

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
FIRST QUARTER 2020

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

ATLAS ESTATES LIMITED

Contents

Page

3	Financial Highlights
4	Chairman's Statement
6	Review of the Property Manager
14	Key Property Portfolio Information
15	Interim Condensed Consolidated Financial Information
21	Selected Notes to the Interim Condensed Consolidated Financial Information
37	Interim Condensed Non-Consolidated Financial Information

ATLAS ESTATES LIMITED

Financial Highlights

Selected Consolidated Financial Items	Three months	Year ended	Three months
	ended 31 March 2020 (unaudited) €'000	31 December 2019 (audited) €'000	ended 31 March 2019 (unaudited) €'000
Revenues	5,799	38,451	8,100
Gross profit	2,224	16,162	2,970
Increase in value of investment properties	-	5,364	-
Profit from operations	363	43,494	787
(Loss)/Profit before tax	(2,068)	39,450	(772)
(Loss)/Profit for the period	(1,754)	32,722	(918)
Net cash (used in)/ from operating activities	(1,002)	5,464	(1,453)
Net cash (used in)/ from investing activities	(159)	30,625	(2,215)
Net cash (used in)/ from financing activities	(1,415)	(6,173)	(1,273)
Net (decrease)/ increase in cash	(4,475)	30,422	(4,928)
Non-current assets	191,931	203,793	191,472
Current assets	64,198	66,521	39,172
Total assets	256,129	270,314	230,644
Current liabilities	(30,723)	(29,725)	(25,107)
Non-current liabilities	(93,975)	(98,046)	(104,992)
Total liabilities	(124,698)	(127,771)	(130,099)
Basic net assets (1)	131,431	142,543	100,545
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Basic and diluted (loss)/ earnings per share (eurocents)	(3.7)	69.8	(2.0)
Basic net asset value per share (€)	2.8	3.0	2.1

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

ATLAS ESTATES LIMITED

Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited condensed consolidated quarterly report of Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the quarter ended 31 March 2020.

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

Below are our main achievements:

- On 27 January 2020 the Group concluded sale agreement of investment in a Romanian subsidiary at the net sale price of €7.7 million. As of 31 March 2020 the book value of this investment (classified as assets held for sale and liabilities directly associated with assets held for sale) amounted to €3.5 million. This transaction is planned to be completed by 31 December 2020 and on April 8, 2020 the Group received a €0.3 million advance in respect of the sale price (note 12).
- In February 2020 the Group paid a refundable deposit of €1.9 million plus VAT in relation with potential acquisition of an office building in Warsaw. The completion of this purchase transaction is still considered by the Group.

Reported Results

As of 31 March 2020 the Group has reported basic net assets of €131.4 million.

The decrease of basic net asset value by €11.1 million (i.e. 8%) from €142.5 million as at 31 December 2019 is primarily a result of:

- 7% depreciation of PLN against EUR in the first quarter 2020;

Majority of the Group assets are located in Poland and reporting in PLN functional currency. While preparing consolidated accounts of the Group, their balances were translated into EUR reporting currency, which resulted in €9.8 million loss reported in translation reserve;

- loss after tax amounts to €1.7 million for the three months period ended 31 March 2020.

Loss after tax amounts to €1.7 million for the three months period ended 31 March 2020 as compared to loss after tax of €0.9 million for the three months period ended 31 March 2019. The change of the loss after tax was mainly attributable to the increased loss on interests rate derivative associated with *Hilton* bank facility (PLN tranche) as well as deterioration of *Hilton* hotel operations in March 2020 as explained on page 12 and 13.

Financing, Liquidity and Forecasts

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

In determining the going concern basis of the Group the Board have considered worst case scenarios that can be anticipated and in all scenarios forecasts show that the Group shall have sufficient cash and cash equivalents to meet expected liabilities as they fall due for a period of not less than 12 months from the date of these interim financial statements. Accordingly, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial information for the three months ended 31 March 2020, as set out in accounting policies to the condensed consolidated financial information.

Investing Policy

Approximately 93% of the value of Atlas' portfolio is invested in Poland. 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.

ATLAS ESTATES LIMITED

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

In the three months to 31 March 2020, NAV per share decreased from €3.0 per share to €2.8 per share. The NAV per share as at 31 March 2019 was €2.1. The interim condensed consolidated financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The significant increase in NAV per share during 2019 was mainly attributable to increase of net assets due to cash realisation of property assets in excess of the carrying value and the recognition of a right of use asset at fair value related to the rights of perpetual usufruct connected with *Hilton* hotel in Warsaw following the implementation of IFRS 16 as presented in 2019 annual consolidated financial statement.

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

Prospects

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

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

Mark Chasey
CHAIRMAN
25 May 2020

ATLAS ESTATES LIMITED

Review of the Property Manager

In this review we present the financial and operating results for the three months ended 31 March 2020. Atlas Management Company Limited (“AMC”) is the Property Manager appointed by the Company to oversee the operation and management of Atlas’ portfolio and advise on new investment opportunities. At 31 March 2020, the Company held a portfolio of twelve properties comprising six investment properties of which three are income yielding properties, three are held for capital appreciation, two hotels and four development properties. One hotel is subject to sale agreement (see note 12).

Markets and Key Properties

Poland

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

Hilton Hotel, Warsaw

The *Hilton* hotel in the Wola district of Warsaw is the Group’s flagship asset. The hotel was continuously performing at a satisfactory level until the outbreak of COVID-19, as disclosed on page 12 and 13.

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 94% as of 31 March 2020 (95% as of 31 December 2019). The Group completed a renovation project in 2019 of some of the public spaces, which attracts new tenants.

Atlas Estates Tower

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

Galeria Platinum Towers

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

Apartamenty przy Krasińskiego

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

The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 31 March 2020 all apartments were sold or presold with no retail unit available for sale.

The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 31 March 2020 all apartments and retail units were sold or presold.

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 31 March 2020 all apartments from all stages were either sold or presold, whereas 1 retail units remains available for sale.

ATLAS ESTATES LIMITED

Nakielska Apartments Project

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

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks – Voluntari and Solaris. The occupancy rates at the Golden Tulip decreased from 57% for the three months ended 31 March 2019 to 40% for the three months ended 31 March 2020. The Golden Tulip hotel is subject to a sales agreement and is expected to be sold during 2020, see note 12.

Bulgaria

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

ATLAS ESTATES LIMITED

Financial Review

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

Portfolio valuation and valuation methods

The latest independent valuation was performed on 31 December 2019 and has been used in the interim condensed consolidated financial information at 31 March 2020. There is uncertainty taking into account current fluctuations in global economy as result of COVID-19 outbreak that these valuations could be different as of the date of this report. However the management strongly believes that the current market disruption are temporary and key assets held by the Group will generate long term value for the shareholders. Valuation of key assets is expected at the end of June 2020, when the implications triggered by new economic conditions are expected to be more understood.

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 completed development projects in Warsaw and land asset near Gdansk (Kokoszki). The results of these internal valuations were not reflected in net assets 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 2019, Jones Lang LaSalle were our independent qualified experts who have carried out the valuation of our properties located in Poland, Bulgaria and Romania, excluding Kokoszki which was subject to management internal valuations based upon recent transactions.

Loans and valuations

As at 31 March 2020, the Company's share of bank debt associated with the portfolio of the Group was €72 million (31 December 2019: €74 million; 31 March 2019: €76 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken (please note that the most recent valuation was performed as of 31 December 2019):

	Loans Valuation LTV Ratio*			Loans Valuation LTV Ratio*			Loans Valuation LTV Ratio*		
	Loans € millions	Valuation € millions	LTV Ratio* %	Loans € millions	Valuation € millions	LTV Ratio* %	Loans € millions	Valuation € millions	LTV Ratio* %
Investment property	24	75	32%	24	75	32%	25	69	36%
Hotels	48	103	47%	50	103	49%	51	94	54%
Total	72	178	40%	74	178	42%	76	163	47%

*LTV Ratio- Loan to Value Ratio

LTV ratio of investment property decreased from 36% as of 31 March 2019 to 32% as of 31 December 2019 and 31 March 2020 mainly due to increase in the valuation of *Atlas Tower*.

LTV ratio of hotels decreased from 54% as of 31 March 2019 to 49% as of 31 December 2019 and 47% as of 31 March 2020 mainly due to increases in the valuation of *Hilton* and *Golden Tulip* as well as partial repayments of these loans.

Debt financing

Key developments were described in note 14.

ATLAS ESTATES LIMITED

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

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

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Three months ended 31 March 2020 € millions	Three months ended 31 March 2019 € millions
Revenue	2.2	0.3	3.3	-	5.8	8.1
Cost of operations	(0.8)	(0.2)	(2.5)	-	(3.5)	(5.1)
Gross profit	1.4	0.1	0.8	-	2.3	3.0
Administrative expenses	(0.1)	-	(0.7)	(1.0)	(1.8)	(2.1)
Gross profit / (loss) less administrative expenses	1.3	0.1	0.1	(1.0)	0.5	0.9
Gross profit %	64%	33%	24%	0%	40%	37%
Gross profit/ (loss) less administrative expenses %	59%	33%	3%	0%	9%	11%

Revenues and cost of operations

Total Group revenues decreased significantly to €5.8m for the three months ended 31 March 2020 compared to €8.1m for the same period in 2019 due to the hotel operations being significantly impacted by the COVID-19 pandemic (see page 12 and 13). The Group's principal revenue streams are from its hotel operations, property rental and from the sale of the residential apartments that the Group develops.

Cost of operations as at 31 March 2020 were €3.5 million compared to €5.1 million as at 31 March 2019.

Development Properties

	Three months ended 31 March 2020 € millions	Three months ended 31 March 2019 € millions	Total change 2020 v 2019 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2020 v 2019 € millions
Revenue	0.3	0.8	(0.5)	-	(0.5)
Cost of operations	(0.2)	(0.8)	0.6	-	0.6
Gross profit/ (loss)	0.1	-	0.1	-	0.1
Administrative expenses	-	(0.1)	0.1	-	0.1
Gross profit/ (loss) less administrative expenses	0.1	(0.1)	0.2	-	0.2

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

In the three months ended 31 March 2020 the Group managed to completed the sale of 2 small size retail units (in *Capital Art Apartments*), whereas in 2019 the revenues from the sale of 2 retail units (in *Capital Art Apartments and Apartamenty przy Krasin'skiego stage II*) projects were recognized.

ATLAS ESTATES LIMITED

Apartment sales in developments in Warsaw

	CAA stage I	CAA stage II	CAA stage III&IV	Apartamenty przy Krasińskiego I	Apartamenty przy Krasińskiego II	Concept House*
Total apartments for sale	219	300	265	303	123	160
Sales completions in 2008-2018	218	298	265	303	120	160
Sales completions in 2019	-	2	-	-	1	-
Sales completions in 2020	-	-	-	-	-	-
Total sales completions	218	300	265	303	121	160
Sales not completed as of 31 March 2020 (only preliminary agreements concluded)	1	-	-	-	2	-
Apartments available for sale as of 31 March 2020	-	-	-	-	-	-

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

Property Rental

	Three months ended 31 March 2020 € millions	Three months ended 31 March 2019 € millions	Total change 2020 v 2019 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2020 v 2019 € millions
Revenue	2.2	2.4	(0.2)	-	(0.2)
Cost of operations	(0.8)	(1.3)	0.5	-	0.5
Gross profit	1.4	1.1	0.3	-	0.3
Administrative expenses	(0.1)	(0.3)	0.2	-	0.2
Gross profit less administrative expenses	1.3	0.8	0.5	-	0.5

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

Hotel operations

	Three months ended 31 March 2020 € millions	Three months ended 31 March 2019 € millions	Total change 2020 v 2019 € millions	Translation foreign exchange gain/ (loss) € millions	Operational change 2020 v 2019 € millions
Revenue	3.3	4.9	(1.6)	-	(1.6)
Cost of operations	(2.5)	(3.0)	0.5	-	0.5
Gross profit	0.8	1.9	(1.1)	-	(1.1)
Administrative expenses	(0.7)	(0.8)	0.1	-	0.1
Gross profit less administrative expenses	0.1	1.1	(1.0)	-	(1.0)

In the first quarter of 2020 the hotel operation declined as compared to the first quarter of 2019 mainly due to sharp decrease of *Hilton* and *Golden Tulip* occupancy since mid-March 2020 due to outbreak of COVID-19 (as disclosed on page 12 and 13).

ATLAS ESTATES LIMITED

Foreign exchange

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

The movements in value of the functional currencies resulted in foreign exchange loss of €0.6 million in the consolidated income statement for the first quarter 2019 (Q1 2019: €0.5 million). These losses were due to the unrealised foreign exchange losses on EUR denominated loans in Polish and Romanian subsidiaries. The foreign exchange losses occurred mainly as a result of depreciation of PLN against EUR in the first quarter 2020. The foreign exchange losses occurred mainly as a result of depreciation of RON against EUR in the first quarter 2019

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

	Polish Zloty	Hungarian Forint	Romanian Lei	Bulgarian Lev
Closing rates				
31 March 2020	4.5523	359.09	4.8254	1.95583
31 December 2019	4.2585	330.52	4.7793	1.95583
% Change	7%	9%	1%	0%
31 March 2019	4.3013	320.79	4.7628	1.95583
31 December 2018	4.3000	321.51	4.6639	1.95583
% Change	0%	0%	2%	0%
Average rates				
1 st quarter 2020	4.3226	339.05	4.8263	1.95583
Year 2019	4.2980	325.35	4.7773	1.95583
% Change	1%	4%	1%	0%
1 st quarter 2019	4.3032	318.07	4.7538	1.95583

Net Asset Value

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

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

The Property Manager's management and performance fees are based on the adjusted NAV. For the three months to 31 March 2020 the fee payable to AMC by the Group was €0.7 million (€0.6 million in the first quarter of 2019 (as presented in note 15a).

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

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

ATLAS ESTATES LIMITED

- performance fee calculations appear to be disproportionate to the intention of the PMA which is to set a 12% hurdle rate.

Having concluded its review, and taken external legal advice on the interpretation of the PMA, the Board was of the view that it does not agree with the interpretation which has been taken previously in respect of performance fee calculations and it disputed the amounts which have been paid or accrued. Past Performance Fees which have accrued, but which are yet to be paid amount to €10.8m. The amount due to AMC is subject to change that is contingent on the resolution of the dispute. No asset has been recognised in respect of any reduction of the said balance. AEL and AMC have agreed that no performance fee will be due for 2019. On the basis of the above, the Board was in a position to approve the financial statements of the Company and the consolidated financial statements of the Group for the period ending December 2019, without accruing for a performance fee for 2019 and at the same time the Board commenced discussions with AMC to discuss the above concerns and agree a mechanism which will ensure a fair and appropriate remuneration structure for both parties going forward from 2020. The value of performance fee for 2019 which has not been accrued by the Company (if historical interpretation of calculation method is applied) amounts to €4.0 million. No performance fee has been accrued for the period 31 March 2020.

Ongoing activities

During the three months ended 31 March 2020, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio.

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

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

Financial management, operational management and material risks

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

Global economic conditions

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

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

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

According to the recommendation issued by The European Securities and Markets Authority, the Company informs that as at the date of submitting this report it has not completed qualitative and quantitative analysis in the extent to which COVID-19 coronavirus may have an impact on its future financial position and performance in future financial results. This impact will depend on the evolution of the epidemiological situation in the countries, where the Group operates and actions taken by state authorities.

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

- a. *Hilton hotel:*
 - March 2020 occupancy was 76% lower as compared to the same period of 2019;
 - Following Polish government decision hotel was closed in the period from April 2 until May 3, 2020;

ATLAS ESTATES LIMITED

- On May 4, 2020 the hotel's management concluded that closure of the hotel should be extended till 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 are unavoidable and must be incurred even when the hotel is closed.
- b. Golden Tulip hotel: is also temporarily closed in April and May.
- c. The revenues from the hotel activity amounted to €5.3 million in the second quarter 2019.
- d. Rental income from tenants:
Following Polish government decision to close the restaurants, fitness clubs etc. several of the Group's tenants suffered from these restrictions. As a result in the second quarter 2020 the Group offered certain rent reliefs for these tenants in return for rent period extensions.

The Group is also in contact with the banks financing its projects and as of 31 March 2020 there were no breaches of the bank covenants.

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.

The Property Manager closely monitors the risks posed by the COVID-19 coronavirus in possible areas of their occurrence which are of significance to the Group, as of today it considers the following important issues: delays in payments received from tenants, depreciation of PLN and RON against EURO.

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 searching new investment opportunities in Poland, mainly in Warsaw.

Ziv Zviel
Chief Executive Officer
Atlas Management Company Limited
25 May 2020

ATLAS ESTATES LIMITED

Key Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First <i>Hilton</i> Hotel in Poland – a 4 star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,904 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Atlas Tower	39,138 square meters of office and retail space in the central business district of Warsaw.	100%
Romania		
Voluntari	86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 78 room hotel in central Bucharest. As of 31 March 2020 and 31 December 2019 this property is classified as non-current assets held for sale as disclosed in note 12.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2020

	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000	Note
Revenues	5,799	8,100	3
Cost of operations	(3,575)	(5,130)	4.1
Gross profit	2,224	2,970	
<i>Property manager fee</i>	<i>(707)</i>	<i>(623)</i>	
<i>Central administrative expenses</i>	<i>(112)</i>	<i>(111)</i>	
<i>Property related expenses</i>	<i>(1,030)</i>	<i>(1,395)</i>	
Administrative expenses	(1,849)	(2,129)	4.2
Other operating income	21	73	
Other operating expense	(33)	(127)	
Profit from operations	363	787	
Finance income	73	92	4.3
Finance costs	(1,795)	(1,161)	4.3
Other gains/(losses) – foreign exchange	(651)	(486)	4.3
Share of losses from equity accounted joint ventures	(58)	(4)	
Loss before taxation	(2,068)	(772)	
Tax charge	314	(146)	5
Loss for the period	(1,754)	(918)	
Attributable to:			
Owners of the parent	(1,754)	(918)	
Non-controlling interests	-	-	
	(1,754)	(918)	
Loss per €0.01 ordinary share – basic (eurocents)	(3.7)	(2.0)	7
Loss per €0.01 ordinary share – diluted (eurocents)	(3.7)	(2.0)	7

All amounts relate to continuing operations.

The notes on pages 21 to 40 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	Three months ended 31 March 2020	Three months ended 31 March 2019
	€'000 (unaudited)	€'000 (unaudited)
LOSS FOR THE PERIOD	(1,754)	(918)
Other comprehensive income:		
<i>Items that may be recycled through profit or loss</i>		
Exchange adjustments	(9,862)	183
Deferred tax on exchange adjustments	504	(6)
Total	(9,358)	177
Other comprehensive loss for the period (net of tax)	(9,358)	177
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(11,112)	(741)
Total comprehensive loss attributable to:		
Owners of the parent	(11,112)	(741)
	(11,112)	(741)

The notes on pages 21 to 40 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	31 March 2020 (unaudited)	31 December 2019 (audited)	31 March 2019 (unaudited) (restated)	Note
	€'000	€'000	€'000	
ASSETS				
Non-current assets				
Intangible assets	14	19	21	
Property, plant and equipment	97,430	104,724	101,802	8
Investment property	84,377	89,396	80,678	9
Deferred tax asset	10,110	9,654	8,971	
	191,931	203,793	191,472	
Current assets				
Inventories	2,331	2,688	8,193	10
Trade and other receivables	5,436	2,827	3,624	
Cash and cash equivalents	50,038	54,513	19,515	11
	57,805	60,028	31,332	
Assets held within disposal groups classified as held for sale	6,393	6,493	7,840	12
	64,198	66,521	39,172	
TOTAL ASSETS	256,129	270,314	230,644	
Non-current liabilities				
Other payables	(11,863)	(12,611)	(18,440)	13
Bank loans	(66,862)	(69,415)	(73,159)	14
Deferred tax liabilities	(15,250)	(16,020)	(13,393)	
	(93,975)	(98,046)	(104,992)	
Current liabilities				
Trade and other payables	(22,350)	(22,103)	(19,064)	13
Bank loans	(2,704)	(2,726)	(2,814)	14
Derivative financial instruments	(2,771)	(2,042)	(1,847)	
	(27,825)	(26,871)	(23,725)	
Liabilities held within disposal groups classified as held for sale	(2,898)	(2,854)	(1,382)	12
	(30,723)	(29,725)	(25,107)	
TOTAL LIABILITIES	(124,698)	(127,771)	(130,099)	
NET ASSETS	131,431	142,543	100,545	

The notes on pages 21 to 40 form part of these consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	31 March 2020 (unaudited)	31 December 2019 (audited)	31 March 2019 (unaudited) (restated)
	€'000	€'000	€'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	40,020	40,020	32,322
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(17,326)	(7,968)	(9,867)
Accumulated loss	(92,348)	(90,594)	(122,995)
Issued capital and reserves attributable to owners of the parent - total equity	131,431	142,543	100,545
Basic net asset value per share	€ 2.8	€ 3.0	€ 2.1

The notes on pages 21 to 40 form part of the consolidated financial information. The condensed consolidated financial information on pages 15 to 40 were approved by the Board of Directors on 25 May 2020 and signed on its behalf by:

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

25 May 2020

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total equity €'000
Three months ended 31 March 2020 (unaudited)						
As at 1 January 2020	6,268	40,020	194,817	(7,968)	(90,594)	142,543
Loss for the period	-	-	-	-	(1,754)	(1,754)
Other comprehensive income for the period	-	-	-	(9,358)	-	(9,358)
As at 31 March 2020	6,268	40,020	194,817	(17,326)	(92,348)	131,431
Year ended 31 December 2019 (audited)						
As at 1 January 2019 (restated after adoption of IFRS 16)	6,268	32,322	194,817	(10,044)	(122,077)	101,286
Profit for the period	-	-	-	-	32,722	32,722
Other comprehensive income for the period	-	7,341	-	1,194	-	8,535
Transfer	-	357	-	882	(1,239)	-
As at 31 December 2019	6,268	40,020	194,817	(7,968)	(90,594)	142,543
Three months ended 31 March 2019 (unaudited) (restated)						
As at 1 January 2019 (restated after adoption of IFRS 16)	6,268	32,322	194,817	(10,044)	(122,077)	101,286
Loss for the period	-	-	-	-	(918)	(918)
Other comprehensive income for the period	-	-	-	177	-	177
As at 31 March 2019 (restated)	6,268	32,322	194,817	(9,867)	(122,995)	100,545

The notes on pages 21 to 40 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2020

	Note	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000
Loss for the period		(1,754)	(918)
Adjustments for:			
Effects of foreign currency		2,146	44
Finance costs		1,759	1,113
Finance income		(40)	(11)
Tax charge		(314)	146
Share of losses from equity accounted joint ventures		58	4
Depreciation of property, plant and equipment	8,12	618	582
Amortisation charges		1	38
		2,474	998
Changes in working capital			
Decrease in inventory		357	765
Increase in trade and other receivables		(2,609)	(634)
Decrease in trade and other payables		179	(1,712)
Effects of foreign currency on working capital translation		(1,386)	359
		(3,459)	(1,222)
Cash (outflow)/ inflow from operations		(985)	(224)
Tax paid		(17)	(1,229)
Net cash (used in)/ from operating activities		(1,002)	(1,453)
Investing activities			
Interest received		40	11
Purchase of investment property	9	(186)	(104)
Purchase of property, plant and equipment	8	(13)	(1,500)
Assets and liabilities of deconsolidated subsidiary- net of cash disposed		-	(622)
Net cash used in investing activities		(159)	(2,215)
Financing activities			
Interest paid		(708)	(612)
Repayments of lease liabilities		(56)	-
Repayments of bank loans	14	(651)	(661)
Net cash used in financing activities		(1,415)	(1,273)
Net decrease in cash and cash equivalents in the period		(2,576)	(4,941)
Effect of foreign exchange rates		(1,899)	13
Net decrease in cash and cash equivalents in the period		(4,475)	(4,928)
Cash and cash equivalents at the beginning of the period		54,865	24,443
Cash and cash equivalent at the end of the period	11	50,390	19,515

The notes on pages 21 to 40 form part of the consolidated financial information.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

1. Basis of preparation

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

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

As at 31 March 2020 the Group held land and building assets with a market value as at 31 December 2020 of €178 million, compared to external debt of €72 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the three months ended 31 March 2020, the directors have taken into account the fact of the ongoing working capital management and noted the following:

- Assets held for sale included in current assets are held at cost with a net carrying value of €3.5m and are forecasted to realise proceeds of €7.7 million during 2020;
- Within trade payables of the Group is a performance fee payable to the Property Manager (as disclosed in note 13). The payment terms of this fee are subject to consultation between the parties (see note 17.5), and the actual payment will be subject to available cash flows of the Group.

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

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of these interim financial statements. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the three months ended 31 March 2020.

2. Accounting policies

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

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

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

	31 March 2019	IFRS 16 adjustment		31 March 2019	
	(as previously reported)			(restated)	
	(unaudited)	Transfer	Initial recognition	Revaluation	(unaudited)
	€'000	€'000	€'000	€'000	€'000
Land held under operating lease	6,868	(6,868)	-	-	-
Property, plant and equipment	75,164	6,868	8,063	11,707	101,802
Investment property	79,657	-	1,021	-	80,678
Non-current assets classified as held for sale	6,458	-	1,382	-	7,840
<i>Total assets</i>			10,466	11,707	
Revaluation reserve	(22,839)	-		(9,483)	(32,322)
Deferred tax liabilities	(11,169)	-		(2,224)	(13,393)
Non-current other liability (Lease liability related to right of use of land in perpetual usufruct)		-	(9,084)	-	(9,084)
Liabilities directly associated with non-current assets classified as held for sale (Lease liability related to right of use of land in perpetual usufruct classified as held for sale)		-	(1,382)	-	(1,382)
<i>Total liabilities</i>			(10,466)	(11,707)	

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

3. Segmental information

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

Three months ended 31 March 2020	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	2,165	275	3,359	-	5,799
Cost of operations	(834)	(214)	(2,527)	-	(3,575)
Gross profit	1,331	61	832	-	2,224
Administrative expenses	(143)	(28)	(696)	(982)	(1,849)
Gross profit/ (loss) less administrative expenses	1,188	33	136	(982)	375
Other operating income	1	15	4	1	21
Other operating expenses	(1)	(24)	(3)	(5)	(33)
Profit/ (Loss) from operations	1,188	24	137	(986)	363
Finance income	17	33	17	6	73
Finance cost	(303)	(2)	(1,467)	(23)	(1,795)
Finance costs - other gains – foreign exchange	(1,530)	740	(55)	194	(651)
Share of losses from equity accounted joint ventures	-	(58)	-	-	(58)
Segment result before tax	(628)	737	(1,368)	(809)	(2,068)
Tax (expense)/ credit	(171)	(14)	507	(8)	314
Net loss attributable to owners of the parent					(1,754)

Three months ended 31 March 2020	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Reportable segment assets	96,963	5,610	117,516	-	220,089
Unallocated assets	-	-	-	36,040	36,040
Total assets	96,963	5,610	117,516	36,040	256,129
Reportable segment liabilities	(36,127)	(970)	(70,007)	-	(107,104)
Unallocated liabilities	-	-	-	(17,594)	(17,594)
Total liabilities	(36,127)	(970)	(70,007)	(17,594)	(124,698)

Three months ended 31 March 2020	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Other segment items					
Capital expenditure	186	-	9	4	199
Depreciation	-	-	613	5	618
Amortisation	-	-	1	-	1

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

Three months ended 31 March 2019	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	2,424	800	4,867	9	8,100
Cost of operations	(1,284)	(787)	(3,059)	-	(5,130)
Gross profit	1,140	13	1,808	9	2,970
Administrative expenses	(339)	(81)	(801)	(908)	(2,129)
Gross profit/ (loss) less administrative expenses	801	(68)	1,007	(899)	841
Other operating income	68	-	4	1	73
Other operating expenses	(39)	(9)	(62)	(17)	(127)
Profit/ (Loss) from operations	830	(77)	949	(915)	787
Finance income	10	77	4	1	92
Finance cost	(336)	(1)	(823)	(1)	(1,161)
Finance costs - other gains – foreign exchange	(405)	(11)	(69)	(1)	(486)
Share of losses from equity accounted joint ventures	-	(4)	-	-	(4)
Segment result before tax	99	(16)	61	(916)	(772)
Tax (expense)/ credit	19	(2)	(189)	26	(146)
Net loss attributable to owners of the parent					(918)

Three months ended 31 March 2019	Property rental (restated) €'000	Development properties (restated) €'000	Hotel operations (restated) €'000	Other €'000	Total (restated) €'000
Reportable segment assets	92,943	21,356	113,130	-	227,429
Unallocated assets	-	-	-	3,215	3,215
Total assets	92,943	92,943	113,130	3,215	230,644
Reportable segment liabilities	(37,073)	(5,800)	(69,569)	-	(112,442)
Unallocated liabilities	-	-	-	(17,657)	(17,657)
Total liabilities	(37,073)	(5,800)	(69,569)	(17,657)	(130,099)

Three months ended 31 March 2019	Property rental €'000	Development properties €'000	Hotel operations €'000	Other €'000	Total €'000
Other segment items					
Capital expenditure	104	1,416	84	-	1,604
Depreciation	-	-	577	5	582
Amortisation	-	23	15	-	38

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

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

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

Unallocated costs represent corporate expenses.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

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

- Poland,
- Hungary,
- Bulgaria, and
- Romania.

4. Analysis of expenditure

4.1 Cost of operations

	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000
Costs of sale of residential property	(193)	(760)
Utilities, services rendered and other costs	(1,789)	(2,229)
Legal and professional expenses	(183)	(349)
Staff costs	(1,092)	(1,399)
Sales and direct advertising costs	(187)	(245)
Depreciation and amortisation	(131)	(148)
Cost of operations	(3,575)	(5,130)

4.2 Administrative expenses

	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000
Audit and tax service	(31)	(61)
Incentive and management fee	(707)	(623)
Legal and other professional fees	(132)	(278)
Utilities, services rendered and other costs	(114)	(235)
Staff costs	(258)	(378)
Depreciation and amortisation	(488)	(472)
Other administrative expenses	(119)	(82)
Administrative expenses	(1,849)	(2,129)

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

4.3 Finance income and finance costs- net

	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000
Other	73	92
Finance income	73	92
Interest payable on bank borrowings	(714)	(613)
Loss on interest rate derivative	(906)	(488)
Interests on obligations under leases	(97)	-
Other similar charges	(78)	(60)
Finance costs	(1,795)	(1,161)
Finance (costs)/ income, excluding foreign exchange – net	(1,722)	(1,069)
Other gains and (losses) – foreign exchange	(651)	(486)
Finance income/ (costs), including foreign exchange – net	(2,373)	(1,555)

5. Tax

	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000
Continuing operations		
Current tax	(18)	(50)
Deferred tax	332	(96)
Tax charge for the period	314	(146)

6. Dividends

There were no dividends declared or paid in the three months ended 31 March 2020 (2019: €nil).

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

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

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

Three months ended 31 March 2020	Loss	Weighted average number of shares	Per share amount
Continuing operations	€'000		Eurocents
Basic LPS			
Loss attributable to equity shareholders of the Company	(1,754)	46,852,014	(3.7)
Diluted LPS			
Adjusted loss	(1,754)	46,852,014	(3.7)

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

Three months ended 31 March 2019	Loss	Weighted average number of shares	Per share amount
Continuing operations	€'000		Eurocents
Basic LPS			
Loss attributable to equity shareholders of the Company	(918)	46,852,014	(2.0)
Diluted LPS			
Adjusted loss	(918)	46,852,014	(2.0)

8. Property, plant and equipment

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2019	79,115	10,693	62	89,870
Transfer from land held under operating lease	8,172	-	-	8,172
Effect of adoption of IFRS 16	19,770	-	-	19,770
Additions at cost	228	19	-	247
Exchange adjustments	752	89	-	841
Revaluation	8,006	-	-	8,006
Transfer to assets classified as held for sale (note 12)	(7,847)	-	-	(7,847)
At 31 December 2019	108,196	10,801	62	119,059
Additions at cost	9	4	-	13
Exchange adjustments	(8,115)	(647)	(3)	(8,765)
At 31 March 2020	100,090	10,158	59	110,307
Accumulated depreciation				
At 1 January 2019	(5,285)	(8,729)	(61)	(14,075)
Transfer from land held under operating lease	(1,279)	-	-	(1,279)
Charge for the year	(1,886)	(574)	(1)	(2,461)
Adjustment due to revaluation	1,886	-	-	1,886
Exchange adjustments	(177)	(76)	-	(253)
Transfer to assets classified as held for sale (note 12)	1,847	-	-	1,847
At 31 December 2019	(4,894)	(9,379)	(62)	(14,335)
Charge for the period	(452)	(130)	-	(582)
Exchange adjustments	1,474	563	3	2,040
At 31 March 2020	(3,872)	(8,946)	(59)	(12,877)
Net book value at 31 March 2020	96,218	1,212	-	97,430
Net book value at 31 December 2019	103,302	1,422	-	104,724

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

	Buildings (restated) €'000	Plant and equipment €'000	Motor vehicles €'000	Total (restated) €'000
Cost or valuation				
At 1 January 2019	79,115	10,693	62	89,870
Transfer from land held under operating lease	8,172	-	-	8,172
Effect of adoption of IFRS 16	19,770	-	-	19,770
Additions at cost	68	16	-	84
Exchange adjustments	(172)	(7)	-	(179)
At 31 March 2019	106,953	10,702	62	117,717
Accumulated depreciation				
At 1 January 2019	(5,285)	(8,729)	(61)	(14,075)
Transfer from land held under operating lease	(1,279)	-	-	(1,279)
Charge for the period	(460)	(145)	-	(605)
Exchange adjustments	38	6	-	44
At 31 March 2019	(6,986)	(8,868)	(61)	(15,915)
Net book value at 31 March 2019	99,967	1,834	1	101,802

As of 31 March 2019 Hotels Hilton in Warsaw and Golden Tulip in Bucharest constituted the majority of the total property, plant and equipment balance. As of 31 December 2019 and as of 31 March 2020 Golden Tulip hotel in Bucharest is classified to assets classified as held for sale (note 12).

The latest valuation of the hotels was performed as of 31 December 2019. Hotels were valued by qualified professional valuers, Jones Lang LaSalle Sp. z o.o., Chartered Surveyors, acting in the capacity of External Valuers. 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 results of valuation:

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

As of 31 March 2020 the Group has pledged property, plant and equipment (including property, plant and equipment classified as held for sale) of €103.2 million (31 December 2019: €110.6 million, 31 March 2019: €101.8 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €47.6 million (31 December 2019: €49.9 million, 31 March 2019: €50.8 million) are secured on these properties.

9. Investment property

	31 March 2020 (unaudited) €'000	31 December 2019 (audited) €'000	31 March 2019 (unaudited) €'000
At beginning of the year	89,396	91,625	91,625
Right of use of land in perpetual usufruct	-	1,021	1,021
Disposal of subsidiary (note 18)	-	(11,611)	(11,962)
Control regain of subsidiary	-	1,423	-
Capitalised subsequent expenditure	186	1,328	104
Exchange movements	(5,204)	249	(110)
PV of annual perpetual usufruct fees	(1)	(3)	-
Fair value gains	-	5,364	-
At the end of the period	84,377	89,396	89,396

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

The fair value of the Group's investment properties located in Poland, Romania and Bulgaria has been arrived at on the basis of the latest valuation carried out at 31 December 2019 by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in these locations.

All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. The fair value of the investment property has not been adjusted for the purposes of financial reporting.

The Group has pledged investment property of €75.5 million (31 December 2019: €75.5 million; 31 March 2019: €68.8 million) to secure certain banking facilities granted to subsidiaries.

10. Inventories

	31 March 2020 (unaudited) €'000	31 December 2020 (audited) €'000	31 March 2019 (unaudited) €'000
Land held for development	-	-	5,143
Construction expenditures	-	-	353
Completed properties	1,283	1,568	1,553
Hotel inventory	1,048	1,120	1,144
As at period end	2,331	2,688	8,193

€0.2 million (31 December 2019: €6.4 million; 31 March 2019: €0.8 million) of inventories was released to cost of operations in the income statement during the period. €nil million was recognised in the income statement in relation to impairment or reversal of impairment on inventories (31 December 2019: €0.1 million in relation to reversal of impairment on inventories; 31 March 2019: €nil).

Nakielska Apartments Project- sale agreement

On 31 January 2019 the Group concluded preliminary sale agreement of Nakielska Apartment Project at the net sale price of PLN 33.5 million (equivalent of ca €7.8 million). The book value of this project (classified as inventory) as of 31 March 2019 amounted to €5.5 million. This transaction was completed on 13 May 2019 and full sale price was received.

11. Cash and cash equivalents

	31 March 2020 (unaudited) €'000	31 December 2019 (audited) €'000	31 March 2019 (unaudited) €'000
Cash and cash equivalents	48,526	23,902	16,296
Short term bank deposits	1,512	30,611	3,219
As at period end	50,038	54,513	19,515
Cash presented as cash held for sale (note 12)	352	352	-
As at period end	50,390	54,865	19,515

Included in cash and cash equivalents is €7.7 million (31 December 2019: €8.3 million; 31 March 2019: €7.0 million) restricted cash relating to security and customer deposits.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

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

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

	31 March 2020 (unaudited)	31 December 2019 (audited)	31 March 2019 (unaudited) (restated)
	€'000	€'000	€'000
Assets:			
Right of use of leased asset	-	-	5,120
Property, plant and equipment	5,904	6,000	2,720
Inventory	34	42	-
Cash	352	352	-
Trade and other receivables	103	99	-
Non-current assets classified as held for sale	6,393	6,493	7,840
Liabilities:			
Deferred tax liability	(653)	(659)	-
Bank loan	(2,064)	(2,064)	-
Trade and other payables	(181)	(131)	(1,382)
Liabilities directly associated with non-current assets classified as held for sale	(2,898)	(2,854)	(1,382)

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

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

Since 31 December 2019 the Group classifies assets and liabilities associated with the Group's investment in D.N.B. - Victoria Towers SRL (i.e. Romanian subsidiary holding Golden Tulip hotel in Bucharest) as non-current assets classified as held for sale and liabilities directly associated with non-current assets classified as held for sale. On 27 January 2020 the Group concluded sale agreement of investment in D.N.B. - Victoria Towers SRL at the net sale price of €7.7 million. As of 31 March 2020 the book value of this investment (classified as assets held for sale and liabilities directly associated with assets held for sale) amounted to €3.5 million. This transaction is planned to be completed by 31 December 2020 and on April 8, 2020 the Group received a €0.3 million advance in respect of the sale price.

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

	31 March 2020 (unaudited)	31 December 2019 (audited)	31 March 2019 (unaudited) (restated)
	€'000	€'000	€'000
At beginning of the year	6,493	5,054	5,054
Additions (capitalized expenditures)	-	1,540	1,416
Exchange movements	(64)	(26)	(12)
Right of use of land in perpetual usufruct	-	1,382	1,382
Depreciation	(36)	(50)	-
Disposal	-	(7,900)	-
Assets classified as held for sale during the period	-	6,493	-
As at period end	6,393	6,493	7,840

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

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

	31 March 2020 (unaudited)	31 December 2019 (audited)	31 March 2019 (unaudited) (restated)
	€'000	€'000	€'000
At beginning of the year	(2,854)	-	-
Right of use of land in perpetual usufruct	-	(1,382)	(1,382)
Finance expense	(24)	(36)	-
Payment	24	51	-
Exchange movements	7	15	-
Disposal	-	1,352	-
Liabilities classified as held for sale during the period	(51)	(2,854)	-
As at period end	(2,898)	(2,854)	(1,382)

13. Trade and other payables

	31 March 2020 (unaudited)	31 December 2019 (audited)	31 March 2019 (unaudited) (restated)
	€'000	€'000	€'000
Current			
Trade payables	(819)	(946)	(970)
Other tax and social security	(810)	(554)	(841)
Amounts due to Atlas Management Company Group in respect of management and performance fee	(11,028)	(10,802)	(11,189)
Other creditors	(219)	(190)	(219)
Amounts payable to related party (note 15b)	(240)	(240)	(240)
Accruals and deferred income	(3,055)	(3,182)	(5,592)
Income tax payable	(5)	(36)	(13)
Amounts payable to Felikon Kft (note 15c)	(6,174)	(6,153)	-
Total current trade and other payables	(22,350)	(22,103)	(19,064)
Non-current – other payables			
Amounts payable to Felikon Kft (note 15c)	-	-	(6,086)
Leases payables	(10,003)	(10,655)	(10,671)
Other third party non-current trade and other payables	(1,860)	(1,956)	(1,683)
Total non-current trade and other payables	(11,863)	(12,611)	(18,440)
Total trade and other payables	(34,213)	(34,714)	(37,504)

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

14. Bank loans

	31 March 2020 (unaudited) €'000	31 December 2019 (audited) €'000	31 March 2019 (unaudited) €'000
Current			
<i>Bank loans and overdrafts due within one year or on demand</i>			
Secured	(2,704)	(2,726)	(2,814)
Non-current			
<i>Repayable within two years</i>			
Secured	(5,570)	(5,671)	(2,865)
<i>Repayable within three to five years</i>			
Secured	(22,942)	(23,343)	(27,558)
<i>Repayable after five years</i>			
Secured	(38,350)	(40,401)	(42,736)
	(66,862)	(69,415)	(73,159)
Total	(69,566)	(72,141)	(75,973)

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

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

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

	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 31 March 2020	43,412	28,218	71,630*
Bank loans and overdrafts – 31 December 2019	43,855	30,350	74,205*
Bank loans and overdrafts – 31 March 2019	45,374	30,599	75,973

Debt financing

Changes in the three months ended 31 March 2020

During three months ended 31 March 2020 the Group paid €0.7 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton and Golden Tulip hotels, Atlas Tower, Galeria Platinum Towers*).

Changes in the year ended 31 December 2019

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

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

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

15. Related party transactions

(a) Key management compensation

	31 March 2020 (unaudited) €'000	31 March 2019 (unaudited) €'000
Fees for non-executive directors	15	16

The Company has appointed AMC, a company under common control, to manage its property portfolio. In consideration of the services provided, AMC charged a management fee of €0.7 million for the three months ended 31 March 2020 (year ended 31 December 2019: €2.5 million; 3 months ended 31 March 2019: €0.6 million). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. No performance fee has been accrued for the three months ended 31 March 2020 (year ended 31 December 2019: €nil million; 3 months ended 31 March 2019: €nil million)- as disclosed in note 17.5.

As of 31 March 2020, €11.0 million included in current trade and other payables was due to AMC in respect of the performance and management fee (31 December 2019: €10.8 million; 31 March 2019: €11.2 million).

- (b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 31 March 2020 the purchase price of €0.2 million (31 December 2019: €0.2 million, 31 March 2019: €0.2 million) is due to former non-controlling shareholder (Coralcliff Limited).
- (c) Following deconsolidation of the Company's subsidiary Felikon Kft (as described in note 18) the Group has a loan payable due to Felikon Kft. The loan repayment date is 31 December 2020 however it can be extended to 31 December 2025. As of 31 March 2020 the Group owes €6.2 million (31 December 2019: €6.2 million; 31 March 2019: €6.1 million).

16. Post balance sheet events

No specific significant events have occurred which would require disclosure to this report except for the impact of COVID-19 coronavirus on the Group's operations as disclosed on page 12 and 13.

17. Other items

17.1 Information about court proceedings

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

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

17.2 Financial forecasts

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

17.3 Substantial shareholdings

Significant shareholders

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.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

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

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

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

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

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

17.4 Directors' share interests

There have been no changes to the Directors' share interests during the three months ended 31 March 2020. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the three months ended 31 March 2020.

17.5 Contingencies

The Board of Directors of the Company (the Board) has recently conducted a review of the PMA and in particular the means by which performance fee is calculated. Of primary concern to the Board were the following issues:

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

Having concluded its review, and taken external legal advice on the interpretation of the PMA, the Board is of the view that it does not agree with the interpretation which has been taken previously in respect of performance fee calculations and it disputes the amounts which have been paid or accrued. Past Performance Fees which have accrued, but which are yet to be paid amount to €10.8m. The amount due to AMC is subject to change that is contingent on the resolution of the dispute. No asset has been recognised in respect of any reduction of the said balance. AEL and AMC have agreed that no performance fee will be due for 2019. On the basis of the above, the Board was in a position to approve the financial statements of the Company and the consolidated financial statements of the Group for the period ending December 2019, without accruing for a performance fee for 2019 and at the same time the Board commenced discussions with AMC to discuss the above concerns and agree a mechanism which will ensure a fair and appropriate remuneration structure for both parties going forward from 2020. The value of performance fee for 2019 which has not been accrued by the Company (if historical interpretation of calculation method is applied) amounts to €4.0 million.

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

18. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. In 2020 there were no changes in the Group structure. In 2019 there were no changes in the Group structure except for:

- Deconsolidation of the subsidiary over which the Group control was lost:

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

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

- consolidation of the subsidiary over which the Group control was lost in 2014:

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

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

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%
Holland	Atlas Residential BV	Holding	100%
Holland	Atlas HPO BV	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	AEP Sp. z o.o. 2 SKA	Holding	100%

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

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	AEP Sp. z o.o. 3 SKA	Holding	100%
Poland	Platinum Towers AEP Sp. z o.o. SKA	Development	100%
Poland	Zielono AEP Sp. z o.o. SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Tower Sp. z o.o. (former name: Atlas Estates (Millennium) Sp. z o.o.)	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Sp. z o.o. Sp. j.	Development	100%
Poland	HGC Gretna Investments Sp. z o.o. Sp. j.	Hotel operation	100%
Poland	Mantezja 3 Sp. z o.o.	Hotel operation	100%
Poland	HPO AEP Sp. z o.o. Sp. j.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Le Marin Sp. z o.o.	Development	100%
Poland	Atlas Estates (Przasnyska 9) Sp. z o.o.	Development	100%
Poland	La Brea Management Sp. z o.o.	Development	100%
Poland	CAA Finance Sp. z o.o.	Development	100%
Poland	Gretna Investments Sp. z o.o.	Holding	100%
Poland	Gretna Investments Sp. z o.o. 4 SKA	Holding	100%
Poland	Atlas Estates (Wilanów) Sp. z o.o. (former name: Negros 3Sp. z o.o.)	Holding	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Atlas Estates (Moszkva) Kft.	Investment	100%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Development	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
Bulgaria	Immobul EOOD	Investment	100%
Luxembourg	Gretna SCSP	Holding	100%
Luxembourg	Residential SCSP	Holding	100%
Luxembourg	Gretna Projects Sarl	Holding	100%
Luxembourg	HPO SCSP	Holding	100%
Luxembourg	Residential Projects Sarl	Holding	100%

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000
Revenues	-	-
Cost of operations	-	-
Gross profit	-	-
Administrative expenses	(676)	(528)
Other operating income	-	-
Other operating expenses	(10,420)	-
Loss from operations	(11,096)	(528)
Finance income	-	2,000
Finance costs	(19)	(18)
Other gains and (losses) – foreign exchange	3	(1)
(Loss)/ Profit before taxation	(11,112)	1,453
Tax expense	-	-
(Loss)/ Profit for the year	(11,112)	1,453
Total comprehensive (loss)/ profit for the year	(11,112)	1,453

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	31 March 2020 (unaudited) €'000	31 December 2019 (audited) €'000	31 March 2019 (unaudited) €'000
ASSETS			
Non-current assets			
Investment in subsidiaries	148,059	158,779	142,376
Loans receivable from subsidiaries	81	81	72
	148,140	158,860	142,448
Current assets			
Trade and other receivables	-	4	16
Cash and cash equivalents	211	370	115
	211	374	131
TOTAL ASSETS	148,351	159,234	142,579
Non-current liabilities			
Other payables	(5,815)	(5,796)	(5,290)
	(5,815)	(5,796)	(5,290)
Current liabilities			
Trade and other payables	(11,105)	(10,895)	(11,209)
	(11,105)	(10,895)	(11,209)
TOTAL LIABILITIES	(16,920)	(16,691)	(16,499)
NET ASSETS	131,431	142,543	126,080
EQUITY			
Share capital account	6,268	6,268	6,268
Other distributable reserve	194,817	194,817	194,817
Accumulated loss	(69,654)	(58,542)	(75,005)
TOTAL EQUITY	131,431	142,543	126,080

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2020

Three months ended 31 March 2020 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2019	6,268	194,817	(58,542)	142,543
Total comprehensive loss for the period	-	-	(11,112)	(11,112)
As at 31 March 2019	6,268	194,817	(69,654)	131,431

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

Three months ended 31 March 2019 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2019	6,268	194,817	(76,458)	124,627
Total comprehensive loss for the period	-	-	1,453	1,453
As at 31 March 2019	6,268	194,817	(75,005)	126,080

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Three months ended 31 March 2020

NON-CONSOLIDATED CASH FLOW STATEMENT

Three months ended 31 March 2020

	Three months ended 31 March 2020 (unaudited) €'000	Three months ended 31 March 2019 (unaudited) €'000
(Loss)/ Profit for the year	(11,112)	1,453
Adjustments for:		
Finance costs	19	17
Finance income	-	(2,000)
Impairment on investments	10,420	-
	(673)	(530)
Changes in working capital		
Decrease/ (Increase) in trade and other receivables	4	(12)
Increase/ (Decrease) in trade and other payables	210	(1,565)
Net cash used in operating activities	(459)	(2,107)
Investing activities		
New loans advanced to subsidiaries	-	(4)
Income from subsidiary	300	2,000
Net cash from investing activities	300	1,996
Financing activities		
Loan received from subsidiary	-	200
Net cash from financing activities	-	200
Net increase/(decrease) in cash and cash equivalents in the year as a result of cashflows	(159)	89
Effect of foreign exchange rates	-	-
Net (decrease)/ increase in cash and cash equivalents in the year	(159)	89
Cash and cash equivalents at the beginning of the year	370	26
Cash and cash equivalents at the end of the year	211	115
Cash and cash equivalents		
Cash at bank and in hand	211	115
Bank overdrafts	-	-
	211	115