

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Atrium European Real Estate Limited ("Atrium") was established under the laws of Jersey, Channel Islands, in 1997. Atrium has been listed on the Vienna Stock Exchange ("ATRS") since November 2002 and on the Euronext Amsterdam Stock Exchange since August 2009.

As a certified Jersey Listed Fund, Atrium must comply at all times, and operate in accordance with, the Jersey Listed Fund Guide and the detailed provisions of the Jersey Codes of Practice for Certified Funds (the "Codes"). The Codes are arranged under a number of fundamental principles which include corporate governance, internal systems and controls, AML Procedures and financial reporting. Jersey law also imposes general fiduciary duties and duties of care, diligence and skill on directors, who are also under a statutory obligation to act in good faith and in the best interest of Atrium. In addition and as agreed with the Jersey Financial Services Commission ("JFSC"), Atrium must remain materially compliant with the AIC Code and the UK Combined Code as set down in the AIC's Corporate Governance Guide for Investment Companies in matters pertaining to the independence of directors and the composition of the board.

The Austrian Code of Corporate Governance (as amended in January 2015) (the "Austrian Code") sets out rules and regulations for responsible management and guidance of companies listed in Austria. The Austrian Code applies primarily to Austrian stock market-listed joint stock corporations that undertake to adhere to its principles and obliges those companies that have committed to adhere to it to either comply or explain any deviations from its applicable rules. Atrium currently submits voluntarily to the Austrian Code, which is available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at). Explanations for deviations from the applicable rules are provided on page 38.

BOARD AND MANAGEMENT STRUCTURE

The management structure of Atrium is a one-tier Board of Directors.

Pursuant to Atrium's articles of association (the "Articles"), at least half of the Directors are required to be independent in accordance with, and as defined in, the rules of the New York Stock Exchange. As at 31 December 2017, four of the six Directors were independent in accordance with those rules, namely Mr. Radford, Mr. Wignall, Mr. Errichetti and Mr. Flanzraich. The independent Directors do not have shareholdings of more than 10% in Atrium. Nor do they represent the interests of a shareholder with an investment of more than 10% in Atrium.

The business of Atrium is managed by the Directors, who may exercise all powers of Atrium that are not required by applicable corporate law or the Articles to be exercised by the shareholders in a general meeting. The power and authority to represent Atrium in all transactions relating to real and personal property and all other legal or judicial transactions, acts and matters before all courts of law is vested in the Directors.



As at 31 December 2017, the Board consisted of six Directors, as set out below. Previously, at the start of January 2017, the Board consisted of eight directors, Noam Ben-Ozer, Peter Linneman, Karine Ohana and Thomas Wernink retired from the Board of

Directors with effect from 25 April 2017. In April 2017 Michael Errichetti and Neil Flanzraich were appointed to the Board of Directors as independent directors.

Name	Audit Committee	Compensation and Nominating Committee	Executive Committee ¹	Operations Committee	Investment Committee ¹	Date of birth	Mandate start
Chaim Katzman		✓	✓			04.11.1949	01.08.2008
Rachel Lavine	✓		✓		✓	09.12.1965	01.08.2008
Simon Radford	✓			✓	✓	03.02.1957	06.03.2008
Andrew Wignall	✓			✓	✓	11.05.1964	06.03.2008
Michael Errichetti ²		✓	✓			23.09.1957	01.04.2017
Neil Flanzraich ²	✓	✓				08.08.1943	01.04.2017
Noam Ben-Ozer ³	✓	✓				22.06.1963	24.11.2009
Peter Linneman ³	✓	✓	✓			24.03.1951	01.08.2008
Karine Ohana ³	✓					27.12.1964	24.06.2015
Thomas Wernink ³	✓	✓				10.12.1945	01.08.2008

¹ The Special Standing Committee was renamed Executive Committee on 25 April 2017 and the Investment Committee was disbanded on 21 March 2017

² Appointed to the Board of Directors with effect from 1 April 2017

³ Retired from the Board of Directors with effect from 25 April 2017

The mandate of each Director then in office ends at the shareholders' annual general meeting ("AGM") held following the date of appointment. Provision is made for each Director to retire at each AGM and for the shareholders (by ordinary resolution) to re-elect that retiring Director (if eligible for re-election). In the absence of such resolution, a retiring Director shall be deemed to have been re-elected except where (a) a resolution to re-elect the Director has been put to the AGM but has not been passed or it is expressly resolved not to fill the office being vacated or (b) such Director is ineligible for re-election or has given notice in writing to Atrium that he or she is unwilling to be re-elected. The current mandate of each Director in office ends at the AGM to be held in April 2018.



CHAIM KATZMAN

Non-executive director and Chairman

Chairman, Executive Committee

Chairman, Compensation and Nominating Committee

Chaim Katzman is the Founder, Chief Executive Officer and controlling shareholder of Gazit Globe (TASE, NYSE, TSX: GZT), a leading global real estate company focused on the ownership, development and management of shopping centres and mixed-use properties in major urban markets. As CEO of Gazit-Globe, Mr. Katzman leads the global operations and manages affiliate and subsidiary activities for approximately \$11 billion of real estate assets¹ in the United States, Canada, Europe, Israel and Brazil.

Mr. Katzman is also the Founder, Chief Executive Officer and controlling shareholder of Norstar Holdings Inc. (TASE: NSTR), the parent company of Gazit Globe, and was the Founder and

Executive Chairman of Equity One, Inc. (NYSE: EQY), a leading urban focused shopping centre REIT he founded in 1992 which merged with Regency Centers in 2017, forming a leading US shopping centre REIT. Mr. Katzman served in roles as EQY's CEO and then Chairman from 1992 to 2006. Mr. Katzman currently serves as the Vice Chairman of Regency Centers (NYSE: REG). Mr. Katzman also served on the Board of First Capital Realty Inc. (TSX: FCR), Canada's leading owner, developer and operator of supermarket and pharmacy-anchored shopping centres from 2000 to 2017. He served as FCR's Chairman from 2000 to 2015. In 2008, following an investment by Gazit-Globe, Mr. Katzman was appointed as Chairman of the Board of the Company. In 2010, Mr. Katzman was appointed Chairman of Citycon Oyj (OMX: CTY), an owner, developer and operator of shopping centers in the Nordic and Baltic and the market leader in the Nordic shopping centre sector.

A pioneer of the retail investment and development industry, Mr. Katzman is a member of the International Council of Shopping Centers (ICSC), the National Association of Real Estate Investment Trusts (NAREIT), the Real Estate Roundtable and the Association of Foreign Investors in Real Estate (AFIRE), and a trustee of the Urban Land Institute (ULI). Mr. Katzman was the recipient and winner of the Ernst & Young Entrepreneur Of The Year® 2010 Award in the Real Estate and Construction Services Category in Florida. Mr. Katzman received an L.L.B. from Tel Aviv University Law School and serves as a Trustee on the Board of Governors at Tel-Aviv University.

Mr. Katzman is a well-known civic leader, philanthropist and supporter of numerous organisations. In 2011, he founded the Gazit Globe Real Estate Institute at Israel's Interdisciplinary Centre (IDC) Herzliya, an academic and research program focused on innovation and entrepreneurship in the real estate sector that offers a Master's degree in real estate with concentrations in housing, land use and real estate finance.

¹ Excluding Gazit's non-consolidated investments in NYSE: REG and TSX: FCR.



RACHEL LAVINE

Non-executive director and Vice-Chairman

Member, Audit Committee and Executive Committee

Rachel Lavine was appointed as Vice Chairman of the Board on 1 December 2014 having previously been Chief Executive Officer from August 2008 to November 2014 and a member of the Board of Directors throughout that time. Mrs. Lavine currently serves as an External Director of Hadera Papers Ltd. Mrs. Lavine was formerly CEO of Gazit-Globe; President and CEO of Plaza Centres (Europe) BV; President and CEO of Elscint Ltd; and has been a director on several boards of directors throughout her career.

Mrs. Lavine graduated from the Tel Aviv College of Management with a BA (Bachelor of Business) in accounting, she has been a CPA (Certified Public Accountant) since 1995 and holds an Executive MBA from the Kellogg School of Management (Northwestern University)/Recanati School of Management (Tel Aviv University) graduating in 2008.



SIMON RADFORD

Non-executive director

Member, Audit Committee and Operations Committee

Simon Radford is an independent non-executive director appointed to the Board in March 2008. Based in Jersey, he serves as a non-executive director on a number of alternative investment strategy funds, as well as a multi-national trust and corporate services business. Mr. Radford was the Chief Financial Officer of an alternative investment fund administration business for 11 years until March 2016 and prior to that was senior partner of Deloitte & Touche in Jersey where he was in charge of the assurance and advisory business. Mr. Radford is a Fellow of the Institute of Chartered Accountants in England and Wales. In the years 2006 to 2008, he also served as Chairman of the Institute of Directors in Jersey.



ANDREW WIGNALL

Non-executive director

Chairman, Operations Committee

Member, Audit Committee

Andrew Wignall is an independent non-executive director appointed to the Board in March 2008. Mr. Wignall is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with Ernst & Young in 1988, where he worked as an auditor primarily with financial services clients. In 1996 he was a founding director of Moore Management Limited ("Moore") and since leaving Moore in 2007, Mr. Wignall has acted

as an independent non-executive director of a number of private equity, real estate and other alternative fund structures. Mr. Wignall is authorised by the Jersey Financial Services Commission to act as a director of such structures and from 2004 to 2011 was a committee member of the Jersey Funds Association.



MICHAEL ERRICHETTI

Non-executive director

Member, Compensation and Nominating Committee and Executive Committee

Michael Errichetti is an independent non-executive director appointed to the Board in April 2017. Mr. Errichetti is a principal of Midcountry Capital LLC, a private real estate investment and advisory firm. He has been a real estate investment banker for thirty years, twenty of those with JP Morgan based in NY, Paris and London. Prior to Midcountry Capital, he was a Managing Director in UBS's global real estate investment banking group in NY. Mr. Errichetti has been an associate board member of NAREIT, a member of the International Council of Shopping Centers and holds a BA in Economics from Rutgers College, Rutgers University and an MBA from Washington University in St. Louis.



NEIL FLANZRAICH

Non-executive director

Chairman, Audit Committee

Member, Compensation and Nominating Committee

Neil Flanzraich is an independent non-executive director appointed to the Board in April 2017. Mr. Flanzraich is Executive Chairman of Cantex Pharmaceuticals, Inc., a privately-owned pharmaceutical company developing medicines for cancer. Mr. Flanzraich has significant experience leading both public and private pharmaceutical and biotech companies. Mr. Flanzraich is also an Expert-in-Residence in Entrepreneurship at Harvard University. He has served as a member of the board of directors of numerous public companies listed on the NYSE or other American stock exchanges. He is the Lead Independent Director of Chipotle Mexican Grill, Inc. (CMG:NYSE), a fast casual restaurant chain, and was also the Lead Independent Director of Equity One Inc. Mr. Flanzraich has a BA from Harvard College (Phi Beta Kappa, Magna Cum Laude), and a JD from Harvard Law School (Magna Cum Laude).

COMMITTEES OF THE BOARD OF DIRECTORS

The Directors may delegate any of their powers to committees consisting of a Director/Directors or any officers or persons they deem fit. Any committee so formed, or officer or person to whom powers are delegated, shall in the exercise of such powers conform to any regulations or restrictions that may be imposed on them by the Directors from time to time.



As at 31 December 2017, four permanent committees had been established: (i) the Audit Committee; (ii) the Compensation and Nominating Committee; (iii) the Executive Committee (previously: the Special Standing Committee); and (iv) the Operations Committee. The Investment Committee was disbanded by the Board of Directors in March 2017. During 2017, there was also a temporary committee established to address a specific issue. The Board of Directors and committees hold meetings and can also pass written resolutions.

In the year ended 31 December 2017, the Board of Directors held eleven meetings.

AUDIT COMMITTEE

From 25 April 2017, the Chairman of the Audit Committee was Neil Flanzraich and the members of the Audit Committee were Rachel Lavine, Simon Radford and Andrew Wignall. Beforehand in 2017, the Chairman of the Audit Committee was Peter Linneman and the members of the Audit Committee were Rachel Lavine, Simon Radford, Andrew Wignall, Noam Ben-Ozer, Karine Ohana and Thomas Wernink.

The Audit Committee undertakes customary functions, predominantly concerned with preparations for the audit of the financial statements and compliance therewith, the auditors' activities, audit of the internal control and risk management, and the presentation of the annual financial statements.

The Audit Committee is required to meet at least two times annually before publication of Atrium's annual financial statements and the half year report. In the year ended 31 December 2017, the Audit Committee held two meetings.

COMPENSATION AND NOMINATING COMMITTEE

From 25 April 2017, the Chairman of the Compensation and Nominating Committee was Chaim Katzman and the members of the Compensation and Nominating Committee were Michael Errichetti and Neil Flanzraich. Beforehand in 2017, the Chairman of the Compensation and Nominating Committee was Noam Ben-Ozer and the members of the Compensation and Nominating Committee were Chaim Katzman, Peter Linneman and Thomas Wernink.

The Compensation and Nominating Committee deals with all material aspects of the remuneration of senior executives. The committee is empowered to select, appoint and remove senior executives, other than the Group CEO who is appointed by the Board of Directors, and to take decisions on the award of bonuses, variable compensation components and other such benefits payable to senior executives.

In the year ended 31 December 2017, the Compensation and Nominating Committee held seven meetings.

EXECUTIVE COMMITTEE (PREVIOUSLY: THE SPECIAL STANDING COMMITTEE)

In 2017, the Chairman of the Executive Committee was Chaim Katzman. From 25 April 2017, the members of the Executive Committee were Rachel Lavine and Michael Errichetti.

Beforehand in 2017, the members of the Committee were Rachel Lavine and Peter Linneman.

The principal activity of the Executive Committee is to consider and make decisions on behalf of the Board (within the remit of the Committee's €50 million authority, as delegated to it by the Board) on certain business proposals for the Group.

In the year ended 31 December 2017, the Executive Committee held two meetings and passed one written resolution.

OPERATIONS COMMITTEE

In 2017, the Chairman of the Operations Committee was Andrew Wignall and the member of the Operations Committee was Simon Radford.

The principal activity of the Operations Committee is to consider and make decisions on behalf of the Board for the purpose of addressing operational requirements of the Company in Jersey including office and employee matters, treasury functions, day to day sanction of operational needs of the Company and incidental commitments.

In the year ended 31 December 2017, the Operations Committee held eight meetings.

INVESTMENT COMMITTEE

The Investment Committee was disbanded by the Board of Directors in March 2017. Until then, the Investment Committee's members in 2017 were Rachel Lavine, Andrew Wignall and Simon Radford.

The Investment Committee was established for the purpose of addressing preliminary matters relating to proposed transactions prior to submission for approval by the Board of Directors or the Special Standing Committee, as appropriate.

The Investment Committee did not hold any meetings in 2017.

All members of the Board of Directors, and all persons in Group executive positions, have been appointed on the basis of their professional and personal qualifications. The Atrium Group maintains an equal opportunities policy for the purposes of recruitment at all levels. As at 31 December 2017, the ages of the members of the Board of Directors ranged from 51 to 71 and the Directors represented three different national backgrounds. Of the six Directors, one is a woman, although Atrium does not take any specific measures to promote women to the Board of Directors, or to top Group executive positions, other than on merit.

GROUP EXECUTIVE TEAM

During 2017, the Group Executive Team, which has day to day responsibility for Atrium Group operations, was as set out below.

Each member of the Group Executive Team is appointed for, and has a mandate throughout, the duration of his/her employment agreement.

Name	Position	Date of birth	Mandate start
Josip Kardun	Group Chief Executive Officer	11.04.1974	30.11.2014 ¹
Liad Barzilai	Group Chief Executive Officer	25.11.1978	21.12.2016 ¹
Ryan Lee	Group Chief Financial Officer	19.08.1968	01.04.2015
Rolf Rüdiger Dany	Group Chief Operating Officer	28.02.1963	01.10.2014 ²
Scott Jonathan Dwyer	Group Chief Operating Officer	10.07.1964	01.10.2017 ²
Graham Kilbane	Group Chief Development Officer	14.12.1965	09.10.2017
Geraldine Copeland-Wright	Group General Counsel	25.03.1971	14.06.2013 ³
Ljudmila Popova	Group Head of Asset Management & Investor Relations	03.04.1980	07.10.2013 ⁴

¹ Liad Barzilai was appointed as Group Deputy Chief Executive Officer on 21 December 2016 and took over the role of Group Chief Executive Officer with effect from 23 February, following Josip Kardun's departure

² Scott Jonathan Dwyer was appointed as Group Chief Operating Officer on 1 October 2017 following Rolf Rüdiger Dany's departure

³ Geraldine Copeland-Wright left the Group on 1 January 2018

⁴ Ljudmila Popova left the Group on 1 December 2017

LIAD BARZILAI

Group Chief Executive Officer

Liad was appointed as Group Deputy Chief Executive Officer on 21 December 2016 and took over the role of Group Chief Executive Officer on 23 February 2017.

Liad was previously with the Atrium Group from 2008 until November 2015, latterly in the position of Group Chief Investment Officer responsible for the Group's pipeline of acquisitions and divestments, and from November 2015 until his appointment to Atrium held the role of Chief Investment Officer with Gazit-Globe.

Liad has a B.A. in Business Economics & Management from Guilford Glazer School of Business & Management, Ben-Gurion University and an MBA from Reccanati Business School, Tel Aviv University.

RYAN LEE

Group Chief Financial Officer, responsible for Compliance, Corporate Legal, HR and IT

Ryan joined the Group in February 2015 and was appointed as Group Chief Financial Officer in April 2015.

A chartered accountant with almost 30 years of international financial experience, Ryan joined Atrium Group from Central European Distribution Corporation (CEDC) prior to that Ryan spent over three years as Vice President, Finance at Eldorado. In addition, he previously held various senior and board level financial roles over a nine year period with Japan Tobacco International, including Vice President - Finance, Vice President - Corporate Tax and CFO of Russia. He also spent ten years at Unilever plc and its group subsidiaries in a number of senior financial roles across a number of different territories.

Ryan has a Bachelor's degree in Law and Italian from the University of Wales, Cardiff.

SCOTT JONATHAN DWYER

Group Chief Operating Officer from 1 October 2017

Scott joined Atrium in October 2014 as Chief Executive Officer of Poland, with responsibility for overseeing all aspects of the Group's Polish operations and building on Atrium's success in establishing itself as a dominant shopping centre owner-operator in the country. He has also been instrumental in implementing Atrium's major redevelopment and extension programmes across three flagship assets in Warsaw.

Originally from Australia, Scott has more than 20 years' experience operating in Central and Eastern European markets, having joined Atrium from Heitman International, and having held senior roles at ING Real Estate and Unibail-Rodamco.

Scott has a Bachelor of Business from UTS Sydney and is a qualified C.P.A.

GRAHAM KILBANE

Group Chief Development Officer from 9 October 2017

Graham has over 30 years of development and refurbishment experience gained throughout the UK and Central and Eastern European markets. He has completed over 300,000 sqm of commercial and mixed use projects and has extensive real estate experience throughout each stage of the development process. Having joined atrium from Meyer Bergman, Graham previously ran the Polish development companies for GE Golub and Avestus.

Graham has a Bachelor of Science degree in Estate Management from the Trent University of Nottingham and he is a professional associate of the Royal Institution of Chartered Surveyors.

COMPENSATION REPORT

DIRECTORS' COMPENSATION

The Board of Directors has discretion to set annual Director's ordinary remuneration, in their capacity as Directors, up to an aggregate limit of €2 million per annum. If the Board wishes to



increase this limit it would require prior shareholder approval by ordinary resolution.

In 2017, non-executive Directors, other than those Directors nominated by Gazit-Globe, were entitled to receive remuneration in two components: a fixed cash remuneration of €50,000 per annum (€65,000 per annum until April 2017) together with meeting attendance fees of €1,000 per meeting and telephonic meeting attendance fees of €750 per meeting (until April 2017 attendance fees were €1,500 per meeting and €1,000 per telephonic meeting); and ordinary shares in the Company in the value of €50,000 per annum (€65,000 per annum until April 2017), which shares are allocated semi-annually and vest after two years. Shares issued to non-executive Directors as part of their ordinary remuneration are subject, after vesting, to restrictions on disposal such that following any disposal, the remaining shareholding of the non-executive Director must have an aggregate deemed value of at least €100,000 (€130,000 until April 2017). Any Director, other than those Directors nominated by Gazit-Globe, who acts as Chairman of the Audit Committee, the Compensation and Nominating Committee or the Operations Committee was also entitled to receive additional remuneration of €10,000 per annum.

A non-executive Director nominated by Gazit-Globe is not entitled to receive director's ordinary remuneration. Consequently, as at the end of the financial year ended 31 December 2017, neither Mr. Katzman as Chairman of the Board nor Mrs. Lavine as Vice Chairman were entitled to Directors' compensation.

The cash component of ordinary remuneration may, at the election of eligible Directors, be taken as ordinary shares in the Company in lieu of all or part of their ordinary cash remuneration. The remuneration payable to Directors accrues from day to day.

In addition, the Board of Directors may award special pay to any Director who holds any executive post or performs any other services which the Directors consider to extend beyond the ordinary duties of a Director, such as participation in committees. Special pay can take the form of fees, commission or other benefits or can be paid in some other way decided by the Board of Directors. Such special pay may either be in addition to or instead of other fees, expenses or other benefits that the Director is entitled to receive.

Under his consultancy agreement, Mr. Katzman provides certain consultancy services, including (inter alia) advice on and review of proposed acquisitions and disposals, advice on capital markets strategy, advice on the level and content of development activities of the Group and strategic advice on the future direction of the Group. The consultancy agreement had an initial term of one year commencing on 1 August 2008 and continues on a rolling basis, with further extensions of one year unless terminated by either party. For the period from 1 January to 31 March 2017, the consultancy fee was €187,500 and as from 1 April 2017 the annual consultancy fee is €700,000 payable in quarterly instalments of €175,000.

Mrs. Lavine provides consultancy services to the Group through Paragon Management Company Limited. The consultancy arrangement was for an initial period of 16 months and thereafter is automatically renewed for further periods of 12 months unless terminated by either party. The annual consultancy fee is €475,000 per annum.

The other Directors (in their capacity as Directors) were entitled to an aggregate remuneration in 2017 of €673,000 (2016: €1,258,000).

OVERVIEW OF REMUNERATION OF THE DIRECTORS IN 2017

Name	Directors fixed fees	Directors other fees (including attendance fees)	Consultancy fees	2017 total	2016 total
	€ '000	€ '000	€ '000	€ '000	€ '000
Chaim Katzman ¹	-	-	713	713	550
Rachel Lavine ¹	-	-	475	475	475
Simon Radford	54	80	-	134	217
Andrew Wignall	54	91	-	145	226
Michael Errichetti	38	49	-	87	-
Neil Flanzraich	38	55	-	93	-
Noam Ben-Ozer	20	39	-	59	210
Peter Linneman	20	38	-	58	241
Thomas Wernink	20	29	-	49	188
Karine Ohana	20	28	-	48	176
TOTAL	264	409	1,188	1,861	2,283

¹ Gazit-Globe nominated board member

GROUP EXECUTIVE TEAM COMPENSATION

Under the general compensation policy of Atrium, each member of the Group Executive Team is entitled to a base salary, a performance based annual cash bonus, which in some cases includes a guaranteed amount, and participation in Atrium's

Employee Share Option Plan ("ESOP") and long term incentive programme.

The annual remuneration paid or payable to each member of the Group Executive Team for the year ended 31 December 2017,

including base salary, annual target bonus, allowances and benefits is set out below:

Name	Annual remuneration for 2017 €'000	Annual remuneration for 2016 €'000
Group executive as at 31/12/17		
Liad Barzilai	1,011	11
Ryan Lee	738	712
Scott Jonathan Dwyer ¹	128	-
Graham Kilbane	92	-
Sub total	1,969	723

¹ Represents his remuneration as from his appointment as the Group COO

For mandate dates please see page 36.

Name	Annual remuneration for 2017 €'000	Annual remuneration for 2016 €'000
Left in 2017		
Josip Kardun	74	1,056
Rolf Rüdiger Dany	308	694
Geraldine Copeland-Wright	560	510
Ljudmila Popova	490	322
Thomas Schoutens	-	477
Sub total	1,432	3,059
Total	3,401	3,782

EMPLOYEE SHARE OPTION PLAN AND LONG TERM INCENTIVE PROGRAMS

The Employee Share Option Plan ("ESOP") provides for the grant of options to key employees, executives, Directors and consultants of Atrium and its subsidiaries. There are currently two plans in operation, the ESOP, as approved by shareholders on 23 May 2013 ("ESOP 2013") and the ESOP, as approved by shareholders on 6 April 2009 ("ESOP 2009"). Both plans are currently closed.

In August 2015, the Compensation and Nominating Committee reviewed the long term incentive programme ("LTI") of the Group. The LTI is designed as a framework within which members of the Group Executive Team, and other key senior executives, can be rewarded by reference to mid to long term performance of the Group, aligning the interests of shareholders and key senior executives whilst promoting the long term retention of senior executives. The programme operates through the participants being granted a right to the allotment of ordinary shares in the Company which vest after a 3 year period, subject to specific conditions, including continued employment in the Group. As at 31 December 2017, 4 grants have been made under the LTI each with effect as at 1 June 2015, including to Josip Kardun and Rudiger Dany who have since left the Group and accordingly their grants have lapsed. The plan is currently closed.

As part of his remuneration, Liad Barzilai was entitled to an award of shares equal to €240,000 which were to be issued, free of any lock-up period, in four equal tranches on each of the first, second,

third and fourth anniversaries of commencement of employment. The first issue of 14,702 ordinary shares was made in December 2017.

In 2017 a change of control clause was introduced to the terms of employment of the group executive team and other key employees which will be applicable in case of a loss of control of the major shareholder.

After the reporting date, an Employee Share Participation Plan for Group Executive Management and other Key Employees was approved and implemented. The plan allows the participants to elect to receive part of their 2017 bonus as shares as an alternative to cash, with the company issuing matching shares after three years.

The Atrium Group does not operate a pension scheme. Unless provided for otherwise, base salaries include compensation in lieu of participation in a pension scheme.

Atrium has arranged Directors' and Officers' Insurance in respect of the members of the Board of Directors, the costs of which are borne by Atrium.

DEVIATIONS FROM THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

Atrium's management structure is a one-tier Board of Directors. The Rules of the Austrian Code otherwise applying to the supervisory board and/or the management board in a typical Austrian joint stock corporation will be applied in each case to the Board of Directors. Consequently, in relation to all Rules where the Austrian Code refers to an interaction or cooperation between the supervisory board and the management board in a typical Austrian joint stock corporation, Atrium deviates from such Rules as such function is already fulfilled by the Board of Directors. This applies in relation to the Rules L-9, C-10, L-11, L-14, C-18a, L-23, L-24, L-26a, L-32, L-33, C-34, L-35, C-37, C-38, C-41, C-43, L-60 and C-82a.

In addition, where a company is subject to the company law of a country that is not a member of the EU or EEA and is listed on the Vienna Stock Exchange, as is the case with Atrium (a Jersey registered company with its shares listed on the Vienna Stock Exchange and on the Euronext Amsterdam Stock Exchange), the Austrian Code provides that the L-rules of the Austrian Code are interpreted as C-rules ("Comply or Explain" Rules). Consequently, the following explanations are given in respect of deviations from L- and C-rules:

L-rule 1: Atrium is party to a relationship agreement which grants certain rights (including rights to appoint Directors) to its substantial shareholders. During 2017 the only substantial shareholder for this purpose was Gazit-Globe. For a description of these special rights please refer to part III of the shareholder circular of 17 September 2009 published on Atrium's website www.aere.com.

In addition, Gazit-Globe was granted indirectly via Gazit Midas Limited certain rights under the Articles of Association of the Company. These rights are set out in Articles 24, 25 and 29 of the



Articles, which are published on Atrium's website www.aere.com.

L-rule 3: Pursuant to an official statement of the Austrian Takeover Commission of 31 March 2009, the Austrian Takeover Act is not applicable to Atrium as of the date of the official statement. Accordingly, and in particular, the pricing rules regarding a mandatory offer as set forth under section 26 of the Austrian Takeover Act do not apply to Atrium.

There are no mandatory takeover offer provisions under Jersey law applicable to Atrium. As a result of the Company's listing on Euronext Amsterdam, Dutch rules on public tender offers apply, including the provision that a bidder would be required to prepare an offer memorandum (biedingsbericht) that must be approved by the Dutch financial regulatory authority.

Finally, pursuant to the Articles, a mandatory cash offer is required to be made to all Atrium shareholders if any person other than Gazit-Globe (or any person acting in concert) acquires 30% or more of the voting rights or, if already holding between 30% and 50% of the voting rights, acquires additional voting rights. Any such offer must be conditional only upon the offeror having received such acceptances as will give him 50% of the voting rights. The offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the offeror during the offer period and within 12 months prior to its commencement. See Article 42 of the Articles, which are published on Atrium's website www.aere.com.

L-rule 4: The Articles provide for a notice period of at least 14 days regarding all general meetings, as permitted by Jersey law.

L-rule 8: Atrium is required to comply with Jersey law. Under Jersey law there is no limit on the number of shares that can be repurchased so long as at least one share that is not redeemable or a treasury share remains in issue. Shareholders' approval is required by way of special resolution (66% majority of those voting) to sanction such repurchases. Where shares are purchased off market, they must be purchased pursuant to a contract approved in advance by an ordinary resolution of shareholders (in relation to which the holders of the shares to be purchased do not have the right to vote those shares). Where shares are bought on market, authority can be granted by the shareholders to Atrium to permit it to purchase shares for a period of up to 5 years from the giving of the authority. The Company currently has authority to make market purchases of up to 75 million shares within the limitations imposed by shareholders in the relevant special resolution, which authority is renewed annually at the AGM.

C-rule 12: In 2017, the materials and documents required for the Board of Directors' quarterly meetings were distributed at least 4 days before the respective meeting, which is in compliance with Jersey law and Atrium's internal regulations.

L-rule 13: Atrium's management structure is a one-tier Board of Directors. The Board of Directors bears sole responsibility for managing the Company and as a

matter of Jersey law is required to comply with a statutory duty to act honestly, in good faith and in the best interests of the Company which, in the case of solvent companies, is interpreted as the shareholder body as a whole. There is, however, no specific obligation to take into account the interests of the employees and the public good.

C-rule 16: Atrium's management structure is a one-tier Board of Directors. The business of Atrium is managed by the members of the Board of Directors. Other than as disclosed in this Corporate Governance Report and save for the participation in the various committees, there is no specific division of responsibilities among the members of the Board of Directors.

C-rule 18: Atrium's internal audit function is currently outsourced and reports directly to the Audit Committee of the Board of Directors on at least a semi annual basis.

L-rule 25: Atrium requires from its Directors full disclosure regarding their additional professional activities. However, Atrium's Directors are not required to seek Board approval in order to run an enterprise or assume a mandate on the board of a company which is not part of the Atrium Group. Atrium believes that those individuals appointed to serve as members of the Board of Directors are well equipped (in terms of relevant experience and/or expertise) to contribute to the activities of the Board so that any restrictions under this rule would not be in the best interests of Atrium.

C-rule 26: Atrium's Directors may hold more than four board mandates in stock corporations that are not part of the Atrium Group. Atrium is fully aware of the additional mandates held by its Directors and believes that those individuals appointed to serve on the Board are best equipped (in terms of relevant experience and expertise) to contribute to the activities of the Board, so that any restrictions under this rule would not be in the best interests of Atrium.

C-rule 27: We refer to the explanation given in respect of C-rule 30 below. With the exception of Mr. Katzman and Mrs. Lavine, the compensation payable as ordinary remuneration to the Directors consists of a fixed cash component which, at the election of eligible Directors, may be taken in ordinary shares in the Company in lieu of their ordinary cash remuneration, and a grant of ordinary shares in the Company which vest after two years. In addition the Board of Directors may award special pay to any Director who holds any executive post or performs any other services which the Directors consider to extend beyond the ordinary duties of a Director, such as participation in committees. Special pay can take the form of fees, commission or other benefits or can be paid in some other way decided by the Board of Directors. Such special pay may either be in addition to or instead of other fees, expenses or other benefits that the Director is entitled to receive. However there are no specific performance criteria in place for the award of such special pay.

C-rule 28: Atrium has currently two employee share option plans in operation, ESOP 2009 and ESOP 2013, although no further grants may be made under either plan. Options under both ESOP 2009 and

ESOP 2013 were granted unconditionally. Generally, options granted under ESOP 2009 are exercisable in three equal and annual tranches from the date of grant and lapse on the fifth anniversary of the date of grant. Options granted under ESOP 2013 are generally exercisable in four equal and annual tranches from the date of grant and lapse on the tenth anniversary of the date of grant. Subject to the terms of the ESOPs, option holders are entitled to exercise their options upon vesting.

Non-executive Directors, other than those Directors nominated by Gazit-Globe, received, as part of their ordinary remuneration, ordinary shares in the Company in the value of €50,000 per annum (€65,000 until April 2017). These shares are allocated semi-annually, in arrears, and vest after two years. Shares issued to non-executive Directors as part of their ordinary remuneration are subject, after vesting, to restrictions on disposal such that following any disposal, the remaining shareholding of the non-executive Director must have an aggregate deemed value of at least €100,000 (€130,000 until April 2017).

C-rule 30: Other than in relation to meeting attendance fees, Atrium has not established specific performance criteria applied by the Company for granting the Directors variable remuneration, which is assessed on a case by case basis which the Directors consider is in the best interests of Atrium.

L-rule 33: As Atrium's management structure is a one-tier Board of Directors, Directors are appointed by the AGM or its substantial shareholders. The mandate of each Director then in office ends at the AGM following the date of appointment. Provision is made for each Director to retire at each AGM and for the shareholders (by ordinary resolution) to re-elect that retiring Director (if eligible for re-election). In the absence of such resolution, a retiring Director shall be deemed to have been re-elected, except where (a) a resolution to re-elect the Director has been put to the AGM but has not been passed, or it is expressly resolved not to fill the office being vacated, or (b) such Director is ineligible for re-election or has given notice in writing to Atrium that he or she is unwilling to be re-elected.

C-rule 38: As regards the appointment of the Directors we refer to the explanation given in respect of L-rule 33 above.

C-rule 39: As set out in the Articles, Atrium has adopted the test of independence set out in the rules of the New York Stock Exchange for the purposes of assessing the independence of its Directors. As at 31 December 2017, three of the four members of the Audit Committee, two of the three members of the Compensation and Nominating Committee, one of the three members of the Executive Committee and all members of the Operations Committee were independent, as defined in the rules of the New York Stock Exchange. Those individuals appointed to serve as members of Committees are those Directors who are regarded by the Board of Directors as well equipped (including as a consequence of prior experience and/or expertise) to contribute to the deliberations of the Committees and, accordingly, Atrium

believes that the current composition of the Committees is in the best interests of Atrium.

C-rule 41: The Compensation and Nominating Committee fulfils the function of both a nominating and a remuneration committee.

C-rule 45: We refer to the explanation in respect of L-rule 25 above.

L-rule 52: Specific measures have not been implemented in relation to the aspect of diversity with respect to the representation of both genders, the age structure and the internationality of the members of the Board of Directors as the Company is of the view that any such specific measures would not be in the best interests of Atrium. Atrium believes that those individuals appointed to serve as members of the Board of Directors are best equipped in terms of relevant experience and/or expertise to fulfil their roles and maintains an equal opportunities policy for the purposes of recruitment and promotion at all levels within the Group. Until 25 April 2017, of the eight Directors: two were women (including the Vice Chairman); the ages of the Directors ranged from 51 to 73; and the Directors represented five different national backgrounds. Since then one of the six Directors was a woman (the Vice Chairman); the ages of the Directors ranged from 51 to 75; and the Directors represented three different national backgrounds;

C-rule 53: In accordance with the Articles, at least half of the Directors were independent in accordance with, and as defined in, the rules of the New York Stock Exchange. As at 31 December 2017, four of Atrium's six Directors were independent, in accordance with said rules.

L-rule 56: Atrium applies this rule to its independent Directors only. Atrium believes that non-independent Directors should be allowed to assume more than eight mandates because they may be required by their employers or principals to serve on multiple boards.

C-rule 57: Atrium's Directors may hold more than four board mandates in stock corporations that are not part of the Atrium Group. Atrium is fully aware of the additional mandates held by its Directors and believes that those individuals appointed to serve on the Board are best equipped (in terms of relevant experience and expertise) to contribute to the activities of the Board, so that any restrictions under this rule would not be in the best interests of Atrium.

C-rule 62: Compliance with the provisions of the Austrian Code was, to date, reviewed internally. External review is planned for future years.

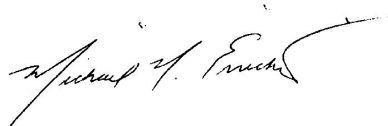


THE BOARD OF DIRECTORS



CHAIM KATZMAN
Chairman of the Board

RACHEL LAVINE
Vice-Chairman and Director



MICHAEL ERRICHETTI
Director



NEIL FLANZRAICH
Director



SIMON RADFORD
Director



ANDREW WIGNALL
Director
