Credit Rating

Credit Rating Upgrade

Jersey, 29 November 2010. Atrium European Real Estate Limited ("Atrium" or the "Company") (VSE/ Euronext: ATRS), one of the leading real estate companies focused on shopping centre investment, management and development in Central and Eastern Europe, is pleased to announce that Standard and Poor's has upgraded the Company's long-term corporate credit rating to 'BB' from 'BB-', with a 'Stable' outlook. Atrium's Short-term rating was affirmed as 'B'.

This follows the announcement by Fitch Ratings on 29 October 2010 that it had upgraded Atrium's senior unsecured rating and Long-term Issuer Default Rating by two levels to 'BB+'.

The press release issued by Standard and Poor's is included below.

Atrium European Real Estate Upgraded To 'BB' On Improved Capital Structure; Outlook Stable

Overview

- *Jersey-based Atrium European Real Estate Ltd.'s (Atrium's) capital structure and liquidity is much improved by the repayment of its 2013 bond.*
- *We are raising our long-term corporate credit rating on Atrium to 'BB' from 'BB-' and maintaining our short-term rating at 'B'.*
- *The stable outlook reflects our view that Atrium's debt levels will increase to a sustainable level in the medium term as the company starts executing its growth strategy.*

Rating Action

On Nov. 26, 2010, Standard & Poor's Ratings Services raised its long-term corporate credit rating on Jersey-based real estate company Atrium European Real Estate Ltd. (Atrium) to 'BB' from 'BB-'. The short-term corporate credit rating on Atrium is unchanged at 'B'. The outlook remains stable.

Rationale

The upgrade follows Atrium's improved operating performance in the nine months to end-September, its successful deleveraging, and improvements in its operating margins. The rating action also takes into account our opinion that Atrium will pursue a prudent growth strategy commensurate with the quality and size of its real estate portfolio.

Credit Rating

Atrium owns, manages, and develops retail real estate properties in Central and Eastern Europe. On June 30, 2010, the market value of its portfolio was €2.2 billion. We note that the company is subject to a litigation dating back to its existence as Meinl European Land. As we are not at present able to assess the effect of this pending litigation on credit quality, we have not factored it into the current ratings.

The ratings on Atrium are constrained by our view of the lack of visibility on the timing of the company's execution of its growth strategy, as well as ongoing pressure on its portfolio asset values. Atrium also has a short track record of improvements in corporate governance, an area that in our opinion remains key to restoring investor confidence.

These negative factors are balanced by the company's improved capital structure and stronger credit metrics resulting from the debt deleveraging; and what we consider an adequate liquidity position, with no major debt refinancing in the next two years.

We assess Atrium's business risk profile as fair. The company has a portfolio of midsize, food-anchored shopping centers mostly in smaller cities. The company's operating performance has improved over the past 12 months as a result of higher occupancy rates and a long lease maturity profile (about 5 years), leading to improvements in its operating margins. Although development activities have been mostly put on hold, we anticipate that the company will continue to invest in new and existing assets.

In our view, Atrium's financial risk profile has improved to significant from aggressive, which acknowledges the company's debt deleveraging, adequate liquidity, and improving cash flow metrics. In the nine months to Sept. 30, 2010, like-for-like net rental income increased by 9% over the same period the previous year. At the same time, the operating margin rose to about 90%, from 80% in September 2009, supported by an improvement in the occupancy rate to 94.7% from 93.6%.

The company's capital structure has been improved through the combined effect of deleveraging and operating efficiency, resulting in a funds from operations-to-debt ratio of over 11%. Atrium's loan-to-value (LTV) ratio is now at a low level of 19%. However, we believe that that Atrium is likely to start executing its growth strategy in 2011, and that leverage levels will rise over time.

Liquidity

We view Atrium's liquidity as adequate. Following the repayment of the 2013 Euro Medium-Term Note in June 2010, Atrium's maturity profile has improved considerably. In addition, the company had a good cash position as of Sept. 30, 2010, with unrestricted cash balances of €361 million. Debt maturities until

2015 amount to only €314 million, in addition to planned capital expenditures of €67 million until the end of 2011. The company currently does not have any committed bank lines.

Outlook

The stable outlook reflects our view of Atrium's stabilizing operating performance and solid capital structure, which support the current ratings. We believe that the company will maintain a prudent debt leverage until its property portfolio is able to generate stable cash flows, albeit at a higher LTV ratio than currently. We also anticipate that the company will manage its development projects prudently.

We could raise the ratings should the recovery in Atrium's main real estate markets prove to be more dynamic than we anticipate, providing higher rental growth prospects.

Conversely, the ratings could come under pressure if market conditions become more difficult than we anticipate, or if debt-financed acquisitions reduce the company's financial flexibility. We would also view negatively any unexpected change in the capital structure or corporate governance that adversely affects investors' confidence. Furthermore, the ratings could be lowered in the event that litigation results in additional liabilities for Atrium.

For further information:

Financial Dynamics: **+44 (0)20 7831 3113**

Richard Sunderland

Laurence Jones

Will Henderson

richard.sunderland@fd.com