Atlas Estates Limited ("Atlas" or the "Company" or the "Group")

UNAUDITED QUARTERLY RESULTS FOR THE NINE AND THREE MONTHS TO 30 SEPTEMBER 2008

14 November 2008

Atlas Estates Limited, the Central and Eastern European ("CEE") property investment and development company, today reports interim results for the nine and three months ended 30 September 2008.

Financial highlights

- Revenue of €30.0 million (30 September 2007: €17.7 million)
- Operating loss of €1.8 million (30 September 2007: operating profit €29.5 million)
- Operating profit excluding the movement in value of investment properties of €4.7 million (30 September 2007: loss of €2.4 million)
- Net Asset Value per share of €4.62 (31 December 2007: €4.98)
- Loans at 30 September 2008 of €249.9 million (30 September 2007: €198.9 million).

Operational highlights

- Nahman Tsabar, the new CEO of Atlas Management Company, commenced his employment with the Company in September
- Refinancing of Hilton Hotel, Warsaw completed and new construction loan at Platinum Towers secured
- The Hilton Hotel in Warsaw continues to perform ahead of expectations – proving to be among the strongest performing five-star hotel and conference centres in Central and Eastern Europe
- Construction on key projects in Warsaw continuing to progress on schedule
- Zoning, building permit applications and design work progressing as planned, which will provide further construction and development opportunities.

Commenting, Quentin Spicer, Chairman of Atlas, said:

"The market conditions in which we are currently working are exceptional. However, the Board continually monitors both the global economic conditions and those in its target countries and will take steps to minimize any adverse impact that the downturn may have on the Company and its operations.

We are particularly encouraged by the progress that continues to be made on the construction of our Platinum Towers and Capital Art Apartments development projects in Warsaw, and with the development of zoning and planning permits on a number of other projects in the region.

We will continue to progress our strategy and development pipeline, albeit with due caution and upon ensuring secure financing going forward. However, despite the challenges presented by market conditions, the results for the quarter and nine months, together with the potential to realise value from our strong portfolio of assets, give the Board confidence that the Company is well positioned to perform strongly as markets recover."

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ATLAS ESTATES LIMITED
CONDENSED CONSOLIDATED QUARTERLY REPORT
THIRD QUARTER 2008

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Financial Highlights

Selected Consolidated Financial Items	Nine months ended 30 September 2008 (unaudited) €'000	Three months ended 30 September 2008 (unaudited) €'000	Nine months ended 30 September 2007 (unaudited) €'000	Three months ended 30 September 2007 (unaudited) €'000
Revenues	30,027	8,930	17,697	7,475
Gross profit	12,054	2,670	4,296	3,128
(Decrease) / increase in value of investment properties	(2,448)	(305)	31,845	1,304
Impairment of asset held for sale	(3,996)	-	-	-
Operating (loss) / profit	(1,770)	(3,062)	29,452	(437)
(Loss) / profit before tax	(10,866)	(6,618)	25,490	(2,242)
(Loss) / profit for the period	(9,666)	(5,768)	19,959	(1,691)
(Loss) / profit attributable to equity shareholders	(9,659)	(5,758)	19,962	(1,670)
Net cash (outflow) / inflow from operating activities	(30,060)	(11,434)	6,242	13,757
Cash flow from investing activities	(1,799)	(367)	(117,600)	(7,989)
Cash flow from financing activities	14,607	15,911	116,043	31,352
Net (decrease) / increase in cash	(12,322)	2,347	1,627	35,497
Non-current assets	276,994	276,994	343,752	343,752
Current assets	204,902	204,902	186,697	186,697
Assets classified as held for sale	97,590	97,590	-	-
Total assets	579,486	579,486	530,449	530,449
Current liabilities	(101,675)	(101,675)	(61,656)	(61,656)
Liabilities directly associated with assets classified as held for sale	(70,408)	(70,408)	-	-
Non-current liabilities	(190,066)	(190,066)	(218,398)	(218,398)
Total liabilities	(362,149)	(362,149)	(280,054)	(280,054)
Net assets	217,337	217,337	250,395	250,395
Shareholders' equity attributable to equity holders of the Company	216,250	216,250	249,581	249,581
Number of shares outstanding	46,852,014	46,852,014	48,448,081	48,448,081
(Loss) / earnings per share basic (eurocents)	(21.23)	(12.37)	41.20	(3.45)
Basic net asset value per share (€)	4.62	4.62	5.15	5.15

Chairman's Statement

I am pleased to report the unaudited financial results for Atlas Estates Limited ("Atlas" or "the Company") and its subsidiary undertakings ("the Group") for the nine and three months ended 30 September 2008.

Since our last financial results announcement of 14 August 2008 there have been significant global economic developments, from which our business and the real estate market as a whole have not been immune. As an investment and development property company, Atlas is affected by developments in the markets and economies in which it operates and the subsequent impact on its ability to access finance to develop its pipeline. Of most relevance to Atlas is the spread of the economic downturn to the markets in which the Group operates, as a result of the fears of global recession and the effect of the "credit crunch". In the Central and Eastern European property markets, the effects of the global downturn are manifesting themselves in the form of a reduction in sales demand for new apartments, fluctuating exchange rates and interest rates, and increased difficulty in accessing capital.

Significant Events

In September Mr. Nahman Tsabar, the new Chief Executive Officer of our property manager Atlas Management Company Limited ("AMC" or the "Property Manager"), commenced his employment. He will provide the business with the leadership needed to unlock value in the next phase of the Group's development. He brings a wealth of experience in construction and in overseeing the successful completion of major projects across many countries, notably in the emerging markets. He has a proven record of achieving results and creating transaction flow and we are looking forward to benefiting from the experience and the knowledge he will bring to the business.

The Company has reported significant success in financing the business, which is particularly notable given the difficult economic environment in which we currently operate. In July, we refinanced the Hilton Hotel, Warsaw, increasing our existing facility by €13.6 million to €65 million in total, and in August, we secured a Polish Zloty 174 million (circa €51 million) construction loan for our Platinum Towers residential development in Warsaw. Securing these two key financial facilities demonstrates the strong working relationships that Atlas has established with its banking partners and, in turn, those banks' confidence in the strength of the business and its underlying assets.

Strategy

The Group's strategy has been to invest in the developing markets of Central and Eastern Europe ("CEE") excluding the former USSR. Since IPO the Company has developed a significant portfolio of assets in CEE. The economies of Poland, Hungary, Slovakia, Romania and Bulgaria, in which the Group operates, have been affected by the adverse effects of the global economic crisis. Although Poland, where 65% of the Company's assets are located, appears the most resilient economy in the region, Hungary, in which the Company also has interests, has had to seek financial support from the International Monetary Fund ("IMF").

The Company is well-positioned to take advantage of opportunities in these markets when conditions stabilise, and we are confident in its prospects for growth. The property values in these countries still remain below those in Western Europe and demand for quality residential, office and retail properties continues to substantially exceed available supply.

The Company's strategy since its IPO in London in 2006 has been to invest the funds raised in acquiring quality assets that have the potential for growth. These initial targets have been achieved. Over the next three to five years, taking account of more uncertain market conditions, the Company will be seeking to realise value through property disposals and the completion of its ongoing development projects.

In the current financial market conditions, gaining access to capital has become more difficult and, as highlighted in the first quarter 2008 results announcement and in subsequent announcements, enhancing liquidity and the retention of cash remains a key priority for the Group. This is vital for the Group and its operations as it will enable us to complete projects currently under development and to support future growth. As such, the completion of the re-financing of the Hilton Hotel, Warsaw and securing the new construction loan to complete the Platinum Towers development were significant events for the Company, and particularly notable in the context of the current difficult financial market conditions.

Dual Listing – London and Warsaw

On 12 February 2008, the Company successfully completed its listing on the Warsaw Stock Exchange ("WSE"). The Company has its shares traded on the AIM market operated by the London Stock Exchange plc ("AIM") and on the WSE.

The support of AMC and its shareholders in the business has been demonstrated by the share acquisitions made in 2008. Moreover, part of AMC's performance fee of €4.5 million and the scrip dividend alternative was taken by AMC and its shareholders in shares and not in cash. This confidence and support underpins the Company's business model and demonstrates the alignment of interests between AMC, its shareholders and the rest of Atlas' shareholder base.

Millennium Plaza disposal

On 14 January 2008, the Company announced that an agreement for the conditional disposal of its interest in the Millennium Plaza building in Warsaw had been signed. The property had been acquired for €76 million in March 2007. Completion of the sale was scheduled for September 2008 if conditions precedent were satisfied by 30 August 2008. This was not achieved and one condition remains outstanding which the Company is currently seeking to satisfy. The completion date has been extended at the request of the purchaser until 30 November 2008 although they are not obliged to complete should the condition be satisfied.

Appointment of a new Chief Executive Officer ("CEO") of AMC

As stated above, in September 2008 Mr. Nahman Tsabar started his employment as CEO of AMC. Mr. Tsabar, a civil engineer, 52, brings to the Company more than thirty years of experience in the construction and development industry, which includes significant expertise in planning, procurement and project management, gained across a number of sectors and geographies, including infrastructure, civil works programmes and aviation.

Prior to joining AMC, Mr. Tsabar was the CEO of OCIF Investment and Development Limited from 2007. Before joining OCIF, Mr. Tsabar was President and CEO of Tahal Group, part of the GTC group, which is a leader in Build-Own-Transfer/Build-Own-Operate ("BOT/BOO") projects across a number of emerging markets, including Romania, Serbia, Poland, Russia, Turkey, India and China. Prior to this, he was CEO of Solel Boneh Development and Roads Limited, the largest contracting firm based in the Middle East and active worldwide, with 500 staff. From 1998 to 2000, Mr. Tsabar was Vice President of Ashtrom International Limited, an international construction company, where he was responsible for the company's operations in Jamaica, Turkey, Eastern Europe and the CIS. Prior to 1998, Mr. Tsabar spent 20 years in aviation construction.

Refinancing of Hilton and construction loan for Platinum Towers

On 25 July 2008 the Company refinanced the loan secured against its Hilton Hotel and Conferencing Centre asset in Warsaw, extending its facility with Investkredit Bank AG from €51.4 million to €65 million. The additional funding will be deployed in progressing the Group's development pipeline. Additionally on 12 August 2008 the Company obtained a Polish Zloty 174 million (circa €51 million) facility relating to the construction of its Platinum Towers residential development in the Wola district in Warsaw. The loan is provided by Raiffeisen Bank Polska S.A. and is secured against its Platinum Towers residential asset. It will be used to progress the construction of the development.

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

The Company has used NAV per share and Adjusted NAV per share as key performance measures since its IPO. In the nine and three months to 30 September 2008, NAV per share, as reported in the interim consolidated financial information, which has been prepared in accordance with International Financial Reporting Standards ("IFRS"), has decreased by 7.2% and 5.5% to €4.62 per share from 31 December 2007 and 30 June 2008, respectively.

An independent valuation on the entire property portfolio is carried out on a semi-annual basis. This measures the valuation gains and losses during the financial period and is included in the basis for the Property Manager's performance assessment and fee calculations. The latest independent valuation was performed on 30 June 2008, and has been used in the financial statements at 30 September 2008. Land holdings are valued on either a residual value or a comparative basis. No profit is taken to reflect the stage of development of each site.

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 Directors consider that it is more prudent and appropriate to wait until the independent valuation is undertaken at 31 December 2008, as since the last independent valuation at 30 June 2008, there has been significant expenditure on the development properties and significant changes in the markets for development properties.

AMC performance fee 2007

AMC's performance fee in respect of the financial year ended 31 December 2007 was agreed by the Board at €7.037 million. The first €2.5 million of this amount was paid in cash by the Company to AMC in April 2008. As approved by shareholders at the AGM on 27 June 2008, AMC received 1,430,954 new ordinary shares in settlement of the balance of the performance fee. These shares were issued on 11 July 2008.

Dividend and dividend policy

On 3 March 2008, the Board announced that it had resolved to pay to shareholders a second dividend of 16.68 eurocents per share ("2007 Dividend") for the year ended 31 December 2007. As approved by shareholders at the AGM on 27 June 2008, the Board offered shareholders the choice of receiving the whole or part of the 2007 Dividend in new fully paid ordinary shares in the Company instead of cash (the **"**Scrip Dividend Offer"). The Board received acceptances of the Scrip Dividend Offer from holders of 7,478,694 ordinary shares in the Company, which resulted in the issue of 442,979 new ordinary shares (representing 0.945 per cent of the current issued share capital of the Company, excluding shares held in treasury). These shares have been admitted to trading on AIM and WSE.

The changes in global economic conditions during 2008, particularly in the property and financial markets, are well documented. However, specifically, and of critical importance, is the effect that these changes are having on access to capital, which continues to be difficult to obtain. For the Company to achieve its strategic objectives, it is important that the Company is able to complete its development activity and to invest in market opportunities in an effective manner without cash constraints. The Board therefore considers that it is in the Company's best interests to retain cash.

As previously announced, the Board has decided not to declare any dividend for 2008, believing that it is more prudent to invest its cash resources in bringing forward and completing its development programme in order to realise the value in these projects. It will also wish to be able to take advantage of opportunities that present themselves as a result of market conditions.

As previously stated, the Board will, in future years, determine the payment of dividends after taking account of the Company's distributable profits, sustainable cash flow (based on rental income, sales of residential developments units and sales of investment), the Company's debt, market conditions and the investment opportunities available to the Company. This will enable the Company to pursue its strategic objectives and to provide the best overall return to its shareholders.

Prospects

The market conditions in which we are currently working are exceptional. However, the Board continually monitors both the global economic conditions and those in its target countries and will take steps to minimize any adverse impact that the downturn may have on the Company and its operations. Whilst we have pre-sold 704 apartments at our residential developments, there has been an overall reduction in demand for new apartments in Poland and Hungary, where we have projects under construction.

The Board, in conjunction with AMC and its local management teams, regularly reviews fluctuations in construction costs and their effect on development project profits, particularly given the global variations in commodity prices and the increase of labour costs in the CEE region. The Company is constantly seeking ways to control costs so that it can realise maximum value from each of its projects.

The Company has, in the last two years, demonstrated its ability to source attractive off-market opportunities, principally facilitated by the local market knowledge and network of contacts of our regional management teams. We are particularly encouraged by the progress that continues to be made on the construction in Warsaw and with the development of zoning and planning permits on a number of other projects in the region.

We will continue to progress our strategy and development pipeline, albeit with due caution and upon ensuring secure financing going forward. However, despite the significant challenges presented by market conditions, the results for the quarter and nine months, together with the potential to realise value from our strong portfolio of assets, give the Board confidence that the Company is well positioned to perform strongly as markets recover.

Quentin Spicer
CHAIRMAN
14 November 2008

Property Manager's Report

In this report we present the operating results for the nine and three months ended 30 September 2008. AMC is the Property Manager appointed by the Company to oversee the operation and development of its portfolio and advise on new investment opportunities.

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on a semi-annual basis by independent valuation experts. Independent valuations may also be performed when a new property is acquired. The most recent valuation was performed at 30 June 2008 by two independent real estate advisors, Cushman and Wakefield and Colliers International. Management has used the 30 June 2008 valuations in the financial statements at 30 September 2008. These valuations are applied to property, plant and equipment and investment property.

Operations Review

Local offices and operations have been established in five countries: Poland, Hungary, Slovakia, Romania and Bulgaria. The main strategic focus has been in acquiring properties in the respective capital cities of Warsaw, Budapest, Bratislava, Bucharest and Sofia. In line with the Company's secondary objective of investing in assets located outside of capital cities, Atlas also owns one asset in Kosice, the second largest city in Slovakia, and two properties in Gdansk, Poland.

Hotels

The Hilton Hotel and Convention Centre in Warsaw has continued to perform ahead of expectations. The large conferencing centre is a popular venue for major events and meetings. The Holmes Place fitness centre is the largest gym and fitness facility in Warsaw and represents another feature that adds value to the hotel. Occupancy rates have increased over the first nine months of 2008 and room rates have been in line with expectations. The Hilton's customer base comprises predominantly business travellers and, as such, experiences seasonality in its results. In the third quarter, which includes the holiday months of July and August, results were below other months, but in line with expectations.

The Golden Tulip Hotel in Bucharest has continued to improve its performance in the third quarter 2008, building on progress made in the second quarter. A new management team was put in place after the first quarter, which has resulted in an improved performance and a return to expected levels, in terms of both occupancy and average room rates. The hotel has occupancy rates of approximately 65%, which is in line with the market average in Bucharest.

Revenue from hotel operations was €16.2 million and €4.6 million for the first nine and three months of 2008, respectively.

Income Producing Assets

Revenue from the letting of investment properties was €13.5 million and €4.2 million for the nine and three months respectively compared with €9.5 million and €3.8 million for the same periods in 2007. The increase in revenue represents the effect of acquisitions in 2007 including the Millennium Plaza in Warsaw, Sadowa Business Park in Gdansk and Atlas House in Sofia.

Gross profit less administrative expenses amounted to €7.3 million and €1.9 million for the nine and three months, respectively, an increase / (decrease) of 40.4% and (9.5%) (nine and three months ended 30 September 2007: €5.2 million and €2.1 million, respectively). The increase due to new acquisitions was €1.8 million in the nine month period. No new acquisitions were made in the three months ended 30 September 2007.

Development Properties

Work in progress on development properties increased to €173.4 million over the nine and three months. This expenditure represents construction on the residential element of the Platinum Towers project and two buildings at the Capital Art Apartments project, which continue to be developed in line with planned schedules.

There has been other expenditure on zoning and building permit applications and the design and marketing of residential, office and retail developments for land banks held throughout the region. Expenditure not capitalised and expensed in accordance with IFRS reporting represents marketing and design costs.

Review of the Nine and Three Months Ended 30 September 2008 and Valuation of Assets

Review of the nine and three months ended 30 September 2008

	Property Rental €'000	Residential Sales €'000	Hotel Operations €'000	Other €'000	Nine months ended 30 September 2008 €'000	Nine months ended 30 September 2007 €'000
Revenue	13,531	-	16,192	304	30,027	17,697
Cost of operations	(5,191)	(1,307)	(11,097)	(378)	(17,973)	(13,401)
Gross profit	**8,340**	**(1,307)**	**5,095**	**(74)**	**12,054**	**4,296**
Administrative expenses	(1,036)	(1,639)	(1,653)	(7,494)	(11,822)	(10,029)
Gross profit / (loss) less administrative expenses	**7,304**	**(2,946)**	**3,442**	**(7,568)**	**232**	**(5,733)**
Gross profit %	61.6%	n/a	31.5%	n/a	40.1%	24.3%
Gross profit less administrative expenses %	54.0%	n/a	21.3%	n/a	0.8%	(32.4)%

	Property Rental €'000	Residential Sales €'000	Hotel Operations €'000	Other €'000	Three months ended 30 September 2008 €'000	Three months ended 30 September 2007 €'000
Revenue	4,242	-	4,625	63	8,930	7,475
Cost of operations	(2,028)	(521)	(3,534)	(177)	(6,260)	(4,347)
Gross profit	**2,214**	**(521)**	**1,091**	**(114)**	**2,670**	**3,128**
Administrative expenses	(345)	(564)	(135)	(2,982)	(4,026)	(2,679)
Gross profit less administrative expenses	**1,869**	**(1,085)**	**956**	**(3,096)**	**(1,356)**	**449**
Gross profit %	52.2%	n/a	23.6%	n/a	29.9%	41.8%
Gross profit less administrative expenses %	44.1%	n/a	20.7%	n/a	n/a	6.0%

As at 30 September 2008, the Company held a portfolio of 22 properties (excluding Millennium Plaza) comprising 11 investment properties, nine development properties and two hotels. Seven of the investment assets are income yielding properties and four are held for capital appreciation. Total revenue for the nine and three months was €30.0 million and €8.9 million respectively compared to €17.7 million and €7.5 million respectively for the first nine and three months of 2007. The Company's principal revenue streams are rental income, sales from its hotel operations, and income from the sale of the residential apartments that the Company develops.

As the Company maintains a diversified portfolio of real estate investments, seasonality or cyclicality of yielded income or results is also highly diversified. The available portfolio of assets for lease, the systematic execution and sale of residential projects, and the geographical reach of the Company's portfolio has, to a significant extent, resulted in stable levels of income being earned.

To date, the Group has signed preliminary contracts to deliver 704 apartments with total value €124 million at its Platinum Towers and Capital Art Apartments projects in Warsaw and Atrium Homes project in Budapest. Of these preliminary contracts, 62 were signed in the nine months ended 30 September 2008 (13 in the three months ended 30 September 2008). In accordance with IFRS policies, no revenue has yet been recognised from the sale of residential apartments.

In the income statement revenue for the nine months has increased by 70% to €30 million (2007: €17.7 million). This growth arises from investment property acquisitions and the successful trading at the Hilton. Cost of operations has increased by 34%. Gross profit margin for the nine months ended 30 September 2008 is 40% compared to 24% for the nine months ended 30 September 2007.

The income statement includes €4.0 million for the impairment of the assets held for sale. This arises as on 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza building in Warsaw based on a headline price of €93.1 million. This sale is conditional upon a third party approval, which the Company is due to obtain by the end of November 2008. The related assets and liabilities have been classified as held for sale in the Group's balance sheet since 14 January 2008. The impairment represents the change from the carrying value of the investment property at 31 December 2007 and the price agreed on 14 January 2008.

The income statement includes finance costs of €10.2 million and €3.8 million for the first nine and three months respectively of 2008, compared with €5.0 million and €2.0 million in the first nine and three months of 2007, reflecting the effect of the increased external debt finance used to acquire new investment properties.

Other than as detailed above, there were no factors or events that significantly impacted the nine or three months ended 30 September 2008.

Net Asset Value

The Property Manager's basic and performance fees are determined by the Adjusted NAV. For the nine and three months to 30 September 2008 the basic fee payable to AMC was €4.29 million and €1.43 million respectively (€3.45 million and €1.15 million, respectively, to 30 September 2007). No accrual has been made for the performance fee because no reliable estimate can be made. This is because the performance measures are determined at year end and are subject to material changes resulting from the external valuations.

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

- Yielding assets let to paying tenants – classed as investment properties with valuation movements being recognised in the Income Statement;
- Property, plant and equipment operated by the Group to produce income, such as the Hilton hotel or land held for development of yielding assets (PPE) – revaluation movements are taken direct to reserves, net of notional tax; and
- Property developments, including the land on which they will be built – held as inventory with no increase in value recognised in the financial statements.

New Zoning

In February 2008 the Company obtained a new zoning plan for the Varosliget-Ligetvaros project in Budapest, Hungary. This new zoning plan authorises the construction of a mixed-use development on the site with a gross total building area of 37,200 square metres, comprising 32,800 square metres of newly built space and 4,400 square metres of renovated existing buildings situated on the site. The development will form part of the Varosliget project (26,400 square metres); the remaining space (6,400 square metres) will be part of additional lettable area constructed at the Ligetvaros Centre.

Changes in ownership structure of Property Manager

On 4 March 2008, the Board of AMC announced that Elran (D.D.) Real Estates Ltd ("Elran") had entered into an agreement with RP Capital Group ("RP") and BCRE Izaki Properties ("Izaki Group"), AMC's other shareholders, for the sale of Elran's 37.5% stake in AMC. As a result, RP now holds 51% and Izaki Group holds 49% of AMC. Gadi Dankner and Dori Dankner resigned their positions as directors of AMC and members of the Investment Committee on completion of the sale.

Rafael Berber, Roni Izaki and Saradhi Rajan remain as directors of AMC. Rafael Berber and Roni Izaki remain as members of the Investment Committee.

<u>Ongoing activities</u>

During the first nine months of 2008, the Company continued to identify ways by which it can generate added value through the active management of its yielding asset portfolio. It has also continued to crystallise the value of development projects by the pre-selling of apartments under construction.

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.

The management team continuously monitors the territories in which the Company is invested, analysing the economics of the region and the key measures of the sectors in which it operates to ensure that it does not become over-exposed to, or reliant on, any one particular area. At the same time, it evaluates the risks and rewards associated with a particular country, or sector, in order to maximise return on investment and therefore the return to shareholders.

A key management objective is controlling and reducing construction costs and schedules at its development projects, particularly in the light of global variations in commodity prices and the increase of labour costs in the region. Another key objective is the refinancing of the portfolio, the securing of construction loans and the evaluation of various fund raising opportunities.

<u>Financial management, operational management and material risks</u>

The Company has completed two years as a quoted company and is now a dual-listed entity in Warsaw and London. As a result, it is continually improving and developing its financial management and operational infrastructure and capability in order to meet the requirements of a dual listing. Finance teams have been established in each territory of operation and are supervised by an experienced company finance department. Experienced operational teams are in place in each country and a central operational team and investment committee monitor and control investments and major operational matters. As part of the structural review and in the light of the global economic environment these operating structures will be reviewed to provide the most optimal operating structures given the current environment.

We continue to enhance our internal control and reporting procedures and IT systems in order to generate appropriate, timely management information for the ongoing assessment of the Company's performance. For this quarter's results we have used a new financial reporting system. This has been successfully implemented over the previous six months. It will provide the Company with more robust reporting systems and improved financial management and control. It is intended to extend this system in 2009 from financial reporting into management reporting, business planning and forecasting. As a result the Company will have a fully integrated financial reporting and management reporting system.

Global Economic Conditions

The Board and AMC closely monitor the effect on the business of the current global economic conditions and will take steps to mitigate any adverse impact on the business. The main financial risks that have affected the Company in recent months are the effect of the global liquidity crisis on the Company's ability to access capital and to realise value from property disposals and the weakening in the economies in the CEE region. This has been demonstrated in the rapidly weakening exchange rates of countries in the region. The markets have experienced reduction in demand for new apartments in Poland and Hungary, where we have projects under construction and transactions are taking longer to reach completion. We have been advising the Board on a regular basis with respect to financial performance and the effect of external factors on the business.

The Board, through AMC, also regularly review construction costs and the effect on development project profits, particularly given the global variations in commodity prices and the increase of labour costs in the CEE region. The Company is constantly seeking ways to control costs and minimise increases.

Financing and liquidity

Management is experiencing a change in the approach and requirements of lenders for financing in the CEE region which has been reflected in covenants such as a reduction of loan to value ratio, increasing margins, and an increase in levels of required pre-sales on development projects. Negotiation and completion of financing is also taking longer than previously experienced. Although the recent news has been negative with respect to the willingness of banks in the CEE region to finance projects, AMC's management team, through its strong relationship management and connections, has been able to secure financing opportunities in the region. However, the management team see this as a major 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.

Despite the difficult conditions in the financial markets the Company has been able to refinance part of its portfolio and secured loans for the construction phase of its development projects. Cash is managed both at local and head office levels, ensuring that rent collection is prompt, surplus cash is suitably invested or distributed to other parts of the Group as necessary and balances are held in the appropriate currency. The allocation of capital and investment decisions are reviewed and approved by local operational management, by the executive team, the central finance and operational teams, by the investment committee of AMC and, finally, by the Board of the Company. This approach provides the Company with a strong risk management framework. Where possible, the Company will use debt facilities to finance the various projects. These facilities will be secured at appropriate times, depending on the nature of the asset – yielding or development.

As at 30 September 2008, the Company's share of bank debt associated with the portfolio, including bank debt related to the Millennium Plaza, stood at €249.9 million, with cash at bank and in hand of €22.5 million. The gearing ratio is 105%, based upon net debt as a percentage of equity attributable to shareholders and is 51% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). We are refinancing properties where valuations have increased, thereby releasing equity for further investment.

Currency and foreign exchange

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

Most of the income from the Company's investment properties is denominated in Euros and our policy is to arrange debt to fund these assets in the same currency. Where possible, the Company looks to match the currency of the flow of income and outgoings. Some expenses are still incurred in local currency and these are planned for in advance. Development of residential projects has created receipts largely denominated in local currencies and funding facilities are arranged accordingly. "Free cash" available for distribution within the Company is identified and appropriate translation mechanisms put in place.

Conclusions

AMC's key strategic objective is the maximisation of value for the Company's shareholders, which it continues to work towards, despite a more challenging economic backdrop. Its teams located across its network of regional offices are very experienced in the active management of investment and development property and provide the Company with a great deal of valuable local market knowledge and expertise.

Good progress continues to be made on our two key development projects in Warsaw, Platinum Towers and Capital Art Apartments. The new debt facilities secured during 2008 have provided us with the additional funding required to progress these developments through to completion.

The Company's key objectives in the current economic climate remain the minimisation of financial risks, optimising cash retention and operational effectiveness and enhancing the Group's liquidity, which will enable it to continue its portfolio of developments. The Company has a portfolio of strong underlying assets and a development pipeline which offers the potential to deliver shareholder value, the combination of which allows us to look forward with confidence.

Nahman Tsabar
Chief Executive Officer
Atlas Management Company Limited
14 November 2008

Michael Williamson
Chief Financial Officer

Property portfolio information

Location/Property	Description	Company's ownership
Poland		
Hilton Hotel	First Hilton Hotel in Poland, 314 rooms and conference facilities	100%
Platinum Towers	387 apartments in two towers and a third tower with 22,500 square metres of office space. The two residential towers are with building permits and pre-sales	100%
Capital Art Apartments	721 apartments with building permits and pre-sales	100%
Zielono	Land with zoning for 265 apartments	76%
Millennium Tower	32,700 square metres of office and retail space	100%
Cybernetyki project	3,100 square metre plot of land zoned for 11,000 square metres of residential development	50%
Sadowa project	6,550 square metre office building with 99% occupancy	100%
Kokoszki, Gdansk	430,000 square metre plot in Gdansk with zoning for construction of 130,000 square metres of mixed use development	75%
Hungary		
Ikarus Business Park	283,000 square metre plot with 110,000 square metres of lettable business space	100%
Metropol Office Centre	7,600 square metre office building, 100% occupied, yield on acquisition price: 8.25%	100%
Atrium Homes	456 apartments with building permits, marketing commenced and pre-sales	100%
Ligetvaros Centre	6,300 square metres of office/retail space, 99% occupied rights to build extra 6,000 square metres. Yield on acquisition price: 8%	100%
Varosliget Centre	12,000 square metre plot in Central Budapest, with zoning for residential development of 33,000 gross square metres	100%
Moszkva Square	1,000 square metres of office space yielding 8.75%	100%
Volan Project	20,640 square metre plot, zoning for 89,000 square metre mixed use scheme	50%
Romania		
Voluntari	99,116 square metres of land in three adjacent plots	100%
Solaris Project	32,000 square metres plot for re-zoning to mixed-use development	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest	100%
Slovakia		
Nove Vajnory	879,000 square metres of land acquired from municipality, under re-zoning for mixed use development	50%
Basta Project[1]	7,202 square metres of land for Residential and commercial use development in the centre of Kosice, second city in Slovakia, with zoning	50%
Bastion Project[1]	2,806 square metres for office and commercial use development in centre of Kosice, second city of Slovakia, with zoning	50%
Bulgaria		
The Atlas House	Office building in Sofia's city centre with 3,472 square metres of lettable area spread over eight floors	100%

[1] The Basta and Bastion projects are both part of the Basta project as presented in the past.

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED INCOME STATEMENT
For the nine and three months ended 30 September 2008

	Nine months ended 30 September 2008 (unaudited) €'000	Three months ended 30 September 2008 (unaudited) €'000	Nine months ended 30 September 2007 (unaudited) €'000	Three months ended 30 September 2007 (unaudited) €'000	Note
Revenues	**30,027**	**8,930**	**17,697**	**7,475**	3
Cost of operations	(17,973)	(6,260)	(13,401)	(4,347)	4.1
Gross profit	**12,054**	**2,670**	**4,296**	**3,128**	
Administrative expenses	(11,822)	(4,026)	(10,029)	(2,679)	4.2
Other operating income	413	134	3,685	1,980	
Other operating expenses	(1,332)	(142)	(2,796)	(1,957)	
(Decrease) / increase in value of investment properties	(2,448)	(305)	31,845	1,304	9
Impairment of asset held for sale	(3,996)	-	-	-	9
Other gains and (losses) – net	5,240	(1,514)	2,062	(2,213)	
Negative goodwill realised on acquisitions	121	121	389	-	17
Operating (loss) / profit	**(1,770)**	**(3,062)**	**29,452**	**(437)**	
Finance income	1,121	259	1,002	202	
Finance costs	(10,217)	(3,815)	(4,964)	(2,007)	
(Loss) / profit on ordinary activities before taxation	**(10,866)**	**(6,618)**	**25,490**	**(2,242)**	
Tax credit / (expense)	1,200	850	(5,531)	551	5
(Loss) / profit for the period	**(9,666)**	**(5,768)**	**19,959**	**(1,691)**	
Attributable to:					
Equity shareholders	(9,659)	(5,758)	19,962	(1,670)	
Minority interests	(7)	(10)	(3)	(21)	
	(9,666)	**(5,768)**	**19,959**	**(1,691)**	
(Loss) / earnings per €0.01 ordinary share – basic (eurocents)	(21.23)	(12.37)	41.20	(3.45)	7
(Loss) / earnings per €0.01 ordinary share – diluted (eurocents)	(21.23)	(12.37)	41.20	(3.45)	7

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED BALANCE SHEET
As at 30 September 2008

	30 September 2008 (unaudited) €'000	30 June 2008 (unaudited) €'000	31 December 2007 €'000	30 September 2007 (unaudited) €'000	Note
ASSETS					
Non-current assets					
Intangible assets	334	369	942	816	
Land under operating lease	20,186	20,571	18,984	18,329	
Property, plant and equipment	115,283	117,865	113,469	113,280	8
Investment property	130,400	123,956	217,040	200,100	9
Other loans receivable	5,898	8,742	8,674	7,255	
Deferred tax asset	4,893	4,838	3,284	3,972	
	276,994	**276,341**	**362,393**	**343,752**	
Current assets					
Inventories	173,428	154,777	124,644	109,312	10
Trade and other receivables	9,696	9,575	9,602	13,611	
Cash and cash equivalents	21,778	19,908	34,861	63,774	11
	204,902	**184,260**	**169,107**	**186,697**	
Assets classified as held for sale	97,590	96,946	-	-	14
TOTAL ASSETS	**579,486**	**557,547**	**531,500**	**530,449**	
Current liabilities					
Trade and other payables	(70,140)	(72,254)	(51,514)	(37,950)	
Bank loans	(31,535)	(29,893)	(29,822)	(23,706)	13
	(101,675)	**(102,147)**	**(81,336)**	**(61,656)**	
Liabilities directly associated with assets classified as held for sale	(70,408)	(70,636)	-	-	14
Non-current liabilities					
Other payables	(8,285)	(8,521)	(8,667)	(10,227)	
Bank loans	(155,342)	(127,468)	(188,666)	(175,219)	13
Deferred tax liabilities	(26,439)	(28,033)	(28,715)	(32,952)	
	(190,066)	**(164,022)**	**(226,048)**	**(218,398)**	
TOTAL LIABILITIES	**(362,149)**	**(336,805)**	**(307,384)**	**(280,054)**	
NET ASSETS	**217,337**	**220,742**	**224,116**	**250,395**	
EQUITY					
Share capital account	6,268	484	484	484	15
Revaluation reserve	6,792	6,672	8,144	10,825	16
Other distributable reserve	194,817	194,817	202,320	222,375	16
Other reserves	11,280	16,643	14,060	5,843	16
Amounts recognised directly in equity relating to assets held for sale	6,248	6,854	-	-	14
Accumulated (loss) / retained earnings	(9,155)	(5,470)	(1,631)	10,054	
Equity attributable to equity holders of the Company	**216,250**	**220,000**	**223,377**	**249,581**	
Minority Interests	**1,087**	**742**	**739**	**814**	
TOTAL EQUITY	**217,337**	**220,742**	**224,116**	**250,395**	
Basic net asset value per share	€4.62	€ 4.89	€4.98	€5.15	

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2008

Nine Months Ended 30 September 2008 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2008	**484**	**224,524**	**(1,631)**	**223,377**	**739**	**224,116**
Exchange adjustments	-	5,933	-	**5,933**	-	**5,933**
Deferred tax on exchange adjustments	-	(287)	-	**(287)**	-	**(287)**
Revaluation of properties	-	(1,886)	-	**(1,886)**	-	**(1,886)**
Deferred tax on revaluation of properties	-	414	-	**414**	-	**414**
Realisation of exchange adjustments	-	(2,537)	2,537	**-**	-	**-**
Deferred tax on realisation of exchange adjustments	-	478	(478)	**-**	-	**-**
Net income recognised directly in equity	-	2,115	2,059	**4,174**	-	**4,174**
Result for the period	-	-	(9,659)	**(9,659)**	(7)	**(9,666)**
Total recognised income and expense for the period	-	2,115	(7,600)	**(5,485)**	(7)	**(5,492)**
Minority interest acquired in the period (note 17)	-	-	-	**-**	355	**355**
Shares issued in the period(note 15)	5,784	-	-	**5,784**	-	**5,784**
Share based payments	-	-	76	**76**	-	**76**
Dividends declared	-	(7,502)	-	**(7,502)**	**-**	**(7,502)**
As at 30 September 2008	**6,268**	**219,137**	**(9,155)**	**216,250**	**1,087**	**217,337**

Three Months Ended 30 September 2008 (unaudited)	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 July 2008	**484**	**224,986**	**(5,470)**	**220,000**	**742**	**220,742**
Exchange adjustments	-	(4,013)	-	**(4,013)**	-	**(4,013)**
Deferred tax on exchange adjustments	-	223	-	**223**	-	**223**
Realisation of exchange adjustments	-	(2,537)	2,537	**-**	-	**-**
Deferred tax on realisation of exchange adjustments	-	478	(478)	**-**	-	**-**
Net income recognised directly in equity	-	(5,849)	2,059	**(3,790)**	-	**(3,790)**
Result for the period	-	-	(5,758)	**(5,758)**	(10)	**(5,768)**
Total recognised income and expense for the period	-	(5,849)	(3,699)	**(9,548)**	(10)	**(9,558)**
Minority interest acquired in the period (note 17)	-	-	-	**-**	355	**355**
Shares issued in the period(note 15)	5,784	-	-	**5,784**	-	**5,784**
Share based payments	-	-	14	**14**	-	**14**
As at 30 September 2008	**6,268**	**219,137**	**(9,155)**	**216,250**	**1,087**	**217,337**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2008

Nine Months Ended 30 September 2007 (unaudited)	Share capital account €'000	Other reserves €'000	(Accumulated loss) / retained earnings €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2007	**484**	**232,238**	**(10,148)**	**222,574**	**1,288**	**223,862**
Exchange adjustments	-	2,992	-	**2,992**	-	**2,992**
Revaluation of properties	-	9,662	-	**9,662**	-	**9,662**
Deferred tax on revaluation of properties	-	(1,818)	-	**(1,818)**	-	**(1,818)**
Net income recognised directly in equity	-	10,836	-	**10,836**	-	**10,836**
Result for the period	-	-	19,962	**19,962**	(3)	**19,959**
Total recognised income and expense for the year	-	10,836	19,962	**30,798**	(3)	**30,795**
Minority interest	-	-	-	**-**	(471)	**(471)**
Share based payments	-	-	240	**240**	-	**240**
Dividends paid	-	(4,031)	-	**(4,031)**	-	**(4,031)**
As at 30 September 2007	**484**	**239,043**	**10,054**	**249,581**	**814**	**250,395**

Year Ended 31 December 2007	Share capital account €'000	Other reserves €'000	Accumulated loss €'000	Total €'000	Minority interest €'000	Total equity €'000
As at 1 January 2007	**484**	**232,238**	**(10,148)**	**222,574**	**1,288**	**223,862**
Exchange adjustments	-	11,739	-	**11,739**	-	**11,739**
Deferred tax on exchange adjustments	-	(530)	-	**(530)**	-	**(530)**
Revaluation of properties	-	4,054	-	**4,054**	-	**4,054**
Deferred tax on revaluation of properties	-	1,109	-	**1,109**	-	**1,109**
Net income recognised directly in equity	-	16,372	-	**16,372**	-	**16,372**
Result for the year	-	-	8,196	**8,196**	60	**8,256**
Total recognised income and expense for the year	-	16,372	8,196	**24,568**	60	**24,628**
Minority interest	-	-	-	**-**	(609)	**(609)**
Shares bought back as Treasury	-	(16,023)	-	**(16,023)**	-	**(16,023)**
Share based payments	-	-	321	**321**	-	**321**
Dividends paid	-	(8,063)	-	**(8,063)**	-	**(8,063)**
As at 31 December 2007	**484**	**224,524**	**(1,631)**	**223,377**	**739**	**224,116**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT
For the nine and three months ended 30 September 2008

	Note	Nine months ended 30 September 2008 (unaudited) €'000	Three months ended 30 September 2008 (unaudited) €'000	Nine months ended 30 September 2007 (unaudited) €'000	Three months ended 30 September 2007 (unaudited) €'000
Cash (outflow) / inflow generated from operations	**12**	**(20,571)**	**(7,760)**	**10,204**	**16,043**
Interest received		497	102	1,002	347
Interest paid		(9,576)	(3,642)	(4,964)	(2,757)
Tax paid		(410)	(134)	-	124
Net cash (outflow) / inflow from operating activities		**(30,060)**	**(11,434)**	**6,242**	**13,757**
Investing activities					
Acquisition of subsidiaries – net of cash acquired		(58)	(58)	(11,164)	-
Disposal of subsidiary interest		-	-	6,951	6,951
Purchase of investment property		(783)	(216)	(92,486)	(750)
Purchase of property, plant and equipment		(1,419)	(216)	(18,044)	(14,075)
Proceeds from disposal of property, plant and equipment		471	123	20	20
New loans granted to JV partners		-	-	(2,046)	-
Purchase of intangible assets – software		(10)	-	(831)	(135)
Net cash used in investing activities		**(1,799)**	**(367)**	**(117,600)**	**(7,989)**
Financing activities					
Dividends paid		(6,256)	(6,256)	(4,031)	-
New bank loans raised		37,780	37,780	119,863	31,442
Repayments of bank loans		(17,239)	(15,770)	-	-
New loans received from JV partners		-	-	-	711
New loans received from / (granted to) minority investors		322	157	211	(801)
Net cash (used in) / from financing activities		**14,607**	**15,911**	**116,043**	**31,352**
Net (decrease) / increase in cash and cash equivalents in the period as a result of cashflows		**(17,252)**	**4,110**	**4,685**	**37,120**
Effect of foreign exchange rates on cash balances		4,930	(1,763)	(3,058)	(1,623)
Net (decrease) / increase in cash and cash equivalents in the period		**(12,322)**	**2,347**	**1,627**	**35,497**

ATLAS ESTATES LIMITED

INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
CONSOLIDATED CASH FLOW STATEMENT - CONTINUED
For the nine and three months ended 30 September 2008

Cash and cash equivalents at the beginning of the period	**34,861**	**20,192**	**62,147**	**28,277**
Cash and cash equivalents at the end of the period	**22,539**	**22,539**	**63,774**	**63,774**
Cash and cash equivalents				
Cash at bank and in hand	21,778	21,778	63,774	63,774
Cash assets classified as held for sale (note 14)	761	761	-	-
Bank overdrafts	-	-	-	-
	22,539	**22,539**	**63,774**	**63,774**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2008

1. Basis of preparation

This condensed interim financial information for the nine and three months ended 30 September 2008 has been prepared in accordance with International Accounting Standard No. 34, "Interim Financial Reporting" ("IAS 34"). The financial information has been prepared on an historical cost basis as amended by the revaluation of land and buildings and investment property, available for sale financial assets at fair value, and financial assets and financial liabilities at amortised cost. Interim financial statements do not contain all information and notes included in annual financial statements; they should therefore be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended 31 December 2007. The nine and three month financial results are not necessarily indicative of the full year results.

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 2007, as described in the annual financial statements for the year ended 31 December 2007.

Certain new standards and interpretations have been published that are mandatory for the Group's accounting periods beginning after 1 January 2008 and which the entity has not early adopted. None of these standards are expected to have a significant impact on recognition or measurement of the Group's assets or liabilities.

- IAS 23, Borrowing Costs (revised March 2008; effective for annual periods beginning on or after 1 January 2009);
- IAS 27, Consolidated and Separate Financial Statements (revised January 2008; effective for annual periods on or after 1 July 2009). The amendments related, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary. The Group is currently assessing the impact of the IAS 27 on its financial statements;
- IFRS 3, Business Combinations (revised January 2008; effective for annual periods on or after 1 July 2009). The Group is currently assessing the impact of IFRS 3 on its financial statements;
- IFRS 8, Operating segments (effective for annual periods beginning on or after 1 January 2009) - The Standard applies to entities whose debt or equity instruments are traded in a public market or that file, or are in the process of filing, their financial statements with a regulatory organisation for the purpose of issuing any class of instruments in a public market. IFRS 8 requires a company to report financial and descriptive information about its operating segments and specifies how a company should report such information. The Group will apply IFRS 8 from 1 January 2009. The Group is currently assessing the impact of the IFRS 8 on its financial statements;
- IFRIC 11, 'IFRS 2 – Group and treasury share transactions' (effective for annual periods beginning on or after 1 January 2009). This interpretation provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share based transactions in the stand-alone financial statements of the parent and group companies. The Group is currently assessing the impact of IFRIC 11 on its financial statements;
- IFRIC 13, Customer Loyalty programmes (effective for annual periods beginning on or after 1 July 2008; not yet adopted by the EU), addresses how companies that grant their customers loyalty award credits when buying goods or services should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points - no such arrangement exists within the Group;
- IFRIC 14, The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 July 2008; not yet adopted by the EU), addresses certain aspects of the accounting for pension plans. No such plans exist within the Group;
- IFRIC 15, Agreements for construction of real estates (effective for annual periods beginning on or after 1 January 2009). The Group is currently assessing the impact of IFRIC 15 on its financial statements;
- IFRIC 16, Hedges of a net investment in a foreign operation (effective for annual periods beginning on or after 1 October 2008). The Group is currently assessing the impact of IFRIC 16 on its financial statements.

3. Business segments

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

Segment information about these businesses for the nine months ended 30 September 2008 and 2007 is presented below:

Nine months ended 30 September 2008	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2008 €'000
Revenue	**13,531**	**-**	**16,192**	**304**	**30,027**
Segment result	**(257)**	**1,225**	**4,639**	**-**	**5,607**
Unallocated costs					**(7,377)**
Operating loss					**(1,770)**
Finance income					**1,121**
Finance costs					**(10,217)**
Loss before tax					**(10,866)**
Tax on loss on ordinary activities					**1,200**
Loss for the year					**(9,666)**
Attributable to minority interests					**7**
Net loss attributable to equity shareholders					**(9,659)**
Segment assets	**179,804**	**203,466**	**135,203**	**-**	**518,473**
Share of joint venture assets					**39,972**
Unallocated assets					**21,041**
Total assets					**579,486**
Segment liabilities	**(113,227)**	**(136,915)**	**(83,571)**	**-**	**(331,713)**
Share of joint venture liabilities					**(24,777)**
Unallocated liabilities					**(3,659)**
Total liabilities					**(362,149)**
Other segment items					
Capital expenditure	930	204	609		
Depreciation	45	371	1,300		
Amortisation	24	4	33		

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2008

3. Business segments - continued

Nine months ended 30 September 2007	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2007 €'000
Revenue	**9,496**	**-**	**7,899**	**302**	**17,697**
Segment result	**23,661**	**13,370**	**(1,733)**	**-**	**35,298**
Unallocated costs					**(5,846)**
Operating profit					**29,452**
Finance income					**1,002**
Finance costs					**(4,964)**
Profit before tax					**25,490**
Tax on profit on ordinary activities					**(5,531)**
Profit for the year					**19,959**
Attributable to minority interests					**3**
Net profit attributable to equity shareholders					**19,962**
Segment assets	**176,274**	**143,337**	**130,262**	**-**	**449,873**
Share of joint venture assets					**36,490**
Unallocated assets					**44,086**
Total assets					**530,449**
Segment liabilities	**(115,582)**	**(69,140)**	**(62,699)**	**-**	**(247,421)**
Share of joint venture liabilities					**(24,270)**
Unallocated liabilities					**(8,363)**
Total liabilities					**(280,054)**
Other segment items					
Capital expenditure	1,375	167	3,221		
Depreciation	27	159	2,196		
Amortisation	52	2	82		

Segment information about these businesses for the three months ended 30 September 2008 and 2007 is presented below:

3. Business segments - continued

Three months ended 30 September 2008	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2008 €'000
Revenue	**4,242**	**-**	**4,625**	**63**	**8,930**
Segment result	**815**	**(1,063)**	**(735)**	**-**	**(983)**
Unallocated costs					**(2,079)**
Operating loss					**(3,062)**
Finance income					**259**
Finance costs					**(3,815)**
Loss before tax					**(6,618)**
Tax on loss on ordinary activities					**850**
Loss for the year					**(5,768)**
Attributable to minority interests					**10**
Net loss attributable to equity shareholders					**(5,758)**

Three months ended 30 September 2007	Property rental €'000	Residential sales €'000	Hotel operations €'000	Other €'000	2007 €'000
Revenue	**3,829**	**-**	**3,515**	**131**	**7,475**
Segment result	**(299)**	**(205)**	**171**	**-**	**(333)**
Unallocated costs					**(104)**
Operating loss					**(437)**
Finance income					**202**
Finance costs					**(2,007)**
Loss before tax					**(2,242)**
Tax on loss on ordinary activities					**551**
Loss for the year					**(1,691)**
Attributable to minority interests					**21**
Net loss attributable to equity shareholders					**(1,670)**

There are immaterial sales between the business segments. Unallocated costs represent corporate expenses and the net goodwill arising on acquisitions. Segment assets include property, plant and equipment, goodwill, inventories, debtors and operating cash. Segment liabilities comprise operating liabilities and exclude taxation. Capital expenditure comprises additions to property, plant and equipment and investment properties and includes additions from acquisitions through business combinations.

Unallocated assets represent cash balances held by the Company and those of selected sub-holding companies, deposits paid for potential future property acquisitions and a land holding with no designated use as at the balance sheet date. Unallocated liabilities include accrued costs within the Company, and deferred consideration for land holdings with no designated use as at the balance sheet date.

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2008

4. Analysis of expenditure

4.1 Cost of operations

	Nine months ended 30 September 2008 €'000	Three months ended 30 September 2008 €'000	Nine months ended 30 September 2007 €'000	Three months ended 30 September 2007 €'000
Utilities, services rendered and other costs	9,181	3,209	5,752	2,579
Legal and professional expenses	938	428	734	222
Staff costs	4,903	1,453	3,984	1,321
Sales and direct advertising costs	1,976	782	1,792	194
Depreciation and amortisation	975	388	1,139	31
Cost of operations	**17,973**	**6,260**	**13,401**	**4,347**

4.2 Administrative expenses

	Nine months ended 30 September 2008 €'000	Three months ended 30 September 2008 €'000	Nine months ended 30 September 2007 €'000	Three months ended 30 September 2007 €'000
Audit, accountancy and tax services	457	203	782	32
Incentive and management fee	4,290	1,430	3,450	1,150
Other professional fees	3,057	843	1,792	356
Utilities, services rendered and other costs	1,194	350	897	227
Share based payments	76	14	240	80
Staff costs	1,182	384	666	345
Depreciation and amortisation	1,124	674	1,425	464
Other administrative expenses	442	128	777	25
Administrative expenses	**11,822**	**4,026**	**10,029**	**2,679**

	Nine months ended 30 September 2008 €'000	Three months ended 30 September 2008 €'000	Nine months ended 30 September 2007 €'000	Three months ended 30 September 2007 €'000
Atlas Estates Limited	5,093	1,274	5,484	1,812
Subsidiaries and other companies	6,729	2,752	4,545	867
Administrative expenses	**11,822**	**4,026**	**10,029**	**2,679**

5. Tax on (loss) / profit on ordinary activities

Continuing operations	**Nine months ended 30 September 2008 €'000**	**Three months ended 30 September 2008 €'000**	**Nine months ended 30 September 2007 €'000**	**Three months ended 30 September 2007 €'000**
Current tax	(800)	(481)	(337)	10
Deferred tax	2,000	1,331	(5,194)	541
Tax credit / (charge) for the period	**1,200**	**850**	**(5,531)**	**551**

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

6. Dividends

	Nine months ended 30 September 2008 €'000	**Three months ended 30 September 2008 €'000**	**Nine months ended 30 September 2007 €'000**	**Three months ended 30 September 2007 €'000**
Interim paid – nil (2007: interim dividend of 8.32 eurocents per ordinary share)	-	-	4,031	-
Second interim declared – interim dividend for year ended 31 December 2007 of 16.68 eurocents per ordinary share (2007: nil)	7,502	-	-	-

On 3 March 2008, the Board announced that it had resolved to pay to shareholders a second dividend of 16.68 eurocents per share ("2007 Dividend") for the year ended 31 December 2007. As approved by shareholders at the AGM on 27 June 2008, the Board offered to shareholders the choice of receiving the whole or part of the 2007 Dividend in new fully paid ordinary shares in the Company instead of cash (the "Scrip Dividend Offer"). The Board received acceptances of the Scrip Dividend Offer from holders of 7,478,694 ordinary shares in the Company, which resulted in the issue of 442,979 new ordinary shares (representing 0.945 per cent of the current issued share capital of the Company, excluding shares held in treasury). These shares have been admitted to trading on AIM and WSE.

7. (Loss) / Earnings per share

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

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The difference in the number of ordinary shares between the basic and diluted earnings per share reflects the impact were the outstanding share warrants to be exercised.

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

Nine Months ended 30 September 2008 **Continuing operations**	**Loss** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders	**(9,659)**	**45,511,409**	**(21.23)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted (LPS)			
Adjusted loss	**(9,659)**	**45,511,409**	**(21.23)**

Three Months ended 30 September 2008 **Continuing operations**	**Loss** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders	**(5,758)**	**46,566,471**	**(12.37)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted (LPS)			
Adjusted loss	**(5,758)**	**46,566,471**	**(12.37)**

Nine Months ended 30 September 2007 **Continuing operations**	**Profit** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic EPS			
Profit attributable to equity shareholders	**19,962**	**48,448,081**	**41.20**
Effect of dilutive securities			
Share warrants	-	-	-
Diluted EPS			
Adjusted profit	**19,962**	**48,448,081**	**41.20**

7. (Loss) / Earnings per share - continued

Three Months ended 30 September 2007	**Loss**	**Weighted average number of shares**	**Per share amount**
Continuing operations	**€'000**		**Eurocents**
Basic (LPS)			
Loss attributable to equity shareholders	**(1,670)**	**48,448,081**	**(3.45)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted (LPS)			
Adjusted loss	**(1,670)**	**48,448,081**	**(3.45)**

The outstanding share warrants exercise price exceeds current market value; therefore the warrants are not dilutive. As a result, diluted earnings per share equals basic earnings per share.

During the year ended 31 December 2007 3,470,000 ordinary shares of €0.01 each with an aggregate nominal value of €34,700 were purchased and are held in Treasury.

8. Property, plant and equipment

	Buildings €'000	**Plant and equipment €'000**	**Motor vehicles €'000**	**Total €'000**
Cost or valuation				
At 1 January 2007	88,440	387	92	88,919
Acquisitions through business combinations	14,665	131	-	14,796
Additions at cost	1,206	2,044	174	3,424
Exchange adjustments	5,620	564	4	6,188
Disposals	-	(90)	(13)	(103)
Revaluation	4,054	-	-	4,054
At 31 December 2007	**113,985**	**3,036**	**257**	**117,278**
Additions at cost	595	710	114	1,419
Exchange adjustments	4,588	148	12	4,748
Disposals	(275)	(23)	(44)	(342)
Revaluation	(1,995)	-	-	(1,995)
At 30 September 2008	**116,898**	**3,871**	**339**	**121,108**
Accumulated depreciation				
At 1 January 2007	(16)	(70)	(15)	(101)
Charge for the year	(2,734)	(705)	(46)	(3,485)
Exchange adjustments	(217)	(31)	1	(247)
Disposals	-	11	13	24
At 31 December 2007	**(2,967)**	**(795)**	**(47)**	**(3,809)**
Charge for the period	(944)	(732)	(61)	(1,737)
Exchange adjustments	(130)	(60)	(6)	(196)
Disposals	-	-	12	12
At 30 September 2008	**(4,041)**	**(1,587)**	**(102)**	**(5,730)**
Net book value at 30 September 2008	**112,857**	**2,284**	**237**	**115,378**
Less: classified as held for sale and shown in current assets	**-**	**(78)**	**(17)**	**(95)**
At 30 September 2008	**112,857**	**2,206**	**220**	**115,283**
Net book value at 31 December 2007	**111,018**	**2,241**	**210**	**113,469**

8. Property, plant and equipment - continued

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2008	113,985	3,036	257	117,278
Additions at cost	609	528	67	1,204
Exchange adjustments	6,610	177	19	6,806
Disposals	(330)	(18)	(32)	(380)
Revaluation	(2,098)	-	-	(2,098)
At 30 June 2008	**118,776**	**3,723**	**311**	**122,810**
Accumulated depreciation				
At 1 January 2008	(2,967)	(795)	(47)	(3,809)
Charge for the period	(319)	(468)	(56)	(843)
Exchange adjustments	(118)	(123)	(6)	(247)
Disposals	32	1	22	55
At 30 June 2008	**(3,372)**	**(1,385)**	**(87)**	**(4,844)**
Net book value at 30 June 2008	**115,404**	**2,338**	**224**	**117,966**
Less: classified as held for sale and shown in current assets	**-**	**(82)**	**(19)**	**(101)**
At 30 June 2008	**115,404**	**2,256**	**205**	**117,865**

	Buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At 1 January 2007	88,440	387	92	88,919
Acquisitions through business combinations	13,969	131	-	14,100
Additions at cost	797	2,235	81	3,113
Exchange adjustments	168	15	1	184
Disposals	-	-	(14)	(14)
Revaluation	9,621	-	-	9,621
At 30 September 2007	**112,995**	**2,768**	**160**	**115,923**
Accumulated depreciation				
At 1 January 2007	(16)	(70)	(15)	(101)
Charge for the period	(1,247)	(984)	(39)	(2,270)
Exchange adjustments	(284)	(2)	-	(286)
Disposals	-	-	14	14
At 30 September 2007	**(1,547)**	**(1,056)**	**(40)**	**(2,643)**
Net book value at 30 September 2007	**111,448**	**1,712**	**120**	**113,280**

Buildings were valued as at 30 June 2008 by qualified professional valuers working for the company of Cushman & Wakefield, Chartered Surveyors, acting in the capacity of External Valuers. All such valuers are Chartered Surveyors, being members of the Royal Institution of Chartered Surveyors. All properties were valued on the basis of Market Value and the valuations were carried out in accordance with the RICS Appraisal and Valuation Standards. For all properties, valuations were based on current prices in an active market. The resulting revaluation adjustments, net of applicable deferred taxes, have been taken to the revaluation reserve in shareholders equity.

9. Investment property

	30 September 2008 €'000	30 June 2008 €'000	31 December 2007 €'000	30 September 2007 €'000
At beginning of the period	217,040	217,040	67,585	67,585
Acquisitions through business combinations (note 17)	9,540	-	7,500	-
Additions	-	-	98,295	91,685
Capitalised subsequent expenditure	783	567	76	874
Exchange movements	2,024	5,031	5,244	4,152
PV of annual perpetual usufruct fees	-	-	2,180	3,959
Fair value (losses) / gains	(2,448)	(2,143)	36,160	31,845
Total	**226,939**	**220,495**	**217,040**	**200,100**
Less: classified as held for sale and shown in current assets	**(96,539)**	**(96,539)**	**-**	**-**
At end of period	**130,400**	**123,956**	**217,040**	**200,100**

The fair value of the Group's investment property at 30 June 2008, excluding the Millennium building, has been arrived at on the basis of valuations carried out at that date by Cushman & Wakefield and Colliers International. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties.

On 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza building in Warsaw. This is conditional upon a third party approval, which the Company is due to obtain by the end of November 2008. The related assets and liabilities have been classified as held for sale in the Company's balance sheet since 14 January 2008. Under the terms of this agreement, the investment property will be sold for a pre-determined amount. The investment property has been impaired to this value.

The Group has pledged investment property of €200.2 million (30 June 2008: €193.2 million; 31 December 2007: €191.8 million; 30 September 2007: €135 million) to secure certain banking facilities granted to subsidiaries. Borrowings for the value of €118.6 million (30 June 2008: €115.7 million; 31 December 2007: €116.3 million; 30 September 2007: €91.8 million) are secured on these investment properties (note 13).

10. Inventories

	30 September 2008 €'000	30 June 2008 €'000	31 December 2007 €'000	30 September 2007 €'000
Land held for development	92,781	94,332	89,160	84,845
Construction expenditures	80,647	60,445	35,484	24,467
Freehold and leasehold properties held for resale	**173,428**	**154,777**	**124,644**	**109,312**

The Group consumed no inventories during the period. Bank borrowings are secured on land for the value of €86.2 million (30 June 2008: €57.3 million; 31 December 2007: €29.0 million; 30 September 2007: €44.1 million) (note 13).

11. Cash and cash equivalents

	30 September 2008 €'000	30 June 2008 €'000	31 December 2007 €'000	30 September 2007 €'000
Cash and cash equivalents				
Cash at bank and in hand	20,343	17,546	19,817	43,305
Short term bank deposits	1,435	2,362	15,044	20,469
	21,778	**19,908**	**34,861**	**63,774**

Included in cash and cash equivalents is €4.4 million (30 June 2008: €8.6 million; 31 December 2007: €6.4 million; 30 September 2007: €13.8 million) restricted cash relating to security and customer deposits.

12. Cash generated from operations

	Nine months ended 30 September 2008 €'000	Three months ended 30 September 2008 €'000	Nine months ended 30 September 2007 €'000	Three months ended 30 September 2007 €'000
(Loss) / profit for the period	**(9,666)**	**(5,768)**	**19,959**	**(1,691)**
Adjustments for:				
Finance costs	10,217	3,815	4,964	2,007
Finance income	(1,121)	(259)	(1,002)	(202)
Tax (income) / expense	(1,200)	(850)	5,531	(551)
Operating (loss) / profit	**(1,770)**	**(3,062)**	**29,452**	**(437)**
Bad debt write off	174	51	276	5
Depreciation of property, plant and equipment	1,985	974	2,564	607
Amortisation charges	114	38	173	(31)
Gain on sale of property plant and equipment	(19)	(13)	-	5
Net goodwill arising on acquisitions charged to the income statement	(121)	(121)	(389)	-
Decrease / (increase) in the value of investment property	2,448	305	(31,845)	(1,304)
Impairment of investment property	3,996	-	-	-
Effects of foreign currency	(5,240)	1,514	(2,062)	2,213
Charge relating to share based payments	76	14	(161)	(161)
	3,413	**2,762**	**(31,444)**	**1,334**
Changes in working capital				
(Increase) / decrease in inventory	(48,520)	(18,517)	(7,494)	10,635
(Increase) / decrease in trade and other receivables	(1,291)	1,765	8,630	1,419
Increase in trade and other payables	27,597	9,292	11,060	3,092
	(22,214)	**(7,460)**	**12,196**	**15,146**
Cash (outflow) / inflow generated from operations	**(20,571)**	**(7,760)**	**10,204**	**16,043**

13. Bank loans

	30 September 2008 €'000	30 June 2008 €'000	31 December 2007 €'000	30 September 2007 €'000
Current				
Bank loans and overdrafts due within one year or on demand				
Secured	(31,535)	(29,893)	(29,822)	(23,706)
Non-current				
Repayable within two years				
Secured	(51,458)	(48,848)	(17,019)	(34,685)
Repayable within three to five years				
Secured	(22,476)	(30,773)	(50,145)	(17,856)
Repayable after five years				
Secured	(81,408)	(47,847)	(121,502)	(122,678)
	(155,342)	(127,468)	(188,666)	(175,219)
Total	**(186,877)**	**(157,361)**	**(218,488)**	**(198,925)**
Bank loans directly associated with assets classified as held for sale	(63,038)	(63,229)	-	-
Total bank loans	**(249,915)**	**(220,590)**	**(218,488)**	**(198,925)**

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

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

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:

	Other €'000	Euro €'000	Zloty €'000	Total €'000
Bank loans and overdrafts – 30 September 2008	24	139,873	46,980	186,877
Bank loans and overdrafts – 30 June 2008	27	130,907	26,427	157,361
Bank loans and overdrafts – 31 December 2007	65	194,646	23,777	218,488
Bank loans and overdrafts – 30 September 2007	64	182,770	16,091	198,925

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

On 14 January 2008 the Company announced the conditional sale of the company owning the Millennium Plaza building in Warsaw based on a headline price of €93.1 million. This price will be adjusted to reflect among others tenant fit-out costs, where the right to claim dilapidation payments from the leaving tenants has been assigned to the seller. Completion is dependent upon obtaining third party approvals. The final completion is expected in the coming months. All conditions must be waived or satisfied by 30 November 2008. A deposit of €7.5 million was received at signing with a balancing payment in cash due upon completion. These monies are held in escrow account. The income statement includes €4 million for the impairment of the asset held for sale.

The assets and liabilities directly associated with this sale have been separately classified as of 30 September 2008. The major classes of assets and liabilities held for sale are as follow:

	30 September 2008	**30 June 2008**
Assets:	**€'000**	**€'000**
Intangible assets	441	456
Property, plant and equipment	95	101
Investment property	92,543	92,543
Deferred tax asset	611	332
Trade and other receivables	3,139	3,230
Cash and cash equivalents	761	284
Total assets classified as held for sale	**97,590**	**96,946**

	30 September 2008	**30 June 2008**
Liabilities:	**€'000**	**€'000**
Trade and other payables	(3,811)	(4,003)
Bank loans	(63,038)	(63,229)
Deferred tax liabilities	(3,559)	(3,404)
Total liabilities directly associated with assets classified as held for sale	**(70,408)**	**(70,636)**

Amounts of €6.2 million (30 June 2008: €6.9 million) are recognised directly in equity relating to assets held for sale.

These assets and liabilities relate to the Company's property rental segment.

15. Share capital and premium

	Number of shares	Ordinary shares €'000	Total share capital account €'000
Authorised			
Ordinary shares of €0.01 each	100,000,000	1,000	1,000
Issued and fully paid			
As at 1 January 2007 and 30 September 2007	48,448,081	484	484
Shares bought back and held in Treasury	(3,470,000)	-	-
As at 31 December 2007 and 30 June 2008	**44,978,081**	**484**	**484**
Issued as part settlement of the performance fee	1,430,954	4,537	4,537
Issued under the Scrip Dividend Offer (note 6)	442,979	1,247	1,247
As at 30 September 2008	**46,852,014**	**6,268**	**6,268**

On 11 July 2008 the Company issued 1,430,954 new ordinary shares to AMC as part settlement of the performance fee earned by AMC under the Property Management Agreement for the financial year ending 31 December 2007. This had been approved at the AGM held on 27 June 2008.

On 28 July 2008 the Company announced that it had issued 442,979 new ordinary shares under the Scrip Dividend Offer (note 6), which had been approved at the AGM held on 27 June 2008.

16. Other Reserves

The Other Reserves column included in the Consolidated Statement of Changes in Equity includes the Group's Revaluation Reserve, Other Distributable Reserve and Other Reserves. The Revaluation Reserve includes amounts relating to revaluation of properties and the related deferred tax. The Other Distributable Reserve includes amounts relating to cancellation of share premium, shares bought back and cancelled or held in Treasury, and dividends paid. The Other Reserves includes exchange adjustments and the related deferred tax. The Group's Revaluation Reserve and Other Reserves represent unrealised gains and losses and therefore are not distributable.

17. Changes in investments in joint ventures

On 1 August 2008, the Group acquired an additional 20% of the share capital of its Kokoszki joint venture, Atlas Estates CF Plus 1 Sp. Z o.o., for a cash consideration of PLN 600,000 (€186,509). On 3 September 2008, the Group acquired a further 5% holding for a cash consideration of PLN 150,000 (€46,627). At 30 September 2008, the Group's holding in Atlas Estates CF Plus 1 Sp. Z o.o. was 75%. These transactions have been accounted for using the purchase method of accounting.

	Book value €'000	Fair value adjustments €'000	Fair value €'000
Net assets acquired			
Investment property	4,770	-	**4,770**
Trade and other receivables	926	-	**926**
Cash	29	-	**29**
Trade and other payables	(1,632)	-	**(1,632)**
Deferred tax liabilities	(86)	-	**(86)**
Bank loans	(3,653)	-	**(3,653)**
			354
Negative goodwill			**(121)**
Total consideration			**233**
Satisfied by:			
Equity			**-**
Cash			**233**
			233

The increased holding contributed loss after tax of €120,158 from revenue of €87 to the Group results for the period.

18. Related party transactions

(a) Silverock Commerce Limited is an investment subsidiary of Investkredit Bank AG (previously Osterreichische Volksbanken-Aktiengesellschaft), an Austrian bank which was a shareholder in the Company. Throughout the period to 30 September 2008 Investkredit Bank AG provided loan facilities to a number of Company projects and investments. All such facilities were entered into on an arms length basis with market standard commercial terms. At exchange rates prevailing on 30 September 2008 a total of €100,970,768 (30 September 2007: €69,774,452) was due to Investkredit Bank AG.

(b) The RP Explorer Master Fund and RP Partners Fund are funds that are managed by RP Capital Group. The RP Capital Group is also the holder of 51% of the share capital of AMC. As a result of a qualifying shareholding of 5,528,884 shares in the Company, RP Capital Group was the holder of 11.80% of the share capital of Atlas Estates Limited at 14 November 2008.

(c) BCRE Izaki Properties is the holder of 49% of the share capital of AMC. As a result of a qualifying shareholding of 6,424,331 shares in the Company, BCRE Izaki Properties was the holder of 13.71% of the share capital of Atlas Estates Limited at 14 November 2008.

(d) Key management compensation

	Nine months ended 30 September 2008 €'000	**Three months ended 30 September 2008 €'000**	**Nine months ended 30 September 2007 €'000**	**Three months ended 30 September 2007 €'000**
Fees for non-executive directors	232	59	159	68

The Company has appointed AMC to manage its property portfolio. At 30 September 2008 AMC was owned by The RP Capital Group and BCRE Izaki Group. In consideration of the services provided, AMC received a management fee of €4.29 million and €1.43 million for the nine and three months ended 30 September 2008 respectively (€3.45 million and €1.15 million for the nine and three months ended 30 September 2007 respectively). Under the agreement, AMC are entitled to a performance fee based on the increase in value of the properties over the 12 month period to 31 December 2008. No performance fee has been accrued for the nine and three months ended 30 September 2008 (€nil for the nine and three months ended 30 September 2007) because no reliable estimate can be made.

(e) Under the loan agreement of 29 September 2005, Kendalside Limited, which is also a shareholder in Circle Slovakia s.r.o., has extended a loan facility of €6,042,106 to Circle Slovakia for the acquisition of a property. The loan facility is to be repaid by 31 August 2013, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As of 30 September 2008 Circle Slovakia has drawn the loan facility plus associated interest in the amount of €7,121,570 (30 September 2007: €6,723,667).

(f) Under the loan agreement of 30 October 2006 and Assignment Agreement dated 6 May 2008, Kendalside Limited has extended a loan facility of SKK 340,000,000 (€11,222,233) to Eastfield Atlas a.s. (previously Slovak Investment and Development a.s.) for the purpose of covering ongoing investment and business expenses. The loan facility is to be repaid before 31 December 2015, and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As at 30 September 2008 the borrower has drawn the loan facility plus associated interest in the amount of SKK 25,240,816 (€833,113) (30 September 2007: SKK 23,827,482 (€703,436)).

19. Post balance sheet events

19.1 Millennium

The Board of Directors of Atlas Estates Limited announced on 1 October 2008 that, further to the preliminary agreement concluded on 11 January 2008 on the purchase of 100% shares in the company Atlas Estates (Millennium) Sp. z o.o. between Atlas Estates Investment B.V. (the "Company") a subsidiary of Atlas Estates Limited and Portfolio Real Estate 16 Sp. z o.o., (the "Purchaser") a subsidiary of Akron Management CEE GmbH, the Company and the Purchaser have agreed to extend for a further 61 days from 30 September 2008 to 30 November 2008 the period in which the Purchaser has the right to either withdraw or proceed to completion on this agreement.

19.2 Kokoszki purchase

The Group acquired an additional 5% holding in its Kokoszki joint venture, Atlas Estates CF Plus 1 Sp. Z o.o. on each of 2 October 2008 and 6 November 2008, taking its holding to 85%.

20. Other items

20.1 Information about court proceedings

As of 14 November 2008, the Company was 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 equity capital.

20.2 Information about Granted Sureties

During the nine months ended 30 September 2008, the Company has granted the following sureties (for loans or credit facilities) or guarantees.

20.2.1 HGC refinancing

HGC S.A. ("HGC"), a subsidiary of Atlas, concluded an amendment agreement to a credit facility agreement dated 8 April 2004 with Investkredit Bank AG (the "Amendment"). The material provisions of the credit facility agreement concluded between HGC and Investkredit Bank AG, dated 8 April 2004, were described in the section "Credit and loan facilities, guarantees and sureties" of the prospectus of Atlas approved by the Polish Financial Supervision Commission on 31 January 2008, which was published on the website of Atlas.

Under the Amendment dated 11 July 2008, the current amount of the facility (i.e. EUR 51,386,000) was increased by EUR 13,614,000 (additional sum borrowed), i.e. up to EUR 65,000,000. HGC is entitled to draw the additional funds by 30 June 2009. The term of the facility was extended until 30 September 2015. The facility is to be repaid in 24 quarterly instalments payable from 31 December 2009, and on 30 September 2015 in a final balloon payment of approximately EUR 54,000,000. The credit facility bears interest at a variable rate equal to the sum of EURIBOR 3M and the bank's margin. The guarantees of Atlas remained unchanged and are equal to EUR 45,000,000.

Based on the amendments to the respective security agreements, the value of the following security interests established for the facility has been increased up to EUR 78,000,000: (i) a registered pledge on shares in HGC held by Grzybowska Centrum Sp. z o.o. (a subsidiary of Atlas); (ii) a first ranking ceiling mortgage on the Warsaw Hilton and the right of perpetual usufruct to a plot located in Warsaw at the crossing of Wronia and Grzybowska streets; (iii) registered pledges and a blockade of the funds deposited in HGC's bank accounts; and (iv) a registered pledge on the movable assets of HGC.

HGC also effected an assignment of certain receivables to secure the credit facility.

Furthermore, in order to provide additional security for the credit facility agreement dated 8 April 2004 concluded between HGC and Investkredit Bank AG, on 14 July 2008 HGC concluded a bank account registered pledge agreement with Investkredit Bank AG. Under the pledge agreement, HGC established a registered pledge on its bank account maintained by Bank Pekao S.A., the Warsaw Branch. The pledge was established to secure the receivables of Investkredit Bank AG under the facility agreement dated 8 April 2004. The pledge secures receivables up to EUR 78,000,000. The pledge will take effect upon being entered in the register by the relevant registry court. The agreement provides that upon its conclusion an ordinary pledge will be established to secure the repayment of the credit facility, which will expire two months after the registered pledge has been validly and undisputedly registered by the court.

20.2.2 Platinum Towers new construction loan

Platinum Towers Sp. z o.o. ("Platinum"), a subsidiary of Atlas, concluded a credit facility agreement (the "Agreement") dated 24 July 2008 with Raiffeisen Bank Polska S.A. (the "Bank").

The Agreement provides for a credit facility of up to PLN 174,000,000 (circa €51 million). The utilization of the facility is dependent on the costs of construction of the Platinum Towers buildings. Under the agreement up to PLN 42,000,000 is to be utilized on the refinancing of the facility granted by Erste Bank der Österreichischen Sparkassen AG and the balance (circa PLN 132,000,000) to finance the construction of Platinum Towers. The tenor of the facility ends on 30 June 2010. The facility bears interest at a variable rate based on the WIBOR plus the bank's margin. The credit facility is secured by:

1. A registered pledge established pursuant to the agreement dated 24 July 2008 concluded between the Bank and a subsidiary of Atlas, Atlas Estates Investment B.V. The pledge encumbers 30,700 shares, with the nominal value of PLN 500 each, of Platinum, a subsidiary of Atlas, which are held by Atlas Estates Investment B.V. The encumbered shares constitute 100% of Platinum's share capital and entitle the holder to 100 % of votes at the shareholders' meeting of Platinum. The pledge secures the Bank's claims arising from the Agreement up to PLN 261,000,000. The shares in Platinum are a long term capital investment of Atlas' subsidiary. The value of the pledged assets registered in the book of accounts kept by Atlas Estates Investment B.V. is EUR 5,895,972. The shares in Platinum are material assets within the meaning of the Regulation of the Minister of Finance dated 19 October 2005 on Current and Periodic Disclosures to be Made by Issuers of Securities, since their value exceeds 10% of Atlas's equity.

2. A ceiling mortgage established on 24 July 2008 by HPO Sp. z o.o., a subsidiary of Atlas in favour of the Bank on the right of perpetual usufruct granted to HPO Sp. z o.o. to the real property situated in the Wola district of Warsaw, at ul. Grzybowska and ul. Wronia with a total area of 4,454 m^2. The mortgage secures the Bank's claims arising out of the Agreement up to PLN 261,000,000.

3. A ceiling mortgage established on 24 July 2008 by Platinum, a subsidiary of Atlas in favour of the Bank on the right of perpetual usufruct granted to Platinum to the real property situated in the Wola district of Warsaw, at ul. Grzybowska and ul. Wronia with a total area of 5,117 m^2. The mortgage secures the Bank's claims arising out of the Agreement up to PLN 261,000,000.

4. An assignment of rights arising out of the specified agreements to the Bank by Platinum.

20.2.3 Atlas Estates Investment B.V.

An understanding was given to Investkredit Bank AG by Atlas Estates Investment B.V. that invested money would not be withdrawn without the prior approval of Investkredit Bank AG and to cover all costs not covered by the current sales proceeds or by the loan as granted to the company Capital Art Apartments Sp. Z o.o..

20.3 Financial Forecasts

No financial forecasts have been published by the Company in relation to the year ended 31 December 2008.

20 Other Items – continued

20.4 Substantial shareholdings
As of 14 November 2008 and as at 30 June 2008 to the Company's best knowledge and belief, the following shareholders had a direct or indirect interest in 5% or more of the Company's ordinary share capital:

Shareholder	Number of Shares as of 30 June 2008 (% of share capital)	Increase / (Decrease) Number of Shares	Number of Shares as of 14 November 2008 (% of share capital)
Livermore Investments Group Ltd	9,939,345 (21.21)	-	9,939,345 (21.21)
Rathbone Brothers Plc	731,102 (1.56)	(312,962)	418,140 (0.89)
RP Capital Group	4,594,630 (9.81)	934,254	5,528,884 (11.80)
BCRE Izaki Properties BV	5,181,659 (11.06)	1,242,672	6,424,331 (13.71)
Laxey Partners Limited	4,094,534 (8.74)	-	4,094,534 (8.74)
Finiman Limited (*)	4,097,509 (8.75)	-	4,097,509 (8.75)
Bank Julius Baer & Company Ltd (*)	2,631,757 (5.62)	(643)	2,631,114 (5.62)

(*) The ultimate beneficial ownerships for these shareholdings have not been disclosed to the Company.

20.5 Directors' share interests
There have been no changes to the Directors' share interests during the nine months ended 30 September 2008. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the nine and three months ended 30 September 2008. One Director (Mr Spicer) acquired a beneficial interest in 14,785 shares in the Company in 2007.

20.6 Other share interests
No changes have occurred in the nine and three months ended 30 September 2008 in the number of warrants issued to managing and/or supervisory persons.

21. 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.

No new subsidiary undertakings were acquired and no investments were made in any additional joint ventures during the nine months ended 30 September 2008. Two new entities were established in Slovakia. During the three months ended 30 September 2008, Atlas Estates Investments B.V. acquired an additional 25% holding in its Kokoszki joint venture, Atlas Estates CF Plus 1 Sp. Z o.o.. The percentage holdings are consistent across all periods presented except for Atlas Estates CF Plus 1 Sp. z o.o., which was 75% at 30 September 2008 and 50% in all other periods.

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 Investments B.V.	Holding	100%
Holland	Trilby B.V.	Holding	100%
Cyprus	Darenisto Limited	Holding	100%
Cyprus	Kalipi Holdings Limited	Holding	100%
Poland	Atlas Estates (Poland) Sp. z o.o.	Management	100%
Poland	Platinum Towers Sp. z o.o.	Development	100%
Poland	Zielono Sp. z o.o.	Development	76%
Poland	Properpol Sp z o.o.	Management	100%
Poland	Atlas Estates (Millennium) Sp. z o.o.	Investment	100%
Poland	Atlas Estates (Sadowa) Sp. z o.o.	Investment	100%
Poland	Capital Art Apartments Sp. z o.o.	Development	100%
Poland	Grzybowska Centrum Sp. z o.o.	Holding	100%
Poland	HGC S.A.	Hotel operation	100%
Poland	HPO Sp. z o.o.	Development	100%
Poland	Atlas Estates (Cybernetyki) Sp. z o.o.	Development	50%
Poland	Atlas Estates CF Plus 1 Sp. z o.o.	Development	75%
Hungary	CI-2005 Investment Kft.	Development	100%
Hungary	Cap East Kft.	Investment	100%
Hungary	Felikon kft.	Investment	100%
Hungary	Ligetváros Kft	Investment	100%
Hungary	Városliget Center Kft	Development	100%
Hungary	Atlas Estates (Moszkva) Kft.	Holding	100%
Hungary	Atlas Estates (Dekan) Kft.	Investment	100%
Hungary	Atlas Estates (Vagany) Kft.	Holding	100%
Hungary	Atlas Estates Kaduri Shasha Kft.	Development	50%
Slovakia	Circle Slovakia s.r.o.	Development	50%
Slovakia	Eastfield Atlas a.s.	Holding	50%
Slovakia	Slovak Trade Company s.r.o	Development	50%
Slovakia	WBS a.s.	Development	50%
Slovakia	Smokovec Trade Company, s.r.o.	Development	50%
Slovakia	Nitra Trade Company, s.r.o.	Development	50%
Slovakia	Bastion Office Center, s.r.o.	Development	50%

21. Principal subsidiary companies and joint ventures - continued

Country of incorporation	Name of subsidiary/joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Romania	World Real Estate SRL	Development	100%
Romania	Megarom Line SRL	Development	100%
Romania	DNB Victoria Towers SRL	Hotel operation	100%
Romania	DNB Victoria Tower Hotel Management SRL	Management	100%
Bulgaria	Atlas Estates (Totleben) EOOD	Holding	100%
Bulgaria	Immobul EOOD	Investment	100%

22. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION

NON-CONSOLIDATED INCOME STATEMENT
For the nine and three months ended 30 September 2008

	Nine months ended 30 September 2008 (unaudited) €'000	Three months ended 30 September 2008 (unaudited) €'000	Nine months ended 30 September 2007 (unaudited) €'000	Three months ended 30 September 2007 (unaudited) €'000
Revenues	-	-	-	-
Cost of operations	-	-	-	-
Gross profit	-	-	-	-
Administrative expenses	(5,093)	(1,274)	(5,484)	(1,812)
Other operating expenses	(1,049)	-	(2,000)	(2,000)
Other gains and (losses) – net	60	(11)	(214)	(179)
Operating loss	**(6,082)**	**(1,285)**	**(7,698)**	**(3,991)**
Finance income	8,273	2,779	8,132	2,826
Finance costs	(5)	(1)	(4)	(1)
Profit / (loss) on ordinary activities before taxation	**2,186**	**1,493**	**430**	**(1,166)**
Tax expense	-	-	-	-
Profit / (loss) for the period	**2,186**	**1,493**	**430**	**(1,166)**

22. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED BALANCE SHEET
As at 30 September 2008

	30 September 2008 (unaudited) €'000	30 June 2008 (unaudited) €'000	31 December 2007 €'000	30 September 2007 (unaudited) €'000
ASSETS				
Non-current assets				
Other loans receivable	-	-	263	263
Investment in subsidiaries	21,220	21,220	21,220	21,220
Loans receivable from subsidiaries	173,105	170,573	177,965	194,031
	194,325	**191,793**	**199,448**	**215,514**
Current assets				
Trade and other receivables	188	1,226	142	146
Cash and cash equivalents	684	7,596	3,232	6,128
	872	**8,822**	**3,374**	**6,274**
TOTAL ASSETS	**195,197**	**200,615**	**202,822**	**221,788**
Current liabilities				
Trade and other payables	(1,564)	(14,275)	(9,734)	(2,426)
Bank loans	-	-	-	-
	(1,564)	**(14,275)**	**(9,734)**	**(2,426)**
Non-current liabilities				
Other payables	-	-	-	-
Bank loans	-	-	-	-
Deferred tax liabilities	-	-	-	-
	-	**-**	**-**	**-**
TOTAL LIABILITIES	**(1,564)**	**(14,275)**	**(9,734)**	**(2,426)**
NET ASSETS	**193,633**	**186,340**	**193,088**	**219,362**
EQUITY				
Share capital account	6,268	484	484	484
Other distributable reserve	194,818	194,818	202,320	222,375
Accumulated loss	(7,453)	(8,962)	(9,716)	(3,497)
TOTAL EQUITY	**193,633**	**186,340**	**193,088**	**219,362**
Basic net asset value per share	n/a	n/a	n/a	n/a

22. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2008

Nine Months Ended 30 September 2008 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**
As at 1 January 2008	**484**	**202,320**	**(9,716)**	**193,088**
Result for the period	-	-	2,186	**2,186**
Shares issued in the period	5,784	-	-	**5,784**
Share based payments	-	-	77	**77**
Dividends paid and declared	-	(7,502)	-	**(7,502)**
As at 30 September 2008	**6,268**	**194,818**	**(7,453)**	**193,633**

Three Months Ended 30 September 2008 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**
As at 1 July 2008	**484**	**194,818**	**(8,962)**	**186,340**
Result for the period	-	-	1,493	**1,493**
Share based payments	-	-	16	**16**
Shares issued in the period	5,784	-	-	**5,784**
Dividends paid and declared	-	-	-	**-**
As at 30 September 2008	**6,268**	**194,818**	**(7,453)**	**193,633**

Year Ended 31 December 2007	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**
As at 1 January 2007	**484**	**226,406**	**(4,008)**	**222,882**
Result for the period	-	-	(6,029)	**(6,029)**
Shares bought back as Treasury	-	(16,023)	-	**(16,023)**
Share based payments	-	-	321	**321**
Dividends paid	-	(8,063)	-	**(8,063)**
As at 31 December 2007	**484**	**202,320**	**(9,716)**	**193,088**

Nine Months Ended 30 September 2007 (unaudited)	**Share capital account €'000**	**Other reserves €'000**	**Accumulated loss €'000**	**Total €'000**
As at 1 January 2007	**484**	**226,406**	**(4,008)**	**222,882**
Result for the period	-	-	430	**430**
Share based payments	-	-	81	**81**
Dividends paid	-	(4,031)	-	**(4,031)**
As at 30 September 2007	**484**	**222,375**	**(3,497)**	**219,362**

ATLAS ESTATES LIMITED

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the nine and three months ended 30 September 2008

22. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED CASH FLOW STATEMENT
For the nine and three months ended 30 September 2008

	Nine months ended 30 September 2008 (unaudited) €'000	Three months ended 30 September 2008 (unaudited) €'000	Nine months ended 30 September 2007 (unaudited) €'000	Three months ended 30 September 2007 (unaudited) €'000
Profit / (loss) for the period	**2,186**	**1,493**	**430**	**(1,166)**
Adjustments for:				
Finance costs	5	1	4	1
Finance income	(8,273)	(2,779)	(8,132)	(2,826)
Operating loss	**(6,082)**	**(1,285)**	**(7,698)**	**(3,991)**
Effects of foreign currency	(60)	11	214	179
Charge relating to share based payments	76	14	161	-
	16	**25**	**375**	**179**
Changes in working capital				
(Increase) / decrease in trade and other receivables	216	1,037	(100)	(22)
(Decrease) / increase in trade and other payables	(3,632)	(670)	(17,802)	1,767
Cash outflow generated from operations	**(9,482)**	**(893)**	**(25,225)**	**(2,067)**
Interest received	46	16	266	(159)
Interest paid	-	-	(4)	(1)
Net cash outflow from operating activities	**(9,436)**	**(877)**	**(24,963)**	**(2,227)**
Investing activities				
Repayment of loans from / (new loans granted to) subsidiary undertakings	13,087	237	(13,108)	(95)
Net cash from / (used in) investing activities	**13,087**	**237**	**(13,108)**	**(95)**
Financing activities				
Dividends paid	(6,256)	(6,256)	(4,031)	-
Net cash from / (used in) financing activities	**(6,256)**	**(6,256)**	**(4,031)**	**-**
Net decrease in cash and cash equivalents in the period as a result of cashflows	**(2,605)**	**(6,896)**	**(42,102)**	**(2,322)**
Effect of foreign exchange rates on cash balances	57	(16)	(46)	(10)
Net decrease in cash and cash equivalents in the period	**(2,548)**	**(6,912)**	**(42,148)**	**(2,332)**

22. INTERIM CONDENSED NON-CONSOLIDATED FINANCIAL INFORMATION - CONTINUED

NON-CONSOLIDATED CASH FLOW STATEMENT - CONTINUED
For the nine and three months ended 30 September 2008

Cash and cash equivalents at the beginning of the period	**3,232**	**7,596**	**48,276**	**8,460**
Cash and cash equivalent at the end of the period	**684**	**684**	**6,128**	**6,128**
Cash and cash equivalents				
Cash at bank and in hand	684	684	6,128	6,128
Bank overdrafts	-	-	-	-
	684	**684**	**6,128**	**6,128**