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Atlas Estates acquires the outstanding interest in the Hilton and Platinum Complex, Warsaw for Eur35.9m

Atlas Estates Limited ("Atlas" or "the Company") today announces that it has acquired the outstanding interest in the Hilton Hotel and Convention Centre and the Platinum Towers residential complex in Warsaw, Poland, its first acquisition since its IPO.

Atlas will acquire the outstanding 66% of these assets for a net consideration of Eur35.9m, giving it 100% ownership of these key projects in its portfolio.

Based on the agreed price, the implied yield from the operational hotel would be approximately 8.5%. The deal also provides for a potential deferred payment if sales prices from the residential units exceed agreed hurdle rates.

Janos Eros, Chairman of Atlas Estates said:

“We are delighted to have been able to acquire full control of these assets at a very good price. It is the first acquisition since our IPO in March. It will enable us to move forward with what is for us a key development in our portfolio in one of the most exciting of our target markets.”

Gadi Dankner, Chief Executive of Atlas Management Company Limited said

“This is a great transaction for us to complete on behalf of Atlas. Our negotiations have secured an attractive price for a project that the management team has been involved in since its inception. We are confident that our experience of the local markets and the strength of the Hilton brand will generate significant returns for the Company. Securing outright control of the projects will enable us more easily to deliver a scheme that extracts maximum value from the site.”

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Notes to Editors

1. Atlas is a closed-ended property investment company incorporated in Guernsey and listed on the AIM market in London. It specialises in investment in high-quality growth assets in the fast growing economies of Central and Eastern Europe.
2. The assets are managed on Atlas' behalf by Atlas Management Company Limited, a company formed by RP Capital Partners, Elran (D.D.) Real Estate Limited and RI Limited, all experienced investors with significant experience in and knowledge of the region.
3. On IPO the Company acquired a seed portfolio comprising a stake in assets independently valued by Cushman & Wakefield Healey & Baker with a total market value of Eur223m.
4. The Hilton and Platinum Complex was included in this valuation at Eur112 million.
5. In its seed portfolio Atlas held 33.33% of the investment in the Hilton and Platinum Complex and 50% of the company that manages their development. Atlas Management Company Limited and its predecessors had managed the projects through these ownership interests.

6. The Hilton Hotel and Convention Centre complex

The Hilton Hotel and Conference Centre is a 313-room, 5-star hotel in a superb location in Warsaw's Central Business District. It will be the first Hilton Hotel in Poland and is scheduled to open in Autumn 2006. Hilton International will manage the hotel under a 20-year management agreement. The hotel boasts a 3,700 square metre conference facility, the largest in a Warsaw market that sees significant demand for such space, a 14-room business centre and a restaurant, bars and cafes.

In addition to the Hotel, income totalling €1.2 million per annum will be separately received from:

- a 4,000 square metre Holmes Place Fitness Centre and swimming pool, let on a 25-year lease,
- a 1,300 square metre casino let to Casino Polonia Wroclaw Sp.z on a 12-year lease, and
- 500 square metres of retail outlets.

The property has a 240-space car park and will cater to the local and international business and tourist markets.

7. The Platinum Towers residential development

The Platinum Towers will comprise three high rise apartment towers providing net saleable living areas of over 43,500 square metres. The towers are designed as luxury living accommodation benefiting from access to the Hilton Hotel complex and use of the amenities therein.

In addition to the living accommodation the project will provide 3,110 square metres of commercial retail and office space, 5,250 square metres of saleable ancillary space and 897 parking spaces.

The Towers will be built in three phases with marketing of the first Tower to commence shortly. The residential market in Warsaw remains buoyant and the demand for apartments within the Platinum Towers is expected to be strong. Construction is expected to commence in the second half of 2006.