ATLAS ESTATES LIMITED
CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

ATLAS ESTATES LIMITED

Contents

ATLAS ESTATES LIMITED

I. Introduction

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

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

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

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

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

ATLAS ESTATES LIMITED

II. Financial Highlights

Selected Consolidated Financial Items	Year ended 2021	Year ended 2020
	€'000	€'000
Revenues	15,470	15,105
Gross profit	6,523	6,041
Increase in value of investment properties	1,537	1,317
Profit from operations	12,419	483
Profit/ (Loss) before tax	14,150	(5,307)
Profit/ (Loss) for the year	13,115	(4,975)
Net cash from operating activities	3,683	3,548
Net cash used in investing activities	(5,382)	(7)
Net cash used in financing activities	(4,570)	(5,353)
Net decrease in cash and cash equivalents in the year	(5,451)	(5,340)
Non-current assets	183,105	185,258
Current assets	59,924	53,734
Total assets	243,029	238,992
Current liabilities	(35,573)	(25,520)
Non-current liabilities	(72,800)	(93,929)
Total liabilities	(108,373)	(119,449)
Basic net assets (1)	134,656	119,543
Number of shares outstanding	46,852,014	46,852,014
Basic and diluted earnings/ (loss) per share (eurocents)	28.0	(10.6)
Basic net asset value per share (€)	2.9	2.6
Adjusted net assets (2)	134,656	119,543
Adjusted net asset value per share (€)	2.9	2.6

(1) "Basic net assets" represent net assets value as per the consolidated balance sheet
(2) "Adjusted net asset value" adjusts basic net assets value for unrecognized valuations gains and losses (net of deferred tax) on property portfolio assets not held on a fair value or revaluation model measurement basis (see the Chairman's Statement).

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

1. Chairman's Statement

Dear Shareholders,

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

COVID-19 pandemic has spread with alarming speed and bringing economic activity to a near-standstill as countries imposed tight restrictions on movement to halt the spread of the virus. The International Monetary Fund estimated that the global economy shrunk by 4.4% in 2020. In 2021 a disrupted recovery trend was noted as the economy started to recover but still during ongoing pandemic conditions. As the effects of COVID-19 are felt around the world, real estate companies were also impacted in different ways, largely dependent on region and asset class. This involved also *Hilton* and *Golden Tulip* hotels owned by the Group. The financial consequences were summarized in the Property Manager's Review.

Below are our main developments:

- On 31 August 2021 the Group concluded the sale agreement of its investment in D.N.B Victoria Tower, as well as intra group loan at the net sale price of €7.3 million. As of 31 December 2021 the Group received €1.2 million advance in respect of this transaction, which is to be completed in April 2022;
- On 25 June 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate *Hilton* hotel in Warsaw concluded a loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"), a Polish joint-stock company owned by Polish State of Treasury, which offers financial instruments for entities on preferential terms. The loan amounted to PLN 6.9 million (€1.5 million). In accordance with PFR's decision concluded in September 2021 the loan was partially waived. The repayable loan amount was decreased by PLN 5.1 million (€1.1 million). As a result of this decision the Group recognized a finance income of €1.1 million in the third quarter 2021.

Reported Results

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

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

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

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

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

Financing, Liquidity and Forecasts

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and to manage its loan facilities for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2021, as disclosed in the Directors' Report.

Investing Policy

Atlas invests mainly in Poland in a portfolio of real estate assets across a range of property types, where approximately 91% of its assets are located. We actively target Poland, where we believe we have the best capabilities and footprint. Atlas also operates in the Romanian and Bulgarian real estate markets. Additionally in 2021 the Group also invested part of its cash reserves in funds and equities.

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

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

As of 31 December 2021, NAV per share, as reported in the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, increased from the level of €2.6 per share at 31 December 2020 to €2.9 per share at 31 December 2021. The adjusted NAV per share adjusts basic NAV for unrecognized valuation gains and losses (net of deferred tax) on property portfolio assets not held on a fair value or revaluation model measurement basis. The increase is mainly attributable to the above-described decrease in net assets. As of 31 December 2021 and 31 December 2020 the adjusted NAV per share is equal to basic NAV per share since there was no need to adjust basic net assets value for unrecognized valuations gains and losses (net of deferred tax) on property portfolio assets not held on a fair value or revaluation model measurement basis.

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

As of 31 December 2021:

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

Adjusted net assets

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

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

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

Corporate Governance

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

Risks and uncertainties

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

Changes in Board of Directors

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

Prospects

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

Mark Chasey
CHAIRMAN
12 April 2022

2. Property Manager's Review

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

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 91% (by value) of the Group's portfolio located there. The Polish economy has been one of most resilient economies in Europe. The outbreak of coronavirus in the world and its occurrence in Poland affected the economic growth of this country. The Russian invasion of Ukraine will have its imminent consequences for the European economy. Economists say that in Poland inflation will accelerate and interest rates may rise more than has been expected. The Polish Economic Institute, a government think-tank, predicts that the war in Ukraine will slow Polish economic growth to 3.5% this year, down from 4.3% estimated earlier.

Hilton Hotel, Warsaw

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

Atlas Tower (former name: Millennium Plaza), Warsaw

The *Atlas Tower* is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 81% as of 31 December 2021 (93% as of 31 December 2020). The decrease of occupancy is a result of the termination of an agreement with a tenant, whose main activity was focused on organizing conferences.

Galeria Platinum Towers

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

Apartamenty przy Krasińskiego

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

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

Capital Art Apartments

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

Romania

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

Bulgaria

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

Financial Review

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

Portfolio valuation

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

Loans

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

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

**LTV Ratio- Loan to Value Ratio*

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

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

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

Debt financing

Changes in the year ended 31 December 2021

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

Galeria Platinum Towers project - *loan facility extension*

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

New Hilton loan facility

On 25 June 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate *Hilton* hotel in Warsaw concluded a new loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"), a Polish joint-stock company owned by Polish State of Treasury, which offers financial instruments for entities on preferential terms. The loan provided by PFR was part of the Poland Government's aid programme called "Covid Shield" which is an assistance from the State countering the effects of COVID-19. The amount of the loan extended to HGC was PLN 6.9 million (€1.5 million). The facility can be used for financing *Hilton* expenses and must be repaid by 30 September 2024. In accordance with PFR's decision concluded in September 2021 the loan was partially waived. The repayable loan amount was decreased by PLN 5.1 million (€1.1 million).

New Hilton loan facility- undrawn as of 31 December 2021

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

Changes in the year ended 31 December 2020

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

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

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

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

Revenues and cost of operations

Total Group revenues increased slightly from €15.1 million for the year ended 31 December 2020 to €15.5 million for the year ended 31 December 2021 as the hotel operations continued to be significantly impacted by the COVID-19 pandemic (see below section Financial management, operational management and material risks).The Group's principal revenue streams are from its hotel operations, property rental and from the sale of the residential apartments that the Group develops.

Cost of operations were €8.9 million in 2021 compared to €9.1 million in 2020.

Property Rental

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

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

Hotel operations

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

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

Development Properties

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

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

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

Apartment sales in Warsaw

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

Administrative expenses

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

Other operating income and expenses

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

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

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

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

Valuation movement

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

Finance income and costs

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

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

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

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

Foreign exchange

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

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

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

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

Net Asset Value

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

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

The Company sets out below the key measures relating to Net Asset Value (NAV) per share. This includes the NAV per share per the financial statements and the adjusted NAV per share as defined at IPO and previously disclosed by the Company.

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

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

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

Ongoing activities

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

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

Financial management, operational management and material risks

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

Global economic conditions

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

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

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

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

a. Hotel sector

   Hilton hotel:
   - Following Polish government decision, the hotel was closed in the period from April 2 until May 3, 2020;
   - On May 4, 2020 the hotel's management concluded that closure of the hotel should be extended until the end of May 2020 (insufficient expected occupancy of the hotel would not cover additional costs associated with hotel reopening);
   - the Board together with Hilton's management have taken significant actions to decrease the operating expenses of the hotel, nevertheless some costs were unavoidable and continued to be incurred while the hotel was closed;
   - Following Polish government decision hotels were available to guests on business trips and remain closed for tourists starting from November 7, 2020 until December 28, 2020. Since December 28, 2020 hotels were available mainly for medical staff, plane crew members or diplomats;
   - In the period from May 8, 2021 until June 24, 2021 hotel could operate with limit of up to 50% capacity;
   - Since June 25, 2021 hotel could operate with limit of up to 75% capacity. This limit was reduced further to 30% capacity, but excluded guests who are fully vaccinated.
   - Since 1 March 2022, there are no limits imposed, which relate to hotel's capacity.
   - In 2021 the hotel occupancy was 64% higher as compared to 2020.

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

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

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

In 2020 the Group's subsidiaries HGC Gretna Investments Sp. z o.o. Sp. j. and D.N.B. - Victoria Towers SRL running hotel activity benefited from government cash grants amounting to €193 thousand in connection with payroll related expenditures. In 2021 the Group's subsidiaries HGC Gretna Investments Sp. z o.o. Sp. j. and D.N.B. - Victoria Towers

SRL running hotel activity benefited from government cash grants amounting to €626 thousand in connection with payroll related expenditures (more details see note 5 to the consolidated financial statements)

On 25 June 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate Hilton hotel in Warsaw concluded a new loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"), a Polish joint-stock company owned by Polish State of Treasury, which offers financial instruments for entities on preferential terms. The amount of the loan extended to HGC was PLN 6.9 million (€1.5 million). The facility can be used for financing Hilton expenses and must be repaid by 30 September 2024. In accordance with PFR's decision concluded in September 2021 the loan was partially waived. The repayable loan amount was decreased by PLN 5.1 million (€1.1 million). Details of this loan is above described in the Debt Financing section of the Property Manager's Review.

b. Rental income from tenants:
   - Following Polish government decision to close the restaurants, fitness clubs, etc. several of the Group's tenants suffered financially from these restrictions. As a result, in 2020 the Group offered extended payment terms or certain rent reliefs to these tenants in return for lease term extensions. In the period from 24 October 2020 till 15 May 2021 customers eating on-site at restaurants was forbidden. It was only possible to provide services for take-away and delivery. No restrictions were imposed to the office rental activity. At the end of 2020, the Group terminated the lease contract (of 3,026sqm) with tenant involved in organization of conferences.

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

Financing and liquidity

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

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

Currency and foreign exchange

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

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

Conclusions

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

ziv zviel

Ziv Zviel
Chief Executive Officer
Atlas Management Company Limited
12 April 2022

3. Key Property Portfolio Information

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

ATLAS ESTATES LIMITED

4. Directors - Atlas Estates Limited

As of 31 December 2021:

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

Till 24 November 2021:

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

Registered office

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

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

Erez Koren Non-executive Director	Mr Koren is a Certified Public Accountant in Israel and is a member of the Institute of Certified Public Accountants in Israel. Mr Koren graduated with a Bachelor in Economics from Ben-Gurion University, Israel. He then finished academic accounting studies at the College of Management, Israel. Mr Koren is serving as the Finance Director of one of IGI group real estate management company in London. Mr Koren has an extensive international experience and his previous roles included: Financial Controller of an AIM listed company in London; Financial Controller of a public traded real estate company registered in the Israeli stock exchange, having properties in Europe and Israel.
Nicholas Babbé Non-executive Director	Mr Babbé Graduated with a Bachelor of Arts degree with Honours in 2001 from the University of the West of England. He subsequently moved into the finance industry taking positions with HSBC and Investec respectfully and undertook the Society of Trusts and Estates Practitioners diploma and joined the society as a full member in 2008. Mr Babbé joined Oak Trust (Guernsey) Limited in early 2009 where he is a Trust Manager and now studying for a BSC degree in Management with Trusts and Estates with The University of Manchester and Manchester Business School.
Ziv Zviel Chief Executive Officer	Mr Zviel joined Atlas Management Company Limited in October 2010 as its Chief Financial Officer. Prior to this and from 2009 Mr Zviel served as Chief Financial Officer and Treasurer of Deltathree, a telecom company traded in the United States. From 2007 till then he served as VP of Finance of LivePerson, an Internet company publicly traded in the United States and Tel Aviv stock exchanges. Prior to that, and from 2002, Mr Zviel served in a number of roles in Magic Software, a global software company traded in the United States. Before that, and from 2000, Mr Zviel served as an audit manager in the Tel Aviv office of Ernst & Young. Mr Zviel holds a first degree in accounting and economics and an MBA in Business Management, both from the Bar Ilan University in Israel. On 27 March 2018 Mr Zviel was appointed as Chief Executive Officer.

6. Directors' Report

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

Results and dividends

The results for the Group for the year are set out in the consolidated financial statements and show a profit after tax attributable to equity shareholders of €13.1 million (2020: loss after tax of €5.0 million).

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

Activities and review of business

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

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

There were no significant changes in the Company's organisational structure in the year ended 31 December 2021, except as presented in note 33 of the consolidated financial statements. There were no changes in the Company's organisational structure in the year ended 31 December 2020. A list of the operating subsidiaries of the Company subject to consolidation is included within note 33 of the consolidated financial statements.

Investing Policy

Atlas invests mainly in Poland in a portfolio of real estate assets across a range of property types, where approximately 91% of its assets are located. We actively target Poland, where we believe we have the best capabilities and footprint. Atlas also operates in the Romanian and Bulgarian real estate markets.

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

Diversification

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

Key performance Indicators

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

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

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

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

Going concern

In 2021, Atlas Estates Limited Group has not conducted or intended to conduct any operating activities in the territory of Ukraine, Belarus and Russia. Thus, Russian invasion of Ukraine that began on February 24, 2022 does not have a material direct impact on the assumption that the Group will continue as going concern, nor does it constitute an indication of impairment of the Group's assets. The Russian invasion of Ukraine will have its imminent consequences for the European economy. Economists say that in Poland inflation will accelerate and interest rates may rise more than has been expected. The Polish Economic Institute, a government think-tank, predicts that the war in Ukraine will slow Polish economic growth to 3.5% this year, down from 4.3% estimated earlier. However at the day of this report the Board of Directors concludes that any precise determination of the effects of this invasion on the Group is not possible at this moment.

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

As at 31 December 2021, the Group held land and building assets with a market value of €168 million, compared to external debt of €67 million (€156 million and €69 million respectively in 2020). Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts, which are ring-fenced in unique, specific, corporate vehicles, may be subject to repossession by the bank in case of a default of loan terms, but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets, which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the consolidated financial statements for the year ended 31 December 2021, the Directors have taken into account the fact of ongoing working capital management and noted the following:

- the Group is in a net current assets position of €24.3m (2020: €30.9m);
- Assets held for sale included in current assets are held at cost and are forecasted to realise cash revenues in excess of this carrying value in future period. The assets held for sale have a net carrying value of €2.7 million and are in the process of sale for €7.7 million. Till 31 December 2021 the Group received €1.2 million advance in respect of this transaction, which is to be completed in April 2022,
- ongoing negotiations with the bank financing the projects and the fact that there is sufficient time to agree and sign the extension to the loans expiring in September and December 2022.

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

The Group's forecasts and projections, which cover a period of not less than 12 months from the date of approval of these financial statements, have been prepared taking into account the economic environment and its challenges and the mitigating factors referred to above. These forecasts take into account reasonably possible changes in trading performance, potential sales of properties, favourable arrangements for the payment timetable for the AMC performance fee and the future financing of the Group. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2021.

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

Auditors

The Directors confirm that as at 12 April 2022:

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

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

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

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

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

Information about court proceedings

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

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

Significant Agreements and Capital Commitments

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

Details of the bank financing agreements are disclosed as required in note 23 to the consolidated financial statements.

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

Related party transactions

Related party transactions are stated within note 29 of the consolidated financial statements.

Credit and loan facilities, guarantees and sureties

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

Guarantees and sureties – changes in 2021

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

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

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

Guarantees and sureties – changes in 2020

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

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

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

Corporate governance review

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

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

Information on the Company non-compliance with applying Best Practices

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial statements' preparation process

DIRECTORS' RESPONSIBILITIES

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

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

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

DIVISION OF RESPONSIBILITIES AND COMPETENCES IN THE PREPARATION OF FINANCIAL INFORMATION

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

INTERNAL CONTROLS

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

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

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

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

Substantial shareholding

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

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

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

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

Significant Shareholders	Number of Shares held	Voting Rights
Fragiolig Holdings Limited	37,562,884	80.17
Atlas International Holdings Limited	6,461,425	13.79
TOTAL	**44,024,309**	**93.96**

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

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

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

Legal or statutory limitations in the exercise of voting rights

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

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

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

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

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

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

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

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

POWERS OF THE BOARD OF DIRECTORS

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

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

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

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

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

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

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

Annual General Meeting

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

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

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

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

Amendment of the Company's articles of association

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

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

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

Structure and membership of the Company's Board

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

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

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

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

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

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

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

Directors and Directors' share interests

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

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

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

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

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

BOARD COMMITTEES

The Audit Committee comprises the whole of the Board and is chaired by Mr Andrew Fox. It meets at least two times a year to review the interim and year-end financial statements prior to their submission to the Board and to review the appointment of the independent auditors and the scope, performance and remuneration of services provided by them.

Procedures are in place for the approval of non-audit services provided by the Company's auditors. The auditors will not be awarded non-audit work unless the Company is satisfied, through enquiry, that the provision of such services would not prejudice the independence and objectivity of the auditor.

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

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

Attendance at meetings

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

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

PROPERTY MANAGER

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

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

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

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

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

Assessment of the Company's compliance with disclosure obligations

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

The Company's policies regarding sponsoring and charitable activities

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

Mark Chasey
Chairman

Guy Indig
Director

12 April 2022

7. Remuneration Report

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

1) Non-executive Directors

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

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

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

Directors' remuneration

The total amounts for Directors' remuneration were as follows:

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

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

2) Property Manager fees

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

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

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

In addition to the management fee, AMC is entitled to a performance fee payable if the Total Shareholder Return (means the sum of the growth in adjusted NAV per ordinary share plus an amount equal to the aggregate dividends or other distributions per ordinary share declared or paid in respect of such accounting period expressed as a percentage of the adjusted NAV per ordinary share at the end of the previous accounting period) in any year exceeds 12 per cent (adjusted

to make up for any prior years where the Total Shareholder Return was negative – the "Hurdle Rate"). Once this threshold is exceeded, AMC is entitled to receive a fee equal to 25% of the amount by which the Total Shareholder Return for the relevant financial period exceeds the Hurdle Rate for such period multiplied by the previous year's closing adjusted NAV after the deduction of any dividends declared or to be declared but not yet paid in respect of that period.
One third of any performance fee payable to AMC under the agreement may, at the option of the Company, be paid in the form of new Ordinary Shares issued to AMC at a price equal to the average closing price of the Company's shares for the 45 days prior to the date of issue of such shares.

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

In early 2020 the Board of Directors of the Company (the Board) conducted a review of the Property Management Agreement ("PMA") and in particular the means by which performance fee is calculated. Of primary concern to the Board were the following issues:
- the drafting of the clauses and definitions in the PMA with regards to the calculation of performance fee are not concise and ambiguity can lead to multiple interpretations and thus differing calculations;
- the lack of a properly constructed high-water mark mechanism has led to performance fees being paid multiple times on NAV gains in the same bracket, i.e. performance fees have been paid or accrued on certain gains in NAV, but due to subsequent reductions in NAV in a following period, upon the NAV increasing again in the next period, performance fees have been paid or accrued again on the same NAV increase for which performance fees have been paid previously;
- performance fee calculations appear to be disproportionate to the intention of the PMA which is to set a 12% hurdle rate.
Having concluded its review, and taken external legal advice on the interpretation of the PMA, the Board was of the view that it does not agree with the interpretation which has been taken previously in respect of performance fee calculations and it disputed the amounts which have been paid or accrued.

Performance fees prior to 2019
Past Performance Fees which have accrued, and remained unpaid as of 31 December 2020 amounted to €10.8 million. On 21 April 2021 AEL and AMC have agreed to decrease this balance by €10.0 million.

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

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

Term and Termination

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

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

3) Members of the subsidiaries' Management Boards

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

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

Mark Chasey	**Guy Indig**
Chairman	Director

12 April 2022

8. Declarations of the Board of Directors

Declaration concerning accounting policies

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

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

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

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

Other obligatory declaration

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

as imposed by the above mentioned regulations.

Mark Chasey
Chairman

Guy Indig
Director

12 April 2022

IV. Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ATLAS ESTATES LIMITED

Opinion

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

In our opinion, the consolidated financial statements:

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

.
Basis for opinion

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

Key Audit Matters

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

Key Audit Matter - Valuation of the Group's hotel and investment properties

The Group accounting policy for valuing hotel and group investment properties are set out in note 2(a). As detailed in note 14, the Group owns a hotel property which is held at fair value in the consolidated financial statements. In addition, the Group owns a portfolio of investment properties which are also held at fair value as detailed in note 16.

Each valuation requires consideration of the individual nature of the property, its location, its existing and future anticipated cash flows and comparable market transactions.

The valuation of the Group's hotel property requires significant judgements to be made with regard to the future forecast trading performance of the asset and the assumptions used within the income approach valuation model used.

The valuation of the Group's investment properties requires significant judgements to be made with regard to the trading performance and/or market data and assumptions applied to either the income approach or market comparison approach taken as appropriate.

The determination of the fair value of the hotel property and investment properties is a key area of estimation and we therefore considered this to be an area of significant audit risk and focus and hence a key audit matter.

As disclosed in note 14 of the consolidated financial statements, as required by RICS, the valuer has included a paragraph in their report which explains that as a result of the impact of the outbreak of COVID-19 on the property market, the external valuer notes that the property valuations should be treated with a higher degree of caution than would normally be the case.

Related Disclosures

Refer to the following notes accompanying the consolidated financial statements:
- Statement of Accounting Policies
- Note 2 - Critical accounting estimates and judgements;
- Note 14 - Property, plant and equipment; and
- Note 16 - Investment properties

Audit Response

Our audit work included, but was not restricted to, the following:
- We assessed the competency, qualifications, independence and objectivity of the external valuation experts engaged by the Group and reviewed the terms of their engagements to identify any matters that could have affected their independence and objectivity or imposed scope limitations upon them. We obtained and read the experts' valuation reports and inspected on an asset-by-asset basis that all valuations had been prepared using a methodology that was appropriate for determining the carrying value in the consolidated financial statements by reference to the RICs Valuation – Global Standards.
- We tested the accuracy of the key observable valuation inputs supplied to and used by the external valuation experts. This primarily involved agreeing, on a sample basis:
  - the passing rental income and lease terms for investment properties to underlying supporting documents, and
  - comparing income growth and operating margin for hotel property to underlying forecasts.
- Together with our external valuation expert, the senior members of our team inspected the valuation reports. We met with the valuation experts engaged by the Group and gained an understanding of the valuation methodology and key assumptions used.
- We compared the key valuation assumptions against our independently formed market and non-market expectations and challenged them where significant variances from our expectations were identified. We then considered the plausibility of the independent valuers' responses and corroborated these to supporting documentation where appropriate. The key valuation assumptions were the market capitalisation yields, estimated income levels or rental values, and discount rates that we reviewed by reference to market data based on the location and specific attributes of each property.
- We inspected that the hotel and investment properties valuations have been properly included in the consolidated financial statements. We also assessed whether the disclosures in the consolidated financial statements are appropriate in accordance with relevant accounting standards.
- We considered the conclusions highlighted by the external valuers in regards to the certainty of the valuation, specifically on the hotel property, and the impact this would have on our audit opinion.

Key Observations

Our testing indicated that the estimates and assumptions used by the property valuation were appropriate in the context of the Group's property portfolios.

Other information

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

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

Other Companies (Guernsey) Law, 2008 reporting

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:
- proper accounting records have not been kept by the Parent Company; or
- the consolidated financial statements are not in agreement with the accounting records; or

- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

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

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

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

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

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

In our opinion, the declaration on the application of corporate governance contains the information specified in paragraph 70 section 6 point 5 of the Minister's of Finance Decree of 28 March 2018 on the current and periodic information provided by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2018 Journal of Laws, item 757 with subsequent amendments).

Information provided in paragraph 70 section 6 point 5 letters c-f, h and i of the Regulation contained in the statement on the application of corporate governance are in accordance with the applicable regulations and information contained in the annual consolidated financial statements.

Responsibilities of the Directors for the consolidated financial statements

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Use of our report

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

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

ATLAS ESTATES LIMITED

V. Consolidated Financial Statements

1 Consolidated Income Statement

For the year ended 31 December 2021

	Year ended 31 December 2021	Year ended 31 December 2020	Note
	€'000	**€'000**	
Revenues	15,470	15,105	3
Cost of operations	(8,947)	(9,064)	4.1
Gross profit	**6,523**	**6,041**	
Administrative expenses	(6,914)	(7,098)	4.2
Other operating income	11,476	1,080	5
Other operating expense	(203)	(857)	6
Investment property valuation gains	1,537	1,317	7
Profit from operations	**12,419**	**483**	
Finance income	4,441	167	8
Finance costs	(3,233)	(4,234)	8
Other gains/ (losses) – foreign exchange	546	(1,645)	8
Share of losses from equity accounted joint ventures	(23)	(78)	12
Profit/ (Loss) before taxation	**14,150**	**(5,307)**	
Tax (charge)/ income	(1,035)	332	9
Profit/ (Loss) for the period	**13,115**	**(4,975)**	
Attributable to:			
Owners of the parent	13,115	(4,975)	
Non-controlling interests			
	13,115	**(4,975)**	
Profit/ (Loss) per €0.01 ordinary share – basic (eurocents)	28.0	(10.6)	11
Profit/ (Loss) per €0.01 ordinary share – diluted (eurocents)	28.0	(10.6)	11

All amounts relate to continuing operations.

ATLAS ESTATES LIMITED

2 Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Year ended 31 December 2021	Year ended 31 December 2020	Note
	€'000	**€'000**	
PROFIT/ (LOSS) FOR THE PERIOD	**13,115**	**(4,975)**	
Other comprehensive income :			
Items that will not be recycled through profit or loss			
Revaluation of land and buildings	2,049	(7,957)	14
Deferred tax on revaluation	(389)	1,512	25
Total	**1,660**	**(6,445)**	
Items that may be recycled through profit or loss			
Exchange adjustments	358	(11,884)	
Deferred tax on exchange adjustments	(20)	304	25
Total	**338**	**(11,580)**	
Other comprehensive income/ (loss) for the period (net of tax)	**1,998**	**(18,025)**	
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	**15,113**	**(23,000)**	
Total comprehensive income/ (loss) attributable to:			
Owners of the parent	15,113	(23,000)	
	15,113	**(23,000)**	

ATLAS ESTATES LIMITED

3 Consolidated Statement of Financial Position

As at 31 December 2021

	31 December 2021	31 December 2020	
	€'000	€'000	Note
ASSETS			
Non-current assets			
Intangible assets	7	14	13
Total investment in equity accounted joint ventures	250	-	12
Property, plant and equipment	86,966	91,773	14
Investment property	87,838	85,239	16
Deferred tax asset	8,044	8,232	25
	183,105	**185,258**	
Current assets			
Inventories	2,077	2,086	18
Trade and other receivables	1,959	2,123	19
Financial assets at fair value through profit or loss	6,714	-	20
Cash and cash equivalents	43,832	49,525	21
	54,582	53,734	
Assets held within disposal groups classified as held for sale	5,342	-	15
	59,924	**53,734**	
TOTAL ASSETS	**243,029**	**238,992**	
Non-current liabilities			
Other payables	(17,916)	(17,750)	22
Bank loans	(41,536)	(63,498)	23
Deferred tax liabilities	(13,348)	(12,681)	25
	(72,800)	**(93,929)**	
Current liabilities			
Trade and other payables	(9,335)	(17,069)	22
Bank loans	(23,530)	(5,817)	23
Derivative financial instruments	(65)	(2,634)	24
	(32,930)	(25,520)	
Liabilities held within disposal groups classified as held for sale	(2,643)	-	15
	(35,573)	**(25,520)**	
TOTAL LIABILITIES	**(108,373)**	**(119,449)**	
NET ASSETS	**134,656**	**119,543**	

	31 December 2021 €'000	31 December 2020 €'000	Note
EQUITY			
Share capital account	6,268	6,268	27
Revaluation reserve	35,235	33,575	
Other distributable reserve	194,817	194,817	
Translation reserve	(19,210)	(19,548)	
Accumulated loss	(82,454)	(95,569)	
Issued capital and reserves attributable to owners of the parent - total equity	**134,656**	**119,543**	

The consolidated financial statements were approved by the Board of Directors on 12 April 2022 and signed on its behalf by:

Mark Chasey
Chairman

Guy Indig
Director

12 April 2022

4 Consolidated Statement of Changes in Equity
Year ended 31 December 2021

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total equity €'000
As at 1 January 2020	6,268	40,020	194,817	(7,968)	(90,594)	142,543
Loss for the year	-	-	-	-	(4,975)	(4,975)
Other comprehensive loss for the year	-	(6,445)	-	(11,580)	-	(18,025)
As at 31 December 2020	**6,268**	**33,575**	**194,817**	**(19,548)**	**(95,569)**	**119,543**
Profit for the year	-	-	-	-	13,115	13,115
Other comprehensive income for the year	-	1,660	-	338	-	1,998
As at 31 December 2021	**6,268**	**35,235**	**194,817**	**(19,210)**	**(82,454)**	**134,656**

The Revaluation Reserve includes amounts relating to revaluation of land and buildings and the related deferred tax. Amounts carried in the revaluation reserve, in respect of land and buildings are not realised gains and are therefore not distributable reserves. Upon the sale of underlying assets these amounts will be crystallised within retained earnings.

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

The Translation Reserve includes exchange adjustments and the related deferred tax.

ATLAS ESTATES LIMITED

5 Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	31 December 2021 €'000	31 December 2020 €'000
Profit/ (loss) for the year		**13,115**	**(4,975)**
Adjustments for:			
Effects of foreign currency		(705)	2,028
Finance costs		2,977	4,081
Finance income		(4,422)	(125)
Tax charge	9	1,035	(332)
Share of losses from equity accounted joint ventures	12	23	78
Depreciation of property, plant and equipment	3	2,245	2,264
Amortisation charges	13	5	5
Profit on disposal of investment	5	-	(350)
Profit from retained deposit related to asset held for sale	5	-	(300)
Increase in value of investment properties	7	(1,733)	(1,517)
Reversal of impairment/ (Impairment) on property, plant and equipment	5	(134)	788
Write off of trade and other payables	5	(10,000)	-
Profit on partial disposal of investment property	5	(464)	-
		1,942	**1,645**
Changes in working capital			
(Increase)/ Decrease in inventory		(16)	451
Decrease in trade and other receivables		37	232
Increase in trade and other payables		1,684	830
		1,705	**1,513**
Cash inflow from operations		**3,647**	**3,158**
Tax refund		36	390
Net cash from operating activities		**3,683**	**3,548**
Investing activities			
Interest received		-	50
Development of investment property		(1,048)	(584)
Purchase of property, plant and equipment	14	(43)	(122)
Funds invested in equity accounted joint ventures		(250)	-
Purchases of financial assets at fair value through profit or loss		(9,452)	-
Sales of financial assets at fair value through profit or loss		3,472	-
Sales of investment property		739	-
Proceeds from deposit received	15	1,200	300
Purchase of intangible assets – software	13	-	(1)
Proceeds from disposal of investment	5	-	350
Net cash from investing activities		**(5,382)**	**(7)**

Financing activities			
Interest paid	26.1	(2,440)	(2,653)
Repayments of bank loans and borrowings	26.1	(2,928)	(2,626)
Repayments of lease liabilities	26.1	(708)	(74)
Proceeds from loans and borrowings	26.1	1,506	-
Net cash used in financing activities		**(4,570)**	**(5,353)**
Net increase in cash and cash equivalents in the year		**(6,269)**	**(1,812)**
Effect of foreign exchange rates		818	(3,528)
Net decrease in cash and cash equivalents in the year		**(5,451)**	**(5,340)**
Cash and cash equivalents at the beginning of the year		**49,525**	**54,865**
Cash and cash equivalent at the end of the year	**21**	**44,074**	**49,525**

VI. Statement of Accounting Policies

Year ended 31 December 2021

Basis of preparation

These consolidated financial statements have been prepared in accordance with applicable Guernsey law and International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted by the European Union. The consolidated financial statements have 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 derivatives accounted for as fair value through profit and loss. The principal accounting policies are set out below. These policies have been consistently applied to all the years presented.

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

In 2021, Atlas Estates Limited Group has not conducted or intended to conduct any operating activities in the territory of Ukraine, Belarus and Russia. Thus, Russian invasion of Ukraine that began on February 24, 2022 does not have a material direct impact on the assumption that the Group will continue as going concern, nor does it constitute an indication of impairment of the Group's assets. The Russian invasion of Ukraine will have its imminent consequences for the European economy. Economists say that in Poland inflation will accelerate and interest rates may rise more than has been expected. The Polish Economic Institute, a government think-tank, predicts that the war in Ukraine will slow Polish economic growth to 3.5% this year, down from 4.3% estimated earlier. However at the day of this report the Board of Directors concludes that any precise determination of the effects of this invasion on the Group is not possible at this moment.

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

As at 31 December 2021 the Group held land and building assets with a market value of €168 million, compared to external debt of €67 million (€156 million and €69 million respectively in 2020). Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles**,** may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets, which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the consolidated financial statements for the year ended 31 December 2021, the Directors have taken into account the fact of ongoing working capital management and noted the following:

- the Group is in a net current assets position of €24.3m (2020: €30.9m);
- Assets held for sale included in current assets are held at cost and are forecasted to realise cash revenues in excess of this carrying value in future period. The assets held for sale have a net carrying value of €2.7 million and are in the process of sale for €7.7 million. Till 31 December 2021 the Group received €1.2 million advance in respect of this transaction, which is to be completed in April 2022,
- ongoing negotiations with the bank financing the projects and the fact that there is sufficient time to agree and sign the extension to the loans expiring in September and December 2022.

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

The Group's forecasts and projections 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.

STATEMENT OF ACCOUNTING POLICIES

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the year ended 31 December 2021.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries up to 31 December 2021. Subsidiaries are those entities that are controlled by the Company. Control is achieved where the Company has the power, either directly or indirectly, to govern the financial and operating policies of an entity so as to have the ability to affect the amount of the investor's returns and has exposure or right to variable returns from its involvement with the investee. Subsidiaries are deconsolidated where this control is lost.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The results of subsidiaries and joint ventures acquired or disposed of during the year are included from the effective date of acquisition or up to the effective date of disposal, as appropriate. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries and joint ventures to bring the accounting policies used into line with those used by the Group.

The consolidated financial information is prepared in Euro and presented in thousands of Euro ("€'000") unless indicated otherwise.
Joint ventures are initially recognised in the consolidated statement of financial position at cost. Subsequently, joint ventures are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the joint venture unless there is an obligation to make good those losses).

Segmental reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board of Atlas Estates Limited that makes strategic decisions.

Revenue recognition

Revenue comprises:
(i) rental income, service charge and other recoveries from tenants and the supply of utilities to tenants of the Group's investment and trading properties;
(ii) hire of hotel rooms and sale of food and beverages; and
(iii) proceeds from the sale of completed property units developed by the Group.

Rental income includes income from managed operations such as offices and car parks. Service charges and other recoveries include income from service charges and directly recoverable expenditure and any related chargeable management fees.
Rental income is recognised on a straight line basis over the lease term. Service charges and management fees are recognised as the related costs are incurred and charged. Changes to rental income that arise from reviews to open market rental values or increases that are indexed linked on a periodic basis are recognised from the date on which the adjustment became due. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property. Lease incentives are allocated evenly over the term of the lease. Rental income and services charges are stated net of VAT and other sales related taxes. Customers are typically invoiced in advance for rent and prior month's service charges – the invoice is issued at the beginning of the month it relates to, with the 7 or 14 days payment term (typically), depending on the lease agreement.

Revenue from the hire of hotel rooms and sale of food and beverages is recognised when the service or product is delivered and is stated net of VAT and other sales related taxes. Customers typically charged for their use of hotel rooms at the commencement of their stay with either immediate payment via credit or debit card, or settlement after their stay for corporate bookings. Corporate bookings are typically invoiced on credit terms of up to 14 days. Customers consuming food and beverages either pay immediately after the consumption, or settled at the end of their stay, or added to the amount to be settled for a corporate booking as per the above.

Revenue from the sale of completed development property units is recognised when the performance obligations are satisfied at the point in time (i.e. when unit is handed over to new owners with notarial deed signed). Due to limited number of units available each contract is individually negotiated with the buyer and there are no standard payment terms but since the units are already developed it is expected that full or majority of the price is settled before notarial deed is signed.

Other revenues, including the sale of utilities, are measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of VAT and other sales related taxes. These revenues are recognised as the related costs are incurred. Customers are typically invoiced until the 15th day of the following month in accordance with actual usage recorded in the previous month, with the 7 or 14 days payment term (typically), depending on the lease agreement.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

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

Gains and losses arising on the settlement of monetary items and on the re-translation of monetary items are included in the income statement for the year. Those that arise on the re-translation of non-monetary items carried at fair value are included in the income statement for the year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity or other comprehensive income. For such non-monetary items any exchange component of that gain or loss is also recognised directly in equity or other comprehensive income.
On consolidation, the assets and liabilities of the Group's entities with non-Euro functional currency (none of which has the currency of an hyperinflationary economy) are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated using the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve via other comprehensive income. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate, with foreign exchange movements being accounted for through the statement of other comprehensive income.

Leases

Where the Group is the lessee:

Long term lease contracts for land – the Group is the lessee in long-term land lease contracts, which do not result in the transfer of legal title to the land to the Group. Following implementation of IFRS 16 the group changed its accounting policy for leases where the group is the lessee. The Group decided to apply the standard using the modified retrospective approach with 1 January 2019 being initial application date. Accordingly, the Group recognized a lease liability, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The Group recognized the respective right-of-use asset at an amount equal to the sum of:

i) the lease liability at the date of initial application,
ii) carrying amount brought forward of land held under operating leases-prepayments, and
iii) revaluation adjustment where the underlying asset is measured by applying the revaluation model to property, plant and equipment.

This method of application did not result in any adjustment to retained earnings on the date of initial application (1 January 2019). The Group decided to present right-of-use assets under the same item in the consolidated statement of financial position, under which the relevant underlying assets would be presented if they were owned by the Group. The lease liabilities are presented as other liabilities in long term liabilities or short term liabilities. The weighted average incremental borrowing rate applied to lease liabilities recognised at the date of initial recognition was 3.62%. The group has applied the following practical expedient on adoption of IFRS 16:

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- and to elect to not recognise lease liabilities and right-of-use assets for leases which have a lease term which ends within 12 months of the date of initial application, or for leases of low value assets.

The right of perpetual usufruct of land related to Hilton hotel project:
Asset - was recognized in the consolidated statement of financial position under "Property, plant and equipment".
Liabilities - were presented in the balance sheet as a long term under "other long term liabilities".
Subsequently - the Group presents the right of asset use at their revalued amount, being fair value at the date of revaluation less any subsequent accumulated depreciation (on straight line basis over the lease period) and the Group recognizes finance expense to reflect interest expense on lease liability.

The right of perpetual usufruct of land related to Atlas Estates Tower project:
Asset - was recognized in the consolidated statement of financial position as "Non-current assets classified as held for sale".
Liabilities - were presented in the consolidated statement of financial position as “Liabilities directly associated with non-current assets classified as held for sale".
Subsequently - the Group recognizes finance expense to reflect interest expense on lease liability.

The right of perpetual usufruct of land related to Galeria Platinum Towers project:
Asset - was recognized in the consolidated statement of financial position as "Investment properties".
Liabilities - were presented in the balance sheet as a long term under "other long term liabilities".
Subsequently - the Group fair values through the income statement the right of use asset at each balance sheet date and recognizes finance expense to reflect interest expense on lease liability.
No new long term lease contracts for land have been entered into by the group since the date of initial application of IFRS16.

Where the Group is the lessor:

Operating leases – properties that are let to tenants under operating leases are classed as investment properties in the balance sheet.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets, that necessarily take a substantial period of time to get ready for use or sale, are capitalised as part of the cost of those assets until they are substantially ready for use or sale.

All other borrowing costs are recognised in the income statement in the year in which they are incurred.

Financial assets

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

- *Financial assets measured at fair value through profit or loss and financial assets at fair value through other comprehensive income*

  As at 31 December 2021 the Group held financial assets measured at fair value through profit and loss i.e. the Group’s non-strategic equity investments which are held for trading, as disclosed in note 20. The fair value of these securities is based on published sales prices (quoted prices), and is a level 1 as per fair value hierarchy.

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

  As at 31 December 2021 and 31 December 2020 no financial assets at fair value through other comprehensive income were held by the Group.

- *Financial assets measured at amortised cost*

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

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

  Trade and other receivables (note 19) and cash and cash equivalents (note 21) are classified as financial assets measured at amortised cost.

STATEMENT OF ACCOUNTING POLICIES

Financial liabilities

(a) Fair value through profit and loss
This category comprises only out-of-the-money derivatives. They are carried in the consolidated balance sheet at fair value with changes in fair value recognised in the consolidated income statement. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes (although the Group does not apply hedge accounting). Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit and loss.
(b) Amortised cost
Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs, and are then subsequently measured at amortised cost with interest being calculated using the effective interest rate method.

Trade and other payables are classified as financial liabilities measured at amortised cost.

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:
(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
(c) Inputs for the asset or liability that are not based on observable market data (Level 3).

For details of the application of this fair value measurement hierarchy within these financial statements, please see notes 14, 16, 20 and 24.

Intangible assets

Intangibles represent computer software used in the Group's operations. Computer software is amortised over its useful economic life of five years.

Property, plant and equipment

Buildings held for use in the supply of hotel services are initially recognised at cost and subsequently stated in the balance sheet at their revalued amounts, being fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are performed on an annual basis, except for the Hilton Hotel and Convention Centre in Warsaw which is revalued on a semi-annual basis.

Any revaluation increase arising on such assets is credited to the revaluation reserve, except if it reverses a reduction in value for the same property that was previously recognised as an expense. In such an instance the revaluation increase is credited to the income statement to the extent that the previous reduction in value was charged. A decrease in the valuation is charged as an expense to the extent that it exceeds the balance, if any, held on the property revaluation reserve relating to a previous increase in the revaluation of that asset.

Depreciation on revalued properties is charged to income statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property revaluation reserve is transferred directly to retained earnings.

Plant and equipment (comprising machinery, office equipment, computers) and motor vehicles are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets over their estimated useful economic lives, using the straight-line method, on the following bases:

Buildings	Over 50 years
Plant and equipment	3 to 10 years
Motor vehicles	5 years
Land is not depreciated.	

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Depreciation and amortisation of assets used directly to generate revenue e.g. room equipment is presented as cost of operations, whereas depreciation and amortisation of assets that do not directly generate revenue e.g. depreciation of the building itself etc. is presented as administrative expense.

STATEMENT OF ACCOUNTING POLICIES

Goodwill

Business combinations are accounted for using the acquisition method. On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the purchase price over the fair value of the assets and liabilities acquired is recognised as goodwill. Any discount received is credited to the income statement in the period of acquisition. Goodwill is not amortised but is reviewed for impairment at each balance sheet date. The Group's policy on impairment is set out below.

Impairment

The carrying amounts of the Group's non-monetary assets, other than investment property, are reviewed at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable value of an asset is the higher of value in use and fair value less costs to sell. Fair value of the asset less costs to sell is assessed by obtaining an independent assessment of asset's market value less any costs that would be incurred to realise its value.

Assets held for sale

Assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated as the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

When non-current assets or disposal groups cease to be classified as assets held for sale they are measured at the lower of:
(a) its carrying amount before the non-current asset or disposal group was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the non-current asset or disposal group not been classified as held for sale; and
(b) its recoverable amount at the date that the asset or disposal group ceased to qualify for classification as assets held for sale.

Investment property

Investment properties are those that are held either to earn rental income or for capital appreciation or both. Such properties are initially stated at cost, including any related transaction costs. After initial recognition, investment properties are carried at their fair value. A valuation of the entire property portfolio is carried out on an annual basis by external and internal experts. The internal valuations calculated by the Property Manager concerned land asset near Gdansk (Kokoszki). Additionally most significant properties are subject to professional valuation on semi-annual reporting date.
At each reporting date the difference between the carrying amount of an investment property and its fair value at that date is included in the income statement as a valuation gain or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs, interest costs of financing the development and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price, less all estimated costs of completion and costs to be incurred in marketing and selling the inventories.

Trade receivables

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

The Group applies the IFRS 9 simplified approach to measuring expected credit losses. To measure expected credit losses trade receivables were grouped based upon the days past due. The expected credit loss rates are based on the historical payment profiles and the corresponding historical credit losses experience. The historical rates are adjusted to reflect current and anticipated credit risk factors. On that basis, the loss allowance was determined as disclosed in note 19.

STATEMENT OF ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted cash: bank deposits and customer deposits

Restricted bank deposits consist of deposits in banks that the Group pledged to secure banking facilities for the Group; and customer deposits which for best practice are treated as restricted. These are included in cash and cash equivalents.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. As at 31 December 2021 and 2020, the Group had an interest rate swap categorised as financial liability at fair value through profit or loss.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded initially at their fair value, net of direct issue costs, then at amortised cost. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

When the Group renegotiates the terms of its existing finance arrangements it assesses whether the revised terms represents a modification of the existing arrangement or, in substance, an extinguishment and replacement with a new facility.
When the cash flows associated with the revised terms are substantially different from those under the original term the group treats the transaction as an extinguishment and replacement. In such circumstances the carrying value of the original finance is derecognised and replaced with a new liability, measured at fair value, based on future cash flows. Any transaction costs arising as a result of the renegotiation are added to the gain and loss of disposal of the debt instrument, which is recognised in the income statement.

Where the cash flows are not substantially different, any difference in the present value of the revised cash flows (calculated using the historic effective interest rate), together with any fees arising on the renegotiation are recognised through the income statement. In this case any transaction costs relating to the original facility which are being carried in the Group's balance sheet will continue to be amortised over the life of the facility.

Trade payables

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

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of any direct issue costs.

Treasury shares

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

Taxation

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

Current tax arises in jurisdictions other than Guernsey. It is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the income statement because it is adjusted for items of income or expense that are taxable or tax deductible in other years (temporary differences) and items that are never taxable or deductible (permanent differences). Temporary differences principally arise from using different balance sheet values for assets and liabilities than their respective tax base values. Deferred tax is generally provided in respect of all these taxable temporary differences at the balance sheet date.

STATEMENT OF ACCOUNTING POLICIES

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised only when, on the basis of all available evidence, it is probable that sufficient taxable profits will be available against which the future reversal of the underlying temporary differences can be deducted.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets shall reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are not netted off against each other unless they relate to taxes levied by the same authority and arise in the same taxable entity or in different taxable entities that intend to recover the tax assets / settle the liabilities simultaneously on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited to equity.

Dividends

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

Interim dividends paid are recognised in the year in which the payment is made.

Government grants

Government grants are not recognised until there is reasonable assurance that:
(a) the entity will comply with the conditions attaching to them; and
(b) the grants will be received.
Grants related to income are presented as part of profit or loss, separately under "Other operating income''.

Changes to accounting policies since the last period

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

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

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

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

(a) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);

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

VII. Notes to the Consolidated Financial Statements

1 Financial risk management

1.1 Financial assets and financial liabilities

The Group holds the following financial instruments:

	31 December 2021 €'000	31 December 2020 €'000	Note
Financial assets			
Financial assets held at amortised cost	**45,332**	**50,888**	
Trade and other receivables*	1,196	1,363	19
Cash and cash equivalents	43,832	49,525	21
Assets held within disposal groups classified as held for sale	304	-	15
Financial assets at fair value through profit or loss	**6,714**	**-**	
	52,046	**50,888**	
Financial liabilities			
Financial liabilities at amortized cost	**(92,980)**	**(102,385)**	
Trade and other payables*	(15,567)	(22,809)	22
Borrowings	(65,066)	(69,315)	23
Lease liabilities	(10,261)	(10,261)	22
Liabilities held within disposal groups classified as held for sale	(2,086)	-	15
Financial liabilities at fair value through profit or loss	**(65)**	**(2,634)**	
Derivative financial instruments	(65)	(2,634)	24
	(93,045)	**(105,019)**	

** excluding non-financial receivables and liabilities*

1.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The financial risks relate to the following financial instruments: trade receivables, cash and cash equivalents, trade and other payables and borrowings. The accounting policy with respect to these financial instruments is described above.

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

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

(a) Market risk

(i) Foreign exchange risk

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

In 2021 Polish functional currency changed insignificantly against the Euro, whereas Romanian currencies depreciated by 2% respectively as compared to 2020. The movements in value of the functional currencies have

resulted in foreign exchange gains of €0.5 million in the income statement (2020: €1.6 million loss) and €0.4 million gain (2020: €11.9 million loss) in other comprehensive income for the year ended 31 December 2021.
In the year covered by these consolidated financial statements the Group has not entered into any currency hedging transactions. Foreign exchange risk is monitored and the cost benefits of any potential currency hedging transactions are reviewed to determine their effectiveness for the Group.
The tables below summarise the Group's exposure to foreign currency risk at 31 December 2021.

The group's financial assets and liabilities held in Euros, at their carrying amounts are included in the table, categorised by the functional currency of the company that holds these instruments.

2021	PLN €'000	EUR €'000	RON €'000	Total €'000
Cash and cash equivalents	19,525	10,178	1	29,704
Financial assets at fair value through profit or loss	6,714	-	-	6,714
Assets held within disposal groups classified as held for sale	-	-	104	104
Total financial assets	**26,239**	**10,178**	**105**	**36,522**
Borrowings, including finance leases	(38,122)	-	-	(38,122)
Derivative financial instruments	(599)	-	-	(599)
Liabilities held within disposal groups classified as held for sale	-	-	(1,901)	(1,901)
Total financial liabilities	**(38,721)**	**-**	**(1,901)**	**(40,622)**
Net financial (liabilities) / assets	**(12,482)**	**10,178**	**(1,796)**	**(4,100)**

2020	PLN €'000	EUR €'000	RON €'000	Total €'000
Cash and cash equivalents	26,390	11,088	77	37,555
Total financial assets	**26,390**	**11,088**	**77**	**37,555**
Borrowings, including finance leases	(39,968)	-	(2,064)	(42,032)
Derivative financial instruments	(1,152)	-	-	(1,152)
Total financial liabilities	**(41,120)**	**-**	**(2,064)**	**(43,184)**
Net financial (liabilities) / assets	**(14,730)**	**11,088**	**(1,987)**	**(5,629)**

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

If the euro weakened/ strengthened by 10% against the Polish Zloty with all other variables held constant, post-tax profit for the year would have been €4.0 million higher/ €3.3 million lower.

If the euro weakened/ strengthened by 10% against the Romanian Lei with all other variables held constant, post-tax profit for the year would have been €0.2 million higher/ €0.2 million lower.

(ii) Price risk

The Group is exposed to property price, property rental value, and hotel rate risks. The Group is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities.

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings (note 22). Borrowings issued at variable rates expose the Group to cash flow interest rate risk (except of one borrowing issued at fixed rate).

The Group's cash flow and fair value interest rate risk is periodically monitored by the Property Manager. The Property Manager analyses its interest rate exposure on a dynamic basis. It takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are considered including refinancing, renewal of existing positions, alternative financing and hedging. The scenarios are reviewed on a periodic basis to verify that the maximum loss potential is within the limit given by management. As of 31 December 2021, the Group had three interest rate swap agreements to mitigate the cash flow and interest rate risk related to some of its borrowings (2020: four interest rate swap agreements).

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

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

An increase/ decrease in 100 basis points in interest yields would result in an decrease/ increase in the post-tax profit for the year of €0.2 million (2020: decrease/ increase in the post-tax loss for the year of €0.2 million).

The Group has three derivative financial liabilities, being an interest rate swaps which falls into level 2 for fair value measurement (as disclosed in note 24 of the consolidated financial statements).

(b) Credit risk

Credit risk arises from cash and cash equivalents as well as credit exposures with respect to rental customers, including outstanding receivables (note 19). Credit risk is managed on a local and group basis and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties, and to geographical and industry segments. Such risks are subject to an annual and more frequent review. The Group has policies in place to ensure that where possible rental contracts are made with customers with an appropriate credit history. Cash transactions are limited to high-credit-quality financial institutions. The utilisation of credit limits is regularly monitored.

The maximum credit risk exposure in relation to financial assets, being cash and cash equivalents, financial assets at FVTPL and trade and other receivables is the carrying value of those assets for the year, namely €58.7 million (2020: €50.8 million).

Cash is held with the following banks which have the following rating as at 31 December 2021 and 2020:

Bank	Rating	2021	Bank	Rating	2020
Julius Baer Bank	AA3	17,040	Julius Baer Bank	AA3	24,487
Santander Bank Polska S.A.	BBB+	14,668	Santander Bank Polska S.A.	BBB+	11,544
Pekao S.A.	BBB+	7,906	Pekao S.A.	BBB+	6,256
mBank S.A.	BBB-	586	mBank S.A.	BBB-	3,539
Barclays PLC	A	277	Barclays PLC	A	417
Other		3,597	Other		3,282
		44,074			**49,525**

Given the above, as well as the short-term nature of those investments, the credit risk associated with cash and cash equivalents is considered to be low.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Property Manager aims to maintain flexibility in funding by keeping cash and committed credit lines available.

The Group's liquidity position is monitored on a weekly basis by management and is reviewed quarterly by the Board of Directors. A summary table with the maturity of financial assets and liabilities is presented below. The status of loans is disclosed in note 23 as part of the bank loans note.

	31 December 2021 €'000	31 December 2020 €'000
Financial assets – current		
Trade and other receivables – maturity within one year	1,196	1,363
Cash and cash equivalents – maturity within one year	43,832	49,525
Assets held within disposal groups classified as held for sale-maturity within one year	304	-
Financial assets at fair value through profit or loss- maturity within one year	6,714	-
	52,046	**50,888**
Financial liabilities – non-current borrowings and leases		
Borrowings and derivatives - between 1 and 2 years	(5,292)	(22,888)
Leases - between 1 and 2 years	(389)	(387)
Borrowings and derivatives - between 3 and 5 years	(42,615)	(45,596)
Leases - between 3 and 5 years	(1,168)	(1,160)
Trade and other payables - between 3 and 5 years	(6,317)	(6,239)
Borrowings and derivatives - over 5 years	-	(610)
Leases - over 5 years	(8,359)	(27,618)
	(64,140)	**(104,498)**
Financial liabilities – current		
Borrowings and derivatives	(25,913)	(8,188)
Leases	-	(387)
Trade and other payables (excluding amounts presented below) - maturity within one year	(5,613)	(3,259)
Amounts due to Property Manager in respect of management and performance fee	(3,637)	(12,382)
	(35,163)	**(24,216)**

1.3 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

The Group's longer term strategy is to maintain a gearing ratio below 80% taking into consideration current market conditions. The gearing ratio as at 31 December 2021 and 31 December 2020 was as follows:

	31 December 2021 €'000	31 December 2020 €'000
Total bank borrowings	(66,967)	(69,315)
Less: cash and cash equivalents*	44,074	49,525
Net debt	**(22,893)**	**(19,790)**
Total equity attributable to owners of the parent	(134,656)	(119,543)
Total capital	**(157,549)**	**(139,333)**
Gearing ratio	**15%**	**14%**

* Included in cash and cash equivalents is €7.9 million (2020: €6.5 million) restricted cash relating to restricted proceeds, security, customer deposits and loan financing.

2. Critical accounting estimates and judgements

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

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimate of fair value of investment properties and property, plant and equipment
The Property Manager engages qualified experts to assist in its assessment of the fair values of investment properties and of property, plant and equipment. All investment property and property, plant and equipment is re-valued on an annual basis by appropriately qualified, independent valuers (except of key assets, which are valued on semi-annual basis). The valuations are prepared in accordance with generally accepted international valuation methods and procedures. Any assumptions made by the valuer are reviewed by the Board and the Property Manager for their reasonableness (see more details in note 14 and 16). Key assumptions in the valuation process relate to yield percentages, estimated rental values, underlying cash flow projections and discount rates.
It should be underlined that the valuation of *Hilton* hotel (classified as property, plant and equipment) as of 31 December 2021 was reported by Emmerson with degree of uncertainty as described in the Chairman's Statement.

(b) Inventory
One of the Group's main activities are the development and sale of residential apartments. The process of obtaining zoning and permits may in itself take some time. This period is then added to by the time taken to construct the apartments. Throughout this time the purchase cost of the land and the construction costs are recorded within inventory. The Group continually reviews the net realisable value of its development properties against the cumulative costs that are held on its balance sheet within inventory.

To enable this review, management appoints an appropriately qualified engineer to monitor and control the costs of construction. The costs that have been incurred and are projected to be incurred are benchmarked against those available in the market to ensure that best value is received. A strict tendering process is adhered to when procuring construction services and the costs are controlled locally on a regular basis. Qualified experts undertake an independent assessment of the net realisable value of its developments.

3. Segmental information

Management has determined the operating segments based on the reports reviewed by the property manager's executive management that are used to make strategic decisions.

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.

The Property Manager's executive management assesses the performance of the operating segments based on the income statement. This measurement basis includes the effects of non–recurring expenditure from the operating segments such as restructuring costs, legal expenses and impairments when the impairment is the result of an isolated, non – recurring event. Interest income and expenditure are also allocated to segments, as this type of activity is directly related to each property within each sector.

The segment information provided to the Property Manager's executive management for the reportable segments for the year ended 31 December 2021 is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2021	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	8,070	-	7,375	25	15,470
Cost of operations	(2,722)	(70)	(6,148)	(7)	(8,947)
Gross profit	**5,348**	**(70)**	**1,227**	**18**	**6,523**
Administrative expenses	(553)	(141)	(2,526)	(3,694)	(6,914)
Gross profit/ (loss) less administrative expenses	**4,795**	**(211)**	**(1,299)**	**(3,676)**	**(391)**
Other operating income	481	193	778	10,024	11,476
Other operating expenses	(82)	(41)	(22)	(58)	(203)
Increase in value of investment properties	1,537	-	-	-	1,537
Profit/ (Loss) from operations	**6,731**	**(59)**	**(543)**	**6,290**	**12,419**
Finance income	199	-	3,518	724	4,441
Finance cost	(1,046)	(16)	(1,981)	(190)	(3,233)
Finance costs - other gains – foreign exchange	(10)	(33)	(54)	643	546
Share of losses from equity accounted joint ventures	-	(23)	-	-	(23)
Segment result before tax	**5,874**	**(131)**	**940**	**7,467**	**14,150**
Tax credit/ (expense)	(276)	(298)	(448)	(13)	(1,035)
Profit for the period as reported in the income statement as attributable to non-controlling interests					**13,115**

Year ended 31 December 2021	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	99,714	4,163	103,573	-	207,450
Unallocated assets	-	-	-	35,579	35,579
Total assets	**99,714**	**4,163**	**103,573**	**35,579**	**243,029**
Reportable segment liabilities	(33,811)	(791)	(61,971)	-	(96,573)
Unallocated liabilities				(11,800)	(11,800)
Total liabilities	**(33,811)**	**(791)**	**(61,971)**	**(11,800)**	**(108,373)**

Year ended 31 December 2021	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	1,048	-	33	10	1,091
Depreciation	16	-	2,223	6	2,245
Amortisation	-	-	4	1	5
Impairment reversals	-	-	(134)	-	(134)

Year ended 31 December 2020	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	7,873	589	6,622	21	15,105
Cost of operations	(2,660)	(468)	(5,928)	(8)	(9,064)
Gross profit	**5,213**	**121**	**694**	**13**	**6,041**
Administrative expenses	(448)	(28)	(2,426)	(4,196)	(7,098)
Gross profit/ (loss) less administrative expenses	**4,765**	**93**	**(1,732)**	**(4,183)**	**(1,057)**
Other operating income	216	6	206	652	1,080
Other operating expenses	(8)	(8)	(806)	(35)	(857)
Increase in value of investment properties	1,317	-	-	-	1,317
Profit/ (Loss) from operations	**6,290**	**91**	**(2,332)**	**(3,566)**	**483**
Finance income	87	4	37	39	167
Finance cost	(1,104)	(9)	(2,978)	(143)	(4,234)
Finance costs - other gains – foreign exchange	(1,976)	327	(91)	95	(1,645)
Share of losses from equity accounted joint ventures	-	(78)	-	-	(78)
Segment result before tax	**3,297**	**335**	**(5,364)**	**(3,575)**	**(5,307)**
Tax (expense)/ credit	(797)	(32)	1,180	(19)	332
Loss for the period as reported in the income statement as attributable to non-controlling interests					**(4,975)**

Year ended 31 December 2020	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	96,350	3,322	102,307	-	201,979
Unallocated assets	-	-	-	37,013	37,013
Total assets	**96,350**	**3,322**	**102,307**	**37,013**	**238,992**
Reportable segment liabilities	(34,730)	(665)	(64,950)	-	(100,345)
Unallocated liabilities	-	-	-	(19,104)	(19,104)
Total liabilities	**(34,730)**	**(665)**	**(64,950)**	**(19,104)**	**(119,449)**

Year ended 31 December 2020	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	584	-	122	1	707
Depreciation	16	-	2,241	7	2,264
Amortisation	-	-	4	1	5
Impairment charges	-	-	788	-	788

There are immaterial sales between the business segments.

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

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

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

Unallocated costs represent corporate expenses.

Regional Analysis

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

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

Year ended 31 December 2021	**Revenue €'000**	**Non current assets €'000**	**Capital expenditure €'000**	**Depreciation €'000**	**Amortisation €'000**
Poland	14,527	173,336	966	2,095	5
Bulgaria	373	2,538	-	10	-
Romania	570	7,246	125	140	-
Total	**15,470**	**183,120**	**1,091**	**2,245**	**5**

Year ended 31 December 2020	**Revenue €'000**	**Non-current assets €'000**	**Capital expenditure €'000**	**Depreciation €'000**	**Amortisation €'000**
Poland	14,392	170,634	582	2,254	5
Hungary	-	-	-	-	-
Bulgaria	344	6,972	-	10	-
Romania	369	2,549	125	-	-
Total	**15,105**	**180,155**	**707**	**2,264**	**5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Analysis of expenditure

4.1. Cost of operations

	31 December 2021 €'000	31 December 2020 €'000
Costs of sale of development property	(1)	(412)
Utilities, services rendered and other costs	(5,199)	(4,833)
Legal and professional expenses	(317)	(269)
Staff costs	(2,552)	(2,752)
Sales and direct advertising costs	(488)	(293)
Depreciation and amortisation	(390)	(505)
Cost of operations	**(8,947)**	**(9,064)**

4.2. Administrative expenses

	31 December 2021 €'000	31 December 2020 €'000
Fees payable to the Group's auditor for the audit of the Company and its consolidated financial statements	(140)	(140)
Fees payable to the Group's auditor for the other services:		
- Audit of subsidiaries of the Company pursuant to legislation	(48)	(48)
- Non audit services – interim reviews	(45)	(45)
- Non audit services – taxation services	-	-
- Other compliance services	-	-
Other professional services	(162)	(186)
Incentive and management fees	(2,346)	(2,846)
Legal and other professional fees	(706)	(533)
Utilities, services rendered and other costs	(489)	(473)
Staff costs	(901)	(923)
Depreciation and amortisation	(1,860)	(1,764)
Other administrative expenses	(217)	(140)
Administrative expenses	**(6,914)**	**(7,098)**

4.3. Employee benefit expenses

	31 December 2021 €'000	31 December 2020 €'000
Wages, salaries and other employee benefit costs	3,480	3,432
Social security costs	413	456
Employee benefit expenses	**3,893**	**3,888**
Average number of employees	**139**	**184**

5. Other operating income

	31 December 2021 €'000	31 December 2020 €'000
Gain on settlement agreement between AEL and AMC	10,000	-
Reversal of impairment on property, plant and equipment	134	-
Profit from retained deposit related to asset held for sale	-	300
Profit on disposal of investment	-	350
Profit on partial disposal of investment property	464	-
Government grants	626	193
Compensation received	-	216
Other	252	21
Other operating income	**11,476**	**1,080**

On 21 April 2021 AEL and AMC have agreed to decrease by €10.0 million the outstanding balance resulting from unpaid performance fees for years of 2018 and 2017 (as disclosed in the Property Manager's Review).

In 2021 the Group's subsidiaries HGC Gretna Investments Sp. z o.o. Sp. j. and D.N.B. - Victoria Towers SRL running hotel activity benefited from government cash grants amounting to €626 thousand in connection with payroll related expenditure. There are none unfulfilled conditions attached to government assistance that has been recognized, but in case of government grant received by and D.N.B. - Victoria Towers SRL and amounting to €121 thousand, this subsidiary is obliged to maintain its business activity and settle all tax obligations on time for a period of at least 12 months, i.e. December 2022.

In 2021 the Group partially disposed Kokoszki land asset in Gdańsk held at the carrying value of €275 thousand at the sale price of €739 thousand. As a result, the Group reported a profit of €464 thousand on this transaction.

In 2020 the Group acquired 10.1% shareholding in Fattal Leonardo Royal Berlin GmbH at the price of €0.8m and subsequently sold at the price of €1.1m. As a result, the Group reported a profit of €0.3m on this transaction.

6. Other operating expenses

	31 December 2021 €'000	31 December 2020 €'000
Penalty charges, interest and fees	(26)	(10)
Impairment on property, plant and equipment	-	(788)
Other	(177)	(59)
Other operating expenses	**(203)**	**(857)**

7. Investment property valuation gains and losses

	31 December 2021 €'000	31 December 2020 €'000
Fair value gains	1,733	1,517
Rent levelling	(196)	(200)
At the end of the year	**1,537**	**1,317**

8. Finance income and finance costs – net

	31 December 2021 €'000	31 December 2020 €'000
Interest payable on bank borrowings	(2,440)	(2,654)
Interests on obligations under leases	(370)	(383)
Interests on amounts payable to Felikon Kft	(78)	(86)
Loss on interest rate derivative	-	(853)
Other similar changes	(345)	(258)
Finance costs	**(3,233)**	**(4,234)**
Gain on interest rate derivative	2,596	75
Government loan waiver (Hilton) (see note 23)	1,111	-
Fair value gains on financial assets (see note 20)	490	-
Profit on sale of financial assets	225	-
Other	19	92
Finance income – interest income	**4,441**	**167**
Finance income/ (costs), excluding foreign exchange – net	**1,208**	**(4,067)**
Unrealised foreign exchange gains	897	3,183
Unrealised foreign exchange losses	(280)	(3,486)
Realised foreign exchange gains	248	622
Realised foreign exchange losses	(319)	(1,964)
Other gains and (losses) – foreign exchange	**546**	**(1,645)**
Finance income/ (costs), including foreign exchange – net	**1,754**	**(5,712)**

9. Tax expense

Continuing operations	31 December 2021 €'000	31 December 2020 €'000
Current tax on profits for the year	(29)	63
Total current tax	(29)	63
Deferred tax (note 25)	(1,006)	166
Deferred tax (note 15)	-	103
Tax charge for the year	**(1,035)**	**332**

	31 December 2021 €'000	31 December 2020 €'000
Deferred tax on revaluation	(389)	1,512
Deferred tax on exchange movements offset in reserves	(20)	304
	(409)	**1,816**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Taxation has been calculated by applying the standard corporate tax rates ruling in each operating territory. The difference between the total current tax shown above and the amount calculated by applying the standard rates of corporation tax to the profit before tax is as follows:

	31 December 2021 €'000	31 December 2020 €'000
Profit before tax	**14,150**	**(5,307)**
Tax on profit/ (loss) at average country rate 8.8% (2020: 16.1%)	**(1,244)**	**855**
Factors affecting charge:		
Permanent differences	(524)	(323)
- Other permanent differencies	*(524)*	*(323)*
Losses for which deferred tax is not recognized in current year	(12)	(23)
Benefits/(costs) from previously unrecognised DT	744	81
Reversal of write down/ (Write down) of a deferred tax asset	1	(258)
Tax credit for year	**(1,035)**	**332**

There is an unrecognised gross deferred tax asset in relation to losses of €1.3 million (2020: €1.4 million). Expiration date of unrecognised tax losses (amounts presented at relevant tax rates) is as follows:

	31 December 2021 €'000	31 December 2020 €'000
2021	-	230
2022	115	282
2023	1,116	1,006
2024	32	58
2025	38	104
2026	21	-
	1,322	**1,680**

10. Dividends

There were no dividends declared or paid in the years ended 31 December 2021 and 31 December 2020.

11. Earnings per share

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

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

Year ended 31 December 2021	**Profit**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic EPS Profit attributable to equity shareholders of the Company	**13,115**	**46,852,014**	**28.0**
Diluted EPS Adjusted profit	**13,115**	**46,852,014**	**28.0**

Year ended 31 December 2020	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic LPS Loss attributable to equity shareholders of the Company	**(4,975)**	**46,852,014**	**(10.6)**
Diluted LPS Adjusted loss	**(4,975)**	**46,852,014**	**(10.6)**

12. Joint ventures

As detailed in note 33, the Group has a 50% interest in a jointly controlled entities Atlas Estates (Cybernetyki) Sp. z o.o. and Atlas MG Sp. z o.o. (based on the percentage of shares held and attributable voting right), which have been accounted for by equity method in the consolidated financial statements.

On 10 February 2021 the Group established a joint venture company (Atlas MG Sp. z o.o.) together with PL Properties Sp. z o.o. (Magnus Group). As of 31 December 2021, the Group lent €250 thousand to Atlas MG Sp. z o.o. This new joint venture concluded a preliminary agreement to acquire a plot in Warsaw on which a construction of residential project is expected. The execution of the final agreement is dependent on several factors, one of which is obtaining building permit till August 2024. Currently the activity of this subsidiary is focused on arranging architectural plan, which is a key element of building permit application.

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

	31 December 2021 €'000	31 December 2020 €'000
Non-current assets	824	819
Current assets	1	1
Current liabilities	(825)	(820)
Non-current liabilities	-	-
Net assets	**-**	**-**
Included in the above amounts are:		
Cash and cash equivalents	-	-
Income	-	-
Expenses	(23)	(78)
Profit/ (Loss) after tax	**(23)**	**(78)**
Included in the above amounts are:		
Interests expense	(10)	(12)
Income tax (expense) / income	(13)	(21)

13. Intangible assets

	Computer software €'000
Cost	
At 1 January 2020	835
Additions	1
Exchange adjustments	(69)
At 31 December 2020	**767**
Additions	-
Disposals	(27)
Exchange adjustments	1
At 31 December 2021	**741**

Accumulated amortisation	
At 1 January 2020	(816)
Charge for the year	(5)
Exchange adjustments	68
At 31 December 2020	**(753)**
Charge for the year	(5)
Disposals	27
Exchange adjustments	(3)
At 31 December 2021	**(734)**
Net book value at 31 December 2021	**7**
Net book value at 31 December 2020	14

14. Property, plant and equipment

	Lands and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2020	108,196	10,801	62	119,059
Additions at cost	169	-	-	169
Exchange adjustments	(9,709)	(774)	(4)	(10,487)
Revaluation	(7,957)	-	-	(7,957)
Disposal	-	-	(58)	(58)
Transfer from assets classified as held for sale (note 15)	6,913	-	-	6,913
At 31 December 2020	**97,612**	**10,027**	**-**	**107,639**
Additions at cost	33	10	-	43
Exchange adjustments	255	28	-	283
Revaluation	366	-	-	366
Disposal	-	-	-	-
Transfer to assets classified as held for sale (note 15)	(6,765)	-	-	(6,765)
At 31 December 2021	**91,501**	**10,065**	**-**	**101,566**
Accumulated depreciation				
At 1 January 2020	(4,894)	(9,379)	(62)	(14,335)
Charge for the year	(1,757)	(507)	-	(2,264)
Exchange adjustments	1,797	687	4	2,488
Disposal	-	-	58	58
Transfer to assets classified as held for sale (note 15)	(1,813)	-	-	(1,813)
At 31 December 2020	**(6,667)**	**(9,199)**	**-**	**(15,866)**
Charge for the year	(1,817)	(394)	-	(2,211)
Adjustment due to revaluation	1,817			1,817
Exchange adjustments	(36)	(22)	-	(58)
Disposal	-	-	-	-
Transfer from assets classified as held for sale (note 15)	1,718	-	-	1,718
At 31 December 2021	**(4,985)**	**(9,615)**	**-**	**(14,600)**
Net book value at 31 December 2021	**86,516**	**450**	**-**	86,966
Net book value at 31 December 2020	90,945	828	-	91,773

Revenues of €2,445 thousand (2020: €3,249 thousand) arise from the sub-leasing of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A reconciliation of the right of use asset included in property, plant and equipment is provided in note 26.2.

Depreciation of right of use assets of €96 thousand (2020: €98 thousand) has been included in the above depreciation charge. Additions to right of use assets of €nil thousand (2020: €47 thousand) have been included in the above additions at cost amounts.
As of 31 December 2020 hotels Hilton in Warsaw and Golden Tulip in Bucharest constituted the majority of the total property, plant and equipment balance. As of 30 September 2021 Golden Tulip hotel in Bucharest was classified to assets classified as held for sale (note 15). As a result of 31 December 2021 hotel Hilton in Warsaw constituted the majority of the total property, plant and equipment balance.

Hilton hotel was valued as at 31 December 2021 by Emmerson Evaluation Sp. z o.o., Chartered Surveyors, acting in the capacity of External Valuers. The property was valued on the basis of Market Value and the valuation was carried out in accordance with the RICS Valuation Global Standards. As described in Chairman's Statement, the valuation of Hilton as of 31 December 2021 was reported by Emmerson Evaluation Sp. z o.o. with degree of uncertainty :
"The Covid 19 pandemic announced by the World Health Organization (WHO) on 2020-03-11, had a strong impact on global financial markets. Restrictions have been placed on travel and the activities of certain industries. This is a situation that the real estate market has never encountered before. The valuation is based on historical data and takes into account the impact of the pandemic on the real estate market, which was identifiable in the first phase of the phenomenon. Due to the still uncontrollable development of the pandemic and the recurring restrictions and lock downs, this valuation has been prepared with a high degree of uncertainty as to the future price development in the real estate market, including commercial real estate, to which the valued property belongs. A post-pandemic revaluation is recommended to verify the impact of the current situation on the value of the property."
The inputs to the valuation of the hotels include the forecast of performance of the hotel that has been prepared based on a number of assumptions including occupancy levels and average room rates which are affected by the uncertainty of the continued impact of Covid-19.

The result of valuation, i.e. in case of Hilton hotel: revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity (consolidated statement of comprehensive income), and in case of Golden Tulip hotel impairment adjustment have been taken to other operating expenses (note 6).

The fair value of both hotels as of 31 December 2020 and Hilton hotel as of 31 December 2021 is level 3 recurring fair value measurement.
A reconciliation of the opening and closing fair value balance is provided below:

	31 December 2021 €'000	31 December 2020 €'000
Opening balance (level 3 recurring fair values)	91,707	104,632
Effect of adoption of IFRS 16	-	47
Additions at cost	33	122
Revaluation gains/ (losses) included in other comprehensive income	2,049	(7,958)
Profit included in other operating income	134	-
Depreciation charge for the year	(2,189)	(2,241)
Exchange adjustments	225	(7,995)
Closing balance (level 3 recurring fair values)	91,959	86,607
Transfer (to)/ from assets classified as held for sale (note 15)	(5,047)	5,100
Closing balance (level 3 recurring fair values)	**86,912**	**91,707**

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

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Income approach The valuation has been undertaken using DCF valuation methodology.	Hilton: Exit Capitalisation Rate for hotel and retail part (7.25%, 6.50%) Discount Rate for hotel and retail part (7.25%, 6.50%)	An increase/decrease in the exit yield by 0.25% would decrease/increase the fair value by €1,463k/€1,570k. An increase/decrease in the discount rate by 0.25% would decrease/increase the fair value by €1,449k/€1,483k.

Fair value measurements are based on highest and best use, which does not differ from their actual use.
As of 31 December 2021 the Group has pledged property, plant and equipment (including assets classified as held for sale) of €91.9 million (31 December 2020: €91.7 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €45.0 million (31 December 2020: €46.2 million) are secured on these properties (note 23).

If buildings were stated on the historical cost basis, the amounts would be as follows:

	31 December 2021 €'000	31 December 2020 €'000
Cost	66,332	73,038
Accumulated depreciation	(21,937)	(21,987)
At 31 December	**44,395**	**51,051**

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

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

	31 December 2021 €'000	31 December 2020 €'000
Assets:		
Property, plant and equipment	5,013	-
Inventory	25	-
Cash	242	-
Trade and other receivables	62	-
Non-current assets classified as held for sale	**5,342**	**-**
Liabilities:		
Deferred tax liability	(557)	-
Bank loan	(1,901)	-
Trade and other payables	(185)	-
Liabilities directly associated with non-current assets classified as held for sale	**(2,643)**	**-**

On 31 August 2021 the Group concluded the sale agreement of its investment in D.N.B Victoria Tower, as well as intra group loan at the net sale price of €7.3 million. Till 31 December 2021 the Group received €1.2 million advance in respect of this transaction, which is to be completed in April 2022.
As a result as of 31 December 2021 the Group classified assets and liabilities associated with the Group's investment in D.N.B. - Victoria Towers SRL as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale.

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

	31 December 2021 €'000	31 December 2020 €'000
At beginning of the year	-	6,493
Impairment write off	-	(788)
Exchange movements	-	(119)
Disposal-other	-	(331)
Transfer from/ (to) property, plant and equipment	5,047	(5,100)
Transfer from/ (to) inventory	25	(28)
Transfer from /(to) cash	148	(63)
Transfer from/ (to) trade and other receivables	79	(64)
Assets related to assets classified as held for sale during the year	43	-
As at period end	**5,342**	**-**

	31 December 2021 €'000	31 December 2020 €'000
At beginning of the year	-	(2,854)
Finance expense	(27)	(97)
Payment	190	97
Current tax	(7)	(7)
Deferred tax	-	103
Exchange movements	-	11
Disposal during the year	-	(12)
Transfer to deferred tax liability	(557)	2,064
Transfer to bank loans	(2,064)	545
Transfer to trade and other payables	(155)	150
Liabilities related to assets classified as held for sale during the year	(23)	-
As at period end	**(2,643)**	**-**

As of 31 December 2019 the Group classified assets and liabilities associated with the Group's investment in D.N.B. - Victoria Towers SRL as held for sale due to conclusion of the sale agreement of this investment. This transaction was planned to be completed by 31 December 2020. Due to changes in the real estate market the purchasers did not complete the transaction, and as a result as of 31 December 2020 the Group ceased to classify these assets and liabilities as held for sale.

16. Investment property

	31 December 2021 €'000	31 December 2020 €'000
At beginning of the year	85,239	89,396
Right of use of land in perpetual usufruct	(39)	87
Partial disposal	(275)	-
Capitalised subsequent expenditure	1,048	583
Exchange movements	132	(6,344)
Fair value gains	1,733	1,517
At the end of the year	**87,838**	**85,239**

Reconciliation between the valuations obtained and the adjusted valuation included in the financial statements:

	31 December 2021 €'000	31 December 2020 €'000
Investment property valuations	85,369	82,736
Lease obligations	2,469	2,503
At the end of the year	**87,838**	**85,239**

The fair value of the Group's investment properties located in Poland, Romania and Bulgaria at 31 December 2021 and 31 December 2020 has been arrived at on the basis of a valuation carried out at that date by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in these locations except for one investment property valued by the property manager at €2,561 thousand (2020: €1,313 thousand).

All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards.

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

	31 December 2021	**31 December 2020**
	€'000	**€'000**
Opening balance (level 3 recurring fair values)	85,239	89,396
Purchases	1,048	670
Disposals- other	(314)	-
Unrealized change in fair value	1,733	1,517
Unrealized foreign exchange movements	132	(6,344)
Closing balance (level 3 recurring fair values)	**87,838**	**85,239**

The Market Comparison Method has been used to obtain an initial value for Romanian investment properties. The values were determined directly by reference to observable asking prices and recent realised arm's length transactions. However, these initial valuations have been modified through changes in the assumed orderly sale period between willing participants in order to establish the fair value under current market conditions, resulting in a decrease in valuation of 50%-60% (in 2020: 50%-60%).

The recorded valuations are based on assumed orderly sale periods of 120/180 days, and takes into account the following factors:

- limited development financing available in Romania,
- limited numbers of investors prepared to invest in Romania assets,
- developers in Romania reducing their pipeline of scheduled projects and looking to existing planned projects rather than to acquiring new projects,
- active investors taking an opportunistic approach to acquire properties under distressed situations.

There remains a risk that eventual disposal prices of these properties could differ significantly from those included in the financial statements.

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

Valuation Techniques used	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value**
Income approach (Total value of properties at 31 December 2021: €78.0 million) Fair value is determined by applying the income approach based on the estimated rental value of the property.	Discount Rate (7.75% - 11.00%) Exit Yield (7.00% - 10.00%) Letting voids on vacant spaces (9-12 months) Rent - individually estimated per each property/type of leasable unit (€7.5/m^2 - €36/m^2)	An increase/decrease in the discount rate and in the exit yield (simultaneously) by 0.25% would decrease/increase the fair value by €2,420k/€2,520k. An increase/decrease in rental income by 2.50% would increase/decrease the fair value by €2,010k/€2,120k.

Comparable approach (Total value of properties at 31 December 2021: €9.8 million) The valuation technique that uses prices and other relevant information generated by market transactions involving comparable (i.e. similar) assets, adjusted for several factors to ensure comparability of the transactions.	The following adjusting factors were adopted: ✓ Size (from -5% to +10%) ✓ Location (from -5% to +5%) ✓ Development potential (from -10% to +5%)	The higher/ the lower the adjusting factor the higher/ the lower the fair value.

There were no changes to the valuation techniques of level 3 fair value measurements in the year ended 31 December 2021.

The fair value measurement is based on the above items highest and best use, which does not significantly differ from their actual use.

The Group has pledged investment property of €73.0 million (2020: €72.0 million) to secure certain banking facilities granted to subsidiaries.

The property rental income earned by the Group from its investment property, all of which is leased out under operating leases, amounted to €8.1 million (2020: €7.9 million). Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to €2.7 million (2020: €2.7 million).

17. Operating lease – where the Group is a lessor

The Group leases its properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The group earns only rental income from operating leases from variable lease payments which are dependent on indices or rates. Each leased area has to be used by the lessee according to its purpose, which is defined in the lease agreement. If the condition is not fulfilled the lease agreement may be terminated immediately. Sub-lease is possible after prior approval by lessor, there are no options for buy-back.

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	31 December 2021	31 December 2020
	€'000	€'000
No later than one year	8,172	7,885
Later than one year and no later than 5 years	16,486	15,036
Later than 5 years	3,720	1,604
Total	**28,378**	**24,525**

18. Inventories

	31 December 2021	31 December 2020
	€'000	€'000
Completed properties	1,053	1,051
Hotel inventory	1,024	1,035
As at 31 December	**2,077**	**2,086**

€nil million (2020: €0.4 million) of inventories were released to cost of operations in the income statement during the year. In 2021 €nil million was recognised in the income statement in relation to impairment on inventories (2020: €nil million). The stock which is held at fair value less cost to sell amounts to €nil million as of 31 December 2021 (2020: €nil million).

For the year ended 31 December 2021 and 2020 no borrowing costs were capitalised as part of the cost of inventory.

19. Trade and other receivables

	31 December 2021 €'000	31 December 2020 €'000
Trade receivables	894	1,384
Less: Expected credit loss provision	(416)	(417)
Trade receivables – net	**478**	**967**
Other receivables (including tax)	1,211	760
Income tax receivable	22	77
Prepayments	94	149
Accrued income	154	170
At 31 December	**1,959**	**2,123**

All trade and other receivables are financial assets, with the exception of prepayments and tax receivables. The book values of trade and other receivables are considered to be approximately equal to their fair value. The carrying amounts of current trade and other receivables are denominated in the following currencies:

	31 December 2021 €'000	31 December 2020 €'000
Euro	118	129
Polish Zloty	1,623	1,721
Hungarian Forint	-	48
Romanian Lei	136	185
Other currencies	82	40
At 31 December	**1,959**	**2,123**

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. To measure expected credit losses trade receivables were grouped based upon the days past due. The expected credit loss rates are based on the historical payment profiles and the corresponding historical credit losses experience. The historical rates are adjusted to reflect current and anticipated credit risk factors. On that basis, the loss allowance was determined:

	31 December 2021 €'000	31 December 2020 €'000
Current and overdue covered by security (0%-expected loss rate)	478	967
Overdue and unsecured (100%- expected loss rate)	416	417
At 31 December	**894**	**1,384**

The other classes within trade and other receivables do not contain impaired assets.

The maximum amount of exposure of the Group to credit risk at the balance sheet date approximates the total of net trade and other receivables.

	31 December 2021 €'000	31 December 2020 €'000
At beginning of the year	417	302
Receivables written off during the year as uncollectible	(189)	(13)
Unused amounts reversed	-	(60)
Increase during the year	207	206
Transfer from/ (to) assets held for sale	(17)	10
Exchange movements	(2)	(28)
At the end of the year	**416**	**417**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Financial assets at fair value through profit or loss

	31 December 2021 (audited) €'000	31 December 2020 (audited) €'000
Financial assets at fair value through profit or loss	6,714	-
As at period end	**6,714**	**-**

Financial assets measured at fair value through profit and loss (FVTPL) include the Group's non-strategic equity investments which are held for trading. The fair value of these securities is based on published sales prices. As of 31 December 2021 fair value gains on equity instruments at FVPL recognized in financial income amounted to €490 thousand.

21. Cash and cash equivalents

	31 December 2021 €'000	31 December 2020 €'000
Cash and cash equivalents	43,832	42,693
Short term bank deposits	-	6,832
At 31 December	**43,832**	**49,525**
Cash presented as held for sale (note 15)	242	-
At 31 December	**44,074**	**49,525**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Included in cash and cash equivalents is €7.9 million (2020: €6.5 million) restricted cash relating to restricted proceeds, security, customer deposits and loan financing.

22. Trade and other payables

	31 December 2021 €'000	31 December 2020 €'000
Current		
Trade payables	(758)	(668)
Other tax and social security	(761)	(637)
Amounts due to Atlas Management Company Group in respect of management and performance fee (note 29a)	(3,637)	(12,382)
Other creditors	(657)	(564)
Amounts payable to related party (note 29b)	(240)	(240)
Accruals	(1,419)	(1,150)
Deferred income	(662)	(1,112)
Deposits received in relation with assets held for sale	(1,200)	-
Leases payables	-	(316)
Income tax payable	(1)	-
At 31 December	**(9,335)**	**(17,069)**
Non-current – other payables		
Amounts payable to Felikon Kft (note 29c)	(6,317)	(6,239)
Leases payables (due in 1-2 years)	(389)	(333)
Leases payables (due in 3-5 years)	(1,168)	(994)
Leases payables (due in 5 years)	(8,359)	(8,617)
Other third party non-current trade and other payables (due in 1-2 years)	(1,394)	(22)
Other third party non-current trade and other payables (due in 3-5 years)	(265)	(71)
Other third party non-current trade and other payables (due in 5 years)	(24)	(1,474)
At 31 December	**(17,916)**	**(17,750)**
Total trade and other payables	**(27,251)**	**(34,819)**

The value of the deferred income related to development property sales at 31 December 2021 amounts to €nill million (2020: €0.1 million). The value of deferred income related to hotel services as at 31 December 2021 amounts to €0.7 million (2020: €0.9 million) and will be released to the income statement upon delivery of those services to the guest. Deferred income is expected to be recognised in revenue within 12 months.

23. Bank loans

	31 December 2021	31 December 2020
	€'000	€'000
Current		
Bank loans and overdrafts due within one year or on demand, Secured	**(23,530)**	**(5,817)**
Non-current		
Repayable within two years, Secured	(1,554)	(20,688)
Repayable within three to five years, Secured	(39,982)	(42,211)
Repayable after five years, Secured	-	(599)
	(41,536)	**(63,498)**
Total	**(65,066)**	**(69,315)**

The bank loans are secured on various properties of the Group by way of floating charges.
The fair value of the 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 floating rates as at the end of the year.

The effective interest rates as at the balance sheet date were:

		Euro	Zloty
Bank loans	**2021**	**1.98%-5%**	**0.75%- 4.44%**
Bank loans	2020	2.01%-5%	2.11%

Bank loans are denominated in a number of currencies and bear interest based on a variety of interest rates. An analysis of the Group's borrowings by currency (* including loan balance presented as liabilities held for sale in note 15):

	Euro	Zloty	Total
	€'000	€'000	€'000
Bank loans and overdrafts – 31 December 2021	**40,023***	**26,944**	**66,967**
Bank loans and overdrafts – 31 December 2020	42,032	27,283	69,315

The Group had following undrawn borrowing facilities as at 31 December 2021 and 31 December 2020:

31 December 2021	31 December 2020
PLN 5,767 thousand	-

Loan currency	Basis of interest	Loan balance In loan currency	 In EUR	Maturity date	Collateral
		'000	€'000		
Euro	3mth EURIBOR	16,193	16,193	June 2025	Mortgage over the asset together with assignment or pledge of the associated receivables, bank balances, shares and insurance rights
PLN	3mth WIBOR	122,367	26,605	June 2025	Mortgage over the asset together with assignment or pledge of the associated receivables, bank balances, shares and insurance rights
Euro	3mth EURIBOR	18,989	18,989	September 2022	Mortgage over the asset together with assignment or pledge of the associated receivables, bank balances, shares and security assignment;
Euro	3mth EURIBOR	2,940	2,940	December 2022	Mortgage over the asset together with assignment or pledge of the associated receivables, bank balances, shares and insurance rights
Euro	3mth LIBOR	1,901	1,901	September 2026	Mortgage over the asset together with assignment or pledge of the associated bank balances and insurance rights and cash deposit
PLN	fixed	1,559	339	September 2024	Cash deposit
Total			**66,967**		

At the balance sheet date collateral was established for the following financial assets to guarantee repayment of bank liabilities:

	31 December 2021 €'000	31 December 2020 €'000
Trade receivables	394	929
Cash and cash equivalents	4,969	4,120
Total carrying amount of financial assets for which collateral was established to guarantee repayment of bank liabilities	**5,363**	**5,049**

Debt financing

Changes in the year ended 31 December 2021

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

Galeria Platinum Towers project - *loan facility extension*

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

New Hilton loan facility

On 25 June 2021 the Company's subsidiary HGC Gretna Investments Sp. z o.o. Sp. J. ("HGC"), which operate *Hilton* hotel in Warsaw concluded a new loan agreement with Polski Fundusz Rozwoju S.A. ("PFR"), a Polish joint-stock company owned by Polish State of Treasury, which offers financial instruments for entities on preferential terms. The amount of the loan extended to HGC was PLN 6.9 million (€1.5 million). The facility can be used for financing *Hilton* expenses and must be repaid by 30 September 2024. In accordance with PFR's decision concluded in September 2021 the loan was partially waived. The repayable loan amount was decreased by PLN 5.1 million (€1.1 million).

New Hilton loan facility- undrawn as of 31 December 2021

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

Changes in the year ended 31 December 2020

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

24. Derivative financial instruments

	31 December 2021 €'000	31 December 2020 €'000
Derivatives not designated as hedging instruments:		
- Interest rate swap	(65)	(2,634)
Total financial instruments classified as held for trading	(65)	(2,634)
Less non-current portion:		
- Interest rate swap	-	-
Current portion	**(65)**	**(2,634)**

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

25. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates applicable to each individual territory.

The movement on the deferred tax account is as shown below:

	31 December 2021 €'000	31 December 2020 €'000
At beginning of the year	(4,449)	(6,366)
Transfer to/ (from) liabilities classified as held for sale (note 15)	557	(545)
Credited to income statement	(1,006)	166
Credited to other comprehensive income	(409)	1,816
Exchange differences	3	480
At 31 December	**(5,304)**	**(4,449)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The movements in deferred tax assets and liabilities during the year are shown below:

Deferred tax assets – non-current	**Tax losses**	**Revaluation and fair value adjustments**	**Other**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
At 1 January 2020	1,007	7,048	1,599	9,654
Profit and loss (charge)/ credit	366	(1,846)	471	(1,009)
Credited to other comprehensive income	-	297	-	297
Exchange differences	(92)	(478)	(140)	(710)
At 31 December 2020	**1,281**	**5,021**	**1,930**	**8,232**
Profit and loss (charge)/ credit	(179)	331	(349)	(197)
Credited to other comprehensive income	-	(20)	-	(20)
Exchange differences	6	14	9	29
At 31 December 2021	**1,108**	**5,346**	**1,590**	**8,044**

Deferred tax liabilities – non-current	**Accelerated tax depreciation and other**	**Revaluation and fair value adjustments**	**Total**
	€'000	**€'000**	**€'000**
At 1 January 2020	(6,546)	(9,474)	(16,020)
Profit and loss (charge)/ credit	(644)	1,819	1,175
Credited to other comprehensive income	-	1,519	1,519
Exchange differences	528	662	1,190
Transfer from liabilities classified as held for sale (note 15)	-	(545)	(545)
At 31 December 2020	**(6,662)**	**(6,019)**	**(12,681)**
Profit and loss charge	(230)	(579)	(809)
Credited to other comprehensive income	-	(389)	(389)
Exchange differences	(20)	(6)	(26)
Transfer from liabilities classified as held for sale (note 15)	-	557	557
At 31 December 2021	**(6,912)**	**(6,436)**	**(13,348)**

The deferred income tax credited/ (charged) to other comprehensive income during the year is as follows:

	31 December 2021	**31 December 2020**
	€'000	**€'000**
Fair value reserves in shareholders' equity		
Revaluation of property, plant and equipment	(389)	1,512
Exchange movements offset in reserves	(20)	304
	(409)	**1,816**

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries and joint ventures due to the parent company's tax status.

Deferred tax assets and liabilities can be offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either the same taxable Group company; or different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

26. Reconciliations:

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

	1 January 2021	Cash flows			Non-cash changes				31 December 2021
		Interests/ arrangement fees	Draw-downs	Repay-ments	Foreign Exchange	Waiver/ Adjustment	Valuation	Interests and other charges accrued	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans (short-term and long-term)	69,315	(2,440)	1,506	(2,928)	96	(1,111)	-	2,529	66,967
Lease Liabilities	10,261	-	-	(708)	32	(39)	-	370	9,916
Derivative Financial Liabilities	2,634	-	-	-	27	-	(2,596)	-	65
Amounts payable to Felikon Kft (note 29c)	6,239	-	-	-	-	-	-	78	6,317

	1 January 2020	Cash flows		Non-cash changes				31 December 2020
		Interests/ arrangement fees	Repay-ments	Foreign Exchange	Additions	Valuation	Interests and other charges accrued	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans (short-term and long-term)	74,205	(2,653)	(2,626)	(2,370)	-	-	2,759	69,315
Lease Liabilities	10,655	-	(74)	(836)	133	-	383	10,261
Derivative Financial Liabilities	2,043	-	-	(186)	-	778	-	2,634
Amounts payable to Felikon Kft (note 29c)	6,153	-	-	-	-	-	86	6,239

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

	1 January 2021	Non-cash changes				31 December 2021
		Foreign Exchange	Additions	Valuation	Depreciation	
	€'000	€'000	€'000	€'000	€'000	€'000
Property, plant and equipment	7,288	25	-	-	(96)	7,217
Investment property	2,503	8	(39)	(3)	-	2,469

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

27. Share capital account

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

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

28. Acquisitions and disposals of non-controlling interest, subsidiary undertakings and investments in joint ventures

28.1. Acquisitions of non-controlling interest, subsidiary undertakings and investments in joint ventures during the year ended 31 December 2021

No acquisitions took place during the year ended 31 December 2021, except as presented in note 33.

28.2. Disposals of non-controlling interest, subsidiary undertakings and investments in joint ventures during the year ended 31 December 2021.

No disposals took place during the year 2021.

28.3. Acquisitions of non-controlling interest, subsidiary undertakings and investments in joint ventures during the year ended 31 December 2020.

No acquisitions took place during the year ended 31 December 2020.

28.4. Disposals of non-controlling interest, subsidiary undertakings and investments in joint ventures during the year ended 31 December 2020.

No disposals took place during the year 2020.

29. Related party transactions

(a) Key management compensation

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

The Company has appointed AMC, a company under common control, to manage its property portfolio. In consideration of the services provided, AMC charged a management fee of €2.3 million for 2021 (2020: €2.8 million). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. The Company has not accrued a performance fee for the year ended 31 December 2021 and 31 December 2020, as disclosed in Remuneration Report.

As of 31 December 2021, €3.6 million included in current trade and other payables was due to AMC (2020: €12.3 million). In 2021 cash of €1.1 million was paid to AMC in respect of the fees (in 2020: €1.3 million). On 21 April 2021 AEL and AMC have agreed to decrease by €10.0 million the outstanding balance resulting from unpaid performance fees.

(b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 31 December 2021 €240 thousand is estimated as amount payable to Coralcliff Limited - former non-controlling shareholder of Zielono Sp. z o.o. (31 December 2020: €240 thousand). No amounts were paid in 2021 (2020: €nil thousand).

(c) Following deconsolidation of the Company's subsidiary Felikon Kft the Group has a loan payable due to Felikon Kft. The loan repayment date was 31 December 2021 and was extended to 31 December 2025. As of 31 December 2021 the Group owes €6,317 thousand (31 December 2020: €6,239 thousand).

(d) In 2021 Mr Ziv Zviel, the Chief Finance Officer and Chief Operations Officer of AMC, signed preliminary contract for apartment in Capital Art Apartments project at total value of PLN 670 thousand. As of 31 December 2021 the advance amounting to PLN 25 thousand was received in respect of this transaction, which is scheduled to be completed by 31 December 2022.

30. Post balance sheet events

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

a. The effects of the Russian invasion of Ukraine that began on February 24, 2022 and its potential impact on the Group and the assumption that the Group will continue as going concern is disclosed in VI. Statement of Accounting Policies (Basis of preparation).
b. on 4 March 2022 AEL and AMC reached an agreement based on which basic management fee amounting to €2.3 million for the year ended 31 December 2021 was reduced to € 345 thousand. Additionally the parties confirmed that no performance fee is due in respect of 2021.
c. On 16 March 2022, the Group acquired 100% shares in Baroja Sp. z o.o., an entity owing leased rights to the underground parking located next to Atas Tower in Warsaw.
d. On 11 April 2022 the Group completed the sale agreement (described in note 15 of the consolidated financial statements) of its investment in D.N.B Victoria Tower.

31. Significant Agreements

Significant financing agreements are described in note 23. Other significant agreement is described in the Remuneration Report.

32. Other items

32.1. 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.

32.2. Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2020 and 2021.

32.3. Guarantees and sureties

This information is presented in Directors' Report in Credit and loan facilities, guarantees and sureties.

32.4. Capital commitments

This information is presented in Directors' Report in Significant Agreements and Capital Commitments.

33. Principal subsidiary companies and joint ventures

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

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

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

* An agreement was signed in 2021 to sell this entity (see note 15).

Ultimate Parent Company and Ultimate Controlling Party

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