

Material loan agreement with Bank Polska Kasa Opieki S.A. and the establishment of a mortgage on material assets

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The board of directors of Atlas Estates Limited (the “**Company**”) hereby announces that on 29 July 2011 a loan agreement (the “**Agreement**”) was signed between Atlas Estates (Cybernetyki) Sp. z o.o. with its registered seat in Warsaw (“**Atlas**”), a company in which Atlas Estates Investment B.V. (a subsidiary of the Company) holds 50% of the shares, and Bank Polska Kasa Opieki S.A. with its registered seat in Warsaw (the “**Bank**”).

Under the Agreement the Bank extends to Atlas a loan in a total amount not exceeding PLN 68,721,000 (the “**Loan**”). The Loan will be granted in the following tranches:

1. a construction loan in an amount not exceeding PLN 64,221,000 or a certain percentage of the construction costs set out in the budget of the Project (as defined below), whichever is lower;
2. a VAT loan in an amount not exceeding PLN 4,500,000.

The Loan bears interest at the rate of the 1 M WIBOR, increased by a margin specified in the Agreement, paid on a monthly basis.

The proceeds of the Loan will be used to, inter alia, finance the repayment of the loan extended for the purposes of purchasing the Real Property (as such term is defined below) and partly finance construction work related to a multi-apartment residential building which is planned to involve the construction of 160 residential apartments (9,860m² of useable area) and a commercial area (1,205m² of useable area) and 195 parking lots in an underground garage (the “**Project**”), situated on a real property situated in Warsaw, at ul. Obrzeźna 1, consisting of the No. 11/1 from district 1-08-11, with a total area of 3,098m² (the “**Real Property**”).

The final repayment date of the construction part of the Loan falls on 31 March 2014 and the first drawdown has to be made not later than six within months from the date of the execution of the Agreement.

The final repayment date for the VAT part of the Loan is 30 September 2013.

The Loan is secured by, inter alia:

1. a first ranking contractual mortgage (following the expiry of mortgage securing the loan extended for the purchase of the Real Property) established on the Real Property, up to the amount of 200% of the Loan;
2. registered pledges established on (i) the rights from certain bank account agreements concluded by Atlas and (ii) all shares in the share capital of Atlas;
3. assignment of receivables due to Atlas under insurance policies of the Real Property and of the Project;
4. assignment of certain receivables due to Atlas in connection with the Project; and
5. a cost overrun guarantee agreement relating to the Project, executed with the shareholders of Atlas, pursuant to which if the costs of the realization of the Project exceeds certain threshold, the shareholders will provide additional capital in the amount of up to 10% of the construction costs set out in the budget of the Project.

The Agreement is considered material within the meaning of the regulation of the Minister of Finance (Polish Journal of Laws No. 33, item 259) of 19 February 2009 on current and periodical information published by issuers on securities and terms of recognizing as equivalent information required by laws of a non-Member State (the “**Regulation**”), as it fulfills the criterion set out in § 2 section 1 sub-section 44 letter a) of the Regulation, i.e. its value exceeds 10% of the share capital of the Company.

The mortgage established on the Real Property fulfills the criterion set out in § 5 section 1 sub-section 1 of the Regulation as its value exceeds 100% of the value of material assets within the meaning of the Regulation, i.e. assets with a value exceeding 10% of the Company’s share capital.

Legal grounds: § 5 section 1, sub-sections 1 and 3 of the Regulation of the Minister of Finance (Polish Journal of Laws No. 33, item 259) of 19 February 2009 on current and periodical information published by issuers on securities and terms of recognizing as equivalent information required by laws of a non-Member State.