ATLAS ESTATES LIMITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
HALF YEAR 2018

Atlas Estates Limited
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Company number: 44284

ATLAS ESTATES LIMITED

Contents

ATLAS ESTATES LIMITED

Financial Highlights

Selected Consolidated Financial Items	Six months ended 30 June 2018 (unaudited) €'000	Year ended 31 December 2017 (audited)	Six months ended 30 June 2017 (unaudited) €'000
Revenues	28,842	35,435	15,219
Gross profit	10,127	12,721	6,454
Increase/ (Decrease) in value of investment properties	2,476	(4,748)	(4,333)
Profit/ (Loss) from operations	9,111	(7,659)	(1,245)
Profit before tax	5,189	11,887	477
Profit for the period	3,881	11,587	670
Profit attributable to owners of the parent	3,881	11,587	670
Cash flow from operating activities	5,359	21,248	5,038
Cash flow from investing activities	(997)	(907)	(231)
Cash flow from financing activities	(1,862)	(13,930)	(2,765)
Net increase in cash	1,850	6,906	2,294
Non-current assets	190,540	190,894	188,101
Current assets	30,371	37,999	39,105
Total assets	220,911	228,893	227,206
Current liabilities	(38,276)	(54,904)	(86,459)
Non-current liabilities	(93,661)	(88,925)	(68,412)
Total liabilities	(131,937)	(143,829)	(154,871)
Basic net assets (1)	88,974	85,064	72,335
Number of shares outstanding	46,852,014	46,852,014	46,852,014
Profit per share (eurocents)	8.3	24.7	1.4
Basic net asset value per share (€)	1.9	1.8	1.5

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

ATLAS ESTATES LIMITED

Chairman's Statement

Dear Shareholders,

I am pleased to announce the unaudited interim condensed consolidated report of Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the six months ended 30 June 2018.

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

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

- In the first half of 2018 the Group completed final sales of 103 apartments in the second stage of *Apartamenty przy Krasińskiego* development project in Warsaw which resulted in €3.7 million gross profit. Apartments' sales and pre sales reached 99% as of 30 June 2018;

- Moreover, in February 2018 the Group was able to increase the existing loan facility extended to *Hilton* project and borrow additional funds in the amount of €3.5 million for financing *Hilton* expenses and other Atlas projects.

Half Year Reported Results

As of 30 June 2018 the Group has reported basic net assets of €89.0 million.

The increase of basic net asset value by €3.9 million (i.e. 5%) from €85.1 million as at 31 December 2017 is primarily a result of:

- €4.9 million upward *Hilton* hotel revaluation as of 30 June 2018,

- €1.1 million annual depreciation charge on property, plant and equipment recorded in the six months period ended 30 June 2018.

Profit after tax amounts to €3.9 million for the six months period ended 30 June 2018 as compared to profit after tax of €0.7 million for the six months period ended 30 June 2017. The significant change of the noted results was mainly a joint effect of:

- above mentioned €3.7 million gross profit realised on completion of sales in the second stage of *Apartamenty przy Krasińskiego* development project in Warsaw in the first half of 2018,

-a change in valuation of investment property (*Atlas Tower,* former name: *Millennium Plaza*) from a decrease of €4.3 million recorded in the first half of 2017 to increase of €2.5 million recorded in in the first half of 2018, offset by:

- movements in the foreign currency exchange differences from gain of €2.9 million for the first half of 2017 to loss of €1.9 million for the first half of 2018 mainly as a result of the appreciation of the local currencies in the first half of 2017 as compared to depreciation of PLN by 5% and HUF by 6% in the first half of 2018.

Financing, Liquidity and Forecasts

The Directors consider that the current outlook presents operating as well as financing challenges in the context of 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, the Directors continue to adopt the going concern basis in preparing the condensed consolidated financial information for the six months ended 30 June 2018, as set out in accounting policies to the condensed consolidated financial information.

ATLAS ESTATES LIMITED

Investing Policy

Atlas invests mainly in Poland in a portfolio of real estate assets across a range of property types, where approximately 87% 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. However, it is anticipated that the Company shall employ a gearing ratio of up to 80% of the total value of its interest in income-generating properties within its property portfolio.

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

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the six months to 30 June 2018, 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, remained at comparable level of €1.8 per share as at 31 December 2017 and €1.9 per share as at 30 June 2018.

As in the previously reported quarterly results, the Adjusted NAV per share, which includes valuation gains net of deferred tax on development properties held in inventory 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 Group’s assets portfolio takes place.

For the interim accounts valuations of key assets (*Hilton* Hotel and *Atlas Tower* (former name: *Millennium Plaza)*- office building located in Warsaw) were performed by an external expert. As of 30 June 2018 Jones Lang LaSalle - external independent qualified expert, was responsible for the valuation of *Atlas Tower* (former name: *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 2018 are summarised in the Property Manager’s Report on pages 13 and 14 below.

Prospects

With the ongoing economic recovery in Poland we also focus on strengthening as well as expanding our real estate portfolio including development of additional residential units.

Mark Chasey
CHAIRMAN
6 September 2018

ATLAS ESTATES LIMITED

Review of the Property Manager

In this review we present the financial and operating results for the six months ended 30 June 2018. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 30 June 2018, 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 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 87% (by value) of the Group's portfolio located there. The Polish economy has been one of most resilient economies in Europe with annual real GDP growth of 3.8% in 2017 (4.1% expected in 2018).

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.

Atlas Tower (former name: Millennium Plaza), Warsaw

The *Atlas Tower* is a 39,138 sqm office and retail building centrally located in Warsaw with occupancy rate of 77% as of 30 June 2018 (77% as of 31 December 2017). The Group completed its refinancing in late 2017 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 75% as of 30 June 2017 to 80% as of 31 December 2017 and 82% as of 30 June 2018.

Galeria Platinum Towers

Commercial areas on the ground and first floors of Platinum Towers with 1,842 sqm of gallery and 208 parking places almost fully let to tenants.

Apartamenty przy Krasińskiego

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

The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 30 June 2018 all apartments were sold with only 1 retail units available for sale.

The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 30 June 2018 only 2 retail units and 1 apartment were available for sale. Remaining apartments and retails were either sold (111 apartments and 6 retails) or presold (11 apartments).

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city center. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 30 June 2018 all apartments from all stages were either sold or presold, whereas 4 retail units remain available for sale and one is presold.

Nakielska Apartments Project

This is a residential development that will consist of two stages which will release around 250 apartments as well as parking and retail facilities. This project is currently in the planning phase.

Hungary

In Hungary, as of 30 June 2018, the Group owned one income yielding property, Ikarus Business Park, located in Budapest. 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 – Voluntari and Solaris. The Romanian real annual GDP increased by 5.5% in 2017 (in 2018 an increase of 5.1% is expected). Occupancy rates at the Golden Tulip decreased slightly from 65% for the six months ended 30 June 2017 to 63% for the six months ended 30 June 2018.

Bulgaria

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

ATLAS ESTATES LIMITED

Financial Review

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

Portfolio valuation and valuation methods

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 and valuations

As at 30 June 2018, the Company's share of bank debt associated with the portfolio of the Group was €94 million (31 December 2017: €94 million; 30 June 2017: €117 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods in which valuations were undertaken may be analysed as follows:

	Loans	**Valuation**	**LTV Ratio**	**Loans**	**Valuation**	**LTV Ratio**	**Loans**	**Valuation**	**LTV Ratio**
	30 June 2018			**31 December 2017**			**30 June 2017**		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	42	82	51%	44	81	54%	65	81	80%
Hotels	52	93	56%	50	93	54%	50	91	55%
Development property in construction	-	-	-	-	-	-	2	10	20%
Total	**94**	**175**	**54%**	**94**	**174**	**54%**	**117**	**182**	**64%**

**LTV Ratio- Loan to Value Ratio*

The valuations in the table above differ from the values included in the consolidated balance sheet as at 30 June 2018, 31 December 2017 and 30 June 2017 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property decreased from 80% as of 30 June 2017 to 51% as of 30 June 2018 mainly due to the completion of the settlement reached with Erste Group Bank AG concerning *Atlas Tower* (former name: *Millennium Plaza)* financing (as disclosed below and on page 9).

LTV ratio of hotels decreased from 55% as of 30 June 2017 to 54% as of 31 December 2017 mainly due to partial repayments of the loans and increased to 56% as of 30 June 2018 as a result of increase of *Hilton* loan facility (as disclosed on page 9).

The gearing ratio is 46% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio remained stable as compared to 31 December 2017 (48%) and decreased as compared to 30 June 2017 (60%) mainly due to the significant finance income of €19.5 million realised on the settlement reached with Erste Bank financing *Atlas Tower* (former name: *Millennium Plaza)* in the third quarter of 2017.

Debt financing

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

In 2016 the Group had a facility extended to Atlas Tower Sp. z o.o. (former name: Atlas Estates Millennium Sp. z o.o.) ("*Atlas Tower*", previously "*Millennium Plaza*") 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 Atlas Tower at the price of €1 subject mainly to the following conditions:

1) repayment by or on behalf of Atlas Tower 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 Atlas Tower in September 2016;
b) € 3,950,000 by 30 November 2016 - this amount was paid by Atlas Tower in November 2016;
c) € 3,950,000 by 31 March 2017 - this amount was paid by Atlas Tower in March 2017;
d) € 23,525,000 by 29 September 2017- this amount was paid by Atlas Tower in September 2017.

2) payment by Atlas Projects B.V. of the amount of €1 for the outstanding facility of €19.5 million- this price was paid by Atlas Project B.V. in September 2017. This debt was converted into equity of Atlas Tower in December 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 Atlas Tower and/or third party for the benefit of Erste bank to secure the claims of the bank against Atlas Tower. 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 finance income of €19.5 million representing bank debt discount resulting from this transaction.

*New Atlas Tower (*former name: *Millennium Plaza) loan facility*

On 13 September 2017 Atlas Tower signed a new loan agreement with Bank Zachodni WBK S.A. based on which it was able to borrow €23.5 million to pay the final instalment to Erste Bank AG (as described above). As of 30 June 2018 this bank facility amounts to €22.5 million (net of unamortized part of arrangement fee paid) and the final repayment date of this facility is September 2022. In 2018 €0.5 million was repaid in respect of this loan.

Hungarian loan

In the preparation of the consolidated financial statements as of 30 June 2018, the Directors have classified the loan facility extended to a Hungarian subsidiary totalling €12.4 million as current since it is overdue. In 2018 €0.5 million was repaid in respect of this loan.

Other loans- partial repayments

In the first half of 2018 the Group paid €0.9 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).

Galeria Platinum Towers project - *loan facility extension*

On 25 January 2018 Properpol Sp. z o.o. (the Company's subsidiary) signed an amendment agreement with mBank S.A. to the facility agreement dated 2 September 2013 based on which the final repayment date of the facility was extended from 30 June 2018 to 30 June 2021. As of 30 June 2018 this facility amounted to €3.6 million and is used for financing of *Galeria Platinum Towers* project.

Amount increase of the existing Hilton loan facility

On 7 February 2018 the Company's subsidiaries: Mantezja 3 Sp. z o.o. and HGC Gretna Investments Sp. z o.o. Sp. J., which operate *Hilton* hotel in Warsaw concluded an annex with Bank Pekao S.A. and PEKAO Bank Hipoteczny S.A. to the existing loan facility agreement dated 29 June 2015 based on which the subsidiaries were allowed to borrow additional funds in the amount of €3.5 million for financing *Hilton* expenses and other Atlas projects. As of 30 June 2018 total outstanding loan facility amounted to €49.1 million.

ATLAS ESTATES LIMITED

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

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

	Property Rental € millions	**Development Properties € millions**	**Hotel Operations € millions**	**Other € millions**	**Six months ended 30 June 2018 € millions**	**Six months ended 30 June 2017 € millions**
Revenue	5.0	13.6	10.2	-	28.8	15.2
Cost of operations	(2.6)	(9.9)	(6.2)	-	(18.7)	(8.8)
Gross profit	2.4	3.7	4.0	-	10.1	6.4
Administrative expenses	(0.3)	(0.2)	(1.5)	(1.5)	(3.5)	(3.2)
Gross profit less administrative expenses	2.1	3.5	2.5	(1.5)	6.6	3.2
Gross profit %	48%	27%	39%	-	35%	42%
Gross profit less administrative expenses %	42%	26%	25%	-	23%	21%

Revenues and cost of operations

Total revenues for the six months ended 30 June 2018 were €28.8 million compared to €15.2 million for the six months ended 30 June 2017. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified.

Cost of operations were €18.7 million in the six months ended 30 June 2018 compared to €8.8 million for the six months ended 30 June 2017.

<u>Development Properties</u>

	Six months ended 30 June 2018 € millions	Six months ended 30 June 2017 € millions	**Total change 2018 v 2017 € millions**	Translation foreign exchange effect € millions	Operational change 2018 v 2017 € millions
Revenue	13.6	0.4	**13.2**	-	13.2
Cost of operations	(9.9)	(0.5)	**(9.4)**	-	(9.4)
Gross profit	3.7	(0.1)	**3.8**	-	3.8
Administrative expenses	(0.2)	(0.2)	**-**	-	-
Gross profit less administrative expenses	3.5	(0.3)	**3.8**	**-**	3.8

Proceeds from the sale of residential units (i.e. apartments, retail units, parking places, storages) developed by the Group are only recognised when the 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. In 2017 the Group, following a completion of *Apartamenty przy Krasińskiego stage II* project in August 2017, has started signing notarial deeds and consequently recognised first sales and associated costs of this project.

Additionally, as presented in the table below, in 2018 the Group managed to complete the sale of 103 apartments (in *Apartamenty przy Krasińskiego stage II*).

Apartment sales in developments in Warsaw

	CAA stage I	**CAA stage II**	**CAA stage III&IV**	**Apartamenty przy Krasińskiego**	**Apartamenty przy Krasińskiego II**	**Concept House***
Total apartments for sale	219	300	265	303	123	160
Sales completions in 2008-2016	218	297	265	303	-	159
Sales completions in 2017	1	1	-	-	8	1
Sales completions in 2018	-	-	-	-	103	0
Total sales completions	219	298	265	303	111	160
Sales not completed as of 30 June 2018 (only preliminary agreements concluded)	-	2	-	-	11	-
Apartments available for sale as of 30 June 2018	-	-	-	-	1	-

**Joint venture project*

Property Rental

	Six months ended 30 June 2018 € millions	Six months ended 30 June 2017 € millions	**Total change 2018 v 2017 € millions**	Translation foreign exchange effect € millions	Operational change 2018 v 2017 € millions
Revenue	5.0	5.3	**(0.3)**	-	(0.3)
Cost of operations	(2.6)	(2.3)	**(0.3)**	-	(0.3)
Gross profit	2.4	3.0	**(0.6)**	-	(0.6)
Administrative expenses	(0.3)	(0.3)	**-**	-	-
Gross profit less administrative expenses	2.1	2.7	**(0.6)**	**-**	(0.6)

In the first six months 2018 the gross margin realized by the Property Rental segment decreased as compared to the first six months 2017 mainly due to lower rental income as well as significant repair costs associated with the significant remodel of the *Atlas Tower (*former name: *Millennium Plaza)* lobby, which should improve the attractiveness and image of this valuable property.

Hotel operations

	Six months ended 30 June 2018 € millions	Six months ended 30 June 2017 € millions	**Total change 2018 v 2017 € millions**	Translation foreign exchange effect € millions	Operational change 2018 v 2017 € millions
Revenue	10.2	9.5	**0.7**	-	0.7
Cost of operations	(6.2)	(6.0)	**(0.2)**	-	(0.2)
Gross profit	4.0	3.5	**0.5**	-	0.5
Administrative expenses	(1.5)	(1.5)	**-**	-	-
Gross profit less administrative expenses	2.5	2.0	**0.5**	**-**	0.5

In the first six months of 2018 the hotel operations improved as compared to the first six months of 2017 mainly due to increase of conference revenues of *Hilton* hotel in Warsaw.

Valuation movement

As of 30 June 2018 the increase of the market value of the investment properties portfolio was of €2.5 million as compared to an decrease of €4.3 million as of 30 June 2017. The movements relate to change in value of *Atlas Tower (*former name: *Millenium Plaza)*.

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.

The movements in value of the functional currencies resulted in foreign exchange loss of €1.9 million in the consolidated income statement for the first half of 2018 (first half 2017: €2.9 million gain) and €4.4 million loss in other comprehensive income for the first half of 2018 (first half 2017: €3.4 million gain). These gains and losses were due to the unrealised foreign exchange gains and losses on EUR denominated bank loans in Polish and Hungarian subsidiaries. The foreign exchange losses occurred mainly as a result of depreciation of PLN and HUF against EUR in the first quarter 2018. The foreign exchange gains occurred mainly as a result of appreciation of PLN and HUF against EUR in the first half of 2017.

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

	Polish Zloty	Hungarian Forint	Romanian Lei	Bulgarian Lev
Closing rates				
30 June 2018	4.3616	328.60	4.6611	1.9558
31 December 2017	4.1709	310.14	4.6597	1.9558
% Change	5%	6%	0%	0%
30 June 2017	4.2265	308.87	4.5539	1.9558
31 December 2016	4.424	311.02	4.5411	1.9558
% Change	-4%	-1%	0%	0%
Average rates				
Six months ended 30 June 2018	4.2213	314.08	4.6611	1.9558
Six months ended 30 June 2017	4.2704	309.46	4.5714	1.9558
% Change	-1%	1%	2%	0%

Net Asset Value

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

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

The Property Manager's management and performance fees are based on the adjusted NAV. For the six months to 30 June 2018 the combined fee payable to AMC by the Group was €1.1 million (€0.8 million in the first six months to 30 June 2017 (more details are presented in note 14).

Ongoing activities

During the first half of 2018, 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 monitor operations of hotel activity, enhance occupancy of income yielding assets, as well as remodel valuable assets in order to attract new tenants.

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, reporting procedures and IT systems in order to generate appropriate and timely management information for the ongoing assessment of the Group's performance. We operate 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.

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

Financing and liquidity

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

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

Currency and foreign exchange

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

Most of the income from the Group's investment properties is denominated in Euro and our policy is to arrange debt to fund these assets in the same currency. Where possible, the Group looks to match the currency of the flow of income and outgoings. Some expenses are still incurred in local currency and these are planned for in advance. Development of residential projects has created receipts largely denominated in local currencies and funding facilities are arranged accordingly. "Free cash" available for distribution within the Group is identified and appropriate translation mechanisms 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 properties 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 pages 8 and 9). 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 *Atlas Tower (*former name: *Millennium Plaza)* project (as disclosed on page 9 - New *Atlas Tower* Loan). AMC currently focuses its efforts on the finalisation of the planning phase of *Nakielska Apartments Project* – the Group's next residential project in Warsaw, as well as searching new plots that could be developed in the future.

Ziv Zviel
Chief Executive Officer
Atlas Management Company Limited
6 September 2018

ATLAS ESTATES LIMITED

Key Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First *Hilton* Hotel in Poland – a 4 star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Atlas Estates Tower *(former name: Platinum Towers – offices)*	Land located next to *Hilton* hotel in Warsaw. 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 Apartments Project	Residential development in the Wola district of Warsaw. It will be a two stage development which will release 250 apartments with parking and amenities, including retail facilities. This project is an early planning phase.	100%
Apartamenty przy Krasińskiego,	Development in the Żoliborz district of Warsaw. The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 30 June 2018 all apartments were sold with only 1 retail unit being available for sale. The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 30 June 2018 only 2 retail units and 1 apartment were available for sale. Remaining apartments and retails were either sold (111 apartments and 6 retails) or presold (11 apartments).	100%
Atlas Tower *(*former name: Millennium Plaza)	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 centre of Gdańsk.	100%
Capital Art Apartments	The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city center. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 30 June 2018 all apartments were sold or presold, whereas 4 retail units remain available for sale and one is presold.	100%
Hungary		
Ikarus Business Park	283,000 square meters plot with 110,000 square meters of built business space and 70,000 of currently lettable, located in the 16th district, a suburban area of Budapest.	100%
Romania		
Voluntari	86,861 square meters of land in three adjacent plots at the pre-zoning stage, in the north eastern suburbs of the city, known as Pipera.	100%
Solaris Project	32,000 square meters plot for re-zoning to mixed-use development in a central district of Bucharest.	100%
Golden Tulip Hotel	4 star 78 room hotel in central Bucharest.	100%
Bulgaria		
The Atlas House	Office building in Sofia's city center with 3,472 square meters of lettable area.	100%

ATLAS ESTATES LIMITED

Independent Review Report on the Interim Condensed Consolidated and non-consolidated Financial Information for the six month period ended 30 June 2018

To Atlas Estates Limited

Introduction
We have been engaged by the company to review the interim condensed consolidated and non-consolidated financial information in the half-yearly financial report for the six months ended 30 June 2018, which comprises the consolidated income statement, the consolidated and non-consolidated statements of comprehensive income, the consolidated and non-consolidated statements of financial position, the consolidated and non-consolidated statements of changes in equity, the consolidated and non-consolidated statements of cash flows and the related explanatory notes.

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

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

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated and non-consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union and the rules of the Warsaw Stock Exchange.

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

BDO LLP, Chartered Accountants
London, United Kingdom
6 September 2018

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

ATLAS ESTATES LIMITED

Declarations of the Board of Directors

Declaration concerning accounting policies

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

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

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

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

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

6 September 2018

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2018

		Six months ended 30 June 2018 (unaudited) €'000		Six months ended 30 June 2017 (unaudited) €'000	Note
Revenues		28,842		15,219	3
Cost of operations		(18,715)		(8,765)	4.1
Gross profit		**10,127**		**6,454**	
Property manager fee	*(1,110)*		*(822)*		
Central administrative expenses	*(249)*		*(315)*		
Property related expenses	*(2,120)*		*(2,133)*		
Administrative expenses		(3,479)		(3,270)	4.2
Other operating income		30		52	
Other operating expense		(43)		(148)	
Increase/ (Decrease) in value of investment properties		2,476		(4,333)	9
Profit/ (Loss) from operations		**9,111**		**(1,245)**	
Finance income		59		240	4.3
Finance costs		(1,992)		(1,397)	4.3
Other (losses)/ gains – foreign exchange		(1,867)		2,882	4.3
Share of losses from equity accounted joint ventures		(122)		(3)	
Profit before taxation		**5,189**		**477**	
Tax (expense)/ credit		(1,308)		193	5
Profit for the period		**3,881**		**670**	
Attributable to:					
Owners of the parent		3,881		670	
Non-controlling interests		-		-	
		3,881		**670**	
Profit per €0.01 ordinary share – basic (eurocents)		8.3		1.4	7
Profit per €0.01 ordinary share – diluted (eurocents)		8.3		1.4	7

All amounts relate to continuing operations.
The notes on pages 24 to 44 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2018

	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
PROFIT FOR THE PERIOD	**3,881**	**670**
Other comprehensive income/ (loss) :		
Items that will not be recycled through profit or loss		
Revaluation of buildings (note 8)	4,921	368
Deferred tax on revaluation	(935)	(70)
Total	3,986	298
Items that may be recycled through profit or loss		
Exchange adjustments	(4,362)	3,424
Deferred tax on exchange adjustments	405	(296)
Total	(3,957)	3,128
Other comprehensive income for the period (net of tax)	**29**	**3,426**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,910**	**4,096**
Total comprehensive income attributable to:		
Owners of the parent	3,910	4,096
Non-controlling interests	-	-
	3,910	**4,096**

The notes on pages 24 to 44 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	30 June 2018 (unaudited) €'000	31 December 2017 (audited) €'000	30 June 2017 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Intangible assets	38	54	66	
Land under operating lease - prepayments	10,560	11,112	11,035	
Total investment in equity accounted joint ventures	-	153	171	
Property, plant and equipment	77,719	76,993	75,771	8
Investment property	91,798	92,187	91,381	9
Deferred tax asset	10,425	10,395	9,677	
	190,540	**190,894**	**188,101**	
Current assets				
Inventories	9,625	19,625	24,125	10
Trade and other receivables	3,890	3,368	4,586	
Cash and cash equivalents	16,856	15,006	10,394	11
	30,371	**37,999**	**39,105**	
TOTAL ASSETS	**220,911**	**228,893**	**227,206**	
Current liabilities				
Trade and other payables	(22,051)	(34,958)	(24,073)	12
Bank loans	(15,393)	(19,321)	(61,883)	13
Derivative financial instruments	(832)	(625)	(503)	
	(38,276)	**(54,904)**	**(86,459)**	
Non-current liabilities				
Other payables	(3,171)	(3,239)	(3,348)	
Bank loans	(78,251)	(74,181)	(54,883)	13
Deferred tax liabilities	(12,239)	(11,505)	(10,181)	
	(93,661)	**(88,925)**	**(68,412)**	
TOTAL LIABILITIES	**(131,937)**	**(143,829)**	**(154,871)**	
NET ASSETS	**88,974**	**85,064**	**72,335**	

The notes on pages 24 to 44 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	30 June 2018 (unaudited) €'000	31 December 2017 (audited) €'000	30 June 2017 (unaudited) €'000
EQUITY			
Share capital account	6,268	6,268	6,268
Revaluation reserve	23,431	19,445	18,575
Other distributable reserve	194,817	194,817	194,817
Translation reserve	(11,541)	(7,584)	(8,526)
Accumulated loss	(124,001)	(127,882)	(138,799)
Issued capital and reserves attributable to owners of the parent - total equity	**88,974**	**85,064**	**72,335**
Basic net asset value per share	€ 1.9	€ 1.8	€ 1.5

The notes on pages 24 to 44 form part of this consolidated financial information. The condensed consolidated financial information on pages 18 to 44 was approved by the Board of Directors on 6 September 2018 and signed on its behalf by:

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

6 September 2018

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2018

	Share capital account	Revaluation reserve	Other distributable reserve	Translation reserve	Accumulated loss	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000
Six months ended 30 June 2018						
As at 1 January 2018	6,268	19,445	194,817	(7,584)	(127,882)	85,064
Profit for the period	-	-	-	-	3,881	3,881
Other comprehensive income for the period	-	3,986	-	(3,957)	-	29
As at 30 June 2018	**6,268**	**23,431**	**194,817**	**(11,541)**	**(124,001)**	**88,974**
Year ended 31 December 2017						
As at 1 January 2017	6,268	18,277	194,817	(11,654)	(139,469)	68,239
Profit for the period	-	-	-	-	11,587	11,587
Other comprehensive loss for the year	-	1,168	-	4,070	-	5,238
As at 31 December 2017	**6,268**	**19,445**	**194,817**	**(7,584)**	**(127,882)**	**85,064**
Six months ended 30 June 2017						
As at 1 January 2017	6,268	18,277	194,817	(11,654)	(139,469)	68,239
Profit for the period	-	-	-	-	670	670
Other comprehensive income for the period	-	298	-	3,128	-	3,426
As at 30 June 2017	**6,268**	**18,575**	**194,817**	**(8,526)**	**(138,799)**	**72,335**

The notes on pages 24 to 44 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2018

	Notes	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
Profit for the period		**3,881**	**670**
Adjustments for:			
Effects of foreign currency		2,814	(3,309)
Finance costs		1,692	1,293
Finance income		(21)	(232)
Tax expense/ (credit)	5	1,308	(193)
Share of losses from equity accounted joint ventures		122	3
Depreciation of property, plant and equipment	8	1,185	1,193
Amortisation charges		82	83
(Increase)/ Decrease in value of investment property	9	(2,476)	4,333
		8,587	**3,841**
Changes in working capital			
Decrease/ (Increase) in inventory		10,000	(4,576)
Increase in trade and other receivables		(522)	(679)
(Decrease)/Increase in trade and other payables		(11,003)	4,813
Effects of foreign currency on working capital translation		(580)	1,687
		(2,105)	**1,245**
Cash inflow from operations		**6,482**	**5,086**
Tax paid		(1,123)	(48)
Net cash from operating activities		**5,359**	**5,038**
Investing activities			
Interest received		21	15
Development of investment property	9	(1,006)	(398)
Purchase of property, plant and equipment	8	(87)	(143)
Loans repaid by equity accounted joint ventures		75	295
Net cash used in investing activities		**(997)**	**(231)**
Financing activities			
Loan from majority shareholder	14d	(1,950)	3,750
Interest paid		(1,512)	(1,348)
New bank loans raised	13	3,500	57
Repayments of bank loans		(1,900)	(5,224)
Net cash used in financing activities		**(1,862)**	**(2,765)**
Net increase in cash and cash equivalents in the period		**2,500**	**2,042**
Effect of foreign exchange rates		(650)	252
Net increase in cash and cash equivalents in the period		**1,850**	**2,294**
Cash and cash equivalents at the beginning of the period		**15,006**	**8,100**
Cash and cash equivalent at the end of the period	10	**16,856**	**10,394**

The notes on pages 24 to 44 form part of this condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

This condensed interim financial information for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on a going concern basis and on a historical cost basis as amended by the revaluation of land and buildings and investment property, and financial assets and financial liabilities at amortised cost. The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2017. The six months 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 six months period ended 30 June 2018 of €3.9 million (compared to profit of €0.7 million in the six months ended 30 June 2017).

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

As at 30 June 2018 the Group held land and building assets with a market value of €175 million, compared to external debt of €94 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles**,** may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the six months ended 30 June 2018, the directors have taken into account the fact that the Group is in a net current liability position.

However, in considering the group's net current liability position in the context of ongoing working capital management we note the following:

- Deferred income included in current liabilities of €1.6 million in relation to sales deposits will be released to the income statement in the subsequent period as sales are completed rather than representing a future cash outflow,
- Property development inventories included in current assets are held at cost and are forecasted to realise cash revenues in excess of this carrying value in future period,
- The Felikon loan of €12.4 million is fully ring fenced, so it will not generate cash outflows to the Group above the value of the Felikon property,
- Within trade payables of the Group is a performance fee payable to the Property Manager in the amount of €8.6 million. Details are provided on page 35. The actual payment of this fee, as agreed between the parties, will be subject to available cash flows of the Group.

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, favourable arrangements for the payment timetable for the AMC performance fee and the future financing of the Group. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Directors continue to adopt the going concern basis in preparing the consolidated financial statements for the six months ended 30 June 2018.

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 2017, as described in the annual financial statements for the year ended 31 December 2017, and with those expected to be applied to the financial statements for the year ended 31 December 2018. The Group has assessed the impact of IFRS 15 'Revenue from contracts with Customers', Clarifications to IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' (effective date for accounting periods from 1 January 2018) and concluded that it has not had any significant impact on its current or expected future consolidated results or financial position. The IFRS 16 'Leases' (effective date for accounting periods from 1 January 2019) has not been adopted by the Group as this standard is not effective for the current year. The Group is currently assessing the impact of this standard on the presentation of its consolidated results in future periods.

3. Segmental information

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

Six months ended 30 June 2018	**Property rental**	**Development Properties**	**Hotel operations**	**Other**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Revenues	5,035	13,654	10,133	20	28,842
Cost of operations	(2,640)	(9,906)	(6,169)	-	(18,715)
Gross profit	**2,395**	**3,748**	**3,964**	**20**	**10,127**
Administrative expenses	(319)	(170)	(1,518)	(1,472)	(3,479)
Gross profit/ (loss) less administrative expenses	**2,076**	**3,578**	**2,446**	**(1,452)**	**6,648**
Other operating income	4	20	6	-	30
Other operating expenses	(5)	(15)	(23)	-	(43)
Increase in value of investment properties	2,476	-	-	-	2,476
Profit/ (Loss) from operations	**4,551**	**3,583**	**2,429**	**(1,452)**	**9,111**
Finance income	19	16	22	2	59
Finance cost	(767)	(2)	(1,220)	(3)	(1,992)
Finance costs - other gains – foreign exchange	(1,737)	140	(105)	(165)	(1,867)
Share of losses from equity accounted joint ventures	-	(122)	-	-	(122)
Segment result before tax	**2,066**	**3,615**	**1,126**	**(1,618)**	**5,189**
Tax (expense)/ credit	(322)	(609)	(380)	3	(1,308)
Net profit attributable to owners of the parent					**3,881**

Six months ended 30 June 2018	**Property rental**	**Development Properties**	**Hotel operations**	**Other**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**
Reportable segment assets	104,598	18,128	97,632	-	220,358
Unallocated assets	-	-	-	553	553
Total assets	**104,598**	**18,128**	**97,632**	**553**	**220,911**
Reportable segment liabilities	(60,356)	(2,412)	(59,189)	-	(121,957)
Unallocated liabilities	-	-	-	(9,980)	(9,980)
Total liabilities	**(60,356)**	**(2,412)**	**(59,189)**	**(9,980)**	**(131,937)**

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Six months ended 30 June 2018	Property rental	Development Properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	1,006	55	28	4	1,093
Depreciation	13	-	1,172	-	1,185
Amortisation	-	23	58	1	82

Six months ended 30 June 2017	Property rental	Development Properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	5,309	412	9,481	17	15,219
Cost of operations	(2,270)	(465)	(6,030)	-	(8,765)
Gross profit/ (loss)	**3,039**	**(53)**	**3,451**	**17**	**6,454**
Administrative expenses	(307)	(190)	(1,525)	(1,248)	(3,270)
Gross profit/ (loss) less administrative expenses	**2,732**	**(243)**	**1,926**	**(1,231)**	**3,184**
Other operating income	7	37	8	-	52
Other operating expenses	(49)	-	(7)	(92)	(148)
Increase in value of investment properties	(4,333)	-	-	-	(4,333)
(Loss)/ Profit from operations	**(1,643)**	**(206)**	**1,927**	**(1,323)**	**(1,245)**
Finance income	36	1	202	1	240
Finance cost	(368)	(4)	(1,023)	(2)	(1,397)
Finance costs - other gains – foreign exchange	2,496	(123)	203	306	2,882
Share of losses from equity accounted joint ventures	-	(3)	-	-	(3)
Segment result before tax	**521**	**(335)**	**1,309**	**(1,018)**	**477**
Tax (expense)/ credit	(122)	428	(113)	-	193
Profit for the period as reported in the income statement					**670**
Attributable to non-controlling interests					-
Net profit attributable to owners of the parent					**670**

Six months ended 30 June 2017	Property rental	Development Properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	103,785	30,914	91,867	-	226,566
Unallocated assets	-	-	-	640	640
Total assets	**103,785**	**30,914**	**91,867**	**640**	**227,206**
Reportable segment liabilities	(81,052)	(9,107)	(56,485)	-	(146,644)
Unallocated liabilities	-	-	-	(8,227)	(8,227)
Total liabilities	**(81,052)**	**(9,107)**	**(56,485)**	**(8,227)**	**(154,871)**

Six months ended 30 June 2017	Property rental	Development Properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	398	93	50	-	541
Depreciation	10	-	1,183	-	1,193
Amortisation	-	23	59	1	83

There are immaterial sales between the business segments.

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

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

Unallocated costs represent corporate expenses.

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

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

4. Analysis of expenditure

4.1 Cost of operations

	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
Costs of sale of residential property	(9,754)	(347)
Utilities, services rendered and other costs	(4,652)	(4,257)
Legal and professional expenses	(914)	(706)
Staff costs	(2,605)	(2,627)
Sales and direct advertising costs	(487)	(500)
Depreciation and amortisation	(303)	(328)
Cost of operations	**(18,715)**	**(8,765)**

4.2 Administrative expenses

	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
Audit and tax service	(113)	(68)
Incentive and management fee	(1,110)	(822)
Legal and other professional fees	(243)	(319)
Utilities, services rendered and other costs	(477)	(615)
Staff costs	(501)	(444)
Depreciation and amortisation	(964)	(948)
Other administrative expenses	(71)	(54)
Administrative expenses	**(3,479)**	**(3,270)**

4.3 Finance income and finance costs - net

	30 June 2018 (unaudited) €'000	30 June 2017 (unaudited) €'000
Gain on interest rate derivative	-	217
Other	59	23
Finance income – interest income	**59**	**240**
Interest payable on bank borrowings	(1,513)	(1,313)
Loss on interest rate derivative	(207)	-
Other similar charges	(272)	(84)
Finance costs	**(1,992)**	**(1,397)**
Finance costs, excluding foreign exchange – net	**(1,933)**	**(1,157)**
Other (losses)/ gains – foreign exchange	**(1,867)**	**2,882**
Finance (costs)/ income, including foreign exchange – net	**(3,800)**	**1,725**

5. Tax

Continuing operations	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
Current tax	(1,101)	(49)
Deferred tax	(207)	242
Tax credit/ (charge) for the year	**(1,308)**	**193**

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

6. Dividends

There were no dividends declared or paid in the six months ended 30 June 2018 (2017: €nil).

7. Profit 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 profit and weighted average number of shares used in the calculations are set out below:

Six months ended 30 June 2018	**Profit**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic (EPS)			
Profit attributable to equity shareholders of the Company	3,881	46,852,014	8.3
Diluted (EPS) Adjusted profit	**3,881**	**46,852,014**	**8.3**

Six months ended 30 June 2017	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic (EPS)			
Profit attributable to equity shareholders of the Company	670	46,852,014	1.4
Diluted (EPS) Adjusted profit	**670**	**46,852,014**	**1.4**

8. Property, plant and equipment

	Buildings	**Plant and equipment**	**Motor vehicles**	**Total**
	€'000	**€'000**	**€'000**	**€'000**
Cost or valuation				
At 1 January 2017	73,957	11,575	61	85,593
Additions at cost	343	33	-	376
Exchange adjustments	4,630	662	2	5,294
Disposals	(5)	-	-	(5)
At 31 December 2017	**78,925**	**12,270**	**63**	**91,258**
Additions at cost	27	60	-	87
Exchange adjustments	(3,747)	(515)	(2)	(4,264)
Revaluation	4,033	-	-	4,033
At 30 June 2018	**79,238**	**11,815**	**61**	**91,114**
Accumulated depreciation				
At 1 January 2017	(4,962)	(7,272)	(58)	(12,292)
Charge for the year	(1,757)	(612)	(1)	(2,370)
Adjustment due to revaluation	1,738	-	-	1,738
Exchange adjustments	(934)	(410)	(2)	(1,346)
Disposals	5	-	-	5
At 31 December 2017	**(5,910)**	**(8,294)**	**(61)**	**(14,265)**
Charge for the period	(888)	(297)	-	(1,185)
Adjustment due to revaluation	888	-	-	888
Exchange adjustments	816	349	2	1,167
At 30 June 2018	**(5,094)**	**(8,242)**	**(59)**	**(13,395)**
Net book value at 30 June 2018	**74,144**	**3,573**	**2**	**77,719**
Net book value at 31 December 2017	73,015	3,976	2	76,993

	Buildings	Plant and equipment	Motor vehicles	Total
	€'000	€'000	€'000	€'000
Cost or valuation				
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
At 30 June 2017	**77,778**	**12,089**	**63**	**89,930**
Accumulated depreciation				
At 1 January 2017	(4,962)	(7,272)	(58)	(12,292)
Charge for the period	(875)	(318)	-	(1,193)
Exchange adjustments	368	-	-	368
Disposals	(726)	(314)	(2)	(1,042)
At 30 June 2017	**(6,195)**	**(7,904)**	**(60)**	**(14,159)**
Net book value at 30 June 2017	**71,583**	**4,185**	**3**	**75,771**

Hotels Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance as of 30 June 2018, 31 December 2017 and 30 June 2017. The latest valuation of hotels was performed as of 30 June 2018 (Hilton hotel) and 31 December 2017 (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/ reversal of impairment adjustments have been taken to other operating income.

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

	30 June 2018	31 December 2017	30 June 2017
	(unaudited) €'000	(audited) €'000	(unaudited) €'000
Opening balance (level 3 recurring fair values)	75,600	72,000	72,000
Additions at cost	27	344	143
Profit/ (Loss) included in other comprehensive income	4,921	1,442	368
(Profit)/ Loss included in other operating expenses	-	296	-
Depreciation charge for the period/year	(1,172)	(2,349)	(1,183)
Exchange adjustments	(3,035)	3,867	3,090
Closing balance (level 3 recurring fair values)	**76,341**	**75,600**	**74,418**

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

Valuation Techniques used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
Income approach The valuation has been undertaken using DCF valuation methodology.	Exit Capitalisation Rate (6.75% - 8.5%) Discount Rate (9.65% - 11.7%)	The higher the exit capitalisation and discounts rates the lower the fair value.

Fair value measurements are based on highest and best use, which does not differ from their actual use. In the directors' view, the assets are stated at fair value.

The Group has pledged property, plant and equipment with the fair value of €76.3 million (31 December 2017: €75.6 million, 30 June 2017: €74.4 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €51.4 million (31 December 2017: €50.0 million, 30 June 2017: €50.2 million) are secured on these properties.

9. Investment property

Investment property	**30 June 2018 (unaudited) €'000**	**31 December 2017 (audited) €'000**	**30 June 2017 (unaudited) €'000**
At beginning of the year	92,187	91,918	91,918
Capitalised subsequent expenditure	1,006	856	398
Exchange movements	(3,869)	4,163	3,399
PV of annual perpetual usufruct fees	(2)	(2)	(1)
Fair value (losses)/ gains	2,476	(4,748)	(4,333)
At the end of the year	**91,798**	**92,187**	**91,381**

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 2017 (except for one property in Poland- *Atlas Tower,* former name: Millennium Plaza, which is based on the valuation carried out as at 30 June 2018):
- 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. In the directors' view, the properties are stated at fair value.

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

	30 June 2018 (unaudited) €'000	**31 December 2017 (audited) €'000**	**30 June 2017 (unaudited) €'000**
Opening balance (level 3 recurring fair values)	92,187	91,918	91,918
Purchases	1,006	856	398
Disposals- other	(2)	(2)	(1)
Unrealized change in fair value	2,476	(4,748)	(4,333)
Unrealized foreign exchange movements	(3,869)	4,163	3,399
Closing balance (level 3 recurring fair values)	**91,798**	**92,187**	**91,381**

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

Valuation Techniques used	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value**
Income approach (Total value of properties at 30 June 2018: €74.5 million) Fair value is determined by applying the income approach based on the estimated rental value of the property.	Discount Rate (7.75% - 9.75%) Exit Yield (7.25% - 9.5%) Letting voids on vacant spaces (9-12 months) Rent - individually estimated per each property/type of leasable unit (€11/m^2 - €35/m^2)	The higher the exit yield and discounts rates the lower the fair value. The higher the office rent the higher the fair value.
Comparable approach (Total value of properties at 30 June 2018: €17.3 million) The valuation technique that uses prices and other relevant information generated by market transactions involving comparable (i.e. similar) assets, adjusted for several factors to ensure comparability of the transactions.	The following adjusting factors were adopted: ✓ Size (10% - 20%) ✓ Development situation (10%) ✓ Negotiation discount (10%)	The higher/ the lower the adjusting factor the higher/ the lower the fair value.

There were no changes to the valuation techniques of level 3 fair value measurements in the period. The fair value measurement is based on the above items highest and best use, which does not significantly differ from their actual use.

The Group has pledged investment property of €82.2 million (31 December 2017: €81.3 million; 30 June 2017: €80.6 million) to secure certain banking facilities granted to subsidiaries.

10. Inventories

	30 June 2018	**31 December 2017**	**30 June 2017**
	(unaudited)	**(audited)**	**(unaudited)**
	€'000	**€'000**	**€'000**
Land held for development	5,070	5,285	12,140
Construction expenditures	342	352	8,890
Completed properties	3,065	12,803	1,874
Hotel inventory	1,148	1,185	1,221
As at period end	**9,625**	**19,625**	**24,125**

€9.8 million (31 December 2017: €6.4 million; 30 June 2017: €0.3 million) of inventories was released to cost of operations in the income statement during six months ended 30 June 2018. €nil million was recognised in the income statement in relation to reversal of the impairment on inventories (31 December 2017: €1.0 million; 30 June 2017: €nil million). The stock which is held at fair value less cost to sell amounts to €0.5 million (31 December 2017: €0.5 million; 30 June 2017: €0.5 million).

As at 30 June 2018 bank borrowings are secured on the inventory for the value of €nil million (31 December 2017: €nil million; 30 June 2017: €11.3 million).

11. Cash and cash equivalents

	30 June 2018 (unaudited) €'000	31 December 2017 (audited) €'000	30 June 2017 (unaudited) €'000
Cash and cash equivalents	16,112	14,164	6,803
Short term bank deposits	744	842	3,591
As at period end	**16,856**	**15,006**	**10,394**

Included in cash and cash equivalents is €7.8 million (31 December 2017: €7.1 million; 30 June 2017: €7.9 million) restricted cash relating to security and customer deposits.

12. Current trade and other payables

	30 June 2018 (unaudited) €'000	31 December 2017 (audited) €'000	30 June 2017 (unaudited) €'000
Current			
Trade payables	(1,338)	(992)	(750)
Other tax and social security	(5,171)	(5,148)	(4,827)
Amounts due to Atlas Management Company Group in respect of management and performance fee (note 14a)	(9,723)	(9,338)	(646)
Other creditors	(323)	(80)	(87)
Amounts payable to majority shareholder (note 14d)	-	(1,950)	(7,250)
Amounts payable to related party (note 14b)	(240)	(240)	(240)
Accruals and deferred income	(5,256)	(17,210)	(10,273)
As at period end	**(22,051)**	**(34,958)**	**(24,073)**

Included in trade and other payables is deferred income related to pre-sales of apartments. As the construction has now been completed, the amounts of cash paid into escrow accounts has now been released to the subsidiary. The value of the deferred income at 30 June 2018 amounts to €1.6 million (31 December 2017: €13.3 million; 30 June 2017: €5.3 million) and will be released to the income statement upon signing the notarial deeds.

13. Bank loans

	30 June 2018 (unaudited) €'000	31 December 2017 (audited) €'000	30 June 2017 (unaudited) €'000
Current			
Bank loans and overdrafts due within one year or on demand			
Secured	**(15,393)**	**(19,321)**	**(61,883)**
Non-current			
Repayable within two years			
Secured	(3,011)	(2,764)	(1,685)
Repayable within three to five years			
Secured	(32,727)	(30,031)	(11,585)
Repayable after five years			
Secured	(42,513)	(41,386)	(41,613)
	(78,251)	**(74,181)**	**(54,883)**
Total	**(93,644)**	**(93,502)**	**(116,766)**

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

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

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

	Euro	Zloty	Total
	€'000	€'000	€'000
Bank loans and overdrafts – 30 June 2018	**59,489**	**34,155**	**93,644**
Bank loans and overdrafts – 31 December 2017	61,000	32,502	93,502
Bank loans and overdrafts – 30 June 2017	82,094	34,672	116,766

Debt financing

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

In 2016 the Group had a facility extended to Atlas Tower Sp. z o.o. (former name: Atlas Estates Millennium Sp. z o.o.) *("Atlas Tower"*, previously *"Millennium Plaza"*) 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 *Atlas Tower* at the price of €1 subject mainly to the following conditions:
1) repayment by or on behalf of *Atlas Tower* 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 Atlas Tower in September 2016;
 b) € 3,950,000 by 30 November 2016 - this amount was paid by Atlas Tower in November 2016;
 c) € 3,950,000 by 31 March 2017 - this amount was paid by Atlas Tower in March 2017;
 d) € 23,525,000 by 29 September 2017- this amount was paid by Atlas Tower in September 2017.
2) payment by Atlas Projects B.V. of the amount of €1 for the outstanding facility of €19.5 million- this price was paid by Atlas Project B.V. in September 2017. This debt was converted into equity of *Atlas Tower* in December 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 *Atlas Tower* and/or third party for the benefit of Erste bank to secure the claims of the bank against *Atlas Tower*. 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 finance income of €19.5 million representing bank debt discount resulting from this transaction.

*New Atlas Tower (*former name: *Millennium Plaza) loan facility*

On 13 September 2017 *Atlas Tower* signed a new loan agreement with Bank Zachodni WBK S.A. based on which it was able to borrow €23.5 million to pay the final instalment to Erste Bank AG (as described above). As of 30 June 2018 this bank facility amounts to €22.5 million (net of unamortized part of arrangement fee paid) and the final repayment date of this facility is September 2022. In 2018 €0.5 million was repaid in respect of this loan.

Hungarian loan

In the preparation of the consolidated financial statements as of 30 June 2018, the Directors have classified the loan facility extended to a Hungarian subsidiary totalling €12.4 million as current since it is overdue. In 2018 €0.5 million was repaid in respect of this loan.

Other loans- partial repayments

In the first half of 2018 the Group paid €0.9 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).

Galeria Platinum Towers project - *loan facility extension*

On 25 January 2018 Properpol Sp. z o.o. (the Company's subsidiary) signed an amendment agreement with mBank S.A. to the facility agreement dated 2 September 2013 based on which the final repayment date of the facility was extended from 30 June 2018 to 30 June 2021. As of 30 June 2018 this facility amounted to €3.6 million and is used for financing of *Galeria Platinum Towers* project.

Amount increase of the existing Hilton loan facility

On 7 February 2018 the Company's subsidiaries: Mantezja 3 Sp. z o.o. and HGC Gretna Investments Sp. z o.o. Sp. J., which operate *Hilton* hotel in Warsaw concluded an annex with Bank Pekao S.A. and PEKAO Bank Hipoteczny S.A. to the existing loan facility agreement dated 29 June 2015 based on which the subsidiaries were allowed to borrow additional funds in the amount of €3.5 million for financing *Hilton* expenses and other Atlas projects. As of 30 June 2018 total outstanding loan facility amounted to €49.1 million.

14. Related party transactions

(a) Key management compensation

	30 June 2018 (unaudited) €'000	**30 June 2017 (unaudited) €'000**
Fees for non-executive directors	31	31

The Company has appointed AMC, a company under common control, to manage its property portfolio. In consideration of the services provided, AMC charged a management fee of €1.1 million for the six months ended 30 June 2018 (year ended 31 December 2017: €1.6 million; six months ended 30 June 2017: €0.8 million). Under the agreement, AMC is also entitled to a performance fee based on the increase in value of the properties over the year. No performance fee has been accrued for the six months ended 30 June 2018 (year ended 31 December 2017: €8.6 million; six months ended 30 June 2017: €nil million).

As of 30 June 2018, €9.7 million included in current trade and other payables was due to AMC in respect of the 2017 performance fee of €8.6 million and €1.1million in respect of management fee (31 December 2017: €9.3 million; 30 June 2017: €0.6 million). In 2018 cash of €0.7 million was paid to AMC in respect of the management fee (31 December 2017 €1.4 million)

(b) On 22 November 2012, the Group acquired 24% interest in the voting shares of Zielono Sp. z o.o., increasing its interests to 100%. As of 30 June 2018 the purchase price of €0.2 million (31 December 2017: €0.2 million, 30 June 2017: €0.2 million) is due to former non-controlling shareholder (Coralcliff Limited).

(c) In 2018 Mr Ziv Zviel, the Chief Executive Officer of AMC, signed final contract for an apartment, parking place and storage in *Apartamenty przy Krasińskiego II* for a total value of €46 thousand (after receiving a discount of €40 thousand). As of 30 June 2018 €2 thousand was outstanding in respect of this agreement and was settled in July 2018.

(d) 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 it was subsequently extended to 30 May 2018. 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 and November 2017 AEL executed several repayments totalling €5.3 million. In May 2018 AEL repaid the last tranche totalling €1.95 million. As of 30 June 2018 the loan is fully repaid.

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 Sp. z o.o. Sp. j. with its seat in Warsaw ("HPO"). The option expired on 30 May 2018.

15. Post balance sheet events

No specific significant events have occurred which would require an adjustment to this report.

16. Other items

16.1 Information about court proceedings

The Company is not aware of any proceedings instigated before a court, a competent arbitration body or a public administration authority concerning liabilities or receivables of the Company, or its subsidiaries, whose joint value constitutes at least 10% the Company's net equity.

16.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2018.

16.3 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>	40,306,170	86.03
Atlas International Holdings Limited	6,461,425	13.79
TOTAL	**46,742,616**	**99.82**

1. 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
TOTAL	**41,852,570**	**89.33**

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

16.4 Directors' share interests

There have been no changes to the Directors' share interests during the six months ended 30 June 2018. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the six months ended 30 June 2018.

17. Principal subsidiary companies and joint ventures

The table below lists the current operating companies of the Group. In addition, the Group owns other entities which have no operating activities. All Group companies are consolidated except for a Polish subsidiary, Atlas Estates (Kokoszki) Sp. z o.o. which is under bank enforcement proceedings. Deconsolidation of this subsidiary started on 24 December 2014, i.e. from the moment when Group control was lost.

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the six months period ended 30 June 2018 and year ended 31 December 2017.

Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	Atlas Projects B.V.	Holding	100%
Holland	Atlas Residential BV	Holding	100%
Holland	Atlas HPO BV	Holding	100%
Guernsey	Atlas Finance (Guernsey) Limited	Holding	100%
Curacao	Atlas Estates Antilles B.V.	Holding	100%
Cyprus	Fernwood Limited	Holding	100%
Poland	AEP Sp. z o.o.	Management	100%
Poland	AEP Sp. z o.o. 2 SKA	Holding	100%
Poland	AEP Sp. z o.o. 3 SKA	Holding	100%
Poland	Platinum Towers AEP Sp. z o.o. SKA	Development	100%
Poland	Zielono AEP Sp. z o.o. SKA	Development	100%
Poland	Properpol Sp. z o.o.	Investment	100%
Poland	Atlas Tower Sp. z o.o. (former name: Atlas Estates (Millennium) Sp. z o.o.)	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments AEP Sp. z o.o. Sp. j.	Development	100%
Poland	HGC Gretna Investments Sp. z o.o. Sp. j.	Hotel operation	100%
Poland	Mantezja 3 Sp. z o.o.	Hotel operation	100%
Poland	HPO AEP Sp. z o.o. Sp. j.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Le Marin Sp. z o.o.	Development	100%
Poland	Atlas Estates (Przasnyska 9) Sp. z o.o.	Development	100%
Poland	La Brea Management Sp. z o.o.	Development	100%
Poland	CAA Finance Sp. z o.o.	Development	100%
Poland	Gretna Investments Sp. z o.o.	Holding	100%
Poland	Gretna Investments Sp. z o.o. 4 SKA	Holding	100%
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%

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2018

	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000	Note
Revenues	-	-	
Cost of operations	-	-	
Gross profit	**-**	**-**	
Administrative expenses	(901)	(717)	
Other operating income	-	5,902	1
(Loss)/ Profit from operations	**(901)**	**5,185**	
Finance income	2,105	470	2
Finance costs	(31)	(26)	2
Other (losses) and gains – foreign exchange	(2)	3	2
Profit before taxation	**1,171**	**5,632**	
Tax expense	-	-	
Profit for the year	**1,171**	**5,632**	
Total comprehensive income for the period	**1,171**	**5,632**	

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	30 June 2018 (unaudited) €'000	31 December 2017 €'000	30 June 2017 (unaudited) €'000	Note
ASSETS				
Non-current assets				
Investment in subsidiaries	125,433	125,433	99,580	3
Loans receivable from subsidiaries	65	58	86	4
	125,498	**125,491**	**99,666**	
Current assets				
Trade and other receivables	12	82	13	
Cash and cash equivalents	189	278	85	
	201	**360**	**98**	
TOTAL ASSETS	**125,699**	**125,851**	**99,764**	
Non-current liabilities				
Other payables	(4,441)	(4,162)	(3,734)	5
	(4,441)	**(4,162)**	**(3,734)**	
Current liabilities				
Trade and other payables	(9,679)	(11,281)	(7,840)	5
	(9,679)	**(11,281)**	**(7,840)**	
TOTAL LIABILITIES	**(14,120)**	**(15,443)**	**(11,574)**	
NET ASSETS	**111,579**	**110,408**	**88,190**	
EQUITY				
Share capital account	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	
Accumulated loss	(89,506)	(90,677)	(112,895)	
TOTAL EQUITY	**111,579**	**110,408**	**88,190**	

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2018 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2018	6,268	194,817	(90,677)	110,408
Total comprehensive income for the period	-	-	1,171	1,171
As at 30 June 2018	**6,268**	**194,817**	**(89,506)**	**111,579**

Year ended 31 December 2017	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2017	6,268	194,817	(118,527)	82,558
Total comprehensive income for the year	-	-	27,850	27,850
As at 31 December 2017	**6,268**	**194,817**	**(90,677)**	**110,408**

Six months ended 30 June 2017 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2017	6,268	194,817	(118,527)	82,558
Total comprehensive income for the period	-	-	5,632	5,632
As at 30 June 2017	**6,268**	**194,817**	**(112,895)**	**88,190**

ATLAS ESTATES LIMITED

INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
Profit for the year		**1,171**	**5,632**
Adjustments for:			
Finance costs	5	29	25
Finance income	2	(2,105)	(470)
Reversal of impairment on investments		-	(5,900)
		(905)	**(713)**
Changes in working capital			
Increase in trade and other receivables		(12)	(6)
Increase in trade and other payables		348	127
Net cash used in operating activities		**(569)**	**(592)**
Investing activities			
New loans advanced to subsidiaries		(7)	(6)
Repayment of loans receivable from subsidiaries		-	100
Proceeds from sale of investment in subsidiary		82	-
Dividend income from subsidiary	2	2,105	470
Cash contribution to subsidiary undertaking		-	(3,750)
Net cash from investing activities		**2,180**	**(3,186)**
Financing activities			
Loan received from majority shareholder	5	-	3,750
Loan received from subsidiary	5	250	-
Loan repayments to majority shareholder	5	(1,950)	-
Net cash (used in)/ from financing activities		**(1,700)**	**3,750**
Net decrease in cash and cash equivalents in the year as a result of cashflows		**(89)**	**(28)**
Effect of foreign exchange rates		-	-
Net decrease in cash and cash equivalents in the year		**(89)**	**(28)**
Cash and cash equivalents at the beginning of the year		**278**	**113**
Cash and cash equivalents at the end of the year		**189**	**85**
Cash and cash equivalents			
Cash at bank and in hand		189	85
Bank overdrafts		-	-
		189	**85**

1. Other operating income

	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
Reversal of impairment of investments in subsidiaries	-	5,900
Other operating income	-	2
Other operating income	**-**	**5,902**

2. Finance income

	Six months ended 30 June 2018 (unaudited) €'000	Six months ended 30 June 2017 (unaudited) €'000
Bank and other similar charges	(2)	(1)
Interest payable on loan received from subsidiary	(29)	(25)
Finance costs	**(31)**	**(26)**
Dividend income from subsidiary	2,105	470
Finance income	**2,105**	**470**
Finance income/ costs, excluding foreign exchange – net	**2,074**	**444**
Unrealised foreign exchange gains	-	-
Unrealised foreign exchange losses	(2)	-
Realised foreign exchange gains	-	-
Realised foreign exchange losses	-	3
Other gains and (losses) – foreign exchange	**(2)**	**3**
Finance income, including foreign exchange – net	**2,072**	**447**

3. Investment in subsidiaries

	30 June 2018 (unaudited) €'000	31 December 2017 €'000	30 June 2017 (unaudited) €'000
Shares in subsidiary undertakings			
Cost			
At beginning of period	217,681	213,933	213,933
Additions in year	-	3,750	3,750
Disposals	-	(2)	-
At the end of the period	**217,681**	**217,681**	**217,683**
Impairment			
At beginning of period	(92,248)	(124,003)	(124,003)
Additions	-	-	-
Reversal	-	31,755	5,900
At the end of the period	**(92,248)**	**(92,248)**	**(118,103)**
At the end of the period	**125,433**	**125,433**	**99,580**

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 16 of the interim condensed consolidated financial information.

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

In the six months period ended 30 June 2018 €nil million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries (in 2017 €31.8 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 other operating income in respect of reversal of impairment on investment in subsidiaries).

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

4. The loans receivable from the subsidiaries

The loans receivables from the subsidiaries are loans receivable from Atlas Estates Investment BV (fully repaid in December 2017) and Atlas Estates Antilles BV.

The loan receivable from Atlas Estates Investment BV was interest bearing and the Company charged its subsidiary €0.5 thousand in 6 months period ended 30 June 2017 as interest. As at 30 June 2017 the loan balance including capitalised interest due from subsidiary was €32.7 thousand.

The loan receivable from Atlas Estates Antilles BV is interest bearing and the Company charged its subsidiary €0.1 thousand in 6 months period ended 30 June 2018 as interest (2017: €0.6 thousand; 6 months ended 30 June 2017: €0.1 thousand). As at 30 June 2018 the loan balance due from Atlas Estates Antilles BV amounted to €65 thousand (31 December 2017: €57.9 thousand; 30 June 2017: €53.0 thousand).

5. Trade and other payables

	30 June 2018 (unaudited) €'000	31 December 2017 €'000	30 June 2017 (unaudited) €'000
Current			
Amounts due to Atlas Management Company Group in respect of management and performance fee	(9,609)	(9,218)	(495)
Other creditors	(69)	(113)	(95)
Loan from majority shareholder	-	(1,950)	(7,250)
	(9,678)	**(11,281)**	**(7,840)**
Non-current			
Loan from subsidiary- HGC Gretna Investements Sp. z o.o. Sp. J.	(4,441)	(4,162)	(3,734)
	(4,441)	**(4,162)**	**(3,734)**
Total trade and other payables	**(14,119)**	**(15,443)**	**(11,574)**

Loan from majority shareholder
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 it was subsequently extended to 30 May 2018. 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 and November 2017 AEL made several repayments totalling €5.3 million. In May 2018 AEL repaid the last tranche totalling €1.95 million. As of 30 June 2018 the loan is fully repaid.

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 Sp. z o.o. Sp. j. with its seat in Warsaw ("HPO"). The option expired on 30 May 2018.

Loan from subsidiary- HGC Gretna Investements Sp. z o.o. Sp. J.
The loan payable to the subsidiary (HGC Gretna Investments Sp. z o.o Sp. J.) is interest bearing. The Company was charged interest in the 6 months ended 30 June 2018 of €29 thousand (year ending 31 December 2017: €53 thousand; 6 months ended 30 June 2017: €25 thousand). In 2018 the Company received €250 thousand in respect of this loan. As at 30 June 2018 the loan balance including capitalised interest due to subsidiary amounted to €4.4 million (as of 31 December 2017: €4.2 million; 6 months ended 30 June 2017: €3.7).