



31 May 2007

Atlas Estates announces strategic partnership with EDR Real Estate and the partnership's first development acquisition

Atlas Estates Limited ("Atlas" or "the Company") today announces that it has signed an agreement to form a strategic partnership for selected future development projects in the Central and Eastern European region and has purchased the first project to be undertaken by the partnership.

Atlas has entered into a non-exclusive, joint venture framework agreement with EdR Real Estate (Eastern Europe) S.C.A.SICAR ("EDR"), a real estate fund operated by Edmond de Rothschild Private Equity Management - Real Estate Division. Within this framework Atlas and EDR will undertake selected development projects within the region as they will agree from time to time.

The partnership will seek to invest primarily in residential projects that would provide development margin and IRR in excess of 20%. Both parties will offer projects to the JV but are not obliged to do so. Both will continue to undertake projects in the region outside of this framework agreement.

Any new project would be undertaken by the formation of a SPV with each of Atlas and EDR providing 50% of the necessary equity. Atlas will then manage the development of the project, for which they will receive a project management fee. The profits from each project will be split on a 50:50 basis, with a performance fee payable to Atlas if agreed IRR thresholds are exceeded.

The first project to be acquired by the JV is a residential development opportunity in Central Warsaw. Situated in the popular Mokotow district of Warsaw, the JV has acquired a plot of land on Cybernetyki Street, 300 metres from Galeria Mokotow, one of Warsaw's most popular shopping centres.

The plot comprises of 3,098 square metres of developable land, in what is regarded as one of Warsaw's finest residential districts. The plot has an approved zoning for an office building but during the due diligence process, Atlas has submitted an application for a change of zoning to residential.

The JV will pay €6.5 million for the plot that will be funded by cash to be provided by Atlas and EDR.

Quentin Spicer, Chairman of Atlas Estates Limited said:

"This joint venture agreement with EDR is the first step for Atlas as part of a strategy to team up with major institutions operating in the CEE region and is a positive move for Atlas. We look forward to working on many successful projects with EDR in the coming years."

Amos Pickel, Chief Executive Office of Atlas Management Company Limited said:

"This partnership allows us to leverage the development capabilities of Atlas Management Company for the benefit of AEL. We will access more and larger projects with a guaranteed minimum return to Atlas from the development management fees received, in addition to sharing the profits from each venture. The partnership will allow Atlas to spread its equity over a greater number of opportunities within the region."

Further enquiries:

Atlas Management Company (UK) Limited

Phil Holland - Chief Financial Officer

+44 (0)20 7245 8666

Brunswick Group LLP

Andrew Garfield

+44(0)20 7404 5959

Helen Barnes

Justine McIlroy

Notes to Editors

1. Atlas is a closed-ended property investment company incorporated in Guernsey and listed on the AIM market in London. It specialises in investment in high-quality growth assets in the fast growing economies of Central and Eastern Europe.
2. Atlas Management Company Limited (AMC) is a company whose sole purpose is to manage Atlas assets on their behalf. AMC is a company formed by RP Capital Partners, Elran (D.D.) Real Estate Limited and RI Limited, all experienced investors with significant experience in and knowledge of the region.