

Establishment of collaterals under the loan agreement of 3 February 2016

Current report no. 8/2016 dated 16 May 2016

The board of directors of Atlas Estates Limited with its seat in Guernsey (the “**Company**”) hereby announces that in execution of obligations resulting from the loan agreement dated 3 February 2016, described in current Report no. 2/2016 published on 3 February 2016 (“**Loan Agreement**”), concluded between the subsidiary of the Company – Atlas Estates (Przasnyska 9) Spółka z ograniczoną odpowiedzialnością with its registered seat in Warsaw (the “**Borrower**”) and Bank Polska Kasa Opieki S.A. with its seat in Warsaw (the “**Lender**”),

the following collaterals were established on 16 May 2016:

- 1) a contractual mortgage up to the amount of PLN 64,350,000 (“**Mortgage**”) over the right of perpetual usufruct of the real estate consisting of the plots of land no. 12/3, 12/4, 12/5 and 12/6 for which District Court for Warszawa – Mokotów in Warsaw, VI Division of Land and Mortgage Registers maintains the land and mortgage register WA1M/00203184/0 (“**Real Estates**”) as the security for the repayment of the loan granted to the Borrower under the Loan Agreement;
- 2) agreement on establishment and division of mortgage executed between the Borrower and the Lender, according to which in each case the Real Estates division will consist establishment of separate ownership, the Mortgage will be divided;
- 3) registered and financial pledge agreement executed between the Atlas Projects B.V. and the Lender over the 100 shares in the share capital of the Borrower, of the nominal value 50 PLN each share, of the joint nominal value of PLN 5,000 constituting 100 % shares in the share capital of the Borrower, the pledge secures repayment of the Loan Agreement up to the maximum amount of PLN 64,350,000 and financial pledges secure respectively repayment of the Loan Agreement up to the maximum amounts equal to PLN 62,100,000 and PLN 2,250,000; the book value of the pledged rights equals to PLN 5,000;
- 4) registered and financial agreement executed between the Borrower and the Lender over the receivables under the bank account agreements; registered pledge secures repayment of the Loan Agreement up to the maximum equal to PLN 64,350,000 and financial pledges secure respectively repayment of the Loan Agreement up to the maximum amounts of PLN 62,100,000 and PLN 2,250,000;
- 5) registered and financial pledge agreement executed between the Borrower and the Lender over the collection of assets; registered pledge secures repayment of the Loan Agreement up to the maximum equal to PLN 64,350,000; the evidence value of the assets is PLN 68,013.11;
- 6) the security assignment of Borrower's rights and claims to the Lenders;
- 7) the subordination agreement;

- 8) support agreement in relation to project described in the current Report no. 2/1016, published on 3 February 2016;

The value of the Property in the financial accounts of the Borrower amounts to PLN 17,528,822.

Lender is not a related party to the Company.

The value of assets encumbered by the mortgage exceeds 10% of the Company's equity and therefore fulfils the criterion set out in § 2, section 1, sub-section 44, letter a) 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 the issuers of securities and on the conditions under which information required by legal regulations of a non-Member State may be recognized as equivalent.

Legal basis: § 5 section 1 point 1) and § 7 of the Regulation of the Minister of Finance dated 19 February 2009 on the current and periodic disclosures to be made by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state (Polish Journal of Laws of 2009, No. 33, Item 259).