



**ATRIUM**  
European Real Estate

The leading owner, manager and developer  
of the Central Eastern European shopping centers



Q3 2014 Results

Analyst and investor call

12 November 2014

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This presentation has been presented in € and €m's. Certain totals and change movements are impacted by the effect of rounding.

## Financial highlights income statement

Income Statement	9M 2014	9M 2013	Change	Change
	€m	€m	€m	%
Gross rental income	160.2	151.4	8.8	5.8%
EPRA like-for-like gross rental income	142.9	142.9	-	0.0%
Net rental income	153.4	143.0	10.4	7.3%
EPRA like-for-like net rental income	136.6	136.3	0.3	0.3%

### Operating Margin

Remains high  
at **95.8%**

### EBIDTA

Excluding revaluation and  
disposals

9M 2014:  
€132.2m

9M 2013:  
€121.1m

### EPRA EPS

9M 2014:  
29.3 €cents

9M 2013:  
22.2 €cents

### Company adjusted EPRA EPS

9M 2014:  
28.1 €cents

9M 2013:  
25.6 €cents

## Financial highlights balance sheet

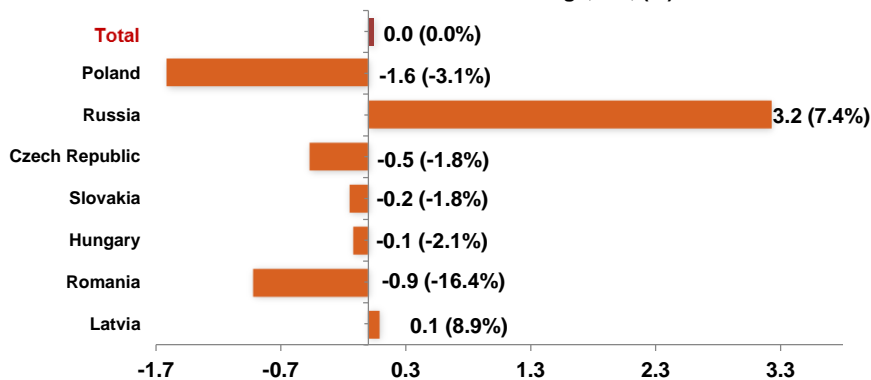
Balance Sheet	30/09/2014	31/12/2013	Change	Change
	€m	€m	€m	%
Standing investments	2,473.7	2,356.2	117.5	5.0%
No. standing investments	151	153	(2.0)	(1.3%)
Asset additions	17.0	35.6	(18.6)	(52.2%)
Weighted average occupancy (GLA)	97.1%	97.6%	(0.5%)	(0.5%)
Weighted average occupancy (EPRA)	97.6%	98.1%	(0.6%)	(0.6%)
Developments and land	404.1	583.6	(179.5)	(30.8%)
Disposals	(60.7)	(4.8)	(55.9)	-
Assets held for sale	6.0	-	6.0	100.0%
Transfers from development to standing investments	110.2	0.9	109.3	-
Cash and cash equivalents	260.3	305.6	(45.3)	(14.8%)
Borrowings	721.7	803.6	(81.9)	(10.2%)
<b>IFRS NAV per share</b>	<b>€6.00</b>	<b>€6.05</b>	<b>(€0.05)</b>	<b>(0.8%)</b>
<b>EPRA NAV per share</b>	<b>€6.42</b>	<b>€6.43</b>	<b>(€0.01)</b>	<b>(0.2%)</b>

## Income statement

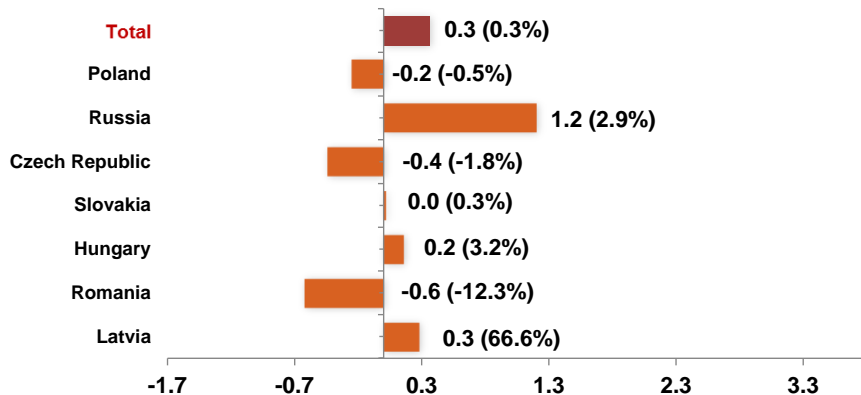
Year over year	9M 2014	9M 2013	Change	Change
	€m	€m	€m	%
<b>Gross rental income</b>	<b>160.2</b>	<b>151.4</b>	<b>8.8</b>	<b>5.8%</b>
Service charge income	55.5	56.8	(1.3)	(2.3%)
Net property expenses	(62.3)	(65.2)	2.9	4.4%
<b>Net rental income</b>	<b>153.4</b>	<b>143.0</b>	<b>10.4</b>	<b>7.3%</b>
<b>Operating margin</b>	<b>95.8%</b>	<b>94.5%</b>	<b>1.3%</b>	<b>1.3%</b>
Net result on disposals	(3.5)	0.0	(3.5)	(100.0%)
Costs connected with development	(3.8)	(3.9)	0.1	2.6%
Revaluation of investment properties	(41.5)	9.3	(50.8)	(546.2%)
Other dep, amort, imp.	(2.7)	(6.4)	3.7	57.8%
Administrative expenses	(17.3)	(18.1)	0.8	4.4%
<b>Net operating profit</b>	<b>84.5</b>	<b>124.0</b>	<b>(39.5)</b>	<b>(31.9%)</b>
Net financial expenses	(21.4)	(27.7)	6.3	22.7%
<b>Profit before taxation</b>	<b>63.1</b>	<b>96.3</b>	<b>(33.2)</b>	<b>(34.5%)</b>
Corporate income tax	(1.9)	(1.2)	(0.7)	(58.3%)
Deferred tax	(2.7)	(10.7)	8.0	74.8%
<b>Profit after taxation for the period</b>	<b>58.5</b>	<b>84.4</b>	<b>(25.9)</b>	<b>(30.7%)</b>
<b>Attributable to:</b>				
Owners of the parent	58.6	84.4	(25.8)	(30.6%)

## EPRA like-for-like gross and net rental income 9 month comparison

EPRA like-for-like GRI change, €m, (%)



EPRA like-for-like NRI change, €m, (%)



### Poland

- Decrease in GRI was driven by struggling DIY tenant, and the preparation of restructuring projects

### Russia

- Increase in GRI mainly as a result of rental indexation, decrease in lease incentives and higher base rent

### Czech Republic

- Decrease in GRI due to changes in tenant structure

### Slovakia

- Decrease in GRI caused by a lower base rent

### Romania

- Decrease in GRI was driven by struggling DIY tenant, and the restructuring project completed in Q2

### Russia

- Increase in NRI driven mainly by the strong like-for-like GRI and higher service charge indexation, offset by an increase in bad debt provision

### Hungary

- Increase in NRI caused by the collection of a receivable that was previously provided for

## Occupancy

EPRA Occupancy		
Country	30.09.2014	30.09.2013
Poland	97.2%	97.7%
Czech Republic	97.1%	97.8%
Slovakia	98.8%	98.0%
Russia	97.9%	99.2%
Hungary	97.4%	94.8%
Romania	100.0%	100.0%
Latvia	93.3%	90.9%
<b>Average</b>	<b>97.6%</b>	<b>98.1%</b>

GLA Occupancy		
Country	30.09.2014	30.09.2013
Poland	96.6%	97.3%
Czech Republic	95.6%	96.5%
Slovakia	98.6%	97.9%
Russia	99.0%	99.5%
Hungary	97.9%	96.8%
Romania	100.0%	100.0%
Latvia	96.5%	94.7%
<b>Average</b>	<b>97.1%</b>	<b>97.5%</b>

- The EPRA occupancy percentage is calculated as the ERV of our occupied space divided by the ERV of the total portfolio in each country

## Net financial expenses

Net financial expenses	9M 2014	9M 2013	Change	Change
	€m	€m	€m	%
Interest income	0.9	2.2	(1.3)	(59.1%)
Interest expense	(23.8)	(23.0)	(0.8)	(3.5%)
Foreign currency differences	7.6	(0.4)	8.0	2000.0%
Finance lease interest expense	(3.8)	(4.7)	0.9	19.1%
Impairment of financial instruments	(0.2)	(1.7)	1.5	88.2%
Net loss from bond buy back	(1.9)	-	(1.9)	(100.0%)
Other financial income/expenses	(0.2)	(0.1)	(0.1)	(100.0%)
<b>Total</b>	<b>(21.4)</b>	<b>(27.7)</b>	<b>6.3</b>	<b>22.7%</b>



## EPRA earnings per share

Earnings	9M 2014	9M 2013	Change	Change
	€m	€m	€m	%
<b>Earnings attributed to equity holders of the parent</b>	<b>58.6</b>	<b>84.4</b>	<b>(25.9)</b>	<b>(30.7%)</b>
Revaluation of investment properties	41.5	(9.3)	50.8	
Net result on acquisitions and disposals	3.5	(0.0)	3.6	
Goodwill impairment and amortisation of intangible assets	1.1	4.1	(3.0)	
Deferred tax in respect of EPRA adjustments	3.0	3.7	(0.7)	
Close-out costs of financial instruments	2.0	-	2.0	
<b>EPRA Earnings</b>	<b>109.8</b>	<b>82.9</b>	<b>26.9</b>	<b>32.4%</b>
<b>EPRA earnings per share (€cents)</b>	<b>29.3</b>	<b>22.2</b>	<b>7.1</b>	<b>32.0%</b>
<b>Company adjustments:</b>				
Legacy legal matters	2.6	2.4	0.2	
Impairments	0.8	1.5	(0.7)	
Foreign exchange differences	(7.6)	0.4	(8.0)	
Changes in the value of financial instruments	0.2	1.7	(1.5)	
Deferred tax not related to revaluations	(0.4)	7.0	(7.3)	
<b>Company adjusted EPRA earnings</b>	<b>105.4</b>	<b>95.9</b>	<b>9.5</b>	<b>9.9%</b>
<b>Company adjusted EPRA earnings per share (€cents)</b>	<b>28.1</b>	<b>25.6</b>	<b>2.5</b>	<b>9.8%</b>
<b>Dividend as a % of Company adjusted EPRA earnings</b>	<b>64.1%</b>	<b>58.5%</b>	<b>5.6%</b>	<b>5.6%</b>

- Weighted average number of shares increased from 374.1m to 375.1m over the period

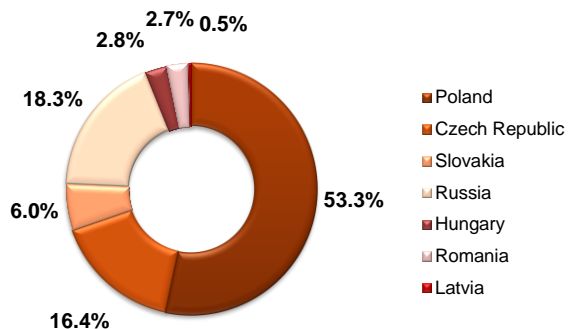
## Balance sheet

Balance sheet	30/09/2014	31/12/2013	Change	Change
	€m	€m	€m	%
<b>Assets</b>				
<b>Non-current assets</b>				
Standing investments	2,473.7	2,356.2	117.5	5.0%
Developments and land	404.1	583.6	(179.5)	(30.8%)
Other non-current assets	46.4	55.3	(8.9)	(16.1%)
	<b>2,924.2</b>	<b>2,995.1</b>	<b>(70.9)</b>	<b>(2.4%)</b>
<b>Current assets</b>				
Cash and cash equivalents	260.3	305.6	(45.3)	(14.8%)
Other current assets	39.7	43.5	(3.8)	(8.7%)
Assets held for sale	6.0	-	6.0	100.0%
	<b>306.0</b>	<b>349.1</b>	<b>(43.1)</b>	<b>(12.3%)</b>
<b>Total assets</b>	<b>3,230.1</b>	<b>3,344.2</b>	<b>(114.1)</b>	<b>(3.4%)</b>
<b>Equity</b>	<b>2,252.0</b>	<b>2,267.3</b>	<b>(15.3)</b>	<b>(0.7%)</b>
<b>Non-current liabilities</b>				
Long term borrowings	688.1	798.0	(109.9)	(13.8%)
Derivatives	13.3	11.8	1.5	12.7%
Other non-current liabilities	178.4	181.7	(3.3)	(1.8%)
	<b>879.8</b>	<b>991.5</b>	<b>(111.7)</b>	<b>(11.3%)</b>
<b>Current liabilities</b>				
Short term borrowings	33.6	5.5	28.1	510.9%
Other current liabilities	64.8	79.9	(15.1)	(18.9%)
	<b>98.4</b>	<b>85.4</b>	<b>13.0</b>	<b>15.2%</b>
<b>Total equity and liabilities</b>	<b>3,230.1</b>	<b>3,344.2</b>	<b>(114.1)</b>	<b>(3.4%)</b>

## Standing investments overview

	Fitch Rating	No of properties	Gross lettable area	Market value 30/09/2014	% of Market value	Market value per Sqm of GLA	NRI per Sqm of GLA per month	Revaluation during 9M 2014
Country			sqm	€m	%	€	€	€m
Poland	A-/stable	23	476,100	1,319.0	53.3%	2,770	16.0	(5.9)
Czech Republic	A+/stable	93	345,800	405.9	16.4%	1,174	7.6	(2.5)
Slovakia	A+/stable	3	65,500	147.6	6.0%	2,254	14.0	(0.8)
Russia	BBB/negative	7	241,000	451.6	18.3%	1,874	19.7	5.7
Hungary	BB+/stable	23	100,900	70.3	2.8%	696	5.6	(1.0)
Romania	BBB-/stable	1	54,100	67.9	2.7%	1,255	9.1	0.6
Latvia	A-/stable	1	20,400	11.4	0.5%	559	3.8	(0.1)
<b>Total</b>		<b>151</b>	<b>1,303,800</b>	<b>2,473.7</b>	<b>100.0%</b>	<b>1,897</b>	<b>13.1</b>	<b>(4.0)</b>

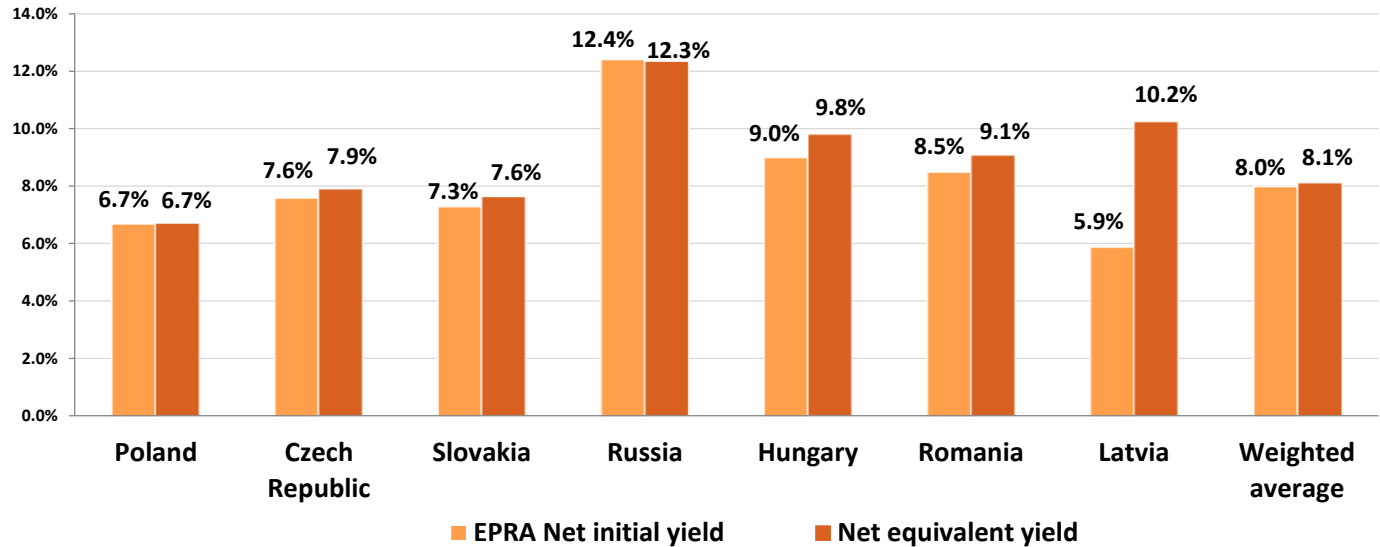
Market value per country 30/09/2014



- The top 10 investments represent 58% of Atrium's Standing Investments portfolio by value (or 35% of GLA)
- Six of the top 10 investment properties are located in Poland, two in Russia and one in the Czech Republic and one in Slovakia
- 97.2% of standing investments is located in investment grade countries

## EPRA Net initial yields vs Net equivalent yields

### EPRA Net initial yields vs Net equivalent yields

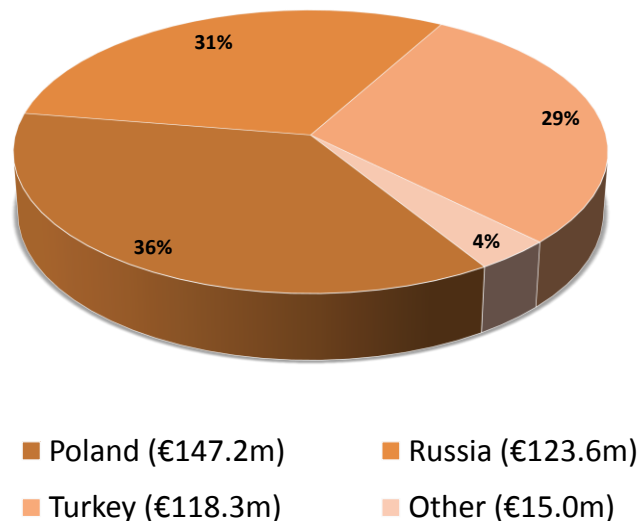


### Developments and Land Market Value

- €404.1m fair value, representing 14% of our total real estate portfolio
- Over 96% of development and land portfolio is located in Poland, Russia, and Turkey

#### Activity during 9 months 2014:

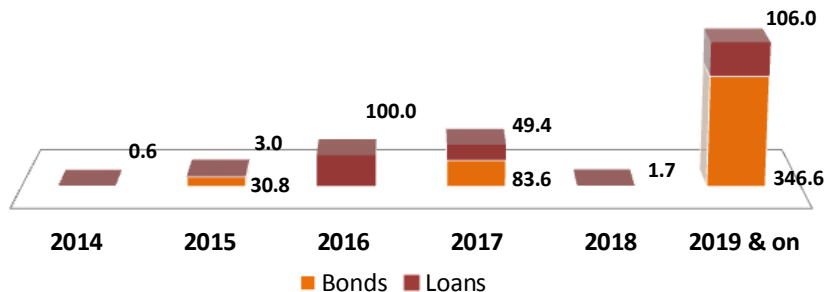
- Atrium Felicity completed and transferred to standing investments
- Sale of Istanbul Forum TEM, Turkey land plot
- Sale of Sofia Forum, Bulgaria land plot and
- Sale of Georgia land plot
- Transfer of Adana, Turkey land plot to assets held for sale, with sale closing in October 2014



## Debt overview

- Average debt **maturity** is **4.7 years**, down from 5.1 years as at 31.12.2013
- 84.9% of debt is at **fixed interest rate** and 15.1% is at **floating interest rate** (31 December 2013: 80.8%, 19.2%)
- **Cost of debt 4.0%** (4.1% fixed rate, 3.4% floating rate)
- **Gross LTV 25.1%** (31 December 2013: 27.3%)
- **Net LTV 16.0%** (31 December 2013: 16.9%)
- **Unencumbered SI portfolio is 59.0%** (31 December 2013: 48.7%)
- All bank **loans and bond covenants** are in compliance
- S&P and Fitch rating **BBB-/stable**
- During the period Atrium repurchased bonds issued in 2005 and due in 2015, with a nominal value of €39.4m. The net loss resulting from the bond buybacks reported in the financial statements was €1.9m but total interest savings were €0.4m
- In June 2014, Atrium made two significant bank loan repayments in Slovakia amounting to €41.0m resulting in an interest saving of €2.6m

### Overview of debt maturity schedule, €m



NAV	30/09/2014	31/12/2013	Change	Change
	€m	€m	€m	%
<b>Equity</b>	2,252.0	2,267.3	(15.3)	(0.7%)
Non-controlling interest	0.8	0.7	0.1	14.3%
<b>IFRS NAV per financial statements</b>	<b>2,252.7</b>	<b>2,268.0</b>	<b>(15.3)</b>	<b>(0.7%)</b>
<b>IFRS NAV per share (in €)</b>	<b>€6.00</b>	<b>€6.05</b>	<b>(€0.05)</b>	<b>(0.8%)</b>
Effect of exercise of options	26.7	29.0	(2.3)	(7.9%)
<b>Diluted NAV, after the exercise of options</b>	<b>2,279.5</b>	<b>2,297.1</b>	<b>(17.6)</b>	<b>(0.8%)</b>
Fair value of financial instruments	13.3	11.8	1.5	12.7%
Goodwill as a result of deferred tax	(7.6)	(7.6)	0.0	-
Deferred tax	166.3	155.7	10.6	6.8%
<b>EPRA NAV</b>	<b>2,451.4</b>	<b>2,456.9</b>	<b>(5.5)</b>	<b>(0.2%)</b>
<b>EPRA NAV per share (in €)</b>	<b>€6.42</b>	<b>€6.43</b>	<b>(€0.01)</b>	<b>(0.2%)</b>
Number of outstanding shares (in millions)	375.4	374.9	0.5	0.1%
Number of outstanding shares and options (in millions)	382.0	382.1	(0.1)	(0.0%)

## Cash flow

Cash movement	9M 2014	9M 2013	Change	Change %
	€m	€m	€m	%
<b>Net cash generated from operating activities</b>	<b>104.2</b>	<b>103.6</b>	<b>0.6</b>	<b>0.6%</b>
<b>Cash flows generated from/(used in) investing activities</b>	<b>7.1</b>	<b>(209.3)</b>	<b>216.4</b>	<b>103.4%</b>
<b>Cash flows generated from/(used in) financing activities</b>	<b>(155.6)</b>	<b>230.1</b>	<b>(385.7)</b>	<b>(167.6%)</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>(44.3)</b>	<b>124.4</b>	<b>(168.7)</b>	<b>(135.6%)</b>
Cash and cash equivalents at the beginning of the year	305.6	207.8	97.8	47.1%
Effect of exchange rate fluctuations on cash held	(0.9)	(1.3)	0.4	30.8%
<b>Cash and cash equivalents at the end of the period</b>	<b>260.3</b>	<b>331.0</b>	<b>(70.7)</b>	<b>(21.4%)</b>