

Leader in Shopping Centres in Central and Eastern Europe



Interim Financial Report  
30 June 2014

# Our Vision & Strategy

Atrium's vision is to become the leading owner, operator and developer of food anchored shopping centres in Central & Eastern Europe and for the Atrium brand to become a hallmark of high quality retail for consumers and retailers alike.

Our portfolio will be predominantly focused on income generating shopping centres in the most mature and stable CEE countries, producing solid long term cash flows. Organic growth is to be provided by proactive hands-on asset management, ensuring we uphold our "retail is detail" approach. Further growth is to be achieved through the acquisition of high quality assets in our region and through a selected number of development, redevelopment and extension projects. Our balance sheet will be efficient and conservatively managed with modest leverage.

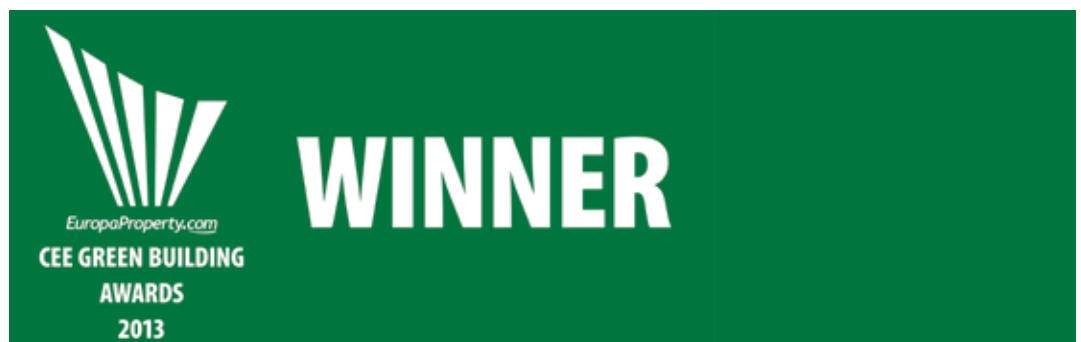
## Our Profile

Atrium owns a €2.5 billion portfolio of 153 primarily food anchored retail properties and shopping centres which produced €106.9 million rental income during the reporting period. With one exception, these properties, which are located predominantly in Poland, the Czech Republic, Slovakia and Russia, are managed by Atrium's internal team of retail real estate professionals. In addition, Atrium owns a €403.1 million development and land portfolio that offers the potential to create value through development.

Atrium is based in Jersey, Channel Islands, and has a dual listing on the Vienna and NYSE Euronext Amsterdam Stock Exchanges under the ticker ATRS.

## Our Objectives for 2014

- Continue to drive the financial and operational performance of our assets while constantly striving to improve our offer for retailers and consumers;
- Maintain our pursuit of appropriate investment opportunities in our core markets of Poland, the Czech Republic and Slovakia;
- Further improve the capital structure and efficiency of the Group's balance sheet;
- Continue to establish the Atrium brand and strengthen our relationships with key clients while seeking to work with new retailers as they expand into and across the region

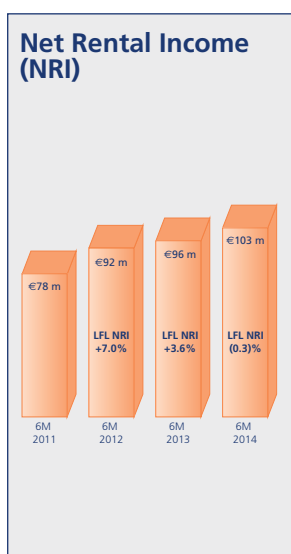
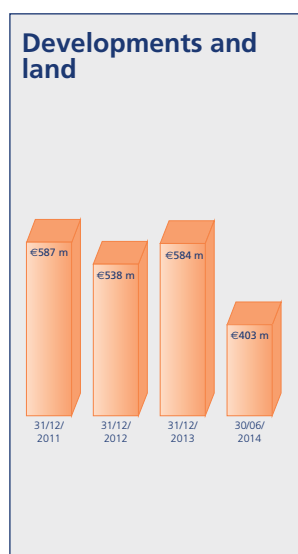
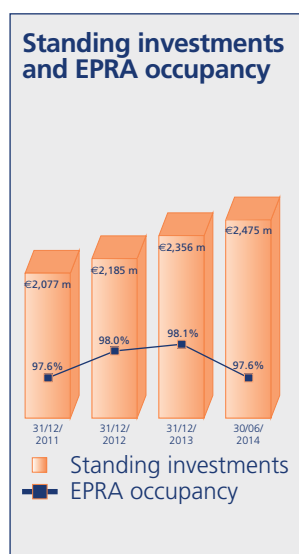


# Key Performance Indicators

Income statement	Unit	6M 2014	6M 2013	Change %	FY 2013
Gross rental income	€ '000	106,895	101,130	5.7%	203,455
EPRA like-for-like gross rental income	€ '000	96,079	96,097	0.0%	196,794
Net rental income	€ '000	103,058	96,277	7.0%	190,833
EPRA like-for-like net rental income	€ '000	92,587	92,851	(0.3%)	185,282
Operating margin	%	96.4	95.2	1.2%	93.8
EBITDA excluding revaluation, disposals and impairments	€ '000	90,307	81,260	11.1%	160,401
Company adjusted EPRA Earnings	€ '000	72,079	66,139	9.0%	125,427
Revaluation of standing investments	€ '000	(1,476)	11,604		14,712
Revaluation of developments and land	€ '000	(33,000)	(4,091)		(35,998)
Profit before taxation	€ '000	35,460	61,709	(42.5%)	90,600
Profit after taxation	€ '000	36,155	52,078	(30.6%)	75,878
Net cash generated from operating activities	€ '000	64,312	71,072	(9.5%)	140,598
IFRS Earnings per share	€ cents	9.6	13.9	(30.9%)	20.3
Company adjusted EPRA Earnings per share	€ cents	19.2	17.7	8.5%	33.5

Balance sheet	Unit	30/6/2014	31/12/2013	Change %
Standing investments at fair value	€ '000	2,475,065	2,356,164	5.0%
Developments and land at fair value <sup>1</sup>	€ '000	403,144	583,637	(30.9%)
Cash and cash equivalents	€ '000	257,869	305,577	(15.6%)
Equity	€ '000	2,254,798	2,267,289	(0.6%)
Borrowings	€ '000	724,244	803,555	(9.9%)
LTV (gross)	%	25.2	27.3	(2.1)
LTV (net)	%	16.2	16.9	(0.7)
IFRS NAV per share	€	6.01	6.05	(0.7%)
EPRA NAV per share	€	6.40	6.43	(0.5%)

<sup>1</sup> Excluding €6,239 thousands classified as assets held for sale as at 30 June 2014



## Contents

<b>Key Performance Indicators</b>	<b>3</b>
Statement Regarding Forward Looking Information	4
<b>Group Management Report</b>	<b>5</b>
Business Review	5
Operating Activities	7
Development Activities	9
EPRA Results	10
<b>Statement in Accordance with § 87 of the Austrian Stock Exchange Act (BorseG)</b>	<b>12</b>
<b>Interim Financial Statements</b>	<b>13</b>
Condensed Consolidated Interim Financial Statements	13
Notes to the Condensed Consolidated Interim Financial Statements	17
<b>Independent Review Report</b>	<b>24</b>
<b>Directors, Group Executive Management, Professional Advisors and Principal Locations</b>	<b>25</b>



## Statement Regarding Forward Looking Information

This Interim Financial Report includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Interim Financial Report and include statements regarding the intentions, beliefs or current expectations of Atrium European Real Estate Limited ("Atrium") and its subsidiaries (together with Atrium, the "Group"). By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance.

You should assume that the information appearing in this Interim Financial Report is up to date only as of the date of this Interim Financial Report. The business, financial conditions, results of operations and prospects of Atrium or the Group may change. Unless required by law, Atrium and the Group do not undertake any obligation to update any forward looking statements, even though the situation of Atrium or the Group may change in the future.

All of the information presented in this Interim Financial Report, and particularly the forward looking statements, are qualified by these cautionary statements.

You should read this Interim Financial Report and the documents available for inspection completely and with the understanding that actual future results of Atrium or the Group may differ materially from those expected by Atrium or the Group.



# Group Management Report

## Group Management Report

### Business Review

#### **Operational and financial performance**

During the reporting period, we continued to show steady operational progress with the second quarter figures reflecting growth in both gross and net rental income (up 5.7% to €106.9 million and 7.0% to €103.1 million, respectively). Continuing the trends seen in recent quarters, these figures benefited from the performance of our portfolios in the key markets of Poland and Russia; the growth was predominantly driven by the contribution of Galeria Dominikańska acquired in August 2013, the opening of the Felicity shopping centre in March 2014 and a continuation of the strong performance in Russia. On a like-for-like basis, gross rental income remained stable at €96.1 million while net rental income decreased marginally by 0.3% to €92.6 million. The decrease is partially a result of struggling DIY tenants and restructuring of shopping centres. These restructuring initiatives will however be value creating in the medium-long term. Our operating margin for the first half year was 96.4%, once again remaining above our full year target.

At an operating level, the Group also performed strongly with EBITDA, excluding the revaluation result and the impact of disposals and impairments, increasing by 11.1% to €90.3 million compared to €81.3 million in the first half of last year. Net cash generated from operating activities decreased by 9.5% to €64.3 million, compared to €71.1 million for the first half of 2013. This was as a result of the payment of interest on the 2013 bonds, partially offset by the increase in NRI.

In addition to the above, the company adjusted EPRA earnings per share, which excludes the impact of non-recurring and non-cash items such as revaluations, foreign exchange differences and impairments, increased by 8.5% to 19.2 cents, from 17.7 cents in the first half of 2013. Conversely, profit before tax was adversely impacted by a €34.5 million devaluation compared to a €7.5 million revaluation in the first half of 2013. The devaluation impact was partially offset by a gain of €4.3 million from foreign exchange differences compared to a €4.7 million loss in the first half of 2013, and the benefit of a €6.8 million growth in NRI. Together, these items led to a profit before tax of €35.5 million, compared to €61.7 million in the first half of 2013. As a result, IFRS earnings per share was 9.6 cents compared to 13.9 cents in the first half of 2013.

Following the completion of a significant development project, the value of the Group's standing investments grew by 5.0%, to €2.5 billion compared to 31 December 2013. This value includes the Atrium Felicity shopping centre in Lublin, Poland, which was opened in March 2014 and transferred from developments. Together with the development and land portfolio of €403.1 million, our total real estate portfolio was valued at €2.9 billion as at 30 June 2014. At the same time, EPRA NAV per share slightly declined to €6.40 compared to €6.43 as at 31 December 2013.

The balance sheet remains conservatively positioned, with a gross and net LTV of 25.2% and 16.2% respectively as at 30 June 2014.

#### **Events during and after the period**

Atrium Felicity shopping centre in Lublin, Poland, with 75,000 sqm GLA, was opened in March 2014. The centre is almost fully occupied; and is anchored by a 20,000 sqm hyper-market which was presold and handed over to Auchan in October 2013, a 12,600 sqm Leroy Merlin DIY store and a 3,500 sqm Saturn electronics store.

In April 2014, we completed the sale of a wholly owned subsidiary which owned a land plot in Istanbul, Turkey, for a consideration of €47 million. The net loss resulting from the transaction amounted to €0.9 million.

The sale of a second wholly owned subsidiary which owned a land plot in Sofia, Bulgaria, was completed in May 2014, for a consideration of €12.1 million. The net loss resulting from the transaction amounted to €1.4 million.

In June 2014, the Group completed early repayments of two bank loans in Slovakia, amounting to €28.0 million and €13.0 million respectively. The mortgages created in favour of the bank with a fair value of €138.2 million as at 30 June 2014 are in the process of deregistration.

In addition Atrium has repurchased bonds issued in 2005 and due in 2015. The total nominal value of the bonds repurchased amounted to €39.4 million, with €20.5 million being repurchased in April, €14.7 million in May, €2.1 million in June and €2.1 million in July.

Also in July 2014, the Group made a further sale of a wholly owned subsidiary which owned a land plot in Tbilisi, Georgia, for a consideration of €6.3 million.

#### **Group executive management team changes**

In July 2014 Atrium announced that the Group Chief Executive Officer, Rachel Lavine, will assume the role of Executive Vice Chairman of the Board of Atrium as from 30 November 2014 and will remain a director of Atrium.

At that time, Josip Kardun, the Atrium Group's current Chief Operating Officer and Deputy Chief Executive Officer, will become Group Chief Executive Officer.

Mr Kardun joined Atrium's Group Executive Management team in February 2014 from European retail property specialists ECE Projektmanagement GmbH & Co KG ("ECE"), where he had worked for seven years in a number of senior positions, most recently as its Chief Investment Officer and Head of Mergers & Acquisitions and Transaction Management Group.

## **Dividend**

In November 2013, the Board of Directors approved a 14% increase in the annual dividend for 2014, to at least €0.24 per share (subject to any legal and regulatory requirements and restrictions of commercial viability), to be paid as capital repayments in quarterly instalments of €0.06 per share, commencing at the end of March 2014. Accordingly, on 31 March 2014 and 30 June 2014 respectively, Atrium paid the first and second dividend payments of €0.06 (2013: €0.05) per ordinary share, which amounted to a total of €45.0 million for the first half of 2014 (6M 2013: €37.4 million).

## **Our markets**

Having enjoyed strong momentum in the first quarter of the year, our markets continue to provide positive growth prospects, with consumer sentiment and domestic demand stabilising or improving. Based on the macroeconomic data currently available, all of the economies of the countries in which Atrium is active are expected to record GDP growth figures in the second quarter of 2014 which are similar to those of the first quarter; with Poland at 3.6% y/y (vs. 3.5% in the first quarter), the Czech Republic at 3% (vs. 2.5%), Russia at 0.9% (unchanged) and Slovakia at 2.4% (unchanged). Nonetheless, as some macroeconomic indicators seem to suggest that the industrial recovery in Germany has already peaked and is now on a downward path, there is a possibility that CEE's recovery might slow down somewhat in the second half of the year.

More generally, as deflation debates in the euro zone have held the economic headlines this year, concerns have recently been raised about the low inflation in CEE. Despite a prevailing low inflation environment in our CEE markets in the past few months, core inflation – excluding falls in the prices of energy and food – is still in positive territory. In addition, CEE countries can still make full use of their independent monetary tools, in contrast to the euro zone markets that are obliged to follow the policy of the European Central Bank. Moreover, in aggregate, nominal wage growth has remained more or less steady in our region, and, since inflation has fallen, real wage growth has picked up and has, in turn, supported a recovery in consumer spending.

The exception to the low inflation environment is Russia, where the situation is still uncertain after a politically tumultuous start in the first quarter of the year that was accompanied by a downturn in the economy. Despite the unclear short-term prospects, Russian retail sales have so far maintained their growth path. Turnover rose by 3.1% in real terms for the first five months of the year (measured in local currency), albeit slower than the growth of 3.9% recorded in the same period a year earlier. Across the whole region, the upswing in retail sales – so far witnessed in CEE in 2014 – is likely to be maintained for the remaining part of the year.

At the same time, investment in the region has continued to rise, with the volume in the first half of the year up by 15% y/y to over €2.5bn, according to CBRE. Russia and Poland continue to dominate commercial property investment in CEE, accounting for over 60% of

the transaction volume over the period. Although transaction volume increased in annual terms across all our markets with the exception of Russia, the majority of deals involved offices, which accounted for 70% of the volume, while retail assets generated only 16% of the total volume in the first six months of the year. Overall, CBRE and JLL indicate that investor interest is actually stronger than the volume of the first half of the year suggests. As Poland is transitioning from a niche market and maturing into one of the core investment locations in Europe, the entire CEE market continues to benefit from a renewed interest from investors, according to CBRE. Furthermore, real estate debt financing is beginning to pick up as banks are easing restrictions in several CEE markets, including Hungary and Romania.

## **Outlook**

Looking ahead, the increasing liquidity is expected to be reflected in the transaction volumes recorded for the full year. The economies of our area are forecast to continue on the recovery path in the second half of the year, albeit perhaps at a somewhat slower pace than experienced in the first six months of the year. Atrium is benefitting from the resilient consumer environment, but due to the political uncertainty surrounding Ukraine, we continue to monitor the situation closely and cautiously.



## Operating Activities

Atrium's 153 standing investment properties produced the following results in terms of gross, net and EPRA like-for-like rental income during the reporting period:

Country	Gross rental income			Net rental income		
	6M 2014	6M 2013	Change	6M 2014	6M 2013	Change
	€'000	€'000	%	€'000	€'000	%
Poland	44,721	38,043	17.6%	45,738	38,827	17.8%
Czech Republic	17,599	19,079	(7.8%)	16,022	17,287	(7.3%)
Slovakia	5,527	5,677	(2.6%)	5,446	5,553	(1.9%)
Russia	31,397	29,835	5.2%	28,775	27,406	5.0%
Hungary	3,792	3,962	(4.3%)	3,598	3,382	6.4%
Romania	3,090	3,827	(19.3%)	3,035	3,462	(12.3%)
Latvia	769	707	8.8%	444	360	23.3%
<b>Total</b>	<b>106,895</b>	<b>101,130</b>	<b>5.7%</b>	<b>103,058</b>	<b>96,277</b>	<b>7.0%</b>

Country	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
	6M 2014	6M 2013	Change	6M 2014	6M 2013	Change
	€'000	€'000*	%	€'000	€'000*	%
Poland	34,139	34,983	(2.4%)	35,485	35,588	(0.3%)
Czech Republic	17,597	17,788	(1.1%)	16,021	16,380	(2.2%)
Slovakia	5,527	5,677	(2.6%)	5,446	5,553	(1.9%)
Russia	31,165	29,247	6.6%	28,558	28,138	1.5%
Hungary	3,792	3,869	(2.0%)	3,598	3,361	7.1%
Romania	3,090	3,826	(19.2%)	3,035	3,470	(12.5%)
Latvia	769	707	8.8%	444	361	23.0%
<b>Like-for-like rental income</b>	<b>96,079</b>	<b>96,097</b>	<b>0%</b>	<b>92,587</b>	<b>92,851</b>	<b>(0.3%)</b>
Remaining rental income	10,816	3,757		10,471	3,626	
<b>Total rental income</b>	<b>106,895</b>	<b>99,854</b>	<b>7.1%</b>	<b>103,058</b>	<b>96,477</b>	<b>6.8%</b>

\* In accordance with EPRA guidance, to enhance comparability of GRI/NRI, prior period values for like-for-like properties have been recalculated using the 2014 exchange rates.

GRI for the first half of 2014 grew to €106.9 million, a 5.7% increase compared to the same period last year. The 17.6% uplift in Poland primarily reflects the contribution from Galeria Dominikańska and the opening of the new Felicity shopping centre in Lublin. In Russia, the 5.2% increase in GRI is derived from rental indexation, higher base rents, and the benefit of additional rental income from GLA purchased in Park House Togliatti in October 2013. In the Czech Republic, the decrease was the result of the weakening of the Czech Krona, asset disposals during 2013 and lower occupancy offset by rental indexation. The decline in Hungary was primarily due to asset disposals. GRI in Slovakia declined mainly as a result of a decrease in occupancy over the prior period offset by rental indexation.

The growth in GRI flowed through to NRI, which increased by 7.0% to €103.1 million. The main reason behind the increase in NRI in Hungary was the collection of a receivable which had previously been provided for. In Romania NRI also reflected an improvement when compared with GRI. Similarly, the decrease in GRI in Romania was offset by improved collection of receivables.

On a like-for-like basis, gross rental income remained constant at €96.1 million while net rental income reflected a slight decrease of 0.3% to €92.6 million. This stability was predominantly driven by the strong like-for-like performance in Russia which delivered gross rental growth of 6.6% and net rental growth of 1.5%. Gross like-for-like figures in Russia reflected a more positive picture than net like-for like figure, which is mainly attributable to an increase in doubtful debtors. The decrease in like-for-like figures in Poland was primarily due to a struggling DIY tenant as well as the planned restructuring of a shopping centre that was still part of the like-for-like assets in the first half of 2014. The struggling tenant has recently been replaced by a stronger tenant who has signed a long term contract, albeit at a lower base rent. It is also apparent from the above that the impact on Poland's like-for-like NRI was lower as a result of improved efficiency. Romania also reflected a decrease in the like-for-like figures for similar reasons; a struggling DIY tenant and the successful restructuring of the shopping centre in order to strengthen it through an improved tenant mix. In Slovakia, Hungary and the Czech Republic the like-for-like figures followed the same trend as GRI and NRI.

# Group Management Report

The operating margin increased by 1.2% to 96.4%, remaining ahead of our expectations for the full year. As at 30 June 2014, occupancy measured under the EPRA guidelines, had decreased slightly to 97.6% (31 December 2013: 98.1%).

EBITDA, excluding the valuation result and the impact of disposals and impairments, increased by 11.1% to €90.3 million compared with

the first half of last year, primarily due to a €6.8 million increase in NRI together with a €2.2 million decrease in administrative expenses. Company adjusted EPRA earnings increased by 9.0% to €72.1 million compared to €66.1 million in the first half of 2013, corresponding with the higher EBITDA partially offset by higher interest expenses.

The country diversification of the Group's income producing portfolio is presented below:

Standing investments	No. of properties	Gross lettable area sqm	Portfolio %	Market value €'000	Portfolio %	Revaluation €'000
Poland	23	475,300	36.2%	1,316,857	53.2%	(4,622)
Czech Republic	95	355,600	27.1%	411,092	16.6%	(1,868)
Slovakia	3	65,500	5.0%	147,410	6.0%	(498)
Russia	7	241,000	18.4%	450,156	18.2%	5,585
Hungary	23	100,900	7.7%	70,120	2.8%	(915)
Romania	1	54,100	4.1%	68,020	2.7%	849
Latvia	1	20,400	1.6%	11,410	0.5%	(7)
<b>Total standing investments</b>	<b>153</b>	<b>1,312,800</b>	<b>100.0%</b>	<b>2,475,065</b>	<b>100%</b>	<b>(1,476)</b>

The yield diversification of the Group's income producing portfolio and EPRA occupancy are presented below:

Standing investments	Net equivalent yield* (weighted average) %	EPRA Net initial yield (NIY) ** %	EPRA Occupancy %
Poland	6.7%	6.6%	96.9%
Czech Republic	7.9%	7.6%	96.8%
Slovakia	7.6%	7.3%	97.0%
Russia	12.3%	12.3%	99.1%
Hungary	9.8%	9.0%	97.4%
Romania	9.1%	8.4%	100.0%
Latvia	10.2%	5.8%	92.3%
<b>Average</b>	<b>8.1%</b>	<b>8.0%</b>	<b>97.6%</b>

\* The net equivalent yield takes into account the current and potential net rental income, occupancy and the expiry of lease.

\*\* The EPRA net initial yield (NIY) is calculated as the annualised net rental income of the portfolio divided by its market value.

The net equivalent yield and EPRA net initial yield decreased slightly to 8.1% and 8.0% respectively (31 December 2013: 8.2% and 8.1%). The alternative EPRA "topped up" NIY for the first half of 2014 was 8.0% (31 December 2013: 8.2%).

The market value of the Group's 153 standing investments increased from €2,356 million at year end 2013, to €2,475 million as at 30 June 2014.

On 20 March 2014, we opened the Atrium Felicity shopping centre in Lublin, Poland, our first major greenfield development. The centre offers 75,000 sqm of retail GLA and is currently almost fully occupied. Atrium Felicity is the largest and most modern shopping centre in Lublin, with a prominent location, and a catchment area of around 470,000 people. It is anchored by a 20,000 sqm hyper-market, amongst other, which was presold and handed over to Auchan in October 2013, a 12,600 sqm Leroy Merlin DIY store and a 3,500 sqm Saturn electronics store.



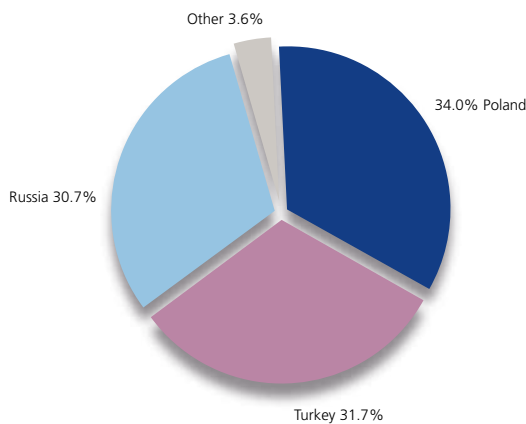


## Development Activities

As at 30 June 2014, Atrium's development and land portfolio was valued at €403.1 million. Over 95% of the portfolio by value, and over 85% by size, is concentrated in Poland, Russia and Turkey.

The country diversification of the Group's development portfolio is presented below:

### Developments and Land by Market value as at 30 June 2014



As mentioned above, we completed the development of Atrium Felicity shopping centre in Lublin, Poland, in March 2014, at which point the total market value of Atrium Felicity was transferred to the income producing portfolio.

We now have one active development project – the redevelopment of our Atrium Copernicus centre in Torun, Poland, where in July 2013, we signed agreements with the general contractor for the second phase of this project, with construction works commencing in August 2013. Together with the first phase multi-level car park expansion, the total extension will add an additional 17,300 sqm of GLA and a further 640 parking spaces to the centre. The additional parking spaces and new international and domestic brand names, along with the planned modernisation of part of the existing centre, are expected to further improve the centre's attractiveness in the region and enhance the already successful centre.

The extension is planned to open in early 2015 in conjunction with the rebranding of the 11,000 sqm Auchan Hypermarket. The incremental costs to completion of the extension as of 30 June 2014 are approximately €18.8 million.

In its meeting on 13 August 2014, the Company's Board of Directors approved the first stage of a major redevelopment of the Atrium Promenada centre in Warsaw, Poland. The overall project entails a major extension of 44,000 sqm and a remodelling of the existing shopping centre. The estimated cost of the first stage is €44 million.

Additionally, the Board has issued preliminary approval for the assessments and advanced feasibility studies to be continued in respect of three other projects. These assessments and feasibility studies are required before the Board can give its final approval. The three identified priority projects are all extensions to existing income producing assets; one is located in Poland and two in Russia.

Indicatively, in the event that all the projects under assessment review progress to full development, we estimate a total incremental development spend of approximately €80 million over the next three to five years.

### Disposals

In April 2014, the Group completed the sale of a wholly owned subsidiary which owned a land plot in Istanbul, Turkey, for a consideration of €47 million, in May 2014 we sold an additional land plot, in Sofia, Bulgaria, for €12.1 million and in July our land plot in Tbilisi, Georgia was sold for €6.3 million

## EPRA Results

### EPRA Earnings

EPRA Earnings are calculated in accordance with the latest Best Practice Recommendations of the European Public Real Estate Association ("EPRA").

	<b>6M 2014</b>	<b>6M 2013</b>
	<b>€'000</b>	<b>€'000</b>
<b>Earnings attributable to equity holders of the parent company</b>	<b>36,176</b>	<b>52,106</b>
Revaluation of investment properties	34,476	(7,513)
Net result on acquisitions and disposals	2,451	(67)
Goodwill impairment and amortisation of intangible assets	663	3,861
Deferred tax in respect of EPRA adjustments	3,474	2,504
Close out costs of financial instruments	1,944	-
<b>EPRA Earnings</b>	<b>79,184</b>	<b>50,891</b>
Weighted average number of shares (in shares)	374,999,778	373,906,432
<b>EPRA Earnings per share (in €cents)</b>	<b>21.1</b>	<b>13.6</b>
<b>Company adjustments:*</b>		
Legacy legal matters	1,398	1,714
Other impairments	790	1,158
Foreign exchange differences	(4,269)	4,746
Deferred tax not related to revaluations	(5,174)	5,985
Changes in the fair value of financial instruments	150	1,645
<b>Company adjusted EPRA Earnings</b>	<b>72,079</b>	<b>66,139</b>
<b>Company adjusted EPRA Earnings per share (in €cents)</b>	<b>19.2</b>	<b>17.7</b>

\* Company adjustments represent adjustments of other non-recurring items which could distort Atrium's operating results. Such non-recurring items are disclosed separately from the operating performance in order to provide stakeholders with the most relevant information regarding the performance of the underlying property portfolio.



## EPRA Net asset value

Net Asset Value ("NAV")	30 June 2014		31 December 2013	
	€'000	in € per ordinary share	€'000	in € per ordinary share
<b>Equity</b>	<b>2,254,798</b>		<b>2,267,289</b>	
Non controlling interest	761		740	
<b>IFRS NAV per the financial statements</b>	<b>2,255,559</b>	<b>6.01</b>	<b>2,268,029</b>	<b>6.05</b>
Effect of exercise of options	27,814		29,046	
<b>Diluted NAV, after the exercise of options</b>	<b>2,283,373</b>	<b>5.97</b>	<b>2,297,075</b>	<b>6.01</b>
Fair value of financial instruments	13,339		11,756	
Goodwill as a result of deferred tax	(7,616)		(7,616)	
Deferred tax	158,751		155,688	
<b>EPRA NAV</b>	<b>2,447,847</b>	<b>6.40</b>	<b>2,456,903</b>	<b>6.43</b>
<b>EPRA Triple NAV ("NNNAV")</b>	<b>30 June 2014</b>	<b>31 December 2013</b>		
	€'000	in € per ordinary share	€'000	in € per ordinary share
<b>EPRA NAV</b>	<b>2,447,847</b>		<b>2,456,903</b>	
Fair value of financial instruments	(13,339)		(11,756)	
Impact of debt fair value	(24,185)		(7,780)	
Deferred tax	(158,751)		(155,688)	
<b>EPRA NNNAV</b>	<b>2,251,572</b>	<b>5.89</b>	<b>2,281,679</b>	<b>5.97</b>
Number of outstanding shares	375,156,601		374,899,934	
Number of outstanding shares and options	382,521,092		382,069,066	



# Statement to § 87 of the Austrian Stock Exchange Act

---

## Statement in accordance with § 87 of the Austrian Stock Exchange Act (BörseG)

With respect to paragraph 87 of the Austrian Stock Exchange Act (§ 87 BörseG) the directors confirm that to the best of their knowledge the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting

standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions.

### The Board of Directors



**CHAIM KATZMAN**  
Chairman of the Board



**RACHEL LAVINE**  
Director and CEO



**JOSEPH AZRACK**  
Director



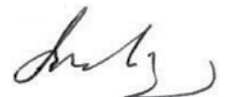
**NOAM BEN-OZER**  
Director



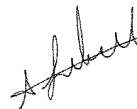
**PETER LINNEMAN**  
Director



**ROGER ORF**  
Director



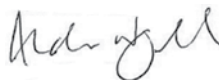
**SIMON RADFORD**  
Director



**AHARON SOFFER**  
Director



**THOMAS WERNINK**  
Director



**ANDREW WIGNALL**  
Director

# Interim Financial Statements

## Condensed Consolidated Interim Financial Statements

### Condensed Consolidated Statement of Financial Position

	Note	30 June 2014		31 December 2013	
		€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)	€'000 (Audited)
<b>Assets</b>					
<b>Non-current assets</b>					
Standing investments	4	2,475,065		2,356,164	
Developments and land	5	403,144		583,637	
Other non-current assets		50,765		55,306	
			<b>2,928,974</b>		<b>2,995,107</b>
<b>Current assets</b>					
Cash and cash equivalents	6	257,869		305,577	
Other current assets		38,522		43,522	
Assets held for sale	7	6,250		-	
			<b>302,641</b>		<b>349,099</b>
<b>Total assets</b>			<b>3,231,615</b>		<b>3,344,206</b>
<b>Equity</b>					
	8		<b>2,254,798</b>		<b>2,267,289</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Long term borrowings	9	721,523		798,044	
Derivatives	10	13,339		11,756	
Other non-current liabilities		176,472		181,708	
			<b>911,334</b>		<b>991,508</b>
<b>Current liabilities</b>					
Short term borrowings	9	2,721		5,511	
Other current liabilities		62,762		79,898	
			<b>65,483</b>		<b>85,409</b>
<b>Total equity and liabilities</b>			<b>3,231,615</b>		<b>3,344,206</b>

The Group management report and the condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors during the course of their meeting on 13 August 2014 and were duly signed on the Board's behalf by Rachel Lavine, Chief Executive Officer and Chaim Katzman, Chairman.

## Interim Financial Statements

### Condensed Consolidated Income Statement

(Unaudited)	Note	Three months ended 30 June 2014		Six months ended 30 June 2014		Three months ended 30 June 2013		Six months ended 30 June 2013	
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income		54,079		106,895		50,555		101,130	
Service charge income		18,694		37,789		19,076		38,136	
Net property expenses		(20,714)		(41,626)		(20,576)		(42,989)	
<b>Net rental income</b>			<b>52,059</b>		<b>103,058</b>		<b>49,055</b>		<b>96,277</b>
Net result on disposals		(2,293)		(2,451)		-		67	
Costs connected with developments		(893)		(2,119)		(1,095)		(2,164)	
Revaluation of investment properties		(18,501)		(34,476)		(911)		7,513	
Other depreciation, amortisation and impairments	11	(1,385)		(1,973)		(4,908)		(5,552)	
Administrative expenses		(5,513)		(10,632)		(6,689)		(12,853)	
<b>Net operating profit</b>			<b>23,474</b>		<b>51,407</b>		<b>35,452</b>		<b>83,288</b>
Net financial expenses	12	(15,905)		(15,947)		(6,761)		(21,579)	
<b>Profit before taxation</b>			<b>7,569</b>		<b>35,460</b>		<b>28,691</b>		<b>61,709</b>
Taxation credit/(charge) for the period	13	2,644		695		(7,382)		(9,631)	
<b>Profit after taxation for the period</b>			<b>10,213</b>		<b>36,155</b>		<b>21,309</b>		<b>52,078</b>
<b>Attributable to:</b>									
Owners of the parent		10,222		36,176		21,323		52,106	
Non-controlling interest		(9)		(21)		(14)		(28)	
			<b>10,213</b>		<b>36,155</b>		<b>21,309</b>		<b>52,078</b>
Basic and diluted earnings per share in €cents attributable to shareholders		2.7		9.6		5.7		13.9	

### Condensed Consolidated Statement of Comprehensive Income

(Unaudited)	Three months ended 30 June 2014		Six months ended 30 June 2014		Three months ended 30 June 2013		Six months ended 30 June 2013	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Profit for the period	10,213		36,155		21,309		52,078	
<b>Items that may subsequently be reclassified to the income statement:</b>								
Exchange differences arising on translation of foreign operations (net of deferred tax)	3,723		(4,124)		(4,687)		94	
Movements in hedging reserves (net of deferred tax)	(671)		(1,282)		2,562		4,142	
<b>Total comprehensive income for the period</b>		<b>13,265</b>		<b>30,749</b>		<b>19,184</b>		<b>56,314</b>
<b>Attributable to:</b>								
Owners of the parent	13,274		30,770		19,198		56,342	
Non-controlling interest	(9)		(21)		(14)		(28)	
		<b>13,265</b>		<b>30,749</b>		<b>19,184</b>		<b>56,314</b>



## Condensed Consolidated Cash Flow Statement

(Unaudited)	Six months ended 30 June 2014 €'000	Six months ended 30 June 2013 €'000
Net cash generated from operating activities	64,312	71,072
Cash flows generated from/(used in) investing activities	18,322	(41,902)
Cash flows generated from/(used in) financing activities	(129,881)	294,045
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(47,247)</b>	<b>323,215</b>
Cash and cash equivalents at the beginning of the period	305,577	207,843
Effect of exchange rate fluctuations on cash held	(445)	(1,205)
Cash and cash equivalents classified as held for sale	(16)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>257,869</b>	<b>529,853</b>

## Consolidated Statement of Changes in Equity

(Unaudited)	Note	Stated capital €'000	Other reserves €'000	Hedging reserves €'000	Retained earnings €'000	Currency translation €'000	Equity attribut- able to controlling share- holders €'000	Non controlling interest €'000	Total equity €'000
<b>Balance as at 1 January 2014</b>		<b>2,760,335</b>	<b>4,346</b>	<b>(9,522)</b>	<b>(389,542)</b>	<b>(97,588)</b>	<b>2,268,029</b>	<b>(740)</b>	<b>2,267,289</b>
Total comprehensive income		-	-	(1,282)	36,176	(4,124)	30,770	(21)	30,749
Share based payment		-	1,001	-	-	-	1,001	-	1,001
Issue of no par value shares		1,078	(313)	-	-	-	765	-	765
Dividends	8	(45,006)	-	-	-	-	(45,006)	-	(45,006)
<b>Balance as at 30 June 2014</b>		<b>2,716,407</b>	<b>5,034</b>	<b>(10,804)</b>	<b>(353,366)</b>	<b>(101,712)</b>	<b>2,255,559</b>	<b>(761)</b>	<b>2,254,798</b>

(Unaudited)	Note	Stated capital €'000	Other reserves €'000	Hedging reserves €'000	Retained earnings €'000	Currency translation €'000	Equity attribut- able to controlling share- holders €'000	Non controlling interest €'000	Total equity €'000
<b>Balance as at 1 January 2013</b>		<b>2,836,658</b>	<b>4,879</b>	<b>(14,441)</b>	<b>(457,158)</b>	<b>(85,505)</b>	<b>2,284,433</b>	<b>(3,061)</b>	<b>2,281,372</b>
Total comprehensive income		-	-	4,142	52,106	94	56,342	(28)	56,314
Share based payment		-	382	-	-	-	382	-	382
Issue of no par value shares		681	(698)	-	-	-	(17)	-	(17)
Dividends	8	(37,402)	-	-	-	-	(37,402)	-	(37,402)
Acquisition of non-controlling interest		-	-	-	(8,320)	-	(8,320)	2,379	(5,941)
<b>Balance as at 30 June 2013</b>		<b>2,799,937</b>	<b>4,563</b>	<b>(10,299)</b>	<b>(413,372)</b>	<b>(85,411)</b>	<b>2,295,418</b>	<b>(710)</b>	<b>2,294,708</b>

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

### 1. Reporting entity

Atrium European Real Estate Limited ("Atrium" or "the Company") is a company incorporated and domiciled in Jersey. Its registered office is 11-15 Seaton Place, St. Helier, Jersey, Channel Islands and its business address in Jersey is Lister House Chambers, 35 The Parade, St Helier, Jersey, Channel Islands.

The principal activity of Atrium and its subsidiaries (the "Group") is the ownership, management and development of commercial real estate in the retail sector.

The Group primarily operates in Poland, the Czech Republic, Slovakia, Russia, Hungary and Romania.

### 2. Basis of preparation

#### Statement of compliance

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as endorsed by the EU.

The unaudited condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2013.

The annual consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU.

The financial statements are presented in thousands of Euros ("€'000"), rounded to the nearest thousand, unless stated otherwise.

#### Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

#### Financial assets and liabilities

Other than as described in note 9, the Group believes that the carrying amounts of financial assets and liabilities which are carried at amortised cost in the financial statements are deemed not to be

significantly different from their fair value. Loans to third parties with a book value of €8.0 million (31 December 2013: €8.0 million) were impaired to reflect the recoverable amounts.

### 3. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2013 except for the new standards adopted by the Group as of 1 January 2014 and described below.

#### Amendments to and interpretations of existing standards effective in the current period

- IAS 32 *Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities* (Amendments, December 2011). The amendments stipulate the specific conditions which allow a net presentation of financial assets and liabilities. The amendments are applied retrospectively commencing from the financial statements for periods beginning on or after 1 January 2014. The amendment did not have an impact on the Group's financial statements.
- Amendments to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets*. The amendments to IAS 36 reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or intangible assets with indefinite useful lives have been allocated. Under the amendments, the recoverable amount only has to be disclosed when an impairment loss has been recognised or reversed. The amendment did not have any impact on the Group's financial position and performance and only affected disclosures.
- IFRIC 21 "*Levies*" stipulates that an entity should only recognise a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered on reaching a minimum threshold, the interpretation clarifies the fact that no liability should be anticipated before the specified minimum threshold is reached. The IFRIC does not apply to income taxes, fines, penalties or the acquisition of assets from governments. IFRIC 21 is effective with retrospective effect for annual periods beginning on or after 1 January 2014. The application of the interpretation did not result in a material impact on the Group's financial statements.

#### New standards, amendments to and interpretations of existing standards that are not yet effective and have not been adopted by the Group prematurely

- IFRS 9 *Financial Instruments*. In November 2009, the IASB issued IFRS 9, as a first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (the standard will



not be effective before 1 January 2017 with the final effective date being determined by the IASB when other parts of IFRS 9 are finalised but may be applied earlier subject to EU endorsement). IFRS 9 (2009) retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group is currently reviewing the standard to determine its effect on the Group's financial statements.

- IFRS 9 *Financial Instruments* (Amendments, October 2010) adds the requirements related to classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives*. The standard will not be effective before 1 January 2018 with the final effective date being determined by the IASB when other parts of IFRS 9 are finalised but may be applied earlier subject to EU endorsement. The Group is currently reviewing the standard to determine its effect on the Group's financial statements.
- On 12 December 2013, the International Accounting Standards Board (IASB) issued two cycles of Annual Improvements to IFRSs – Cycles 2010-2012 and 2011-2013 – that contain eleven amendments to nine standards. The amendments will be effective as of 1 July 2014 either prospectively or retrospectively. The EU has not yet endorsed these annual improvements. The Group believes that the application of the improvements will not have a material impact on its financial statements. The amendments that might be relevant to the Group are summarised below.
  - Amendment to IFRS 2 Share Based Payments – This amendment clarifies the definition of 'vesting conditions' by defining 'performance condition' and 'service condition' separately.
  - Amendment to IFRS 3 Business Combination – The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination.
  - Amendment to IAS 40 Investment Property – The amendment clarifies the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.
  - Amendment to IFRS 13 Fair Value Measurements – An amendment to the Basis for Conclusions stipulates that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.
- IFRS 15- *Revenue from Contracts with Customers* (issued in May 2014, not yet endorsed by the EU). In May 2014, the IASB and the FASB issued their joint revenue-recognising standard, IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 sets out the requirements for recognising revenue and providing disclosures that apply to all contracts with customers, except for contracts that are within the scope of the Standards of leases, insurance contracts and financial instruments. The standard replaces IAS 18, "Revenue", IAS 11, "Construction Contracts", and a number of revenue-related interpretations. IFRS 15 is effective from 1 January 2017. The Group is currently assessing the impact of the new standard on its financial statements.
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued on 12 May 2014, not yet endorsed by the EU). IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can, however, be rebutted in certain limited circumstances. The amendments are effective from 1 January 2016 and should be applied prospectively. The Group is currently assessing the impact of the amendments on its financial statements.
- Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations* (issued on 6 May 2014, not yet endorsed by the EU). The amendments published add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendments are effective from 1 January 2016 and are to be applied prospectively. The amendments are not expected to have an impact on the Group's financial statements.

## Interim Financial Statements

### 4. Standing investments

The current portfolio of standing investments of the Group consists of 153 properties (31 December 2013: 153).

A roll forward of the total standing investments portfolio is provided in the table below:

	Six months ended 30 June 2014 €'000	Year ended 31 December 2013 €'000
Balance as at 1 January	2,356,164	2,185,336
Additions - new properties	-	146,012
Additions - technical improvements, extensions	10,373	30,811
Movements - financial leases	281	4,755
Transfers from developments and land	110,185	877
Currency translation differences	(217)	(18,660)
Revaluation of standing investments	(1,476)	14,712
Disposals	(245)	(7,679)
<b>Balance as at the end of the period</b>	<b>2,475,065</b>	<b>2,356,164</b>

On 20 March 2014, Atrium Felicity shopping centre in Lublin, Poland, was opened and transferred from developments and land to the standing investments portfolio.

### 5. Developments and land

A roll forward of the total developments and land portfolio is provided in the table below:

	Six months ended 30 June 2014 €'000	Year ended 31 December 2013 €'000
Balance as at 1 January	583,637	538,395
Additions - cost of land and construction	26,376	54,737
Additions- new properties	-	28,862
Movements - financial leases	(3,297)	2,910
Transfer to standing investments and assets held for sale	(116,424)	(877)
Disposals	(54,462)	(4,817)
Interest capitalised	315	799
Currency translation differences	(1)	(374)
Revaluation of developments and land	(33,000)	(35,998)
<b>Balance as at the end of the period</b>	<b>403,144</b>	<b>583,637</b>

In July 2013, the Group signed agreements with the general contractor for the second phase of the redevelopment of our Atrium Copernicus centre in Torun, Poland. Together with the first phase multi-level car park expansion, the total extension will add an additional 17,300 sqm of GLA and a further 640 parking spaces to the centre on completion. The total net incremental costs to complete the project are approximately €18.8 million.

In April 2014, we completed the sale of a wholly owned subsidiary which owned a land plot in Istanbul, Turkey, for a consideration of €47 million. The net loss resulting from the transaction amounted to €0.9 million.

The sale of a second wholly owned subsidiary which owned a land plot in Sofia, Bulgaria, was completed in May 2014, for a consideration of €12.1 million. The net loss resulting from the transaction amounted to €1.4 million.

For information regarding a land classified as held for sale, see note 7.

### 6. Cash and cash equivalents

As at 30 June 2014, the Group held total cash and cash equivalents of €257.9 million (31 December 2013: €305.6 million). The Group held cash of €5.7 million (31 December 2013: €6.3 million) as security for guarantees and/or other restricted cash held in various banks on the Group's behalf.

### 7. Assets held for sale

The major classes of assets of a subsidiary which are presented as held for sale at the end of the reporting period are as follows:

	30 June 2014 €'000
<b>Non-current assets</b>	
Developments and land	6,239
<b>Current assets net</b>	11
<b>Net assets as at the end of the period</b>	<b>6,250</b>



### 8. Equity

As at 30 June 2014, the total number of ordinary shares issued was 375,156,601 (31 December 2013: 374,899,934 shares). During the six month period ended 30 June 2014, Atrium paid a dividend of €0.12 (6M 2013: €0.1) per ordinary share, which amounted to a total of €45.0 million (6M 2013: €37.4 million).

### 9. Borrowings

	30 June 2014		31 December 2013	
	Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Bonds	462,774	485,887	499,066	506,083
Bank loans	261,470	262,542	304,489	305,253
<b>Total</b>	<b>724,244</b>	<b>748,429</b>	<b>803,555</b>	<b>811,336</b>

The fair values of loans and bonds were determined by an external appraiser using discounted cash flow models, zero-cost derivative strategies for fixing the future values of market variables and option pricing models of the Black-Scholes type.

Fair values have been determined with reference to market inputs, the most significant of which are:

- Quoted EUR yield curve;
- Quoted CZK yield curve;
- Volatility of EUR swap rates;
- Spot exchange rates CZK/EUR; and
- Fair values of effected market transactions.

Fair value measurements used for Bonds and Loans are categorised within Level 2 of the fair value hierarchy as defined in IFRS 13.

During the reporting period, Atrium repurchased bonds issued in 2005 and due in 2015, with a nominal value of €37.3 million. The net loss resulting from the bond buybacks were €1.8 million.

In June 2014, the Group completed early repayments of two bank loans in Slovakia, amounting to €28.0 million and €13.0 million respectively. The mortgages created in favour of the bank with a fair value of €138.2 million as at 30 June 2014 are in the process of deregistration.

The borrowings are repayable as follows:

	30 June 2014 Net book value €'000	31 December 2013 Net book value €'000
Due within one year	2,721	5,511
In year two	133,705	75,544
In years three, four and five	136,454	270,290
After five years	451,364	452,210
<b>Total</b>	<b>724,244</b>	<b>803,555</b>

### 10. Derivatives

The Group entered into two interest rate swap contracts ("IRSs") during 2011 in connection with two bank loans secured over newly acquired properties. These swaps replaced floating interest rates by fixed interest rates. The swaps are cash flow hedges which are designed to reduce the Group's cash flow volatility from variable interest rates on the bank loans. The IRSs are measured at fair value using the discounted future cash flow method.

As at 30 June 2014, the IRSs were in a liability position and had a fair value of €13.3 million (31 December 2013: €11.8 million liability). The fair value measurements of the IRSs are derived from inputs other than quoted prices in active markets. The inputs used to determine the future cash flows are the 3 month Euribor forward curve and an appropriate discount rate. The inputs used are derived either directly (i.e. as prices) or indirectly (i.e. from prices). Therefore, these IRSs are classified as Level 2 fair value measurements under IFRS 13.

## Interim Financial Statements

---

### 11. Other depreciation, amortisation and impairments

	Six months ended 30 June	
	2014 €'000	2013 €'000
Other depreciation and amortisation	(1,183)	(949)
Impairments	(790)	(4,603)
<b>Total</b>	<b>(1,973)</b>	<b>(5,552)</b>

### 12. Net financial expenses

	Six months ended 30 June	
	2014 €'000	2013 €'000
Interest income	619	1,974
Interest expense	(16,219)	(14,169)
Finance lease interest expense	(2,614)	(2,953)
Foreign currency differences	4,269	(4,746)
Impairment of financial instruments	(150)	(1,645)
Net loss from bond buy back	(1,823)	-
Other financial income/(expense)	(29)	(40)
<b>Total</b>	<b>(15,947)</b>	<b>(21,579)</b>

### 13. Taxation charge for the period

	Six months ended 30 June	
	2014 €'000	2013 €'000
Current period corporate income tax expense	(993)	(1,059)
Deferred tax credit/(charge)	1,700	(8,489)
Adjustments to prior periods	(12)	(83)
<b>Total credit/(charge)</b>	<b>695</b>	<b>(9,631)</b>



## 14. Segment reporting

## Reportable segments

For the period ended 30 June 2014	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	106,895	-	-	106,895
Service charge income	37,789	-	-	37,789
Net property expenses	(41,626)	-	-	(41,626)
<b>Net rental income</b>	<b>103,058</b>	-	-	<b>103,058</b>
Net result on acquisitions and disposals	(156)	(2,295)	-	(2,451)
Costs connected with developments	-	(2,119)	-	(2,119)
Revaluation of investment properties	(1,476)	(33,000)	-	(34,476)
Other depreciation, amortisation and impairments	(1,767)	-	(206)	(1,973)
Administrative expenses	(5,736)	1,120	(6,016)	(10,632)
<b>Net operating profit/(loss)</b>	<b>93,923</b>	<b>(36,294)</b>	<b>(6,222)</b>	<b>51,407</b>
Net financial (expenses) income	(15,250)	2,679	(3,376)	(15,947)
<b>Profit/(loss) before taxation for the period</b>	<b>78,673</b>	<b>(33,615)</b>	<b>(9,598)</b>	<b>35,460</b>
Taxation credit/(charge) for the period	2,817	(1,598)	(524)	695
<b>Profit/(loss) after taxation for the period</b>	<b>81,490</b>	<b>(35,213)</b>	<b>(10,122)</b>	<b>36,155</b>
Investment properties	2,475,065	*409,383	-	2,884,448
Segment assets	2,541,707	437,474	252,434	3,231,615
Segment liabilities	714,612	56,535	205,670	976,817

\* including €6,239 thousands classified as assets held for sale as at 30 June 2014

For the period ended 30 June 2013	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	101,130	-	-	101,130
Service charge income	38,136	-	-	38,136
Net property expenses	(42,989)	-	-	(42,989)
<b>Net rental income</b>	<b>96,277</b>	-	-	<b>96,277</b>
Net result on acquisitions and disposals	67	-	-	67
Costs connected with developments	-	(2,164)	-	(2,164)
Revaluation of investment properties	11,604	(4,091)	-	7,513
Other depreciation, amortisation and impairments	(4,174)	-	(1,378)	(5,552)
Administrative expenses	(5,853)	(810)	(6,190)	(12,853)
<b>Net operating profit/(loss)</b>	<b>97,921</b>	<b>(7,065)</b>	<b>(7,568)</b>	<b>83,288</b>
Net financial expenses	(14,470)	(2,051)	(5,058)	(21,579)
<b>Profit/(loss) before taxation for the period</b>	<b>83,451</b>	<b>(9,116)</b>	<b>(12,626)</b>	<b>61,709</b>
Taxation credit/(charge) for the period	(9,539)	112	(204)	(9,631)
<b>Profit/(loss) after taxation for the period</b>	<b>73,912</b>	<b>(9,004)</b>	<b>(12,830)</b>	<b>52,078</b>
Investment properties	2,203,697	592,665	-	2,796,362
Segment assets	2,272,489	645,588	509,035	3,427,112
Segment liabilities	676,682	98,949	356,773	1,132,404

### 15. Transactions with related parties

In March 2014, the Compensation and Nominating Committee determined employee annual bonus payments for 2013. Rachel Lavine, Chief Executive Officer, was awarded a total bonus of €655,000 (which includes a minimum guaranteed bonus of €375,000).

### 16. Contingencies

With regard to the Austrian civil proceedings, there were no significant changes to the contingencies of the Group to those reported in note 2.41 of the Annual Financial Report 2013. Atrium is involved in certain claims submitted by holders of Austrian Depositary Receipts alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 12 August 2014, the latest practicable date prior to authorisation of this report, the aggregate amount claimed in proceedings to which Atrium was then a party in this regard was approximately €14.9 million. The number of claims and amounts claimed are expected to fluctuate over time as proceedings develop, are dismissed, withdrawn or otherwise resolved.

The claims are at varying stages of development and are expected to be resolved over a number of years. While a provision has been recorded in respect of these proceedings, based on current knowledge and management assumptions and including the estimated associated expenses, the actual outcome of the claims and the timing of their resolution cannot be estimated reliably by the Company at this time. Atrium rejects the claims and is defending them vigorously.

There is continuing uncertainty in the various economies in which the Group has its operations and assets, especially the euro zone and the developing markets in which the Group invests. These uncertainties relate not only to the general economic environment in such areas but also to changes in legal, regulatory and fiscal framework. Any adverse developments could lead to significant changes in the values of the Group's assets or in its liabilities during subsequent periods. Management is not presently able to assess, with accuracy, the extent of any such changes, if any.

### 17. Subsequent events

In July 2014, Atrium announced that the Group Chief Executive Officer, Rachel Lavine, will assume the role of Executive Vice Chairman of the Board of Atrium as from 30 November 2014 and will remain a director of Atrium. She will be succeeded in the role of Chief Executive Officer of the Atrium Group by Josip Kardun, currently the Chief Operating Officer and Deputy Chief Executive Officer.

# Independent Review Report to Atrium European Real Estate Limited

## Introduction

We have been engaged by Atrium European Real Estate Limited ("Atrium") to review the condensed consolidated set of financial statements in the interim financial report for the six months ended 30 June 2014 which comprises the condensed consolidated statement of financial position as at 30 June 2014, the condensed consolidated income statement for the three month and six month periods ending 30 June 2014, the condensed consolidated statement of comprehensive income for the three month and six month periods ending 30 June 2014, the condensed consolidated cash flow statement and the consolidated statement of changes in equity for the six months ended 30 June 2014, and the related explanatory notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

This report is made solely to Atrium in accordance with the terms of our engagement. Our review has been undertaken so that we might state to Atrium those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Atrium for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 2, the annual consolidated financial statements of Atrium are prepared in accordance with International Financial Reporting Standards as endorsed by the EU. The condensed consolidated set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the EU.

## Our responsibility

Our responsibility is to express to Atrium a conclusion on the condensed consolidated set of financial statements in the interim report based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed by the EU.

## Statement on the Group management report for the 6 month period ended 30 June 2014 and on director's statement in accordance with § 87 Austrian Stock Exchange Act (BörseG)

We have read the Group management report and evaluated whether it does not contain any apparent inconsistencies with the condensed consolidated interim financial statements. Based on our evaluation, the Group management report does not contain any apparent inconsistencies with the condensed consolidated interim financial statements.

The interim financial information contains the statement by directors in accordance with § 87 par. 1 subpar. 3 Austrian Stock Exchange Act.

## Heather J MacCallum for and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognized Auditor  
37 Esplanade  
St Helier  
Jersey  
JE4 8WQ

13 August 2014

## Notes:

- The maintenance and integrity of the Atrium European Real Estate Limited website is the responsibility of the directors, the work carried out by KPMG Channel Islands Limited does not involve consideration of these matters and, accordingly, KPMG Channel Islands Limited accept no responsibility for any changes that may have occurred to the condensed consolidated set of financial statements or review report since the 13 August 2014. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 13 August 2014 which in any way extends this date.
- Legislation in Jersey governing the preparation and dissemination of condensed consolidated financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the condensed consolidated financial statements are complete and unaltered in any way.





# Directors, Group Executive Management, Professional Advisors and Principal Locations

---

## Directors:

Chaim Katzman  
Rachel Lavine  
Joseph Azrack  
Noam Ben-Ozer  
Peter Linneman  
Simon Radford  
Roger Orf  
Aharon Soffer  
Thomas Wernink  
Andrew Wignall

## Group Executive Management:

Rachel Lavine	CEO (until 30/11/2014)
Josip Kardun	COO and Deputy CEO (CEO from 30/11/2014)
Soňa Hýbnerová	CFO
Thomas Schoutens	CDO
Geraldine Copeland-Wright	GC
Liad Barzilai	Head of Acquisitions
Ljudmila Popova	Head of Business Development & Investor Relations

## Administrator and Registrar:

Aztec Financial Services (Jersey) Limited  
11-15 Seaton Place  
St Helier  
Jersey  
JE4 0QH

## Independent Auditors:

KPMG Channel Islands Limited  
Chartered Accountants  
37 Esplanade  
St Helier  
Jersey  
JE4 8WQ

## Media Relations Advisor:

FTI Consulting  
200 Aldersgate, Aldersgate Street  
London, EC1A 4HD, UK

## Registered office:

11-15 Seaton Place  
St Helier  
Jersey  
JE4 0QH

## Business address:

Lister House Chambers  
35 The Parade  
St Helier  
Jersey  
JE2 3QQ

## Principal locations:

### Czech Republic

*Manhattan Real Estate Management s.r.o.*  
U Libeňského pivovaru 63/2, CZ-180-00  
Prague

### Hungary

*Manhattan Real Estate Management Kft*  
Bécsi út 154, HU-1032  
Budapest

### The Netherlands

*Atrium European Management NV*  
World Trade Center, C tower, Strawinskylaan 941,  
1077 XX Amsterdam

### Poland

*Atrium Poland Real Estate Management Sp. z o.o.*  
Al. Jerozolimskie 148, PL-02-326  
Warsaw

### Romania

*Atrium Romania Real Estate Management SRL*  
Auchan Mall Office, Et.1, Office 2  
560A Iuliu Maniu Boulevard  
Bucharest

### Russia

*OOO Manhattan Real Estate Management*  
JAVAD Business Centre, The Triumph Palace  
Chapaevskiy pereulok, Building 3, RU-125057  
Moscow

## How to contact us:

Website: [www.aere.com](http://www.aere.com)  
Analysts & Investors: [ir@aere.com](mailto:ir@aere.com)  
Media: [atrium@fticonsulting.com](mailto:atrium@fticonsulting.com)  
General enquiries: [atrium@aere.com](mailto:atrium@aere.com)

Cover photo:

*Atrium Dominikarska Shopping Centre in Wroclaw, Poland*

