

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser (who in the United Kingdom should be authorised under the Financial Services and Markets Act 2000).

**If you have sold or otherwise transferred all your holding of Ordinary Shares in Atlas Estates Limited, please send this document, together with the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold any part of your holding of Ordinary Shares in Atlas Estates Limited, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.**

An application will be made for the admission of the Scrip Shares to trading on AIM and, subject as set out below, to listing and trading on the regulated market of WSE.

#### **IMPORTANT NOTICE TO HOLDERS OF ORDINARY SHARES IN CERTIFICATED FORM**

Holders of Ordinary Shares of Atlas Estates Limited in certificated form (i.e. document form), for example persons who acquired Ordinary Shares in a private transaction, should be aware that due to certain restrictions under applicable provisions of Polish law, admission to trading on the WSE will be sought only with respect to those Ordinary Shares which exist in uncertificated (book-entry) form within the meaning of the 29 July 2005 Act on Trading in Financial Instruments, as amended. Consequently, the holders of such certificated Ordinary Shares are not able to sell their Ordinary Shares on the WSE. Holders of Ordinary Shares in certificated form should obtain legal advice regarding the resale of such Ordinary Shares in accordance with applicable laws. In view of the fact that the number of new Ordinary Shares to be admitted to trading on the WSE issued to Shareholders who elect under the Scrip Dividend Offer may be lower than the total number of new Ordinary Shares issued to Shareholders who elect under the Scrip Dividend Offer, the Company shall, on a regular basis, monitor the number of the new uncertificated Ordinary Shares recorded in CREST and shall, as and when needed, submit appropriate application requesting the registration of such additional Ordinary Shares at the KDPW and for the admission and introduction thereof to trading on the WSE, so as to ensure equal treatment of the holders of uncertificated Ordinary Shares with respect to their ability to transfer the Ordinary Shares between the depository systems of the KDPW and CREST and the ability to trade such Ordinary Shares on both WSE and AIM.

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## **Atlas Estates Limited**

*(incorporated in Guernsey with registered number 44284)*

### **Notice of 2008 Annual General Meeting**

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This document should be read as a whole. Your attention is drawn to the letter from your Chairman which is set out on pages 3 to 6 of this Circular and which recommends that you vote in favour of each the resolutions to be proposed at the Annual General Meeting to be held on Friday 27 June 2008.

Your attention is also drawn to the Notice of Annual General Meeting which is set out at the end of this document.

**Proxy forms for the Annual General Meeting must be received by Computershare Investor Services (Channel Islands) Limited, the Company's registrars, by no later than 9.30 a.m. (Guernsey time) on Wednesday 25 June 2008.**

## CONTENTS

|  |    |
|--|----|
| LETTER FROM THE CHAIRMAN .....                                 | 3  |
| ADDITIONAL INFORMATION ON THE SCRIP DIVIDEND OFFER .....       | 7  |
| BRIEF COMPARISON OF DIVIDEND PROPOSALS .....                   | 9  |
| FURTHER INFORMATION RELATING TO THE SCRIP DIVIDEND OFFER ..... | 12 |
| DEFINITIONS.....   | 15 |
| NOTICE OF ANNUAL GENERAL MEETING.....                          | 17 |

## LETTER FROM THE CHAIRMAN

### ATLAS ESTATES LIMITED

*(incorporated under the laws of Guernsey under registered number 44284)*

*Directors:*

Quentin Spicer (*Chairman*)  
Shelagh Mason  
Michael Stockwell  
Helmut Tomanec

*Registered Office:*

BNP Paribas House  
1 St Julian's Avenue  
St. Peter Port  
Guernsey  
GY1 1WA

3 June 2008

Dear Shareholder (and, for information only, to holders of warrants)

#### **ANNUAL GENERAL MEETING**

Capitalised terms used in this letter are as defined in pages 15 and 16 of this Circular.

This Circular accompanies the Annual Report and Accounts of Atlas Estates Limited (the "**Company**") for the year ended 31 December 2007 which were first published in an announcement dated 27 March 2008. The purpose of this document is to provide you with information relating to the resolutions to be put to shareholders at the Annual General Meeting to be held at the registered office of the Company (as above) on 27 June 2008. The Company had previously proposed to hold the 2008 AGM on Wednesday 25 June 2008. However, due to issues relating to the finalisation of the Scrip Dividend Alternative arrangements this has been subject to a short delay. The 2008 AGM is now to be convened on Friday 27 June 2008. The Notice convening the Annual General Meeting of the Company and setting out the resolutions to be proposed are set out on pages 17 and 18 of this Circular.

Resolutions 1-5 deal with ordinary business being the receipt of accounts and the Directors' remuneration report for the year to 31 December 2007, the appointment of new auditors and the determination of auditors' remuneration, the re-election of Dr Helmut Tomanec as a Director and the renewal of the share buy back authority.

Resolutions 6 and 7 are special business. Resolution 6 deals with the Scrip Dividend Offer and resolution 7 deals with the issue of Ordinary Shares in part settlement of the AMC Performance Fee.

Resolution 8 constitutes additional ordinary business and deals with the approval of the second dividend for the year to 31 December 2007.

#### **Ordinary Business**

The ordinary business proposed for the Annual General Meeting comprises resolutions to:

- receive and consider the financial statements of the Company and the report on Directors' remuneration (resolutions 1 and 2);
- appoint BDO Novus Limited as auditor of the Company and to authorise the Board to fix the remuneration of the auditors (resolution 3);
- approve the re-appointment of Dr Helmut Tomanec as a Director (resolution 4);
- renew the Directors buyback authority in relation to Ordinary Shares (resolution 5); and
- approve the second dividend for the year to 31 December 2007 (resolution 8).

### **Director retiring by rotation**

Biographical details of Dr Helmut Tomanec, who is seeking re-election as a Director as a result of retiring by rotation, is contained at page 18 of the Annual Report.

### **Appointment of Auditors**

The Directors' Report dated 26 March 2008 included in the Company's Annual Report for 2007 referred to the intention of the Company to reappoint PricewaterhouseCoopers CI LLP as auditor at the AGM. Since that date the Company has sought proposals from alternative providers and has decided to appoint BDO Novus Limited as auditor for the year ending 31 December 2008.

### **Share Buy Back Authority**

As explained in the Chairman's statement in the Annual Report, the Directors are recommending that Shareholders renew the existing authority to the Company to purchase a maximum of 14.99 per cent. of the Ordinary Shares as at the date of the notice of the Annual General Meeting (excluding Ordinary Shares held in treasury) to be purchased only in compliance with the relevant Guernsey legislation and in the circumstances permitted by EU Regulation 2273/2003 at a minimum price of €0.01 per share and a maximum of no more than 5 per cent. above the average mid-market price as derived from the London Stock Exchange Daily Official List for the five business days preceding the purchase.

The authority will expire at the conclusion of next year's annual general meeting or 18 months after the passing of the resolution (whichever is earlier) and, as previously stated by the Company, it is presently intended that a resolution for the renewal of such authority will be proposed at each succeeding annual general meeting of the Company.

This authority therefore authorises the Company to purchase up to 6,742,214 Ordinary Shares in the market.

Resolution 5 will grant this authority.

The Board would consider holding as treasury shares any Ordinary Shares the Company repurchased pursuant to the authority provided by this resolution (subject to the 10 per cent. limit imposed by Guernsey law on the Company holding Ordinary Shares in treasury). Unless Ordinary Shares held in treasury are subsequently cancelled, NAV per Ordinary Share and earnings per Ordinary Share will be increased only on a temporary basis until such time as the shares are subsequently sold out of treasury.

It is currently envisaged that Ordinary Shares repurchased and held in treasury following any buy back will be used to support liquidity in the Company's shares now that the Company is listed on WSE by the sale of such Ordinary Shares out of treasury in order to satisfy demand in the Warsaw market. Any sales out of treasury will only be made at a price per share equal to or greater than the price per share paid by the Company.

### **Further 2007 Dividend**

On 3 March 2008, the Board announced that it had resolved to pay a second dividend of 16.68 euro cent for payment on 27 June 2008 in respect of year to 31 December 2007. However, the Further 2007 Dividend is now proposed to be paid to Shareholders on 11 July 2008. A resolution will consequently be proposed at the AGM to approve the payment by the Company of the Further 2007 Dividend. The exchange rate for payment to those Shareholders who elect to receive their dividends in pounds sterling rather than euro will be set on 9 June 2008.

## Special Business

The special business proposed for the Annual General Meeting comprises:

- approval of the Scrip Dividend Offer (resolution 6); and
- approval of the issue of Ordinary Shares in part settlement of the AMC Performance Fee (resolution 7).

### Scrip Dividend Offer

As announced on 16 May 2008, subject to Shareholder approval and the approval by Shareholders of the payment of the Further 2007 Dividend, your Directors intend to offer Shareholders the choice of taking the Further 2007 Dividend payable on 11 July 2008 wholly or partly in the form of new Ordinary Shares in the Company rather than cash (the "**Scrip Dividend Offer**").

The Scrip Dividend Offer would enable Shareholders to increase their holdings of Ordinary Shares in the Company without incurring dealing costs. The advantage to the Company is the benefit of retaining the cash which would otherwise be paid out as dividends.

The Scrip Dividend Offer will not be underwritten and the right to subscribe for Ordinary Shares will not be transferable. Subject to the receipt of all required Shareholder approvals the number of new Ordinary Shares to be issued pursuant to the Scrip Dividend Offer is expected to be announced on 27 June 2008, and it is expected that these Ordinary Shares will be admitted to trading on AIM and WSE on 11 July 2008.

The share price used to calculate the number of Scrip Shares issuable to Shareholders who wish to accept the Scrip Dividend Offer (the "**Scrip Share Price**") will be equal to the average of the middle market quotations derived from the London Stock Exchange Daily Official List on the five consecutive dealing days commencing the day when the shares are first quoted "ex" the dividend (4 June 2008). The Scrip Share Price, once calculated, will be announced in both London and Warsaw and confirmed to Shareholders in the Supplementary Circular to be posted on or around 11 June 2008 together with a Form of Election. The Company will apply an exchange rate as at 9 June 2008 to convert euro to sterling and this rate will be advised in the Supplementary Circular.

The attention of Shareholders is drawn to the section at the back of this Circular headed "Additional Information on the Scrip Dividend Offer" which sets out further details of the Scrip Dividend Offer.

As already mentioned, pursuant to the Articles, the offer of the Scrip Dividend Offer is subject to approval at the AGM of a resolution of the Shareholders. This resolution is proposed as resolution 6 as set out in the Notice.

### AMC Performance Fee

In order to preserve cash within the business, the Company has, subject to the approval of Shareholders, agreed with AMC to settle part of the performance fee earned by AMC under the PMA for the financial year ending 31 December 2007 in new Ordinary Shares.

The performance fee in respect of the financial year ended 31 December 2007 has been agreed by the Board and AMC at €7,037,442. The first €2,500,000 of this fee was paid in cash to AMC in April 2008.

Under the terms of the PMA, the Company has the right to settle in any year up to one third of any performance fee payable to AMC by the issue to AMC, credited as fully paid, of such number of Ordinary Shares as shall, at the average closing price of the Ordinary Shares for the 45 days prior to (but excluding) the date upon which the relevant performance fee is payable, equal the amount of that part of the performance fee to be so settled.

Subject to Shareholder approval, the Board and AMC have agreed that the outstanding balance of the AMC performance fee due to AMC under the terms of the PMA (€4,537,442 or £3,629,953 at the

agreed exchange rate of £1 equalling €1.25) be 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; 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 (but not including) the date (being 15 May 2008) of the results for the first quarter of 2008) in settlement of the balance of the 2007 performance fee.

Article 30 of the Articles provides that the Company shall not, without the prior approval of the Shareholders by ordinary resolution, allot or issue any Ordinary Shares for cash at a subscription price per share price below the NAV per Ordinary Share prevailing at that time without first offering the new Ordinary Shares to existing shareholders pro rata to their existing holding.

As the proposed issue price for the new Ordinary Shares to be issued to AMC will be lower than the prevailing NAV per Ordinary Share at the date of this Circular Shareholder approval is being sought for the issue of Ordinary Shares to AMC.

### **IRREVOCABLE UNDERTAKINGS**

RP Partners Fund, RP Explorer Liquid Master Fund and IGRÉ 1 B.V., who in aggregate hold 6,548,428 Ordinary Shares, have each given irrevocable undertakings to the Company to vote in favour of all the resolutions to be proposed at the AGM and to take up their full entitlement under the Scrip Dividend Offer, save to the extent that it would compel it under Rule 9 of the City Code to make a mandatory offer for the entire issued share capital of the Company (otherwise than as a result of acquisitions made since 15 May 2008).

### **CHANGE OF REGISTERED OFFICE**

As announced on 23 May 2008 the registered office of the Company has moved to the address stated above.

### **ACTION TO BE TAKEN**

You will find enclosed with this Circular a Form of Proxy and the Annual Report. You are invited to complete and return the Form of Proxy as soon as possible in accordance with the written instructions, whether or not you propose to attend the AGM in person. The Form of Proxy should be lodged with Computershare Investor Services (CI) Limited, P.O. Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW so as to be received not later than 9.30 am (Guernsey time) on Wednesday 25 June 2008. Shareholders may appoint more than one proxy provided that each proxy is appointed to exercise rights attaching to different Ordinary Shares. Completing and returning the Form of Proxy will not prevent you from attending the AGM and voting in person, should you wish to do so.

**The Directors are unanimously of the opinion that the resolutions to be proposed at the 2008 AGM are in the best interests of Shareholders as a whole. Your Board recommends that you vote in favour of each of the resolutions approving these matters at the AGM.**

Yours faithfully



Quentin Spicer  
Chairman

## ADDITIONAL INFORMATION ON THE SCRIP DIVIDEND OFFER

### Expected timetable of principal Scrip Dividend Offer events

Actions take place on both AIM and the WSE unless otherwise indicated.

|  |                                | <b>2008</b> |
|--|--------------------------------|-------------|
| "ex" dividend date   |                                | 4 June      |
| Last date for Shareholders to elect for sterling payment of all or part of dividend entitlement                              |                                | 6 June      |
| Record Date for the Cash Dividend and Scrip Dividend Offer   |                                | 6 June      |
| Reference conversion date between euro and sterling for both sterling dividend elections and conversion of Scrip Share Price |                                | 9 June      |
| Calculation period for price of Scrip Dividend Offer   |                                | 4-10 June   |
| Confirmation of the Scrip Share Price  | 5.00 p.m. (Guernsey time) on   | 10 June     |
| Announcement of the Scrip Share Price in London and Warsaw   | prior to opening of markets on | 11 June     |
| Supplementary Circular dispatched to Shareholders with Form of Election  |                                | 11 June     |
| Latest date for receipt of Forms of Election   | 5.00 p.m. (Guernsey time) on   | 26 June     |
| Confirmation of the number of new Ordinary Shares to be issued pursuant to the Scrip Dividend Offer                          |                                | 27 June     |
| AGM  | 9.30 a.m. (Guernsey time) on   | 27 June     |
| Announcement of results of AGM in London and Warsaw  |                                | 27 June     |
| CREST member accounts credited   |                                | 11 July     |
| KDPW accounts credited   |                                | 11 July     |
| Dealings commence in Scrip Shares  |                                | 11 July     |
| Payment of cash in respect of the Further 2007 Dividend  |                                | 11 July     |
| Definitive certificates for Scrip Shares to be dispatched  |                                | 11 July     |

## **Entitlement**

Shareholders with a registered holding of Ordinary Shares at the close of business (Guernsey time) on the Record Date that equates to an aggregate right to the Further 2007 Dividend being lower in value than the Scrip Share Price (the "**Minimum Holding**") will not be entitled to make an election for the Scrip Dividend Offer and will receive their dividend entitlement by way of cash.

Shareholders with a registered holding equal to or in excess of the Minimum Holding may elect to receive the Scrip Dividend Offer in respect of their entire registered holding ("**Full Participation**") or in respect of parts(s) of their registered holding ("**Partial Participation**") with a balance payable in either (but not both) euro or (if the Shareholder has so elected by 6 June) sterling. No fractions of Scrip Shares will be allotted. To the extent that a Shareholder's holding is not exactly divisible by the Minimum Holding, and therefore would give rise to a fractional entitlement, the Shareholder's entitlement will be rounded down to the nearest whole number of Scrip Shares. The remaining balance will be paid to the Shareholder in cash in euro or (if the Shareholder has so elected by 6 June) sterling.

A Form of Election in respect of the Scrip Dividend Offer will be sent to Shareholders with the Supplementary Circular on or about 11 June 2008.

## **Brief Comparison of Dividend Proposals and Taxation Treatment**

There appears on the following pages 9 -11 a series of tables comparing the options to take cash or scrip dividend and the taxation consequences for Shareholders in the UK and Poland.

This summary is not exhaustive nor does it consider the position of any Shareholder who for tax purposes is treated as not resident in the UK or Poland. Further information on the tax consequences for a Shareholder electing to receive Scrip Shares instead of the Further 2007 Dividend is set out under the heading "Tax" set out in paragraph 5 of the "Further Information Relating to the Scrip Dividend Offer" section on pages 12 - 14 of this Circular. If unsure about the effect on their tax position Shareholders should consult their authorised investment adviser and Shareholders resident in Poland should consult an appropriate professional adviser before deciding whether or not to make the election.

## BRIEF COMPARISON OF DIVIDEND PROPOSALS

| <b>OVERVIEW</b>            |   |   |
|----------------------------|---|---|
|                            | <b>Further 2007 Dividend<br/>(in cash)</b>  | <b>Scrip Dividend Offer</b>   |
| Nature of participation    | Cash dividend. No election required. Payment will be made by cheque in euro or (if an election is made) sterling. | Waiver of cash dividend in lieu of issue of new Ordinary Shares.  |
| Eligibility to participate | All Shareholders.   | Not available to Shareholders with holdings of less than the Minimum Holding.   |
| Rounding of allocation     | Not applicable.   | Entitlement will be rounded to the nearest whole number. Entitlements to one half of a share or more will generally be rounded upwards.   |
| Charges                    | Not applicable.   | No brokerage, commission or other transaction costs and no stamp duty or other duties on allotment.   |
| Ranking                    | Not applicable. No additional shares issued.  | Once allotted, Scrip Shares allotted rank equally with all other Ordinary Shares in issue at the time, except in respect of rights to receive dividends declared for the year ended 31 December 2007. |

## TAXATION – GENERAL IMPLICATIONS

The general tax implications set out below are based on the tax legislation at 4 June 2008.

Shareholders are advised to consult their own professional adviser in regard to their specific personal circumstances.

## TAXATION – UNITED KINGDOM

|                        | <b>Further 2007 Dividend<br/>(in cash)</b>   | <b>Scrip Dividend Offer</b>  |
|------------------------|--|--|
| Individuals            | <p>Assessable for income tax.</p> <p>Under proposals detailed in Finance Bill 2008, cash dividends paid after 5 April 2008 on minority shareholdings in an overseas company (less than 10 per cent.) are subject to income tax on the cash dividend grossed up by 11.1 per cent. to reflect a notional tax credit of 10 per cent. This tax credit is deemed to cover the basic rate liability. It is not repayable.</p> <p>Higher rate tax payers are subject to tax on the gross dividend at 32.5 per cent. less the 10 per cent. tax credit.</p> <p>Cash dividends paid on shareholdings of 10 per cent. or more do not carry an entitlement to a notional tax credit.</p> <p>Cash dividends paid on shareholdings of 10 per cent. or more do not carry an entitlement to a notional tax credit.</p> | <p>Not assessable for income tax.</p> <p>Shares in an overseas company allotted to UK shareholders are not treated as taxable income for UK tax purposes.</p> <p>The shares allotted carry no base cost for capital gains tax purposes and are treated as being acquired on the same day as the original shares to which the allotted shares relate.</p> |
| Corporate Shareholders | <p>Not taxable if the shares are held on capital account. Taxable if the shares are held on trading account.</p>   | <p>Not taxable upon issue of Scrip Shares. No addition to base cost of aggregate holding.</p>  |
| Exempt funds           | <p>Not taxable.</p> <p>No refund of tax credit available.</p>  | <p>Not taxable.</p>  |

## TAXATION – POLAND

|                        | <b>Further 2007 Dividend<br/>(in cash)</b>  | <b>Scrip Dividend Alternative</b> |
|------------------------|---|-----------------------------------|
| Individuals            | <p>Taxable revenue regarded as income from participation in profits of legal persons. No base tax cost can be deducted.</p> <p>Separate source of income (capital gains) taxed at the flat rate of 19 per cent.</p> <p>Ordinary tax credit for tax withheld abroad available.</p> <p>No Treaty or EU preferences available.</p> | Identical.                        |
| Corporate Shareholders | <p>Taxable revenue regarded as income from participation in profits of legal persons. No base tax cost can be deducted.</p> <p>Should be cumulated with worldwide income and taxed at 19 per cent.</p> <p>Ordinary tax credit for tax withheld abroad available.</p> <p>No Treaty or EU preferences available.</p>              | Identical.                        |
| Exempt funds           | <p>Not taxable.</p> <p>No refund of tax credit available.</p>   | Identical.                        |

## **FURTHER INFORMATION RELATING TO THE SCRIP DIVIDEND OFFER**

### **1. TERMS OF ELECTION**

Instead of receiving the Further 2007 Dividend in cash, Shareholders may elect to receive all or part of an entitlement to the Further 2007 Dividend in Scrip Shares with the balance paid in cash in euro or (if the Shareholder has so elected by 6 June) sterling. The number of Scrip Shares that Shareholders will be eligible to receive will be determined by the Board on or around 10 June 2008, once the Scrip Share Price has been calculated, and Shareholders will be informed of this in the Supplementary Circular. The Supplementary Circular will also meet the requirements of the memorandum set out in the Polish Act on Public Offering, Conditions governing the Introduction of Financial Instruments to Organized Trading and Public Companies dated 29 July 2005, as amended. An announcement will also be made in London and Warsaw.

### **2. HOW TO MAKE THE ELECTION**

Further details of how to make the election will be included in the Supplementary Circular to be issued as soon as Scrip Share Price has been determined. This is likely to be posted on or around 11 June 2008.

### **3. OVERSEAS SHAREHOLDERS**

It is the responsibility of any Shareholder outside the United Kingdom, Guernsey or Poland wishing to elect to receive Scrip Shares, to ensure that an election to receive such shares can be validly made without any further obligation on the Company and to be satisfied as to full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory.

Receipt of a Form of Election will not constitute an invitation to make such an election in those jurisdictions in which it would be illegal to extend such an invitation and, in such circumstances, a Form of Election is sent for information only.

### **4. LISTING OF SCRIP SHARES AND ISSUE AND DELIVERY OF SCRIP SHARES**

Application will be made for admission of the Scrip Shares to trading on AIM. Application will also be made for admission of the Scrip Shares in dematerialised form to trading and listing on the WSE. Prior to the application for the admission of the Scrip Shares to trading on the WSE, the Scrip Shares will be registered in Poland at the depository maintained by the KDPW through the clearing system of Euroclear Bank which acts as an intermediary between Euroclear and the system of the KDPW (upon a motion for registration of the Scrip Shares in the KDPW). In order to dematerialize and subsequently register Scrip Shares with the KDPW the resolution of the Board will be required. Admission to listing and dealings in the Scrip Shares are expected to begin on 11 July 2008 on AIM and the WSE. When allotted the Scrip Shares will rank *pari passu* in all respects with the existing issued Ordinary Shares and will rank for all future dividends (except in respect of rights to receive dividends declared for the year ended 31 December 2007) and any other distributions declared, made or paid on the Ordinary Shares. The attention of all Shareholders holding Ordinary Shares in certificated form is drawn to the notice set out on the front of this document.

### **5. TAX**

The tax consequences for a Shareholder making an election to receive Scrip Shares instead of the Further 2007 Dividend will depend on the personal circumstances of that Shareholder. Your Directors have been advised that, under current UK and Polish legislation and published local taxation practice, the tax consequences for Shareholders resident in those countries for tax

purposes will be broadly as outlined below. Shareholders should seek tax advice for their specific circumstances.

This summary of the tax treatment is neither exhaustive nor does it consider the position of any Shareholder who for tax purposes is treated as not resident in the United Kingdom or Poland. It is based on UK and Polish revenue law and published practice in effect as at the date of this document, which may be subject to change, including with retrospective effect. If unsure about the effect on their tax position, or if shares are held on a register (including the branch registers) located in a country different from their country of residence for tax purposes, UK Shareholders should consult their authorised investment adviser and Polish Shareholders should consult an appropriate professional adviser.

### **United Kingdom**

#### **A. UK resident individuals (other than trustees)**

Where an individual elects to take Scrip Shares, the shares allotted do not attract an income charge for UK income tax purposes.

For the purposes of an individual's capital gains tax liability, the Scrip Shares will be treated as forming part of his existing pool of shares. There is no base cost attached to the new shares and they are treated as being received on the date of the original shares' acquisition.

#### **B. UK resident trustees**

The provisions regarding the taxation of scrip dividends apply equally to trustees as they apply to UK resident individuals. Therefore, trustees will also be treated as having received no income on the allocation of Scrip Shares. The exact taxation of the dividend received by the trustees will depend on the type of trust. If in any doubt, the Shareholder should consult their professional tax advisers immediately.

The capital gains tax treatment in respect of scrip dividends for trusts is also the same as it is for individuals on the basis that the Scrip Shares form part of the existing holding and there is no base cost attached to the allotted shares.

#### **C. UK resident corporate Shareholders**

The issue of the Scrip Dividend Offer will not be treated as franked investment income in the hands of a UK resident corporate Shareholder. The Scrip Dividend Offer is effectively capital and will not be subject to corporation tax at the time of issue.

For capital gains tax purposes, however, there will be no addition to the base cost of the aggregate holding.

#### **D. UK resident exempt funds**

The tax credit on the Further 2007 Dividend is notional only and it is therefore not possible to claim a repayment of the tax credit.

### **Poland**

#### **A. Polish resident individuals**

From a Polish Personal Income Tax ("**PIT**") perspective, dividends, being regarded revenue from participation in profits of legal persons, are classified as capital gains.

PIT law does not contain any specific regulations regarding non-cash dividend distribution. Thus, the Scrip Dividend Offer (which results in the increase of the existing Shareholder's participation in the Company) funded by capitalization of reserves is treated as another type of income from participation in legal persons' profits. Consequently, the rules of taxation applicable to the Further 2007 Dividend payable in cash, as well as dividend distributed under the Scrip Dividend Offer, are the same.

Dividends distributed by the Company to a Polish individual Shareholder will not be added to his worldwide income taxable according to a progressive scale. Capital gains are a separate source of income of a Polish individual and are taxed at the flat rate of 19 per cent.. No corresponding base tax cost will be deducted from the dividend income.

Double taxation can be avoided by an application of the ordinary tax credit. Consequently, the individual Shareholder receiving the Further 2007 Dividend will have a right to deduct the tax previously withheld at source by the Company in respect of this dividend. However, such deduction cannot exceed the amount of tax calculated at 19 per cent..

The amount of tax payable in respect of the Further 2007 Dividend in Poland, as well as the amount of tax withheld abroad should be disclosed in the Shareholder's regular annual income tax filings.

Since Poland has not concluded Double Tax Treaty with Guernsey, no further tax preferences would be available. Similarly, no reliefs as a result of EU Directives apply.

### ***B. Polish resident corporate Shareholders***

From a Polish Corporate Income Tax ("**CIT**") perspective, dividends are regarded as revenue from participation in profits of legal persons.

CIT law does not contain any specific provisions governing non-cash dividend distributions. Thus, the Scrip Dividend Offer (which results in the increase of the existing Shareholder's participation in the Company) funded by capitalization of reserves is treated as another type of income from participation in legal persons' profits. Consequently, the rules of taxation applicable to the Further 2007 Dividend payable in cash, as well as dividend distributed under the Scrip Dividend Offer, are the same.

The Further 2007 Dividend distributed to a Polish corporate Shareholder from the Company will be taxed at the standard CIT rate of 19 per cent.. The amount of the dividend will not constitute a separate source of income, but should be added to the Shareholder's worldwide income taxable as regular business income. No corresponding base tax cost will be deducted from the dividend.

Double taxation can be avoided by an application of the ordinary tax credit. Consequently, the Shareholder receiving the Further 2007 Dividend will be entitled to deduct the tax previously withheld at source by the Company in respect of this dividend. However, such deduction will be limited to the amount of tax calculated on the worldwide taxable income attributed to the Further 2007 Dividend.

Since Poland has not concluded Double Tax Treaty with Guernsey, no further tax preferences would be available. Similarly, no reliefs as a result of EU Directives apply.

### ***C. Polish resident exempt funds***

Investment Funds established under the Polish Act on Investment Funds (the "**Investment Fund**") are exempt from CIT. Therefore, any dividend distributed by the Company to such vehicle would not be subject to income tax in Poland at the level of the Investment Fund. However, due to lack of taxable income, any tax withheld at source in respect of the Further 2007 Dividend (regardless of whether in cash or in the form of new Ordinary Shares in the Company) will not be recovered by the Investment Fund.

## **6. CALCULATION OF THE VALUE OF THE SCRIP DIVIDEND OFFER**

The share price used to calculate the number of Scrip Shares issuable to Shareholders who wish to accept the Scrip Dividend Offer (the "**Scrip Share Price**") will be equal to the average of the middle market quotations derived from the London Stock Exchange Daily Official List on the five consecutive dealing days commencing the day when the shares are first quoted "ex" the dividend (4 June 2008). The Company will apply an exchange rate as at 9 June 2008 to convert euro to sterling and this rate will be advised in the Supplementary Circular.

## DEFINITIONS

The following definitions are used throughout this Circular:

|                                   |  |
|-----------------------------------|--|
| "AIM"                             | AIM, a market operated by the London Stock Exchange;   |
| "AMC"                             | Atlas Management Company Limited (a company registered in Guernsey with company number 44386 whose registered office is at BNP Paribas House, 1 St Julian's Avenue, St. Peter Port, Guernsey GY1 1WA); |
| "Annual General Meeting" or "AGM" | the annual general meeting of the Company to be held at 9.30 am (Guernsey time) on 27 June 2008 (or such later time or date to which it may be adjourned) pursuant to the Notice;                      |
| "Annual Report"                   | the annual report and accounts of the Company for the financial year ended 31 December 2007;   |
| "Articles"                        | the articles of association of the Company, adopted by written resolution on 24 February 2006 and as further amended by special resolutions passed on the 16 November 2006 and 13 December 2007;       |
| "Board"                           | the board of directors of the Company;   |
| "the Company"                     | Atlas Estates Limited (a company incorporated in Guernsey with company number 44284);  |
| "Circular"                        | this document;   |
| "CREST"                           | the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the Operator (as defined in such Regulations);                                     |
| "the Directors"                   | the directors of the Company;  |
| "Directors' Report"               | the directors' report dated 26 March 2008 in respect of the Company's activities in the year to 31 December 2007 contained in the Annual Report;   |
| "Euroclear"                       | Euroclear UK and Ireland Limited (a company incorporated in England and Wales with company number 02878738);   |
| "Form of Election"                | the form of election for the Scrip Dividend Offer to accompany the Supplementary Circular;   |
| "Form of Proxy"                   | the form of proxy for use at the AGM accompanying this Circular;   |
| "Further 2007 Dividend"           | the second dividend for 2007 of 16.68 euro cents per Ordinary Share declared on 29 February 2008 in respect of the financial year ended 31 December 2007 to be paid on 11 July 2008;                   |
| "Group"                           | the Company and its subsidiaries;  |
| "KDPW"                            | Krajowy Depozyt Papierów Wartościowych S.A. (the National Depository of Securities) with its registered seat in Warsaw, Poland;  |
| "London Stock Exchange" or "LSE"  | London Stock Exchange plc;   |

|                          |   |
|--------------------------|---|
| "NAV "                   | net asset value;  |
| "NAV per Ordinary Share" | the Group's total assets minus its total liabilities (as determined by the Directors) divided by the number of the Ordinary Shares in issue at the relevant date assuming the exercise immediately prior to that date of all outstanding warrants (in determining NAV the value of the Group's property interests are taken to be as set out in the most recent reported Valuation adjusted for the Group's percentage interest in those properties and all shares held in treasury are ignored); |
| "Notice "                | the notice of Annual General Meeting set out at the end of this Circular;   |
| "Ordinary Shares"        | ordinary shares of €0.01 each in the capital of the Company having the rights, and being subject to the restrictions, set out in the Articles;  |
| "Poland"                 | the Republic of Poland;   |
| "PMA"                    | the property manager and adviser agreement entered into between the Company and AMC on 24 February 2006, as amended by a Deed of Rectification dated 29 June 2006, and clarified by a further supplemental agreement dated 27 April 2008;   |
| "Record Date"            | the record date for the Further 2007 Dividend and Scrip Dividend Offer being the close of business (Guernsey time) on 6 June 2008;  |
| "Regulation 2273/2003"   | Commission Regulation (EC) No. 2273/2003 of December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments;  |
| "Scrip Dividend Offer"   | the issue by way of scrip dividend of new Ordinary Shares to those Shareholders on the Record Date who elect not to take the Further 2007 Dividend in cash;   |
| "Scrip Shares"           | the new Ordinary Shares to be issued pursuant to the Scrip Dividend Offer;  |
| "Scrip Share Price"      | the average of the middle market quotations derived from the London Stock Exchange Daily Official List on the five consecutive dealing days commencing the day when the shares are first quoted "ex" the dividend (4 June 2008);  |
| "Shareholders"           | holders of Ordinary Shares in the capital of the Company;   |
| "Supplementary Circular" | the circular to be posted to Shareholders on or around 11 June 2008 which will meet the requirements of the memorandum set out in the Polish Act on Public Offering, Conditions governing the Introduction of Financial Instruments to Organized Trading and Public Companies dated 29 July 2005, as amended, confirming the issue price for the Scrip Shares and including the Form of Election;   |
| "UK"                     | the United Kingdom of Great Britain and Northern Ireland;   |
| "Valuation"              | the valuation of the Group's property interests carried out by an independent valuer; and   |
| "WSE"                    | the Warsaw Stock Exchange.  |

## NOTICE OF ANNUAL GENERAL MEETING

### ATLAS ESTATES LIMITED

*(incorporated in Guernsey with registered number 44284) (the "Company")*

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Company will be held at BNP Paribas House, St Julian's Avenue, St. Peter Port, Guernsey, GY1 1WA on Friday 27 June 2008 at 9.30 a.m. (Guernsey time) to consider and, if thought fit, pass the following which will be proposed as ordinary resolutions:

#### Ordinary Business

1. TO receive and consider the audited accounts and the reports of the Directors and the Auditors for the year ended 31 December 2007.
2. TO approve the Report on Directors' Remuneration for the year ended 31 December 2007.
3. THAT BDO Novus Limited be appointed as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company at which accounts are laid before the Shareholders and that the Directors be authorised to fix the remuneration of the auditors.
4. THAT Dr Helmut Tomanec, who retires by rotation in accordance with article 99 of the Company's articles of association, and offers himself for re-appointment, be re-appointed as a director of the Company.
5. THAT, in accordance with Section 5 of the Companies (Purchase of Own Shares) Ordinance, 1998 and in compliance with EC Regulation 2273/2003, the Company be and hereby is generally and unconditionally authorised to make one or more market purchases (as defined in Section 18 of the Companies (Purchase of Own Shares) Ordinance, 1998) of Ordinary Shares of €0.01 each in the capital of the Company on such terms and in such manner as the directors of the Company may from time to time determine, provided that:
  - (i) the maximum aggregate number of Ordinary Shares authorised to be purchased is 6,742,214 (being the number representing approximately 14.99 per cent. of the issued Ordinary Share capital of the Company on the date of the notice convening the meeting at which this resolution is proposed excluding Ordinary Shares held in treasury);
  - (ii) the minimum price payable by the Company for each Ordinary Share is €0.01 and the maximum price payable by the Company for each Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is purchased;
  - (iii) subject to paragraph (iv), this authority shall expire at the earlier of the conclusion of the next annual general meeting of the Company to be held in 2009 or on the date which is 18 months from the date of the passing of this resolution; and
  - (iv) notwithstanding paragraph (iii), the Company may make a contract to purchase Ordinary Shares under this authority before the expiry of this authority which will or may be executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares in pursuance of any such contract after such expiry.

## Special Business

6. THAT, subject to the passing of resolution numbered 8 below, the Directors of the Company be authorised to exercise the power conferred upon them by article 145 of the Company's articles of association (as from time to time varied) so that, to the extent and in the manner determined by the Directors the holders of Ordinary Shares in the Company be offered the right to elect to receive new Ordinary Shares in the Company, credited as fully paid, instead of cash in respect of the whole or part of the second dividend for the financial year of the Company ending 31 December 2007.
7. THAT, pursuant to article 30 of the Company's articles of association, the sum of €4,537,442, being the balance of the performance fee owing to the Company's manager, Atlas Management Company Limited ("AMC") for the financial year ending 31 December 2007, be settled by the issue of new Ordinary Shares in the Company to AMC at prices per Ordinary Share calculated as set out in the Circular issued by the Company to Shareholders dated 3 June 2008 such prices being below the NAV per Ordinary Share.

## Further Ordinary Business

8. THAT the second dividend for the financial year ending 31 December 2007 of 16.68 euro cent per share declared on 29 February 2008 be approved.

**BY ORDER OF THE BOARD**

Registered Office:  
BNP Paribas House  
1 St Julian's Avenue  
St. Peter Port  
Guernsey  
GY1 1WA

BNP Paribas Fund Services (Guernsey) Limited  
Company Secretary  
3 June 2008

### Notes:

1. A member who is entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. Delete "the Chairman of the Meeting" if it is desired to appoint any other person and insert the name and address of your proxy. Subject to any voting directions so given the proxy will exercise his discretion as how to vote, or whether to abstain from voting on any Resolution, to adjourn the meeting and on any other business that may properly come before the meeting.
2. A UK reply paid Form of Proxy is enclosed for use at the Meeting. The Form of Proxy should be completed and sent, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, so as to reach Computershare Investor Services (Channel Islands) Limited, Ordnance House, 31 Pier Road, St. Helier, Jersey, JE4 8PW not later than 9.30 a.m. (Guernsey time) on 25 June 2008.
3. Completing and returning a Form of Proxy will not prevent a member from attending in person at the Meeting and voting should he or she so wish.
4. If the appointor is a corporation, the Form of Proxy must be duly executed under its common seal or the hand of an officer or attorney duly authorised in that capacity.
5. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 the Company specifies that only those holders of shares registered in the register of members of the Company as at 9.30 a.m. (Guernsey time) on 25 June 2008 (or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 9.30 a.m. (Guernsey time) on 25 June 2008 shall be disregarded in determining the right of any person to attend or vote at the meeting.