

ATLAS ESTATES LIMITED  
CONDENSED CONSOLIDATED QUARTERLY REPORT  
THIRD QUARTER 2017

Atlas Estates Limited  
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# ATLAS ESTATES LIMITED

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# ATLAS ESTATES LIMITED

## Financial Highlights

Selected Consolidated Financial Items	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2017 (unaudited) €'000	30 September 2017 (unaudited) €'000	30 September 2016 (unaudited) €'000	30 September 2016 (unaudited) €'000
Revenues	25,763	10,544	24,297	7,377
Gross profit	8,603	2,149	9,823	2,873
(Decrease)/ Increase in value of investment properties	(4,333)	-	2,001	-
(Loss)/ Profit from operations	(905)	340	6,743	1,270
Profit before tax	18,223	17,746	1,663	2,761
Profit for the period	18,201	17,531	1,506	2,511
Profit attributable to owners of the parent	18,201	17,531	1,506	2,511
Net cash from operating activities	15,713	10,675	1,331	2,513
Cash flow (used in)/ from investing activities	(383)	(152)	848	572
Cash flow used in financing activities	(9,005)	(6,240)	(13,486)	(9,112)
Net increase/ (decrease) in cash	6,383	4,089	(11,708)	(5,969)
Non-current assets	184,453	184,453	187,043	187,043
Current assets	38,073	38,073	30,799	30,799
Total assets	222,526	222,526	217,842	217,842
Current liabilities	(46,803)	(46,803)	(79,136)	(79,136)
Non-current liabilities	(87,254)	(87,254)	(70,691)	(70,691)
Total liabilities	(134,057)	(134,057)	(149,827)	(149,827)
Basic net assets <sup>(1)</sup>	88,469	88,469	68,015	68,015
Number of shares outstanding	46,852,014	46,852,014	46,852,014	46,852,014
Profit per share (eurocents)	38.8	37.4	3.2	5.4
Basic net asset value per share (€)	1.9	1.9	1.5	1.5

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

# ATLAS ESTATES LIMITED

## Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings ("the Group") for the nine and three months ended 30 September 2017.

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:

- On 19 September 2017 the Group fulfilled all the conditions from the agreement reached with Erste Group Bank AG on 14 September 2016. At the completion of this transaction Erste Group Bank AG transferred the outstanding facility extended to *Millennium Plaza* project (amounting to €19.5 million) to Atlas Group at the discounted transfer price of €1. As a result the Group recorded a finance income of €19.5 million in the interim condensed consolidated financial statements for the nine and three months period ended 30 September 2017 (for further details please refer to page 10);
- Moreover, prior to the completion of the above described transaction, on 13 September 2017 the Group arranged new financing for *Millennium Plaza* project which was extended by Bank Zachodni WBK S.A. until 2022 (for further details please refer to page 10- New loan). This was a significant achievement for the Group as it enabled the completion of the restructuring of the Erste Group Bank AG debts portfolio that had started already in 2010;
- in August 2017 the Group completed construction of the second stage of *Apartamenty przy Krasińskiego* development project in Warsaw and fully repaid €2.2 million bank facility extended to this project. Apartments' pre sales reached 88% as of 30 September 2017.

## Reported Results

As of 30 September 2017 the Group has reported basic net assets of €88.5 million.

The increase of basic net asset value by €20.2 million (i.e. 30%) from €68.2 million as at 31 December 2016 is primarily a result of the above mentioned bank loan discount amounting to €19.5 million.

Profit after tax amounts to €18.2 million for the nine months period ended 30 September 2017 as compared to profit after tax of €1.5 million for the nine months period ended 30 September 2016. The significant change of the noted results was mainly a joint effect of:

- the above described bank loan discount of €19.5 million resulting in finance income increasing from €0.1 million in the nine months ended 30 September 2016 to €19.8 million in the nine months ended 30 September of 2017,
- decrease of finance costs from €4.3 million in the nine months ended 30 September 2016 to €2.3 million in the nine months ended 30 September 2017 mainly due to the unfavourable movement on the derivative instrument associated with *Hilton* bank loan facility in the comparative period that in part reversed in the current period,
- movements in the foreign currency exchange differences from loss of €0.8 million in the nine months ended 30 September 2016 to gain of €1.6 million in the nine months ended 30 September 2017 mainly as a result of the depreciation of PLN against the EURO in in the nine months ended 30 September 2016 as compared to appreciation of PLN against EURO in the nine months ended 30 September 2017, offset by :
- movement in valuation of investment properties from an increase of €2.0 million in the nine months ended 30 September 2016 to decrease of €4.3 million in the nine months ended 30 September of 2017 mainly due to change in valuation of *Millennium Plaza*.

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## 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 nine months ended 30 September 2017, 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 86% of its assets are located. We actively target Poland, where the economy is believed to be the most attractive amongst CEE economies. The Group also operates in the Hungarian, Romanian and Bulgarian real estate markets.

We invest both on our own and, where appropriate, with joint venture partners 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.

## 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 nine months to 30 September 2017, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union, increased from the level of €1.5 per share as at 31 December 2016 to €1.9 per share 30 September 2017. The improvement of NAV per share is mainly attributable to the above described bank loan discount.

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.

The latest valuations were performed as of 30 June 2017 and comprised key assets (*Hilton Hotel* and *Millennium Plaza* - office building located in Warsaw). As of 30 June 2017 Jones Lang LaSalle - external independent qualified expert, was responsible for the valuation of *Millennium Plaza* and *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 2017 are summarised in the Property Manager's Report on pages 15 and 16 below.

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## **Prospects**

Following the completion of the financial restructuring of Erste Group Bank AG debts portfolio, the Group was able to report the balance of the current assets exceeding the balance of the current liabilities for the first time since 2008. With the ongoing economic development in Poland we can now focus on expanding our sales activities in the residential projects in Warsaw as well as improving the operating activity of the income yielding assets and the Group's hotels.

**Mark Chasey**  
**CHAIRMAN**  
**20 November 2017**

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## Review of the Property Manager

In this report we present the operating results for the nine and three months ended 30 September 2017. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 30 September 2017, the Company held a portfolio of sixteen properties comprising seven investment properties of which five are income yielding properties, two are held for capital appreciation, two hotels and seven development properties.

It could be a long road to recovery for much of 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 new developments have commenced.

## Markets and Key Properties

### Poland

This is the major market of operation for the Group, with 86% (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 2.7% in 2016 (3.4% expected in 2017).

### Hilton Hotel, Warsaw

The Hilton hotel in the Wola district of Warsaw is the Group's flagship asset. The hotel is continuously performing at a satisfactory level.

### Millenium Plaza, Warsaw

The *Millennium Plaza* is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 82% as of 30 September 2017 (83% as of 30 June 2017 and 80% as of 31 December 2016). The Group has recently completed its refinancing and has embarked on a renovation project of some of the public spaces.

### Sadowa, Gdańsk

The *Sadowa* office building is a 6,872 sqm office building in Gdańsk. During the last 12 months its occupancy ratio increased from 66% as of 30 September 2016 to 68% as of 31 December 2016 and 80% as of 30 September 2017.

### Atlas Estates Tower

The Group plans to build a mixed use (residential and office) Atlas Estates Tower, on the neighbouring plot alongside the *Hilton* hotel, 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 September 2017 all apartments were sold and only 2 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 was completed in August 2017. 108 apartments and 4 retail units were presold as of 30 September 2017.

### Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 30 September 2017 only 2 apartments and 5 retail units remain available for sale.

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## **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 one property located in Budapest (income producing asset). In September 2017 the Group completed the sale of *Atrium homes*- development land located in Budapest.

## **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 4.8% in 2016 (in 2017 an increase in GDP of 4.2% is expected). Despite the difficult trading conditions, occupancy rates at the Golden Tulip remained stable at the level of 70% for the nine months ended 30 September 2016 and 70% for the nine months ended 30 September 2017.

## **Bulgaria**

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



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## Financial Review

The on-going analysis of the economics of the region and the key measures of the sectors in which the Group operates are vital to ensure it does not become 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 September 2017, the Company's bank debt was €93 million (31 December 2016: €120 million; 30 September 2016: €125 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods may be analysed as follows:

	LTV			LTV			LTV		
	Loans	Valuation	Ratio	Loans	Valuation	Ratio	Loans	Valuation	Ratio
	30 September 2017			31 December 2016			30 September 2016		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	44	81	54%	69	82	84%	73	82	89%
Hotels	49	91	54%	49	87	56%	51	85	60%
Development property in construction	-	-	-	2	10	20%	1	6	17%
<b>Total</b>	<b>93</b>	<b>172</b>	<b>54%</b>	<b>120</b>	<b>179</b>	<b>67%</b>	<b>125</b>	<b>173</b>	<b>72%</b>

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 September 2017, 31 December 2016 and 30 September 2016 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property significantly decreased to the level of 54% as of 30 September 2017 (as compared to 89% as of 30 September 2016 and 84% as of 31 December 2016) due to the completion of the settlement reached with Erste Group Bank AG concerning *Millennium Plaza* financing (as disclosed on page 10).

LTV ratio of hotels decreased from 60% as of 30 September 2016 to 54% 30 September 2017 mainly due to partial repayment of the loans.

As of 30 September 2017 LTV ratio of development properties in construction is nil since the only bank facility extended to the development project was repaid in August 2017.

The gearing ratio is 47% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio improved as compared to 31 December 2016 (62%) and as compared to 30 September 2016 (63%) mainly due to the significant finance income of €19.5 million realised on the settlement reached with Erste Bank financing *Millennium Plaza*.

### **Debt financing**

#### *Portfolio of cross collateralised banking facilities extended by Erste Group Bank AG*

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 have been obliged to pay an additional amount to the bank in connection with this transaction upon closing of disposal of *Millennium Plaza*. The additional amount ("Price Adjustment") was agreed as follows:

1. 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";

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2. 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.

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.

After the above described repayment of two Romanian and one Hungarian facility, the Group had one facility extended to Atlas Estates Millennium Sp. z o.o. ("Millennium") by Erste Group Bank AG that had been cross collateralized. On 14 September 2016 (at which point this debt amounted to €58.9 million) the Group signed with Erste bank the agreement based on which by 29 September 2017 the bank was obliged to sell/ transfer to Atlas Projects B.V. (subsidiary of Atlas Estates Limited) its outstanding facility due from Millennium at the price of €1 subject mainly to the following conditions:

1) repayment by or on behalf of Millennium and receipt by the bank of principal in the aggregate amount of € 39,500,000 with interests indicated in this agreement in the following four instalments:

- a) € 8,075,000 to be paid by 10 business days after the signing of this agreement - this amount was paid by Millennium in September 2016;
- b) € 3,950,000 by 30 November 2016 - this amount was paid by Millennium in November 2016;
- c) € 3,950,000 by 31 March 2017 - this amount was paid by Millennium in March 2017;
- d) € 23,525,000 by 29 September 2017- this amount was paid by Millennium in September 2017.

2) payment by Atlas Projects B.V. the transfer price in amount of €1 for Millennium outstanding facility of €19.5 million- this transfer price was paid by Atlas Project B.V. in September 2017.

In September 2017- i.e. upon completion of the transfer of this facility to Atlas Project BV:

- Erste bank relinquished all mortgage, lien, charge pledge, promissory note, letter of comfort or other security interest or any other type of guarantee granted by Millennium and/or third party for the benefit of Erste bank to secure the claims of the bank against Millennium. Moreover, upon the completion of this transfer Erste Bank is no longer entitled to the Price Adjustment (defined above).
- Atlas Estates Limited in its consolidated financial statements recorded a finance income of €19.5 million (see note 6) representing bank debt discount resulting from this transaction.

### *New loan – Millennium Plaza*

On 13 September 2017 Millennium signed the new loan agreement with Bank Zachodni WBK S.A. based on which it was able to borrow €23.5 million to repay the final instalment to Erste Bank AG (as described above). As of 30 September 2017 this bank facility amounts to €23.2 million and the final repayment date of this facility is September 2022.

### *Repaid Loan - Apartamenty przy Krasińskiego II*

In February 2016 Atlas Estates (Przasnyska 9) Sp. z o.o. was granted a loan (up to the amount of PLN 42.9 million) for the construction of the second stage of *Apartamenty przy Krasińskiego* project in Warsaw. The first draw down of the loan took place in the third quarter of 2016. The loan was fully repaid in August 2017.

### *Other loans*

In the preparation of the consolidated financial statements as of 30 September 2017, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €13.1 million as current since covenant breaches arose on this loan.

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

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

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Nine months ended 30 September 2017 € millions	Nine months ended 30 September 2016 € millions
Revenue	7.6	4.4	13.8	-	25.8	24.3
Cost of operations	(3.4)	(4.8)	(9.0)	-	(17.2)	(14.5)
<b>Gross profit/ (loss)</b>	4.2	(0.4)	4.8	-	8.6	9.8
Administrative expenses	(0.5)	(0.3)	(2.2)	(1.8)	(4.8)	(5.0)
<b>Gross profit/ (loss) less administrative expenses</b>	3.7	(0.7)	2.6	(1.8)	3.8	4.8
Gross profit/ (loss) %	55%	-9%	35%	-	33%	40%
Gross profit/ (loss) less administrative expenses %	49%	-16%	19%	-	15%	20%

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Three months ended 30 September 2017 € millions	Three months ended 30 September 2016 € millions
Revenue	2.3	3.9	4.3	-	10.5	7.4
Cost of operations	(1.1)	(4.4)	(2.9)	-	(8.4)	(4.5)
<b>Gross profit/ (loss)</b>	1.2	(0.5)	1.4	-	2.1	2.9
Administrative expenses	(0.2)	(0.1)	(0.7)	(0.5)	(1.5)	(1.7)
<b>Gross profit/ (loss) less administrative expenses</b>	1.0	(0.6)	0.7	(0.5)	0.6	1.2
Gross profit/ (loss) %	52%	-13%	33%	-	20%	39%
Gross profit/ (loss) less administrative expenses %	43%	-15%	16%	-	6%	16%

### Revenues and cost of operations

Total revenues for the nine months ended 30 September 2017 were €25.8 million compared to €24.3 million for the nine months ended 30 September 2016. 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 cyclicity of yielded income or results is also highly diversified.

Cost of operations were €17.2 million in the nine months ended 30 September 2017 compared to €14.5 million for the nine months ended 30 September 2016.

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## Development Properties

	Nine months ended 30 September 2017 € millions	Nine months ended 30 September 2016 € millions	Total change 2017 v 2016 € millions	Translation foreign exchange effect € millions	Operational change 2017 v 2016 € millions
Revenue	4.4	2.4	2.0	-	2.0
Cost of operations	(4.8)	(2.0)	(2.8)	-	(2.8)
Gross (loss)/ profit	(0.4)	0.4	(0.8)	-	(0.8)
Administrative expenses	(0.3)	(0.3)	-	-	-
Gross (loss)/ profit less administrative expenses	(0.7)	0.1	(0.8)	-	(0.8)

Proceeds from the sale of residential units (i.e. apartments, retail units, parking places, storages) developed by the Group are only recognised when residential units 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 residential units 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 recognition mentioned criteria have been met;
- *Apartamenty przy Krasińskiego stage 2* project construction was completed in August 2017 however no sales and no associated costs have been recognised in the consolidated income statement in the nine months ended 30 September 2017 as the above mentioned recognition 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 recognition 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.

The gross loss realised in the nine months ended 30 September 2017 as compared to the same period in 2016 is mainly a result of a sale of Hungarian development project (Atrium homes) in the third quarter of 2017. Additionally as presented in the table below in the nine months period ended 30 September 2017 the Group managed to complete the sale of 2 apartments (in *Capital Art Apartments I&II* projects), whereas in the first nine months of 2016 the revenues from the sale of 17 apartments (in *Capital Art Apartments III&IV*, *Apartamenty przy Krasińskiego* projects) projects were recognized.

### 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 2008-2015	218	297	249	302	-	156
Sales completions in 2016	-	-	16	1	-	3
Sales completions in 2017	1	1	-	-	-	1
Total sales completions	219	298	265	303	-	160
Sales not completed as of 30 September 2017 (only preliminary agreements concluded)	-	-	-	-	108	-
Apartments available for sale as of 30 September 2017	-	2	-	-	15	-

\* Joint venture project

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## Property Rental

	Nine months ended 30 September 2017 € millions	Nine months ended 30 September 2016 € millions	<b>Total change 2017 v 2016 € millions</b>	Translation foreign exchange effect € millions	Operational change 2017 v 2016 € millions
Revenue	7.6	7.9	<b>(0.3)</b>	0.1	(0.4)
Cost of operations	(3.4)	(3.9)	<b>0.5</b>	(0.1)	0.6
Gross profit	4.2	4.0	<b>0.2</b>	-	0.2
Administrative expenses	(0.5)	(0.6)	<b>0.1</b>	-	0.1
Gross profit less administrative expenses	3.7	3.4	<b>0.3</b>	-	0.3

In the first nine months of 2017 the gross margin realized by the Property Rental segment slightly increased as compared to the first nine months of 2016. The Group commenced significant remodel of *Millennium Plaza* lobby, which should improve the attractiveness and image of this valuable property.

## Hotel operations

	Nine months ended 30 September 2017 € millions	Nine months ended 30 September 2016 € millions	<b>Total change 2017 v 2016 € millions</b>	Translation foreign exchange effect € millions	Operational change 2017 v 2016 € millions
Revenue	13.8	13.9	<b>(0.1)</b>	0.2	(0.3)
Cost of operations	(9.0)	(8.6)	<b>(0.4)</b>	(0.1)	(0.3)
Gross profit	4.8	5.3	<b>(0.5)</b>	0.1	(0.6)
Administrative expenses	(2.2)	(2.2)	-	-	-
Gross profit less administrative expenses	2.6	3.1	<b>(0.5)</b>	0.1	(0.6)

In the first nine months of 2017 the hotel operations declined as compared to the first nine months of 2016 mainly due to decrease of occupancy ratio at *Hilton* hotel in Warsaw at the beginning of 2017, which increased in the following months.

## Administrative expenses

Administrative expenses decreased insignificantly by €0.2 million as compared to the nine months ended 30 September 2016 mainly. The major administrative expenses, i.e. property manager fee as well as depreciation and amortisation remained stable and amounted to €1.2 million (€1.4 million, respectively) for nine months period ended 30 September 2017 and 30 September 2016.

## Valuation movement

As of 30 September 2017 the decrease of the market value of the investment properties portfolio was of €4.3 million as compared to an increase of €2.0 million as of 30 September 2016. The movements relate to change in value of *Millennium Plaza*.

## Finance income and costs

Finance income increased by €19.7 million primarily due to a €19.5 million bank loan discount. On September 2016 the Group concluded an agreement with Erste Group Bank AG (as disclosed on page 10) which was completed in September 2017 and resulted in €19.5 million reduction in external bank debts.

The income statement includes finance costs of €2.3 million for the nine months ended 30 September 2017, compared with €4.3 million in comparative period in 2016, representing mainly interests on bank loans and related bank charges. The increased level of finance costs in 2016 was mainly attributable to €1.2 million loss on interest rate swap associated with *Hilton* bank facility.

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## 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 nine months ended 30 September 2017 the Group reported exchange gains of €1.6 million as compared to €0.8 million losses in the nine months ended 30 September 2016. 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 gains occurred mainly as a result of appreciation of PLN against EUR in the nine months period ended 30 September 2017. The foreign exchange losses occurred mainly as a result of depreciation of PLN against EUR in the nine months period ended 30 September 2016.

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

	Polish Zloty	Hungarian Forint	Romanian Lei	Bulgarian Lev
<b>Closing rates</b>				
30 September 2017	4.3091	311.23	4.5991	1.9558
31 December 2016	4.424	311.02	4.5411	1.9558
% Change	-3%	0%	1%	0%
30 September 2016	4.3120	309.15	4.4523	1.9558
31 December 2015	4.2615	313.12	4.5245	1.9558
% Change	1%	-1%	-2%	0%
<b>Average rates</b>				
1 Jan- 30 September 2017	4.2661	308.42	4.5978	1.9558
Year 2016	4.3625	311.46	4.5173	1.9558
% Change	-2%	-1%	2%	0%
1 Jan- 30 September 2016	4.3578	312.15	4.4506	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 nine months to 30 September 2017 the basic fee payable to AMC was €1.2 million - based on the adjusted NAV as of 31 December 2016 (€1.2 million for the nine months period ended 30 September 2016 - based on the adjusted NAV as of 31 December 2015). More details are presented in note 17.

# ATLAS ESTATES LIMITED

## Ongoing activities

During nine months ended 30 September 2017, 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.

## ATLAS ESTATES LIMITED

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 August 2017 a loan facility extended to a development project in Warsaw- *Apartamenty przy Krasińskiego II* was fully repaid as a result of high presales recorded at this very successful project. Additionally in September 2017 the Group managed to complete the agreement with Erste Group Bank AG which resulted in significant reduction of Group's external bank debt (as disclosed on page 10). This success was partially driven by the fact that the last instalment due to Erste Bank was financed with the new loan facility obtained by *Millenium Plaza* project (as disclosed on page 10- New Loan). AMC currently focus its efforts on the finalisation of the planning phase *Nakielska Apartments Project* – the Group's next residential project in Warsaw.

**Reuven Havar**  
**Chief Executive Officer**

Atlas Management Company Limited  
20 November 2017

**Ziv Zviel**  
**Chief Financial Officer**  
**Deputy Chief Executive Officer**



# ATLAS ESTATES LIMITED

## Key Property Portfolio Information

Location/Property	Description	Company's ownership
<b>Poland</b>		
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: <i>Platinum Towers – offices</i> )	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%
Nakielska Apartment Project	<i>Nakielska Apartment Project</i> 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 Krasieńskiego, 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 8 retail facilities. The construction was completed in August 2017. 108 apartments and 4 retails were presold as of 30 September 2017.	100%
Millennium Tower	39,138 square meters of office and retail space in the central business district of Warsaw.	100%
Sadowa office building	6,872 square meters office building close to the city center of Gdańsk.	100%

## ATLAS ESTATES LIMITED

Location/Property	Description	Company's ownership
<b>Hungary</b>		
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 16 <sup>th</sup> district, a suburban area of Budapest.	100%
<b>Romania</b>		
Voluntari	86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest in the city center of Bucharest.	100%
<b>Bulgaria</b>		
The Atlas House	Office building in Sofia's city center with 3,472 square meters of lettable area.	100%

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT For the nine and three months ended 30 September 2017

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000	Note
Revenues	25,763	10,544	24,297	7,377	
Cost of operations	(17,160)	(8,395)	(14,474)	(4,504)	4.1
<b>Gross profit</b>	<b>8,603</b>	<b>2,149</b>	<b>9,823</b>	<b>2,873</b>	
<i>Property manager fee</i>	(1,233)	(411)	(1,231)	(413)	
<i>Central administrative expenses</i>	(405)	(90)	(1,060)	(728)	
<i>Property related expenses</i>	(3,151)	(1,018)	(2,728)	(593)	
Administrative expenses	(4,789)	(1,519)	(5,019)	(1,734)	4.2
Other operating income	55	3	83	39	5.1
Other operating expense	(441)	(293)	(145)	92	5.2
(Decrease)/ Increase in value of investment properties	(4,333)	-	2,001	-	
<b>(Loss)/ Profit from operations</b>	<b>(905)</b>	<b>340</b>	<b>6,743</b>	<b>1,270</b>	
Finance income <i>(including bank debt discount of €19.5 million)</i>	19,803	19,563	95	(67)	6
Finance costs	(2,274)	(877)	(4,333)	(976)	6
Other gains/ (losses) – foreign exchange	1,623	(1,259)	(806)	2,519	6
Share of (losses)/ profits from equity accounted joint ventures	(24)	(21)	(36)	15	
<b>Profit before taxation</b>	<b>18,223</b>	<b>17,746</b>	<b>1,663</b>	<b>2,761</b>	
Tax charge	(22)	(215)	(157)	(250)	7
<b>Profit for the period</b>	<b>18,201</b>	<b>17,531</b>	<b>1,506</b>	<b>2,511</b>	
<b>Attributable to:</b>					
Owners of the parent	18,201	17,531	1,506	2,511	
Non-controlling interests	-	-	-	-	
	<b>18,201</b>	<b>17,531</b>	<b>1,506</b>	<b>2,511</b>	
Profit per €0.01 ordinary share – basic (eurocents)	38.8	37.4	3.2	5.4	9
Profit per €0.01 ordinary share – diluted (eurocents)	38.8	37.4	3.2	5.4	9

All amounts relate to continuing operations.

The notes on pages 25 to 48 form part of this condensed consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the nine and three months ended 30 September 2017

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (audited) €'000	Three months ended 30 September 2016 (unaudited) €'000
<b>PROFIT FOR THE PERIOD</b>	<b>18,201</b>	<b>17,531</b>	<b>1,506</b>	<b>2,511</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be recycled through profit or loss</i>				
Revaluation of buildings	368	-	1,502	39
Deferred tax on revaluation	(70)	-	(285)	(7)
<b>Total</b>	<b>298</b>	<b>-</b>	<b>1,217</b>	<b>32</b>
<i>Items that may be recycled through profit or loss</i>				
Exchange adjustments	1,856	(1,568)	(627)	1,380
Deferred tax on exchange adjustments	(125)	171	25	(148)
<b>Total</b>	<b>1,731</b>	<b>(1,397)</b>	<b>(602)</b>	<b>1,232</b>
<b>Other comprehensive income/ (loss) for the period (net of tax)</b>	<b>2,029</b>	<b>(1,397)</b>	<b>615</b>	<b>1,264</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>20,230</b>	<b>16,134</b>	<b>2,121</b>	<b>3,775</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	20,230	16,134	2,121	3,775
Non-controlling interests	-	-	-	-
	<b>20,230</b>	<b>16,134</b>	<b>2,121</b>	<b>3,775</b>

The notes on pages 25 to 48 form part of this condensed consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2017

	30 September 2017	30 June 2017	31 December 2016	30 September 2016	Note
	(unaudited)	(unaudited)	(audited)	(unaudited)	
	€'000	€'000	€'000	€'000	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	59	66	76	81	
Land under operating lease - prepayments	10,790	11,035	10,608	10,917	
Total investment in equity accounted joint ventures	166	171	478	521	
Property, plant and equipment	73,848	75,771	73,301	74,435	10
Investment property	89,986	91,381	91,918	92,239	11
Deferred tax asset	9,604	9,677	8,639	8,850	
	<b>184,453</b>	<b>188,101</b>	<b>185,020</b>	<b>187,043</b>	
<b>Current assets</b>					
Inventories	19,812	24,125	19,493	17,749	12
Trade and other receivables	3,778	4,586	3,907	4,542	
Cash and cash equivalents	14,483	10,394	8,100	7,890	13
	<b>38,073</b>	<b>39,105</b>	<b>31,500</b>	<b>30,181</b>	
Assets held within disposal groups classified as held for sale	-	-	-	618	16
	<b>38,073</b>	<b>39,105</b>	<b>31,500</b>	<b>30,799</b>	
<b>TOTAL ASSETS</b>	<b>222,526</b>	<b>227,206</b>	<b>216,520</b>	<b>217,842</b>	
<b>Current liabilities</b>					
Trade and other payables	(26,903)	(24,073)	(15,510)	(10,532)	
Bank loans	(19,500)	(61,883)	(62,517)	(66,771)	15
Derivative financial instruments	(400)	(503)	(690)	(1,833)	
	<b>(46,803)</b>	<b>(86,459)</b>	<b>(78,717)</b>	<b>(79,136)</b>	
<b>Non-current liabilities</b>					
Other payables	(3,287)	(3,348)	(2,719)	(4,006)	
Bank loans	(73,831)	(54,883)	(57,804)	(57,991)	15
Derivative financial instruments	-	-	-	-	
Deferred tax liabilities	(10,136)	(10,181)	(9,041)	(8,694)	
	<b>(87,254)</b>	<b>(68,412)</b>	<b>(69,564)</b>	<b>(70,691)</b>	
<b>TOTAL LIABILITIES</b>	<b>(134,057)</b>	<b>(154,871)</b>	<b>(148,281)</b>	<b>(149,827)</b>	
<b>NET ASSETS</b>	<b>88,469</b>	<b>72,335</b>	<b>68,239</b>	<b>68,015</b>	

The notes on pages 25 to 48 form part of this consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2017

	30 September 2017 (unaudited) €'000	30 June 2017 (unaudited) €'000	31 December 2016 (audited) €'000	30 September 2016 (unaudited) €'000
<b>EQUITY</b>				
Share capital account	6,268	6,268	6,268	6,268
Revaluation reserve	18,575	18,575	18,277	17,588
Other distributable reserve	194,817	194,817	194,817	194,817
Translation reserve	(9,923)	(8,526)	(11,654)	(10,399)
Accumulated loss	(121,268)	(138,799)	(139,469)	(140,259)
<b>Issued capital and reserves attributable to owners of the parent</b>	<b>88,469</b>	<b>72,335</b>	<b>68,239</b>	<b>68,015</b>
Non-controlling interests	-	-	-	-
<b>TOTAL EQUITY</b>	<b>88,469</b>	<b>72,335</b>	<b>68,239</b>	<b>68,015</b>
Basic net asset value per share	€ 1.9	€ 1.5	€ 1.5	€ 1.5

The notes on pages 25 to 48 form part of this consolidated financial information. The condensed consolidated financial information on pages 19 to 48 were approved by the Board of Directors on 20 November 2017 and signed on its behalf by:

**Mark Chasey**  
Chairman

**Andrew Fox**  
Director

**Guy Indig**  
Director

20 November 2017

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY As at 30 September 2017

	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
<b><i>Nine months ended 30 September 2017</i></b>								
As at 1 January 2017	6,268	18,277	194,817	(11,654)	(139,469)	68,239	-	68,239
Profit for the period	-	-	-	-	18,201	18,201	-	18,201
Other comprehensive income for the period	-	298	-	1,731	-	2,029	-	2,029
<b>As at 30 September 2017</b>	<b>6,268</b>	<b>18,575</b>	<b>194,817</b>	<b>(9,923)</b>	<b>(121,268)</b>	<b>88,469</b>	<b>-</b>	<b>88,469</b>
<b><i>Three months ended 30 September 2017</i></b>								
As at 1 July 2017	6,268	18,575	194,817	(8,526)	(138,799)	72,335	-	72,335
Profit for the period	-	-	-	-	17,531	17,531	-	17,531
Other comprehensive income for the period	-	-	-	(1,397)	-	(1,397)	-	(1,397)
<b>As at 30 September 2017</b>	<b>6,268</b>	<b>18,575</b>	<b>194,817</b>	<b>(9,923)</b>	<b>(121,268)</b>	<b>88,469</b>	<b>-</b>	<b>88,469</b>
<b><i>Year ended 31 December 2016</i></b>								
As at 1 January 2016	6,268	16,371	194,817	(9,797)	(141,765)	65,894	-	65,894
Profit for the period	-	-	-	-	2,296	2,296	-	2,296
Other comprehensive loss for the year	-	1,906	-	(1,857)	-	49	-	49
<b>As at 31 December 2016</b>	<b>6,268</b>	<b>18,277</b>	<b>194,817</b>	<b>(11,654)</b>	<b>(139,469)</b>	<b>68,239</b>	<b>-</b>	<b>68,239</b>
<b><i>Nine months ended 30 September 2016</i></b>								
As at 1 January 2016	6,268	16,371	194,817	(9,797)	(141,765)	65,894	-	65,894
Profit for the period	-	-	-	-	1,506	1,506	-	1,506
Other comprehensive income for the period	-	1,217	-	(602)	-	615	-	615
<b>As at 30 September 2016</b>	<b>6,268</b>	<b>17,588</b>	<b>194,817</b>	<b>(10,399)</b>	<b>(140,259)</b>	<b>68,015</b>	<b>-</b>	<b>68,015</b>

The notes on pages 25 to 48 form part of this condensed consolidated financial information.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

		Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
	Note				
<b>Cash inflow from operations</b>	14	<b>15,820</b>	<b>10,734</b>	<b>1,418</b>	<b>2,600</b>
Tax paid		(107)	(59)	(87)	(87)
<b>Net cash (used)/ from operating activities</b>		<b>15,713</b>	<b>10,675</b>	<b>1,331</b>	<b>2,513</b>
<b>Investing activities</b>					
Interest received		22	7	80	(71)
Purchase of investment property		(507)	(109)	(783)	407
Purchase of property, plant and equipment		(193)	(50)	(124)	108
Cash consideration received in respect of sold subsidiaries- net of cash disposed		-	-	1,387	-
Loans repaid by equity accounted joint ventures		295	-	288	128
<b>Net cash (used in)/ from investing activities</b>		<b>(383)</b>	<b>(152)</b>	<b>848</b>	<b>572</b>
<b>Financing activities</b>					
Interest and loan arrangement fees paid		(2,351)	(1,003)	(2,808)	(1,049)
New loan received from majority shareholder		3,750	-	-	-
Repayments of loan from majority shareholder		(2,300)	(2,300)	-	-
New bank loans raised		23,452	23,395	997	997
Repayments of bank loans		(31,556)	(26,332)	(11,675)	(9,060)
<b>Net cash used in financing activities</b>		<b>(9,005)</b>	<b>(6,240)</b>	<b>(13,486)</b>	<b>(9,112)</b>
<b>Net increase/ (decrease) in cash and cash equivalents in the period</b>		<b>6,325</b>	<b>4,283</b>	<b>(11,307)</b>	<b>(6,027)</b>
Effect of foreign exchange rates		58	(194)	(401)	58
<b>Net increase/ (decrease) in cash and cash equivalents in the period</b>		<b>6,383</b>	<b>4,089</b>	<b>(11,708)</b>	<b>(5,969)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>8,100</b>	<b>10,394</b>	<b>19,598</b>	<b>13,859</b>
<b>Cash and cash equivalent at the end of the period</b>		<b>14,483</b>	<b>14,483</b>	<b>7,890</b>	<b>7,890</b>

The notes on pages 25 to 48 form part of this condensed consolidated financial information.



# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the nine months ended 30 September 2017 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 2016. The nine 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. Nevertheless, the Group has reported a profit for the nine months period ended 30 September 2017 of €18.2 million (compared to profit of €1.5 million in the nine months ended 30 September 2016).

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

As at 30 September 2017 the Group held secured land and building assets with a market value of €172 million, compared to external debt of €93.3 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.

Although, 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.

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. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial statements for the nine months ended 30 September 2017.

### 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 2016 which have been prepared in accordance with International Financial Reporting Standards adopted by the European Union, as described in the annual financial statements for the year ended 31 December 2016, and with those expected to be applied to the financial statements for the year ended 31 December 2017.

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 3. Segmental information

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

Nine months ended 30 September 2017	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	7,619	4,305	13,839	-	25,763
Cost of operations	(3,369)	(4,845)	(8,946)	-	(17,160)
<b>Gross profit</b>	<b>4,250</b>	<b>(540)</b>	<b>4,893</b>	<b>-</b>	<b>8,603</b>
Administrative expenses	(544)	(288)	(2,201)	(1,756)	(4,789)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>3,706</b>	<b>(828)</b>	<b>2,692</b>	<b>(1,756)</b>	<b>3,814</b>
Other operating income	38	6	11	-	55
Other operating expenses	(52)	(275)	(17)	(97)	(441)
Decrease in value of investment properties	(4,333)	-	-	-	(4,333)
<b>(Loss)/ Profit from operations</b>	<b>(641)</b>	<b>(1,097)</b>	<b>2,686</b>	<b>(1,853)</b>	<b>(905)</b>
Finance income	52	19,452	299	-	19,803
Finance cost	(726)	(9)	(1,535)	(4)	(2,274)
Finance costs - other gains – foreign exchange	1,404	(50)	95	174	1,623
Share of losses from equity accounted joint ventures	-	(24)	-	-	(24)
<b>Segment result before tax</b>	<b>89</b>	<b>18,272</b>	<b>1,545</b>	<b>(1,683)</b>	<b>18,223</b>
Tax (expense)/ credit	(246)	408	(176)	(8)	(22)
<b>Profit for the period as reported in the income statement</b>					<b>18,201</b>
Attributable to non-controlling interests					-
<b>Net profit attributable to owners of the parent</b>					<b>18,201</b>
<b>Nine months ended 30 September 2017</b>	<b>Property rental €'000</b>	<b>Residential sales €'000</b>	<b>Hotel operations €'000</b>	<b>Other €'000</b>	<b>Total €'000</b>
Reportable segment assets	101,902	30,016	89,919	-	221,837
Unallocated assets	-	-	-	689	689
<b>Total assets</b>	<b>101,902</b>	<b>30,016</b>	<b>89,919</b>	<b>689</b>	<b>222,526</b>
Reportable segment liabilities	(60,688)	(11,775)	(55,784)	-	(128,247)
Unallocated liabilities	-	-	-	(5,810)	(5,810)
<b>Total liabilities</b>	<b>(60,688)</b>	<b>(11,775)</b>	<b>(55,784)</b>	<b>(5,810)</b>	<b>(134,057)</b>
<b>Nine months ended 30 September 2017</b>	<b>Property rental €'000</b>	<b>Residential sales €'000</b>	<b>Hotel operations €'000</b>	<b>Other €'000</b>	<b>Total €'000</b>
<b>Other segment items</b>					
Capital expenditure	507	16	177	-	700
Depreciation	16	-	1,761	-	1,777
Amortisation	-	33	87	2	122

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 30 September 2017	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	2,310	3,893	4,358	(17)	10,544
Cost of operations	(1,099)	(4,380)	(2,916)	-	(8,395)
<b>Gross profit</b>	<b>1,211</b>	<b>(487)</b>	<b>1,442</b>	<b>(17)</b>	<b>2,149</b>
Administrative expenses	(237)	(98)	(676)	(508)	(1,519)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>974</b>	<b>(585)</b>	<b>766</b>	<b>(525)</b>	<b>630</b>
Other operating income	31	(31)	3	-	3
Other operating expenses	(3)	(275)	(10)	(5)	(293)
<b>Profit/ (Loss) from operations</b>	<b>1,002</b>	<b>(891)</b>	<b>759</b>	<b>(530)</b>	<b>340</b>
Finance income	16	19,451	97	(1)	19,563
Finance cost	(358)	(5)	(512)	(2)	(877)
Finance costs - other gains – foreign exchange	(1,092)	73	(108)	(132)	(1,259)
Share of losses from equity accounted joint ventures	-	(21)	-	-	(21)
<b>Segment result before tax</b>	<b>(432)</b>	<b>18,607</b>	<b>236</b>	<b>(665)</b>	<b>17,746</b>
Tax (expense) / credit	(124)	(20)	(63)	(8)	(215)
<b>Profit for the period as reported in the income statement</b>					<b>17,531</b>
Attributable to non-controlling interests					-
<b>Net profit attributable to owners of the parent</b>					<b>17,531</b>

  

Three months ended 30 September 2017	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Reportable segment assets</b>	101,902	30,016	89,919	-	221,837
Unallocated assets	-	-	-	689	689
<b>Total assets</b>	<b>101,902</b>	<b>30,016</b>	<b>89,919</b>	<b>689</b>	<b>222,526</b>
<b>Reportable segment liabilities</b>	(60,688)	(11,775)	(55,784)	-	(128,247)
Unallocated liabilities	-	-	-	(5,810)	(5,810)
<b>Total liabilities</b>	<b>(60,688)</b>	<b>(11,775)</b>	<b>(55,784)</b>	<b>(5,810)</b>	<b>(134,057)</b>

  

Three months ended 30 September 2017	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Other segment items</b>					
Capital expenditure	109	(77)	127	-	159
Depreciation	6	-	578	-	584
Amortisation	-	10	28	1	39

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Segment information about these businesses for the nine and three months ended 30 September 2016 is presented below:

Nine months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	7,871	2,424	13,876	126	24,297
Cost of operations	(3,867)	(1,974)	(8,629)	(4)	(14,474)
<b>Gross profit</b>	<b>4,004</b>	<b>450</b>	<b>5,247</b>	<b>122</b>	<b>9,823</b>
Administrative expenses	(631)	(324)	(2,178)	(1,886)	(5,019)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>3,373</b>	<b>126</b>	<b>3,069</b>	<b>(1,764)</b>	<b>4,804</b>
Other operating income	55	21	7	-	83
Other operating expenses	(7)	(28)	(24)	(86)	(145)
Increase in value of investment properties	2,001	-	-	-	2,001
<b>Profit/ (Loss) from operations</b>	<b>5,422</b>	<b>119</b>	<b>3,052</b>	<b>(1,850)</b>	<b>6,743</b>
Finance income	27	40	13	15	95
Finance cost	(1,369)	(6)	(2,954)	(4)	(4,333)
Finance costs - other gains – foreign exchange	(468)	18	(73)	(283)	(806)
Share of losses from equity accounted joint ventures	-	(36)	-	-	(36)
<b>Segment result before tax</b>	<b>3,612</b>	<b>135</b>	<b>38</b>	<b>(2,122)</b>	<b>1,663</b>
Tax (expense)/ credit	(124)	(42)	32	(23)	(157)
<b>Net profit attributable to owners of the parent</b>					<b>1,506</b>

  

Nine months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Reportable segment assets</b>	103,363	24,254	89,385	-	217,002
Unallocated assets	-	-	-	840	840
<b>Total assets</b>	<b>103,363</b>	<b>24,254</b>	<b>89,385</b>	<b>840</b>	<b>217,842</b>
<b>Reportable segment liabilities</b>	(88,153)	(2,830)	(58,125)	-	(149,108)
Unallocated liabilities	-	-	-	(719)	(719)
<b>Total liabilities</b>	<b>(88,153)</b>	<b>(2,830)</b>	<b>(58,125)</b>	<b>(719)</b>	<b>(149,827)</b>

  

Nine months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Other segment items</b>					
Capital expenditure	783	92	32	-	907
Depreciation	7	-	1,821	-	1,828
Amortisation	-	33	87	4	124

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
Revenues	2,523	620	4,230	4	7,377
Cost of operations	(1,333)	(448)	(2,719)	(4)	(4,504)
<b>Gross profit</b>	<b>1,190</b>	<b>172</b>	<b>1,511</b>	<b>-</b>	<b>2,873</b>
Administrative expenses	(283)	(131)	(687)	(633)	(1,734)
<b>Gross profit/ (loss) less administrative expenses</b>	<b>907</b>	<b>41</b>	<b>824</b>	<b>(633)</b>	<b>1,139</b>
Other operating income	30	7	2	-	39
Other operating expenses	(1)	-	98	(5)	92
Increase in value of investment properties	-	-	-	-	-
<b>Profit/ (Loss) from operations</b>	<b>936</b>	<b>48</b>	<b>924</b>	<b>(638)</b>	<b>1,270</b>
Finance income	8	(84)	4	5	(67)
Finance cost	(430)	(2)	(544)	-	(976)
Finance costs - other gains – foreign exchange	2,164	(75)	163	267	2,519
Share of losses from equity accounted joint ventures	-	15	-	-	15
<b>Segment result before tax</b>	<b>2,678</b>	<b>(98)</b>	<b>547</b>	<b>(366)</b>	<b>2,761</b>
Tax credit/ (expense)	16	(42)	(223)	(1)	(250)
<b>Net profit attributable to owners of the parent</b>					<b>2,511</b>

Three months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Reportable segment assets</b>	103,363	24,254	89,385	-	217,002
Unallocated assets	-	-	-	840	840
<b>Total assets</b>	<b>103,363</b>	<b>24,254</b>	<b>89,385</b>	<b>840</b>	<b>217,842</b>
<b>Reportable segment liabilities</b>	(88,153)	(2,830)	(58,125)	-	(149,108)
Unallocated liabilities	-	-	-	(719)	(719)
<b>Total liabilities</b>	<b>(88,153)</b>	<b>(2,830)</b>	<b>(58,125)</b>	<b>(719)</b>	<b>(149,827)</b>

Three months ended 30 September 2016	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	Total €'000
<b>Other segment items</b>					
Capital expenditure	(407)	14	(122)	-	(515)
Depreciation	2	-	610	-	612
Amortisation	-	11	29	1	41

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
Costs of sale of residential property	(5,500)	(5,153)	(1,604)	(311)
Utilities, services rendered and other costs	(6,469)	(2,212)	(6,969)	(2,342)
Legal and professional expenses	(1,033)	(327)	(991)	(292)
Staff costs	(3,767)	(1,140)	(3,567)	(1,092)
Sales and direct advertising costs	(823)	(323)	(733)	(220)
Depreciation and amortisation	(478)	(150)	(546)	(183)
Reversal of impairment/ (Impairment) on inventory	910	910	(64)	(64)
<b>Cost of operations</b>	<b>(17,160)</b>	<b>(8,395)</b>	<b>(14,474)</b>	<b>(4,504)</b>

#### 4.2 Administrative expenses

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
Audit and tax service	(109)	(41)	(140)	(51)
Incentive and management fee	(1,233)	(411)	(1,231)	(413)
Legal and other professional fees	(502)	(183)	(696)	(211)
Utilities, services rendered and other costs	(808)	(193)	(747)	(244)
Staff costs	(628)	(184)	(627)	(200)
Depreciation and amortisation	(1,421)	(473)	(1,406)	(470)
Other administrative expenses	(88)	(34)	(172)	(145)
<b>Administrative expenses</b>	<b>(4,789)</b>	<b>(1,519)</b>	<b>(5,019)</b>	<b>(1,734)</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 5. Other operating income/ (expenses)

#### 5.1 Other operating income

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
Income from insurance	32	-	-	-
Other operating income	23	3	83	39
<b>Other operating income</b>	<b>55</b>	<b>3</b>	<b>83</b>	<b>39</b>

#### 5.2 Other operating expenses

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
Loss on disposal of subsidiaries	-	-	(78)	-
Write off of other and trade receivables	(276)	(276)	-	-
Other operating expenses	(165)	(17)	(67)	92
<b>Other operating expenses</b>	<b>(441)</b>	<b>(293)</b>	<b>(145)</b>	<b>92</b>

### 6. Finance income and finance costs

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
Bank loan discount (refer to page 10)	19,450	19,450	-	-
Gain on interest rate derivative	312	95	-	-
Other	41	18	95	(67)
<b>Finance income – interest income</b>	<b>19,803</b>	<b>19,563</b>	<b>95</b>	<b>(67)</b>
Interest payable on bank borrowings	(2,065)	(752)	(2,808)	(1,013)
Loss on interest rate derivative	-	-	(1,213)	(15)
Other similar charges	(209)	(125)	(312)	52
<b>Finance costs</b>	<b>(2,274)</b>	<b>(877)</b>	<b>(4,333)</b>	<b>(976)</b>
<b>Finance costs, excluding foreign exchange – net</b>	<b>17,529</b>	<b>18,686</b>	<b>(4,238)</b>	<b>(1,043)</b>
<b>Other gains and (losses) – foreign exchange</b>	<b>1,623</b>	<b>(1,259)</b>	<b>(806)</b>	<b>2,519</b>
<b>Finance income/ (costs), including foreign exchange – net</b>	<b>19,152</b>	<b>17,427</b>	<b>(5,044)</b>	<b>1,476</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 7. Tax charge

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
Continuing operations				
Current tax	(70)	(21)	(154)	(147)
Deferred tax	48	(194)	(3)	(103)
<b>Tax (charge)/ credit for the year</b>	<b>(22)</b>	<b>(215)</b>	<b>(157)</b>	<b>(250)</b>

### 8. Dividends

There were no dividends declared or paid in the three and nine months ended 30 September 2017 (2016: €nil).

### 9. Earnings per share ("EPS")

Basic earnings per share is calculated by dividing the profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Reconciliations of the profits and weighted average number of shares used in the calculations are set out below:

Nine months ended 30 September 2017 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	18,201	46,852,014	38.8
<b>Diluted (EPS)</b>	<b>18,201</b>	<b>46,852,014</b>	<b>38.8</b>
Adjusted profit			
<hr/>			
Three months ended 30 September 2017 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	17,531	46,852,014	37.4
<b>Diluted (EPS)</b>	<b>17,531</b>	<b>46,852,014</b>	<b>37.4</b>
Adjusted profit			
<hr/>			
Nine months ended 30 September 2016 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	1,506	46,852,014	3.2
<b>Diluted (EPS)</b>	<b>1,506</b>	<b>46,852,014</b>	<b>3.2</b>
Adjusted profit			
<hr/>			
Three months ended 30 September 2016 (unaudited)	Profit	Weighted average number of shares	Per share amount
Basic (EPS)	€'000		Eurocents
Profit attributable to equity shareholders of the Company	2,511	46,852,014	5.4
<b>Diluted (EPS)</b>	<b>2,511</b>	<b>46,852,014</b>	<b>5.4</b>
Adjusted profit			



# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 10. Property, plant and equipment

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
<b>Cost or valuation</b>				
At 1 January 2016	76,198	11,825	63	88,086
Additions at cost	58	164	-	222
Exchange adjustments	(2,961)	(414)	(2)	(3,377)
Disposals	(302)	-	-	(302)
Revaluation	964	-	-	964
<b>At 31 December 2016</b>	<b>73,957</b>	<b>11,575</b>	<b>61</b>	<b>85,593</b>
Additions at cost	170	23	-	193
Exchange adjustments	2,025	290	1	2,316
<b>At 30 September 2017</b>	<b>76,152</b>	<b>11,888</b>	<b>62</b>	<b>88,102</b>
<b>Accumulated depreciation</b>				
At 1 January 2016	(5,831)	(6,799)	(59)	(12,689)
Charge for the year	(1,664)	(709)	(1)	(2,374)
Adjustment due to revaluation	1,664	-	-	1,664
Exchange adjustments	567	236	2	805
Disposals	302	-	-	302
<b>At 31 December 2016</b>	<b>(4,962)</b>	<b>(7,272)</b>	<b>(58)</b>	<b>(12,292)</b>
Charge for the period	(1,314)	(462)	(1)	(1,777)
Adjustment due to revaluation	368	-	-	368
Exchange adjustments	(382)	(170)	(1)	(553)
<b>At 30 September 2017</b>	<b>(6,290)</b>	<b>(7,904)</b>	<b>(60)</b>	<b>(14,254)</b>
				-
<b>Net book value at 30 September 2017</b>	<b>69,862</b>	<b>3,984</b>	<b>2</b>	<b>73,848</b>
Net book value at 31 December 2016	68,995	4,303	3	73,301
<b>Cost or valuation</b>				
At 1 January 2017	73,957	11,575	61	85,593
Additions at cost	142	1	-	143
Exchange adjustments	3,679	513	2	4,194
Revaluation	-	-	-	-
<b>At 30 June 2017</b>	<b>77,778</b>	<b>12,089</b>	<b>63</b>	<b>89,930</b>
<b>Accumulated depreciation</b>				
At 1 January 2017	(4,962)	(7,272)	(58)	(12,292)
Charge for the period	(875)	(318)	-	(1,193)
Adjustment due to revaluation	368	-	-	368
Exchange adjustments	(726)	(314)	(2)	(1,042)
<b>At 30 June 2017</b>	<b>(6,195)</b>	<b>(7,904)</b>	<b>(60)</b>	<b>(14,159)</b>
<b>Net book value at 30 June 2017</b>	<b>71,583</b>	<b>4,185</b>	<b>3</b>	<b>75,771</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
<b>Cost or valuation</b>				
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)
<b>At 31 December 2015</b>	<b>76,198</b>	<b>11,825</b>	<b>63</b>	<b>88,086</b>
Additions at cost	34	90	-	124
Exchange adjustments	(831)	(126)	(1)	(958)
Revaluation	205	-	-	205
<b>At 30 September 2016</b>	<b>75,606</b>	<b>11,789</b>	<b>62</b>	<b>87,457</b>
<b>Accumulated depreciation</b>				
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
<b>At 31 December 2015</b>	<b>(5,831)</b>	<b>(6,799)</b>	<b>(59)</b>	<b>(12,689)</b>
Charge for the period	(1,297)	(530)	(1)	(1,828)
Adjustment due to revaluation	1,297	-	-	1,297
Exchange adjustments	137	61	-	198
<b>At 30 September 2016</b>	<b>(5,694)</b>	<b>(7,268)</b>	<b>(60)</b>	<b>(13,022)</b>
<b>Net book value at 30 September 2016</b>	<b>69,912</b>	<b>4,521</b>	<b>2</b>	<b>74,435</b>
Net book value at 31 December 2015	70,367	5,026	4	75,397

Hotels Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance as of 30 September 2017, 31 December 2016 and 30 September 2016. The latest valuation of all hotels was performed as of 30 June 2017 (Hilton hotel) and 31 December 2016 (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.
- impairment adjustments have been taken to other operating expenses/ reversal of impairment adjustments have been taken to other operating income.

The Group has pledged property, plant and equipment of €72.5 million (30 June 2017: €74.4 million; 31 December 2016: €72.0 million; 30 September 2016 €73.2 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €49.3 million (30 June 2017: €50.2 million; 31 December 2016: €49.5 million; 30 September 2016 €51.0 million) are secured on these properties.

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## INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 11. Investment property

	30 September 2017 (unaudited) €'000	30 June 2017 (unaudited) €'000	31 December 2016 (audited) €'000	30 September 2016 (unaudited) €'000
At beginning of the year	91,918	91,918	94,121	94,121
Disposal of subsidiary	-	-	(3,582)	(3,523)
Disposal of property	-	-	(612)	-
Capitalised subsequent expenditure	507	398	1,224	783
Exchange movements	1,896	3,399	(2,547)	(524)
PV of annual perpetual usufruct fees	(2)	(1)	(3)	(1)
Fair value (losses)/ gains	(4,333)	(4,333)	3,317	2,001
<b>At the end of the period</b>	<b>89,986</b>	<b>91,381</b>	<b>91,918</b>	<b>92,857</b>
Less assets classified as held for sale (note 16)	-	-	-	(618)
	<b>89,986</b>	<b>91,381</b>	<b>91,918</b>	<b>92,239</b>

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 2016 except for one property in Poland, i.e. Millennium Plaza which is based on the valuation carried out in April 2017:

- for the properties located in Poland and Romania by Jones Lang LaSalle Sp. z o.o. external independent qualified valuer with recent experience valuing the properties in the location held by the Group;
- for the properties located in Hungary by FHB Ingatlan Zrt external independent qualified valuer with recent experience valuing the properties in the location held by the Group.

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 Group has pledged investment property of €80.6 million (30 June 2017: €80.6 million; 31 December 2016: €82.0 million; 30 September 2016: €82.2 million) to secure certain banking facilities granted to subsidiaries.

### 12. Inventories

	30 September 2017 (unaudited) €'000	30 June 2017 (unaudited) €'000	31 December 2016 (audited) €'000	30 September 2016 (unaudited) €'000
Land held for development	5,089	12,140	11,019	10,903
Construction expenditures	340	8,890	5,177	3,198
Completed properties	13,224	1,874	2,125	2,471
Hotel inventory	1,159	1,221	1,172	1,177
<b>At the end of the period</b>	<b>19,812</b>	<b>24,125</b>	<b>19,493</b>	<b>17,749</b>

In August 2017 the construction of residential project – *Apartamenty przy Krasynskiego II* was completed, which resulted in movement of inventory related to this project from “Land held under development” and “Construction expenditures” to “Completed properties” lines.

€5.5million (30 June 2017: €0.3 million; 31 December 2016: €1.9 million; 30 September 2016: €1.6 million) of inventories was released to cost of operations in the income statement during nine months ended 30 September 2017. €nil million was recognized in the income statement in relation to the impairment on inventories (30 June 2017: €nil million; 31 December 2016: €0.1 million; 30 September 2016: €0.1) and €0.9 million was recognised in the income statement in relation to reversal of impairment of inventories during nine months ended 30 September 2017 (30 June 2017: €nil; 31 December 2016: €0.3 million; 30 September 2016: €nil million).

As of 30 September 2017 no bank borrowings are secured on the inventory. As of 30 June 2017 bank borrowings were secured on the inventory for the value of €11.3 million (31 December 2016: €7.4 million; 30 September 2016: €1.0 million).

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For the nine months period ended 30 September 2017 borrowing costs of €50 thousand (six months period ended 30 June 2017: €50 thousand; year ended 31 December 2016: €26 thousand, nine months ended 30 September 2016: €10 thousand) 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 September 2017 (unaudited) €'000	30 June 2017 (unaudited) €'000	31 December 2016 (audited) €'000	30 September 2016 (unaudited) €'000
Cash and cash equivalents	12,033	6,803	6,345	5,955
Short term bank deposits	2,450	3,591	1,755	1,935
<b>At the end of the period</b>	<b>14,483</b>	<b>10,394</b>	<b>8,100</b>	<b>7,890</b>

Included in cash and cash equivalents is €7.1 million (30 June 2017: €7.9 million; 31 December 2016: €4.4 million; 30 September 2016: €5.1 million) restricted cash relating to security and customer deposits.

### 14. Cash generated from operations

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
<b>Profit for the period</b>	<b>18,201</b>	<b>17,531</b>	<b>1,506</b>	<b>2,511</b>
<b>Adjustments for:</b>				
Effects of foreign currency	(2,023)	1,286	820	(2,488)
Finance costs	1,923	630	4,084	996
Finance income	(334)	(102)	(80)	71
Bank loan discount	(19,450)	(19,450)	-	-
Tax expense	22	215	157	250
Share of losses/ (profits) from equity accounted joint ventures	24	21	36	(15)
Depreciation of property, plant and equipment	1,777	584	1,828	612
Amortisation charges	122	39	124	41
Decrease/ (Increase) in value of investment property	4,333	-	(2,001)	-
(Reversal of impairment)/ Impairment on inventory	(910)	(910)	64	64
Loss on sale of subsidiary	-	-	78	-
	<b>3,685</b>	<b>(156)</b>	<b>6,616</b>	<b>2,042</b>
<b>Changes in working capital</b>				
Decrease/ (Increase) in inventory	652	5,228	(788)	(1,152)
Decrease/ (Increase) in trade and other receivables	129	808	(748)	142
Increase/( Decrease) in trade and other payables	9,980	5,167	(4,647)	315
Effects of foreign currency on working capital translation	1,374	(313)	985	1,253
	<b>12,135</b>	<b>10,890</b>	<b>(5,198)</b>	<b>558</b>
<b>Cash inflow from operations</b>	<b>15,820</b>	<b>10,734</b>	<b>1,418</b>	<b>2,600</b>

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### 15. Bank loans

	30 September 2017 (unaudited) €'000	30 June 2017 (unaudited) €'000	31 December 2016 (audited) €'000	30 September 2016 (unaudited) €'000
<b>Current</b>				
Bank loans and overdrafts due within one year or on demand - Secured	(19,500)	(61,883)	(62,517)	(66,771)
<b>Non-current</b>				
Repayable within two years - Secured	(2,733)	(1,685)	(5,310)	(5,361)
Repayable within three to five years- Secured	(30,348)	(11,585)	(11,512)	(10,614)
Repayable after five years - Secured	(40,750)	(41,613)	(40,982)	(42,016)
	<b>(73,831)</b>	<b>(54,883)</b>	<b>(57,804)</b>	<b>(57,991)</b>
<b>Total</b>	<b>(93,331)</b>	<b>(116,766)</b>	<b>(120,321)</b>	<b>(124,762)</b>

The bank loans are secured on various properties of the Group.

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

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

	Euro €'000	Zloty €'000	Total €'000
<b>Bank loans and overdrafts – 30 September 2017</b>	<b>61,727</b>	<b>31,604</b>	<b>93,331</b>
Bank loans and overdrafts – 30 June 2017	82,094	34,672	116,766
Bank loans and overdrafts – 31 December 2016	86,733	33,588	120,321
Bank loans and overdrafts – 30 September 2016	91,116	33,646	124,762

### Debt financing

#### *Portfolio of cross collateralised banking facilities extended by Erste Group Bank AG*

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 have been obliged to pay an additional amount to the bank in connection with this transaction as described on page 9.

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.

After the above described repayment of two Romanian and one Hungarian facility, the Group had one facility extended to Atlas Estates Millennium Sp. z o.o. ("Millennium") by Erste Group Bank AG that had been cross collateralized. On 14 September 2016 (at which point this debt amounted to €58.9 million) the Group signed with Erste bank the agreement based on which by 29 September 2017 the bank was obliged to sell/ transfer to Atlas Projects B.V. (subsidiary of Atlas Estates Limited) its outstanding facility due from Millennium at the price of €1 subject mainly to the following conditions:

- 1) repayment by or on behalf of Millennium and receipt by the bank of principal in the aggregate amount of € 39,500,000 with interests indicated in this agreement in the following four instalments:
  - a) € 8,075,000 to be paid by 10 business days after the signing of this agreement - this amount was paid by Millennium in September 2016;
  - b) € 3,950,000 by 30 November 2016 - this amount was paid by Millennium in November 2016;
  - c) € 3,950,000 by 31 March 2017 - this amount was paid by Millennium in March 2017;
  - d) € 23,525,000 by 29 September 2017- this amount was paid by Millennium in September 2017.
- 2) payment by Atlas Projects B.V. the transfer price in amount of €1 for Millennium outstanding facility of €19.5 million- this transfer price was paid by Atlas Project B.V. in September 2017.

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In September 2017 upon completion of the transfer of this facility to Atlas Project BV:

- the bank relinquished all mortgage, lien, charge pledge, promissory note, letter of comfort or other security interest or any other type of guarantee granted by Millennium and/or third party for the benefit of the bank to secure the claims of the bank against Millennium. Moreover, upon the completion of this transfer Erste Bank is no longer entitled to the Price Adjustment (defined on page 9).
- Atlas Estates Limited in its consolidated financial statements recorded a finance income of €19.5 million (see note 6) representing bank debt discount resulting from this transaction.

### *New loan – Millennium Plaza*

On 13 September 2017 Millennium signed the new loan agreement with Bank Zachodni WBK S.A. based on which it was able to borrow € 23.5 million to repay the final instalment to Erste Bank AG (as described above). As of 30 September 2017 this bank facility amounts to €23.2 million (net of arrangement fees) and the final repayment date of this facility is September 2022.

### *Repaid Loan - Apartamenty przy Krasińskiego II*

In February 2016 Atlas Estates (Przasnyska 9) Sp. z o.o. was granted a loan (up to the amount of PLN 42.9 million) for the construction of the second stage of *Apartamenty przy Krasińskiego* project in Warsaw. The first draw down of the loan took place in the third quarter of 2016. €2.2 million loan was fully repaid in August 2017.

### *Hungarian loan*

In the preparation of the consolidated financial statements as of 30 September 2017, the directors have classified the loan facility extended to a Hungarian subsidiary totalling €13.1 million as current since covenant breaches arose on this loan. In 2017 €0.5 million was repaid in respect of this loan.

### *Other loans- partial repayments*

In 2017 the Group paid €1.4 million in respect of scheduled partial repayments of other loans extended to the Group's projects (*Hilton* and *Golden Tulip* hotels, *Sadowa* and *Properpol* office buildings).

## **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 November 2016 the remaining part of Moszkva property was sold. In June 2015 Metropol was actively marketed. In January 2016 final sale agreement concerning Metropol was concluded. All properties are located in Budapest, Hungary.

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

	30 September 2017 (unaudited) €'000	30 June 2017 (unaudited) €'000	31 December 2016 (audited) €'000	30 September 2016 (unaudited) €'000
Investment property	-	-	-	618
<b>Assets held within disposal groups classified as held for sale</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>618</b>

	30 September 2017 (unaudited) €'000	30 June 2017 (unaudited) €'000	31 December 2016 (audited) €'000	30 September 2016 (unaudited) €'000
At beginning of the year	-	-	4,168	4,168
Disposals	-	-	(4,194)	(3,523)
Exchange movements	-	-	26	(27)
<b>At the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>618</b>

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### 17. Related party transactions

#### (a) Key management compensation

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
Fees for non-executive directors	47	16	33	10

The Company has appointed AMC to manage its property portfolio. In consideration of the services provided, AMC accrued a management fee of €1.2 million and €0.4 million for the nine and three months ended 30 September 2017 respectively (€1.2 million and €0.4 million for the nine and three months ended 30 September 2016 respectively). 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 2017. It is anticipated that performance fee is payable at the year ended 31 December 2017 however no performance fee has been accrued for the nine and three months ended 30 September 2017 (€nil for the nine and three months ended 30 September 2016) as the performance fee can only be reasonably estimated after the annual valuation of the assets portfolio. The Company accrued a performance fee of €nil million for the year ended 31 December 2016.

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 September 2017 AMC Poland received a fee of €nil thousand (30 June 2017: €nil thousand; 31 December 2016: €19.7 thousand; 30 September 2016: €20 thousand) in relation to this agreement.

As of 30 September 2017 €0.6 million included in current trade and other payables was due to AMC (30 June 2017: €0.6 million; 31 December 2016: €0.5 million; 30 September 2016: €0.5 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 September 2017 the purchase price of €0.2 million (30 June 2017: €0.2 million, 31 December 2016: €0.2 million, 30 September 2016: €0.2 million) is due to former non-controlling shareholder of Zielono Sp. z o.o. (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. As of 31 December 2016 and 30 September 2017 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. As of 31 December 2016 and 30 September 2017 these amounts were fully settled.
- (e) In November 2016 Atlas Estates Limited ("AEL") received a loan from its majority shareholder Fragiolig Holdings Limited ("Fragiolig") amounting to €3.5 million. The loan repayment date was 30 January 2017 however in January 2017 it was subsequently extended to 30 November 2017. In March 2017 AEL received an additional €3.75 million and as a result the loan amount was increased to €7.25 million. In September 2017 AEL repaid €2.3 million therefore as of 30 September 2017 the loan balance amounted to €4.95 million. The loan bears no interest until the repayment date.

Moreover on 31 January 2017 AEL concluded an option agreement with Fragiolig based on which AEL granted to Fragiolig an option to acquire (through AEL's subsidiaries) whole or part of the partnership interest in the partnership in its indirect subsidiary- HPO AEP Spółka z ograniczoną odpowiedzialnością spółka jawna with its seat in Warsaw ("HPO"). The option may be executed by Fragiolig by 30 November 2017. Upon execution of the option by Fragiolig, AEL would sell the whole or part of partnership interest in HPO for the price determined in a valuation conducted by an evaluation firm appointed by AEL in consultation with Fragiolig.

In November 2017 AEL made additional repayment of €3 million.

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- (f) The ultimate parent company is RIG Investments Sarl and the ultimate controlling party by a virtue of ownership is Mr Ron Izaki.

### 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 Group 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 17 e.

### 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 15% 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 was recorded in the consolidated financial statements. As of 31 December 2016 and 30 September 2017 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 2017.



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### 19.3 Substantial shareholdings

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

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

Significant Shareholders	Number of Shares held	Voting Rights
Euroclear Nominees Limited <EOCO1>	40,281,191	85.98
Atlas International Holdings Limited	6,461,425	13.79
<b>TOTAL</b>	<b>46,742,616</b>	<b>99.77</b>

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

Significant Shareholders	Number of Shares held	Voting Rights
Fragiolig Holdings Limited	35,391,145	75.54
Atlas International Holdings Limited	6,461,425	13.79
<b>TOTAL</b>	<b>41,852,570</b>	<b>89.33</b>

3. The ultimate parent company is RIG Investments Sarl 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 nine months ended 30 September 2017. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the nine months ended 30 September 2017.

### 20. Principal subsidiary companies and joint ventures

No subsidiary undertakings were disposed during the nine months period ended 30 September 2017.

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 (Hungarian subsidiaries sold in 2015) in amount of €0.1 million. The result on disposal of these operations was determined as follows:

	31 December 2016
	€'000
<b>Consideration received net of cash disposed</b>	<b>1,389</b>
Cash consideration refund (Ligetvaros&Varosliget)	(100)
Cash consideration received (Metropol)	1,816
Cash disposed of	(327)
<b>Net assets disposed of (other than cash):</b>	<b>1,474</b>
Deferred tax asset	152
Investment properties	3,582
Trade and other receivables	57
Trade and other payables	(309)
Bank loans	(1,711)
Deferred tax liabilities	(297)

No subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the nine months period ended 30 September 2017 and year ended 31 December 2016.

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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.

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Atlas Projects B.V.	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	AEP Sp. z o.o. 2 SKA	Holding	100%
Poland	AEP Sp. z o.o. 3 SKA	Holding	100%
Poland	Platinum Towers AEP 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	Gretna Investments Sp. z o.o.	Holding	100%
Poland	Gretna Investments Sp. z o.o. 4 SKA	Holding	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	HPO SCSP	Holding	100%
Luxembourg	Residential Projects Sarl	Holding	100%

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## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### NON-CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME For the nine and three months ended 30 September 2017

	Nine months ended 30 September 2017  (unaudited) €'000	Three months ended 30 September 2017  (unaudited) €'000	Nine months ended 30 September 2016  (unaudited) €'000	Three months ended 30 September 2016  (unaudited) €'000	Note
Revenues	-	-	-	-	
Cost of operations	-	-	-	-	
<b>Gross profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Administrative expenses	(1,012)	(295)	(998)	(351)	
Other operating income	19,902	14,000	-	-	1
Other operating expenses	(2)	(2)	-	-	
<b>Profit/ (Loss) from operations</b>	<b>18,888</b>	<b>13,703</b>	<b>(998)</b>	<b>(351)</b>	
Finance income	2,770	2,300	1,406	400	2
Finance costs	(40)	(14)	(42)	(13)	
Other (losses) and gains – foreign exchange	4	1	(9)	(7)	
<b>Profit before taxation</b>	<b>21,622</b>	<b>15,990</b>	<b>357</b>	<b>29</b>	
Tax expense	-	-	-	-	
<b>Profit for the period</b>	<b>21,622</b>	<b>15,990</b>	<b>357</b>	<b>29</b>	
<b>Total comprehensive income for the period</b>	<b>21,622</b>	<b>15,990</b>	<b>357</b>	<b>29</b>	

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2017

	30 September 2017	30 June 2017	31 December 2016	30 September 2016	Note
	(unaudited) €'000	(unaudited) €'000	€'000	(unaudited) €'000	
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	113,580	99,580	89,930	87,500	3
Loans receivable from subsidiaries	89	86	180	178	
	<b>113,669</b>	<b>99,666</b>	<b>90,110</b>	<b>87,678</b>	
<b>Current assets</b>					
Trade and other receivables	9	13	7	9	
Cash and cash equivalents	126	85	113	373	
	<b>135</b>	<b>98</b>	<b>120</b>	<b>382</b>	
<b>TOTAL ASSETS</b>	<b>113,804</b>	<b>99,764</b>	<b>90,230</b>	<b>88,060</b>	
<b>Non-current liabilities</b>					
Other payables	(4,148)	(3,734)	(3,709)	(3,697)	4
	<b>(4,148)</b>	<b>(3,734)</b>	<b>(3,709)</b>	<b>(3,697)</b>	
<b>Current liabilities</b>					
Trade and other payables	(5,476)	(7,840)	(3,963)	(346)	4
	<b>(5,476)</b>	<b>(7,840)</b>	<b>(3,963)</b>	<b>(346)</b>	
<b>TOTAL LIABILITIES</b>	<b>(9,624)</b>	<b>(11,574)</b>	<b>(7,672)</b>	<b>(4,043)</b>	
<b>NET ASSETS</b>	<b>104,180</b>	<b>88,190</b>	<b>82,558</b>	<b>84,017</b>	
<b>EQUITY</b>					
Share capital account	6,268	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	194,817	
Accumulated loss	(96,905)	(112,895)	(118,527)	(117,068)	
<b>TOTAL EQUITY</b>	<b>104,180</b>	<b>88,190</b>	<b>82,558</b>	<b>84,017</b>	

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY As at 30 September 2017

Nine months ended 30 September 2017 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2017	6,268	194,817	(118,527)	82,558
Total comprehensive profit for the period	-	-	21,622	21,622
<b>As at 30 September 2017</b>	<b>6,268</b>	<b>194,817</b>	<b>(96,905)</b>	<b>104,180</b>

  

Three months ended 30 September 2017 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 July 2017	6,268	194,817	(112,895)	88,190
Total comprehensive profit for the period	-	-	15,990	15,990
<b>As at 30 September 2017</b>	<b>6,268</b>	<b>194,817</b>	<b>(96,905)</b>	<b>104,180</b>

  

Year ended 31 December 2016	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2016	6,268	194,817	(117,425)	83,660
Total comprehensive loss for the year	-	-	(1,102)	(1,102)
<b>As at 31 December 2016</b>	<b>6,268</b>	<b>194,817</b>	<b>(118,527)</b>	<b>82,558</b>

  

Nine months ended 30 September 2016 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 January 2016	6,268	194,817	(117,425)	83,660
Total comprehensive income for the period	-	-	357	357
<b>As at 30 September 2016</b>	<b>6,268</b>	<b>194,817</b>	<b>(117,068)</b>	<b>84,017</b>

  

Three months ended 30 September 2016 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000
As at 1 July 2016	6,268	194,817	(117,097)	83,988
Total comprehensive income for the period	-	-	29	29
<b>As at 30 September 2016</b>	<b>6,268</b>	<b>194,817</b>	<b>(117,068)</b>	<b>84,017</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### NON-CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2017

	Nine months ended 30 September 2017 (unaudited) €'000	Three months ended 30 September 2017 (unaudited) €'000	Nine months ended 30 September 2016 (unaudited) €'000	Three months ended 30 September 2016 (unaudited) €'000
<b>Profit for the period</b>	<b>21,622</b>	<b>15,990</b>	<b>357</b>	<b>29</b>
<b>Adjustments for:</b>				
Effects of foreign currency	-	-	-	-
Finance costs	39	14	42	13
Finance income	(2,770)	(2,300)	(6)	-
Reversal of impairment on investments	(19,900)	(14,000)	-	-
	<b>(1,009)</b>	<b>(296)</b>	<b>393</b>	<b>42</b>
<b>Changes in working capital</b>				
(Increase)/ Decrease in trade and other receivables	(2)	4	(3)	5
Increase/ (Decrease) in trade and other payables	63	(64)	(4,077)	77
<b>Net cash from operating activities</b>	<b>(948)</b>	<b>(356)</b>	<b>(3,687)</b>	<b>124</b>
<b>Investing activities</b>				
New loans advanced to subsidiaries	(9)	(3)	(2,873)	-
Repayment of loans with subsidiary undertakings	100	-	4,415	(400)
Dividend income from subsidiary	2,770	2,300	1,400	400
Cash contribution to subsidiary undertaking	(3,750)	-	-	-
<b>Net cash from investing activities</b>	<b>(889)</b>	<b>2,297</b>	<b>2,942</b>	<b>-</b>
<b>Financing activities</b>				
Loan received from shareholder	3,750	-	-	-
Loan repaid to shareholder	(2,300)	(2,300)	-	-
Loan received from subsidiary	400	400	-	-
Interest received	-	-	-	-
Interest paid	-	-	-	-
<b>Net cash (from)/ used in financing activities</b>	<b>1,850</b>	<b>(1,900)</b>	<b>-</b>	<b>-</b>
<b>Net (decrease)/ increase in cash and cash equivalents in the period as a result of cashflows</b>	<b>13</b>	<b>41</b>	<b>(745)</b>	<b>124</b>
Effect of foreign exchange rates	-	-	-	-
<b>Net (decrease)/ increase in cash and cash equivalents in the period</b>	<b>13</b>	<b>41</b>	<b>(745)</b>	<b>124</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>113</b>	<b>85</b>	<b>1,118</b>	<b>249</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>126</b>	<b>126</b>	<b>373</b>	<b>373</b>
<b>Cash and cash equivalents</b>				
Cash at bank and in hand	126	126	373	373
Bank overdrafts	-	-	-	-
	<b>126</b>	<b>126</b>	<b>373</b>	<b>373</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

### 1. Other operating income

	Nine months ended 30 September 2017	Three months ended 30 September 2017	Nine months ended 30 September 2016	Three months ended 30 September 2016
	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000
Reversal of impairment of investments in subsidiaries (note 3)	19,900	14,000	-	-
Other income	2	0	-	-
<b>Other operating income</b>	<b>19,902</b>	<b>14,000</b>	<b>-</b>	<b>-</b>

### 2. Finance income

	Nine months ended 30 September 2017	Three months ended 30 September 2017	Nine months ended 30 September 2016	Three months ended 30 September 2016
	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000
Interests income	-	-	6	-
Dividend income from subsidiary (Atlas Finance Guernsey Limited)	2,770	2,300	1,400	400
<b>Finance income</b>	<b>2,770</b>	<b>2,300</b>	<b>1,406</b>	<b>400</b>

### 3. Investment in subsidiaries

	30 September 2017	30 June 2017	31 December 2016	30 September 2016
	€'000	€'000	€'000	€'000
<b>Shares in subsidiary undertakings</b>				
<i>Cost</i>				
At beginning of period	213,933	213,933	210,433	210,433
Additions in year (note 14e)	3,750	3,750	3,500	-
<b>At the end of the period</b>	<b>217,683</b>	<b>217,683</b>	<b>213,933</b>	<b>210,433</b>
<i>Impairment</i>				
At beginning of period	(124,003)	(124,003)	(122,933)	(122,933)
Additions	-	-	(1,070)	-
Reversal	19,900	5,900	-	-
<b>At the end of the period</b>	<b>(104,103)</b>	<b>(118,103)</b>	<b>(124,003)</b>	<b>(122,933)</b>
<b>At the end of the period</b>	<b>113,580</b>	<b>99,580</b>	<b>89,930</b>	<b>87,500</b>

# ATLAS ESTATES LIMITED

## INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

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 nine months period ended 30 September 2017 €19.9 million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries (in the six months period ended 30 June 2017: €5.9 million was recognised in respect of reversal of impairment on investment in subsidiaries; in 2016 €1.1 million was recognised in other operating expenses in respect of impairment on investment in subsidiaries).

The method applied to assign value to the company's investments is fair value less costs to sell and has been based on the property valuations assessed by independent experts. 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. Trade and other payables

	30 September 2017	30 June 2017	31 December 2016	30 September 2016
	€'000	€'000	€'000	€'000
<b>Current</b>				
Amounts due to Atlas Management Company in respect of management fees	(487)	(495)	(461)	(315)
Other creditors	(39)	(95)	(2)	(31)
Loan from majority shareholder- Fragiolig Holdings Limited (described on page 39)	(4,950)	(7,250)	(3,500)	-
	<b>(5,476)</b>	<b>(7,840)</b>	<b>(3,963)</b>	<b>(346)</b>
<b>Non-current</b>				
Loan from subsidiary (HGC Gretna Investments Spółka z ograniczoną odpowiedzialnością Spółka Jawna)	(4,148)	(3,734)	(3,709)	(3,697)
	<b>(4,148)</b>	<b>(3,734)</b>	<b>(3,709)</b>	<b>(3,697)</b>
<b>Total trade and other payables</b>	<b>(9,624)</b>	<b>(11,574)</b>	<b>(7,672)</b>	<b>(4,043)</b>