensive loss for the period	-	-	(2,445)	(2,445)
<b>As at 30 September 2020</b>	<b>6,268</b>	<b>194,817</b>	<b>(75,677)</b>	<b>125,408</b>

<b>Nine months ended 30 September 2019 (unaudited)</b>	<b>Share capital account €'000</b>	<b>Other reserves €'000</b>	<b>Accumulated loss €'000</b>	<b>Total €'000</b>
As at 1 January 2019	6,268	194,817	(76,458)	124,627
Total comprehensive income for the period	-	-	2,255	2,255
<b>As at 30 September 2019</b>	<b>6,268</b>	<b>194,817</b>	<b>(74,203)</b>	<b>126,882</b>

<b>Three months ended 30 September 2019 (unaudited)</b>	<b>Share capital account €'000</b>	<b>Other reserves €'000</b>	<b>Accumulated loss €'000</b>	<b>Total €'000</b>
As at 1 July 2019	6,268	194,817	(73,596)	127,489
Total comprehensive loss for the period	-	-	(607)	(607)
<b>As at 30 September 2019</b>	<b>6,268</b>	<b>194,817</b>	<b>(74,203)</b>	<b>126,882</b>

<b>Year ended 31 December 2019</b>	<b>Share capital account €'000</b>	<b>Other reserves €'000</b>	<b>Accumulated loss €'000</b>	<b>Total €'000</b>
As at 1 January 2019	6,268	194,817	(76,458)	124,627
Total comprehensive income for the year	-	-	17,916	17,916
<b>As at 31 December 2019</b>	<b>6,268</b>	<b>194,817</b>	<b>(58,542)</b>	<b>142,543</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### NON-CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine and three months ended 30 September 2020

	Nine months ended 30 September 2020 (unaudited) €'000	Three months ended 30 September 2020 (unaudited) €'000	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000
<b>(Loss)/ Profit for the year</b>	<b>(17,135)</b>	<b>(2,445)</b>	<b>2,255</b>	<b>(607)</b>
<b>Adjustments for:</b>				
Finance costs	56	18	54	19
Finance income	-	-	(4,000)	-
Reversal of impairment on investments	14,951	1,727	-	-
	<b>(2,128)</b>	<b>(700)</b>	<b>(1,691)</b>	<b>(588)</b>
<b>Changes in working capital</b>				
(Increase)/ Decrease in trade and other receivables	(1)	3	(4)	4
Increase/ (Decrease) in trade and other payables	1,313	514	(2,471)	(385)
<b>Net cash used in operating activities</b>	<b>(816)</b>	<b>(183)</b>	<b>(4,166)</b>	<b>(969)</b>
<b>Investing activities</b>				
New loans advanced to subsidiaries	(7)	(1)	(11)	(4)
Income from subsidiary	500	200	4,000	-
<b>Net cash from/ (used in) investing activities</b>	<b>493</b>	<b>199</b>	<b>3,989</b>	<b>(4)</b>
<b>Financing activities</b>				
Loan received from subsidiary	-	-	650	450
<b>Net cash from/ (used in) financing activities</b>	<b>-</b>	<b>-</b>	<b>650</b>	<b>450</b>
<b>Net (decrease)/ increase in cash and cash equivalents in the year as a result of cashflows</b>	<b>(323)</b>	<b>16</b>	<b>473</b>	<b>(523)</b>
Effect of foreign exchange rates	-	-	-	-
<b>Net (decrease)/ increase in cash and cash equivalents in the period</b>	<b>(323)</b>	<b>16</b>	<b>473</b>	<b>(523)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>370</b>	<b>1,022</b>	<b>26</b>	<b>1,022</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>47</b>	<b>1,038</b>	<b>499</b>	<b>499</b>
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	47	1,038	499	499
	<b>47</b>	<b>1,038</b>	<b>499</b>	<b>499</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### 1. Administrative expenses

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2020	30 September 2020	30 September 2019	30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Audit and tax services	(61)	(19)	(38)	(2)
Incentive and management fee	(1,921)	(634)	(1,514)	(534)
Legal and other professional fees	(92)	(29)	(90)	(33)
Insurance costs	(9)	(2)	-	-
Staff costs	(46)	(15)	(46)	(15)
<b>Administrative expenses</b>	<b>(2,129)</b>	<b>(699)</b>	<b>(1,688)</b>	<b>(584)</b>

### 2. Finance income

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2020	30 September 2020	30 September 2019	30 September 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Bank and other similar charges	(2)	(1)	(1)	-
Interest payable on loan received from subsidiary	(56)	(18)	(54)	(19)
<b>Finance costs</b>	<b>(58)</b>	<b>(19)</b>	<b>(55)</b>	<b>(19)</b>
Dividend income from subsidiary	-	-	4,000	-
<b>Finance income</b>	<b>-</b>	<b>-</b>	<b>4,000</b>	<b>-</b>
<b>Finance income/ costs, excluding foreign exchange – net</b>	<b>(58)</b>	<b>(19)</b>	<b>3,945</b>	<b>(19)</b>
<b>Other gains and (losses) – foreign exchange</b>	<b>3</b>	<b>-</b>	<b>(2)</b>	<b>(4)</b>
<b>Finance income, including foreign exchange – net</b>	<b>(55)</b>	<b>(19)</b>	<b>3,943</b>	<b>(23)</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### 3. Investment in subsidiaries

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
<i>Cost</i>				
At beginning of period	217,681	217,681	217,681	217,681
Disposals	(500)	(300)	-	-
At the end of the period	217,181	217,381	217,681	217,681
<i>Accumulated impairment</i>				
At beginning of period	(58,902)	(58,902)	(75,305)	(75,305)
Charge for the period	(14,951)	(13,224)	-	-
Reversal for the period	-	-	16,403	-
At the end of the period	(73,853)	(72,126)	(58,902)	(75,305)
<b>At the end of the period</b>	<b>143,328</b>	<b>145,255</b>	<b>158,779</b>	<b>142,376</b>

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 at note 19 of the interim condensed consolidated financial information.

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

In the nine months period ended 30 September 2020 €14.9 million was recognised in other operating expenses in respect of impairment on investment in subsidiaries (in 2019 €16.4 million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries; in the nine months period ended 30 September 2019: €nil million was recognised in other operating expenses in respect of impairment on investment in subsidiaries).

The method applied to assign value to the company's investments is fair value less costs to sell and has been based on the property valuations assessed by independent experts and, where appropriate, management. In assessing the value of each investment the Company has considered not only the asset value recognized in the books of the individual entities but also the valuation amount of elements held at cost. Substantially, this has resulted in the carrying values of investments and loans receivable from subsidiaries being compared to the adjusted net asset value of the Group. The Net Asset Value of the Group has decreased from €142.5m to €125.4m which derives an impairment of €14.9m such that the Company's net assets match and do not exceed the Group's Net Assets.

### 4. Trade and other payables

	30 September 2020 (unaudited) €'000	30 June 2020 (unaudited) €'000	31 December 2019 (audited) €'000	30 September 2019 (unaudited) €'000
<b>Current</b>				
Amounts due to Atlas Management Company Group in respect of management and performance fee	(12,081)	(11,547)	(10,720)	(10,237)
Trade payables	(127)	(147)	(175)	(66)
	<b>(12,208)</b>	<b>(11,694)</b>	<b>(10,895)</b>	<b>(10,303)</b>
<b>Non-current</b>				
Loan from subsidiary- HGC Gretna Investements Sp. z o.o. Sp. J.	(5,852)	(5,834)	(5,796)	(5,777)
	<b>(5,852)</b>	<b>(5,834)</b>	<b>(5,796)</b>	<b>(5,777)</b>
<b>Total trade and other payables</b>	<b>(18,060)</b>	<b>(17,528)</b>	<b>(16,691)</b>	<b>(16,080)</b>



## **ATLAS ESTATES LIMITED**

### **INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION**

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

The loan payable to the subsidiary (HGC Gretna Investments Sp. z o.o Sp. J.) is interest bearing. The Company was charged interest in the 9 months ended 30 September 2020 of €56 thousand (six months ended 30 June 2020: €38 thousand; year ending 31 December 2019: €73 thousand; 9 months ended 30 September 2019: €54 thousand). As at 30 September 2020 the loan balance including capitalised interest due to subsidiary amounted to €5.9 million (as of 30 June 2020: €5.8 million, as of 31 December 2019: €5.8 million; as of 30 September 2019: €5.8million).