

Atlas Estates Limited

A statement on the company's compliance with the corporate governance principles contained in Best Practice for GPW Listed Companies 2021

According to the current status of compliance with the Best Practice, the Company does not apply 26 detailed principles: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 1.6., 1.7., 2.1., 2.2., 2.3., 2.11.6., 3.6., 4.1., 4.2., 4.3., 4.4., 4.5., 4.7., 4.9.2., 4.11., 4.13., 5.1., 5.4., 5.5., 5.6., 5.7.

1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

In the interest of all market participants and their own interest, listed companies ensure quality investor communications and pursue a transparent and fair disclosure policy.

- 1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.
The principle is applied.
- 1.2. Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.
The principle is applied.
- 1.3. Companies integrate ESG factors in their business strategy, including in particular:
 - 1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;
The principle is not applied.
Comments of the Company: *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.*
 - 1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations.
The principle is not applied.
Comments of the Company: *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. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:
The principle is not applied.
Comments of the Company: *As explained in the section regarding principal 1.3 above, 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.*
 - 1.4.1. explain how the decision-making processes of the company and its group members integrate climate

change, including the resulting risks;

The principle is not applied.

Comments of the Company: As explained in principle 1.4

- 1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.

The principle is not applied.

Comments of the Company: As explained in principle 1.4

- 1.5. Companies disclose at least on an annual basis the amounts expended by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.

The principle is applied.

Comments of the Company: The Company does not pursue sponsorship, charity or other similar activities. The Company will make the above disclosures in annual accounts once the expenses are incurred.

- 1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.

The principle is not applied.

Comments of the Company: The principle is not applicable to the Company, since the Company does not participate in any of the above indices.

- 1.7. If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days.

The principle is not applied.

Comments of the Company: 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. MANAGEMENT BOARD, SUPERVISORY BOARD

To ensure top standards of the responsibilities and effective performance of the management board and the supervisory board of a company, only persons with the adequate competences, skills and experience are appointed to the management board and the supervisory board.

Management Board members act in the interest of the company and are responsible for its activity. The management board is responsible among others for the company's leadership, engagement in setting and implementing its strategic objectives, and ensuring the company's efficiency and safety.

Supervisory board members acting in their function and to the extent of their responsibilities on the supervisory board follow their independent opinion and judgement, including in decision making, and act in the interest of the company.

The supervisory board functions in the spirit of debate and analyses the position of the company in the context of the sector and the market on the basis of information provided by the management board of the company and via the company's internal systems and functions and obtained from external sources, using the output of its committees. The supervisory board in particular issues opinions on the company's strategy, verifies the work of the management board in pursuit of defined strategic objectives, and monitors the company's performance.

- 2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

The principle is not applied.

Comments of the Company: 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.

- 2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

The principle is not applied.

Comments of the Company: Please see comment to principle 2.1.

- 2.3. At least two members of the supervisory board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

The principle is not applied.

Comments of the Company: 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 non-executive 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.

- 2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.

The principle is applied.

Comments of the Company: 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 boards. Atlas Estates Limited as a Guernsey company has only one governing body- the Board of Directors.

- 2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.

The principle is applied.

Comments of the Company: 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., which takes decisions in accordance with procedures determined by Guernsey law.

- 2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.

The principle is applied.

Comments of the Company: The principle concerning the members of the management board, does not apply directly due to the fact that the Company does not have management board. Atlas Estates Limited as a Guernsey company has only one governing body - the Board of Directors and all current board members are non-executive directors.

- 2.7. A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.

The principle is applied.

Comments of the Company: Each Director of the Company declare all directorship positions held and the Board of Directors consider and approve this at each meeting convened.

- 2.8. Supervisory board members should be able to devote the time necessary to perform their duties.

The principle is applied.

Comments of the Company: The principle concerning the members of the supervisory board, does not apply directly due to the fact that the Company does not have supervisory board. Atlas Estates Limited as a Guernsey company has only one governing body- the Board of Directors.

- 2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.

The principle is applied.

Comments of the Company: Applicable to the chairman of the Board of Directors and the chairman of the Audit Committee.

- 2.10. Companies allocate administrative and financial resources necessary to ensure efficient functioning of the supervisory board in a manner adequate to their size and financial standing.

The principle is applied.

Comments of the Company: The principle concerning the members of the supervisory board, does not apply directly due to the fact that the Company does not have supervisory board. Atlas Estates Limited as a Guernsey company has only one governing body- the Board of Directors.

- 2.11.** In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:
- 2.11.1.** information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;
The principle is applied.
Comments of the Company: *This principle is applied, however the content of information to be presented in the report will be drafted taking into account that the Company does not apply principle 2.1 and 2.3 and subject to the comments made by the Company to principle 2.1 and 2.3.*
- 2.11.2.** summary of the activity of the supervisory board and its committees;
The principle is applied.
Comments of the Company: *This principle is applied with a modification stemming from 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.*
- 2.11.3.** assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;
The principle is applied.
Comments of the Company: *This principle is applied with a minor modification stemming from 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.*
- 2.11.4.** assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;
The principle is applied.
Comments of the Company: *This principle is applied with a minor modification stemming from 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.*
- 2.11.5.** assessment of the rationality of expenses referred to in principle 1.5;
The principle is applied.
Comments of the Company: *Please see comment to principle 1.5.*
- 2.11.6.** information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.
The principle is not applied.
Comments of the Company: *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. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

- 3.1.** Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.
The principle is applied.
Comments of the Company: *The principle concerning the members of the management board, does not apply directly due to the fact that the Company does not have management board. Atlas Estates Limited as a Guernsey company has only one governing body- the Board of Directors*
- 3.2.** Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.
The principle not applicable.
Comments of the Company: *The principle is not applicable due to the size of the Company.*

- 3.3.** Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.
The principle is applied.
Comments of the Company: *The Board of Directors is to assess the potential need to appoint such person on an annual basis.*
- 3.4.** The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.
The principle is applied.
- 3.5.** Persons responsible for risk and compliance management report directly to the president or other member of the management board.
The principle is applied.
- 3.6.** The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.
The principle is not applied.
Comments of the Company: *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*
- 3.7.** Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.
The principle not applicable.
Comments of the Company: *The principle is not applicable due to the size of the Company.*
- 3.8.** The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.
The principle is applied.
Comments of the Company: *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.*
- 3.9.** The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.
The principle is applied.
Comments of the Company: *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. There is an audit committee which reports to the Board of Directors.*
- 3.10.** Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.
The principle not applicable.
Comments of the Company: *The principle is not applicable as the Company does not participate in any of the indices as listed in the referred principle.*

4. GENERAL MEETING, SHAREHOLDER RELATIONS

The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders.

Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct. Participants of a general meeting should come prepared to the general meeting.

- 4.1.** Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the

company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

The principle is not applied.

Comments of the Company: *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 on 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. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

The principle is not applied.

Comments of the Company: *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. Companies provide a public real-life broadcast of the general meeting.

The principle is not applied.

Comments of the Company: *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. Presence of representatives of the media is allowed at general meetings.

The principle is not applied.

Comments of the Company: *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. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 - 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

The principle is not applied.

Comments of the Company: *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.*

- 4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.

The principle is applied.

- 4.7. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.

The principle is not applied.

Comments of the Company: *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.*

- 4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

The principle is applied.

- 4.9. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:

- 4.9.1. candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

The principle is applied.

Comments of the Company: *Principal 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 boards. Atlas Estates Limited as a Guernsey company has only one governing body – the Board of Directors. The information about the candidates for Directors is released earlier than three days before the general meeting.*

- 4.9.2. candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

The principle is not applied.

Comments of the Company: *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.*

- 4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

The principle is applied.

- 4.11. Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.

The principle is not applied.

Comments of the Company: *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 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.*

- 4.12. Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.

The principle is applied.

- 4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:

- a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;
- b) the persons granted the pre-emptive right are to be selected according to objective general criteria;
- c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.

The principle is not applied.

Comments of the Company: *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.*

- 4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

- a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;
- b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;
- c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;
- d) the company generates insufficient cash flows to pay out dividends;
- e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;
- f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.

The principle is applied.

5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

For the purpose of this section, 'related party' is defined within the meaning of the International Accounting Standards approved in Regulation No (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.

Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.

The principle is not applied.

Comments of the Company: 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.

5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion.

The principle is applied.

5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.

The principle is applied.

5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.

The principle is not applied.

Comments of the Company: 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. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.

The principle is not applied.

Comments of the Company: 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. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.

The principle is not applied.

Comments of the Company: Under the Guernsey law no related party transaction requires the consent of the general meeting.

5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.

The principle is not applied.

Comments of the Company: Explanation is provided above in principle 5.6.

6. REMUNERATION

Companies and their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular

determine the form, structure, and method of determining and payment of the remuneration.

- 6.1.** The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.
The principle is applied.
- 6.2.** Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.
The principle is applied.
Comments of the Company: *The property investments held by Atlas Group are externally managed by Atlas Management Company Group ("AMC" or "Property Manager"). AMC has been established for the sole purpose of providing the property management and ancillary services to the Company. On signing the agreement with the Property Manager, the Company looked to structure a remuneration package that combined a basic fee element with performance related rewards that motivate the Property Manager and align their interests with the performance and growth of the business and the long-term enhancement of shareholder value. The details concerning remuneration package are disclosed in the Company's annual financial statements.*
- 6.3.** If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.
The principle is applied.
Comments of the Company: *Same as in principle 6.2.*
- 6.4.** As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee.
The principle is applied.
Comments of the Company: *The principle concerning the members of the supervisory boards, does not apply directly due to the fact that the Company does not have supervisory board. Atlas Estates Limited as a Guernsey company has only one governing body - the Board of Directors.*
- 6.5.** The level of remuneration of supervisory board members should not depend on the company's short-term results.
The principle is applied.
Comments of the Company: *The principle concerning the members of the supervisory boards, does not apply directly due to the fact that the Company does not have supervisory board. Atlas Estates Limited as a Guernsey company has only one governing body- the Board of Directors.*