



24 June 2009

## **Atlas Estates Limited**

### **Trading Statement**

Atlas Estates Limited (the "Company" or "Atlas") has investments in a portfolio of real estate properties in Central and Eastern Europe which are owned by subsidiary companies and joint ventures (the "Group").

The portfolio includes two hotels, eight income yielding and thirteen properties at all phases of development from land bank investments, sites under construction to completed buildings, which Atlas lets or sells. Market values of all categories of properties have continued to be depressed this year and tight credit markets have contributed to low volumes of transactions. Against this background, Atlas has held back the commencement of new construction projects, but is pleased to report improving sales and client enquiries for apartments at its Platinum Towers and Capital Art Apartments developments.

The Group has experienced difficult credit conditions and has had to renew and renegotiate various credit facilities with its banks. To date, the Group has successfully refinanced three out of four loans which matured in the first quarter 2009.

In February 2009, the Group obtained a waiver on a breach of debt service coverage covenant for one of its loans. The waiver relates to the financial year ending 31 December 2008. Progress is being made in negotiations with the lender for 2009. However, one of Atlas' subsidiaries continues to be in breach of its loan-to-value banking covenant. Whilst the covenant has been in breach since acquisition took place in late 2007, the bank is aware of the breach and continues to provide its facility.

Negotiations are also in progress for the deferral of interest payments on loans attributable to other non-income generating development land.

In addition to the renegotiation of facilities, Atlas is also considering certain asset sales to reduce indebtedness and improve the financial stability of the Group. The Group is also in discussions on new facilities for assets which are not encumbered.

The Platinum Towers and Capital Art Apartments stage 2 constructions in Warsaw are expected to complete in 2009 and apartments sold will be handed over in 2010. The Platinum Towers residential towers are situated alongside the Hilton Hotel in Warsaw and will provide a unique development in the city.

The Hilton Hotel was built and opened by the Group in 2007 and the management agreement with Hilton is providing the city with high quality conferencing and

convention centre facilities. The effects of the global economic crisis have been experienced in reduced occupancy levels. Management are operating the Hilton Hotel in line with expectations despite these difficult trading conditions.

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