

ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
THIRD QUARTER 2019

Atlas Estates Limited
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ATLAS ESTATES LIMITED

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Financial Highlights

Selected Consolidated Financial Items	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000	(unaudited) €'000
Revenues	30,944	7,462	36,714	7,872
Gross profit	12,316	3,419	13,092	2,965
Increase in value of investment properties	668	-	2,476	-
Profit from operations	7,756	1,939	10,277	1,166
Profit/ (Loss) before taxation	2,965	(134)	6,458	1,269
Profit for the period	2,325	161	5,109	1,228
Profit attributable to owners of the parent	2,325	161	5,109	1,228
Cash flow from operating activities	11,300	3,318	7,747	2,388
Cash flow from investing activities	(3,365)	(629)	(1,511)	(514)
Cash flow from financing activities	(3,922)	(1,268)	(3,333)	(1,471)
Net increase in cash and cash equivalents in the period	3,567	688	2,767	917
Non-current assets	185,470	185,470	194,127	194,127
Current assets	41,720	41,720	30,688	30,688
Total assets	227,190	227,190	224,815	224,815
Current liabilities	(26,177)	(26,177)	(37,942)	(37,942)
Non-current liabilities	(102,849)	(102,849)	(94,637)	(94,637)
Total liabilities	(129,026)	(129,026)	(132,579)	(132,579)
Basic net assets (1)	98,164	98,164	92,236	92,236
Number of shares outstanding	46,852,014	46,852,014	46,852,014	46,852,014
Profit per share (eurocents)	5.0	0.3	10.9	2.6
Basic net asset value per share (€)	2.1	2.1	2.0	2.0

(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 financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings (together "the Group") for the nine and three months ended 30 September 2019.

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 2018 the Group completed renovation of the main lobby as well as other common spaces at *Atlas Tower* (former name *Millennium Plaza*) which attracted several new tenants and resulted in the outstanding occupancy ratio of 96% as of 30 September 2019;
- On 31 January 2019 the Group concluded preliminary sale agreement of *Nakielska Apartment Project* at the net sale price of PLN 33.5 million (equivalent of ca €7.8 million). The book value of this project amounted to €5.6 million. This transaction was completed on 13 May 2019 and full sale price was received;
- On 22 November 2018 the Group concluded preliminary sale agreement of *Atlas Estates Tower* (undeveloped real estate property located in Warsaw) at the net sale price of PLN 147 million, which was subsequently increased to PLN 148 million (equivalent of ca €33.8 million). As of 30 September 2019, the book value of this project (classified as assets held for sale and liabilities directly associated with assets held for sale) amounted to €6.4 million. By 30 September 2019 PLN14.8 million (i.e. €3.1 million) was received in respect of the sale price. This transaction was completed on 7 October 2019 and full sale price was received.

Despite the efforts of the Company's management, on 27 February 2019, following the decision of the Metropolitan Companies' Court in Budapest ordering the compulsory strike off of the Company's subsidiary- Felikon Kft. a process of liquidation and deletion of Felikon Kft. from the companies register was commenced. No gain or loss was recognised in the interim consolidated financial statements for the nine months ended 30 September 2019 as a result of this event.

Reported Results

As of 30 September 2019 the Group has reported basic net assets of €98.2 million.

The increase of basic net asset value by €6.4 million (i.e. 7%) from €91.8 million as at 31 December 2018 is primarily a result of:

- €2.2 million above mentioned gross profit realized on sale of *Nakielska Apartment Project*;
- €6.6 million upward *Hilton* hotel revaluation in 2019, offset by:
- €1.7 million annual depreciation charge on property, plant and equipment recorded in the nine months period ended 30 September 2019.

Profit after tax amounts to €2.3 million for the nine months period ended 30 September 2019 as compared to profit after tax

of €5.1 million for the nine months period ended 30 September 2018. The significant change of the noted results was mainly a joint effect of:

- lower increase in valuation of investment property (*Atlas Tower*, former name: *Millennium Plaza*) from an increase of €2.5 million recorded in the first nine months of 2018 to increase of €0.7 million recorded in the first nine months of 2019, and;
- unfavourable movements in the valuation of interests rates derivatives from gain of €0.04 million in the nine months period ended 30 September 2018 to loss of €1.2 million in the nine months period ended 30 September 2019.

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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 nine months ended 30 September 2019, as set out in accounting policies to the condensed consolidated financial information.

Investing Policy

Atlas invests mainly in Poland in a portfolio of real estate assets across a range of property types, where approximately 86% of its assets are located. We actively target Poland, where the economy is believed to be the most attractive amongst CEE economies. The Group also operates in the Hungarian, Romanian and Bulgarian real estate markets.

We invest both on our own and, where appropriate, with joint venture partners in residential, industrial, retail, office and leisure properties in order to create an appropriately balanced portfolio of income-generating properties and development projects.

We may employ leverage to enhance returns on equity. Wherever possible, the Directors intend to seek financing on a non-recourse, asset by asset basis. The Company has no set limit on its overall level of gearing. 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. As of 30 September 2019, NAV per share, as reported in the interim condensed consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, increased from €2.0 per share as at 31 December 2018 to €2.1 per share as at 30 September 2019.

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 2019 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 2019 are summarised in the Property Manager's Report on pages 13 and 14 below.

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Prospects

With the ongoing economic developments in Poland we also focus on strengthening as well as expanding our real estate portfolio.

Mark Chasey
CHAIRMAN
26 November 2019

ATLAS ESTATES LIMITED

Review of the Property Manager

In this review we present the financial and operating results for the nine months ended 30 September 2019. Atlas Management Company Limited ("AMC") is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio and advise on new investment opportunities. At 30 September 2019, the Company held a portfolio of thirteen properties comprising five investment properties of which three are income yielding properties, two are held for capital appreciation, two hotels and six development properties. One development project is presold as of the date of this report (see note 12).

Markets and Key Properties

Poland

This is the major market of operation for the Group, with 86% (by value) of the Group's portfolio located there. The Polish economy has been one of most resilient economies in Europe with annual real GDP growth of 5.1% in 2018 and 3.8% expected in 2019.

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 96% as of 30 September 2019 (89% as of 31 December 2018). The Group has recently completed a renovation project of some of the public spaces, which attracts new tenants.

Atlas Estates Tower

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

Galeria Platinum Towers

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

Apartamenty przy Krasińskiego

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

The first stage of this development included 303 apartments as well as parking and amenities and retail facilities. The construction of the first stage was completed in 2013. As of 30 September 2019 all apartments were sold or presold with no retail unit available for sale.

The second stage of this successful development project released 123 apartments as well as parking and retail facilities. The construction commenced in November 2015 and was completed in August 2017. As of 30 September 2019 all apartments and retail units were sold or presold.

Capital Art Apartments

The *Capital Art Apartments* project in Warsaw is another development in Warsaw close to the city centre. It is a four stage development with 784 apartments as well as parking and amenities, including retail facilities. As of 30 September 2019 all apartments from all stages were either sold or presold, whereas 4 retail units remain available for sale.

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Nakielska Apartments Project

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

Hungary

In Hungary, as of 31 December 2018 and 30 June 2018, the Group owned one income yielding property, Ikarus Business Park, located in Budapest held by the Company's subsidiary Felikon Kft. On February 2019 this entity commenced a process of liquidation as described in note 19.

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 4.0% in 2018. The occupancy rates at the Golden Tulip increased from 68% for the nine months ended 30 September 2018 to 71% for the nine months ended 30 September 2019.

Bulgaria

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

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Financial Review

The on-going analysis of the economics of the region and the key measures of the sectors in which the Group operates are vital to ensure it does not become 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 September 2019, the Company's share of bank debt associated with the portfolio of the Group was €74 million (31 December 2018: €89 million; 30 September 2018: €94 million). Loans, valuations and Loan to Value ratios ("LTV") for those periods in which valuations were undertaken may be analysed as follows:

	LTV			LTV			LTV		
	Loans	Valuation	Ratio*	Loans	Valuation	Ratio*	Loans	Valuation	Ratio*
	30 September 2019			31 December 2018			30 September 2018		
	€ millions	€ millions	%	€ millions	€ millions	%	€ millions	€ millions	%
Investment property	25	71	35%	38	81	47%	42	82	51%
Hotels	49	101	49%	51	94	54%	52	93	56%
Total	74	172	43%	89	175	51%	94	175	54%

*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 September 2019, 31 December 2018 and 30 September 2018 due to the treatment under IFRS of land held under operating leases and development property.

LTV ratio of investment property decreased from 51% as of 30 September 2018 to 47% as of 31 December 2018 mainly due to the sale of *Sadowa* office building and the repayment of the facility extended to this project as well as increase in the valuation of *Atlas Tower*. Further decrease to 35% as of 30 September 2019 is attributable to deconsolidation of the Company's subsidiary *Felikon Kft* and related derecognition of the bank loan extended to this subsidiary as well the property (amounting to €12 million each), as well as further improvement of *Atlas Tower* valuation.

LTV ratio of hotels decreased from 56% as of 30 September 2018 to 54% as of 31 December 2018 and to 49% as of 30 September 2019 mainly due to increase in the valuation of *Hilton* as well as partial repayments of the loans.

The gearing ratio is 32% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). The ratio decreased as compared to 31 December 2018 (41%) and 30 September 2018 (45%) mainly due to the full repayment of the loan extended to *Sadowa office* project as well increase of valuation of *Atlas Tower* and *Hilton*.

Debt financing

Key developments were described in note 14.

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

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

	Property Rental € millions	Development Properties € millions	Hotel Operations € millions	Other € millions	Nine months ended 30 September 2019 € millions	Nine months ended 30 September 2018 € millions
Revenue	6.8	9.4	14.7	-	30.9	36.7
Cost of operations	(2.9)	(6.4)	(9.3)	-	(18.6)	(23.6)
Gross profit	3.9	3.0	5.4	-	12.3	13.1
Administrative expenses	(0.3)	(0.2)	(2.0)	(2.6)	(5.1)	(5.2)
Gross profit/ (loss) less administrative expenses	3.6	2.8	3.4	(2.6)	7.2	7.9
Gross profit %	57%	32%	37%	-	40%	36%
Gross profit less administrative expenses %	53%	30%	23%	-	23%	22%

Revenues and cost of operations

Total revenues for the nine months ended 30 September 2019 were €30.9 million compared to €36.7 million for the nine months ended 30 September 2018. The Group's principal revenue streams are from its hotel operations, property rental income and income from the sale of the residential apartments that the Group develops. As the Group maintains a diversified portfolio of real estate investments, seasonality or cyclicity of yielded income or results is also highly diversified.

Cost of operations were €18.6 million in the nine months ended 30 September 2019 compared to €23.6 million for the nine months ended 30 September 2018.

Development Properties

	Nine months ended 30 September 2019 € millions	Nine months ended 30 September 2018 € millions	Total change 2019 v 2018 € millions	Translation foreign exchange effect € millions	Operational change 2019 v 2018 € millions
Revenue	9.4	14.4	(5.0)	-	(5.0)
Cost of operations	(6.4)	(10.4)	4.0	-	4.0
Gross profit	3.0	4.0	(1.0)	-	(1.0)
Administrative expenses	(0.2)	(0.2)	-	-	-
Gross profit less administrative expenses	2.8	3.8	(1.0)	-	(1.0)

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

As a result, as presented in the table below, in the nine months ended 30 September 2018 the Group managed to complete the sale of 108 apartments (in *Apartamenty przy Krasińskiego stage II*), whereas in 2019 the revenues from the sale of 4 retail units (in *Capital Art Apartments and Apartamenty przy Krasińskiego stages I and II* projects) and 2 apartments were recognized. Additionally, as described in note 10, in May 2019 the Group sold *Nakielska Apartment Projects* realizing €2.2 million gross profit on this transaction.

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Apartment sales in developments in Warsaw

	CAA stage I	CAA stage II	CAA stage III&IV	Apartamenty przy Krasińskiego I	Apartamenty przy Krasińskiego II
Total apartments for sale	219	300	265	303	123
Sales completions in 2008-2017	218	298	265	303	8
Sales completions in 2018	-	-	-	-	112
Sales completions in 2019	-	2	-	-	1
Total sales completions	218	300	265	303	121
Sales not completed as of 30 September 2019 (only preliminary agreements concluded)	1	-	-	-	2
Apartments available for sale as of 30 September 2019	-	-	-	-	-

Property Rental

	Nine months ended 30 September 2019 € millions	Nine months ended 30 September 2018 € millions	Total change 2019 v 2018 € millions	Translation foreign exchange effect € millions	Operational change 2019 v 2018 € millions
Revenue	6.8	7.5	(0.7)	-	(0.7)
Cost of operations	(2.9)	(4.0)	1.1	-	1.1
Gross profit	3.9	3.5	0.4	-	0.4
Administrative expenses	(0.3)	(0.5)	0.2	-	0.2
Gross profit less administrative expenses	3.6	3.0	0.6	-	0.6

Following deconsolidation of Felikon in the first quarter of 2019 the revenues of the Property Rental segment decreased, however the gross margin increased slightly due to higher rental income and gross margin realized by *Atlas Tower*.

Hotel operations

	Nine months ended 30 September 2019 € millions	Nine months ended 30 September 2018 € millions	Total change 2019 v 2018 € millions	Translation foreign exchange effect € millions	Operational change 2019 v 2018 € millions
Revenue	14.7	14.8	(0.1)	-	(0.1)
Cost of operations	(9.3)	(9.2)	(0.1)	-	(0.1)
Gross profit	5.4	5.6	(0.2)	-	(0.2)
Administrative expenses	(2.0)	(2.3)	0.3	-	0.3
Gross profit less administrative expenses	3.4	3.3	0.1	-	0.1

The hotel operations generated satisfactory results and remained at the similar level in the first nine months of 2019 and 2018.

Valuation movement

As of 30 September 2019 the increase of the market value of the investment properties portfolio was of €0.7 million as compared to an increase of €2.5 million as of 30 September 2018. The movements relate to change in value of *Atlas Tower* (former name: *Millenium Plaza*).

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Foreign exchange

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

The movements in value of the functional currencies resulted in foreign exchange loss of €1.0 million in the consolidated income statement for the nine months ended 30 September 2019 (nine months ended 30 September 2018: €1.0 million loss) and €1.4 million loss in other comprehensive income for the nine months ended 30 September 2019 (nine months ended 30 September 2018: €2.3 million loss). The losses were mainly due to the unrealised foreign exchange losses on EUR denominated liabilities (bank loans, intra group financing) in Polish, Romanian and Hungarian subsidiaries. In the first nine months of 2019 and 2018 the foreign exchange losses occurred mainly as a result of depreciation of PLN, RON and HUF against EUR.

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 September 2019	4.3736	334.77	4.7511	1.9558
31 December 2018	4.3000	321.51	4.6639	1.9558
% Change	2%	4%	2%	0%
30 September 2018	4.2714	323.78	4.6637	1.9558
31 December 2017	4.1709	310.14	4.6597	1.9558
% Change	2%	4%	0%	0%
Average rates				
Third quarter 2019	4.3019	323.22	4.7376	1.9558
Third quarter 2018	4.2497	317.54	4.6466	1.9558
% Change	1%	2%	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 nine months to 30 September 2019 the combined fee charged by AMC was €1.8 million (€1.7 million in the first nine months to 30 September 2018 (more details are presented in note 16)).

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Ongoing activities

During the first nine months of 2019, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio.

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

A key management objective is to monitor operations of hotel activity, 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 continuing revenue from activities carried out in the Polish and Romanian markets. 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.

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Conclusions

AMC's key strategic objective is the maximisation of value for the Company's Shareholders, which it continues to work towards. Its teams are very experienced in the active management of investment and development properties and provide the Company with local market knowledge and expertise. AMC currently focuses its efforts on searching new investment opportunities in Poland, mainly in Warsaw.

Ziv Zviel

Chief Executive Officer

Atlas Management Company Limited

26 November 2019

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Key Property Portfolio Information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First <i>Hilton</i> Hotel in Poland – a 4 star hotel with 314 luxury rooms, large convention centre, fitness club and spa Holmes Place Premium, casino and retail outlets. Location close to the central business district in Wola area of Warsaw.	100%
Atlas Estates Tower	Land located next to <i>Hilton</i> hotel in Warsaw. Land with zoning for an office/residential tower planned up to 42 floors. This property in October 2019 was sold as disclosed in note 12.	100%
Galeria Platinum Towers	Commercial area on the ground and first floors Platinum Towers with 1,904 square meters of gallery and 208 parking places almost fully let to tenants.	100%
Nakielska Apartments Project	Residential development in the Wola district of Warsaw. This property was sold on 13 May 2019 as disclosed in note 10.	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 September 2019 all apartments were sold, retail units were either sold or presold. 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 September 2019 apartments and retails were either sold or presold.	100%
Atlas Tower	39,138 square meters of office and retail space in the central business district of Warsaw.	100%
Capital Art Apartments	The <i>Capital Art Apartments</i> 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 September 2019 all apartments were sold or presold, whereas 4 retail units remain available for sale.	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. On February 2019 this entity commenced a process of liquidation as described in note 19, and was deconsolidated in the condensed interim financial information for the nine months ended 30 September 2019.	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 centre with 3,472 square meters of lettable area.	100%

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED INCOME STATEMENT

For the nine and three months ended 30 September 2019

	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000	Note
Revenues	30,944	7,462	36,714	7,872	3
Cost of operations	(18,628)	(4,043)	(23,622)	(4,907)	4.1
Gross profit	12,316	3,419	13,092	2,965	
<i>Property manager fee</i>	(1,825)	(606)	(1,658)	(548)	
<i>Central administrative expenses</i>	(372)	(101)	(362)	(113)	
<i>Property related expenses</i>	(2,924)	(757)	(3,226)	(1,106)	
Administrative expenses	(5,121)	(1,464)	(5,246)	(1,767)	4.2
Other operating income	75	5	59	29	
Other operating expense	(182)	(21)	(104)	(61)	
Increase in value of investment properties	668	-	2,476	-	
Profit from operations	7,756	1,939	10,277	1,166	
Finance income	249	23	101	42	4.3
Finance costs	(3,973)	(1,330)	(2,757)	(765)	4.3
Other (losses)/ gains – foreign exchange	(1,043)	(740)	(1,055)	812	4.3
Share of losses from equity accounted joint ventures	(24)	(26)	(108)	14	
Profit/ (Loss) before taxation	2,965	(134)	6,458	1,269	
Tax charge	(640)	295	(1,349)	(41)	5
Profit for the period	2,325	161	5,109	1,228	
Attributable to:					
Owners of the parent	2,325	161	5,109	1,228	
Non-controlling interests	-	-	-	-	
	2,325	161	5,109	1,228	
Profit per €0.01 ordinary share – basic (eurocents)	5.0	0.3	10.9	2.6	7
Profit per €0.01 ordinary share – diluted (eurocents)	5.0	0.3	10.9	2.6	7

All amounts relate to continuing operations.

The notes on pages 23 to 49 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the nine and three months ended 30 September 2019

	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000
PROFIT FOR THE PERIOD	2,325	161	5,109	1,228
Other comprehensive income :				
<i>Items that will not be recycled through profit or loss</i>				
Revaluation of buildings	6,563	(188)	4,921	-
Deferred tax on revaluation	(1,256)	36	(851)	84
Total	5,307	(152)	4,070	84
<i>Items that may be recycled through profit or loss</i>				
Exchange adjustments	(1,434)	(2,931)	(2,259)	2,103
Deferred tax on exchange adjustments	163	241	252	(153)
Total	(1,271)	(2,690)	(2,007)	1,950
Other comprehensive income for the period (net of tax)	4,036	(2,842)	2,063	2,034
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,361	(2,681)	7,172	3,262
Total comprehensive income attributable to:				
Owners of the parent	6,361	(2,681)	7,172	3,262
Non-controlling interests	-	-	-	-
	6,361	(2,681)	7,172	3,262

The notes on pages 23 to 49 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2019

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000	Note
ASSETS					
Non-current assets					
Intangible assets	19	20	25	32	
Right of use of leased assets	14,474	14,937	6,893	10,749	
Property, plant and equipment	79,549	82,174	75,795	78,843	8
Investment property	81,156	82,655	91,625	93,720	9
Deferred tax asset	10,272	10,235	8,798	10,783	
	185,470	190,021	183,136	194,127	
Current assets					
Inventories	2,566	2,974	8,958	9,304	10
Trade and other receivables	3,379	3,280	3,088	3,611	
Cash and cash equivalents	28,010	27,322	24,443	17,773	11
	33,955	33,576	36,489	30,688	
Non-current assets classified as held for sale	7,765	7,937	5,054	-	12
	41,720	41,513	41,543	30,688	
TOTAL ASSETS	227,190	231,534	224,679	224,815	
Non-current liabilities					
Other payables	(18,005)	(18,349)	(3,224)	(3,703)	13
Bank loans	(71,289)	(72,782)	(73,965)	(78,175)	14
Deferred tax liabilities	(13,555)	(14,043)	(11,348)	(12,759)	
	(102,849)	(105,174)	(88,537)	(94,637)	
Current liabilities					
Trade and other payables	(19,421)	(19,082)	(27,922)	(21,945)	13
Bank loans	(2,835)	(2,824)	(15,058)	(15,416)	14
Derivative financial instruments	(2,592)	(2,254)	(1,359)	(581)	15
	(24,848)	(24,160)	(44,339)	(37,942)	
Liabilities directly associated with non- current assets classified as held for sale	(1,329)	(1,355)	-	-	12
	(26,177)	(25,515)	(44,339)	(37,942)	
TOTAL LIABILITIES	(129,026)	(130,689)	(132,876)	(132,579)	
NET ASSETS	98,164	100,845	91,803	92,236	

The notes on pages 23 to 49 form part of this consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2019

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
EQUITY				
Share capital account	6,268	6,268	6,268	6,268
Revaluation reserve	28,146	28,298	22,839	23,515
Other distributable reserve	194,817	194,817	194,817	194,817
Translation reserve	(11,315)	(8,625)	(10,044)	(9,591)
Accumulated loss	(119,752)	(119,913)	(122,077)	(122,773)
Issued capital and reserves attributable to owners of the parent - total equity	98,164	100,845	91,803	92,236
Basic net asset value per share	€ 2.1	€ 2.2	€ 2.0	€ 2.0

The notes on pages 23 to 49 form part of this consolidated financial information. The condensed consolidated financial information on pages 16 to 49 was approved by the Board of Directors on 26 November 2019 and signed on its behalf by:

Mark Chasey
Chairman

Andrew Fox
Director

Guy Indig
Director

26 November 2019

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the nine months ended 30 September 2019

	Share capital account €'000	Revaluation reserve €'000	Other distributable reserve €'000	Translation reserve €'000	Accumulated loss €'000	Total equity €'000
<i>Nine months ended 30 September 2019</i>						
As at 1 January 2019	6,268	22,839	194,817	(10,044)	(122,077)	91,803
Profit for the period	-	-	-	-	2,325	2,325
Other comprehensive income for the period	-	5,307	-	(1,271)	-	4,036
As at 30 September 2019	6,268	28,146	194,817	(11,315)	(119,752)	98,164
<i>Three months ended 30 September 2019</i>						
As at 30 June 2019	6,268	28,298	194,817	(8,625)	(119,913)	100,845
Profit for the period	-	-	-	-	161	161
Other comprehensive income for the period	-	(152)	-	(2,690)	-	(2,842)
As at 30 September 2019	6,268	28,146	194,817	(11,315)	(119,752)	98,164
<i>Year ended 31 December 2018</i>						
As at 1 January 2018	6,268	19,445	194,817	(7,584)	(127,882)	85,064
Profit for the period	-	-	-	-	5,805	5,805
Other comprehensive loss for the year	-	3,394	-	(2,460)	-	934
As at 31 December 2018	6,268	22,839	194,817	(10,044)	(122,077)	91,803
<i>Nine months ended 30 September 2018</i>						
As at 1 January 2018	6,268	19,445	194,817	(7,584)	(127,882)	85,064
Profit for the period	-	-	-	-	5,109	5,109
Other comprehensive income for the period	-	4,070	-	(2,007)	-	2,063
As at 30 September 2018	6,268	23,515	194,817	(9,591)	(122,773)	92,236

The notes on pages 24 to 45 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2019

	Notes	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000
Profit for the period		2,325	161	5,109	1,228
Adjustments for:					
Effects of foreign currency		743	1,221	1,553	(1,261)
Finance costs		3,198	1,069	2,321	629
Finance income		(48)	(13)	(84)	(63)
Tax expense/ (credit)	5	640	(295)	1,349	41
Share of losses from equity accounted joint ventures		24	26	108	(14)
Depreciation of property, plant and equipment	8	1,741	578	1,849	664
Amortisation charges		196	63	127	45
(Increase)/ Decrease in value of investment property	9	(668)	-	(2,476)	-
		8,151	2,810	9,856	1,269
Changes in working capital					
Decrease in inventory		6,392	408	10,321	321
(Increase)/ Decrease in trade and other receivables		(443)	(93)	(243)	279
(Decrease)/Increase in trade and other payables		(1,727)	447	(10,268)	735
Effects of foreign currency on working capital translation		398	(100)	(422)	158
		4,620	662	(612)	1,493
Cash inflow from operations		12,771	3,472	9,244	2,762
Tax paid		(1,471)	(154)	(1,497)	(374)
Net cash from operating activities		11,300	3,318	7,747	2,388
Investing activities					
Interest received		48	13	40	19
Development of investment property	9	(1,125)	(550)	(1,271)	(265)
Purchase of property, plant and equipment	8, 12	(1,692)	(113)	(355)	(268)
Loans repaid by equity accounted joint ventures		-	-	75	-
Assets and liabilities of deconsolidated subsidiary- net of cash disposed	19	(596)	21	-	-
Net cash used in investing activities		(3,365)	(629)	(1,511)	(514)
Financing activities					
Loan from majority shareholder (repayments)	16d	-	-	(1,950)	-
Interest paid	4.3	(1,883)	(644)	(2,259)	(747)
New bank loans raised	14	-	-	3,500	-
Repayments of bank loans	14	(2,039)	(624)	(2,624)	(724)
Net cash used in financing activities		(3,922)	(1,268)	(3,333)	(1,471)

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION CONSOLIDATED STATEMENT OF CASH FLOWS For the nine and three months ended 30 September 2019

	Notes	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000
Net increase in cash and cash equivalents in the period		4,013	1,421	2,903	403
Effect of foreign exchange rates		(446)	(733)	(136)	514
Net increase in cash and cash equivalents in the period		3,567	688	2,767	917
Cash and cash equivalents at the beginning of the period		24,443	27,322	15,006	16,856
Cash and cash equivalent at the end of the period	11	28,010	28,010	17,773	17,773

The notes on pages 24 to 45 form part of this condensed consolidated financial information.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

This interim condensed consolidated and non-consolidated financial statements for the three and nine months ended 30 September 2019 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 income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated cash flow statement, non-consolidated statement of comprehensive income, non-consolidated statement of financial position, non-consolidated statement of changes in equity, non-consolidated cash flow statement are unaudited. This unaudited interim condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2018. The nine 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 nine months period ended 30 September 2019 of €2.3 million (compared to profit of €5.1 million in the nine months ended 30 September 2018).

As at 30 September 2019 the Group held land and building assets with a market value of €172 million, compared to external debt of €74 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value ratio" gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. Any land and building assets and associated debts which are ring-fenced in unique, specific, corporate vehicles, may be subject to repossession by the bank in case of a default of loan terms but will not result in additional financial liabilities for the Company or for the Group. There are also unencumbered assets, which could potentially be leveraged to raise additional finance.

In assessing the going concern basis of preparation of the condensed consolidated interim financial information for the three and nine months ended 30 September 2019, the directors have taken into account the fact of the ongoing working capital management and noted the following:

- Assets and liabilities held for sale included in current assets and liabilities (classified as assets held for sale and liabilities directly associated with assets held for sale and disclosed in note 12) are held at cost with net carrying value of €6.4 million were sold in October 2019 at sales price of PLN 148 million, i.e. €33.8 million;
- Within trade payables of the Group is a performance fee payable to the Property Manager (as disclosed in note 13). The payment terms of this fee are subject to consultation between the parties, and the actual payment will be subject to available cash flows of the Group.

Although the Directors are aware that the management of the liquidity position of the Group 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 three and nine months ended 30 September 2019.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 2018, and with those expected to be applied to the financial statements for the year ended 31 December 2019, except for IFRS 16 discussed below.

Implementation of IFRS 16

Implementation of IFRS 16 introduces a unitary model of the lessee's accounting and requires the lessee to recognize assets and liabilities resulting from each lease with a period exceeding 12 months, unless the underlying asset is of low value. Based on the assessment made of the impact of the application of IFRS 16 on the accounting principles applied by the Group, the Group concludes that the only agreements to which new recognition method applies, are the rights of perpetual usufruct of real estate properties.

The method of valuation and presentation of leasing in the Group's financial statements

The Group decided to apply the standard using the modified retrospective approach with 1 January 2019 being initial application date. Accordingly, the Group recognizes a lease liability, measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The Group recognizes the respective right-of-use asset at an amount equal to the lease liability. This method of application did not result in any adjustment to retained earnings on the date of initial application (1 January 2019). The Group has decided to present right-of-use assets under the same item in the consolidated statement of financial position, under which the relevant underlying assets would be presented if they were owned by the Group. The lease liabilities are presented as other liabilities in long term liabilities or Liabilities directly associated with non-current assets classified as held for sale.

The right of perpetual usufruct of land related to Hilton hotel project:

Asset - was recognized in the consolidated statement of financial position under " Right of use of leased assets".

Liabilities - was presented in the balance sheet as a long term under "other long term liabilities".

Costs - the Group depreciates the right of use asset on straight line basis over the lease period and the Group recognizes finance expense to reflect interest expense on lease liability.

The right of perpetual usufruct of land related to Atlas Estates Tower project:

Asset - was recognized in the consolidated statement of financial position as " Non-current assets classified as held for sale ".

Liabilities - was presented in the consolidated statement of financial position as "Liabilities directly associated with non-current assets classified as held for sale ".

Costs - the Group depreciates the right of use asset on straight line basis over the lease period and the Group recognizes finance expense to reflect interest expense on lease liability.

The right of perpetual usufruct of land related to Galeria Platinum Towers project:

Asset - was recognized in the consolidated statement of financial position as "Investment properties".

Liabilities - was presented in the balance sheet as a long term under "other long term liabilities".

Costs - the Group fair values the right of use asset at each balance sheet date and recognizes finance expense to reflect interest expense on lease liability.

The impact of implementing IFRS 16 on the consolidated financial statement resulted in an increase in total assets of PLN 44,507 thousand (i.e. equivalent of €10.5 million) and an increase in total liabilities of PLN 44,507 thousand (i.e. equivalent of €10.5 million) as at 1 January 2019, as presented in the table below:

	31 December 2018 (audited) €'000	IFRS 16 adjustment (unaudited) €'000	1 January 2019 (unaudited) €'000
Right of use of leased assets	6,893	8,063	14,956
Investment property	91,625	1,021	92,646
Non-current assets classified as held for sale	5,054	1,382	6,436
<i>Total assets</i>		10,466	
Non- current other liability (Lease liability related to right of use of land in perpetual usufruct)		(9,084)	(9,084)
Liabilities directly associated with non-current assets classified as held for sale (Lease liability related to right of use of land in perpetual usufruct classified as held for sale)		(1,382)	(1,382)
<i>Total liabilities</i>		(10,466)	

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The movement on the right of use assets and lease liabilities in the nine months period ended 30 September 2019 is presented below:

	1 January 2019	Amortisation charge	Fair value adjustment	Foreign currency translation adjustment	30 September 2019
	€'000	€'000	€'000		€'000
Right of use of leased assets	8,063	(74)	-	(224)	7,765
Investment property	1,021	-	(1)	(27)	993
Non-current assets classified as held for sale	1,382	(13)	-	(38)	1,331

	1 January 2019	Finance expense	Payment	Foreign currency translation adjustment	30 September 2019
	€'000	€'000	€'000		€'000
Non-current other liability (Lease liability related to right of use of land in perpetual usufruct)	(9,084)	(232)	328	251	(8,737)
Liabilities directly associated with non-current assets classified as held for sale (Lease liability related to right of use of land in perpetual usufruct classified as held for sale)	(1,382)	(35)	50	38	(1,329)

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. Segmental information

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

Nine months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	6,797	9,410	14,709	28	30,944
Cost of operations	(2,899)	(6,426)	(9,303)	-	(18,628)
Gross profit	3,898	2,984	5,406	28	12,316
Administrative expenses	(324)	(219)	(1,998)	(2,580)	(5,121)
Gross profit/ (loss) less administrative expenses	3,574	2,765	3,408	(2,552)	7,195
Other operating income	40	15	20	-	75
Other operating expenses	(55)	(10)	(82)	(35)	(182)
Increase in value of investment properties	668	-	-	-	668
Profit/ (Loss) from operations	4,227	2,770	3,346	(2,587)	7,756
Finance income	29	199	18	3	249
Finance cost	(1,043)	(39)	(2,843)	(48)	(3,973)
Finance costs - other gains – foreign exchange	(982)	18	(112)	33	(1,043)
Share of losses from equity accounted joint ventures	-	(24)	-	-	(24)
Segment result before tax	2,231	2,924	409	(2,599)	2,965
Tax (expense)/ credit	235	(465)	(391)	(19)	(640)
Net profit attributable to owners of the parent					2,325

Nine months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	94,067	13,840	108,138	-	216,045
Unallocated assets	-	-	-	11,145	11,145
Total assets	94,067	13,840	108,138	11,145	227,190
Reportable segment liabilities	(37,245)	(5,925)	(69,775)	-	(112,945)
Unallocated liabilities	-	-	-	(16,081)	(16,081)
Total liabilities	(37,245)	(5,925)	(69,775)	(16,081)	(129,026)

Nine months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	1,125	1,500	192	-	2,817
Depreciation	-	-	1,725	16	1,741
Amortisation	-	46	144	6	196

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INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Three months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	2,143	771	4,545	3	7,462
Cost of operations	(711)	(289)	(3,043)	-	(4,043)
Gross profit	1,432	482	1,502	3	3,419
Administrative expenses	107	(24)	(693)	(854)	(1,464)
Gross profit/ (loss) less administrative expenses	1,539	458	809	(851)	1,955
Other operating income	-	5	-	-	5
Other operating expenses	-	(1)	(2)	(18)	(21)
Increase in value of investment properties	-	-	-	-	-
Profit/ (Loss) from operations	1,539	462	807	(869)	1,939
Finance income	5	8	9	1	23
Finance cost	(312)	(12)	(982)	(24)	(1,330)
Finance costs - other gains – foreign exchange	(894)	81	(64)	137	(740)
Share of losses from equity accounted joint ventures	-	(26)	-	-	(26)
Segment result before tax	338	513	(230)	(755)	(134)
Tax (expense)/ credit	122	204	16	(47)	295
Net profit attributable to owners of the parent					161

Three months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	94,067	13,840	108,138	-	216,045
Unallocated assets	-	-	-	11,145	11,145
Total assets	94,067	13,840	108,138	11,145	227,190
Reportable segment liabilities	(37,245)	(5,925)	(69,775)	-	(112,945)
Unallocated liabilities	-	-	-	(16,081)	(16,081)
Total liabilities	(37,245)	(5,925)	(69,775)	(16,081)	(129,026)

Three months ended 30 September 2019	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	550	11	102	-	663
Depreciation	-	-	572	6	578
Amortisation	-	15	42	6	63

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Segment information about these businesses for the nine and three months ended 30 September 2018 is presented below:

Nine months ended 30 September 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	7,516	14,353	14,814	31	36,714
Cost of operations	(4,035)	(10,389)	(9,198)	-	(23,622)
Gross profit	3,481	3,964	5,616	31	13,092
Administrative expenses	(506)	(240)	(2,279)	(2,221)	(5,246)
Gross profit/ (loss) less administrative expenses	2,975	3,724	3,337	(2,190)	7,846
Other operating income	4	48	2	5	59
Other operating expenses	(19)	(11)	(74)	-	(104)
Increase in value of investment properties	2,476	-	-	-	2,476
Profit/ (Loss) from operations	5,436	3,761	3,265	(2,185)	10,277
Finance income	53	16	28	4	101
Finance cost	(992)	(171)	(1,590)	(4)	(2,757)
Finance costs - other gains – foreign exchange	(926)	68	(90)	(107)	(1,055)
Share of losses from equity accounted joint ventures	-	(108)	-	-	(108)
Segment result before tax	3,571	3,566	1,613	(2,292)	6,458
Tax (expense)/ credit	(278)	(671)	(404)	4	(1,349)
Net profit attributable to owners of the parent					5,109

Nine months ended 30 September 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	107,244	17,671	99,210	-	224,125
Unallocated assets	-	-	-	690	690
Total assets	107,244	17,671	99,210	690	224,815
Reportable segment liabilities	(60,460)	(1,742)	(60,238)	-	(122,440)
Unallocated liabilities	-	-	-	(10,139)	(10,139)
Total liabilities	(60,460)	(1,742)	(60,238)	(10,139)	(132,579)

Nine months ended 30 September 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	1,271	69	282	4	1,626
Depreciation	28	-	1,821	-	1,849
Amortisation	-	33	90	4	127

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Three months ended 30 September 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Revenues	2,481	699	4,681	11	7,872
Cost of operations	(1,395)	(483)	(3,029)	-	(4,907)
Gross profit	1,086	216	1,652	11	2,965
Administrative expenses	(187)	(70)	(761)	(749)	(1,767)
Gross profit/ (loss) less administrative expenses	899	146	891	(738)	1,198
Other operating income	-	28	(4)	5	29
Other operating expenses	(14)	4	(51)	-	(61)
Increase in value of investment properties	-	-	-	-	-
Profit/ (Loss) from operations	885	178	836	(733)	1,166
Finance income	34	-	6	2	42
Finance cost	(225)	(169)	(370)	(1)	(765)
Finance costs - other gains – foreign exchange	811	(72)	15	58	812
Share of losses from equity accounted joint ventures	-	14	-	-	14
Segment result before tax	1,505	(49)	487	(674)	1,269
Tax (expense)/ credit	44	(62)	(24)	1	(41)
Net profit attributable to owners of the parent					1,228

Three months ended 30 September 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Reportable segment assets	107,244	17,671	99,210	-	224,125
Unallocated assets	-	-	-	690	690
Total assets	107,244	17,671	99,210	690	224,815
Reportable segment liabilities	(60,460)	(1,742)	(60,238)	-	(122,440)
Unallocated liabilities	-	-	-	(10,139)	(10,139)
Total liabilities	(60,460)	(1,742)	(60,238)	(10,139)	(132,579)

Three months ended 30 September 2018	Property rental	Development properties	Hotel operations	Other	Total
	€'000	€'000	€'000	€'000	€'000
Other segment items					
Capital expenditure	265	14	254	-	533
Depreciation	15	-	649	-	664
Amortisation	-	10	32	3	45

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.

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

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Regional Analysis

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, Romania, and Bulgaria.

4. Analysis of expenditure

4.1 Cost of operations

	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000
Costs of sale of residential property	(6,353)	(266)	(10,192)	(438)
Utilities, services rendered and other costs	(6,020)	(1,850)	(7,123)	(2,471)
Legal and professional expenses	(1,173)	(363)	(1,255)	(341)
Staff costs	(3,957)	(1,225)	(3,769)	(1,164)
Sales and direct advertising costs	(693)	(196)	(753)	(266)
Depreciation and amortisation	(432)	(143)	(530)	(227)
Cost of operations	(18,628)	(4,043)	(23,622)	(4,907)

4.2 Administrative expenses

	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000
Audit and tax service	(136)	(7)	(174)	(61)
Incentive and management fee	(1,825)	(606)	(1,666)	(556)
Legal and other professional fees	(367)	(108)	(342)	(99)
Utilities, services rendered and other costs	(403)	(191)	(748)	(271)
Staff costs	(768)	(198)	(737)	(236)
Depreciation and amortisation	(1,505)	(498)	(1,446)	(482)
Other administrative expenses	(117)	144	(133)	(62)
Administrative expenses	(5,121)	(1,464)	(5,246)	(1,767)

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4.3 Finance income and finance costs - net

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Gain on interest rate derivative	-	-	44	44
Other	249	23	57	(2)
Finance income – interest income	249	23	101	42
Interest payable on bank borrowings	(1,883)	(644)	(2,259)	(746)
Loss on interest rate derivative	(1,233)	(338)	-	207
Interest on obligations under finance leases	(330)	(110)	(77)	(26)
Other similar charges	(527)	(238)	(421)	(200)
Finance costs	(3,973)	(1,330)	(2,757)	(765)
Finance costs, excluding foreign exchange – net	(3,724)	(1,307)	(2,656)	(723)
Other (losses)/ gains – foreign exchange	(1,043)	(740)	(1,055)	812
Finance (costs)/ income, including foreign exchange – net	(4,767)	(2,047)	(3,711)	89

5. Tax

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Continuing operations				
Current tax	(529)	92	(1,171)	(70)
Deferred tax	(111)	203	(178)	29
Tax (charge)/ credit for the year	(640)	295	(1,349)	(41)

6. Dividends

There were no dividends declared or paid in the three and nine months ended 30 September 2019 (2018: €nil).

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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:

Nine months ended 30 September 2019 (unaudited)	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (EPS)			
Profit attributable to equity shareholders of the Company	2,325	46,852,014	5.0
Diluted (EPS)			
Adjusted profit	2,325	46,852,014	5.0
Three months ended 30 September 2019 (unaudited)	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (EPS)			
Profit attributable to equity shareholders of the Company	161	46,852,014	0.3
Diluted (EPS)			
Adjusted profit	161	46,852,014	0.3
Nine months ended 30 September 2018 (unaudited)	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (EPS)			
Profit attributable to equity shareholders of the Company	5,109	46,852,014	10.9
Diluted (EPS)			
Adjusted profit	5,109	46,852,014	10.9
Three months ended 30 September 2018 (unaudited)	Profit €'000	Weighted average number of shares	Per share amount Eurocents
Basic (EPS)			
Profit attributable to equity shareholders of the Company	1,228	46,852,014	2.6
Diluted (EPS)			
Adjusted profit	1,228	46,852,014	2.6

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8. Property, plant and equipment

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2018	78,925	12,270	63	91,258
Additions at cost	393	80	-	473
Exchange adjustments	(2,641)	(353)	(1)	(2,995)
Revaluation	2,438	-	-	2,438
Transfer to assets classified as held for sale	-	(1,304)	-	(1,304)
At 31 December 2018	79,115	10,693	62	89,870
Additions at cost	172	20	-	192
Revaluation	5,251	-	-	5,251
Exchange adjustments	(1,603)	(174)	-	(1,777)
At 30 September 2019	82,935	10,539	62	93,536
Accumulated depreciation				
At 1 January 2018	(5,910)	(8,294)	(61)	(14,265)
Charge for the year	(1,761)	(674)	(1)	(2,436)
Adjustment due to revaluation	1,761	-	-	1,761
Exchange adjustments	625	239	1	865
At 31 December 2018	(5,285)	(8,729)	(61)	(14,075)
Charge for the year	(1,312)	(429)	-	(1,741)
Adjustment due to revaluation	1,312	-	-	1,312
Exchange adjustments	369	148	-	517
At 30 September 2019	(4,916)	(9,010)	(61)	(13,987)
				-
Net book value at 30 September 2019	78,019	1,529	1	79,549
Net book value at 31 December 2018	73,830	1,964	1	75,795

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2019	79,115	10,693	62	89,870
Additions at cost	78	12	-	90
Revaluation	5,875	-	-	5,875
Exchange adjustments	882	108	-	990
At 30 June 2019	85,950	10,813	62	96,825
Accumulated depreciation				
At 1 January 2019	(5,285)	(8,729)	(61)	(14,075)
Charge for the year	(876)	(287)	-	(1,163)
Adjustment due to revaluation	876	-	-	876
Exchange adjustments	(199)	(90)	-	(289)
At 30 June 2019	(5,484)	(9,106)	(61)	(14,651)
Net book value at 30 June 2019	80,466	1,707	1	82,174

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	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'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)
Revaluation	-	-	-	-
At 31 December 2017	78,925	12,270	63	91,258
Additions at cost	283	72	-	355
Exchange adjustments	(2,021)	(278)	(1)	(2,300)
Revaluation	3,595	-	-	3,595
At 30 September 2018	80,782	12,064	62	92,908
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	(1,326)	(522)	(1)	(1,849)
Adjustment due to revaluation	1,326	-	-	1,326
Exchange adjustments	536	186	1	723
At 30 September 2018	(5,374)	(8,630)	(61)	(14,065)
Net book value at 30 September 2018	75,408	3,434	1	78,843
Net book value at 31 December 2017	73,015	3,976	2	76,993

Hotels Hilton in Warsaw and Golden Tulip in Bucharest constitute the majority of the total property, plant and equipment balance as of 30 September 2019, 30 June 2019, 31 December 2018 and 30 September 2018. The latest valuation of hotels was performed as of 30 June 2019 (Hilton hotel) and 31 December 2018 (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 Group has pledged property, plant and equipment with the fair value of €79.5 million (30 June 2019: €82.1 million; 31 December 2018: €75.7 million, 30 September 2018: €77.4 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €49.5 million (30 June 2019: €50.7 million; 31 December 2018: €51.1 million, 30 September 2018: €51.8 million) are secured on these properties.

9. Investment property

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
At beginning of the year	91,625	91,625	92,187	92,187
Right of use of land in perpetual usufruct (note 2)	1,021	1,021	-	-
Disposal of subsidiary (note 19)	(11,463)	(11,861)	-	-
Disposal of property- <i>Sadowa</i> office building	-	-	(7,149)	-
Capitalised subsequent expenditure	1,125	575	2,202	1,271
Exchange movements	(1,791)	628	(2,635)	(2,212)
PV of annual perpetual usufruct fees	(2)	(1)	(2)	(2)
Fair value gains	641	668	7,022	2,476
At the end of the period	81,156	82,655	91,625	93,720

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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 2018 (except for one property in Poland- *Atlas Tower*, former name: Millennium Plaza, which is based on the valuation carried out as at 30 June 2019):

- 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 Takarek Ingatlan Zrt (*former name 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 Group has pledged investment property of €70.7 million (30 June 2019: €70.7 million; 31 December 2018: €80.7 million; 30 September 2018: €82.2 million) to secure certain banking facilities granted to subsidiaries.

10. Inventories

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
Land held for development	-	-	5,144	5,179
Construction expenditures	-	-	353	350
Completed properties	1,426	1,756	2,314	2,620
Hotel inventory	1,140	1,218	1,147	1,155
As at period end	2,566	2,974	8,958	9,304

€6.4 million (six months ended 30 June 2019: €6.1 million; year ended 31 December 2018: €10.5 million; nine months ended 30 September 2018: €10.2 million) of inventories was released to cost of operations in the income statement during nine months ended 30 September 2019. €nil million was recognised in the income statement in relation to reversal of the impairment on inventories during nine months ended 30 September 2019 (six months ended 30 June 2019: €nil million; year ended 31 December 2018: €nil million; nine months ended 30 September 2018: €nil million). The stock which is held at fair value less cost to sell amounts to €0.5 million (30 June 2019: €0.5 million; 31 December 2018: €0.5 million; 30 September 2018: €0.5 million).

Nakielska Apartments Project- sale agreement

On 31 January 2019 the Group concluded preliminary sale agreement of Nakielska Apartment Project at the net sale price of PLN 33.5 million (equivalent of ca €7.8 million). The book value of this project amounted to €5.6 million. This transaction was completed on 13 May 2019 and full sale price was received.

11. Cash and cash equivalents

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
Cash and cash equivalents	24,799	24,274	18,743	16,923
Short term bank deposits	3,211	3,048	5,700	850
As at period end	28,010	27,322	24,443	17,773

Included in cash and cash equivalents is €8.7 million (30 June 2019: €8.4 million; 31 December 2018: €8.2 million; 30 September 2018: €8.7 million) restricted cash relating to security and customer deposits.

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

On 22 November 2018 the Group concluded preliminary sale agreement of Atlas Estates Tower (undeveloped real estate property located in Warsaw) at the net sale price of PLN 147 million (which was increased to PLN 148 million based on conditional sale agreement concluded in August 2019, equivalent of ca. €33.8 million)). As of 30 September 2019 the book value of this project (classified as assets held for sale and liabilities directly associated with assets held for sale) amounted to €6.4 million. By 30 September 2019 the Group received PLN14.8 million (i.e. equivalent of ca €3.1 million) in respect of the sale price. This transaction was completed on 7 October 2019 and the full sale price was received.

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

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
Assets:				
Right of use of leased asset	4,985	5,144	3,750	-
Property, plant and equipment	2,780	2,793	1,304	-
Non-current assets classified as held for sale	7,765	7,937	5,054	-
Liabilities:				
Lease liability associated with right of use of leased asset classified as held for sale (note 2)	(1,329)	(1,355)	-	-
Liabilities directly associated with non-current assets classified as held for sale	(1,329)	(1,355)	-	-

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
At beginning of the year	5,054	5,054	-	-
Right of use of land in perpetual usufruct (note 2)	1,382	1,382	-	-
Transfers	-	-	5,054	-
Additions (capitalised expenditures)	1,500	1,489	-	-
Depreciation	(46)	(31)	-	-
Exchange movements	(125)	43	-	-
As at period end	7,765	7,937	5,054	-

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13. Trade and other payables

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
Current				
Trade payables	(1,039)	(1,160)	(1,189)	(1,362)
Other tax and social security	(665)	(637)	(7,776)	(5,461)
Amounts due to Atlas Management Company Group in respect of management and performance fee (note 16a)	(10,327)	(10,694)	(12,737)	(9,806)
Other creditors	(27)	(22)	(131)	(245)
Amounts payable to related party (note 16b)	(240)	(240)	(240)	(240)
Deferred income (related to presales of residential units)	(428)	(515)	(964)	(973)
Deferred income (related to presales of assets classified as held for sale)	(3,384)	(3,095)	(465)	-
Deferred income (related to hotel activity)	(1,587)	(941)	(741)	(1,211)
Accruals	(1,711)	(1,756)	(2,480)	(2,610)
Income tax payable	(13)	(22)	(1,199)	(37)
Total current trade and other payables	(19,421)	(19,082)	(27,922)	(21,945)
Non-current – other payables				
Amounts payable to Felikon Kft (note 16e)	(6,131)	(6,086)	-	-
Other third party non-current trade and other payables (note 2)	(11,874)	(12,263)	(3,224)	(3,703)
Total non-current trade and other payables	(18,005)	(18,349)	(3,224)	(3,703)
Total trade and other payables	(37,426)	(37,431)	(31,146)	(25,648)

14. Bank loans

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
Current				
<i>Bank loans and overdrafts due within one year or on demand</i>				
Secured	(2,835)	(2,824)	(15,058)	(15,416)
Non-current				
<i>Repayable within two years</i>				
Secured	(5,919)	(5,990)	(2,725)	(3,070)
<i>Repayable within three to five years</i>				
Secured	(25,291)	(25,605)	(29,036)	(32,283)
<i>Repayable after five years</i>				
Secured	(40,079)	(41,187)	(42,204)	(42,822)
	(71,289)	(72,782)	(73,965)	(78,175)
Total	(74,124)	(75,606)	(89,023)	(93,591)

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

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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 September 2019	44,392	29,732	74,124
Bank loans and overdrafts – 30 June 2019	44,839	30,767	75,606
Bank loans and overdrafts – 31 December 2018	58,231	30,792	89,023
Bank loans and overdrafts – 30 September 2018	62,408	31,183	93,591

Debt financing

Changes in the nine months ended 30 September 2019

During nine months ended 30 September 2019 the Group paid €2.0 million in respect of scheduled partial repayments of several loans extended to the Group's projects (*Hilton* and *Golden Tulip* hotels, *Atlas Tower*, *Galeria Platinum Towers*).

Following the deconsolidation of the Company's subsidiary Felikon Kft the loan facility extended to this subsidiary totalling €11.9 million is derecognized as the Group's bank loan in the consolidated financial statements as of 30 September 2019.

Changes in the year ended 31 December 2018

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. As of 31 December 2018 this bank facility amounted to €22.0 million (as of 30 September 2018: €22.1 million) and the final repayment date of this facility is September 2022. In 2018 €1.1 million (9 months ended 30 September 2018: €0.8 million) was repaid in respect of this loan.

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 31 December 2018 total outstanding loan facility amounted to €48.9 million (as of 30 September 2018: €49.5 million).

Sadowa office loan facility- full repayment

On 11 December 2018 following the sale of *Sadowa* office building the loan extended to this project and amounting to €3.6 million was fully repaid.

Other loans- partial repayments

During 2018 the Group paid €1.6 million (9 months ended 30 September 2018: €1.3 million) in respect of scheduled partial repayments of other loans extended to the Group's projects (*Hilton* and *Golden Tulip* hotels, *Sadowa* office building and *Galeria Platinum Towers*).

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 31 December 2018 this facility amounted to €3.5 million (as of 30 September 2018: €3.5 million) and is used for financing of *Galeria Platinum Towers* project.

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15. Derivative financial instruments

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
<i>Derivatives not designated as hedging instruments:</i>				
- Interest rate swap	(2,592)	(2,254)	(1,359)	(581)
Total financial instruments classified as held for trading	(2,592)	(2,254)	(1,359)	(581)
<i>Less non-current portion:</i>				
- Interest rate swap	-	-	-	-
Current portion	(2,592)	(2,254)	(1,359)	(581)

16. Related party transactions

(a) Key management compensation

	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000
Fees for non-executive directors	46	15	46	15

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 €1.8 million and €0.6 million for the nine and three months ended 30 September 2019 respectively (€1.7 million and €0.5 million for the nine and three months ended 30 September 2018 respectively). 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 nine and three months ended 30 September 2019 (year ended 31 December 2018: €4.1 million; nine and three months ended 30 September 2018: €nil million).

As of 30 September 2019, €10.3 million included in current trade and other payables was due to AMC (30 June 2019: €10.7 million; 31 December 2018: €12.7 million; 30 September 2018: €9.8 million). In 2019 cash of €4.2 million was paid to AMC in respect of the management fee (year ended 31 December 2018: €2.9 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 September 2019 the purchase price of €0.2 million (31 December 2018: €0.2 million, 30 September 2018: €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). The sale price was fully 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 September 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.

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- (e) Following deconsolidation of the Company's subsidiary Felikon Kft (as described in note 13) the Group has a loan payable due to Felikon Kft. The loan repayment date is 31 December 2020 however it can be extended to 31 December 2025. As of 30 September 2019 (and 30 June 2019) the Group owes €6.1 million.

17. Post balance sheet events

No specific significant events have occurred (except of final sale agreement as described in note 12) which would require an adjustment to this report.

18. Other items

18.1 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.

18.2 Financial forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2019.

18.3 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>	40,308,174	86.03
Atlas International Holdings Limited	6,461,425	13.79
TOTAL	46,769,599	99.82

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

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

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

18.4 Directors' share interests

There have been no changes to the Directors' share interests during the nine and three months ended 30 September 2019. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the nine or three months ended 30 September 2018.

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19. 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 the subsidiaries over which the Group control was lost:

- a Polish subsidiary, Atlas Estates (Kokoszki) Sp. z o.o. which is under bank enforcement proceedings since 2014. The loss was recognised in the consolidated financial statements for the year ended 31 December 2014 as a result of this event.
- a Hungarian subsidiary, Felikon Kft., which received on 27 February 2019 a decision from the Metropolitan Companies' Court in Budapest ordering the compulsory strike off of Felikon Kft. The court's decision commenced a process of liquidation and deletion of Felikon Kft. from the companies register. No gain or loss was recognised in the consolidated financial statements for the nine months ended 30 September 2019 as a result of this event.

	€'000	€'000
The fair value of any consideration received		-
The carrying amount of the deconsolidated subsidiary's assets and liabilities:		
- Investment property	11,463	
- Cash	596	
- Trade and other receivables	6,238	
- Trade and other payables	(6,408)	
- Loans	(11,889)	
Nil gain or loss on the deconsolidation of Felikon Kft		-

No new subsidiary undertakings were acquired and no significant investments were made in any additional joint ventures during the nine months period ended 30 September 2019 and year ended 31 December 2018.

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%

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Country of incorporation	Name of subsidiary/ joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Poland	CAA Finance Sp. z o.o.	Development	100%
Poland	Gretna Investments Sp. z o.o.	Holding	100%
Poland	Gretna Investments Sp. z o.o. 4 SKA	Holding	100%
Poland	Negros 3Sp. z o.o.	Holding	100%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Atlas Estates (Moszkva) Kft.	Investment	100%
Romania	World Real Estate SRL	Investment	100%
Romania	Atlas Solaris SRL	Development	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
Bulgaria	Immobul EOOD	Investment	100%
Luxembourg	Gretna SCSP	Holding	100%
Luxembourg	Residential SCSP	Holding	100%
Luxembourg	Gretna Projects Sarl	Holding	100%
Luxembourg	HPO SCSP	Holding	100%
Luxembourg	Residential Projects Sarl	Holding	100%

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME For the nine and three months ended 30 September 2019

	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000	Note
Revenues	-	-	-	-	
Cost of operations	-	-	-	-	
Gross profit	-	-	-	-	
Administrative expenses	(1,688)	(584)	(1,343)	(442)	1
Loss from operations	(1,688)	(584)	(1,343)	(442)	
Finance income	4,000	-	2,350	245	2
Finance costs	(55)	(19)	(46)	(15)	2
Other (losses) and gains – foreign exchange	(2)	(4)	(2)	-	2
Profit/ (Loss) before taxation	2,255	(607)	959	(212)	
Tax expense	-	-	-	-	
Profit/ (Loss) for the period	2,255	(607)	959	(212)	
Total comprehensive income/ (loss) for the period	2,255	(607)	959	(212)	

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000	Note
ASSETS					
Non-current assets					
Investment in subsidiaries	142,376	142,376	142,376	125,433	3
Loans receivable from subsidiaries	79	75	68	67	
	142,455	142,451	142,444	125,500	
Current assets					
Trade and other receivables	8	12	4	8	
Cash and cash equivalents	499	1,022	26	102	
	507	1,034	30	110	
TOTAL ASSETS	142,962	143,485	142,474	125,610	
Non-current liabilities					
Other payables	(5,777)	(5,308)	(5,073)	(4,456)	4
	(5,777)	(5,308)	(5,073)	(4,456)	
Current liabilities					
Trade and other payables	(10,303)	(10,688)	(12,774)	(9,787)	4
	(10,303)	(10,688)	(12,774)	(9,787)	
TOTAL LIABILITIES	(16,080)	(15,996)	(17,847)	(14,243)	
NET ASSETS	126,882	127,489	124,627	111,367	
EQUITY					
Share capital account	6,268	6,268	6,268	6,268	
Other distributable reserve	194,817	194,817	194,817	194,817	
Accumulated loss	(74,203)	(73,596)	(76,458)	(89,718)	
TOTAL EQUITY	126,882	127,489	124,627	111,367	

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2019 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 January 2019	6,268	194,817	(76,458)	124,627
Total comprehensive income for the period	-	-	2,255	2,255
As at 30 September 2019	6,268	194,817	(74,203)	126,882

Three months ended 30 September 2019 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 July 2019	6,268	194,817	(73,596)	127,489
Total comprehensive loss for the period	-	-	(607)	(607)
As at 30 September 2019	6,268	194,817	(74,203)	126,882

Year ended 31 December 2018	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 year	-	-	14,219	14,219
As at 31 December 2018	6,268	194,817	(76,458)	124,627

Nine months ended 30 September 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	-	-	959	959
As at 30 September 2018	6,268	194,817	(89,718)	111,367

Three months ended 30 September 2018 (unaudited)	Share capital account	Other reserves	Accumulated loss	Total
	€'000	€'000	€'000	€'000
As at 1 July 2018	6,268	194,817	(89,506)	111,579
Total comprehensive loss for the period	-	-	(212)	(212)
As at 30 September 2018	6,268	194,817	(89,718)	111,367

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine and three months ended 30 September 2019

	Nine months ended 30 September 2019 (unaudited) €'000	Three months ended 30 September 2019 (unaudited) €'000	Nine months ended 30 September 2018 (unaudited) €'000	Three months ended 30 September 2018 (unaudited) €'000
Profit for the year	2,255	(607)	959	(212)
Adjustments for:				
Finance costs	54	19	44	15
Finance income	(4,000)	-	(2,350)	(245)
	(1,691)	(588)	(1,347)	(442)
Changes in working capital				
(Increase)/ Decrease in trade and other receivables	(4)	4	(8)	4
(Decrease)/ Increase in trade and other payables	(2,471)	(385)	456	108
Net cash used in operating activities	(4,166)	(969)	(899)	(330)
Investing activities				
New loans advanced to subsidiaries	(11)	(4)	(9)	(2)
Proceeds from sale of investment in subsidiary	-	-	82	-
Dividend income from subsidiary	4,000	-	2,350	245
Net cash from/ (used in) investing activities	3,989	(4)	2,423	243
Financing activities				
Loan received from subsidiary	650	450	250	-
Loan repayments to majority shareholder	-	-	(1,950)	-
Net cash from/ (used in) financing activities	650	450	(1,700)	-
Net increase/ (decrease) in cash and cash equivalents in the year as a result of cashflows	473	(523)	(176)	(87)
Effect of foreign exchange rates	-	-	-	-
Net increase/ (decrease) in cash and cash equivalents in the period	473	(523)	(176)	(87)
Cash and cash equivalents at the beginning of the period	26	1,022	278	189
Cash and cash equivalents at the end of the period	499	499	102	102
Cash and cash equivalents				
Cash at bank and in hand	499	499	102	102
	499	499	102	102

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INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

1. Administrative expenses

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Audit and tax services	(38)	(2)	(35)	(10)
Incentive and management fee	(1,514)	(534)	(1,172)	(394)
Legal and other professional fees	(90)	(33)	(125)	(33)
Staff costs	(46)	(15)	(46)	(15)
Administrative expenses	(1,688)	(584)	(1,343)	(442)

2. Finance income

	Nine months ended	Three months ended	Nine months ended	Three months ended
	30 September 2019	30 September 2019	30 September 2018	30 September 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	€'000	€'000	€'000	€'000
Bank and other similar charges	(1)	-	(2)	-
Interest payable on loan received from subsidiary	(54)	(19)	(44)	(15)
Finance costs	(55)	(19)	(46)	(15)
Dividend income from subsidiary	4,000	-	2,350	245
Finance income	4,000	-	2,350	245
Finance income/ costs, excluding foreign exchange – net	3,945	(19)	2,304	230
Unrealised foreign exchange gains	-	(2)	-	-
Unrealised foreign exchange losses	(2)	(2)	(2)	-
Other gains and (losses) – foreign exchange	(2)	(4)	(2)	-
Finance income, including foreign exchange – net	3,943	(23)	2,302	230

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3. Investment in subsidiaries

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
<i>Cost</i>				
At beginning of period	217,681	217,681	217,681	217,681
At the end of the period	217,681	217,681	217,681	217,681
<i>Impairment</i>				
At beginning of period	(75,305)	(75,305)	(92,248)	(92,248)
Reversal	-	-	16,943	-
At the end of the period	(75,305)	(75,305)	(75,305)	(92,248)
At the end of the period	142,376	142,376	142,376	125,433

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 19 of the interim condensed consolidated financial information.

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

In the nine months period ended 30 September 2019 €nil million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries (in 2018 €16.9 million was recognised in other operating income in respect of reversal of impairment on investment in subsidiaries; in the nine months period ended 30 September 2018: €nil 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 and where appropriate, management. In assessing the value of each investment the Company has considered not only the asset value recognised in the books of the individual entities but also the valuation amount of elements held at cost. Substantially, this has resulted in the carrying values of investments and loans receivable from subsidiaries being compared to the adjusted net asset value of the group. First the impairment is allocated against the value of investments and then the value of loans receivable.

4. Trade and other payables

	30 September 2019 (unaudited) €'000	30 June 2019 (unaudited) €'000	31 December 2018 (audited) €'000	30 September 2018 (unaudited) €'000
Current				
Amounts due to Atlas Management Company Group in respect of management and performance fee	(10,237)	(10,603)	(12,623)	(9,693)
Trade payables	(66)	(85)	(151)	(94)
	(10,303)	(10,688)	(12,774)	(9,787)
Non-current				
Loan from subsidiary- HGC Gretna Investments Sp. z o.o. Sp. J.	(5,777)	(5,308)	(5,073)	(4,456)
	(5,777)	(5,308)	(5,073)	(4,456)
Total trade and other payables	(16,080)	(15,996)	(17,847)	(14,243)

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Loan from subsidiary- HGC Gretna Investments 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 9 months ended 30 September 2019 of €54 thousand (year ending 31 December 2018: €61 thousand; 9 months ended 30 September 2018: €44 thousand). In 2019 the Company received €650 thousand in respect of this loan (€250 thousand in 9 months ended 30 September 2018). As at 30 September 2019 the loan balance including capitalised interest due to subsidiary amounted to €5.8 million (as of 31 December 2018: €5.1 million; as of 30 September 2018: €4.4million).