ATLAS ESTATES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Atlas Estates Limited
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Guernsey GY1 1WA
Company number: 44284

Contents

Introduction

Atlas Estates Limited ("Atlas" or the "Company") is a closed-ended investment company incorporated in Guernsey. The Company began trading and was admitted to the AIM market of the London Stock Exchange on 1 March 2006. On 12 February 2008 the Company was also admitted to the Warsaw Stock Exchange and share trading commenced.

The Company and its subsidiary undertakings (the "Group") invest in real estate assets in Central and Eastern Europe (''CEE'') excluding the former USSR. The Group currently operates in the Polish, Hungarian, Slovakian, Romanian and Bulgarian real estate markets.

The Company's assets are managed by Atlas Management Company Limited ("AMC"), a company whose sole purpose is to manage the Company property portfolio. AMC provides the Company with a management team with vast experience and knowledge of real estate investment and development. In particular AMC can demonstrate a good track record of investment, development and management of property in CEE markets.

The Company does not have any significant operating transactions and as such the commentary and the key numbers presented in the Chairman's Statement and the Review of the Property Manager represent those of the Group.

Financial Highlights

Selected Financial Items	Year ended 31 December 2008 €'000	Year ended 31 December 2007 €'000
Administrative expenses	(6,811)	(15,399)
Other operating expenses	(1,049)	(2,109)
(Loss) from operations	(7,860)	(17,508)
Finance income	15,655	11,169
Profit / (loss) before tax	7,917	(6,029)
Profit / (loss) for the year	7,917	(6,029)
Net cash outflow from operating activities	(5,914)	(27,460)
Cash flow from investing activities	13,087	(4,662)
Cash flow from financing activities	(6,209)	(12,923)
Net increase / (decrease) in cash	964	(45,045)
Non-current assets	197,282	199,448
Current assets	4,527	3,374
Total assets	201,809	202,822
Current liabilities	(2,432)	(9,734)
Non-current liabilities	-	-
Total liabilities	(2,432)	(9,734)
Net assets	199,377	193,088
Number of shares outstanding	46,852,014	44,978,081
Earnings / (loss) per share basic (eurocents)	17.3	(12.5)

Chairman’s Statement

Dear shareholders,

I am pleased to announce the financial results for Atlas Estates Limited (“Atlas” or “the Company”) for the year ended 31 December 2008. Against a backdrop of very challenging ongoing conditions in the global markets, the Company has been able to achieve certain key objectives.

In the second half of 2008, the well-documented knock-on effects of the global economic downturn and credit crunch accelerated particularly in the aftermath of the collapse of Lehman Brothers. Inevitably, the Company’s activities have not been immune. In our home markets, as is the case elsewhere in Europe, the impact has been demonstrated through low transactional volumes, a significant reduction in the availability of credit and reductions in GDP growth.

The results for the year 2008 have been adversely impacted by the effects of the depreciating currencies in the Central and Eastern European markets. For the Company’s investments in Poland, its major market, the Polish Zloty has depreciated by 16.5% from the 31 December 2007 rate of exchange to 31 December 2008 rate of exchange. The fall in value of the functional currencies has resulted in foreign exchange losses of €22.2 million in the income statement (2007: gain of €0.5 million) and €17.9 million (2007: gain of €11.7 million) in reserves for the year ended 31 December 2008. Of the loss in the income statement, €24.5 million (2007: gain €1.9 million) is unrealised. It has arisen on monetary assets and liabilities denominated in foreign currencies, for example bank loans, which are translated at the rates prevailing on the balance sheet date.

Recently, the Company has had to refinance several of its properties with its banks. Negotiations have been more difficult, which reflects the pressures being faced by international banks, but the Company has been successful in refinancing many of its loans, as detailed below.

The directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2008. Disclosure of the going concern basis of preparation of the financial statements for the year ended 31 December 2008 is included in the Directors’ Report and in the statement of accounting policies.

Strategy

The Group’s strategy is to invest in the developing markets of Central and Eastern Europe (“CEE”) excluding the former Soviet Union and since IPO the Company has developed a significant portfolio of assets. The economies of Poland, Hungary, Slovakia, Romania and Bulgaria, in which the Group operates, have been impacted by the adverse effects of the global economic crisis. Although Poland, where 64% of the Company’s assets are located, appears the most resilient economy in the region, Hungary, in which the Company also has interests (13%), has had to seek financial support from the International Monetary Fund (“IMF”). Despite the challenging environment, the projects that the Company is currently developing are well placed to meet the ongoing demand for quality residential, office and retail properties.

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 within the timeframe stated at IPO. 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.

Chief Executive Officer (“CEO”) of Atlas Management Company Limited (“AMC” or the “Property Manager”)

In April 2008, the Company announced that Mr. Amos Pickel, the CEO of AMC, the Company’s property manager, had resigned. He was replaced in September 2008 by Mr. Nahman Tsabar, a civil engineer, who brings to the Company more than thirty years of experience in construction and development, 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, particularly within the emerging markets. Since his appointment Mr. Tsabar has quickly been able to provide the leadership that the Group requires in these difficult economic conditions.

Refinancing and construction loans

In the current financial market conditions, gaining access to capital has become more difficult and, as highlighted in the quarterly announcements during 2008, enhancing liquidity and the retention of cash is a key priority. Both of these objectives are vital for operations as they will underpin our drive to progress the projects we currently have under development through to completion, whilst at the same time supporting growth.

The completion of the re-financing of the Hilton Hotel, Warsaw and securing of a new construction loan to complete the Platinum Towers development were significant achievements for the Company and particularly notable within the context of the current difficult conditions in the financial markets. 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 is being deployed in progressing the Group's development pipeline. Additionally, on 12 August 2008, the Company obtained a Polish Zloty 174 million (circa €37 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 is being deployed in the construction of the development.

All land and building assets and associated debts are ring-fenced in unique, specific, corporate vehicles. In all cases the market values of the assets held exceed the external debt. In spite of the successful refinancing of certain facilities as described in the previous paragraph, the directors recognise that economic difficulties facing some of the banks could have an adverse impact on the individual corporate vehicles' ability to obtain the ongoing funding they require. This being the case, any repossession by the bank on default of loan terms would clear the outstanding debt and not result in additional finance liabilities for the Company or for the Group; however, any such repossessions could deprive the Group of its equity investment in specific corporate vehicles. There are unencumbered assets which could potentially be leveraged or sold (given time in the present difficult markets) to raise additional finance to mitigate such risks.

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

In the twelve months to 31 December 2008, NAV per share, as reported in the consolidated financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), has decreased by 26.1% to €3.68 per share. 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, but not recognised at fair value in the balance sheet, has decreased by 30.5% to €4.42 per share.

An independent valuation of the entire property portfolio is carried out on a semi-annual basis between Cushman & Wakefield and Colliers International acting as independent experts. This assessed the total value added during the financial year and is included in the basis for the Property Manager's performance assessment and fee calculations.

The change in value of the development land holdings over their book cost reflects the latent value within the project, which is over and above the book cost. These land holdings are valued on a residual value and comparative basis. Profit is taken upon completion of the project and when the risks and rewards of ownership of an apartment or property are transferred to the client.

A key indicator of performance is the net asset value of the Group. The following table sets out the impact on NAV per share of the revaluation of land assets that cannot be reflected in the reported balance sheet due to accounting standards.

	Book cost to Group as shown in the Balance Sheet €'000	**'Independent' Value at 31 December 2008 €'000**	**Movement In value €'000**
Development land assets and land held under operating lease included in total assets at cost to the Group	172,195	215,258	43,063
Attributable to minority interest partners	(1,867)	(2,554)	(687)
Company share of increase in valuation of development land and land held under operating lease	**170,328**	**212,704**	**42,376**
Deferred tax on increase in valuation of development land and land held under operating lease at local rates			(7,961)
Basic net asset value per balance sheet			172,566
Adjusted net asset value			**206,981**

Number of ordinary shares in issue at 31 December 2008	46,852,014
Adjusted net asset value per share as at 31 December 2008	4.42
Adjusted net asset value per share as at 31 December 2007	6.36
Net asset value per share at IPO (after costs)	4.73

Further analysis of the Company's NAV is contained in the Property Manager's review below.

AMC performance fee payment

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.

AMC's performance fee in respect of the financial year ended 31 December 2008 will be €nil.

Extraordinary General Meeting ("EGM")

On 30 December 2008 the Company held an EGM on the cancellation of admission of all of the Company's shares to trading on the AIM market of the London Stock Exchange PLC. The resolution was not passed. This was part of the Company's objective to reduce its cost base and to focus efforts in its major market in Warsaw.

Millennium Plaza disposal

On 1 December 2008 the Company announced that the agreement regarding the sale of the Millennium Plaza, Warsaw, expired. The sale agreement was originally concluded on 11 January 2008 and amended on 1 October 2008. It was a preliminary agreement regarding the sale of 100% of the shares in Atlas Estates (Millennium) Sp. z o.o., the owner of the Millennium Plaza building, to Portfolio Real Estate 16 Sp. z o. o., a subsidiary of Akron Management CEE GmbH. The expiry occurred because the purchaser did not exercise his option to complete by 30 November 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 for 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. In order 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. The Company also aims to ensure that it is positioned to take advantage of opportunities that arise 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 assets), the Company's debt, market conditions and the investment opportunities available to the Company. This will enable Atlas to pursue its strategic objectives and to maximize the value it can return to its shareholders.

Central and Eastern Europe

Our chosen area of investment continues to be CEE. GDP growth throughout Central and Eastern Europe in recent years has outperformed that of Western Europe, with the exception of the Republic of Ireland and Greece. As stated above, the difficult market conditions have spread from Western Europe to CEE throughout 2008, accelerating towards the end of the year. GDP growth rates have slowed as the availability of credit has become very restricted and, as a result, investment and development activity in the real estate market has significantly reduced.

The Company has prudently managed its current investments in the region and continually monitors risks associated with its portfolio so that it is appropriately positioned in the context of the ongoing economic conditions. In the second half of 2008, yields on investment properties increased for the first time in many years, resulting in falling valuations. Yields on investment properties had compressed over many years in the CEE region, but still remain above those of comparable assets in Western Europe.

Prospects

During 2008, the global economic crisis has had a very significant impact on the economies and prospects in the CEE region. Economic growth has slowed as access to funding has become increasingly restricted and the ongoing economic uncertainty has affected investment.

It is not certain how the evolving financial crisis in the global markets will affect the economies where the Company is active in 2009. Management is constantly reviewing the economic conditions in each of its markets, in order to identify and analyse the measures required to mitigate the effects of potential risks to its activities. We believe, however, that the economic fundamentals in the region remain strong, particularly with regard to the demand for the quality office, residential and retail space that Atlas is currently developing and for which it has zoning and permissions in place for its land bank. It is these important market fundamentals that underpin our ongoing strategy and continued investment.

The Property Manager's review below details the progress that we are making in executing our development plans and in securing returns from our yielding assets. I would like to take the opportunity to thank my fellow board members, the directors and staff of the Property Manager and our team of advisors for their continued enterprise and skill in maintaining our operating base and moving the Company forward, particularly under the current difficult conditions.

Quentin Spicer
CHAIRMAN
20 March 2009

Review of the Property Manager

In this review we present the financial and operating results for the twelve months ended 31 December 2008. AMC is the Property Manager appointed by the Company to oversee the operation and management of Atlas' portfolio, advice on new investment opportunities and to implement the Company's strategy. AMC, in line with the Company's original timetable, has fully invested the funds raised at IPO within 18 months of admission to trading on AIM and has actively managed this portfolio since then to optimise and preserve value.

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 management programmes and the ability to deliver strong development margins.

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>Financial Review</u>

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. AMC continually evaluates the risks and rewards associated with a particular country, sector or asset class, in order to optimise its return on investment and therefore the return that the Company is able to deliver to shareholders over the longer term.

2008 has been a very challenging year for the Company given the instability in the global economic environment. In the first half, the valuation of the Group's portfolio increased. However, those gains have been subsequently reversed in the second half of 2008 as the effects of increasing yields, restricted bank lending and instability in the CEE and global economies took effect.

Admission to WSE

In February 2008, the Company completed a listing on the Warsaw Stock Exchange. In completing this listing, the Company has broadened its shareholder base and increased the liquidity of its shares. As 2008 progressed and the impact of the collapse in the global capital markets became more pronounced, access to funding has become significantly more difficult. However, AMC believes that over time, when greater clarity and stability returns to the capital markets, this listing may provide the Company with the opportunity to access additional capital, with which to further develop the business.

Portfolio valuation and valuation methods

An independent valuation of the entire property portfolio is carried out on a semi-annual basis (June and December) by independent experts. The year end valuation process has been undertaken by two external valuation experts, Cushman & Wakefield and Colliers International, independent international companies of real estate advisors. The gross market value of the property assets within the Company's portfolio, including valuation gains on development properties held in inventory and land held under lease but not recognised at fair value in the balance sheet, and including minority interest, was €558 million as at 31 December 2008. This compares to the valuation at 31 December 2007 of €555 million and at 30 June 2008 of €600 million.

As at 31 December 2008, the Company held a portfolio of 23 properties comprising 12 investment properties of which eight are income yielding properties and four are held for capital appreciation, two hotels and nine development properties.

- Investment properties were valued at €197 million at 31 December 2008, excluding minority interest and the share of joint venture partners, compared to €215 million at 31 December 2007 and €218 million at 30 June 2008. The fall in the second half 2008 was 10%, reflecting the effect of increasing yields. In Poland the yields applied in the valuations increased by 1% to 8-8.5% and in Hungary by 1% to 9-9.5%.

- Hotel properties were valued at €117 million at 31 December 2008, excluding minority interest and the share of joint venture partners, compared to €125 million at 31 December 2007 and €136 million at 30 June 2008. The fall in the second half 2008 was 14%, reflecting the effect of increasing yields.

- Development properties were valued at €202 million at 31 December 2008, excluding minority interest and the share of joint venture partners, compared to €169 million at 31 December 2007 and €187 million at 30 June 2008. There has been an increase in value over the year of 20% reflecting the effect of the added value generated through the construction works and sales on the development properties in Warsaw.

Loans

As at 31 December 2008, the Company's share of bank debt associated with the portfolio of the Group was €248 million (31 December 2007 €218 million). The increase in debt has arisen principally from the utilisation of construction loans in the development of the Platinum Towers and Capital Art Apartments properties in Warsaw. The loan on the Hilton Hotel was refinanced also during the year to €65 million. Total facilities were €290 million (31 December 2007: €243 million). Loans and valuations may be analysed as follows for those periods in which valuations were undertaken:

	Loans 2008 €'000	**Valuation 2008 €'000**	**Loan to Value Ratio 2008**	**Loans 2007 €'000**	**Valuation 2007 €'000**	**Loan to Value Ratio 2007**
Investment property	116,325	196,745	59.1%	116,300	214,865	54.1%
Hotels	67,648	116,580	58.0%	47,989	125,040	38.4%
Development property in construction	30,969	109,614	28.3%	22,919	69,700	32.9%
Other development property	32,743	92,390	35.4%	31,280	99,107	31.2%
	247,685	**515,329**	**48.1%**	**218,488**	**508,712**	**42.9%**

Loans maturing within one year in the consolidated financial statements have increased to €96 million at 31 December 2008 from €30 million at 31 December 2007. The increase has arisen from the natural ageing of debts and from the reclassification of two loans with covenant breaches. The banks are aware of the technical breaches and have not asked for repayment of the loans. In relation to the most material loan, the Group has received a written covenant waiver from its lender after the year end and the lender will continue to extend the €63.1 million facility. The breaches arise from lower valuations resulting in the breach of loan to value ratio covenants and from lower occupancy levels resulting in the breach of debt service coverage ratios.

Cash at bank and in hand was €15 million at 31 December 2008 (31 December 2007: €35 million). The gearing ratio is 135%, based upon net debt as a percentage of equity attributable to shareholders and is 57.4% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders).

Foreign exchange

There have been significant changes in exchange rates in the underlying currencies in the countries in which the Group operates and owns assets. A summary of exchange rates by country for average and closing rates against the reporting currency as applied in the financial statements are set out below.

	Polish Zloty	**Hungarian Forint**	**Romanian Lei**	**Slovakian Crown**	**Bulgarian Lev**
Current rate				**Euro entry**	
19 March 2009	4.5352	298.93	4.2948	30.126	1.95583
Closing rates					
31 December 2008	4.1724	264.78	3.9852	30.126	1.95583
31 December 2007	3.5820	253.35	3.6102	33.603	1.95583
% Change	(16.5%)	(4.5%)	(10.4%)	10.3%	n/a
30 June 2008	3.3542	237.03	3.6475	30.312	1.95583
% Change	6.4%	6.4%	(1.0%)	9.8%	n/a
Average rates					
Year 2008	3.5166	251.25	3.6827	31.291	1.95583
Year 2007	3.7829	251.40	3.3395	33.781	1.95583
% Change	7.0%	0.1%	(10.3%)	7.4%	n/a

The above demonstrates the weakening in the underlying currencies during the second half of 2008, as the effects of the global financial crisis spread into the CEE region. The current rates of exchange indicate a further weakening in the CEE region currencies. Slovakia entered the Eurozone in January 2009.

Property valuations have been adversely effected by these currency movements, in particular in the development assets which are predominately based in local currency.

Net Asset Value

The Group's property assets are categorised into three classes, when accounted for in accordance with International Financial Reporting Standards. The recognition of 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.

The Company sets out below the key measures relating to Net Asset Value per share. This includes the NAV per share per the financial statements and the Adjusted NAV per share as defined at IPO and previously disclosed by the Company.

	NAV 2008 € millions	**NAV per share 2008 €**	NAV 2007 € millions	**NAV per share 2007 €**
Basic NAV	172.6	**3.68**	224.1	**4.98**
Development land valuation increase	42.4		75.7	
Deferred tax	(8.0)		(13.8)	
Adjusted NAV	207.0	**4.42**	286.0	**6.36**

Notes:
The number of shares in issue as at 31 December 2008 is 46,852,014 (31 December 2007: 44,978,081)
The number of warrants outstanding at 31 December 2008 and 2007 are 5,448,118.

Included in the income statement is a sum of €4.5 million arising from the revaluation of the Group's investment properties. The total revaluation reserve of €15.6 million represents the revaluation of the Hilton Hotel and the Golden Tulip Hotel.

The Property Manager's basic and performance fees are determined by the Adjusted NAV. For the twelve months to 31 December 2008 the combined fee payable to AMC was €5.7 million (€12.2 million to 31 December 2007).

Operational Highlights

- The proceeds from the AIM IPO are now fully invested in a diverse portfolio of assets in Central and Eastern Europe. This equity, combined with bank debt, has resulted in gross assets of €515 million being attributable to the Company, based upon the latest independent valuation.

- Properties have been acquired in five countries: Poland, Hungary, Slovakia, Romania and Bulgaria. Our main focus has been in acquiring properties in the respective capital cities of Warsaw, Budapest, Bratislava, Bucharest and Sofia. The Company has also made an investment in Kosice, the second largest city in Slovakia. Additionally, two properties were acquired in Gdansk, Poland. These acquisitions were in line with the secondary objective of acquiring assets in cities other than capital cities.

- The Company completed its first development with the construction of the Hilton Hotel in the Wola district of Warsaw. During 2008 the hotel has performed ahead of expectation. The residential units in construction at the Platinum Towers development, located adjacent to the Hilton have attracted significant demand. Pre-completion apartment sales have exceeded expectations, with 327 apartments sold subject to completion. The development will be completed in phases during the fourth quarter of 2009 and the first quarter of 2010, when revenue from sales will be recognised. In February 2009, the Company topped out the two towers that comprise the residential element of the development, on time and to budget.

- At the Capital Art Apartments development in Warsaw, the Company has commenced construction of the first and second stages with sold and pre-sold apartments of 216 out of 219 in stage 1 and 117 apartments out of 300 apartments in stage 2. This project is being developed in three stages. The first stage was completed in the fourth quarter of 2008. Sales of 99 apartments were recognised as income for the first time. The Company also holds valuable land assets in Warsaw, for which it is acquiring zoning and permits for further development.

- In Hungary the Company has seven properties, all of which are located in Budapest. Four are income producing assets, including the Ikarus Industrial Park. It is anticipated that some of these properties may be redeveloped in the future. In February 2008 a new zoning plan was obtained for the Ligetvaros and Varosliget sites, allowing the development works to begin on these mixed-use projects. The Atrium Homes development property is a two-stage development. The construction of stage 1 has been delayed due to current economic conditions.

- In Slovakia the Group owns three development sites, one in Bratislava and two in Kosice. In Bratislava, the Group is awaiting approvals for rezoning of the land and is pleased with the progress being made on discussions with the local authorities. In Kosice, design works for a residential and office development are currently underway.

- The Company has three properties in Romania, including the Golden Tulip Hotel and two significant land banks which are now planned for redevelopment.

<u>Ongoing activities</u>

The Company's property portfolio is constantly reviewed to ensure it remains in line with its stated strategy of creating a balanced portfolio that will provide future capital growth over the longer term, the potential to add 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 maintains its strategy and 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 it can deliver 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 strategy that it continues to progress is the refinancing of the portfolio, the securing of construction loans and the evaluation of various fund raising opportunities.

Financial management, operational management and material risks

The Company has completed almost three years as a quoted company and its first as a dual-listed entity in Warsaw and London. In continuing to fulfil its obligations to its shareholders and the markets, together with maintaining its policy of maximum disclosure and timely reporting, it is continually improving and developing its financial management and operational infrastructure and capability. Finance teams are operating in each of its major territories, with support across all countries provided by an experienced group finance team. 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 such, the management team continually reviews its operating structures to optimise the efficiency and effectiveness of its network, which is particularly important given the current environment.

We continue to enhance our internal control and reporting procedures and IT systems in order to generate appropriate, timely management information for the ongoing assessment of the Group's performance. For this year's results we have used a new financial reporting system. This has been successfully implemented and it provides the Group with the required reporting systems, financial management and internal 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 effects that the current global economic conditions have on the business and have and will continue to take steps to mitigate, as far as possible, any adverse impact that may result for the business. The main financial risks that have affected the Company in 2008 are the effect of the global liquidity crisis on the Company's ability to access capital and to realise value from forced property disposals amid weakening in the economies in the CEE region.

Among the demonstrations of the weakening conditions are the rapidly weakening exchange rates of countries in the region, together with a reduction in demand for new apartments in Poland and Hungary, where we have projects under construction and transactions are taking longer to reach completion. AMC has 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 the covenants that are applied to facilities, such as a reduction of loan to value ratio, increasing margins and an increase in levels of required pre-sales on development projects. Negotiation and completion of financing agreements is also taking longer than previously experienced. Although recent news regarding the willingness of banks in the CEE region to finance projects has been negative, 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 potential risk to the ongoing development of the Company and as a result are devoting significant resource to the management of banking relationships and the monitoring of risk in this area.

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, the executive team, the central finance and operational teams, by the investment committee of AMC and, finally, by Atlas' Board. This approach provides the Company with a rigorous risk management framework. Where possible, the Company will use debt facilities to finance its projects, which the Company will look to secure at appropriate times and when available, depending on the nature of the asset – yielding or development.

As at 31 December 2008, the Company's share of bank debt associated with the portfolio was €247.7 million, with cash at bank and in hand of €15.3 million. The gearing ratio is 135%, based upon net debt as a percentage of equity attributable to shareholders and is 57.4% based upon net debt as a percentage of total capital (net debt plus equity attributable to equity holders). Where possible, we refinance 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.

The results for the year ended 31 December 2008 have been adversely impacted by the effects of the depreciating currencies in the Central and Eastern European markets. For the Company's investments in Poland, its major market, the Polish Zloty has depreciated by 16.5% from the 31 December 2007 rate of exchange to 31 December 2008 rate of exchange. The fall in value of the functional currencies has resulted in foreign exchange losses of €22.2 million in the income statement (2007: gain of €0.5 million) and €17.9 million (2007: gain of €11.7 million) in reserves for the year ended 31 December 2008.

Conclusions

AMC's key strategic objective is the maximisation of value for the Company's shareholders, which it continues to work towards, despite the very 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 with the construction of our two key development projects in Warsaw, Platinum Towers and Capital Art Apartments and pre-sales activity has been very successful, underpinning our confidence in the medium and long term market prospects.

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 progress its portfolio of developments. The Company has a portfolio of strong underlying assets and a development pipeline that we believe will enable us to continue to meet the ongoing demand for the quality and specification of the space that Atlas delivers. In turn, we believe that this will position us to preserve and, over the longer term, create value that we aim to deliver to our shareholders, once stability and more certain economic conditions return to the markets, both within our target territories and across the global economy as a whole.

Nahman Tsabar
Chief Executive Officer
Atlas Management Company Limited
20 March 2009

Michael Williamson
Chief Financial Officer
Atlas Management Company Limited

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	760 apartments with building permits and pre-sales. Three stage development with Stage 1 completed in 4th quarter 2008 with 216 out of 219 apartments pre sold	100%
Zielono	Land with zoning for 265 apartments	76%
Millennium Plaza	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	90%
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	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 6,400 square metres	100%
Varosliget Centre	12,000 square metre plot in Central Budapest, with zoning for residential development of 31,000 gross square metres	100%
Moszkva Square	1,000 square metres of office space	100%
Volan Project	20,640 square metre plot, zoning for 89,000 square metre mixed use scheme	50%
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 centre of Kosice, second city of Slovakia, with zoning	50%
Bastion Project[1]	2,806 square metres of land for office and commercial use development in centre of Kosice, second city of Slovakia, with zoning	50%
Romania		
Voluntari	99,116 square metres of land in three adjacent plots	100%
Solaris Project	32,000 square metre plot for re-zoning to mixed-use development	100%
Golden Tulip Hotel	4 star 83 room hotel in central Bucharest	100%
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.

Directors - Atlas Estates Limited

Quentin Spicer
Chairman
Non-executive Director

Mr Spicer, an English Solicitor and resident of Guernsey was head of the Property Department of Wedlake Bell in London before becoming Senior Partner of the Guernsey office in 1996. He is Chairman of a number of companies including IRP Property Investments Limited (previously ISIS Property Trust 2 Limited) and RAB Special Situations Company Limited. Mr Spicer is also a non-executive director of a number of property investment funds and is a member of the Institute of Directors.

Mike Stockwell
Non-executive Director
Chairman of Audit Committee

Mr Stockwell is a pension investment consultant for Kodak Limited responsible for asset allocation and investment manager appointments. He is a trustee and a member of the investment board of Kodak Limited's United Kingdom pension plan (asset size £1.1 billion). Mr Stockwell has over 30 years experience in the pension investment area, including fifteen years as manager of one of the UK's top 100 pension funds. Previously, Mr Stockwell was European pensions investment director for a large US multi-national with assets of over $2.5 billion in some fifteen European countries.

Shelagh Mason
Non-executive Director

Mrs Mason is an English property solicitor with over 25 years experience in commercial property. She currently practises as Mason & Co in Guernsey specialising in English commercial property. Her last position in the United Kingdom was as a senior partner of Edge & Ellison (now part of Hammonds). For two years until 2001 she was Chief Executive of Long Port Properties Limited, a property development company active throughout the United Kingdom and the Channel Islands. Mrs Mason is a member of the Board of Directors of Standard Life Investment Property Income Trust, a property fund listed on both the London Stock Exchange and the Channel Islands Stock Exchanges and is a non-executive director of PFB Regional Office Fund and PFB Data Centre Fund and of G.Res 1 Limited, a residential property investment company. She is Chairman of the Guernsey Branch of the Institute of Directors and a member of the Chamber of Commerce and the Guernsey International Legal Association.

Dr Helmut Tomanec
Non-executive Director

Dr Tomanec is Managing Director of Hallmark Properties GmbH, Vienna, a real estate advisory and management company, controlling 50% of its share capital.

Previously Dr Tomanec was an authorised officer of Volksbank and Managing Director of Immoconsult Leasing GmbH (its subsidiary) and was responsible for the bank's project finance, real estate development and finance lease activities in Austria and CEE. Prior to that Dr Tomanec was Chief Corporate counsel for Maculan International GmbH, Vienna, where he was responsible for all subsidiaries and branch offices and construction agreements in various countries including Poland, Hungary and Slovakia and real estate developments in CEE.

Directors - Property Manager, Atlas Management Company Limited

Directors and senior management[1]

Rafael Berber Chairman of AMC Investment Committee member	Mr Berber is a founding partner of RP Capital a London-based investment group founded in July 2004 and specialising in emerging markets. Prior to founding RP Capital, Mr Berber was formerly Vice Chairman of Global Capital Markets & Financing, Global Head of Equity Linked Products, and Global Head of Equity Trading and the Strategic Risk Group at Merrill Lynch. Mr Berber also led the development of Merrill Lynch's European emerging markets business. Mr Berber holds an MBA in Finance from New York University and a Bachelors Degree in Economics from Tel Aviv University.
Ron Izaki Director Chairman of Investment Committee	Mr Izaki is the Chief Executive Officer and primary shareholder of the Izaki Group which was founded in 1948 and is now one of the leading real estate development firms in Israel. He has been involved in the development of thousands of apartments and millions of square feet of commercial and retail space in the USA, Israel and Western Europe. Mr Izaki is also a director of Brack RE, an international owner, developer and manager of real estate. He has a Bachelors Degree in civil engineering from the Israel Institute of Technology.
D. Saradhi Rajan Director	Mr Rajan is currently a Principal of RP Capital Group. Prior to joining RP, Mr Rajan had worked at Merrill Lynch in London and Hong Kong. Whilst in Hong Kong, he was responsible for the origination of corporate equity derivatives and private equity linked financing in South and South-East Asia. Prior to this, he worked as an investment banker at Lazard and Donaldson, Lufkin & Jenrette. Mr Rajan was educated at The Doon School, has a Bachelors Degree in Commerce from Loyola College, University of Madras and is a Chartered Accountant.
Nahman Tsabar Director Chief Executive Officer	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.
Michael Williamson Chief Financial Officer	Mr. Williamson is a Chartered Accountant and holds a BSc (Econ) in Economics from the University of Wales. He has held divisional Finance Director positions in the pharmaceutical companies GlaxoSmithKline and Sanofi-Aventis. He was Group Finance Director with the FTSE listed group MFI Plc and has held CFO positions with other listed companies.

Registered office

Atlas Estates Limited
BNP Paribas House
1 St Julians Avenue
St Peter Port
Guernsey GY1 1WA

[1] On 4 March 2008, Dori Danker and Gadi Danker resigned their positions as directors of AMC and members of the Investment Committee.

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Public Relations in Poland
NBS Public Relations Sp. Z o.o.
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00-359 Warszawa
Poland

Directors' Report

The Directors present their report and the audited financial statements for the twelve months ended 31 December 2008.

Results and dividends

The results for the Company for the year are set out in the income statement on page 32 and show a profit after tax of €7.9 million (2007: loss after tax of €6.0 million).

The Company has not declared a dividend for 2008.

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 for 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.

Activities and review of business

The Company was admitted to the AIM market of the London Stock Exchange and commenced trading on 1 March 2006. In February 2008, the Company completed a listing on the Warsaw Stock Exchange. The Company is domiciled in Guernsey as a closed-ended investment company under Guernsey Law.

The principal activity of the Company is property investment and development throughout Central and Eastern Europe, together with the management of its properties. The development of the Company's business and future prospects, including a description of material risk factors and threats and information on the degree of the Company's exposure to such risks or threats, is considered in the Chairman's Statement on pages 5 to 8 and the Review of the Property Manager on pages 9 to 14.

Business environment

In the second half of 2008 the Company and its subsidiaries ("the Group") experienced the effect of the global economic crisis and credit crunch in the Central and Eastern European markets in which it operates. This has been demonstrated in low levels of transactional volumes, lack of available credit and reductions in GDP growth. Recently the Group has had to refinance several of its properties with its banks. The negotiations have been difficult reflecting the pressures being faced by international banks. The Company and its subsidiaries have been successful in refinancing many of its assets with significant changes in loan terms.

Strategy

The Company's strategy has been to invest in the developing markets of Central and Eastern Europe ("CEE") excluding the former Soviet Union and since IPO the Company has developed a significant portfolio of assets. The economies of Poland, Hungary, Slovakia, Romania and Bulgaria, in which the Company operates, have been impacted by the adverse effects of the global economic crisis. Although Poland, where 64% of the Company's assets are located, appears the most resilient economy in the region, Hungary, in which the Company also has interests (13%), has had to seek financial support from the International Monetary Fund ("IMF"). Despite the challenging environment, the projects that the Company is currently developing are well placed to meet the ongoing demand for quality residential, office and retail properties.

The Company's strategy, since its IPO in London in 2006, has been to invest the funds raised in acquiring quality assets with potential for growth. These targets have been achieved within the timeframe stated at IPO. 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.

Diversification

In order to hedge against risks, the Company intends to maintain a diversified portfolio of real estate investments. The diversification will have three aspects: firstly, the Company intends to diversify its geographical reach by investing in various countries in the CEE region; secondly, the Company intends to diversify the type of investment (e.g. residential development, office, commercial, etc.); and thirdly the Company intends to stagger the development phases of its various projects (e.g. the purchase of land, the design phase, the construction phase, the marketing and sale process) in order to maintain stable levels of income earned.

As at 31 December 2008, the Company has investment assets in Poland, Romania, Slovakia, Hungary and Bulgaria, but the Company intends to use its experiences in other dynamically developing markets. This strategy will allow the Company to further geographically diversify its operations and achieve an appropriate scale of its operations. The Company also intends to continue its strategy of investing in non-capital cities in the countries in which it operates.

Key performance Indicators

Key performance indicators vary between the different areas of the Company's business.

The success of developing and selling residential apartments will be measured in terms of the price achieved for each apartment, the profit margin earned over construction cost and as a proportion of sales and the overall rate of return from a development. Information on sales is detailed in the Review of the Property Manager on pages 9 to 14. All apartments to date have been sold at prices in excess of the initial budget.

For yielding assets the measure of the yield of an asset relative to its cost to the Company is of key importance. Also the overall valuation of the portfolio will drive the value to the Company and ultimately the Company's share price. Details of total return targets and increases in net asset value per share are included within the Chairman's Statement and Review of the Property Manager.

The key financial risk policies are stated within the financial sections of this report on pages 42 to 44.

Going concern

The going concern of the Company is dependent on the going concern of its subsidiaries. As described in the Chairman's Statement and in the Review of the Property Manager, the current economic environment is challenging and the Group has reported a consolidated loss from operations for the year ended 31 December 2008 and a significant fall in consolidated net asset value as at 31 December 2008. The directors consider that the outlook presents significant challenges in terms of the markets in which the Group operates, the effect of fluctuating exchange rates in the functional currencies of the Group and the availability of bank financing for the Group.

As at 31 December 2008 the Group held land and building assets with a market value of €515 million, compared to external debt of €248 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value" ratio gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. All land and building assets and associated debts are ring-fenced in unique, specific, corporate vehicles. In all cases the market values of the assets held exceed the external debt. This being the case, any repossession by the bank on default of loan terms would clear the outstanding debt and not result in additional finance liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In the preparation of the consolidated financial statements for the year ended 31 December 2008, the directors have reclassified an additional two loans, totaling €67.6 million, within the financial statements from non current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches on these loans existed and the bank had not given a waiver on the breach of covenant at 31 December 2008. The banks are aware of the technical breaches and have not asked for repayment of the loans. One of the breaches arises from a lower valuation resulting in the breach of the loan to value ratio covenant and one from lower occupancy levels resulting in the breach of the debt service coverage ratio. Loans maturing within one year have increased to €96 million at 31 December 2008 from €30 million at 31 December 2007.

The principal loan reclassified from non current to current liabilities relates to the loan on Atlas Estates (Millennium) Sp. z o.o.. Following the year end the Group received a written covenant waiver from its lender in relation to the covenant breach at Atlas Estates (Millennium) Sp. z o.o.. The lender will continue to extend the €63.1 million facility to the company and the 2009 business plan brings the asset back within the ratio limit. This is disclosed in note 16.1 on financing as part of the post balance sheet events note in the financial statements.

In assessing the going concern basis of preparation of the individual and consolidated financial statements for the year ended 31 December 2008, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 16.1 on financing as part of the post balance sheet events note in the financial statements.

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and the mitigating factors referred to above. These forecasts take into account reasonably possible changes in trading performance, potential sales of properties and the future financing of the Group. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the individual and consolidated financial statements for the year ended 31 December 2008.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

Substantial shareholdings

As of 18 March 2009, to the Company's best knowledge and belief, the following shareholders had a direct or indirect interest in 3% or more of the Company's ordinary share capital. All shares have equal voting rights.

Table 1 – Notifiable interests

Shareholder	Number of Shares	%
BBHISL Nominees Limited	6,594,509	14.08
Chetwynd Nominees Limited	5,560,576	11.87
Forest Nominees Limited	6,536,925	13.95
Lynchwood Nominees Limited	9,997,733	21.34
Roy Nominees Limited	6,730,623	14.37
The Bank of New York (Nominees) Limited	3,827,613	8.17
BNY Mellon Nominees Limited	1,600,000	3.42
Total		**87.20**

Purchase of own shares

By a resolution passed on 27 June 2008, shareholders granted the Directors the authority to purchase a maximum of 14.99% of the Company's own shares. These may be purchased at a minimum of €0.01 per share and a maximum of no more than 5% above the average mid-market price as derived from the Daily Official List for the five business days preceding the purchase. This authority was not exercised during 2008.

Directors and Directors' share interests

The non-executive Directors who served during the year are detailed in Table 2 below. No Director had any direct interest in the share capital of the Company or any of its subsidiaries during the year. Mr Spicer acquired a beneficial interest in 14,785 shares in the Company in 2007.

Table 2 – Non-executive Directors

Mr Quentin Spicer	Appointed 9 February 2006
Mr Michael John Stockwell	Appointed 3 February 2006
Mrs Shelagh Mason	Appointed 3 February 2006
Dr Helmut Tomanec	Appointed 3 February 2006

Biographical details for all Directors are set out on page 16.

The Directors retire by rotation and Mr. Stockwell, being so entitled, willingly offers himself for re-election.

The Board is of the view that non-executive appointments for a fixed term would be inappropriate for each of the non-executive Directors due the nature of the management of the Company. The Articles of the Company do provide for the retirement by rotation of a third of the Board each year.

The Remuneration Report contains details of Directors' remuneration, terms of their appointment and those of the Property Manager and is set out on pages 27 to 29. No other Director had, during the accounting year or in the period to 20 March 2009, any material beneficial interest in any significant contract in the Group's business.

Directors' Responsibilities
Guernsey company law requires that Directors prepare financial statements for each financial period. These must give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the results of the Company for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Ensure the financial statements comply with IFRS as adopted by the EU; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that proper accounting records are maintained, which disclose with reasonable accuracy the financial position of the Company, and that the financial statements comply with Guernsey Law. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

Company website

To provide a portal for investor information and in accordance with the requirements of AIM and WSE, the Company maintains a website accessed at www.atlasestates.com.

The Directors are responsible for the maintenance and integrity of the website. There is, however, some uncertainty regarding the legal requirements of the website as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Auditors

The Directors confirm that as at 20 March 2009:

- So far as they are aware, there is no relevant information (that is, information needed by the Company's auditors, in connection with preparing their report) of which the Company's auditors are unaware;
- The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information; and
- The auditing firm (qualified auditor of financial statements) who audited the annual financial statements has been selected in compliance with the provisions of the law and that this firm and the qualified auditors who performed the audit met the conditions to issue an impartial and independent opinion on the audited annual financial statements in accordance with the applicable provisions of national law.

The individual financial statements of the Company for 2008 were audited by BDO Novus Limited and BDO Stoy Hayward LLP on the basis of a contract concluded on 5 December 2008. The individual financial statements of the Company for 2007 were audited by PricewaterhouseCoopers LLP on the basis of a contract concluded on 5 December 2007.

The total fees specified in the contract with the audit company, payable or paid for an audit and review of the financial statements and for other services are presented below:

Table 3 – Audit Company - fees

	2008 €'000	**2007 €'000**
Audit of individual and consolidated annual financial statements	328	931
Review individual and consolidated financial statements	101	151
Tax services	90	251
Other services	-	1,200
Total	**519**	**2,533**

A resolution concerning the re-appointment of BDO Novus Limited and BDO Stoy Hayward LLP as auditors and their remuneration will be submitted to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 24 June 2009.

Information about court proceedings

As of 20 March 2009, 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.

Significant Agreements

In addition to the Property Management Agreement detailed below, the Group has the following significant agreements.

Agreement of 23 June 2008, between Capital Art Apartments and Eiffage Budownictwo MITEX S.A. as amended
Under the above agreement, Eiffage Budownictwo MITEX S.A. agreed to carry out construction works, as the general contractor, with regard to the second stage of the Capital Art Apartments Project. The value of the agreement was agreed as equivalent to a lump sum of the amount of PLN 40,680,931 plus VAT (€9.8 million plus VAT) for part of the works, increased by a sum based on a costs plus fee (fee equal to 8%) formula for the remaining works within the general contractor works. The maximum value of the contract was agreed by the Parties at 78,000,000 PLN plus VAT (€18.7 million plus VAT). The completion of the works according to the above agreement shall take place not later than 30 October 2009.

Agreement of 4 September 2007, between Platinum Towers and HOCHTIEF Polska Sp. z o.o.
Under the above agreement, HOCHTIEF Polska Sp. z o.o. agreed to carry out construction works with regard to the Platinum Towers Project. The value of the agreement is PLN 179,655,000. Expected date of finishing construction works is 3 quarter 2009.

Related party transactions

Related party transactions are stated within note 15 of the financial statements of this report, on page 51.

Credit and loan facilities, guarantees and sureties

Under the loan agreement of 24 October 2008, Grzybowska Centrum Sp. z o.o. ("GC"), a subisidiary of Atlas Estates Limited ("AEL"), extended a loan facility of €4.4 million to AEL. The loan facility was to be repaid before 15 October 2009 and bore interest at a variable rate equal to the sum of EURIBOR and the lender's margin. On 10 December 2008, GC redeemed AEL of all obligations resulting from the loan agreement, including interest incurred to that date, and AEL wrote off the related creditor balance of €4.4 million.

No other new loans were advanced in the year ended 31 December 2008. The following guarantees and sureties were granted during the year ended 31 December 2008.

HGC refinancing
HGC S.A. ("HGC"), a subsidiary of Atlas Estates Limited ("Atlas"), concluded an amendment agreement to a credit facility agreement dated 8 April 2004 with Investkredit Bank AG (the "Amendment"). The guarantees of Atlas remained unchanged and are equal to EUR 45,000,000.

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 credit facility is secured by 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.

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..

Corporate governance review

The Company aspires to apply the highest possible standards of corporate governance in all areas of its business. The Board and, where delegated, the Property Manager use a comprehensive system of controls, checks and reporting requirements that they consider provide the capability to maintain these standards. The systems mentioned are being designed to meet the requirements of the Company and its business and to assess and manage the opportunities and risks that may arise. Whilst the Board is mindful of the guidance of the Combined Code wherever possible, its systems will be suitable for a Company of its size, the small number of Directors that form the Board and the external management function provided by the Property Manager. In accordance with the WSE Rules, the Board resolved in January 2008, to the extent practicable, to also comply with the majority of the corporate governance rules defined in the Code of Best Practices for WSE Listed Companies. However, the Company's compliance with certain principles is limited by the differences between Guernsey and Polish legal systems, procedures and accepted practices.

Structure and membership of the Company's Board

The Board of Directors comprises the non-executive Chairman and three further non-executive Directors. There is a clear separation of the role of the Chairman and the Property Manager, governed by the Property Management Agreement that was entered into on 24 February 2006. The Board did not find it necessary to appoint a Senior Independent Director. The Board identifies all of its non-executive Directors as being independent of the Company based on their level of involvement with the founder shareholders prior to the formation of the Group and their involvement in the day to day management of the Company and its subsidiaries ("the Group") on an ongoing basis. They provide strategic management and act as the final Investment Committee for all investment/divestment decisions. The executive and day to day management is provided by the Property Manager whose role and responsibilities are clearly defined in the Property Management Agreement.

The Board meets formally at least four times a year and regular contact is made between the Board and the Property Manager in the intervening periods. The Directors meet periodically without the Property Manager present and on occasion without the presence of the Chairman.

A formal schedule of matters reserved specifically for the Board's decision is approved and reviewed on an ongoing basis by the Board. Such matters include, but are not limited to,

- developing Group strategy and monitoring the progress towards objectives set for management;
- reviewing the Company's capital, operating and management structures;
- setting the system of internal and financial controls and accounting policies;
- communicating the aims and objectives of the Company to shareholders; and
- ensuring that the Group has effective risk management procedures in operation at all times.

A formal schedule of matters reserved for the Board of the Property Manager is also approved and reviewed on an ongoing basis by the Board.

All members of the Board have access to the advice and services of the Company's Administrator and full and timely access to all relevant information in an appropriate form and of sufficient quality to enable them to discharge their duties and responsibilities. Guidance is provided to Directors on obtaining independent professional advice when necessary and the Company maintains a comprehensive directors' and officers' liability insurance policy.

Appointments to the Board are subject to a formal process of selection involving the Board as a whole. The Directors are appointed for indefinite terms and a third of the Board retire by rotation each year. Directors' terms of appointment provide for prior approval of the Board for the acceptance of any outside appointments. In the event of a request for approval the Director in question is asked to confirm and demonstrate that they can continue to commit sufficient time to the fulfilment of their duties.

Board committees

The Audit Committee comprises the whole of the Board and is chaired by Mr Stockwell. It meets at least three times a year to review the interim and year end financial statements prior to their submission to the Board and to review the appointment of the independent auditors and the scope, performance and remuneration of services provided by them. Procedures are in place for the approval of non-audit services provided by the Company's auditors. The auditors will not be awarded non-audit work unless the Company is satisfied, through enquiry, that the provision of such services would not prejudice the independence and objectivity of the audit.

The entire Board also forms the Investment Committee in order to appraise and approve or reject investment proposals made by the Property Manager. The Investment Committee meets as and when required.

The Company has not formed a separate Remuneration or Nominations Committee as the Property Management Agreement provides for the remuneration of the Manager and the Board as a whole considers any further appointments.

Table 4 - Attendance at meetings

	Board	Committee meetings Audit
No. of meetings in the year	**18**	**4**
Mr Quentin Spicer	17	4
Mr Michael John Stockwell	15	4
Mrs Shelagh Mason	17	3
Dr Helmut Tomanec	17	4

No Investment Committee meetings were held in the year because all discussions and decisions related to investment proposals were made during the Board meetings.

Property Manager

The Property Manager has also undertaken to maintain the highest standards of corporate governance in line with the direction set by the Board. Where delegated, the Property Manager has continued to put in place a comprehensive system of controls, checks and reporting requirements that they feel provides the ability to maintain these standards.

The Property Manager has a board ("PM board") comprising of a non-executive Chairman and four further non-executive directors. It meets formally at least four times a year and more regularly when required to do so to review its requirements under the terms of the Property Management Agreement. A formal schedule of matters reserved for the decision of the PM board, derived from the role and responsibilities set out in the Agreement has been approved and is reviewed on an ongoing basis.

The Property Manager has appointed an Investment Committee comprising four of its non-executive directors to review and approve those investment and divestment opportunities that are presented to the Company for its approval and completion. The PM board collectively approves the appointment of senior management within the Property Manager, details of which are then reported to the Company.

Internal control

The Directors assume overall responsibility for the Group's system of internal control designed to safeguard shareholders' investments and the Group's assets and for reviewing its effectiveness. The system is regularly reviewed by the Board and accords with the Internal Control Guidance for Directors on the Combined Code. The controls are designed to identify and manage risks faced by the Group and not to totally eliminate the risk of failure to achieve business objectives. To this end internal controls provide reasonable, but not absolute assurance against material misstatement or loss. The implementation and operation of such systems has been delegated to the Property Manager and the processes are communicated regularly to all of their staff who are made aware of the areas for which they are responsible. Such systems include strategic planning, the appointment of appropriately qualified staff, regular reporting and monitoring of performance and effective control over capital expenditure and investment.

The Group's key internal controls are centred on a system of comprehensive reporting on all of its business activities. The Property Manager meets on a monthly basis to review the control systems and to assess the performance and position of the Group. A separate risk management process is operated that engages the Directors and senior management of the Company and Property Manager that is aimed at identifying areas of risk faced by the Group and assessing the likely impact on operating activities. Significant risks that are identified by this process are communicated to the Board with recommendations for actions to mitigate them. The Group uses independent agents to undertake any specialist analysis, investigation or action that is needed. The Board reports to shareholders at least annually that they have carried out a review of the system for internal controls.

Internal financial controls centre on a clearly defined set of control procedures and a comprehensive monthly and quarterly reporting structure. Detailed revenue, cash flow and capital forecasts are prepared for each asset and updated regularly throughout the year and reviewed by the Property Manager and the Board. The Property Manager agreement sets out clearly defined guidelines for all asset transactions. These require the approval of the Investment Committee of the Property Manager and then of the Board within defined levels of authority and de-minimis thresholds.

The Property Manager undertakes responsibility for the management of the Group's property portfolio, delegating this responsibility to appropriately qualified independent parties where it is deemed necessary. Terms of engagement for such appointments include the requirement for regular reports in an agreed form.

The Audit Committee is responsible for reviewing the effectiveness of the system of internal financial control. A review of these processes is conducted on a regular basis and any significant issues raised by this review are communicated to the Board for their consideration.

In accordance with the procedures outlined in this report, the Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 December 2008. The review took account of material developments that have taken place since the year end and considered the need for an internal audit function. The Board resolved that due to the size of the Company an internal audit function would be inappropriate but will review this need on an annual basis.

Shareholder relations

The Board encourages active communication with all of the Company's shareholders. The Chief Executive and Chief Financial Officer of the Property Manager are the main points of contact for shareholders and they endeavour to respond to enquiries on a timely basis either verbally or in writing. Provision is made on the Company's website for enquiries to be made of Directors.

As part of the communication process a series of meetings is held between the Property Manager and significant shareholders throughout the year. Directors are invited to attend these meetings and are available should shareholders request their attendance. All shareholders have at least twenty working days notice of the Annual General Meeting, at which all Directors and committee chairmen are introduced and available for questions.

Throughout the year meetings are held with the Company's brokers and other corporate advisors to feed back information that they have gathered concerning shareholder opinion. Topics raised at other meetings are communicated to the Board and discussed at subsequent Board meetings.

The non-executive directors have direct face-to-face contact with shareholders and are also regularly updated on major shareholder meetings and analysts or broker briefings.

The rights of the shareholders are subject to Guernsey Law and the Articles of Association of the Company.

The rules governing the change in the articles of the Company are subject to Guernsey Law and the Memorandum and Articles of Association of the Company.

Performance evaluation

The Property Manager agreement provides for a formal process of performance evaluation that is based on the collective performance of the Manager rather than on an individual's performance. These performance criteria are based on financial measures over the life of the Property Management Agreement. In addition, procedures are in place to review the approach and resources applied by the Property Manager and its performance throughout the year.

Procedures are also in place that enables the Board to appraise the performance of and level of fees paid to the Administrator and the Company's professional advisors.

Details of those Directors seeking re-election at the Company's Annual General Meeting can be found on page 21.

Quentin Spicer
Chairman
20 March 2009

Shelagh Mason
Director

Remuneration Report

The Directors present their report on their remuneration and that of the Property Manager (the ‘Report’) that has been prepared in a manner consistent with commonly accepted practice.

The Report is to be approved at the Annual General Meeting of the Company at which the financial statements will be approved and a resolution to this effect will be proposed at the Meeting.

The Report has been divided into two sections, one for information that is subject to audit by the Company’s Auditors and one that is not.

Unaudited information

Non-executive Directors
All non-executive Directors have specific terms of appointment that include their membership of the Audit Committee and the fee payable to them for their services. Their remuneration is determined by the Board in accordance with the Articles of Association of the Company. Such fees are reviewed annually with regard to a Director’s performance and those fees paid to non-executive directors of similar companies.

Non-executive Directors do not participate in the Warrant Instrument.

Details of the terms of appointment for those who served as non-executive Directors during the year are:

Table 5 – Non-executive Directors’ service contracts

	Contract Date	Term	Notice Period
Mr Quentin Spicer	9 February 2006	Indefinite	90 days
Mr Michael John Stockwell	3 February 2006	Indefinite	90 days
Mrs Shelagh Mason	3 February 2006	Indefinite	90 days
Dr Helmut Tomanec	3 February 2006	Indefinite	90 days

Property Manager
On signing the Property Management Agreement, the Company looked to structure a remuneration package that combined a basic fee element with performance related rewards that motivate the Property Manager and align their interests with the performance and growth of the business and the long term enhancement of shareholder value.

The Property Manager remuneration package comprises three main elements:

Basic fee
In consideration of the services to be provided by AMC, AMC will receive an annual management fee of 2 per cent. of the previous year’s closing NAV (less any un-invested net proceeds of the IPO or any subsequent equity capital raising) subject to a minimum fee in each of the two years to 31 December 2007 equivalent to an annual payment of €4.6 million.

In addition, AMC is entitled to be reimbursed by the Company for all costs and expenses incurred by it in the performance of its obligations under the Property Management Agreement (not including its own internal operating costs).

Performance fee
In addition, AMC will receive a performance fee payable if the Total Shareholder Return in any year exceeds 12 per cent (adjusted to make up for any prior years where the Total Shareholder Return was negative – the “Hurdle Rate”). Once this threshold is exceeded, AMC is entitled to receive a fee equal to 25 per cent of the amount by which the Total Shareholder Return for the relevant financial period exceeds the Hurdle Rate for such period multiplied by the previous year’s closing NAV after the deduction of any dividends declared or to be declared but not yet paid in respect of that period.

One third of any performance fee payable to AMC under the agreement may, at the option of the Company be paid in the form of new Ordinary Shares issued to AMC at a price equal to the average closing price of the Company’s shares for the 45 days prior to the date of issue of such shares. This option may not be exercised where it would trigger an obligation to make a mandatory offer for the Company pursuant to the City Code.

AMC performance fee payment
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. AMC’s performance fee in respect of the financial year ended 31 December 2008 will be €nil.

Term and Termination
The Property Management Agreement is to run for an initial seven year term and may be terminated thereafter on 12 months' notice by either party. The agreement may be terminated at any time for reasons of material breach by either party not remedied within a 90 day period (21 days if the breach relates to non-payment of sums due to the Property Manager) or on the insolvency of either party. The Company may also terminate the Agreement in the event that any of the AMC Shareholders sells (other than to certain categories of intra-group permitted transferees) more than 49 per cent. of their respective shareholdings in AMC as at the date of Admission or in the event that the AMC Shareholders (or their permitted transferees) between them cease to own collectively at least 75 per cent of the issued share capital of AMC. The Company also has the right to terminate the agreement in the event that it becomes tax resident in the United Kingdom for any reason. Upon termination of this Agreement, the Manager shall be entitled to receive all fees and other moneys accrued to it (and unpaid) and a performance fee.

Share schemes
On 23 February 2006 the Company executed and adopted a Warrant Instrument providing for the issue of warrants over 5,114,153 ordinary shares. Following the exercise of the Greenshoe on 15 March 2006, an additional Warrant Instrument was executed and adopted to provide for the issue of warrants over a further 373,965 ordinary shares. The Warrants are exercisable during the period commencing 1 March 2007 and expiring on the earlier of: (i) 28 February 2013; or, (ii) upon an offeror becoming entitled to acquire the entire issued share capital of the Company.

The exercise price of each of the Warrants is €5 (Five Euros). The exercise price and number of Ordinary Shares relating to such Warrants will be subject to adjustment in respect of dilution events, including the payment by the Company of cash or special dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of the Group's assets and other dilutive events. The Warrants are freely transferable.

Audited information

The total amounts for Directors' remuneration were as follows:

Table 6 – Directors' emoluments – representing fees only	2008
	€
Non-executive Directors	
Mr Quentin Spicer	86,845
Mr Michael John Stockwell	73,883
Mrs Shelagh Mason	67,402
Dr Helmut Tomanec	67,402
Total	**295,532**

Table 7 – Warrants issued					
	Granted	Transferred	At 31 Dec 2008	Date of grant	Date Exercisable
Rafael Berber	306,849	-	306,849	24 Feb 2006	1 March 2007
	306,849	-	306,849	24 Feb 2006	1 March 2008
	22,438	-	22,438	20 Mar 2006	1 March 2007
	22,438	-	22,438	20 Mar 2006	1 March 2008
Roni Izaki	306,849	-	306,849	24 Feb 2006	1 March 2007
	306,849	-	306,849	24 Feb 2006	1 March 2008
	22,438	-	22,438	20 Mar 2006	1 March 2007
	22,438	-	22,438	20 Mar 2006	1 March 2008
Dori Dankner	306,849	-	306,849	24 Feb 2006	1 March 2007
	306,849	-	306,849	24 Feb 2006	1 March 2008
	22,438	-	22,438	20 Mar 2006	1 March 2007
	22,438	-	22,438	20 Mar 2006	1 March 2008
Gadi Dankner	306,849	-	306,849	24 Feb 2006	1 March 2007
	306,849	-	306,849	24 Feb 2006	1 March 2008
	22,438	-	22,438	20 Mar 2006	1 March 2007
	22,438	-	22,438	20 Mar 2006	1 March 2008
D Saradhi Rajan	306,849	(98,786)	208,063	24 Feb 2006	1 March 2007
	306,849	(98,786)	208,063	24 Feb 2006	1 March 2008
	22,438	-	22,438	20 Mar 2006	1 March 2007
	22,438	-	22,438	20 Mar 2006	1 March 2008
Lou Silver	-	98,786	98,786		1 March 2007
	-	98,786	98,786		1 March 2008
Atlas	511,416	-	511,416	24 Feb 2006	1 March 2007
Management	511,416	-	511,416	24 Feb 2006	1 March 2008
Company	511,416	-	511,416	24 Feb 2006	1 March 2009
Limited	511,415	-	511,415	24 Feb 2006	1 March 2010
	37,396	-	37,396	20 Mar 2006	1 March 2007
	37,396	-	37,396	20 Mar 2006	1 March 2008
	37,396	-	37,396	20 Mar 2006	1 March 2009
	37,397	-	37,397	20 Mar 2006	1 March 2010

The warrants have been issued at nil cost to the recipients. There are no performance criteria for execution and execution can be undertaken on or after the date of exercise as detailed above or immediately upon a Change of Control of the Company. None of the terms and conditions of the warrants has been varied in the period.

No Directors have been issued warrants over the shares in any other Group company.

During the year to 31 December 2008, the market price of the ordinary shares ranged between £0.16 and £2.94.

Approval

The Board approved the Remuneration Report without amendment. This report was approved by the Board of Directors on 20 March 2009 and signed on its behalf by:

Quentin Spicer
Director
20 March 2009

Declaration of the Board of Directors

The Board of Directors of Atlas Estates Limited hereby declare that, to the best of their knowledge, the annual financial statements and report and the comparable information have been prepared in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market, with the rules of the Warsaw Stock Exchange, and with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation. The annual financial statements and report give a true, fair and clear view of the assets, liabilities, financial position and net result of the Company.

The annual report includes a fair review of the development of the business and important events impacting it, as well as a description of the principal risks and uncertainties of the business.

Quentin Spicer
Chairman

Michael Stockwell
Director

Shelagh Mason
Director

Dr Helmut Tomanec
Director

20 March 2009

Independent Auditor's Report to the shareholders of Atlas Estates Limited

We have audited the financial statements of Atlas Estates Limited for the year ended 31 December 2008 which comprise the income statement, the balance sheet, the statement of changes in equity, the cash flow statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Atlas Estates Limited for the year ended 31 December 2008.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with The Companies (Guernsey) Law, 2008 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. This other information comprises the Financial Highlights, Chairman's Statement, Review of the Property Manager, Property Portfolio Information, Directors' Report, Remuneration Report and the Declaration of the Board of Directors. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of The Companies (Guernsey) Law, 2008 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of The Companies (Guernsey) Law, 2008 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008; and
- the information given in the directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP	*BDO Novus Limited*
Chartered Accountants and Registered Auditors	*Chartered Accountants*
London	*Guernsey*
20 March 2009	20 March 2009

ATLAS ESTATES LIMITED

INCOME STATEMENT
For the year ended 31 December 2008

	2008 €'000	2007 €'000	Notes
Revenues	-	-	
Cost of operations	-	-	
Gross profit	**-**	**-**	
Administrative expenses	(6,811)	(15,399)	**3**
Other operating expenses	(1,049)	(2,109)	**4**
Loss from operations	**(7,860)**	**(17,508)**	
Finance income	15,655	11,169	**5**
Finance costs	(25)	(6)	**5**
Other gains and (losses) – foreign exchange	147	316	**5**
Profit / (loss) before taxation	**7,917**	**(6,029)**	
Tax expense	-	-	
Profit / (loss) for the year	**7,917**	**(6,029)**	
Profit / (loss) per €0.01 ordinary share – basic (eurocents)	17.3	(12.5)	**7**
Profit / (loss) per €0.01 ordinary share – diluted (eurocents)	17.3	(12.5)	**7**

All amounts relate to continuing operations.

ATLAS ESTATES LIMITED

BALANCE SHEET
As at 31 December 2008

	2008 €'000	2007 €'000	Notes
ASSETS			
Non-current assets			
Other loans receivable	-	263	**9**
Investment in subsidiaries	21,220	21,220	**8**
Loans receivable from subsidiaries	176,062	177,965	**9**
	197,282	**199,448**	
Current assets			
Trade and other receivables	176	142	**9**
Cash and cash equivalents	4,351	3,232	**10**
	4,527	**3,374**	
TOTAL ASSETS	**201,809**	**202,822**	
Current liabilities			
Trade and other payables	(2,432)	(9,734)	**11**
	(2,432)	**(9,734)**	
Non-current liabilities			
Other payables	-	-	
	-	**-**	
TOTAL LIABILITIES	**(2,432)**	**(9,734)**	
NET ASSETS	**199,377**	**193,088**	
EQUITY			
Share capital account	6,268	484	**12**
Other distributable reserve	194,817	202,320	**14**
Accumulated loss	(1,708)	(9,716)	
TOTAL EQUITY	**199,377**	**193,088**	

The notes on pages 36 to 54 form part of these financial statements. The financial statements on pages 32 to 35 were approved by the Board of Directors on 20 March 2009 and signed on its behalf by:

Quentin Spicer
Chairman

Shelagh Mason
Director

ATLAS ESTATES LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2008

	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 year	-	-	(6,029)	**(6,029)**
Shares bought back as Treasury (note 12)	-	(16,023)	-	**(16,023)**
Share based payments (note 13)	-	-	321	**321**
Dividends paid (note 6)	-	(8,063)	-	**(8,063)**
As at 31 December 2007	**484**	**202,320**	**(9,716)**	**193,088**
Result for the year	-	-	7,917	**7,917**
Shares issued in the year (note 12)	5,784	-	-	**5,784**
Share based payments (note 13)	-	-	91	**91**
Dividends paid (note 6)	-	(7,503)	-	**(7,503)**
As at 31 December 2008	**6,268**	**194,817**	**(1,708)**	**199,377**

ATLAS ESTATES LIMITED

CASH FLOW STATEMENT
Year ended 31 December 2008

	Year ended 31 December 2008 €'000	Year ended 31 December 2007 €'000
Profit / (loss) for the year	**7,917**	**(6,029)**
Adjustments for:		
Effects of foreign currency	(155)	-
Finance costs	25	6
Finance income	(11,236)	(11,169)
Bad debt write off	259	-
Creditor write off	(4,419)	-
Charge relating to share based payments	91	321
	(7,518)	**(16,871)**
Changes in working capital		
Increase in trade and other receivables	(30)	(95)
Increase / (decrease) in trade and other payables	1,634	(10,494)
Net cash outflow from operating activities	**(5,914)**	**(27,460)**
Investing activities		
Repayment of loans from / (new loans granted to) subsidiary undertakings	13,087	(4,662)
Net cash from / (used in) investing activities	**13,087**	**(4,662)**
Financing activities		
Interest received	53	11,169
Interest paid	(6)	(6)
Dividends paid	(6,256)	(8,063)
Payments to acquire or redeem the entity's own shares	-	(16,023)
Net cash used in financing activities	**(6,209)**	**(12,923)**
Net increase / (decrease) in cash and cash equivalents in the year as a result of cashflows	**964**	**(45,045)**
Effect of foreign exchange rates	155	-
Net increase / (decrease) in cash and cash equivalents in the year	**1,119**	**(45,045)**
Cash and cash equivalents at the beginning of the year	**3,232**	**48,277**
Cash and cash equivalents at the end of the year	**4,351**	**3,232**
Cash and cash equivalents		
Cash at bank and in hand	4,351	3,232
Bank overdrafts	-	-
	4,351	**3,232**

ATLAS ESTATES LIMITED

STATEMENT OF ACCOUNTING POLICIES

Year ended 31 December 2008

Basis of preparation

These financial statements have been prepared in accordance with applicable Guernsey law and International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on a going concern basis and on a historical cost basis as amended by financial assets and financial liabilities at amortised cost. The principal accounting policies are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The going concern of the Company is dependent on the going concern of its subsidiaries. As described in the Chairman's Statement and in the Review of the Property Manager, the current economic environment is challenging and the Company and its subsidiaries ("the Group") have reported a consolidated loss from operations for the year ended 31 December 2008 and a significant fall in consolidated net asset value as at 31 December 2008. The directors consider that the outlook presents significant challenges in terms of the markets in which the Group operates, the effect of fluctuating exchange rates in the functional currencies of the Group and the availability of bank financing for the Group.

As at 31 December 2008 the Group held land and building assets with a market value of €515 million, compared to external debt of €248 million. Subject to the time lag in realising the value in these assets in order to generate cash, this "loan to value" ratio gives a strong indication of the Group's ability to generate sufficient cash in order to meet its financial obligations as they fall due. All land and building assets and associated debts are ring-fenced in unique, specific, corporate vehicles. In all cases the market values of the assets held exceed the external debt. This being the case, any repossession by the bank on default of loan terms would clear the outstanding debt and not result in additional finance liabilities for the Company or for the Group. There are also unencumbered assets which could potentially be leveraged to raise additional finance.

In the preparation of the consolidated financial statements for the year ended 31 December 2008, the directors have reclassified an additional two loans, totaling €67.6 million, within the financial statements from non current liabilities to current liabilities as bank loans and overdrafts due within one year or on demand, where covenant breaches on these loans existed and the bank had not given a waiver on the breach of covenant at 31 December 2008. The banks are aware of the technical breaches and have not asked for repayment of the loans. One of the breaches arises from a lower valuation resulting in the breach of the loan to value ratio covenant and one from lower occupancy levels resulting in the breach of the debt service coverage ratio. Loans maturing within one year have increased to €96 million at 31 December 2008 from €30 million at 31 December 2007.

The principal loan reclassified from non current to current liabilities relates to the loan on Atlas Estates (Millennium) Sp. z o.o.. Following the year end the Group received a written covenant waiver from its lender in relation to the covenant breach at Atlas Estates (Millennium) Sp. z o.o.. The lender will continue to extend the €63.1 million facility to the company and the 2009 business plan brings the asset back within the ratio limit. This is disclosed in note 16.1 on financing as part of the post balance sheet events note in the financial statements.

In assessing the going concern basis of preparation of the individual and consolidated financial statements for the year ended 31 December 2008, the directors have taken into account the status of current negotiations on loans. These are disclosed in note 16.1 on financing as part of the post balance sheet events note in the financial statements.

The Group's forecasts and projections have been prepared taking into account the economic environment and its challenges and the mitigating factors referred to above. These forecasts take into account reasonably possible changes in trading performance, potential sales of properties and the future financing of the Group. They show that the Group will have sufficient facilities for its ongoing operations.

While there will always remain some inherent uncertainty within the aforementioned cash flow forecasts, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the individual and consolidated financial statements for the year ended 31 December 2008.

The financial statements do not include any adjustments that would result if the going concern basis of preparation were to become no longer appropriate.

STATEMENT OF ACCOUNTING POLICIES - continued

The financial statements present the individual financial data of the Company for the year ended 31 December 2008. The financial information is prepared in Euro and presented in thousands of Euro ("€'000"). Atlas Estates Limited also prepares separate consolidated financial statements, which incorporate the financial statements of the Company and its subsidiaries up to 31 December 2008.

Share based payments

The cost of granting warrants to the Property Manager, its directors and employees is recognised through the income statement. A corresponding entry is made to equity. The Group has used the Black-Scholes option valuation model and the resulting value is amortised through the income statement over the vesting period of the warrants.

Foreign currencies

The functional currency of the Company and the presentation currency for the financial statements is Euro.

Transactions in foreign currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value, which are denominated in foreign currencies, are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Gains and losses arising on the settlement of monetary items and on the re-translation of monetary items are included in the income statement for the year.

Finance Income

Interest-bearing loans receivable are initially recorded at fair value, net of direct issue costs, and are then subsequently measured at amortised cost with interest being calculated using the effective interest rate method. All lending income is recognised in the income statement in the year in which it is incurred.

Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. As at 31 December 2008 and 2007, no financial assets at fair value through profit or loss were held by the Company.

(b) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables', 'other loan receivables' or 'loans receivable from subsidiaries' in the balance sheet (note 9). Cash and cash equivalents (note 10) are classified as loans and receivables. Cash and cash equivalents are a separate position in the balance sheet.

(c) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. As at 31 December 2008 and 2007, no available-for-sale financial assets were held by the Company.

STATEMENT OF ACCOUNTING POLICIES - continued

Impairment

The carrying amounts of the Company's non-monetary assets are reviewed at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable value of an asset is assessed by obtaining an independent assessment of its market value less any costs that would be incurred to realise its value.

Investments in subsidiaries

Investments in subsidiary companies are recognised initially at cost. The carrying amounts of the investments are reviewed at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment of investments in subsidiaries is recognised when there is objective evidence that the market value of the investment less any costs that would be incurred to realise its value is less than the carrying value. Significant financial difficulties of the subsidiary, probability that the subsidiary will enter bankruptcy or financial reorganisation, and default or delinquency in payments on loans receivable from the subsidiary are considered indicators that the investment is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Other loans receivable

Other loans receivable are recognised initially at fair value and subsequently measured at amortised cost method. The carrying amounts of other loans receivable are reviewed at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment of other loans receivable is recognised when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

STATEMENT OF ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents consist of cash balances, deposits held at banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within bank loans in current liabilities on the balance sheet. Bank overdrafts that are repayable on demand and which form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. As at 31 December 2008, no such financial liabilities were held by the Company.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of any direct issue costs.

Treasury shares

The costs of purchasing Treasury shares are shown as a deduction against equity. The purchase of own shares does not lead to a gain or loss being recognised in the income statement.

Taxation

Prior to 2008, the Company had exempt company status in Guernsey so that it was exempt from Guernsey taxation on income arising outside Guernsey and on bank interest receivable in Guernsey. The Company was only liable to a fixed fee of £600 per annum. With effect from 1 January 2008, Guernsey's corporate tax regime has changed. From that date the exempt company and international business regimes have been abolished as a consequence of which the Company is treated as resident for tax purposes subject to 0% tax. These changes do not adversely affect the tax efficiency of the AEL group corporate structure.

Dividends

Final dividend payments in respect of a financial year are recognised as a liability in the year in which the dividend payment is approved by the Company's shareholders.

Interim dividends paid are recognised in the year in which the payment is made.

STATEMENT OF ACCOUNTING POLICIES - continued

Changes to accounting policies since the last period

The Company has applied the following standards for the period commencing 1 January 2008. There has been no significant impact to the financial information as a result of applying these standards for the first time.

- IFRIC 11, IFRS 2 - Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007), addresses share-based payment arrangements. It did not have any material impact on the Company's financial statements.
- IAS 39 and IFRS 7: Reclassification of Financial Instruments (effective from 1 July 2008).
- IAS 39 and IFRS 7: Reclassification of Financial Instruments – Effective Date and Transition (effective from 1 July 2008; not yet adopted by the EU).

Certain new standards and interpretations have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods and which the entity has not yet adopted. None of these standards are expected to have a significant impact on recognition or measurement of the Company's assets or liabilities.

- IAS 23, Borrowing Costs (effective for annual periods beginning on or after 1 January 2009). The amendment removes the option of immediately recognising as an expense borrowing costs that relate to qualifying assets.
- IFRS 2, Share-based Payment: Vesting Conditions and Cancellations (effective for annual periods beginning on or after 1 January 2009), addresses share-based payment arrangements.
- IAS 1, Presentation of Financial Statements: A Revised Presentation (effective for annual periods beginning on or after 1 January 2009). The amendment affects the presentation of owner changes in equity and of comprehensive income.
- IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). This standard requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments.
- IAS 27, Consolidated and Separate Financial Statements (effective for annual periods on or after 1 July 2009; not yet adopted by the EU). The amendment relates, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary.
- IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009).
- IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate (effective for annual periods beginning on or after 1 January 2009).
- IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective for annual periods beginning on or after 1 July 2009; not yet adopted by the EU).
- Improving Disclosures about Financial Instruments (Amendments to IFRS 7) (effective for annual periods beginning on or after 1 January 2009). This amendment requires the analysis of each class of financial asset and financial liability into a three level fair value measurement hierarchy.
- Revised IFRS 3, Business Combinations (effective for annual periods beginning on or after 1 July 2009; not yet endorsed by the EU). The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. However, in some respects the revised standard may result in very significant changes. The revised standard does not require the restatement of previous business combinations.
- IFRIC 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008; not yet adopted by the EU). No such arrangement exists within the Company.
- IFRIC 13, Customer Loyalty Programmes (effective for annual periods beginning on or after 1 July 2008).

ATLAS ESTATES LIMITED

STATEMENT OF ACCOUNTING POLICIES - continued

Changes to accounting policies since the last period - continued

- IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 July 2008).
- IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009; not yet endorsed by the EU).
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008; not yet endorsed by the EU).
- IFRIC 17, Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009; not yet endorsed by the EU).
- IFRIC 18, Transfer of Assets from Customers (effective for transfers of assets from customers received on or after 1 July 2009; not yet endorsed by the EU).
- Improvements to IFRS (2008) (effective 1 January 2009). This project approved improvements to 20 IFRSs. The adoption of all will have no significant impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS

1. Financial risk management

1.1 Financial risk factors

The activities of the Company's subsidiaries exposes the Group to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. As a result, the Company is also exposed to the same financial risks. The Company's financial risks relate to the following financial instruments: loans and receivables, cash and cash equivalents and trade and other payables. The accounting policy with respect to these financial instruments is described above.

Risk management is carried out by the Property Manager under policies approved by the Board of Directors. The Property Manager identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board approves written principles for overall risk management, and is overseeing the development of policies covering specific areas such as foreign exchange risk and interest-rate risk. The Property Manager may call upon the services of a retained risk management consultant in order to assist with its risk assessment tasks.

Reports on risk management are produced periodically on an entity and territory level to the key management personnel of the Group and of the Company.

(a) Market risk

(i) Foreign exchange risk

Through its subsidiaries, the Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Polish Zloty, Hungarian Forint, Slovak Crowns, Romanian Lei, and Bulgarian Lev, although Slovakia entered the Eurozone in January 2009 and the Bulgarian Lev is pegged to the Euro at a fixed rate of exchange of 1.95583. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

In the year covered by these financial statements the Group has not entered into any currency hedging transactions. Foreign exchange risk is monitored and the cost benefits of any potential currency hedging transactions are reviewed to determine their effectiveness for the Group.

The majority of the Company's assets and liabilities are Euro-based, minimising the Company's individual exposure to foreign exchange risk. The tables below summarise the Company's exposure to foreign currency risk at 31 December 2008. The Company's financial assets and liabilities at carrying amounts are included in the table, categorised by the currency at their carrying amount.

2008:	**€**	**PLN**	**HUF**	**SKK**	**RON**	**Other**	**Total**
Loans receivable from subsidiaries	176,062	-	-	-	-	-	176,062
Trade receivables	176	-	-	-	-	-	176
Cash and cash equivalents	4,338	-	-	-	-	13	4,351
Total financial assets	**180,576**	**-**	**-**	**-**	**-**	**13**	**180,589**
Trade and other payables	(1,850)	-	-	-	-	(582)	(2,432)
Total financial liabilities	**(1,850)**	**-**	**-**	**-**	**-**	**(582)**	**(2,432)**
Net financial assets / (liabilities)	**178,726**	**-**	**-**	**-**	**-**	**(569)**	**178,157**

2007:	€	PLN	HUF	SKK	RON	Other	Total
Loans receivable from subsidiaries	177,965	-	-	-	-	-	177,965
Trade receivables	405	-	-	-	-	-	405
Cash and cash equivalents	2,788	-	-	-	-	444	3,232
Total financial assets	**181,158**	**-**	**-**	**-**	**-**	**444**	**181,602**
Trade and other payables	(9,059)	14	-	-	-	(661)	(9,734)
Total financial liabilities	**(9,059)**	**(14)**	**-**	**-**	**-**	**(661)**	**(9,734)**
Net financial assets / (liabilities)	**172,099**	**(14)**	**-**	**-**	**-**	**(217)**	**171,868**

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated – for example, change in interest rate and change in foreign currency rates. The Company manages foreign currency risk on an overall basis. The sensitivity analysis prepared by management for foreign currency risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

If the euro weakened / strengthened by 10% against either of the Polish Zloty, Hungarian Forint or Romanian Lei, with all other variables held constant, post-tax profit for the year would have remained the same (2007: post-tax loss for the year would have remained the same).

(ii) Price risk

Through its subsidiaries, the Company is exposed to property price and property rentals risk. It is not exposed to the market risk with respect to financial instruments as it does not hold any equity securities, other than its investment in subsidiaries.

(iii) Cash flow and fair value interest rate risk

As the Group and the Company have no significant interest-bearing assets denoted in currencies other than euro, its income and operating cash flows from such assets are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Company's interest rate risk arises from long-term receivables from subsidiaries. Loans issued at variable rates expose the Company to cash flow interest rate risk.

The Company and Group's cash flow and fair value interest rate risk is periodically monitored by the Property Manager. The Property Manager analyses its interest rate exposure on a dynamic basis. It takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are considered including refinancing, renewal of existing positions, alternative financing and hedging. The scenarios are reviewed on a periodic basis to verify that the maximum loss potential is within the limit given by management.

Trade and other receivables and payables are interest-free and have settlement dates within one year.

The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values.

An increase in 100 basis points in interest yields would result in a increase in the post-tax profit for Company for the year of €1.8 million (2007: decrease in the post-tax loss for the year of €1.8 million). A decrease in 100 basis points in interest yields would result in a decrease in post tax profit for the year of €1.8 million (2007: increase in post tax loss for the year of €1.8 million).

(b) Credit risk

The Company's credit risk arises from cash and cash equivalents as well as credit exposures with respect to outstanding receivables from subsidiaries (note 9). Credit risk is managed on a local and Group basis and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual and more frequent review. Cash transactions are limited to high-credit-quality financial institutions. The utilisation of credit limits is regularly monitored.

As at 31 December 2008, the Company had one major counterparty, BNP Paribas. Given that BNP Paribas is a high-credit-quality financial institution, with a rating of AA, as well as the short-term nature of those investments, the credit risk associated with cash and cash equivalents is estimated as low.

The maximum exposure of the Company in respect of cash and cash equivalents and outstanding receivables is equal to their gross value at the balance sheet date.

(c) Liquidity risk

Prudent liquidity risk management for the Company and the Group implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Property Manager aims to maintain flexibility in funding by keeping cash and committed credit lines available.

The Company and Group's liquidity position is monitored on a weekly basis by the management and is reviewed quarterly by the Board of Directors.

1.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company and Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

2. Critical accounting estimates and judgements

Management makes estimates and judgements concerning the future that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and various other factors that are deemed to be reasonable based on knowledge available at that time.

NOTES TO THE FINANCIAL STATEMENTS

3. Administrative expenses

	2008 €'000	2007 (restated) €'000
Audit and tax services		
- Audit	328	931
- Non audit	123	402
Incentive and management fee	4,089	12,289
Other professional fees	1,563	873
Utilities, services rendered and other costs	37	24
Share based payments (note 13)	91	321
Staff costs	322	358
Other administrative expenses	258	201
Administrative expenses	**6,811**	**15,399**

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4. Other operating expenses

	2008 €'000	2007 €'000
Costs of WSE IPO	1,049	2,109
Other operating expenses	**1,049**	**2,109**

NOTES TO THE FINANCIAL STATEMENTS

5. Finance income and finance costs – net

	2008 €'000	2007 €'000
Bank and other similar charges	(6)	(6)
Interest payable on shareholder loans	(19)	-
Finance costs	**(25)**	**(6)**
Bank and other similar interest	52	613
Write off of loan from subsidiary	4,419	-
Interest receivable on shareholder loans	11,184	10,556
Finance income	**15,655**	**11,169**
Finance income, excluding foreign exchange – net	**15,630**	**11,163**
Unrealised foreign exchange gains	164	316
Unrealised foreign exchange losses	(9)	-
Realised foreign exchange gains	4	-
Realised foreign exchange losses	(12)	-
Other gains and (losses) – foreign exchange	**147**	**316**
Finance income, including foreign exchange – net	**15,777**	**11,479**

Under the loan agreement of 24 October 2008, Grzybowska Centrum Sp. z o.o. ("GC"), a subisidiary of Atlas Estates Limited, extended a loan facility of €4.4 million to Atlas Estates Limited. The loan facility was to be repaid before 15 October 2009 and bore interest at a variable rate equal to the sum of EURIBOR and the lender's margin. On 10 December 2008, GC redeemed Atlas Estates Limited of all obligations resulting from the loan agreement, including interest incurred to that date, and Atlas Estates Limited wrote off the related creditor balance.

6. Dividends

	2008 €'000	2007 €'000
Second interim paid for 2006 - 8.32 eurocents per ordinary share	-	4,032
Interim paid for 2007 - 8.32 eurocents per ordinary share	-	4,031
Second interim paid for 2007 –16.68 eurocents per ordinary share	7,503	-
	7,503	**8,063**

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 for 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.

NOTES TO THE FINANCIAL STATEMENTS

7. Earnings / (loss) per share

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

For diluted earnings / (loss) 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 / (loss) 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:

Year ended 31 December 2008 **Continuing operations**	**Profit** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic EPS			
Profit attributable to equity shareholders of the Company	**7,917**	**45,848,392**	**17.27**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted EPS			
Adjusted profit	**7,917**	**45,848,392**	**17.27**

Year ended 31 December 2007 **Continuing operations**	**(Loss)** **€'000**	**Weighted average number of shares**	**Per share amount Eurocents**
Basic LPS			
(Loss) attributable to equity shareholders of the Company	**(6,029)**	**48,264,519**	**(12.5)**
Effect of dilutive securities			
Share warrants	**-**	**-**	-
Diluted LPS			
Adjusted (loss)	**(6,029)**	**48,264,519**	**(12.5)**

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

8. Investments in subsidiaries

	2008 **€'000**	**2007** **€'000**
Shares in subsidiary undertakings		
At beginning of period	21,220	21,220
Additions in year	-	-
At end of period	**21,220**	**21,220**

Investments in subsidiary undertakings are stated at cost. Cost is recognised as the nominal value of the company's shares and the fair value of any other consideration given to acquire the share capital of the subsidiary undertakings. The directors believe that the book value of investments is supported by their underlying net assets.

A list of principal subsidiary undertakings and joint ventures is given at note 18.

NOTES TO THE FINANCIAL STATEMENTS

9. Trade and other receivables

	2008 €'000	2007 €'000
Amounts falling due within one year:		
Other receivables	137	140
Prepayments and accrued income	39	2
	176	**142**
Non-current – other loans receivable:		
Other non-current trade and other receivables	-	263
	-	**263**
Non-current – loans receivable from subsidiaries:		
Loans receivable from subsidiaries	176,062	177,965
	176,062	**177,965**

All trade and other receivables are financial assets, with the exception of prepayments and accrued income.

Loans receivable from subsidiaries are interest-bearing, with interest charged at EURIBOR plus an agreed margin. These loans have agreed maturity dates in excess of five years and are not considered impaired.

The book values of trade and other receivables, other loans receivable and loans receivable from subsidiaries are considered to be approximately equal to their fair value. They do not contain any impaired assets.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	2008 €'000	2007 €'000
Euro	176,238	178,370
	176,238	**178,370**

The maximum amount of exposure of the Company to credit risk at the balance sheet date approximates the total of loans receivable from subsidiaries. Due to the fact that the financial situation and the financial results of subsidiary companies are closely monitored, the Company estimates that the level of credit risk related to the granted loans is low.

10. Cash and cash equivalents

	2008 €'000	2007 €'000
Cash at bank and in hand	4,351	3,232
	4,351	**3,232**

11. Trade and other payables

	2008 €'000	2007 €'000
Trade payables	(448)	(2,697)
Other creditors	(1,984)	(7,037)
	(2,432)	**(9,734)**

12. Share capital account

	Number of shares	Ordinary shares - share capital account €'000	Total €'000
Authorised			
Ordinary shares of €0.01 each	100,000,000	1,000	1,000
Issued and fully paid			
At 1 January 2007	48,448,081	484	484
Shares bought back and held in Treasury	(3,470,000)	-	-
As at 31 December 2007	**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 31 December 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 ("PMA") for the financial year ending 31 December 2007. €4,537,442 (or £3,629,953 at the agreed exchange rate of £1 equalling €1.25) was settled by the issue to AMC of 1,430,954 new ordinary shares issued as follows:

- 699,141 new ordinary shares issued at £2.6842 per ordinary share (being the price per ordinary share calculated by the formula set out in the PMA using data derived from the London Stock Exchange Daily Official List) in settlement of one third of the 2007 performance fee as Atlas is entitled to do under the terms of the PMA; and
- 731,813 new ordinary shares issued at £2.3958 per ordinary share (being the price per ordinary share calculated as the average closing price of the ordinary shares for the 45 days prior to (but not including) the date (being 15 May 2008) of the results for the first quarter of 2008).

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.

During 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. Distributable reserves were reduced by €16,023,000, being the consideration paid for these shares.

13. Share based payment

On 23 February 2006 the Company executed and adopted a Warrant Instrument and thereby constituted up to 5,114,153 Warrants that were issued on 24 February 2006 conditional upon the Company's admission to AIM on 1 March 2006. This was increased by 373,965 on 20 March 2006 upon the exercise of the Greenshoe provisions of the placing agreement. The Warrants are exercisable during the period commencing on Admission to AIM and expiring on the earlier of: (i) seven years from Admission; or, (ii) upon an offeror becoming entitled to acquire the entire issued share capital of the Company. Each of the Warrant Recipients has agreed to certain restrictions on his/its ability to exercise or transfer the Warrants held by him/it.

The exercise price of each of the Warrants is €5. The exercise price and number of ordinary shares relating to such Warrants will be subject to adjustment in respect of dilution events, including the payment by the Company of cash or special dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of the Group's assets and other dilutive events. The Warrants are freely transferable.

13. Share based payment - continued

Warrants were valued using the Black-Scholes option pricing model. The fair value per warrant granted and the assumptions used in the calculation are as follows:

Grant date	1 March 2006	20 March 2006
Share price at grant date	€5.00	€5.00
Exercise price	€5.00	€5.00
Number of recipients	6	6
Warrants issued	5,114,153	373,965
Vesting period	1 - 4 years	1 - 4 years
Expected volatility	15%	15%
Option life	7 years	7 years
Expected life	7 years	7 years
Risk free rate	4.3%	4.3%
Expected dividends expressed as a dividend yield	8.29%	8.29%
Possibility of ceasing employment before vesting	Nil	Nil
Fair value per warrant option	18 eurocents	18 eurocents

The expected volatility is based on a sample of peer group companies as at the date of grant and has been supported by volatility to date. The expected life is the average expected period to exercise. The risk free rate of return is the projected forward sterling rate as at the date of grant.

The fair value of the employee services received in exchange for the grant of the warrants is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the warrants granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of warrants that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the warrants are exercised.

In 2008, the fair value of the benefit of the total warrants in issue of €90,554 (2007: €321,055) has been charged to the income statement.

14. Other distributable reserve

The Other Distributable Reserve includes amounts relating to cancellation of share premium, shares bought back and cancelled or held in Treasury, and dividends paid.

	Other distributable reserve €'000
At 1 January 2007	226,406
Shares bought back and held in Treasury	(16,023)
Dividend paid (note 6)	(8,063)
At 31 December 2007	**202,320**
Dividend paid (note 6)	(7,503)
At 31 December 2008	**194,817**

NOTES TO THE FINANCIAL STATEMENTS

15. Related party transactions

(a) 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 5,560,576 shares in the Company, RP Capital Group was the holder of 11.87% of the share capital of Atlas Estates Limited at 20 March 2009.

(b) RI Limited and RI Holdings Limited together are the holders of 49% of the share capital of AMC. These entities have the same beneficial owner as Atlas International Holdings Limited, who has a qualifying shareholding of 6,461,425 shares in the Company or 13.79% of the share capital of Atlas Estates Limited at 20 March 2009.

(c) Key management compensation

	2008	**2007**
	€'000	**€'000**
Fees for non-executive directors	282	224

The Company has appointed AMC to manage its property portfolio. At 31 December 2008 AMC was owned by The RP Capital Group and RI Limited and RI Holdings Limited. In consideration of the services provided, AMC received a management fee of €5.7 million for the year ended 31 December 2008 (€5.2 million for the year ended 31 December 2007) from the Group. Of this, €4.1 million (2007: €5.2 million) was received from Atlas Estates Limited. 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 is due for the year ended 31 December 2008 (€7.0 million for the year ended 31 December 2007).

As of 31 December 2008, €1.7 million included in current trade and other payables was due to AMC (31 December 2007: €7.7 million).

(d) Under the loan agreement of 9 May 2006, Atlas Estates Limited has extended a loan facility to Atlas Estates Cooperatief U.A., a subsidiary of Atlas Estates Limited. The loan facility is to be repaid by 31 December 2015 and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As of 31 December 2008 Atlas Estates Cooperatief U.A. has drawn the loan facility plus associated interest in the amount of €163,017,034 (31 December 2007: €159,256,832).

(e) Atlas Estates Limited has extended a loan facility to Atlas Estates Investment B.V., a subsidiary of Atlas Estates Cooperatief U.A.. The loan facility has no agreed maturity date and bears interest at a variable rate equal to the sum of EURIBOR and the lender's margin. As of 31 December 2008 Atlas Estates Investment B.V. has drawn the loan facility plus associated interest in the amount of €13,044,675 (31 December 2007: €18,707,965). In addition, as of 31 December 2008, €0.1 million included in current trade and other receivables was due from Atlas Estates Investment B.V. (31 December 2007: €0.1 million).

(f) Under the loan agreement of 24 October 2008, Grzybowska Centrum Sp. z o.o. ("GC"), a subisidiary of Atlas Estates Limited, extended a loan facility of €4.4 million to Atlas Estates Limited. The loan facility was to be repaid before 15 October 2009 and bore interest at a variable rate equal to the sum of EURIBOR and the lender's margin. On 10 December 2008, GC redeemed Atlas Estates Limited of all obligations resulting from the loan agreement, including interest incurred to that date, and Atlas Estates Limited wrote off the related creditor balance of €4.4 million.

NOTES TO THE FINANCIAL STATEMENTS

16. Post balance sheet events

16.1 Financing

The Group has successfully negotiated an extension to its €24.9 million loan held within the Slovakian joint venture Circle Slovakia s.r.o.. The bank has offered to extend the loan to March 2010. The land loan was due to expire on 31 March 2009.

The Polish subsidiary Zielono Sp z o.o. has a land loan due to expire on 31 March 2009 of €3.1 million. Following the year end the lender has agreed to extend the facility to 30 September 2009. Management are now in negotiation with a second bank to provide a construction loan. A term sheet has been provided and the bank is currently completing its due diligence.

The Group's Polish subsidiary Atlas Estates CF Plus 1 Sp z o.o. is currently in negotiations with the bank in relation to its €8.4 million facility which expired 28 February 2009. The asset is currently valued at €14 million.

Following the year end the Group received a written covenant waiver from its lender in relation to the covenant breach at Atlas Estates (Millennium) Sp. z o.o.. The lender will continue to extend the €63.1 million facility to the company and the 2009 business plan brings the asset back within the ratio limit.

16.2 Atlas House

On 26 January 2009 the merger of Atlas Estates (Totleben) EOOD and Immobul EOOD, the Group's two Bulgarian subsidiaries, was successfully completed. The resulting entity Immobul EOOD will continue to trade as an income yielding investment company.

16.3 Kokoszki purchase

The Group acquired an additional 5% holding in its Kokoszki subsidiary, Atlas Estates CF Plus 1 Sp. z o.o. on each of 15 January 2009 and 9 February 2009, taking its holding to 100%.

17. Other items

17.1 Information about court proceedings

As of 20 March 2009, 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.

17.2 Financial Forecasts

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

18. Principal subsidiary companies and joint ventures

The table below lists the current operating subsidiaries of the Company and of the Group. In addition, the Company owns other entities which have no operating activities.

No new subsidiary undertakings were acquired and no investments were made in any additional joint ventures during the year ended 31 December 2008. Two new entities were established in Slovakia. Atlas Estates Investment B.V. acquired an additional 40% holding in its Kokoszki joint venture, Atlas Estates CF Plus 1 Sp. z o.o..

Country of incorporation	Name of subsidiary/joint venture entity	Status	Percentage of nominal value of issued shares and voting rights held by the Company
Holland	Atlas Estates Cooperatief U.A.	Holding	100%
Holland	Atlas Estates Investment B.V.	Holding	100%
Holland	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	90%
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 Zrt.	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%

ATLAS ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18. 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	Atlas Solaris SRL	Development	100%
Romania	D.N.B. - Victoria Towers SRL	Hotel operation	100%
Romania	D.N.B. - Victoria Tower Hotel Management SRL	Management	100%
Bulgaria	Atlas Estates (Totleben) EOOD	Holding	100%
Bulgaria	Immobul EOOD	Investment	100%