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Response by the Board of
Atlas Estates Limited
to the Offer by
Fragiolig Holdings Limited
for the whole of the issued and to be issued ordinary share capital of
Atlas Estates Limited not already owned by Fragiolig or persons acting
in concert with it

Your attention is drawn to the letter from the Board of Directors set out in Part 1 of this document, which contains, amongst other things, the recommendation of the Board in respect of the Offer.

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The sources and bases for information in this document are set out in Part 4 of this document.

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PART 1

LETTER FROM THE BOARD OF DIRECTORS

Atlas Estates Limited

(a closed-ended investment company incorporated in Guernsey and registered with number 044284)

Directors

Quentin Spicer *(Non-executive director and Chairman)*
Shelagh Mason *(Non-executive director)*
Michael Stockwell *(Non-executive director)*

Registered Office:

PO Box 119
Martello Court
Admiral Park
P O Box 119
St Peter Port
Guernsey
GY1 3HB

18 May 2010

To: All Shareholders and for information only to holders of Warrants,

Mandatory offer for Atlas Estates Limited under Rule 9 of the City Code on Takeovers and Mergers

1. Introduction

On 16 April 2010, Fragiolig Holdings Limited announced the terms of a cash offer, as required under Rule 9 of the City Code, for the entire issued, and to be issued, ordinary share capital of the Company not already owned by Fragiolig (or parties acting in concert with it) at a price of £0.90 per Ordinary Share. As at the date of the announcement, Fragiolig, together with parties acting in concert with it, owned in aggregate 15,413,078 Ordinary Shares representing approximately 32.90 per cent. of the Company's issued share capital. The Offer Document was posted to Shareholders on 7 May 2010.

In accordance with Polish law and regulation, on the same day as the Offer was announced in the UK, the Offer was also announced in Poland, where the Company's Ordinary Shares are admitted to trading on the WSE. The Offer was made at a price of 3.98 Zloty per Ordinary Share, being the Polish equivalent of the Offer Price (using the Narodowy Bank Polski Sterling/Zloty mid-rate as at that date).

The Offer was declared unconditional in all respects on 12 May 2010, on which day Fragiolig announced that, together with parties acting in concert with it, Fragiolig held or had received acceptances in respect of approximately 56 per cent. of the Ordinary Shares in issue.

Fragiolig is a wholly owned subsidiary of the Izaki Group, an Israel-based real estate development entity whose beneficial owner is Ron Izaki. Members of the Izaki Group, together with RP Capital Group, also own and manage AMC, which provides executive management services to the Group.

The purpose of this letter is to explain the background to the Offer and to set out the basis of the Directors' recommendation in respect of the Offer.

2. The Offer

The Offer is being made on the following basis:

for each Ordinary Share: £0.90 or 3.98 Zloty, in cash.

The Offer values the Company's entire issued ordinary share capital at approximately £42.17 million and represents a substantial discount to the latest published NAV per Share of €2.94 (as stated in the unaudited quarterly results for the three months to 31 March 2010).

The Offer Price represents a slight discount of approximately 2.8 per cent. to the closing price of £0.925 per Ordinary Share on 17 May 2010 (being the latest practicable date prior to the publication of this document) and a premium of approximately 11 per cent. to the closing price of £0.81 per Ordinary Share on 13 April 2010 (being the last dealing day prior to the announcement by the Company that it had received an approach in connection with a potential takeover offer) and a premium of approximately 41 per cent. to the three month volume-weighted average price of Ordinary Shares, as at 16 April 2010 (being the date which Fragiolig announced the terms of the Offer).

At the date of this document, the Company had 5,488,118 Warrants in issue. The Offer extends to any Ordinary Shares unconditionally allotted or issued on the day upon which the Offer is made and any further Ordinary Shares unconditionally allotted or issued whilst the Offer remains open for acceptance (or by such earlier date as Fragiolig may, subject to the City Code, decide) upon the exercise of the Warrants or otherwise.

To the extent that such Warrants are not exercised, Fragiolig will make appropriate proposals, if required, to holders of the Warrants in due course.

Full terms of the Offer, together with the procedures for acceptance, are set out in detail in the Offer Document, a copy of which has been sent by Fragiolig to Shareholders and is available at <http://www.fragiolig.com>.

3. Information on the Company

The Company is a Guernsey incorporated closed-ended investment company investing in real estate in the CEE region. The Company actively invests in a portfolio of real estate assets across a range of property types, targeting countries which possess attractive investment fundamentals. The Company currently maintains a dual listing, with its shares trading on AIM and the WSE.

The Group has a portfolio of investment and development properties in Poland, Hungary, Romania, Bulgaria and, pending the completion of a sale, Slovakia with a bias towards Poland which has a more buoyant property market than the other countries.

The Group's portfolio is managed by AMC, which is owned and managed by two of the Company's founder shareholders – the Izaki Group (of which the Offeror is a wholly owned subsidiary) and the RP Capital Group.

For the year ended 31 December 2009 the Company had revenue of €47.3 million (2008: €51.9 million); losses after tax of €49.2 million (2008: €39.7 million); gross profit less administrative expenses of €5.2 million (2008: €1.2 million); capital losses from investment properties, impairment on inventory and loss on disposal of joint venture interests of €53.0 million (2008: €5.3 million); NAV per Share at 31 December 2009 of €2.42 (31 December 2008: €3.68); adjusted NAV per Share at 31 December 2009 of €2.95 (31 December 2008 €4.42) and bank loans at 31 December 2009 of €260.0 million (31 December 2008: €247.7 million).

On 17 May 2010, the Company announced its results for the three months ended 31 March 2010, further information about which is set out in paragraph 5 (Current trading) below.

Financial information relating to the Group was disclosed or incorporated by reference into the Offer Document. The Company's annual report and accounts for each of the three years ended 31 December 2007, 2008 and 2009 and the results announcement for the three months to 31 March 2010 are available at http://www.atlasestates.com/financial_statements.asp.

4. Background to and reasons for recommending the Offer

It was a difficult business environment for the CEE in 2009, as a direct consequence of the global economic and banking crisis. The majority of the economies in the region were in recession and reported decreases in gross domestic product. As a result there have been large reductions in asset valuations and instability in CEE currencies.

The CEE continues to suffer from the reduction in credit and a difficult local and international banking environment. However the Group has been able to finance some of its development projects and is generating some cash flow from the sale of completed apartments and the asset valuations contained in the 2009 Audited Accounts have been prepared on the basis that it would continue to do so. If the Group had access to additional financial resources, it would have proceeded to develop more of its portfolio.

While in recent months there have been reported improvements in sales demand in Warsaw, the challenging development environment coincided with a difficult market in which to sell development land throughout the CEE as a whole, as evidenced by the delayed completion of the sale of the Slovakian properties initially announced on 3 November 2009 and which has still not completed, due primarily to the purchaser's difficulty in obtaining the relevant consents from loan providers. The result is that some of the Group's assets can neither be developed nor sold on attractive terms at present, or in the foreseeable future.

AMC has been in regular communication with the Group's bankers since the onset of the credit crisis and has negotiated waivers for a series of covenant breaches, in some cases by consenting to cross collateralisation agreements and has agreed revised terms and repayment dates.

Against this background your Board is very conscious of the risks facing the Group and its reliance on the continuing support of its lenders. Accordingly your Board believes that it may be a considerable time before any dividends can be paid to Shareholders.

In summary, the Group has a development portfolio with potential, but is currently limited in its financial ability to exploit it, with some attractive investment assets such as the Warsaw Hilton and a considerable debt burden. Net debt was €245.5 million as at 31 March 2010.

The Offer therefore provides Shareholders an opportunity to exit their investment in the Company, free of dealing costs, at a price of £0.90 (or 3.98 Zloty) per Ordinary Share in cash, such price reflecting the price at which a major Shareholder was willing to sell its holdings in the Company to Fragiolig and the price now required to be extended to all other Shareholders.

The Board regards the Offer Price as being fair in the context of the risks facing the Group, despite the fact that it is at a considerable discount to the underlying NAV per Share as stated in the 2009 Audited Accounts and the more recent results to 31 March 2010. The difficulties experienced in completing the sale of the Slovakian portfolio support the Board's belief that it would not be practicable to sell the portfolio to realise the book value of the Group's net assets in the short term.

The Board also recognises that certain Shareholders who, acknowledging the risks involved (including the difficulty in selling Ordinary Shares in the future as described in paragraph 6 below) may share the Board's view regarding the potentially greater value of the Group in the longer term and choose to retain their Ordinary Shares. For this reason, the Chairman, who is the only Shareholder on the Board, does not intend to accept the Offer.

5. Current trading

On 17 May 2010, the Company announced its results for the three months ended 31 March 2010. The results were generally encouraging as the Group has reported a profit after tax of €7.1 million (31 March 2009: loss after tax of €17.4 million) and an increase in basic NAV of 14 per cent. from €113.2 million as at 31 December 2009 to €129.1 million as at 31 March 2010 (31 March 2009: €138.6 million). An independent valuation of the entire property portfolio is carried out on a semi-annual basis by independent valuation experts. Independent valuations may also be performed when a new property is acquired. The most recent valuation was performed at 31 December 2009 by independent real estate advisors, King Sturge. There has been no revaluation of the portfolio as at 31 March 2010 and the increase in the reported NAV has primarily arisen from exchange rate movements.

The Polish economy, which is the major market of operation for the Group (comprising 75 per cent. of the Group's portfolio) has proven to be more resilient than other economies in the CEE region with positive growth of 1.7 per cent. for 2009. In this environment, the Company has achieved significant progress with developments in Warsaw and is realising value from cash in-flows as apartments are sold.

Although for 2010 and beyond there have been forecasts of stabilisation and recovery for certain markets in the CEE, the timing and extent of recovery is uncertain and depends upon how the financial crisis in the global markets resolves itself. The Board continues to believe that potential remains for the economies of the CEE to revert in time to achieve growth rates outperforming those of most Western economies.

6. Fragiolig's intentions regarding the Company, its business, employees and trading on AIM and the WSE

When considering the Offer the Board have taken note of the following statements contained within the Offer Document.

Fragiolig and its board of directors:

- (i) believe that the Company's existing strategy of investing in, and developing, real estate assets situated in central and eastern Europe remains appropriate;
- (ii) intend to continue to pursue the Company's existing strategy following the completion of the Offer, however believe that the successful implementation of which will require substantial additional resources and effective leadership. To such effect, the Izaki Group may procure that appropriate resources are made available to the Company on commercial terms (which may involve new commercial partnerships and/or financing relationships);
- (iii) confirm that the existing contractual employment rights of all management and employees will be fully safeguarded; and
- (iv) believe that the implementation of their strategy will not have any significant repercussions on employment and the locations of the Company's places of business.

As it is the Izaki Group's stated intention that the Company should continue to pursue its existing strategy following the Offer, but with additional resources and leadership, the Board concurs with the statement in the Offer Document as summarised in sub paragraph iv) above. The Board also recognises that if additional resources are made available through new commercial partnerships and/or financing relationships, it may be possible to undertake projects which the Company currently lacks the resources to pursue in relation to parts of its development portfolio.

Whilst it is not Fragiolig's stated intention to do so, subject to any applicable requirements of the LSE and the WSE, Fragiolig may procure that the Company will make an application to cancel the admission to trading of Ordinary Shares on either one or both exchanges.

If Fragiolig receives acceptances under the Offer in respect of, and/or otherwise acquires, 90 per cent. or more in value of the Ordinary Shares to which the Offer relates, Fragiolig may exercise its rights pursuant to the Company's articles of association or under Guernsey Law, to compulsorily acquire the remaining Ordinary Shares in respect of which the Offer has not been accepted. After compulsorily acquiring the remaining Ordinary Shares (and subject to any applicable laws and listing requirements) Fragiolig may procure that the Company makes an application to cancel the admission to trading of the Ordinary Shares on AIM and the WSE.

If the Company does not maintain its listing on AIM and/or the WSE, the liquidity of Ordinary Shares would be negatively affected.

Shareholders should be aware that, if they do not accept the Offer to sell their Ordinary Shares, their investment in the Company could prove to be difficult to realise if liquidity in Ordinary Shares is greatly reduced, particularly if the Company does not maintain its listing on AIM and/or the WSE, as explained paragraph 16 in the letter from Fragiolig contained in the Offer Document.

Furthermore Shareholders should be aware that under Guernsey Law, schemes of arrangement and amalgamations may have the equivalent effect to a compulsory purchase of Ordinary Shares. Fragiolig, together with parties acting in concert with it, may choose to employ a scheme of arrangement or alternatively an amalgamation. Under such circumstances, Fragiolig and parties acting in concert with it may, as controlling Shareholders in the Company, be able to pass a special resolution (requiring 75 per cent. of votes cast at a general meeting of the Company, including those cast by Fragiolig and parties acting in concert with it) to approve a scheme of arrangement or an amalgamation as the case may be. **Under such circumstances any remaining minority Shareholders would be forced to sell their Ordinary Shares, which may be at a price below the Offer Price.**

7. Action to be taken to accept the Offer

Your attention is drawn to the procedures for acceptance of the Offer in paragraph 13 of the letter from Fragiolig contained in the Offer Document, the Appendices to the Offer Document and, for Shareholders who hold their Ordinary Shares in certificated form, the Form of Acceptance. Unless it is extended, the Offer will close at 3.00 p.m. on 21 June 2010.

Your decision as to whether to accept the Offer will depend upon your individual circumstances. If you are in any doubt as to the action you should take, you should seek your own independent financial advice.

8. Recommendation

The Directors continue to believe in the long-term prospects of the Company, which (as described in paragraph 4 above) could be rewarding as and when the CEE property markets and credit environments improve. However, having evaluated the various factors relevant to the Offer and considered the inherent uncertainties and associated risks in the near future of the Company (as described in paragraph 4 above), the Directors consider the Offer Price to be fair.

Accordingly, the Directors, who have been so advised by Fairfax, consider the terms of the Offer to be fair and reasonable and the Directors unanimously recommend that Shareholders accept the Offer. In providing advice to the Board, Fairfax has taken the Directors' commercial assessments into account. In arriving at their recommendation, the Directors have also considered the likely effect of the implementation of the Offer on the business of the Company, employees and locations of the Group.

The Board also recognises that certain Shareholders who, acknowledging the risks involved (including the difficulty in selling the Ordinary Shares in the future as described in paragraph 6 above) may share the Board's view regarding the potentially greater value of the Group in the longer term and choose to retain their Ordinary Shares. **Reflecting this view, the Chairman, who holds 14,785 Ordinary Shares (representing 0.03 per cent. of the Company's current issued share capital), and is the only Director who holds Ordinary Shares, does not intend to accept the Offer in respect of his shareholding.** In making his decision, the Chairman has fully considered the inherent uncertainties and associated risks (as described in paragraph 4 above) and recognises that the liquidity of his shareholding may be negatively affected, particularly if the Company does not maintain its listing on either AIM and/or the WSE and is willing to accept such risks in relation to his personal investment.

Save as disclosed in this document, there are no arrangements in existence between the Offeror and the Directors.

Yours faithfully,

Quentin Spicer

Chairman

PART 2

ADDITIONAL INFORMATION

1. Responsibility

- 1.1 The Directors (whose names are set out in paragraph 2.1 below) accept responsibility for the information contained in this document, except that the only responsibility accepted by them in respect of information contained in this document relating to Fragiolig, and parties acting in concert with it, which has been compiled from published sources, is to ensure that such information has been correctly and fairly reproduced and presented. Subject to the aforesaid, to the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

- 2.1 The Directors, all of whom are independent for the purposes of the Combined Code, and their respective positions are as follows:

Quentin Spicer	<i>Non-executive director and Chairman</i>
Shelagh Mason	<i>Non-executive director</i>
Michael Stockwell	<i>Non-executive director</i>

Each of the Directors has a business address at PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB. The telephone number of each of the Directors is +44 (0)1 481 211 000.

- 2.2 No Director has a service contract with the Company, but instead each has a letter of appointment setting out the terms and conditions of their appointment as follows:

<i>Director</i>	<i>Current annual fees</i>	<i>Notice period</i>	<i>Date of letter of appointment</i>
Quentin Spicer	£57,000	90 days	23 February 2006
Shelagh Mason	£42,000	90 days	23 February 2006
Michael Stockwell	£47,000	90 days	23 February 2006

The Directors receive reimbursement from the Company for reasonable travel and out-of-pocket expenses. The Company maintains directors' and officers' liability insurance for the benefit of the Directors at its expense to the extent that the Company is able to obtain such insurance.

- 2.3 The aggregate remuneration paid and benefits in kind granted to the Directors for the year ended 31 December 2009 amounted to €187,115, which includes a Directors fee of €23,529 paid to Dr Helmut Tomanec, who tendered his resignation as non-executive director, effective from 28 May 2009.

3. Disclosure of interests and dealings in relevant securities

- 3.1 For the purposes of this paragraph 3:

3.1.1 "acting in concert" has the same meaning as given to it in the Code;

3.1.2 "arrangement" includes any indemnity or option agreement and any agreement or, understanding, formal or informal, of whatever nature relating to relevant securities which maybe an inducement to deal or refrain from dealing;

3.1.3 "Atlas relevant securities" means Ordinary Shares and other equity share capital of the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for, warrants and options (including traded options) in respect of, Ordinary Shares;

- 3.1.4 “connected adviser” has the meaning attributed to it in the Code;
- 3.1.5 “control” means an interest or aggregate interests in shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control;
- 3.1.6 “dealing” or “dealt” includes:
- (i) acquiring or disposing of securities or the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
 - (ii) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising or varying an option (including a traded option contract) in respect of any securities;
 - (iii) subscribing or agreeing to subscribe for securities;
 - (iv) exercising or converting, whether in respect of new or existing securities, of any securities carrying conversion or subscription rights;
 - (v) acquiring, disposing of, entering into, closing out, exercising of any rights under, or varying, a derivative referenced, directly or indirectly, to securities;
 - (vi) entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
 - (vii) any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;
- 3.1.7 “derivative” includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- 3.1.8 “exempt fund manager” has the meaning given to it in the Code;
- 3.1.9 “exempt principal trades” has the meaning given to it in the Code;
- 3.1.10 “interest” or “interested in” relevant securities includes where a person:
- (i) owns relevant securities;
 - (ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
 - (iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
 - (iv) is party to any derivative whose value is determined by reference to the price of relevant securities and which results, or may result, in his having a long position in them; or
- 3.1.11 “relevant securities” means Atlas relevant securities issued by the Company; and
- 3.1.12 “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.
- 3.2 As at the close of business on 17 May 2010 (being the latest practicable date prior to the publication of this document) the interests of the Directors (and persons connected with them) in Atlas relevant securities were as follows:

<i>Name</i>	<i>Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares</i>
Quentin Spicer*	14,785	0.03
Shelagh Mason	nil	–
Michael Stockwell	nil	–

**Ordinary Shares held in a personal pension scheme*

Quentin Spicer does not intend to accept the Offer in respect of his own beneficial holdings in the Company.

3.3 Save as disclosed in this paragraph 3, as at 17 May 2010 (being the latest practicable date prior to the publication of this document):

3.3.1 none of the Company nor any of the Directors or their immediate families and relatives or any persons acting or deemed to be acting in concert with the Company nor, so far as the Directors are aware, any person who is acting in concert with the Company:

- (i) had any interest in or right to subscribe for any relevant securities; or
- (ii) had any short position in, was party to any agreement to sell, or subject to any delivery obligation in respect of, or had the right to require another person to purchase or take delivery of, any relevant securities; or
- (iii) had borrowed or lent any relevant securities; or
- (iv) has had any dealings in any relevant securities which are required to be disclosed under Rule 25.3 of the Code;

3.3.2 neither the Company nor any person acting in concert with the Company is party to any arrangement of the kind referred to in paragraph 3.1.2 above nor have any loans been made to any persons by the Company or (so far as the Directors are aware) any person acting in concert with the Company to assist any person in acquiring an interest in relevant securities save for lending in the ordinary course of business and on normal commercial terms to persons with whom they have an established customer relationship; and

3.3.3 no agreement, arrangement or understanding (including any compensation arrangement) exists between the Company or any party acting in concert with it and any of the Fragiolig Directors, recent directors of Fragiolig, shareholders or recent shareholders of Fragiolig, or any person interested or recently interested in Fragiolig securities, having any connection with, or dependence upon, the Offer.

3.4 None of the Company, the Directors or their immediate families and relatives nor any persons acting or deemed to be acting in concert with the Company has any interest in any securities of Fragiolig or of any party acting in concert with it, nor have such persons any short positions (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of any such securities.

4. Material contracts

4.1 There are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company or its subsidiaries, within the period of two years immediately preceding the commencement of the offer period (being 14 April 2010) and which are, or may be, material to the Company or the Group.

5. Material changes

- 5.1 Save as disclosed in paragraph 5 of the letter in Part 1 of this document, there has been no material change in the financial or trading position of the Group since 31 December 2009, being the date to which its most recent audited accounts were drawn up.

6. Other information

- 6.1 Fairfax has given and has not withdrawn its written consent to the publication of this document containing the references to its name in the form and context in which it appears.
- 6.2 Fairfax, which is authorised and regulated by the FSA, has authorised the contents of this document for the purposes of section 21 of the Financial Services and Markets Act 2000.
- 6.3 Fairfax is acting exclusively for the Company and no-one else in connection with the Offer and, accordingly will not be responsible to anyone other than the Company for providing the protections afforded to clients of Fairfax or for providing advice in relation to the Offer, the contents of this document or any transaction, arrangement or matter referred to herein. No representation or warranty, express or implied, is made by Fairfax as to any part of this document (without limiting the statutory rights of any person to whom this document is issued).

7. Documents available for inspection

- 7.1 Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Nabarro LLP Solicitors, Lacon House, 84 Theobald's Road, London WC1X 8RW and at <http://www.atlasestates.com> from the date of this document while the Offer remains open for acceptance:
- 7.1.1 the current Memorandum and Articles of Association of the Company;
- 7.1.2 the audited consolidated accounts of the Company for the financial years ended 31 December 2008 and 31 December 2009;
- 7.1.3 the unaudited quarterly results of the Company for the three months to 31 March 2010;
- 7.1.4 the written consent referred to in paragraph 6.1 above; and
- 7.1.5 this document.

PART 3

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2009 Audited Accounts”	the annual report and audited accounts of the Company for the year ended 31 December 2009;
“acting in concert”	has the meaning attributed to it in the City Code;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the rules published by the London Stock Exchange governing admission to, and the operation of, AIM;
“AMC” or “Property Manager”	Atlas Management Company Limited, a company incorporated in Guernsey with registered number 44386;
“AMC Directors”	the directors of AMC;
“Board” or “Directors”	the directors of the Company including any duly appointed committee thereof whose names are set out in paragraph 2.2 of Part 2 of this document;
“CEE”	central and eastern Europe other than the Former USSR Countries;
“Code” or “City Code”	the City Code on Takeovers and Mergers (as amended or interpreted from time to time by the Panel);
“Combined Code”	the revised combined code on the principles of good governance and code of best practice published in June 2008 by the Financial Reporting Council;
“Company” or “Atlas”	Atlas Estates Limited, a company incorporated in Guernsey with registered number 44284;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the Regulations);
“Euro” or “€”	the lawful single currency of member states of the European Communities that adopt or have adopted the Euro as their currency in accordance with the legislation of the European Union relating to European Monetary Union;
“Fairfax”	Fairfax I.S. PLC, incorporated in England with registered number 5496355;
“Form of Acceptance”	form of acceptance and authority relating to the Offer;
“Former USSR Countries”	Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan;
“Fragiolig” or the “Offeror”	Fragiolig Holdings Limited, a wholly-owned subsidiary of the Izaki Group, a real estate development entity whose beneficial shareholder is Mr Ron Izaki;
“FSA”	the Financial Services Authority;

“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Group”	the Company and its subsidiaries from time to time including any other companies in which any of them own an interest and which own any part of the Company’s portfolio;
“Guernsey Law”	the Companies (Guernsey) Laws 1994 to 2008 (as amended);
“IFRS”	International Financial Reporting Standards, the guidance and rules set by the International Accounting Standards Board from time to time;
“Izaki Group”	a group of independently held companies directly or indirectly controlled by Mr Ron Izaki;
“London Stock Exchange” or “LSE”	London Stock Exchange plc;
“NAV”	net asset value, being the value of the assets of the Group less its liabilities, determined in accordance with the accounting principles adopted by the Group from time to time;
“NAV per Share”	NAV per Ordinary Share;
“Offer”	the mandatory cash offer by Fragiolig made in accordance with the Code (on the terms and subject to the conditions set out in the Offer Document and in the Form of Acceptance) and the tender offer made pursuant to the Public Offering Act (on the terms and subject to the conditions contained in an announcement published in Poland by Fragiolig on 16 April 2010) to acquire the Company’s entire issued and to be issued share capital save for the Ordinary Shares already owned by Fragiolig or parties acting in concert with it and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
“Offer Document”	the document published by the Fragiolig on 7 May 2010 setting out the full, formal terms of the Offer;
“Offer Period”	the period commencing on 14 April 2010 until whichever of the following dates shall be the latest: (i) 3.00 p.m. on 7 June 2010; (ii) the date on which the Offer becomes unconditional; and (iii) the date on which the Offer lapses;
“Offer Price”	£0.90 per Ordinary Share;
“Ordinary Shares”	the existing issued or unconditionally allotted ordinary shares of €0.01 each in the Company and any such further shares which are unconditionally allotted or issued before the date on which the Offer closes (or such earlier date or dates as Fragiolig may decide) pursuant to the exercise of the Atlas Warrants or otherwise, but excluding any shares in the Company which are held as Treasury Shares, except where they are transferred out of treasury whilst the Offer remains open for acceptance;
“Panel”	the Panel on Takeovers and Mergers;
“Public Offering Act”	the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005;

“Restricted Jurisdiction”	the United States, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction;
“RP Capital Group”	the group of companies including: RP Explorer Master Fund, RP Capital Partners Cayman Islands Limited and RP Partners Fund and their affiliates;
“Shareholders”	registered holders of Ordinary Shares;
“Sterling” or “£”	pounds sterling, the lawful currency from time to time of the United Kingdom;
“Treasury Shares”	shares held as treasury shares as defined in The Companies (Purchase of Own Shares) (Treasury Shares) (Guernsey) Ordinance, 2006;
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland;
“UKLA” or “UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“uncertificated” or “in uncertificated form”	a share or shares recorded on the register of members as being held in uncertificated form in CREST and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to the jurisdiction of the United States of America;
“US Person”	a US person as defined in Regulation S under the US Securities Act;
“US Securities Act”	the US Securities Act of 1933 (as amended) and the rules and regulations promulgated under that act;
“Warrant Instrument”	the warrant instrument executed by Atlas on 23 February 2006;
“Warrants”	the warrants to subscribe for Ordinary Shares pursuant to the Warrant Instrument;
“WSE”	the Warsaw Stock Exchange; and
“Zloty”	Polish Zlotys, being the lawful currency of Poland.

PART 4

PRESENTATION OF INFORMATION, BASES AND SOURCES

1. Forward-Looking Statements

This document contains statements that are or may be “forward-looking” with respect to the financial condition, results of operations and businesses of the Group. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “forecasts”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or variations or comparable terminology. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group, or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

2. Presentation of Financial and Operating Information

Unless otherwise stated, the financial information concerning the Group has been extracted from published interim and annual reports and accounts of the Company for the relevant periods and other information made publicly available by the Company. Financial information is reported under IFRS as adopted by the European Union.

3. Third Party Sources

The Company confirms that the information in this document obtained from third-party sources has been correctly and fairly reproduced. So far as the Company is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company does not have access to the facts and assumptions underlying the data extracted from publicly available sources. As a result, the Company is unable to verify such.

4. Rounding

Percentages stipulated and certain financial data contained in this document have been rounded. As a result of this rounding, the totals of percentages and data presented in this document may vary slightly from the actual arithmetic totals of such percentages and data.

5. Sources and Bases

Unless otherwise stated, or the context otherwise required, the following bases and sources have been used:

- (i) information regarding the Offer is sourced from the Offer Document and other material made publicly available by the Offeror or other person(s) mentioned in the Offer Document; and
- (ii) the closing prices of an Ordinary Share referred to in this document on a particular date are derived from the closing price on such date as quoted by the London Stock Exchange.

