

Current report No. 9/2012, published on 21.12.2012

The board of directors of Atlas Estates Limited (the “**Company**”) hereby announces that on 21 December 2012 a loan agreement (the “**Agreement**”) was signed between Capital Art Apartments AEP Spółka z ograniczoną odpowiedzialnością Spółka komandytowo - akcyjna, with its registered seat in Warsaw (the “**Borrower**”), a company in which AEP Spółka z ograniczoną odpowiedzialnością is a general partner in which Atlas Estates Investment B.V. (a subsidiary of the Company) holds 100% 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 55,320,840 (the “**Loan**”). The Loan will be granted in the following tranches:

1. a construction loan in an amount not to exceed PLN 52,320,840 or a certain percentage of the open market value of the Project (as defined below) or certain percentage of the construction costs set out in the budget of the Project (as defined below), whichever is lower; and
2. a revolving VAT loan in an amount not to exceed PLN 3,000,000.

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 189 residential apartments (jointly 9,535 m<sup>2</sup> of useable area of the apartments), and 10 retail units (jointly 823,39 m<sup>2</sup> of useable area) and 108 underground parking places and 130 storages (the “**Buildings**”), which will be situated on a real property located in Warsaw on 4 Giełdowa Street consisting of plot No. 27/3 from district No. 6-04-05 and which will have a total built up area of 4,679 m<sup>2</sup> (the “**Real Property**”). Buildings and Real Property are jointly referred in this report as to the “**Project**”)

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;

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

The Loan shall be secured by, inter alia:

1. a first ranking contractual mortgage 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 and (iii) all rights of the general partner in the Borrower;
3. the assignment of certain receivables due to the Borrower in connection with the Project;
4. a subordination agreement; and
5. statement of the Borrower of voluntary submission to execution pursuant to Art. 97 of the Banking Law up to the amount of 200% of the Loan;
6. submission to execution granted by the shareholder of the Borrower in favour of the Bank in accordance with 777 of Polish Procedure Code;

7. a cost overrun guarantee agreement relating to the Project executed between the Borrower, shareholder of the general partner of the Borrower or other entity having direct or indirect control over the Borrower, the Borrower and the Bank pursuant to which the shareholder of the general partner of the Borrower or other entity having direct or indirect control over the Borrower shall agree 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 13,028,000.

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, which shall be 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.