ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2016

Atlas Estates Limited
Martello Court
Admiral Park
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Guernsey GY1 3HB
Company number: 44284

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Financial Highlights

Selected Consolidated Financial Items	Six months ended 30 June 2016 (unaudited) €'000	Year ended 31 December 2015 (audited)	Six months ended 30 June 2015 (unaudited) €'000
Revenues	16,920	58,662	16,684
Gross profit	6,950	21,333	6,958
Increase/ (Decrease) in value of investment properties	2,001	(5,515)	(5,468)
Profit from operations	5,473	3,111	(1,992)
(Loss)/ Profit before tax	(1,098)	21,579	20,320
(Loss)/ Profit for the period	(1,005)	22,770	21,085
(Loss)/ Profit attributable to owners of the parent	(1,005)	22,770	21,085
Cash flow from operating activities	(1,182)	10,158	7,846
Cash flow from investing activities	276	693	(396)
Cash flow from financing activities	(4,374)	(13,576)	(7,097)
Net (decrease)/ increase in cash	(5,739)	(2,363)	760
Non-current assets	182,803	184,972	188,840
Current assets	35,204	40,474	63,246
Total assets	218,611	229,614	262,661
Current liabilities	(87,220)	(93,073)	(172,553)
Non-current liabilities	(67,151)	(70,647)	(22,950)
Total liabilities	(154,371)	(163,720)	(195,503)
Basic net assets [1]	64,240	65,894	67,158
Number of shares outstanding	46,852,014	46,852,014	46,852,014
(Loss)/ Profit per share (eurocents)	(2.1)	48.6	45.0
Basic net asset value per share (€)	1.4	1.4	1.4

[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 financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 2016.

In the current financial market conditions key priorities are enhancing liquidity, gaining access to capital as well as acquisition of new land banks. All of these objectives are vital for operations as they will underpin our drive to progress the projects we currently have under development through to completion, whilst at the same time supporting growth of the operations.

Despite the challenging environment the Group was able to achieve several key objectives:

- in the fourth quarter of 2015 the Group has commenced construction of the second stage of *Apartamenty przy Krasińskiego* development project in Warsaw. In 2016 the Group secured bank financing for this new project and started pre sales;
- the residential projects that the Group is currently developing in Warsaw (*Capital Art Apartments III & IV, Apartamenty przy Krasińskiego* and *Concept House*) were successful and their sales are nearly complete;
- on 3 August 2016 the Group concluded the term sheet with the bank defining the terms of an acquisition of the outstanding loan facility extended to *Millennium Plaza* and amounting to €58.9 million, for further details please refer to page 10.

Half Year Reported Results

As of 30 June 2016 the Group has reported basic net assets of €64.2 million. There has been no significant movements in the basic net assets as compared to 31 December 2015.

The decrease of basic net asset value by €3.0 million from €67.2 million as at 30 June 2015 is primarily a result of:
- €4.7 million foreign exchange losses recorded from the third quarter 2015 till the second quarter 2016
- €1.7 million loss on the derivative financial instruments associated with bank loans; offset by:
- €2.0 million fair value gains on investment properties recorded as at 31 December 2015;

Loss after tax amounts to €1.0 million for the six months period ended 30 June 2016 as compared to profit after tax of €21.1 million for the six months period ended 30 June 2015. The significant change of the noted results was mainly a joint effect of:
- the settlement reached in June 2015 by the Group with the bank financing its two projects in Romania (part of *the portfolio of cross collateralised banking facilities*) based on which the Group received €22.2 million discount on the repayment of the outstanding loan facilities resulting in finance income decrease from €22.4 million in the first half 2015 to €0.2 million in the first half 2016;
- movements in the foreign currency exchange differences from gain of €1.9 million for the first half 2015 to loss of €3.3 million for the first half 2016 mainly as a result of the appreciation of the local currencies against the EURO in the first half 2015 as compared to depreciation in the first half 2016,
- increase of finance costs from €2.0 million in the first half of 2015 to €3.3 million in the first half of 2016 mainly due to loss on the derivative instrument associated with Hilton bank loan facility.

Financing, Liquidity and Forecasts

The Directors consider that the current outlook presents operating as well as financing challenges in which the Group operates.

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

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence and to manage its loan facilities for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the interim condensed consolidated financial information for the six months ended 30 June 2016, as set out in note 1.

Investing Policy

Atlas mainly invests in Poland in a portfolio of real estate assets across a range of property types, where approximately 85% of its assets are located. The Group also operates in the Hungarian, Romanian and Bulgarian real estate markets.

We actively target Poland, where the economy is believed to be the most attractive amongst CEE economies.

We invest in residential, industrial, retail, office and leisure properties in order to create an appropriately balanced portfolio of income-generating properties and development projects.

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

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

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the six months to 30 June 2016, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has been stable at the level of €1.4 per share as at 31 December 2015 and €1.4 per share 30 June 2016.

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

For the interim accounts valuations of key assets (*Hilton* Hotel and *Millennium Plaza*- office building located in Warsaw) were performed by external experts. As of 30 June 2016 the following external independent qualified experts were engaged:
- Jones Lang LaSalle responsible for the valuation of *Millenium Plaza*,
- Wyceny i Ekspertyzy Sp. z o.o. dr inż. Andrzej Zalewski responsible for the valuation of *Hilton* hotel in Poland.

Corporate Governance

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

Risks and uncertainties

The Board and the Property Manager continually assess and monitor the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance for the rest of the financial year 2016 are summarised in the Property Manager's Report on pages 14 and 15 below.

Prospects

With the ongoing economic recovery in Poland we also focus on driving our sales activities in several residential projects in Warsaw as presented in the Review of the Property Manager.

Mark Chasey
CHAIRMAN
31 August 2016

ATLAS ESTATES LIMITED

Review of the Property Manager

In this review we present the financial and operating results for the six months ended 30 June 2016. Atlas Management Company Limited (“AMC”) is the Property Manager appointed by the Company to oversee the operation and management of Atlas’ portfolio and advise on new investment opportunities. At 30 June 2016, the Company held a portfolio of eighteen properties comprising eight investment properties of which five are income yielding properties, two are held for capital appreciation and one is held for sale, two hotels and eight development properties.

It could be a long road to recovery for the real estate market in Central & Eastern Europe (CEE). As a result of these uncertainties and changing conditions, management has taken measures to mitigate risks across the portfolio. This has included reducing costs and staffing levels and putting on hold higher risk investment activity. Nevertheless, key development projects have been completed on time and several new developments have commenced.

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 85% (by value) of the Group’s portfolio located there. The Polish economy has been one of most resilient economies in Europe with GDP growth of 3.6% in 2015 (3.5% expected in 2016).

Hilton Hotel, Warsaw

The Hilton hotel in the Wola district of Warsaw is the Group’s flagship asset. The hotel is continuously performing at an outstanding level.

Millenium Plaza, Warsaw

The *Millennium Plaza* is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 80% as of 30 June 2016 (81% as of 31 December 2015).

Sadowa, Gdańsk

The *Sadowa* office building is a 6,872 sqm office building in Gdańsk. During the last 12 months its occupancy ratio reduced (from 100% as of 30 June 2015 to 55% as of 31 December 2015 and 61% as of 30 June 2016). The Company is actively looking for new tenants.

Platinum Towers and Atlas Estates Tower

Platinum Towers **-** with its construction finished, all apartments and penthouses have been sold. This residential development alongside the Hilton hotel provides a unique development in the city. The plan is also to build a mixed use (residential and office) Atlas Estates Tower, on the neighbouring plot, which will further enhance the attractiveness of this site.

Apartamenty przy Krasińskiego (the first stage) and **Apartamenty przy Krasińskiego II** (the second stage)

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

The first stage of this development includes 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 30 June 2016 all apartments were sold and only 4 retail units were available for sale.

Apartamenty przy Krasińskiego II is the second stage of this successful development project. This stage will release approximately 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and is still in progress. 19 apartments have been presold as of 30 June 2016

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 30 June 2016 only 4 apartments and 8 retail units remain available for sale.

Concept House

The *Concept House* project is a development in the Mokotów district of Warsaw. It consists of 160 apartments in the city with parking and amenities, including retail facilities.

The construction of the development was completed in 2013 and as of 30 June 2016 only 3 apartments and 1 retail unit are unsold.

Nakielska Apartments Project

Nakielska Apartment Project is a residential development that will consist of two stages which will release around 240 apartments as well as parking and retail facilities.

Hungary

In Hungary, the Group's portfolio is comprised of six properties, all of which are located in Budapest. Five are income producing assets. One of them has been classified as an asset held for sale – as disclosed in note 16 of the interim condensed consolidated financial statements.

The Hungarian economy has suffered from the global credit crisis and lack of liquidity available for development projects. As a result, Atlas has stopped development activity and has experienced client losses and pricing pressures affecting its income yielding assets. In 2015 GDP increase of 2.9% was noted (in 2016 an increase in GDP of 2.3% is expected).

Romania

The Group's portfolio contains three properties in Romania, including the *Golden Tulip* hotel and two significant land banks. The Romanian GDP increased by 3.7% in 2015 (in 2016 an increase in GDP of 4.2% is expected). Despite the difficult trading conditions, occupancy rates at the Golden Tulip improved from 64% for the six months ended 30 June 2015 to 67% for the six months ended 30 June 2016.

Bulgaria

The Group holds one property in Bulgaria, which is a ca. 3,500 sqm office building in Sofia.

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 over exposed to, or reliant on, any one particular area. AMC evaluates the risks and rewards associated with a particular country, sector or asset class, in order to optimise the Company's return on investment and therefore the return that the Company is able to deliver to Shareholders over the longer term.

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on an annual basis. For the interim semi-annual accounts the valuation of selected assets was performed as described on page 5.

Loans

As at 30 June 2016, the Group's total bank debt associated with the portfolio was €132 million (31 December 2015: €137 million; 30 June 2015: €147 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods in which valuations were undertaken may be analysed as follows:

	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio	Loans	Valuation	Loan to Value Ratio
	30 June 2016			31 December 2015			30 June 2015		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	81	82	99%	84	85	99%	91	92	99%
Hotels	51	85	60%	53	87	61%	56	91	62%
Total	**132**	**167**	**79%**	**137**	**172**	**80%**	**147**	**183**	**80%**

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 June 2016, 31 December 2015 and 30 June 2015 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property amounting to 99% remains stable as compared to 31 December 2015 and 30 June 2015.

LTV ratio of hotels slightly decreased from 62% as of 30 June 2015 to 60% as of 30 June 2016 mainly due to partial repayments of the loans.

The gearing ratio is 65% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio remained stable as compared to 31 December 2015 (64%) and as compared to 30 June 2015 (65%).

Debt financing

Repaid loans, Portfolio of cross collateralised banking facilities

In June 2015 the Group reached a settlement with the bank financing its two projects in Romania (*part of portfolio of cross collateralised banking facilities*) based on which the Group received €22.2m discount on the repayment of the outstanding loan facility. The Group could be obliged to pay an additional amount to the bank in connection with this transaction upon closing of disposal of *Millennium Plaza*. The additional amount is calculated as follows:

a. the amount by which net proceeds from the disposal of *Millennium Plaza* exceed the outstanding debt facility at the time of disposal constitute "Excess Disposal Proceeds";
b. the additional amount shall be the sum of:
   - 100% of Excess Disposal Proceeds not exceeding €10.0 million,
   - 50% of Excess Disposal Proceeds exceeding €10.0 million.

Currently this additional amount is expected to be €nil.

In November 2015 the Group sold Ligetvaros office building in Hungary (*part of portfolio of cross collateralised banking facilities*) and consequently settled the outstanding loan facility extended to this project.

As of 30 June 2016, after the above described repayment of two Romanian and one Hungarian facility, the Group has facility extended to Atlas Estates Millenium Sp. z o.o. that had been cross collateralised totalling €58.9million. As at 31 December 2015 and 30 June 2016 this loan is classified as current liability since it is due on 31 December 2016 and the waiver of covenants was effective until 31 December 2015. In August 2016 the Company signed with the bank the term – sheet defining the terms of an acquisition of this loan at the discounted price of €39.5million. It is anticipated that the loan acquisition agreement will be concluded in September 2016, while deletion of all collaterals of the bank will occur by the final repayment date, i.e. by 29 September 2017. The Company's majority shareholder confirmed its financial engagement and support to finalize this transaction.

Hotel Hilton bank facility

As of 30 June 2015 the bank facility extended to *Hilton* hotel in Poland amounted to €52.8m and was classified as a current liability as it was due in September 2015. On 29 June 2015 the Group signed a new financing agreement in order to repay this facility before its due date. In September 2015 the existing bank debt obligation was replaced with the new loan. As of 31 December 2015 Hilton bank facility (extended to Mantezja 3 Sp. z o.o.) amounted to €50.2m and as of 30 June 2016 it amounts to €48.0 m. The final repayment date of this facility is 30 June 2025.

New loan

In February 2016 Atlas Estates (Przasnyska 9) Sp. z o.o. was granted a loan for the construction of the second stage of *Apartamenty przy Krasińskiego* project in Warsaw.
Under the agreement the bank will grant a loan in a total amount of PLN 42.9 million in the following tranches:
-a construction loan in an amount of PLN 41.4 million, and
-a VAT loan (i.e. revolving loan to finance Polish VAT) in an amount of PLN 1.5 million.
The final repayment date of the construction part of the loan will fall on the day falling 12 months after the last day of the availability period for the construction part of the loan (i.e. a day falling 24 months after the first draw down of the construction loan or 31 March 2018, whichever occurs earlier) or on 31 March 2019, whichever occurs earlier.
The final repayment date of VAT part of the loan will fall on the day falling 6 months after the last day of the availability period (as explained above) for the VAT part of loan or on 30 September 2018, whichever occurs earlier.
The first draw down of the loan amounting to PLN 4.4 million took place in July 2016.

Other loans

In the preparation of the consolidated financial statements as of 30 June 2016, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €14.0 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

Review of the operational performance

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

Revenues and cost of operations

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Six months ended 30 June 2016 € millions	Six months ended 30 June 2015 € millions
Revenue	5.3	1.8	9.7	0.1	16.9	16.7
Cost of operations	(2.5)	(1.5)	(6.0)	-	(10.0)	(9.7)
Gross profit	2.8	0.3	3.7	0.1	6.9	7.0
Administrative expenses	(0.3)	(0.2)	(1.6)	(1.2)	(3.3)	(3.5)
Gross profit less administrative expenses	2.5	0.1	2.1	(1.1)	3.6	3.5
Gross profit %	53%	17%	39%	-	41%	42%
Gross profit less administrative expenses %	47%	6%	23%	-	22%	21%

Total revenues for the six months ended 30 June 2016 were €16.9 million compared to €16.7 million for the six months ended 30 June 2015. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Cost of operations were €10.0 million in the six months ended 30 June 2016 compared to €9.7 million for the six months ended 30 June 2015.

<u>Development Properties</u>

	Six months ended 30 June 2016 € millions	Six months ended 30 June 2015 € millions	**Total change 2016 v 2015 € millions**	Translation foreign exchange effect € millions	Operational change 2016 v 2015 € millions
Revenue	1.8	0.8	**1.0**	-	1.0
Cost of operations	(1.5)	(0.8)	**(0.7)**	-	(0.7)
Gross profit	0.3	-	**0.3**	-	0.3
Administrative expenses	(0.2)	(0.3)	**0.1**	-	0.1
Gross profit less administrative expenses	0.1	(0.3)	**0.4**	-	0.4

Proceeds from the sale of residential apartments developed by the Group are only recognised when apartments have been handed over to new owners with notarial deed signed. At this moment the economic risks and rewards are transferred to the new owner and in accordance with the Group's accounting policy, the revenue and associated costs of these apartments are recognised in the income statement. Please note that:
- *Apartamenty przy Krasińskiego stage 1* project construction was finalized in 2013 and the Group has been recognizing the sales and associated costs in the consolidated income statement starting from the fourth quarter of 2013 as the above mentioned criteria have been met;
- *Apartamenty przy Krasińskiego stage 2* project construction is in progress and no sales and associated costs have been recognized in the consolidated income statement as the above mentioned criteria have not been met;
- *Capital Art Apartments* project (all stages) construction was finalized and the Group has been recognizing the sales and associated costs in the consolidated income statement starting as the above mentioned criteria have been met;
- *Concept House* is a joint venture project and therefore differently accounted as compared to other development projects. The revenues and associated costs of this development are netted and disclosed separately as a single line item as "total investment in equity accounted joint ventures" on the consolidated statement of financial position.

Apartment sales in developments in Warsaw

	CAA stage 1	CAA stage 2	CAA stage 3&4	Apartamenty przy Krasińskiego	Apartamenty przy Krasińskiego II	Concept House*
Total apartments for sale	219	300	265	303	123	160
Sales completions in 2008-2012	216	287	-	-	-	-
Sales completions in 2013	1	6	-	257	-	53
Sales completions in 2014	-	4	-	37	-	93
Sales completions in 2015	1	-	249	8	-	10
Sales completions in 2016	-	-	13	1	-	1
Total sales completions	218	297	262	303	-	157
Sales not completed as of 30 June 2016 (only preliminary agreements concluded)	1	-	2	-	19	-
Apartments available for sale as of 30 June 2016	-	3	1	-	104	3

Joint venture project

Property Rental

	Six months ended 30 June 2016 € millions	Six months ended 30 June 2015 € millions	**Total change 2016 v 2015 € millions**	Translation foreign exchange effect € millions	Operational change 2016 v 2015 € millions
Revenue	5.3	6.3	**(1.0)**	(0.2)	(0.8)
Cost of operations	(2.5)	(2.8)	**0.3**	0.1	0.2
Gross profit	2.8	3.5	**(0.7)**	(0.1)	(0.6)
Administrative expenses	(0.3)	(0.5)	**0.2**	-	0.2
Gross profit less administrative expenses	2.5	3.0	**(0.5)**	(0.1)	(0.4)

In the first six months of 2016 the gross margin realized by the Property Rental segment decreased as compared to the first six months of 2015 mainly due to sale of properties in Hungary- Ligetvaros and Varosliget in November 2015 and Metropol in January 2016.

Hotels

	Six months ended 30 June 2016 € millions	Six months ended 30 June 2015 € millions	**Total change 2016 v 2015 € millions**	Translation foreign exchange effect € millions	Operational change 2016 v 2015 € millions
Revenue	9.7	9.6	**0.1**	(0.5)	0.6
Cost of operations	(6.0)	(6.1)	**0.1**	0.3	(0.2)
Gross profit	3.7	3.5	**0.2**	(0.2)	0.4
Administrative expenses	(1.6)	(1.7)	**0.1**	0.1	0.0
Gross profit less administrative expenses	2.1	1.8	**0.3**	(0.1)	0.4

In the first six months of 2016 the hotel operations improved as compared to the first six months of 2015 mainly due to improved occupancy ratios of both *Hilton* and *Golden Tulip* hotels in Warsaw and Bucharest.

Administrative expenses

Administrative expenses decreased by €0.2 million as compared to the six months ended 30 June 2015 mainly due to decrease of property manager fee as a result of lower adjusted NAV (i.e. base of the performance manager fee).

Valuation movement

As of 30 June 2016 the increase of the market value of the investment properties portfolio was of €2.0 million as compared to a decrease of €5.5 million as of 30 June 2015. The movements mainly relate to change in value of *Millenium Plaza*.

Finance income and costs

Finance income decreased by €22.2 million primarily due to a €22.2 million bank loan write back. On 30 June 2015 the Group reached a settlement with the bank financing its two projects in Romania (*part of the portfolio of cross collateralised banking facilities*) based on which the Group received €22.2 million discount on the repayment of the outstanding loan facilities.

The income statement includes finance costs of €3.3 million for the six months ended 30 June 2016, compared with €2.0 million in comparative period in 2015, representing mainly interests on bank loans and related bank charges. The increase of finance costs is mainly attributable to €1.2 million loss on interest rate swap associated with *Hilton* bank facility.

Foreign exchange

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

In the six months ended 30 June 2016 the Group reported exchange losses of €3.3 million as compared to €1.9 million gains in the six months ended 30 June 2015. These gains and losses were due to the unrealised foreign exchange gains and losses on EUR denominated bank loans in Polish, Hungarian and Romanian subsidiaries. The foreign exchange losses occurred mainly as a result of depreciation of PLN against EUR in the first half of 2016. The foreign exchange gains occurred mainly as a result of appreciation of PLN against EUR in the first half of 2015.

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				
30 June 2016	4.4255	316.16	4.5210	1.9558
31 December 2015	4.2615	313.12	4.5245	1.9558
% Change	4%	1%	0%	0%
30 June 2015	4.1944	315.04	4.4735	1.9558
31 December 2014	4.2623	314.89	4.4821	1.9558
% Change	-2%	0%	0%	0%
Average rates				
2nd quarter 2016	4.3663	312.68	4.5218	1.9558
Year 2015	4.1852	308.66	4.4591	1.9558
% Change	4%	1%	1%	0%
2nd quarter 2015	4.1420	307.45	4.4682	1.9558

Net Asset Value

The Group's property assets are categorised into three classes, when accounted for in accordance with International Financial Reporting Standards. The recognition of changes in value from 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 operated by the Group to produce income, such as the Hilton hotel or land held for development of 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 recognised deficit below cost.

The Property Manager's basic fee and performance fee are determined by the annual adjusted NAV. For the six months to 30 June 2016 the basic fee payable to AMC was €0.8 million - based on the adjusted NAV as of 31 December 2015 (€0.7 million for the six months period ended 30 June 2015 - based on the adjusted NAV as of 31 December 2014).

Ongoing activities

During the first half of 2016, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio. It has also continued to crystallise the value of development projects by the pre-selling of apartments under construction and by the completion of development property in the course of construction.

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 control and reduce construction costs at its development projects, particularly in the light of global variations in commodity prices. Another key objective is the refinancing of the portfolio, the securing of construction loans and the evaluation of various fund raising opportunities.

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.

We continue to enhance our internal control and reporting procedures and IT systems in order to generate appropriate and timely management information for the ongoing assessment of the Group's performance. There is in operation a financial reporting system which provides the Group with the required reporting framework, financial management and internal control.

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.

An impact of the economic uncertainty is the fluctuations in exchange rates of countries in the region. AMC has been advising the Board on a regular basis with respect to financial performance and the effect of external factors on the business.

Financing and liquidity

Management has experienced strict requirements of 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. The allocation of capital and investment decisions are reviewed and approved by local operational management, the executive team, the central finance and operational teams, by the investment committee of AMC and, finally, by Atlas' Board. This approach provides the Company with a rigorous risk management framework. 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 Company's investment properties is denominated in Euro and our policy is to arrange debt to fund these assets in the same currency. Where possible, the Company 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 Company is identified and appropriate translation mechanisms put in place.

Conclusions and Prospects

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 property and provide the Company with local market knowledge and expertise. In the first quarter of 2016 the new financing for the second stage of the very successful development project in Warsaw- *Apartamenty przy Krasińskiego II* was secured. The construction of this project commenced in the last quarter of 2015.

Reuven Havar
Chief Executive Officer
Atlas Management Company Limited
31 August 2016

Ziv Zviel
Chief Financial Officer
Atlas Management Company Limited

Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland – a 4 star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Atlas Estates Tower *(former name: Platinum Towers – offices)*	Land with zoning for an office/residential tower planned up to 42 floors.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,842 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Capital Art Apartments	784 apartments, four stage development, with Stage 1 completed in 2008, Stage 2 in 2009, Stage 3 in January 2015 and Stage 4 in February 2015. Location close to the central business district in Wola area of Warsaw. As of 30 June 2016 only 4 apartments and 8 retail units were available for sale.	100%
Nakielska Apartment Project	*Nakielska Apartment Project* is a residential development in the Wola district of Warsaw. It will be a two stage development which will release 240 apartments with parking and amenities, including retail facilities. This project is an early planning phase.	100%
Apartamenty przy Krasińskiego, stage I	Residential project in Warsaw. The construction was completed in July 2013. The project released 303 apartments. As of 30 June 2016 all apartments were sold and only 4 retail units were available for sale.	100%
Apartamenty przy Krasińskiego, stage II	The second stage of the successful development project in Warsaw. It is estimated that it will release approximately 123 apartments with underground parking and retail facilities. The construction commenced in November 2015.	100%
Millennium Tower	39,138 square meters of office and retail space in the central business district of Warsaw.	100%
Concept House	The construction of this residential project was completed in April 2013. Location in Mokotow district close to the central business district of Warsaw. As of 30 June 2016 only 3 apartments out of 160 apartments were still available for sale.	50%
Sadowa office building	6,872 square meters office building close to the city centre of Gdańsk.	100%

Location/Property	Description	Company's ownership
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest	100%
Atrium Homes	Two phase development of 22,000 square meters of 456 apartments with 235 apartments in phase 1 with building permits, located in the 13th district in central Budapest.	100%
Moszkva Square	600 square meters of office and retail space in the Buda district of Budapest. (disclosed as held for sale as at 31 December 2015)	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 83 room hotel in central Bucharest in the city centre of Bucharest.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

Independent Review Report on the Interim Condensed Consolidated and non-consolidated Financial Information for the six month period ended 30 June 2016

To Atlas Estates Limited

Introduction

We have been engaged by the company to review the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2016, which comprises the consolidated income statement, the consolidated and non-consolidated statements of comprehensive income, the consolidated and non-consolidated statements of financial position, the consolidated and non-consolidated statements of changes in equity, the consolidated and non-consolidated statements of cash flows and the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim condensed consolidated and non-consolidated financial information.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the rules of the Warsaw Stock Exchange.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The interim condensed consolidated and non-consolidated financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting its responsibilities in respect of the requirements of the rules of the Warsaw Stock Exchange and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2016 are not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union and the rules of the Warsaw Stock Exchange.

BDO LLP, Chartered Accountants
London, United Kingdom

31 August 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ATLAS ESTATES LIMITED

Declarations of the Board of Directors

Declaration concerning accounting policies

The Board of Directors of Atlas Estates Limited ("the Company") confirms that, to the best of their knowledge, the interim condensed consolidated and non-consolidated financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Group and the Company for the period.

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

Declaration concerning election of the Company's auditor for the interim condensed consolidated and non-consolidated financial statements

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

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

31 August 2016

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2016

		Six months ended 30 June 2016 (unaudited) €'000		Six months ended 30 June 2015 (unaudited) €'000	Note
Revenues		16,920		16,684	
Cost of operations		(9,970)		(9,726)	4.1
Gross profit		**6,950**		**6,958**	
Property manager fee	*(818)*		*(688)*		
Central administrative expenses	*(332)*		*(214)*		
Property related expenses	*(2,135)*		*(2,627)*		
Administrative expenses		(3,285)		(3,529)	4.2
Other operating income		44		456	5.1
Other operating expense		(237)		(409)	5.2
Increase/ (Decrease) in value of investment properties		2,001		(5,468)	
Profit/ (Loss) from operations		**5,473**		**(1,992)**	
Finance income		162		22,374	6
Finance costs		(3,357)		(1,990)	6
Other (losses)/ gains – foreign exchange		(3,325)		1,870	6
Share of (losses)/ profits from equity accounted joint ventures		(51)		58	
(Loss)/ Profit before taxation		**(1,098)**		**20,320**	
Tax credit		93		765	7
(Loss)/ Profit for the period		**(1,005)**		**21,085**	
Attributable to:					
Owners of the parent		**(1,005)**		**21,085**	
(Loss)/ Profit per €0.01 ordinary share – basic (eurocents)		(2.1)		45.0	9
(Loss)/ Profit per €0.01 ordinary share – diluted (eurocents)		(2.1)		45.0	9

All amounts relate to continuing operations.
The notes on pages 26 to 47 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Six months ended 30 June 2016 (unaudited) €'000	**Six months ended 30 June 2015 (unaudited) €'000**
(LOSS)/ PROFIT FOR THE PERIOD	**(1,005)**	**21,085**
Other comprehensive (loss)/ income:		
Items that will not be recycled through profit or loss		
Revaluation of buildings	1,463	-
Deferred tax on revaluation	(278)	-
Total	1,185	-
Items that may be recycled through profit or loss		
Exchange adjustments	(2,007)	1,242
Deferred tax on exchange adjustments	173	(161)
Total	(1,834)	1,081
Other comprehensive (loss)/ income for the period (net of tax)	**(649)**	**1,081**
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE PERIOD	**(1,654)**	**22,166**
Total comprehensive (loss)/income attributable to:		
Owners of the parent	(1,654)	22,166
	(1,654)	**22,166**

The notes on pages 26 to 47 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	83	102	103	
Land under operating lease - prepayments	10,670	11,149	11,398	
Total investment in equity accounted joint ventures	635	813	1,112	
Property, plant and equipment	73,290	75,397	79,939	10
Investment property	90,391	89,953	90,177	11
Deferred tax asset	7,734	7,558	6,111	
	182,803	**184,972**	**188,840**	
Current assets				
Inventories	16,661	17,025	35,310	12
Trade and other receivables	4,684	3,851	5,215	
Cash and cash equivalents	13,859	19,598	22,721	13
	35,204	**40,474**	**63,246**	
Assets held within disposal groups classified as held for sale	604	4,168	10,575	16
	35,808	**44,642**	**73,821**	
TOTAL ASSETS	**218,611**	**229,614**	**262,661**	
Current liabilities				
Trade and other payables	(10,157)	(15,199)	(38,351)	
Bank loans	(75,289)	(77,260)	(134,152)	15
Derivative financial instruments	(1,774)	(614)	(50)	
	(87,220)	**(93,073)**	**(172,553)**	
Non-current liabilities				
Other payables	(3,187)	(3,276)	(3,172)	
Bank loans	(56,626)	(60,112)	(12,300)	15
Derivative financial instruments	-	-	(100)	
Deferred tax liabilities	(7,338)	(7,259)	(7,378)	
	(67,151)	**(70,647)**	**(22,950)**	
TOTAL LIABILITIES	**(154,371)**	**(163,720)**	**(195,503)**	
NET ASSETS	**64,240**	**65,894**	**67,158**	

The notes on pages 26 to 47 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	17,556	16,371	18,356
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(11,631)	(9,797)	(8,833)
Accumulated loss	(142,770)	(141,765)	(143,450)
Issued capital and reserves attributable to owners of the parent	**64,240**	**65,894**	**67,158**
Non-controlling interests	-	-	-
TOTAL EQUITY	**64,240**	**65,894**	**67,158**
Basic net asset value per share	€ 1.4	€ 1.4	€ 1.4

The notes on pages 26 to 47 form part of this consolidated financial information. The condensed consolidated financial information on pages 20 to 47 was approved by the Board of Directors on 31 August 2016 and signed on its behalf by:

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

31 August 2016

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 June 2016

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total €'000	Non-controlling interest €'000	Total equity €'000
Six months ended 30 June 2016								
As at 1 January 2016	6,268	16,371	194,817	(9,797)	(141,765)	65,894	-	65,894
Profit for the period	-	-	-	-	(1,005)	(1,005)	-	(1,005)
Other comprehensive income for the period	-	1,185	-	(1,834)	-	(649)	-	(649)
As at 30 June 2016	**6,268**	**17,556**	**194,817**	**(11,631)**	**(142,770)**	**64,240**	**-**	**64,240**
Year ended 31 December 2015								
As at 1 January 2015	6,268	18,356	194,817	(9,914)	(164,535)	44,992	-	44,992
Profit for the period	-	-	-	-	22,770	22,770	-	22,770
Other comprehensive loss for the year	-	(1,985)	-	117	-	(1,868)	-	(1,868)
As at 31 December 2015	**6,268**	**16,371**	**194,817**	**(9,797)**	**(141,765)**	**65,894**	**-**	**65,894**
Six months ended 30 June 2015								
As at 1 January 2015	6,268	18,356	194,817	(9,914)	(164,535)	44,992	-	44,992
Profit for the period	-	-	-	-	21,085	21,085	-	21,085
Other comprehensive income for the period	-	-	-	1,081	-	1,081	-	1,081
As at 30 June 2015	**6,268**	**18,356**	**194,817**	**(8,833)**	**(143,450)**	**67,158**	**-**	**67,158**

The notes on pages 26 to 47 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2016

	Note	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Cash (outflow)/ inflow from operations	14	**(1,182)**	**7,820**
Tax received		-	26
Net cash (used)/ from operating activities		**(1,182)**	**7,846**
Investing activities			
Interest received		151	117
Purchase of investment property		(1,190)	(488)
Purchase of property, plant and equipment		(232)	(271)
Cash consideration received in respect of sold subsidiaries- net of cash disposed		1,387	-
Loans repaid by equity accounted joint ventures		160	246
Net cash from/ (used in) investing activities		**276**	**(396)**
Financing activities			
Interest paid		(1,759)	(1,914)
Repayments of bank loans		(2,615)	(5,183)
Net cash used in financing activities		**(4,374)**	**(7,097)**
Net (decrease)/ increase in cash and cash equivalents in the period		**(5,280)**	**353**
Effect of foreign exchange rates		(459)	407
Net (decrease)/ increase in cash and cash equivalents in the period		**(5,739)**	**760**
Cash and cash equivalents at the beginning of the period		**19,598**	**21,961**
Cash and cash equivalent at the end of the period		**13,859**	**22,721**

The notes on pages 26 to 47 form part of this condensed consolidated financial information.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2016

1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the six months ended 30 June 2016 have 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 fair value. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, non-consolidated statement of comprehensive income, non-consolidated statement of financial position, non-consolidated statement of changes in equity, non-consolidated cash flow statement are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2015. The six month 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 still continues to present a lot of challenges for the Group and its management. As a result, the Group has reported a loss for the six months period ended 30 June 2016 of €1.0 million (compared to profit of €21.1 million in the six months ended 30 June 2015).

The Directors consider that the outlook presents ongoing challenges in terms of the markets in which the Group operates, the effect of fluctuating exchange rates in the functional currencies of the Group and the availability of bank financing for the Group.

As at 30 June 2016 the Group held secured land and building assets with a market value of €167 million, compared to external debt of €132 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 and non-consolidated interim financial information for the six months ended 30 June 2016, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 15 as part of the bank loans note.

Nevertheless, the directors are aware that the management of the liquidity position of the company has been and still continues to be a high priority. The company so far has been successful in managing its cash position carefully and will continue to do so, despite the various pressures. Managing this situation will require the company to use its various pockets of liquidity within its portfolio of assets and at the same time delicately manage its ongoing operations and relationships with its lending banks.

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 and the future financing of the Group, including the availability of the funds from the Group’s majority shareholder. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the condensed consolidated financial statements for the six months ended 30 June 2016.

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 2015, as described in the annual financial statements for the year ended 31 December 2015 and in accordance with the policies that are expected to apply in the year to 31 December 2016.

3. Business segments

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 divisions is presented below:

Six months ended 30 June 2016	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	5,348	1,804	9,646	122	16,920
Cost of operations	(2,534)	(1,526)	(5,910)	-	(9,970)
Gross profit	**2,814**	**278**	**3,736**	**122**	**6,950**
Administrative expenses	(348)	(193)	(1,491)	(1,253)	(3,285)
Gross profit/ (loss) less administrative expenses	**2,466**	**85**	**2,245**	**(1,131)**	**3,665**
Other operating income	25	14	5	-	44
Other operating expenses	(6)	(28)	(122)	(81)	(237)
Increase in value of investment properties	2,001	-	-	-	2,001
Profit/ (Loss) from operations	**4,486**	**71**	**2,128**	**(1,212)**	**5,473**
Finance income	19	124	9	10	162
Finance cost	(939)	(4)	(2,410)	(4)	(3,357)
Finance costs - other gains – foreign exchange	(2,632)	93	(236)	(550)	(3,325)
Share of losses from equity accounted joint ventures	-	(51)	-	-	(51)
Segment result before tax	**934**	**233**	**(509)**	**(1,756)**	**(1,098)**
Tax (expense)/ credit	(140)	-	255	(22)	93
Profit for the period as reported in the income statement					**(1,005)**
Net profit attributable to owners of the parent					**(1,005)**

Six months ended 30 June 2016	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	5,348	1,804	9,646	122	16,920
Cost of operations	(2,534)	(1,526)	(5,910)	-	(9,970)
Gross profit	**2,814**	**278**	**3,736**	**122**	**6,950**
Administrative expenses	(348)	(193)	(1,491)	(1,253)	(3,285)
Gross profit/ (loss) less administrative expenses	**2,466**	**85**	**2,245**	**(1,131)**	**3,665**
Other operating income	25	14	5	-	44

Six months ended 30 June 2016	Property rental	Residential sales	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	1 190	78	154	-	1,422
Depreciation	5	-	1,211	-	1,216
Amortisation	-	22	58	3	83

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

Six months ended 30 June 2015 (unaudited)	**Property rental**	**Residential sales**	**Hotel operations**	**Other**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Revenues	6,260	813	9,611	-	16,684
Cost of operations	(2,803)	(808)	(6,115)	-	(9,726)
Gross profit	**3,457**	**5**	**3,496**	**-**	**6,958**
Administrative expenses	(473)	(283)	(1,677)	(1,096)	(3,529)
Gross profit/ (loss) less administrative expenses	**2,984**	**(278)**	**1,819**	**(1,096)**	**3,429**
Other operating income	122	119	215	-	456
Other operating expenses	(173)	(52)	(182)	(2)	(409)
Decrease in value of investment properties	(5,468)	-	-	-	(5,468)
(Loss)/ Profit from operations	**(2,535)**	**(211)**	**1,852**	**(1,098)**	**(1,992)**
Finance income	12	137	20	22,205	22,374
Finance cost	(1,212)	(4)	(771)	(3)	(1,990)
Finance costs - other gains – foreign exchange	1,057	(60)	774	99	1,870
Share of profits from equity accounted joint ventures		58			58
Segment result before tax	**(2,678)**	**(80)**	**1,875**	**21,203**	**20,320**
Tax credit/ (expense)	(151)	(19)	909	26	765
Profit for the period as reported in the income statement					**21,085**
Net profit attributable to owners of the parent					**21,085**

Six months ended 30 June 2015 (unaudited)	**Property rental**	**Residential sales**	**Hotel operations**	**Other**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Reportable segment assets	112,444	51,181	93,889	-	257,514
Unallocated assets	-	-	-	5,147	5,147
Total assets	**112,444**	**51,181**	**93,889**	**5,147**	**262,661**
Reportable segment liabilities	(104,194)	(28,312)	(59,660)	-	(192,166)
Unallocated liabilities	-	-	-	(3,337)	(3,337)
Total liabilities	**(104,194)**	**(28,312)**	**(59,660)**	**(3,337)**	**(195,503)**

Six months ended 30 June 2015 (unaudited)	**Property rental**	**Residential sales**	**Hotel operations**	**Other**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Other segment items					
Capital expenditure	488	229	42	-	759
Depreciation	20	44	1,316	-	1,380
Amortisation	-	25	77	-	102

There are immaterial sales between the business segments.

Unallocated costs represent corporate expenses. 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, and deferred tax assets. Unallocated liabilities include accrued costs and deferred taxation liabilities within the Company and selected sub-holding companies as at the balance sheet date.

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

	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Costs of sale of residential property	(1,293)	(509)
Utilities, services rendered and other costs	(4,627)	(4,860)
Legal and professional expenses	(699)	(800)
Staff costs	(2,475)	(2,513)
Sales and direct advertising costs	(513)	(600)
Depreciation and amortisation	(363)	(499)
Reversal of impairment on inventory	-	55
Cost of operations	**(9,970)**	**(9,726)**

4.2 Administrative expenses

	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Audit and tax service	(89)	(151)
Incentive and management fee	(818)	(688)
Legal and other professional fees	(485)	(413)
Utilities, services rendered and other costs	(503)	(662)
Staff costs	(427)	(566)
Depreciation and amortisation	(936)	(986)
Other administrative expenses	(27)	(63)
Administrative expenses	**(3,285)**	**(3,529)**

5.1 Other operating income

	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Income from insurance	-	171
Other operating income	44	285
Other operating income	**44**	**456**

5. 2 Other operating expenses

	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Interest and fees	(4)	(130)
Loss on disposal of subsidiaries	(78)	-
Other operating expenses	(155)	(279)
Other operating expenses	**(237)**	**(409)**

6. Finance income and finance costs

	30 June 2016 (unaudited) €'000	30 June 2015 (unaudited) €'000
Bank loan write off	-	22,202
Other	162	172
Finance income – interest income	**162**	**22,374**
Interest payable on bank borrowings	(1,795)	(1,780)
Loss on interest rate derivative	(1,198)	-
Other similar charges	(364)	(210)
Finance costs	**(3,357)**	**(1,990)**
Finance costs, excluding foreign exchange – net	**(3,195)**	**20,384**
Other (losses) and gains – foreign exchange	**(3,325)**	**1,870**
Finance (costs)/ income, including foreign exchange – net	**(6,520)**	**22,254**

7. Tax credit

Continuing operations	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Current tax	(7)	(5)
Deferred tax	100	770
Tax credit for the period	**93**	**765**

On an individual company basis, an estimate has been made of the effective tax rate for the full year and has been applied to the half-year results.

8. Dividends

There were no dividends declared or paid in the six months ended 30 June 2016 (2015: €nil).

9. (Loss)/ Earning per share ("LPS"/ "EPS")

Basic (loss)/ earning 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:

Six months ended 30 June 2016	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic LPS			
Loss attributable to equity shareholders of the Company	(1,005)	46,852,014	(2.1)
Diluted LPS			
Adjusted loss	**(1,005)**	**46,852,014**	**(2.1)**

Six months ended 30 June 2015 (unaudited)	**Profit**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic (EPS)			
Profit attributable to equity shareholders of the Company	21,085	46,852,014	45.0
Diluted (EPS)			
Adjusted profit	**21,085**	**46,852,014**	**45.0**

10. Property, plant and equipment

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2015	78,356	11,485	92	89,933
Additions at cost	107	417	-	524
Exchange adjustments	(43)	2	-	(41)
Disposals	-	(79)	(29)	(108)
Revaluation	(2,222)	-	-	(2,222)
At 31 December 2015	**76,198**	**11,825**	**63**	**88,086**
Additions at cost	30	202	-	232
Exchange adjustments	(2,958)	(421)	(2)	(3,381)
Revaluation	601	-	-	601
At 30 June 2016	**73,871**	**11,606**	**61**	**85,538**
Accumulated depreciation				
At 1 January 2015	(3,977)	(6,063)	(78)	(10,118)
Charge for the year	(1,894)	(815)	(3)	(2,712)
Adjustment due to revaluation	-	-	-	-
Exchange adjustments	40	14	-	54
Disposals	-	65	22	87
At 31 December 2015	**(5,831)**	**(6,799)**	**(59)**	**(12,689)**
Charge for the period	(862)	(353)	(1)	(1,216)
Adjustment due to revaluation	862	-	-	862
Exchange adjustments	554	239	2	795
At 30 June 2016	**(5,277)**	**(6,913)**	**(58)**	**(12,248)**
				-
Net book value at 30 June 2016 (unaudited)	**68,594**	**4,693**	**3**	**73,290**
Net book value at 31 December 2015	70,367	5,026	4	75,397

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
At 1 January 2015	78,356	11,485	92	89,933
Additions at cost	31	240	-	271
Exchange adjustments	1,345	176	(28)	1,493
At 30 June 2015	**79,732**	**11,901**	**64**	**91,697**
Accumulated depreciation				
At 1 January 2015	(3,977)	(6,063)	(78)	(10,118)
Charge for the period	(934)	(443)	(3)	(1,380)
Exchange adjustments	(200)	(82)	22	(260)
Disposals	-	-	-	-
At 30 June 2015 (unaudited)	**(5,111)**	**(6,588)**	**(59)**	**(11,758)**
Net book value at 30 June 2015	**74,621**	**5,313**	**5**	**79,939**

The Group's hotels, the Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance. The latest valuation of hotels was performed as of 30 June 2016 (Hilton hotel) and 31 December 2015 (Golden Tulip hotel) by qualified professional valuers, acting in the capacity of external valuers. The results of valuation:

- revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders' equity,
- impairment adjustments have been taken to other operating expenses to the extent they exceed the balance, if any, held on the property revaluation reserve relating to a previous increase in the revaluation of that asset.

The fair value of hotels is level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below:

	30 June 2016 (unaudited) €'000	31 December 2015 (unaudited) €'000	30 June 2015 (unaudited) €'000
Opening balance (level 3 recurring fair values)	74,200	78,825	78,825
Additions at cost	30	181	40
Profit/ (Loss) included in other comprehensive income	1,463	(2,450)	-
(Profit)/ Loss included in other operating expenses	-	228	-
Depreciation charge for the year	(1,211)	(2,597)	(1,321)
Exchange adjustments	(2,541)	13	1,221
Closing balance (level 3 recurring fair values)	**71,941**	**74,200**	**78,765**

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

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Income approach The valuation has been undertaken using DCF valuation methodology.	Exit Capitalisation Rate (7.5-9%) Discount Rate (10-12%)	The higher the exit capitalisation and discounts rates the lower the fair value.

Fair value measurements are based on highest and best use, which does not differ from their actual use.

The Group has pledged property, plant and equipment of €71.9 million (31 December 2015: €74.2 million, 30 June 2015: €78.8 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €50.7 million (31 December 2015: €52.9 million, 30 June 2015: €55.6 million) are secured on these properties.

11. Investment property

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000
At beginning of the year	94,121	104,446	104,446
Disposal of subsidiary	(3,523)	(6,240)	-
Capitalised subsequent expenditure	1,190	1,216	488
Exchange movements	(2,793)	216	1,287
PV of annual perpetual usufruct fees	(1)	(2)	(1)
Fair value (losses)/ gains	2,001	(5,515)	(5,468)
At the end of the year	**90,995**	**94,121**	**100,752**
Less assets classified as held for sale (note 16)	(604)	(4,168)	(10,575)
	90,391	**89,953**	**90,177**

The fair value of the Group's investment properties has been arrived at on the basis of the latest valuation carried out at 31 December 2015 (except for one property in Poland, i.e. Millennium Plaza, which is based on the valuation carried out at 30 June 2016).

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

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

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000
Opening balance (level 3 recurring fair values)	94,121	104,446	104,446
Purchases	1,190	1,216	488
Disposals- other	(3,524)	(6,242)	(1)
Unrealized change in fair value	2,001	(5,515)	(5,468)
Unrealized foreign exchange movements	(2,793)	216	1,287
Closing balance (level 3 recurring fair values)	**90,995**	**94,121**	**100,752**

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

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Income approach Fair value is determined by applying the income approach based on the estimated rental value of the property.	Discount Rate (7.75% - 11%) Exit Yield (7.5% - 10%) Letting voids on vacant spaces (9-12 months) Rent - individually estimated per each property/type of leasable unit (€9.5/m^2 - €40/m^2)	The higher the exit yield and discounts rates the lower the fair value. The higher the office rent the higher the fair value.
Comparable approach The valuation technique that uses prices and other relevant information generated by market transactions involving comparable (i.e. similar) assets, adjusted for several factors to ensure comparability of the transactions.	The following adjusting factors were adopted: ✓ Location (5% - 30%) ✓ Size (5% - 20%) ✓ Development situation (5% - 20%)	The higher/ the lower the adjusting factor the higher/ the lower the fair value.

There were no changes to the valuation techniques of level 3 fair value measurements in the period except for five investment properties in case of which the valuation technique was changed from income to comparable approach to appropriately estimate the fair value as of 31 December 2015. The fair value measurement is based on the above items highest and best use, which does not significantly differ from their actual use.

The Group has pledged investment property of €82.2 million (31 December 2015: €84.6 million; 30 June 2015: €95.9 million) to secure certain banking facilities granted to subsidiaries.

12. Inventories

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000
Land held for development	10,596	10,827	11,151
Construction expenditures	2,137	790	19,877
Completed properties	2,784	4,194	3,067
Hotel inventory	1,144	1,214	1,215
As at period end	**16,661**	**17,025**	**35,310**

€1.3 million (31 December 2015: €19.7 million; 30 June 2015: €0.5 thousand) 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 the impairment on inventories (31 December 2015: €0.3 million in relation to reversal of impairment on inventories; 30 June 2015: €nil million).

Bank borrowings are secured on the inventory for the value of €nil million (31 December 2015: €nil million; 30 June 2015: €nil million).

For the six months period ended 30 June 2016 borrowing costs of €nil million (year ended 31 December 2015: €nil million, six months ended 30 June 2015: €nil million) that are directly attributable to the construction of qualifying assets are capitalized as part of the cost of inventory until they are substantially ready for use or sale.

13. Cash and cash equivalents

	30 June 2016	**31 December 2015**	**30 June 2015**
	(unaudited)	**(audited)**	**(unaudited)**
	€'000	**€'000**	**€'000**
Cash in hand and in bank	7,066	17,314	12,545
Short term bank deposits	6,793	2,284	10,176
As at period end	**13,859**	**19,598**	**22,721**

Included in cash and cash equivalents is €5.6 million (31 December 2015: €5.8 million; 30 June 2015: €10.8 million) restricted cash relating to security and customer deposits.

14. Cash generated from operations

	Six months ended 30 June 2016	**Six months ended 30 June 2015**
	(unaudited)	**(unaudited)**
	€'000	**€'000**
(Loss)/ Profit for the period	**(1,005)**	**21,085**
Adjustments for:		
Effects of foreign currency	3,308	(1,753)
Finance costs	3,088	1,835
Finance income	(151)	(117)
Bank loan write back	-	(22,202)
Tax credit	(93)	(765)
Share of losses/ (profits) from equity accounted joint ventures	51	(58)
Depreciation of property, plant and equipment	1,216	1,380
Amortisation charges	83	105
(Increase)/ Decrease in value of investment property	(2,001)	5,468
Loss on sale of subsidiary	78	-
	4,574	**4,978**

	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Changes in working capital		
Decrease/ (Increase) in inventory	364	(1,280)
Increase in trade and other receivables	(890)	(982)
(Decrease)/ Increase in trade and other payables	(4,962)	5,163
Effects of foreign currency on working capital translation	(268)	(59)
	(5,756)	**2,842**
Cash (outflow)/ inflow from operations	**(1,182)**	**7,820**

15. Bank loans

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000
Current			
Bank loans and overdrafts due within one year or on demand (secured)	**(75,289)**	**(77,260)**	**(134,152)**
Non-current			
Repayable within two years (secured)	(5,373)	(3,262)	(1,098)
Repayable within three to five years (secured)	(6,884)	(10,691)	(8,158)
Repayable after five years (secured)	(44,369)	(46,159)	(3,044)
	(56,626)	**(60,112)**	**(12,300)**
Total	**(131,915)**	**(137,372)**	**(146,452)**

The bank loans are secured on various properties of the Group by way of fixed or floating charges.
Bank loans are denominated in a number of currencies and bear interest based on a variety of interest rates.
An analysis of the Group's borrowings by currency:

	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 30 June 2016	**99,736**	**32,179**	**131,915**
Bank loans and overdrafts – 31 December 2015	103,330	34,042	137,372
Bank loans and overdrafts – 30 June 2015	146,452	-	146,452

Repaid loans, Portfolio of cross collateralised banking facilities

In June 2015 the Group reached a settlement with the bank financing its two projects in Romania (*part of portfolio of cross collateralised banking facilities*) based on which the Group received €22.2m discount on the repayment of the outstanding loan facility. The Group could be obliged to pay additional amount to the bank in connection with this transaction as described on page 9. Currently this is expected to be €nil.

In November 2015 the Group sold Ligetvaros office building in Hungary (*part of portfolio of cross collateralised banking facilities*) and consequently settled the outstanding loan facility extended to this project.

As of 30 June 2016, after the above described repayment of two Romanian and one Hungarian facility, the Group has facility extended to Atlas Estates Millenium Sp. z o.o. that had been cross collateralised totalling €58.9million. As at 31 December 2015 and 30 June 2016 this loan is classified as current liability since it is due on 31 December 2016 and the waiver of covenants was effective until 31 December 2015. In August 2016 the Company signed with the bank the term – sheet defining the terms of an acquisition of this loan at the discounted price of €39.5million. It is anticipated that the loan acquisition agreement will be concluded in September 2016, while transfer of ownership of Millennium Plaza building in Warsaw and deletion of all collaterals of the bank will occur by the final repayment date, i.e. by September 2017. The Company's majority shareholder confirmed its financial engagement and support to finalize this transaction.

Hotel Hilton bank facility

As of 30 June 2015 the bank facility extended to *Hilton* hotel in Poland amounted to €52.8m and was classified as a current liability as it was due in September 2015. On 29 June 2015 the Group signed a new financing agreement in order to repay this facility before its due date. In September 2015 the existing bank debt obligation was replaced with the new loan. As of 31 December 2015 Hilton bank facility (extended to Mantezja 3 Sp. z o.o.) amounted to €50.2m and as of 30 June 2016 it amounts to €48.0m. The final repayment date of this facility is 30 June 2025.

New loan

In February 2016 Atlas Estates (Przasnyska 9) Sp. z o.o. was granted a loan for the construction of the second stage of *Apartamenty przy Krasińskiego* project in Warsaw.
Under the agreement the bank will grant a loan in a total amount of PLN 42.9 million in the following tranches:
-a construction loan in an amount of PLN 41.4 million, and
-a VAT loan in an amount of PLN 1.5 million.
The final repayment date of the construction part of the loan will fall on the day falling 12 months after the last day of the availability period for the construction part of the loan (i.e. a day falling 24 months after the first draw down of the construction loan or 31 March 2018, whichever occurs earlier) or on 31 March 2019, whichever occurs earlier.
The final repayment date of VAT part of the loan will fall on the day falling 6 months after the last day of the availability period (as explained above) for the VAT part of loan or on 30 September 2018, whichever occurs earlier. The first draw down of the loan amounting to PLN 4.4 million took place in July 2016.

Other loans

In the preparation of the consolidated financial statements as of 30 June 2016, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €14.0 million as current since covenant breaches arose on this loan. The Company is in dialogue with the bank and is discussing restructuring of this loan.

16. Assets classified as held for sale and directly associated liabilities

In 2011 Atlas management started to actively market for sale Moszkva office building. In September 2012 the Company entered into conditional agreement to sell half of the building for the total price of €700 thousand. This transaction was completed in December 2012. In 2014 Atlas management started to actively market for sale Ligetvaros and Varosliget. In July 2015 the Company entered into conditional sale agreement to sell Ligetvaros and Varosliget. This transaction was completed in November 2015. In June 2015 Metropol was actively marketed. In January 2016 final sale agreement concerning Metropol was concluded. As of 30 June 2016 part of unsold Moszkva office building is presented as an asset classified as held for sale. All properties are located in Budapest, Hungary.

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

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000
Assets:			
Investment property	604	4,168	10,575
Assets held within disposal groups classified as held for sale	**604**	**4,168**	**10,575**

	30 June 2016 (unaudited) €'000	31 December 2015 (audited) €'000	30 June 2015 (unaudited) €'000
At beginning of the year	4,168	6,780	6,780
Additions	-	3,558	3,700
Disposals	(3,523)	(6,240)	-
Exchange movements	(41)	27	95
Fair value gains/ (losses)	-	43	-
As at period end	**604**	**4,168**	**10,575**

17. Related party transactions

(a) Key management compensation

	30 June 2016 (unaudited) €'000	30 June 2015 (unaudited) €'000
Fees for non-executive directors	23	25

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC received a management fee of €0.8 million during the period (for the year ended 31 December 2015: €1.4 million; 6 months ended 30 June 2015: €0.7 million). Under the agreement, AMC is entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2016. No performance fee has been accrued for the 6 months ended 30 June 2016 (6 months ended 30 June 2015: €nil million). The Company accrued a performance fee of €3.8 million for the year ended 31 December 2015.

On 15 July 2013 AMC Poland entered into an agreement with the Company's subsidiary – Capital Art Apartments Sp. z o.o. SKA. Based on this agreement AMC Poland administers the sale process of *Capital Art Apartments* stage III. As of 30 June 2016 AMC Poland received a fee of €20 thousand (31 December 2015: €292 thousand; 30 June 2015: €7 thousand) in relation to this agreement.

As of 30 June 2016 €0.4 million included in current trade and other payables was due to AMC (31 December 2015: €4.5 million; 30 June 2015: €3.3 million) for current period and historic management and performance fee.

(b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 30 June 2016 the purchase price of €0.2 million (31 December 2015: €0.2 million, 30 June 2015: €0.2 million) is due to former non-controlling shareholder (Coralcliff Limited).

(c) In 2016 Mr. Reuven Havar, the Chief Executive Officer, acquired one apartment in *Capital Art Apartments III & IV* project in Warsaw for the price of €99.0 thousand. In 2015 Mr. Reuven Havar, and his relatives, acquired six apartments in this project for the total price of €502.6 thousand. As of 30 June 2016 these amounts were fully settled.

(d) In 2016 Mr. Ziv Zviel, the Chief Finance Officer and Chief Operations Officer, acquired one apartment in *Capital Art Apartments III & IV* project in Warsaw for the price of €65.2 thousand. In 2015 Mr. Ziv Zviel, and his relatives, acquired two apartments in this project for the total price of €143.0 thousand. As of 31 March 2016 these amounts were fully settled.

(e) In 2015 another member of key personnel and its relatives, acquired two apartments in *Capital Art Apartments III & IV* project in Warsaw for the total price of €160.7 thousand. As of 31 December 2015 this amount was fully settled.

18. Post balance sheet events

No specific significant events have occurred which would require an adjustment to this report however, factors exist that may limit the level of planning permission that the Company will be able to obtain with regard to *Atlas Tower* plot that may have an adverse impact on the Adjusted Net Assets Value that will be reported at the year end. The Board continue to actively monitor this situation.

Details of post balance sheet events concerning financing have been included in note 15.

19. Other items

19.1 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 10% the Company's net equity, except for legal proceeding against:

Atlas Estates Limited and Atlas Estates Investment B.V.

Atlas Estates Limited ("AEL") was notified on 9 March 2011 that Stronginfo Consultants Ltd and Columbia Enterprises Ltd (the "Plaintiffs") have submitted to an arbitrator a statement of claim against Atlas Estates Investment B.V. ("AEI B.V.") with its seat in Amsterdam, the subsidiary of AEL as the primary debtor and AEL itself as the guarantor (the "Defendants") asking arbitrator to order the Defendants to provide a full and accurate accounting basis for the calculation of the Completion Consideration as defined in the agreement dated May 8, 2006 ("Agreement") on transfer of shares from the Plaintiffs to Atlas Estates Investment B.V. and demanding payments of Completion Consideration which in the absence of any actual accounting yet was estimated by the Plaintiffs of total PLN55 million.

On 10 December 2015 the Arbitrator in Israel reached a judgement according to which the Defendants were obliged jointly and severally to pay to the Plaintiffs the amount of 9,468,237 Israeli shekels increased by interests and indexation from 10 July 2012 until the payment date according to the Israeli law. Moreover, the Defendants were obliged to pay to the Plaintiffs the amount of 300,000 Israeli shekels as reimbursement of legal fees. Additionally the Defendants were obliged jointly and severally to pay to the Plaintiffs the additional amount, which should have been specified until 15 January 2016 according to the instructions included in the judgement. Part of the claim pursued by the Plaintiffs related to the payment of the remuneration for the third tower provided for in the Agreement, even though the third tower has not been constructed until now. This part of the claim was rejected by the Arbitrator in Israel.

On 18 February 2016 AEL and AEI B.V. entered into the settlement agreement with Stronginfo Consultants Ltd and Columbia Enterprises Ltd ("Settlement"). The purpose of the Settlement was to specify the exact amount of the payment to be made by AEL and AEI B.V. to Stronginfo Consultants Ltd and Columbia Enterprises Ltd. The Settlement substitutes decision of the Arbitrator in Israel of 10 December 2015 (described above). According to the provisions of the Settlement AEL and AEI B.V. will pay to the Plaintiffs the total amount of 10,437,475 Israeli shekels (equivalent of approx. €2.5 million) in connection with the first two towers provided for in the Agreement. Payment of the above amount exhaust above mentioned claims of Stronginfo Consultants Ltd and Columbia Enterprises Ltd.

As of 31 December 2015 due to the above described legal case an accrual amounting to €2.5 million (as of 30 June 2015: €nil million) was recorded in the consolidated financial statements. As of 30 June 2016 all amounts due were paid in accordance with the settlement agreement.

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

19.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2016.

19.3 Substantial shareholdings

Substantial shareholdings

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

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

Significant Shareholders	Number of Shares held	Voting Rights
Vidacos Nominees Limited <BJB>	34,969,645	74.64
Atlas International Holdings Limited	6,461,425	13.79
Euroclear Nominees Limited <EOCO1>	5,308,396	11.33
TOTAL	**46,739,466**	**99.76**

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	35,391,145	75.54
Atlas International Holdings Limited	6,461,425	13.79
TOTAL	**41,852,570**	**89.33**

3. The ultimate parent company is Coralcliff Limited and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki.

19.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2016. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the six months ended 30 June 2016.

20. Principal subsidiary companies and joint ventures

In November 2015 Atlas completed the sale of two Hungarian subsidiaries- Ligetvaros and Varosliget. The Group realized €1.7 million in net proceeds. The result on disposal of these operations was determined as follows:

	31 December 2015 €'000
Consideration received net of cash disposed	**1,709**
Cash consideration received in 2015	2,283
Cash disposed of	(574)
Net assets disposed of (other than cash):	**1,709**
Property, plant and equipment	14
Deferred tax asset	130
Investment properties	6,240
Trade and other receivables	853
Trade and other payables	(992)
Bank loans	(3,904)
Deferred tax liabilities	(632)

In January 2016 Atlas completed the sale of Hungarian subsidiary- Metropol. The Group realized €1.8 million in net proceeds. In April 2016 Atlas was obliged to refund part of the price received in relation with the sale of Ligetvaros and Varosliget in amount of €0.1 million.

The result of these operations was determined as follows:

	30 June 2016 €'000
Consideration received net of cash disposed	**1,387**
Cash consideration refund (Ligetvaros&Varosliget)	(100)
Cash consideration received (Metropol)	1,812
Cash disposed of	(325)
Net assets disposed of (other than cash):	**1,465**
Deferred tax asset	149
Investment properties	3,523
Trade and other receivables	57
Trade and other payables	(289)
Bank loans	(1,683)
Deferred tax liabilities	(292)

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. All Group companies are consolidated except for: Polish subsidiary, Atlas Estates (Kokoszki) Sp. z o.o. which is deconsolidated since December 2014, i.e. from the moment when Group control was lost.

No subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the six months period ended 30 June 2016 and year ended 31 December 2015.

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Atlas Projects B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	Platinum Towers AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Zielono AEP Spółka z ograniczoną odpowiedzialnością SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Development	100%
Poland	HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna	Hotel operation	100%
Poland	Mantezja 3Sp. z o.o.	Hotel operation	100%
Poland	HPO AEP Spółka z ograniczoną odpowiedzialnością Spółka Jawna	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	Atlas FIZ AN	Holding	100%

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Poland	Atlas Invest FIZ AN	Holding	100%
Poland	Gretna Investments Sp. z o.o.	Holding	100%
Poland	Atlas Estates (Kokoszki) Sp. z o.o.	Investment	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Felikon Kft.	Investment	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	Residential Projects Sarl	Holding	100%

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	30 June 2016 (unaudited) €'000	30 June 2015 (unaudited) €'000	Note
Revenues	-	-	
Cost of operations	-	-	
Gross profit	**-**	**-**	
Administrative expenses	(647)	(407)	
Other operating income	-	25,307	1
(Loss)/ Profit from operations	**(647)**	**24,900**	
Finance income	1,006	70	2
Finance costs	(29)	(30)	
Other (losses) and gains – foreign exchange	(2)	-	
Profit before taxation	**328**	**24,940**	
Tax expense	-	-	
Profit for the period	**328**	**24,940**	
Total comprehensive income for the period	**328**	**24,940**	

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	30 June 2016 (unaudited) €'000	31 December 2015 €'000	30 June 2015 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Investment in subsidiaries	87,500	87,500	94,302	3
Loans receivable from subsidiaries	178	3,114	6,945	4
	87,678	**90,614**	**101,247**	
Current assets				
Trade and other receivables	14	6	22	
Cash and cash equivalents	249	1,118	245	
	263	**1,124**	**267**	
TOTAL ASSETS	**87,941**	**91,738**	**101,514**	
Non-current liabilities				
Other paybles	(3,684)	(3,655)	(3,625)	5
	(3,684)	**(3,655)**	**(3,625)**	
Current liabilities				
Trade and other payables	(269)	(4,423)	(3,083)	5
	(269)	**(4,423)**	**(3,083)**	
TOTAL LIABILITIES	**(3,953)**	**(8,078)**	**(6,708)**	
NET ASSETS	**83,988**	**83,660**	**94,806**	
EQUITY				
Share capital account	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	
Accumulated loss	(117,097)	(117,425)	(106,279)	
TOTAL EQUITY	**83,988**	**83,660**	**94,806**	

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2016 (unaudited)	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
As at 1 January 2016	6,268	194,817	(117,425)	83,660
Total comprehensive income for the period	-	-	328	328
As at 30 June 2016	**6,268**	**194,817**	**(117,097)**	**83,988**

Year ended 31 December 2015	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
As at 1 January 2015	6,268	194,817	(131,219)	69,866
Total comprehensive income for the year	-	-	13,794	13,794
As at 31 December 2015	**6,268**	**194,817**	**(117,425)**	**83,660**

Six months ended 30 June 2015 (unaudited)	**Share capital account**	**Other reserves**	**Accumulated loss**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
As at 1 January 2015	6,268	194,817	(131,219)	69,866
Total comprehensive income for the period	-	-	24,940	24,940
As at 30 June 2015	**6,268**	**194,817**	**(106,279)**	**94,806**

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2016

	Six months ended 30 June 2016 (unaudited) €'000	Six months ended 30 June 2015 (unaudited) €'000
Profit for the period	**328**	**24,940**
Adjustments for:		
Finance costs	29	30
Finance income	(6)	(70)
Profit on assignment of loan receivable	-	(18,286)
Reversal of impairment against loans receivables	-	(7,021)
	351	**(407)**
Changes in working capital		
Increase in trade and other receivables	(8)	(14)
Decrease in trade and other payables	(4,154)	(302)
Net cash from operating activities	**(3,811)**	**(723)**
Investing activities		
Purchase of loans receivable	-	(2,250)
New loans advanced to subsidiaries	(2,873)	(89)
Repayment of loans with subsidiary undertakings	4,815	3,250
Dividend income from subsidiary	1,000	-
Net cash from investing activities	**2,942**	**911**
Financing activities		
Interest received	-	-
Interest paid	-	-
Net cash (from)/ used in financing activities	**-**	**-**
Net (decrease)/ increase in cash and cash equivalents in the period as a result of cashflows	**(869)**	**188**
Effect of foreign exchange rates	-	-
Net (decrease)/ increase in cash and cash equivalents in the period	**(869)**	**188**
Cash and cash equivalents at the beginning of the period	**1,118**	**57**
Cash and cash equivalents at the end of the period	**249**	**245**
Cash and cash equivalents		
Cash at bank and in hand	249	245
Bank overdrafts	-	-
	249	**245**

1. Other operating income

	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015 (unaudited)
	€'000	€'000
Reversal of impairment of investments in subsidiaries	-	7,021
Profit on assignment of loan receivable	-	18,286
Other operating income	**-**	**25,307**

2. Finance income

	Six months ended 30 June 2016 (unaudited)	Six months ended 30 June 2015 (unaudited)
	€'000	€'000
Interests income	6	70
Dividend income	1,000	-
Finance income	**1,006**	**70**

3. Investment in subsidiaries

	30 June 2016 (unaudited)	31 December 2015 (audited)	30 June 2015 (unaudited)
	€'000	€'000	€'000
Shares in subsidiary undertakings			
Cost			
At beginning of period	210,433	189,897	189,897
Additions in year	-	20,536	20,536
At the end of the period	210,433	**210,433**	210,433
Impairment			
At beginning of period	(122,933)	(123,152)	(123,152)
Additions	-	-	-
Reversals	-	219	7,021
At the end of the period	(122,933)	**(122,933)**	(116,131)
At the end of the period	**87,500**	**87,500**	**94,302**

Investments in subsidiary undertakings are stated at cost. Cost is recognised as the nominal value of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. A list of principal subsidiary undertakings and joint ventures is given at note 20 of the interim condensed consolidated financial information.

The Company has carried out an impairment review of the carrying values of investments and loans receivable from subsidiaries. The Company considers the best indication of value of investments and loans to subsidiaries to be the valuation reports - as described on page 5.

In the six months period ended 30 June 2016 €nil million was recognised in other operating expenses or income in respect of impairment or reversal of impairment on investment in subsidiaries (in 2015 €0.2million was recognized in other operating income in respect of reversal of impairment on investment in subsidiaries; in the six months period ended 30 June 2015: €7.0 million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries).

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

4. The loans receivable from the subsidiaries

The loans receivables from the subsidiaries are the loans receivable from Atlas Estates Investment BV and Atlas Estates Antilles BV.

The loan receivable from Atlas Estates Investment BV is interest bearing and the Company charged its subsidiary €6.1 thousand in 6 months period ended 30 June 2016 as interest (2015: €103.4 thousand; 6 months ended 30 June 2015: €69.2 thousand). As at 30 June 2016 the loan balances including capitalised interest due from subsidiaries were €131.6 thousand (31 December 2015: €3,077.4 thousand; 30 June 2015: €6,912.4 thousand).

The loan receivable from Atlas Estates Antilles BV is interest bearing and the Company charged its subsidiary €0.4 thousand in 6 months period ended 30 June 2016 as interest (2015: €1 thousand; 6 months ended 30 June 2015: €0.4 thousand). As at 30 June 2016 the loan balances including capitalised interest due from subsidiaries were €46.3 thousand (31 December 2015: €36.8 thousand; 30 June 2015: €32.6 thousand).

5. Trade and other payables

	30 June 2016	31 December 2015	30 June 2015
	€'000	€'000	€'000
Current			
Amounts due to Atlas Management Company in respect of management and performance fees	(210)	(4,295)	(3,004)
Other creditors	(59)	(128)	(79)
	(269)	**(4,423)**	**(3,083)**
Non-current			
Loan from subsidiary (HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna)	(3,684)	(3,655)	(3,625)
	(3,684)	**(3,655)**	**(3,625)**
Total trade and other payables	**(3,953)**	**(8,078)**	**(6,708)**