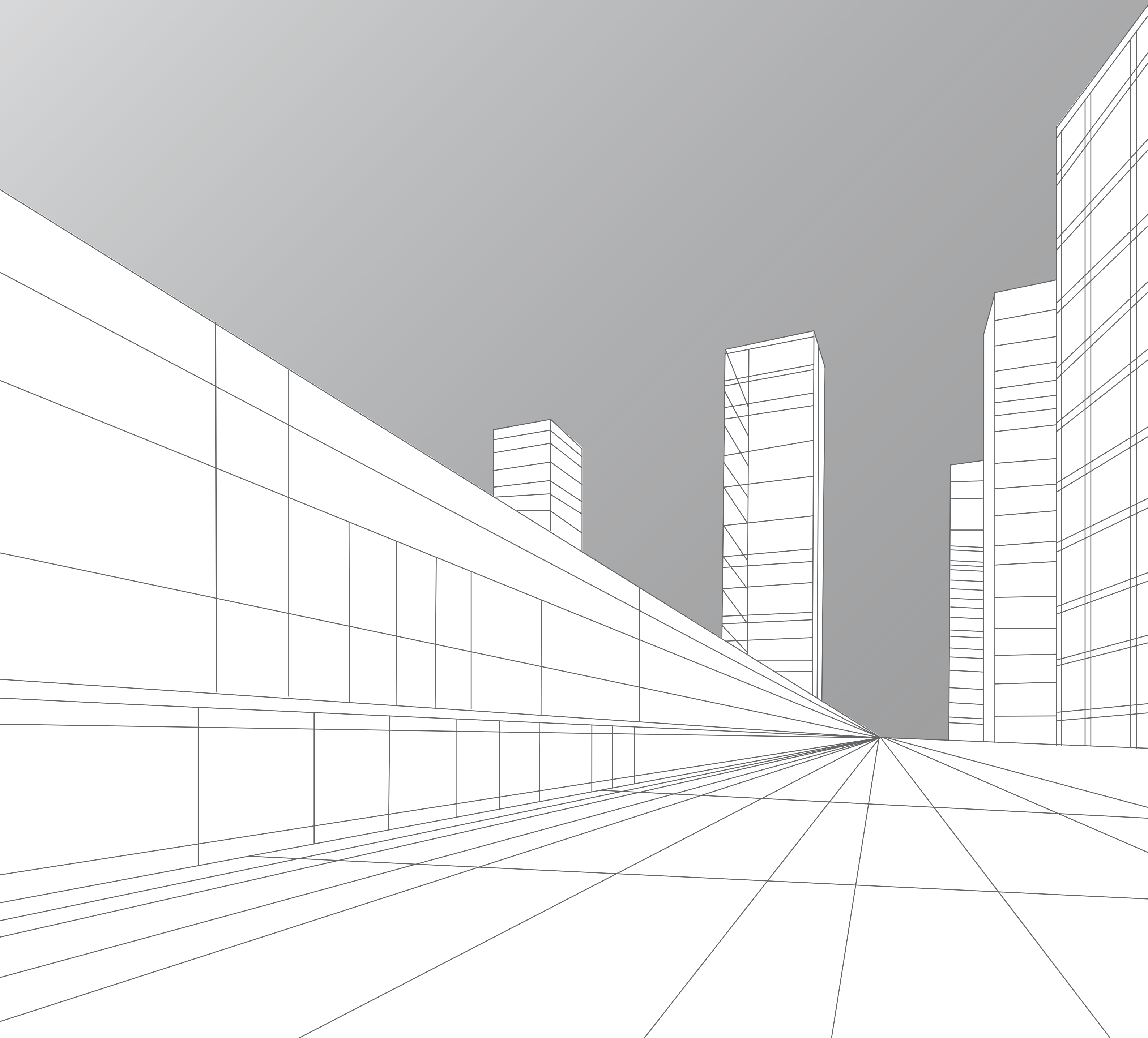
ATRIUM
European Real Estate

Interim Report
31 March 2010



Key Indicators

Consolidated Income Statement in TEUR	YE 2008	3M 2009	YE 2009	3M 2010
Gross rental income	134,244	37,101	148,824	37,245
Net rental income	95,250	28,705	121,251	32,723
Net operating profit/(loss)	(907,558)	(279,304)	(412,694)	24,860
Profit/(loss) before taxation	(924,379)	(259,509)	(486,589)	46,300
Profit/(loss) after taxation for the year	(845,305)	(239,881)	(448,967)	45,020
EBITDA* less valuation and exceptional items in TEUR	39,068	21,232	90,947	25,633

Consolidated Balance Sheet in TEUR	YE 2008	3M 2009	YE 2009	3M 2010
Standing investments	1,642,799	1,518,592	1,474,884	1,498,984
Developments and land	846,722	700,688	666,118	692,001
Cash and cash equivalents	1,250,643	1,054,976	610,673	542,708
Borrowings	1,509,531	1,262,895	658,757	580,249
Equity	2,229,494	2,031,808	2,121,767	2,164,658

Consolidated Cash Flow Statement in TEUR	YE 2008	3M 2009	YE 2009	3M 2010
Net cash generated from operating activities	30,606	9,027	64,698	28,292

Performance indicators	YE 2008	3M 2009	YE 2009	3M 2010
Shares/certificates outstanding	216,899,287	227,199,287	372,052,993	372,052,993
Earnings per ordinary share/certificate in EUR	(3.95)	(1.04)	(1.83)	0.12

* Earnings before interest, taxes, depreciation and amortisation.

Contents

Financial Summary of the Period Ended 31 March 2010

- Gross rental income ("GRI") amounted to EUR 37m (3M 2009: EUR 37m) with a decrease in like-for-like gross rental income* of 4.3% to EUR 33m (3M 2009: EUR 34m).
- Net rental income increased by 14.0% to EUR 33m (3M 2009: EUR 29m) with a decrease in like-for-like net rental income* of 1.8% to EUR 29m (3M 2009: EUR 29m).
- EBITDA excluding the valuation result and exceptional items increased by EUR 5m (21.0%) to EUR 26m (3M 2009: 21m).
- Profit before taxation amounted to EUR 46m (loss before taxation 3M 2009: EUR 260m).
- Earnings per share amounted to EUR 0.12 (3M 2009: EUR (1.04)).
- Net cash generated from operating activities amounted to EUR 28m (3M 2009: EUR 9m).
- The cash balance decreased from EUR 611m as at 31 December 2009 to EUR 543m as at 31 March 2010.
- Borrowings decreased from EUR 659m as at 31 December 2009 to EUR 580m as at 31 March 2010.
- The Group is well within its two covenants for the notes issued under its medium term note programme 2006 ("2006 Notes").
- EPRA Net asset value ("NAV") per ordinary share was EUR 5.91 (2009: EUR 5.78).
- The standing investments portfolio was revalued by EUR 2.8m to EUR 1,499m for the three month period ended 31 March 2010.
- The developments and land portfolio was devalued by EUR 3.3m to EUR 692m for the three month period ended 31 March 2010.
- The weighted average occupancy levels increased slightly to 94.2% (3M 2009: 93.4%).
- The Group's development pipeline includes 39 projects presented under developments and land. Currently one of these 39 projects is expected to be completed within 2010. The Group does not expect the cost to complete this project to exceed EUR 10m.

* According to EPRA.

Business Activities

Strategy

The strategy of Atrium European Real Estate Limited (the "Company") is to focus on the management of shopping centres that are anchored by a supermarket or a hypermarket. The Company is looking for potential acquisitions preferably in highly rated Eastern European countries and at possible extensions to its existing shopping centres in order to increase value and use its cash position as well as its low leverage.

Payment of dividend

The Group initiated an annual dividend policy of EUR 0.12 per ordinary share per year in 2009 (subject to any legal and regulatory requirements and restrictions of commercial viability), to be declared and paid quarterly. The Company paid EUR 0.03 dividend as a capital repayment on 31 March 2010.

Tender offer for 2006 Notes

In January 2010, the Company announced a tender offer to holders of its outstanding 2006 Notes. Following the tender process, the Company was able to acquire EUR 80m of its 2006 Notes at a price of 95% of the nominal value. This has resulted in a saving for the Company of EUR 18m in interest payments on the 2006 Notes from 27 January 2010 until maturity in August 2013 (or an annual saving of EUR 5m), equivalent to EUR 0.01 per ordinary share per year (assuming 372,052,993 ordinary shares in issue at all relevant times).

Following the period end, on 29 April 2010, the Company launched a further tender offer to redeem or repurchase all of the outstanding 2006 Notes. This offer is due to close on 7 June 2010 and a further announcement will be made around that time.

Operating Activities

As at 31 March 2010, the Group owned 152 standing investments diversified across eight countries, with a total gross lettable area ("GLA") of 1,108,050 sqm. Broadly, valuations remained flat compared to the last quarter of 2009, following the positive trend that began towards the end of 2009. A revaluation uplift in standing investments in Poland of EUR 20m was mitigated by a decline in the Czech Republic and Hungary. In the Czech Republic, this was primarily due to the appreciation of the Czech Koruna which negatively affected the result when reported in Euros. However, in local currency terms the valuation was flat.

The regional diversification of the standing investments portfolio for the three month period ended 31 March 2010 is presented below:

Standing investments Country	No. of properties	Gross lettable area sqm	Market value TEUR	Revaluation TEUR
Czech Republic	97	329,660	239,282	(10,906)
Hungary	25	102,520	89,385	(3,140)
Latvia	1	20,000	18,400	(601)
Poland	17	280,980	599,283	20,113
Romania	1	53,100	78,690	(477)
Russia	7	208,620	257,025	(1,820)
Slovakia	3	64,270	120,019	(406)
Turkey	1	48,900	96,900	-
Total standing investments	**152**	**1,108,050**	**1,498,984**	**2,763**

The market values indicated above are based on appraisals provided by Cushman & Wakefield, using the net equivalent yield:

Standing investments Country	Net equivalent yield (weighted average)	Gross running yield (GRY)	Net running yield (GRY)	Occupancy
Czech Republic	9.74%	10.50%	8.94%	95.62%
Hungary	9.35%	9.46%	6.03%	78.77%
Latvia	12.00%	6.30%	1.78%	72.32%
Poland	8.06%	8.49%	8.69%	98.48%
Romania	9.61%	10.38%	9.06%	99.36%
Russia	13.97%	13.37%	10.85%	92.64%
Slovakia	8.58%	8.66%	7.79%	98.06%
Turkey	10.06%	10.73%	7.57%	98.08%
Total standing investments	**9.72%**	**9.94%**	**8.73%**	**94.23%**

Operational efficiency

The Group's operational efficiency continued to improve in the first quarter of 2010, due to a very pro-active focus on shopping centre management. As a result, the Group's operating margin - calculated as a proportion of net rental income divided by gross rental income - continued to increase, growing from 77.37% in the first quarter of 2009 to 87.86% in the first quarter of 2010. Although from the short term perspective, the management's aim is to maintain the achieved margins, it will look for further gains in efficiency in order to ensure the best quality, service and price ratio.

Rental income

GRI for the Group was flat overall, with a good increase in the Czech Republic but a sharp fall in Latvia. The regional distribution of GRI and NRI is shown in the tables below:

Gross rental income

Country	3M 2009 TEUR	3M 2010 TEUR	Change in %
Czech Republic	5,998	6,284	4.77%
Hungary	2,150	2,113	-1.72%
Latvia	853	290	-66.00%
Poland	12,962	12,727	-1.81%
Romania	913	2,042	123.66%
Russia	8,664	8,591	-0.84%
Slovakia	2,616	2,598	-0.69%
Turkey	2,945	2,600	-11.71%
Total	**37,101**	**37,245**	**0.39%**

Net rental income

Country	3M 2009 TEUR	3M 2010 TEUR	Change in %
Czech Republic	4,184	5,345	27.75%
Hungary	1,561	1,348	-13.65%
Latvia	648	82	-87.35%
Poland	12,414	13,025	4.92%
Romania	317	1,782	462.17%
Russia	6,205	6,969	12.31%
Slovakia	2,010	2,337	16.27%
Turkey	1,366	1,835	34.33%
Total	**28,705**	**32,723**	**14.00%**

Like-for-like analysis

On a like-for-like basis the Group experienced a reduction in GRI of 4.29% which can primarily be attributed to the temporary discounts given to tenants in the Group's Russian shopping centres and due to the adverse performance of its Latvian shopping centre. In the first quarter of 2009 virtually no discounts were granted. The management believes the Russian economy is stabilizing and improving slowly; this resulted in the discounts being lower in the first three months of 2010 than in the last three months of 2009. The discounts did, however, still have an effect on GRI. Like-for-like NRI decreased by 1.76% as a result of the reduction in GRI offset to a great extent by reduced levels of operational expenditure.

Like-for-like gross rental income, following the EPRA guidelines

Country	3M 2009 TEUR	3M 2010 TEUR	Change TEUR	Change in %
Czech Republic	6,071	6,284	213	3.50%
Hungary	2,212	2,113	(99)	-4.48%
Latvia	853	290	(563)	-66.00%
Poland	13,102	12,727	(375)	-2.86%
Romania	913	944	31	3.40%
Russia	8,547	7,886	(661)	-7.73%
Slovakia	2,616	2,598	(18)	-0.69%
Like-for-like gross rental income	**34,314**	**32,842**	**(1,472)**	**-4.29%**
Remaining gross rental income	2,920	4,403		
Total gross rental income	**37,234**	**37,245**	**11**	**0.03%**

Like-for-like net rental income, following the EPRA guidelines

Country	3M 2009 TEUR	3M 2010 TEUR	Change TEUR	Change in %
Czech Republic	5,086	5,158	72	1.42%
Hungary	1,518	1,348	(170)	-11.20%
Latvia	666	80	(586)	-87.99%
Poland	12,705	12,865	160	1.26%
Romania	915	955	40	4.38%
Russia	6,144	6,163	19	0.30%
Slovakia	2,385	2,332	(53)	-2.22%
Like-for-like net rental income	**29,419**	**28,901**	**(518)**	**-1.76%**
Remaining net rental income/(expense)	(1,402)	3,822		
Total net rental income	**28,017**	**32,723**	**4,706**	**16.80%**

Development Activities

The Group had 39 development projects at various stages of development spread across various countries as at 31 March 2010. One project, Galeria Mosty in Plock, is close to completion and is expected to be opened in 2010 with further investment by the Group not being expected to exceed EUR 10m. The remaining 38 projects are mostly at early stages of development including simply owning strategic land or obtaining building permits. In light of the economic climate, all of these projects are in the process of being re-evaluated by the management, as many assumptions taken in the boom time of the real estate industry and when development finance was cheap, are no longer valid.

The Company is also assessing its current portfolio of standing assets with a view to undertaking refurbishment and/or development to existing assets in order to increase income and improve the substance and value of the Group's portfolio. Besides extensions, the focus will be on a small number of full scale development projects.

Overview by Region

Russia

Of all the Group's major markets, Russia continues to be the more adversely affected by the financial crisis. Economists are, however, becoming a bit more optimistic about the economy with some forecasts of GDP growth in 2010.

While discounts in the first quarter were clearly below levels granted in the middle part of 2009, the like-for-like GRI for Russia decreased by 7.73% to EUR 7.9m due to the fact that some discounts were granted in the first quarter of 2010, while none were granted in the corresponding period of 2009. However, the GRI from newly opened single tenant boxes almost compensated for this. Like-for-like NRI increased by 0.30% to EUR 6.2m. The value of the standing investments decreased by EUR 1.8m as although the value of some properties increased, the increase was outweighed by the continued discounts, mainly in Togliatti.

Poland

Poland's economy remains the best performer within the Group's area of operations and was one of the few countries in the whole of Europe to show GDP growth. The relative strength of the Polish economy was again visible in the first quarter of 2010 and is reflected in the performance of the Group's Polish portfolio both in terms of valuation and rental income. The acquisitions of further assets in the country remains a priority for the Group.

Like-for-like GRI in Poland for the quarter decreased by 2.86% to EUR 12.7m as a result of some temporary benefits given to a small number of tenants. Like-for-like NRI improved by 1.26% to EUR 13m.

The property market in Poland has attracted a lot of interest from potential investors. In Poland the yield has come down from 8.37% to 8.06% and the Group's Polish portfolio has increased in value by EUR 20m.

New Projects

The project Plock is currently under construction and is expected to open during 2010. Plock is a supermarket anchored retail project with parking spaces for 700 cars and an expected gross lettable area of 18,400 sqm.

Czech Republic

The Czech Republic proved to be one of the more stable economies in the region throughout the economic crisis. The economy is dependent on manufacturing for Western European companies and, while the lower demand for these products has had an impact on the Czech economy, the overall decline in GDP has been limited.

Like-for-like GRI increased by 3.50% to EUR 6.3m due to higher occupancy, which has been the main drive for the Czech operational team since last year.

The value of the Czech portfolio decreased by EUR 11m due to a combination of the fact that the functional currency of the majority of the Czech portfolio is the Czech Koruna, while the valuations are carried out in Euro and the Czech Koruna strengthened against the Euro in the first quarter of 2010.

Slovakia

The Slovakian economy is even more dependent than its Czech neighbour on manufacturing industry, especially the automotive industry.

Like-for-like GRI in Slovakia was down by 0.69% and NRI by 2.22%, due to some small discounts granted to tenants compared to the first quarter of 2009.

Hungary

The Hungarian economy was hit hard by the economic crisis, being largely dependent on financing from foreign banks, a source that became virtually unavailable after September 2008.

Due to lower occupancy, like-for-like GRI in Hungary decreased by 4.48% when compared to the first quarter of 2009; like-for-like NRI decreased by 11.20% from EUR 1.5m to EUR 1.3m, mainly due to a bad debt provision.

The valuation of the Hungarian portfolio was affected by an increase in potential transaction costs due to the government announcing that stamp duty was to be charged on property transfers.

Romania

The Romanian economy was also severely hit by the financial crisis and this has had an adverse affect on consumer demand. A number of shopping centre developments have been put on hold. This has helped the Group's asset, which is a concept consisting of a number of stand-alone retail units combined with a gallery with small shops. It is anchored by unique tenants and the initial trading in Militari is encouraging.

Latvia

The Latvian economy has been widely seen as one of the worst performing economies in Europe. The Latvian economy has been suffering and this has had a clear impact on consumer spending. The Group's shopping centre in Riga has also been negatively affected by road works hampering access to the centre.

This has resulted in a significant drop in like-for-like GRI from EUR 0.9m to EUR 0.3m and an NRI of almost zero. Occupancy level dropped from 77.76% to 72.32%.

Net Asset Value

The concept of NAV is used to describe the value of the assets of a group less the value of its liabilities. The NAV computation presented below is based on the financial statements and was prepared in accordance with the European Public Real Estate Association's ("EPRA") best practices recommendations.

NAV, in compliance with the EPRA guideline

	31 December 2009		31 March 2010	
	TEUR	EUR per ordinary share	TEUR	EUR per ordinary share
Equity	2,121,767		2,164,658	
Deferred tax assets	(2,242)		(2,893)	
Deferred tax liabilities	43,465		46,458	
Minority interest	(11,488)		(8,737)	
Net asset value	**2,151,502**	**5.78**	**2,199,486**	**5.91**
Number of outstanding shares	372,052,993		372,052,993	

Statement Regarding Forward Looking Information

This Interim 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 Report and include statements regarding the intentions, beliefs or current expectations of Atrium European Real Estate Limited (the "Company") and its subsidiaries (together with the Company, 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 Annual Report is up to date only as of the date of this Interim Report. The business, financial condition, results of operations and prospects of the Company or the Group may change. Except as required by law, the Company and the Group do not undertake any obligation to update any forward looking statements, even though the situation of the Company or the Group may change in the future.
All of the information presented in this Interim Report, and particularly the forward looking statements, are qualified by these cautionary statements.

You should read this Interim Report and the documents available for inspection completely and with the understanding that actual future results of the Company or the Group may be materially different from what the Company or the Group expects.

Independent Review Report to Atrium European Real Estate Limited

Introduction

We have been engaged by Atrium European Real Estate Limited ("the Company") to review the condensed consolidated set of financial statements in the interim financial report for the three months ended 31 March 2010 which comprises the condensed consolidated balance sheet, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement, the consolidated statement of changes in equity, 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 the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company 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 the Company 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 the Company 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 the Company 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 three months ended 31 March 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed by the EU.

Emphasis of matter – potential litigation and ongoing investigations

In forming our conclusion on the condensed consolidated set of financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 12 to the condensed consolidated set of financial statements concerning the acquisition on behalf of the Company of its listed ordinary shares (formerly certificates representing the Company's shares), the allegations against the Company and former Board members by certain ordinary shareholders and certain bondholders and the ongoing investigations into the activities of the Company.

The ultimate outcome of the matters referred to in note 12 of the condensed consolidated set of financial statements and note 43 of the 31 December 2009 consolidated annual financial statements cannot presently be determined and therefore no provisions for any liabilities that may arise as a result have been provided for in the condensed consolidated set of financial statements. If such liabilities were to arise they could be material to the condensed consolidated set of financial statements.

Andrew P. Quinn
for and on behalf of KPMG Channel Islands Limited
Chartered Accountants
5 St Andrew's Place
Charing Cross, St Helier
Jersey JE4 8WQ

18 May 2010

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 they were initially presented on the website.
- Legislation in Jersey governing the preparation and dissemination of condensed consolidated financial statements may differ from legislation in other jurisdictions.

Condensed Consolidated Interim Financial Statements

Condensed Consolidated Balance Sheet as at 31 March 2010

	Note	31/12/2009 TEUR (Audited)	31/12/2009 TEUR (Audited)	31/3/2010 TEUR (Unaudited)	31/3/2010 TEUR (Unaudited)
Assets					
Non current assets					
Standing investments	3	1,474,884		1,498,984	
Developments and land	4	666,118		692,001	
Other non current assets		74,186		75,502	
			2,215,188		**2,266,487**
Current assets					
Cash and cash equivalents	5	610,673		542,708	
Other current assets		119,912		126,123	
			730,585		**668,831**
Total assets			**2,945,773**		**2,935,318**
Equity	6		**2,121,767**		**2,164,658**
Liabilities					
Non current liabilities					
Long term borrowings	7	641,725		538,784	
Other non current liabilities		63,509		79,945	
			705,234		**618,729**
Current liabilities					
Short term borrowings	7	17,032		41,465	
Other current liabilities		101,740		110,466	
			118,772		**151,931**
Total liabilities			**824,006**		**770,660**
Total equity and liabilities			**2,945,773**		**2,935,318**

For the reporting period ended 31/3/2010 see the independent review report on page 11.

The interim Group management report and the interim financial statements approved and authorised for issue by the Board of Directors on 18 May 2010 were duly signed on the Board's behalf by Rachel Lavine, Chief Executive Officer and Chaim Katzman, Chairman.

Condensed Consolidated Income Statement for the period ended 31 March 2010

(Unaudited)

	Note	1/1/2009 – 31/3/2009 TEUR	TEUR	1/1/2010 – 31/3/2010 TEUR	TEUR
Gross rental income		37,101		37,245	
Service charge income		13,904		16,899	
Net property expenses		(22,300)		(21,421)	
Net rental income			**28,705**		**32,723**
Net result on disposal of investment properties		(36)		(69)	
Revaluation of investment properties	3, 4	(290,738)		(555)	
Other depreciation and amortisation		(9,798)		(218)	
Net administrative expenses		(7,437)		(7,021)	
Net operating profit/(loss)			**(279,304)**		**24,860**
Net financial income	8	19,795		21,440	
Profit/(loss) before taxation			**(259,509)**		**46,300**
Taxation credit/(charge) for the period		19,628		(1,280)	
Profit/(loss) after taxation for the period			**(239,881)**		**45,020**
Attributable to:					
Equity holders of the parent			(231,730)		43,993
Minority interest			(8,151)		1,027
Basic & diluted earnings per share in EUR			(1.04)*		0.12

* Subordinated convertible securities and options under the employee share option plan have an antidilutive effect.

Condensed Consolidated Statement of Comprehensive Income for the period ended 31 March 2010

(Unaudited)

	1/1/2009 – 31/3/2009 TEUR	TEUR	1/1/2010 – 31/3/2010 TEUR	TEUR
Profit/(loss) for the period	(239,881)		45,020	
Exchange differences arising on translation of overseas operations	(24,071)		10,518	
Deferred tax on items taken directly to equity	873		(1,569)	
Net comprehensive income		**(263,079)**		**53,969**
Attributable to:				
Equity holders of the parent		(254,802)		56,720
Minority interest		(8,277)		(2,751)

For the reporting period ended 31/3/2010 see the independent review report on page 11.

Condensed Consolidated Cash Flow Statement for the period ended 31 March 2010

(Unaudited)

	1/1/2009 – 31/3/2009 TEUR	1/1/2010 – 31/3/2010 TEUR
Cash flows from operating activities	9,027	28,292
Cash flows from investing activities	(66,544)	(9,410)
Cash flows from financing activities	(138,787)	(88,482)
Decrease in cash and cash equivalents	**(196,304)**	**(69,600)**
Cash and cash equivalents at the beginning of the period	1,250,643	610,673
Effect of exchange rate fluctuation on cash held	637	1,635
Cash and cash equivalents at the end of the period	**1,054,976**	**542,708**

The comparative cash flow statement for the three months of 2009 has been re-presented and certain comparative amounts have been reclassified to conform with the current year's presentation as discussed in note 2 of the Annual report 2009.

For the reporting period ended 31/3/2010 see the independent review report on page 11.

Consolidated Statement of Changes in Equity for the Period Ended 31 March 2010

(Unaudited)

	Note	Share capital TEUR	Share premium TEUR	Stated capital TEUR	Other reserves TEUR	Income account TEUR	Currency translation TEUR	Total TEUR	Minority interest TEUR	Total equity TEUR
Balance as at 1 January 2009		**1,084,499**	**1,559,736**	**-**	**-**	**(350,351)**	**(86,027)**	**2,207,857**	**21,637**	**2,229,494**
Total comprehensive income		-	-	-	-	(231,730)	(23,072)	(254,802)	(8,277)	(263,079)
Issue of share capital		51,500	20,600	-	-	-	-	72,100	-	72,100
Cost of issuing shares		-	(6,731)	-	-	-	-	(6,731)	-	(6,731)
Share based payment		-	-	-	24	-	-	24	-	24
Balance as at 31 March 2009		**1,135,999**	**1,573,605**	**-**	**24**	**(582,081)**	**(109,099)**	**2,018,448**	**13,360**	**2,031,808**
Balance as at 1 January 2010		**-**	**-**	**2,994,799**	**360**	**(788,824)**	**(96,056)**	**2,110,279**	**11,488**	**2,121,767**
Total comprehensive income		-	-	-	-	43,993	12,727	56,720	(2,751)	53,969
Share based payments		-	-	-	83	-	-	83	-	83
Dividends	6	-	-	(11,161)	-	-	-	(11,161)	-	(11,161)
Balance as at 31 March 2010		**-**	**-**	**2,983,638**	**443**	**(744,831)**	**(83,329)**	**2,155,921**	**8,737**	**2,164,658**

For the reporting period ended 31/3/2010 see the independent review report on page 11.

Notes to the Condensed Consolidated Interim Financial Statements for the Three Months to 31 March 2010

(Unaudited)

1. Reporting Entity

Atrium European Real Estate Limited (the "Company") is a company which was incorporated on 8 December 1997 and is domiciled in Jersey, Channel Islands.

The principal activity of the Company and its subsidiaries (the "Group") is the ownership, leasing, management and development of commercial real estate.

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

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the directors on 18 May 2010.

2. Principal Accounting Policies

Basis of Preparation

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 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 2009.

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

Except as described below in the section *New standards and interpretations effective in the current period*, 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 2009.

New standards and interpretations effective in the current period

In the current period, the Group has adopted the following standards that are relevant or have a significant impact on the condensed consolidated interim financial statements as at and for the three month period ended 31 March 2010:

IAS 17 (Amendment), *Leases* (effective from 1 January 2010). The amendment replaced paragraph 14, which stated that the lease of land with an indefinite economic life should be classified as an operating lease, unless the lease term title was expected to pass to the lessee at the end of the lease. Under the amendment, a land lease with a lease term of several decades or longer may be classified as a finance lease, even if the title does not pass to the lessee at the end of the lease term. In substance, such arrangements mean that all the risks and rewards are transferred to the lessee and the present value of the residual value of the leased asset is considered negligible. The IASB also states that when a lease includes land and buildings elements, an entity should determine the classification of each element, taking account of the fact that land normally has an indefinite economic life.

The Group has applied this amendment prospectively starting with the financial statements for the periods beginning on 1 January, 2010 (the "Effective Date"). The accounting change resulted in assets and liabilities referred to as land leases being re-classified as financial lease as of the Effective Date of the IAS 17 amendment. The consequence of the amendment was that, in the reporting period, the Group recognised an increase in fair value of standing investments amounting to TEUR 8,545, an increase in developments and land amounting to TEUR 5,148 and created financial liabilities amounting to TEUR 13,693.

IAS 27 (Revised), *Consolidated and separate financial statements*, (effective for annual periods beginning on or after 1 July 2009). The revised standard requires total comprehensive income to be attributed to the owners of the parent company and to the minority interests even if this results in the minority interests having a deficit balance.

As a result of the revision to IAS 27 effective from 1 July 2009, the Group has changed its accounting policy prospectively in relation to minority interests. As of 1 January 2010 minority interests in the total comprehensive income of the consolidated subsidiaries are to be identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Total comprehensive income is attributed to the owners of the parent company and to the minority interests even if this results in the minority interests having a deficit balance. Had the Group not applied this revised accounting policy for the three month period ended 31 March 2010 the recorded minority interest as at 31 March 2010 would have been an amount of TEUR 11,982 and, therefore, the minority interest presented in the balance sheet of the Group would have been TEUR 3,245 higher.

For the periods prior to 1 January 2010, minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

3. Standing Investments

The current portfolio of standing investments of the Group consists of 152 (2009: 152) standing investments of which 25 (2009: 25) properties are in Hungary, 97 (2009: 97) properties are in the Czech Republic, 3 (2009: 3) properties are in Slovakia, 17 (2009: 17) properties are in Poland, 1 (2009: 1) property is in Romania, 7 (2009: 7) properties are in Russia, 1 (2009: 1) property is in Turkey and 1 (2009: 1) property is in Latvia. 4 (2009: 4) of the properties in the Czech Republic are refinanced on the basis of finance lease contracts.

	31/12/2009 TEUR	31/3/2010 TEUR
Balance as at 1 January	1,642,799	1,474,884
Additions - new properties, technical improvements, extensions	37,645	1,742
Transfer from developments and land	64,583	-
Disposals	(841)	-
Land plots under finance leases	-	8,545
Currency translation difference	2,271	11,050
Revaluation of standing investments	(271,573)	2,763
Balance as at the end of the period	**1,474,884**	**1,498,984**

4. Developments and Land

The current portfolio of developments and land of the Group consists of 39 projects (2009: 39).

	31/12/2009 TEUR	31/3/2010 TEUR
Balance as at 1 January	846,722	666,118
Currency translation difference	(10,598)	14,469
Additions - cost of land and construction	59,689	6,862
Transfer from trading properties	4,917	-
Transfer to standing investments	(64,583)	-
Interest capitalised	36,475	2,722
Land plots under finance leases	-	5,148
Revaluation of developments and land	(206,504)	(3,318)
Balance as at the end of the period	**666,118**	**692,001**

5. Cash and Cash Equivalents

As at 31 March 2010, the Group held cash in the total amount of TEUR 542,708 (2009: TEUR 610,673) of which TEUR 485,428 (2009: TEUR 553,981) was directly held by the Company, with the remaining cash held by Group companies. The Group holds cash of TEUR 38,607 (2009: TEUR 36,173) as backing for guarantees and/or other restricted cash issued by various banks on the Group's behalf.

6. Equity

During the three month period ended 31 March 2010, the Company paid a dividend of EUR 0.03 per ordinary share which amounted in total to TEUR 11,161. The shareholders have approved a further two EUR 0.03 per share dividend instalments, which the directors intend to distribute in 2010 (subject to any legal and regulatory requirements and restrictions of commercial viability).

7. Borrowings

	31/12/2009 Net book value TEUR	31/3/2010 Net book value TEUR
Bonds	556,584	478,601
Loans	93,929	92,074
Other	8,244	9,574
Total	**658,757**	**580,249**

The borrowings are repayable as follows:

	31/12/2009 Net book value TEUR	31/3/2010 Net book value TEUR
Due within one year	17,032	41,465
In second year	50,631	37,010
In third to fifth year inclusive	354,603	267,244
After five years	236,491	234,530
Total	**658,757**	**580,249**
Amount due within 12 months (included under current liabilities)	17,032	41,465
Amount due after more than 12 months	641,725	538,784

During the three month period ended 31 March 2010, the Company repurchased TEUR 80,246 nominal value of the notes issued under the Company's guaranteed medium term note programme 2006 ("2006 Notes") at 95% of the nominal value.

During the three month period ended 31 March 2010 the Group did not breach or defaulted on any of the loan and bond agreement terms, except to the extent detailed in the Annual Report 2009 and outlined below:
Euro Mall Brno Real Estate, s.r.o. (the "Entity") has two bank loans from EUROHYPO AG with the aggregate carrying amount of TEUR 12,026 as at 31 March 2010; these are presented as short term borrowings. The Entity breached one of the covenants stated in the bank loan agreements. In particular, the Entity did not fulfil the occupancy rate requirement of 90% as the current occupancy rate is 89%.

8. Net Financial Income

	1/1/2009 – 31/3/2009 TEUR	**1/1/2010 – 31/3/2010 TEUR**
Interest income	10,203	1,259
Interest expenses	(19,040)	(6,265)
Foreign currency differences	(5,306)	23,515
Net profit from bond buy backs	34,085	3,682
Other	(147)	(751)
Total	**19,795**	**21,440**

9. Operating Segments

For the period ended 31 March 2010	Standing investment segment TEUR	Developments and land segment TEUR	Reconciling item TEUR	Total TEUR
Gross rental income	37,245	-	-	37,245
Service charge income	16,899	-	-	16,899
Net property expenses	(21,421)	-	-	(21,421)
Net rental income	**32,723**	**-**	**-**	**32,723**
Net result on disposal of investment properties	(69)	-	-	(69)
Revaluation of investment properties	2,763	(3,318)	-	(555)
Other depreciation and amortisation	(171)	(5)	(42)	(218)
Net administrative expenses	(645)	(199)	(6,177)	(7,021)
Net operating Profit/(loss)	**34,601**	**(3,522)**	**(6,219)**	**24,860**
Net financial income/(expenses)	(1,537)	1,709	21,268	21,440
Profit/(loss) before taxation	**33,064**	**(1,813)**	**15,049**	**46,300**
Taxation credit/(charge) for the period	(1,589)	296	13	(1,280)
Profit/(loss) after taxation for the period	**31,475**	**(1,517)**	**15,062**	**45,020**
Investment properties	1,498,984	692,001	-	2,190,985
Segment assets	1,618,402	748,225	568,691	2,935,318
Segment liabilities	475,937	219,103	75,620	770,660

For the period ended 31 March 2009	Standing investment segment TEUR	Developments and land segment TEUR	Reconciling item TEUR	Total TEUR
Gross rental income	37,101	-	-	37,101
Service charge income	13,904	-	-	13,904
Net property expenses	(22,300)	-	-	(22,300)
Net rental income	**28,705**	**-**	**-**	**28,705**
Net result on disposal of investment properties	(36)	-	-	(36)
Revaluation of investment properties	(180,361)	(110,377)	-	(290,738)
Other depreciation and amortisation	(8,760)	(13)	(1,025)	(9,798)
Net administrative expenses	(4,103)	(234)	(3,100)	(7,437)
Net operating loss	**(164,555)**	**(110,624)**	**(4,125)**	**(279,304)**
Net financial income/(expenses)	(18,534)	894	37,435	19,795
Profit/(loss) before taxation	**(183,089)**	**(109,730)**	**33,310**	**(259,509)**
Taxation credit/(change) for the period	18,996	726	(94)	19,628
Profit/(loss) after taxation for the period	**(164,093)**	**(109,004)**	**33,216**	**(239,881)**
Investment Properties	1,518,592	700,688	-	2,219,280
Segment assets	1,770,693	702,319	1,057,310	3,530,322
Segment liabilities	722,701	344,299	431,514	1,498,514

10. Investments in Group Undertakings

During the first three months of 2010, the Group purchased the remaining:

- 2% of MEL 1 GAYRIMENKUL GELISTIRME YATIRIM INSAAT VE TICARET A.S. and now owns 100% of this entity;
- 2% of MEL 2 GAYRIMENKUL GELISTIRME YATIRIM INSAAT VE TICARET A.S. and now owns 100% of this entity;
- 2% of MEL 3 GAYRIMENKUL GELISTIRME YATIRIM INSAAT VE TICARET A.S. and now owns 100% of this entity;
- 2% of MEL 4 GAYRIMENKUL GELISTIRME YATIRIM INSAAT VE TICARET A.S. and now owns 100% of this entity;
- 2% of MEL 5 GAYRIMENKUL GELISTIRME YATIRIM INSAAT VE TICARET A.S. and now owns 100% of this entity;
- 2% of MEL 6 GAYRIMENKUL GELISTIRME YATIRIM INSAAT VE TICARET A.S. and now owns 100% of this entity.

Furthermore, the Group established one company in Turkey.

11. Transactions with Related Parties

In addition to the information published in note 42 of the Annual Report 2009, Chaim Katzman, Director and Chairman of the Board, and a wholly owned subsidiary of Gazit Globe Limited ("Gazit") hold TEUR 500 nominal value and TEUR 17,000 nominal value of the 2006 Notes, respectively. During the period ended 31 March 2010, Mr. Katzman's holdings in the Company through Gazit Inc and Gazit decreased to 39,743,007 shares representing approximately 10.7% of the Company's stated capital.

During the period ended 31 March 2010, the Board granted under the existing Employee Share Option Plan, as published in note 15 of the Annual Report 2009, an additional 1,000,000 share options to Mrs. Lavine (Director and CEO of the Company) and 300,000 share options to Mr. Thomas Schoutens (CDO of the Company).

12. Contingencies

There were no significant changes in the contingencies of the Group to those reported in note 43 of the Annual Report 2009, except for those mentioned below:

The Company is involved, directly and indirectly, in relation to further claims submitted by ADC holders alleging losses deriving from price fluctuations and associated potential claims. To the date of publishing the interim report, the value of such claims is not expected to be material to the financial statements.

The ultimate outcome of the above matters cannot as yet presently be determined and, therefore, no associated provisions have been made in these financial statements.

Due to the nature of the business, the Group is involved in litigation, arbitration and regulatory proceedings arising in the ordinary course of business. In accordance with applicable accounting requirements, the Group provides for potential losses that may arise out of contingencies, including contingencies in respect of matters when the potential losses are probable and estimable. Contingencies in respect of legal matters are subject to many uncertainties and the outcome of individual matters cannot be predicted with any assurance. Significant judgment is required in assessing probability and making estimates in respect of contingencies, and the Group's final liabilities may ultimately be materially different. The Group's total liability recorded in respect of litigation, arbitration and regulatory proceedings is determined on a case by case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case, the Group's experience and the experience of others in similar cases, and the opinions and views of legal counsel.

13. Financial Risk Management

During the three months to 31 March 2010, the Group's financial risk management objectives and policies were consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2009.

14. Post Balance Sheet Events

In April 2010, the Company announced a tender offer for the outstanding 2006 Notes and a proposal to amend the terms of the 2006 Notes in order to provide the Company with the right to redeem the 2006 Notes. In addition to the immediate interest cost savings, the management considers that it can source financing opportunities at a lower cost and on more appropriate terms. To the extent the tender offer and proposal do not result in the repurchase or redemption of all of the outstanding 2006 Notes, the Company has announced a further proposal to amend the terms and conditions of the 2006 Notes in order to allow the Company to pursue alternative financing opportunities.

The current turbulence in the world markets, especially in the real estate market, as well as the limited amount of publicly available up-to-date data and research relating to the real estate markets in the countries in which the Group invests, could lead to significant changes in the values of the Group's assets during subsequent periods. The management is not at present able to assess with accuracy the extent of such changes.

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