

## **Material loan agreement with Bank Zachodni WBK 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 2 November 2011 a loan agreement (the “**Agreement**”) was signed between Zielono Sp. z o.o., with its registered seat in Warsaw (the “**Borrower**”), a company in which Atlas Estates Investment B.V. (a subsidiary of the Company) holds 76% of the shares, and Bank Zachodni WBK S.A., with its registered seat in Wrocław (the “**Bank**”).

Under the Agreement the Bank extends to the Borrower a loan in a total amount not to exceed PLN 99,100,000 (the “**Loan**”). The Loan will be granted in the following tranches:

1. a construction loan in an amount not to exceed PLN 91,100,000 or a certain percentage of the construction costs set out in the budget of the Project (as defined below), whichever is lower; and
2. a VAT loan in an amount not to exceed PLN 8,000,000.

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 construction work related to two multi-apartment residential buildings which as planned will jointly involve the construction of 303 residential apartments (11,186 m<sup>2</sup> of useable area of the apartments in the first building and 7,743 m<sup>2</sup> of useable area of the apartments in the second building), a commercial area (761 m<sup>2</sup> of useable area) and 337 parking spaces in an underground garage (the “**Project**”), which will be situated on a real property located in Warsaw on Przasnyska Street consisting of plots No. 12/7, 12/8 and part of plot No. 12/1, 2 from district No. 7-03-03 and which will have a total built up area of 3688 m<sup>2</sup> (the “**Real Property**”).

The final repayment date of the construction part of the Loan will fall on the earlier of the following dates:

- (i) 12 months after the last day of the construction period; or
- (ii) 36 months after the date of first utilization; or
- (iii) 42 months after the execution of the loan agreement,

and the first drawdown has to be made not later than within six months from the date of the execution of the Agreement.

The Loan is secured by, inter alia:

1. a first ranking contractual mortgage (following the expiry of the mortgage established on the Real Property for the purposes of securing the loan extended for the purchase of such Real Property) up to the amount of 200% of the Loan;
2. financial and registered pledges established on (i) the rights from certain bank account agreements concluded by the Borrower and (ii) all the shares in the share capital of the Borrower;
3. the assignment of certain receivables due to the Borrower in connection with the Project;
4. a subordination agreement; and
5. a cost overrun guarantee agreement relating to the Project executed between the Borrower, shareholders of Borrower and the Lender pursuant to which the

shareholders agreed to act as guarantors for the payment of the Borrower's liability to cover cost overruns amounting to up to 10% of the project costs.

The value of the Real Property in the financial accounts of the Borrower amounts to PLN 1010 300 000.

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 of securities and on the conditions under which information required by legal regulations of a non-Member State may be recognized as equivalent (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 Company's equity.

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 equity.

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 of securities and on the conditions under which information required by legal regulations of a non-Member State may be recognized as equivalent.