Interim Report | 31 March 2009

Key Indicators

Consolidated income statement in TEUR	FY 2007	3M 2008	FY 2008	3M 2009
Gross rental income	120,030	31,233	134,244	37,101
Net rental income	84,461	25,492	95,250	28,705
Expenses connected with management contracts termination	–	–	(276,457)	–
Net operating profit/(loss)	140,043	6,623	(907,558)	(279,304)
Profit/(loss) before taxation	193,009	5,052	(924,379)	(259,509)
Profit/(loss) after taxation	154,577	4,017	(845,305)	(239,881)

Consolidated balance sheet in TEUR	31/12/2007	31/3/2008	31/12/2008	31/3/2009
Standing investments*	1,534,995	1,559,932	1,642,799	1,518,592
Developments and land*	1,141,281	1,216,430	846,722	700,688
Cash and cash equivalents	1,339,035	1,253,537	1,250,643	1,054,976
Borrowings	1,003,460	1,005,170	1,509,531	1,262,895
Equity	3,071,255	3,030,174	2,229,494	2,031,808

Consolidated cash flow statement in TEUR	FY 2007	3M 2008	FY 2008	3M 2009
Cash flows from operating activities	44,909	26,400	50,350	16,392

Certificates	31/12/2007	31/3/2008	31/12/2008	31/3/2009
Certificates outstanding**	211,185,001	211,185,001	216,899,287	227,199,287
Earnings per share/certificate in EUR	0.636	0.014	(3.954)	(1.036)

Notes:

* Due to an amendment in IAS 40 effective from 1 January 2009, balances have been reclassified for comparative purposes.

** Certificates outstanding are net of certificates held on behalf of the Company.

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Business Activities

Financial Summary of the period ended 31 March 2009

- Gross rental income increased by 19% to EUR 37m (3M 2008: EUR 31m) with a decrease in like-for-like gross rental income approximately 5% to EUR 29m (3M 2008: EUR 31m).
- Net rental income grew almost by 13% to EUR 29m (3M 2008: EUR 25m).
- The cash balance of the Group amounted to EUR 1,055m (2008: EUR 1,251m).
- Borrowings decreased from EUR 1,510m as at 31 December 2008 to EUR 1,263m as at 31 March 2009.
- The Group is well within its two covenants for the notes issued under the Company's medium term note programme 2006 ("2006 Notes") (net debt to market value is 10.0% versus a covenant of 60%, and indebtedness subject to security to total assets is 9.9% versus a covenant of 20%).
- EBITDA excluding valuation amounted to EUR 21m (3M 2008: EUR 14m).
- Loss before taxation amounted to EUR 260m (3M 2008: profit before taxation: EUR 5m).
- Earnings per share amounted to EUR (1.036) (3M 2008: EUR 0.014).
- Cash flows from operating activities amounted to EUR 16m (3M 2008: EUR 26m). The lower cash flow was mainly due to a decrease in net financial income as a result of a drop in interest rates, lower cash balances and higher average interest expense in Q1 2009.
- Net asset value per share was at EUR 9.22 (2008: EUR 10.66).
- The developments and land portfolio was revaluated down by EUR 110m to EUR 701m.

Activities during the first three months in 2009

Comparing to the year 2008 when the market started suffering from the collapse of the global financial system, the general market conditions have not improved during the first three months of 2009, moreover in many countries the financial turmoil has had a more negative impact in 2009. Very strict conditions for debt financing and high interest rates imposed by the financial institutions, together with local currencies weakening, decline or even negative growth of GDP and increased rates of unemployment do not bring much light among the enterprisers including retailers, as well as consumers and citizens all over the world. The real estate market is effected by this economic decline. Negotiations on rental discounts with retailers and the associated decrease of consumer spending causes decrease in rental income, occupancy, as well as decrease in market values of properties.

This global economic development has influenced the Group's operations as well. For example in many countries the Group has worked with tenants and has granted short term discounts in order to reflect the difficult trading situation. The Group has responded to this situation by introducing an efficiency programme in its standing investments and looking for cost savings in all areas. The Group has also continued its progress on the review of development projects in order to adjust them to the changed market conditions.

On 31 January 2009, the Company completed a transaction which superseded the EUR 300m Rights Issue which had comprised part of the 2008 Master Transaction Agreement ("MTA"). The rationale for the new agreement centred around three main factors:

- Firstly, the Company's share price at that time was significantly below the strike price specified in the MTA for the Rights Issue, which made it highly unlikely that the certificate holders would subscribe to the proposed rights issue. Due to fact that in terms of the MTA the Investors had undertaken to backstop the Rights Issue up to EUR 300 million, the anticipated failure of the certificate holders to subscribe would, in all probability, have resulted in a very considerable dilution for existing certificate holders.

- Secondly, a letter received by the Company from the Austrian Takeover Commission (which was investigating the applicability of the Austrian Takeover Code to the Company under its previous management) created uncertainty that the full subscription by the Investor's for rights of EUR 300 in accordance with their backstop commitment could have resulted in the Investors being compelled to make a mandatory bid for the Company, which was never the intended result under the MTA.

- Finally, following an assessment of the Company's development pipeline, the management believes that the Company has sufficient cash to cover its current needs.

The Company was advised on the deal by an investment bank to structure the alternative deal to achieve a similar value for the Group as had been contemplated in the initially proposed under the terms of the MTA.

Under the terms of this new agreement, the Company issued 10,300,000 new ordinary shares to CG Holdings, which was satisfied through the redemption of EUR 72.1m of Subordinated Convertible Securities 2008 and the return of approximately 25 million Initial Warrants the Company had issued on 1 August 2008. Further, the Company acquired approximately EUR 103m in the nominal value of the notes issued under the Company's guaranteed medium term note programme 2006 ("2006 Notes") from Gazit for a cash consideration of EUR 77.26m. The transaction reduced the Company's indebtedness and cleared a potential stock overhang which the management believed would have caused further downward pressure on the Company's shares in the future.

During the period under review the Company continued to pursue its strategy of strengthening its balance sheet through the acquisition of its own debt. This was evidenced by the acquisition of EUR 79.2m nominal value of 2006 Notes at 75%.

In March 2009, when the Company issued its full year results for 2008, it also announced that its Board of Directors had authorised the further repurchase of the Company's debt instruments.

In March 2009, the Company convened an extraordinary general meeting ("EGM") at which it proposed a number of amendments to the Company's Articles of Association. These were principally designed to allow the Company to re-list its ordinary shares on the Euronext, to enable the launch of an Employee Share Option Plan and create a framework to dispense with the Special Voting Shares issued in August 2008.

The EGM was subsequently held on 6 April 2009 and all resolutions were passed, providing the Company with a number of benefits:

- The proposed re-listing on Euronext is expected to provide the Company with the flexibility to access a larger potential investor base than is presently the case and enhance the liquidity and pricing of the ordinary shares.
- The aim of the Employee Share Option Plan is to provide a comprehensive and effective method of incentivising key members of the Group's executive and management team.
- Finally, the creation of a mechanism to dispense with the Special Voting Shares is a step towards rationalisation of the Company's shareholding structure which is for the benefit of all shareholders.

In April 2009, after the period end, the Company announced that it had bought back 515 Special Voting Shares at their nominal consideration, being for an aggregate consideration of EUR 150.44.

In April 2009 the Group has also opened two extensions of the shopping centres, Militari Bucharest in Romania and Togliatti Park House in Russia. Both extensions are good examples of how the Group is able to create value by adding additional space to already successful and proven retail assets, despite the current difficult market conditions. The first trading month of Militari has shown positive results, with tenants reporting sales above expectations, but it is too early to judge the success in these difficult market circumstances. The extension in Togliatti comprises a stand alone retail unit let to Castorama, an international DIY chain, with a 10 year leasing contract.

Operating Activities

At 31 March 2009, the Group owned 152 standing investments diversified across eight countries, with a total gross lettable area ("GLA") of 1,088,545 sqm. Geographically, the Group's focus remains concentrated in Poland, the Czech Republic and Russia with a presence in Hungary, Romania, Slovakia, Latvia and Turkey.

The regional diversification of the investment portfolio as of and for the period ended 31 March 2009 is presented below.

Country	No of properties	Gross lettable area sqm	Market value TEUR	Valuation result TEUR	Equivalent yield (weighted average)	Occupancy
Czech Republic	97	337,197	267,486	(9,552)	9.06%	92.3%
Hungary	25	103,911	99,285	(8,864)	9.00%	79.2%
Latvia	1	20,420	39,320	(5,970)	8.97%	91.3%
Poland	17	279,693	575,906	(48,108)	8.53%	99.4%
Romania	1	51,346	86,400	(10,490)	9.39%	99.5%
Russia	7	182,352	225,810	(93,723)	14.12%	92.1%
Slovakia	3	64,758	127,485	(3,648)	8.09%	97.2%
Turkey	1	48,868	96,900	(6)	11.61%	98.7%
Standing investment Total	**152**	**1,088,545**	**1,518,592**	**(180,361)**	**9.7%**	**93.4%**

The market values indicated above are based on appraisals provided by Cushman & Wakefield.

Like-for-like gross rental income

In the below stated like-for-like rental incomes, the effect of foreign exchange differences was not eliminated.

Country	3M 2008 TEUR	3M 2009 TEUR	Change TEUR	Change in %
Czech Republic	6,158	5,998	(160)	–2.60%
Hungary	2,093	2,055	(38)	–1.82%
Latvia	993	853	(140)	–14.10%
Poland	9,464	9,830	366	3.87%
Romania	398	394	(4)	–1.01%
Russia	9,785	8,153	(1,632)	–16.68%
Slovakia	1,917	1,933	16	0.83%
Total like-for-like gross rental income	**30,808**	**29,216**	**(1,592)**	**–5.17%**
Remaining gross rental income	425	7,885		
Total gross rental income	**31,233**	**37,101**	**5,868**	**18.79%**

Like-for-like net rental income

Country	3M 2008 TEUR	3M 2009 TEUR	Change TEUR	Change in %
Czech Republic	5,084	5,079	(5)	–0,10%
Hungary	2,162	1,566	(596)	–27,57%
Latvia	899	656	(243)	–27,03%
Poland	8,653	9,368	715	8,26%
Romania	202	198	(4)	–1,98%
Russia	7,285	6,879	(406)	–5,57%
Slovakia	1,683	1,675	(8)	–0,48%
Total like-for-like net rental income	**25,968**	**25,421**	**(547)**	**–2,11%**
Remaining net rental income	(476)	3,284		
Total net rental income	**25,492**	**28,705**	**3,213**	**12,60%**

Development Activities

The development portfolio as of 31 March 2009 includes eight land plots with building permits intended to be used, with a market value of TEUR 94,535 and several development projects with a market value of TEUR 606,153. For the three month period ended 31 March 2009 the total development portfolio recognised a revaluation loss of TEUR 110,377 of which land plots with a building permit intended to be used were revalued downward by TEUR 9,605 and other development projects were revalued down by TEUR 100,772.

Overview by Region

Russia

The global financial turmoil had a definite impact on Russian financial markets, retailers and consumers resulting in a sharp decrease in market valuations, one of the most significant in Europe. Additionally, as a large majority of tenants pay their rents in Euros or US dollars, the recent fall in Rubles resulted in increase in the occupancy costs for the tenants. At the same time, consumer spending is showing little or negative growth. In these conditions, negotiations on rental discounts with key retailers are inevitable.

A project under development as of 31 March 2009, the extension of Togliatti Park House, was opened in April 2009. The Togliatti extension comprises a 12,100 sqm, stand-alone retail unit which is fully let to Castorama, which is part of one of Europe's leading DIY groups. The new store had a successful first weekend's trading that contributed to an increase of 40% in footfall over a normal weekend.

Togliatti Park House is a shopping centre with a GLA of approximately 38,000 sqm (including extension) and is located on a 6.6 hectare site in Togliatti, in the Samara region of Russia. The first phase was opened in December 2006 and is anchored by the German Metro group with a 7,000 sqm "Real" hypermarket. Other tenants include a mixture of local brands such as Technosila and Sportmaster, as well as a number of strong international brands such as the electronics giant Apple, fashion retailers Next and Sisley, as well as Mothercare, the specialist mother and infant retailer.

A further extension, approximately 7,000 sqm stand-alone retail box is also due to open later this year and is already fully pre-let to Media Markt, Europe's leading consumer electronics retailer.

Togliatti Park House is located in the centre of the city and has approximately six million visitors per year.

Shopping Centre in Togliatti

Total gross lettable area: 38,000 sqm

Opening of an extension: April 2009

Another project currently under development, the extension to Volgograd Park House, is expected to open later in 2009. The Volgograd project, consists of a retail box of approximately 11,700 sqm is already prelet to OBI, the leading German DIY company, on a 15 year lease agreement with options for three additional periods of five years.

Poland

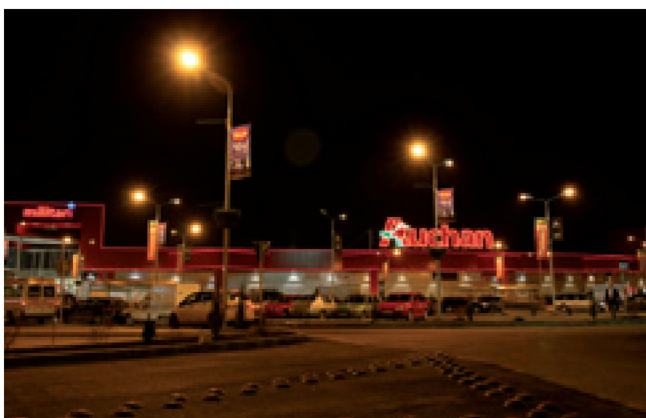
Poland has so far proved to be the least affected by global financial market uncertainties. Based on lease contract negotiations over the past months, the commercial real estate market is best characterized as resilient, albeit a bit weaker in the eastern provinces.

A development project that is expected to open later in 2009, Galeria Mosty in Plock, is a supermarket anchored, retail and leisure project with parking space for 700 cars and with the expected gross lettable area of approximately 18,800 sqm. The Group's management is pleased that a number of national and international anchors such as Cinema City, H&M, and Empik have already signed contracts and it is expected that the shopping centre will be almost fully let at opening.

Romania

At 31 March 2009, the Group owned one standing investment in Romania, the Militari retail park in Bucharest. Militari is the Group's first shopping centre in Romania and is located in a densely populated area of western Bucharest, very near the E81 motorway junction and is well served by public transport (bus and subway). The first phase was opened in 2004, consisting of two units let to Praktiker, a German international DIY chain and Domo, a leading Romanian electronics retailer.

The second phase of Militari in Bucharest was opened on 2 April 2009. The two phased extension to the Bucharest based centre commenced in 2007 and, upon completion today, has increased the centre's gross lettable area by 40,600 sqm to a total of 51,400 sqm. In December 2008, Atrium announced that phase I of the extension, a 14,770 sqm hypermarket (and 1,400 of offices) let to Auchan with a 15 year lease, had opened ahead of schedule. On completion of phase II, Militari is 99% let to 63 domestic and international tenants with an average lease period of 8.7 years. The fact that Decathlon, C&A and Mladinska have chosen Militari Shopping as the location for their first stores in Romania and that it is New Yorker's (one of Europe's largest fashion businesses) first shop in Bucharest, underlines both the quality of the centre itself and also ongoing willingness of international brands to enter new markets, providing the right product is available. The extension comprises four main parts; a stand alone building leased to Decathlon, an Auchan Hypermarket, a retail strip which includes brands such as Takko, Deichmann, Hervis and well known Romanian fashion retailer, Tina R and a mall gallery, which is home to tenants such as Humanic, Media Galaxy, Toyplex, Adidas, Arsis Vodafone and Kenvelo. Tenant sales and footfall in the opening week exceeded expectations.



Shopping Centre Militari

Total gross lettable area: 51,400 sqm

Opening of an extension: April 2009

Other established markets

Czech Republic

The Czech economy is not immune to the credit crisis and is slowing down, although growth remains well above West European levels. Key contributing factors to the slower growth were falling industrial production as well as the ongoing impact from elevated levels of inflation. As leases in our Czech portfolio are largely denominated in local currency, the recent devaluation of the Czech corona will impact the Group's rental income presented in EUR.

Hungary

Hungary has been hit hard by the financial market turmoil, with the currency and stock market plunging, the bond market seizing up and banks reporting liquidity problems. As a majority of the tenants are paid in hard currency, occupancy cost has increased considerably, resulting in increasing downward pressure on rental levels.

Slovakia

The Slovakian retail market continues to perform reasonably well. Slovakia being a member of the euro zone, currency devaluation is not an issue there. The country has seen an increase in cross border trade of consumers going to countries with weakening currencies.

Net Asset Value

The concept of net asset value is used to describe the value of the assets of a company less the value of its liabilities.

	31 December 2008		31 March 2009	
	TEUR	**EUR per share/ certificate**	**TEUR**	**EUR per share/ certificate**
Equity	2,229,494		2,031,808	
Deferred tax assets	(3,111)		(1,913)	
Deferred tax liabilities	85,338		64,631	
Net assets value	**2,311,721**	**10.66**	**2,094,526**	**9.22**
Number of outstanding certificates	216,899,287		227,199,287	

Net asset value as at 31 March 2009 is based on the unaudited condensed consolidated interim financial statements and includes the market value of the Group's investment properties.

Net asset value as at 31 December 2008 is based on the audited financial statements and includes the market value of the Group's standing investments and land plots with a building permit intended to be used only. The surplus on the Group's development projects and land plots without a building permit intended to be used is not included in the NAV. Under IAS 40 which is effective as at 31 December 2008 companies were required to hold investment properties under development at cost less impairment.

With respect to the paragraph 87 of the Austrian Stock Exchange Act (§ 87 BoerseG) the directors confirm to the best of their knowledge that the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first three months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining nine months of the financial year and of the major related party transactions disclosed.

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 Interim 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 2009 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. 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 2009 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

On 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 14 to the condensed consolidated set of financial statements concerning the acquisition on behalf of the Company of listed certificates representing the Company's shares, the allegations against the Company and former Board members by certain certificate holders and certain bondholders and the ongoing investigations into the activities of the Company.

The ultimate outcome of the matters referred to in note 14 of the condensed consolidated set of financial statements and note 43 of the 31 December 2008 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.

KPMG Channel Islands Limited
Chartered Accountants
5 St Andrew's Place
Charing Cross
St Helier
Jersey
JE4 8WQ

19 May 2009

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.

Consolidated Balance Sheet

Condensed consolidated balance sheet as at 31 March 2009

	Note	31/12/2008 TEUR (Audited)	31/12/2008 TEUR (Audited)	31/3/2009 TEUR (Unaudited)	31/3/2009 TEUR (Unaudited)
Assets					
Non current assets					
Standing investments	3	1,642,799*		1,518,592	
Developments and land	4	846,722*		700,688	
Other non current assets		157,192		130,322	
			2,646,713		2,349,602
Current assets					
Cash and cash equivalents	5	1,250,643		1,054,976	
Other current assets		131,638		125,744	
			1,382,281		1,180,720
Total assets			**4,028,994**		**3,530,322**
Equity			**2,229,494**		**2,031,808**
Liabilities					
Non current liabilities					
Long term borrowings	8	1,498,892		1,252,726	
Other non current liabilities		107,708		85,814	
			1,606,600		1,338,540
Current liabilities					
Short term borrowings	8	10,639		10,169	
Other current liabilities		182,261		149,805	
			192,900		159,974
Total liabilities			**1,799,500**		**1,498,514**
Total equity and liabilities			**4,028,994**		**3,530,322**

* Reclassified for comparative purposes, see note 2.

For the reporting period ended 31/3/2009 see the independent review report on page 11.

The interim management report and the interim financial statements approved and authorised for issue by the Board of Directors on 19 May 2009 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 2009

(Unaudited)

	Note	1/1/2008 – 31/3/2008 TEUR	1/1/2008 – 31/3/2008 TEUR	1/1/2009 – 31/3/2009 TEUR	1/1/2009 – 31/3/2009 TEUR
Gross rental income	9	31,233**		37,101	
Service charge income	9	12,021**		13,904	
Net property expenses		(17,762)		(22,300)	
Net rental income			**25,492**		**28,705**
Net result on disposal of investment properties		76		(36)	
Revaluation of investment properties	3,4	(6,911)		(290,738)	
Other depreciation and amortisation	10	(277)		(9,798)	
Net administrative expenses		(11,757)		(7,437)	
Net operating profit/(loss)			**6,623**		**(279,304)**
Net financial income/(expenses)	11	(1,571)		19,795	
Profit/(loss) before taxation			**5,052**		**(259,509)**
Taxation credit/(charge) for the period		(1,035)		19,628	
Profit/(loss) after taxation for the period			**4,017**		**(239,881)**
Attributable to:					
Equity holders of the parent			3,000		(231,730)
Minority interest			1,017		(8,151)
Basic & diluted earnings per share/certificate in EUR*			0.0142		(1.0356)

* Subordinated Convertible Securities, Initial Warrants and options under the Employee Share Option Plan have an antidilutive effect.

** Reclassified for comparative purposes.

Condensed consolidated statement of comprehensive income for the period ended 31 March 2009

(Unaudited)

	1/1/2008 – 31/3/2008 TEUR	1/1/2008 – 31/3/2008 TEUR	1/1/2009 – 31/3/2009 TEUR	1/1/2009 – 31/3/2009 TEUR
Profit/(loss) for the period	4,017		(239,881)	
Exchange differences arising on translation of overseas operations	(25,603)		(24,071)	
Deferred tax on items taken directly to equity	4,634		873	
Net comprehensive income		**(16,952)**		**(263,079)**
Attributable to:				
Equity holders of the parent		(14,146)		(254,802)
Minority interest		(2,806)		(8,277)

For the reporting period ended 31/3/2009 see the independent review report on page 11.

Condensed consolidated cash flow statement for the period ended 31 March 2009

(Unaudited)

	1/1/2008 – 31/3/2008 TEUR	1/1/2009 – 31/3/2009 TEUR
Cash flows from operating activities	26,400	16,392
Cash flows from investing activities	(110,677)	(73,272)
Cash flows from financing activities	(1,221)	(138,787)
Decrease in cash and cash equivalents	**(85,498)**	**(195,667)**
Cash and cash equivalents at the beginning of the period	1,339,035	1,250,643
Cash and cash equivalents at the end of the period	**1,253,537**	**1,054,976**

For the reporting period ended 31/3/2009 see the independent review report on page 11.

Consolidated statement of changes in equity for the period ended 31 March 2009

(Unaudited)

	Note	Share capital TEUR	Share premium TEUR	Other reserves TEUR	Income account TEUR	Currency translation TEUR	**Total TEUR**	Minority interest TEUR	**Total equity TEUR**
Balance as at 1 January 2008		**1,057,425**	**1,535,224**	**–**	**494,851**	**(54,193)**	**3,033,307**	**37,948**	**3,071,255**
Total comprehensive income		–	–	–	3,000	(17,146)	(14,146)	(2,806)	(16,952)
Minority interest on acquisition		–	–	–	–	–	–	(24,129)	(24,129)
Balance as at 31 March 2008		**1,057,425**	**1,535,224**	**–**	**497,851**	**(71,339)**	**3,019,161**	**11,013**	**3,030,174**
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	6	51,500	20,600	–	–	–	72,100	–	72,100
Cost of issuing shares	6	–	(6,731)	–	–	–	(6,731)	–	(6,731)
Share based payments		–	–	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**

For the reporting period ended 31/3/2009 see the independent review report on page 11.

Notes to the condensed consolidated interim financial statements for the three months to 31 March 2009
(Unaudited)

1. Reporting entity
Atrium European Real Estate Limited (the "Company"), is a company incorporated and domiciled in Jersey. The company changed its registered office and principal place of business in March 2009. The current registered office and principal place of business of the Company is 11–15 Seaton Place, St. Helier, Jersey, Channel Islands.

The Company changed its name from Meinl European Land Limited to Atrium European Real Estate Limited on 1 August 2008.

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 and also has development projects in Bulgaria, Ukraine and Georgia.

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the directors on 19 May 2009.

2. Principal accounting policies
Basis of preparation
The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 Interim Financial Reporting.

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 financial statements of the Group as at and for the year ended 31 December 2008.

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 entitled 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 2008. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2008. Actual results may differ from those estimates.

To conform to the current period presentation certain comparative amounts have been reclassified as of 31 December 2008. As a consequence of revisions to IAS 40, an amount of TEUR 119,741 has been reclassified from standing investments to developments and land as of 31 December 2008.

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 2009:

- IFRS 2, *Share-based payment*. The adoption of IFRS 2 influenced the extent of the disclosures provided in these interim financial statements regarding transactions with employees. The standard was newly applied by the Group as during March 2009 the Company established an Employee Share Option Plan ("ESOP"), under which the Board can grant share options to certain employees.

- IFRS 8, *Operating segment*. The standard determines that the management approach should be used in segment reporting. An operating segment is a component of the Group that meets three conditions as follows: (i) it engages in business activities from which it may earn revenues and incur expenses, (ii) its operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess the performance, and (iii) discrete financial information is available. As the Group has applied the above mentioned criteria to determine the operating segments as reported in the consolidated financial statements for the year ended 31 December 2008, the standard is not considered to have a significant impact on the condensed consolidated interim financial statements.

- IAS 1 (Revised), *Presentation of Financial Statements*. The standard allows the presentation of one statement of comprehensive income (a combined statement of income and of other comprehensive income) or two statements – a statement of income and a separate statement of comprehensive income. The Group has chosen to present a statement of comprehensive income separately after the income statement. Furthermore, the Group presents a statement of changes in equity as a primary statement instead of as a note to the financial statements. The statement includes changes in equity resulting from transactions with shareholders of the parent company (such as issuance of shares capital, share based payments, minority interest). The standard is applied on a retrospective basis.

- IAS 23 (Revised), *Borrowing costs*. The standard requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets to these assets throughout the period required for completion and construction of the assets until they are ready for their intended use. The implementation of the revised IAS 23 had no impact on these financial statements as the Group has always applied the policy to capitalise borrowing costs incurred on qualifying assets.

- IAS 40 (Amendment), *Investment Property*. The amendment is part of the 2008 improvements to IFRS project, pursuant to which investment property under development shall be measured in accordance with IAS 40 and not in accordance with IAS 16.

The amendment was adopted on a prospective basis. The Group measures its investment property according to the fair value model and therefore as from 1 January 2009 measures its developments and land also in accordance with the fair value model. Until 31 December 2008, the investment property under development was measured at cost less impairment losses in accordance with IAS 16 and IAS 36.

The following standards or amendments of existing standards are effective for the period ended 31 March 2009 but are not relevant or have no material effect on the condensed consolidated interim financial statements:

- IAS 7 (Amendment), *Financial instruments: Disclosures.*
- IAS 32 (Amendment), *Financial instruments: Presentation,* and IAS 1 (Amendment), *Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation.*
- IFRIC 15, *Agreements for construction of real estates.*

Investment properties

As a result of revision to IAS 40 effective from 1 January 2009, the Group has changed its accounting policy in relation to investment properties. The investment properties as defined by revised IAS 40 comprise:

- standing investments;
- developments and land.

All investment properties are valued at fair value as at 31 March 2009.

Standing investments

Standing investments comprise properties held to earn rentals and land related to the properties. Developments and land comprise development costs and land except for the land on which standing investments are situated.

The fair value of standing investments as at 31 March 2009 was determined by Cushman & Wakefield.

Each property has been valued individually and not as part of a portfolio. The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and, where relevant, associated costs. A yield which reflects the risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. The yield used for valuation depends on the country and the risk assessment of the asset, for details see table below.

Country	Weighted average yield	
	31 December 2008	31 March 2009
Russia	12.60%	14.12%
Poland	7.99%	8.53%
Czech Republic	8.64%	9.06%
Hungary	8.29%	9.00%
Slovakia	7.80%	8.09%
Latvia	7.98%	8.97%
Romania	8.70%	9.39%
Turkey	10.06%	11.61%

Developments and land

The fair value of the land plots for which a development project exists and a building permit intended to be used has been granted was determined based on the value for which the land could be sold in the market, which was determined by Cushman & Wakefield to be the fair value of the completed project less cost to complete and an appropriate developer's profit ("residual value").

Developments and land plots without a building permit intended to be used, defined as investment properties under development up to 31 December 2008, are stated at fair value from 1 January 2009 according to revised IAS 40. Such fair value has been determined by the Group management. All costs directly associated with the purchase and development of a property, and all subsequent capital expenditure in this respect that qualifies as acquisition costs, are capitalised. The fair value of developments and land were calculated from the expected gross development value, discounted at the pre-tax yield and the present value of the outstanding costs to complete the investment property. The gross development value is defined as the present value of future rents which are expected to be achieved from the standing investment once it is developed. The rental levels were set at the current market levels. The pre-tax yield reflects the current market assessment of the time value of money and the risk specific to the asset. The yield used for this purpose ranged from 8.25% to 21.75% depending on the geographical area and the project type. The yield of 21.75% is applied only to a development in Georgia. Furthermore, an additional risk premium was applied on top of the mentioned rates for discounting during the construction period. This risk premium varies between 1.00% and 3.00% depending on the status of the developments. The fair value for land plots where management currently does not have specific plans for development was estimated as the fair value per square metre.

In the year ended 31 December 2008, and prior periods, developments and land without a building permit intended to be used were stated at cost less impairment according to IAS 16 and IAS 36.

For land plots which are subject to forward purchase agreements, these agreements are used as a basis for the determination of the market value of these land plots. In general, a forward purchase agreement determines the purchase price for a development project based on a pre-defined yield. For the purpose of measurement of the fair value of these land plots, the present value of that part of the future profits of relevant agreements, which arises from the yield compression between the contract date and the balance sheet date, is considered to be the change in the fair value of the land plot since its acquisition.

Any gain or loss arising from a change in fair value is recognised in the income statement under the caption revaluation of investment properties. In the case of entities whose functional currency is the local currency the revaluation gain in the local currency is converted into Euro using the average foreign exchange rate. The remaining foreign exchange difference (being the difference arising from the conversion of the investment properties in the balance sheet at year end rates and the conversion of the revaluation gain using the average rate) is recognised in equity as foreign exchange difference.

As of 31 December 2008, standing investments and land plots with a building permit intended to be used were recorded under the caption investment properties and developments and land plots without a building permit intended to be used were recorded under the caption investment properties under development. In the condensed consolidated interim financial statements as at 31 March 2009 the comparative amounts for land plots with a building permit intended to be used have been classified under developments and land.

Share based payments

The Company operates an Employee Share Option Plan ("ESOP") under which the Group receives services from key employees of the Company selected by the Board as consideration for equity instruments settled in shares/certificates. Cost of transactions is measured at the fair value of options received at the date of grant.

The cost of the ESOP is recognised in the income statement, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting period"). The cumulative expense recognised for equity settled transactions at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement represents the movement in cumulative expense recognised at the beginning and at the end of that reported period.

3. Standing investments

The current portfolio of standing investments of the Group consists of 152 (2008: 153) standing investments of which 25 (2008: 25) properties are in Hungary, 97 (2008: 97) properties are in the Czech Republic, 3 (2008: 3) properties are in Slovakia, 17 (2008: 17) properties are in Poland, 1 (2008: 2) properties are in Romania, 7 (2008: 7) properties are in Russia, 1 (2008: 1) property is in Turkey and 1 (2008: 1) property is in Latvia. Four (2008: 4) of the properties in the Czech Republic are refinanced on the basis of finance lease contracts.

	FY 2008** TEUR	3M 2009 TEUR
Balance as at 1 January	1,534,995	1,642,799
Additions – new properties, technical improvements, extensions	212,021	7,919
Transfer from developments and land	217,627	49,182
Disposals	(2,879)	–
Translation difference	3,351	(947)
Revaluation of standing investments	(322,316)	(180,361)
Balance as at the end of the period	**1,642,799**	**1,518,592**

Movement in number of investment properties

	FY 2008**	3M 2009
Properties as at 1 January	152	153
Transfer from developments and land	5	–
Merger of properties*	–	(1)
Disposals	(4)	–
Balance as at the end of the period	**153**	**152**

* Due to finalised property extension Militari Romania, the properties were connected and merged into one standing investment.
** Reclassified for comparative purposes, see note 2.

4. Developments and land

	FY 2008* TEUR	3M 2009 TEUR
Balance as at 1 January	1,141,281	846,722
Translation difference	(11,080)	(16,849)
Additions – cost of land and construction	244,710	19,863
Transfer to trading properties	(5,612)	–
Transfer to standing investments	(217,627)	(49,182)
Interest capitalised	37,658	10,511
Impairment loss	(230,892)	–
Revaluation of developments and land	(111,716)	(110,377)
Balance as at the end of the period	**846,722**	**700,688**
Transfer to standing investments:		
Land	(114,086)	(17,100)
Construction costs	(103,541)	(32,082)
Total	**(217,627)**	**(49,182)**

Movement in developments and land

	FY 2008*	3M 2009
Properties as at 1 January	48	42
Disposals	(2)	–
Transfer to standing investments	(4)	–
Balance as at the end of the period	**42**	**42**

* Reclassified for comparative purposes, see note 2.

5. Cash and cash equivalents

As of 31 March 2009, the Group held cash in the total amount of TEUR 1,054,976 (2008: TEUR 1,250,643) of which TEUR 963,273 (2008: TEUR 1,116,303) was directly held by the Company, the remaining was held by the Group companies. The Group holds cash of TEUR 58,684 (2008: TEUR 58,792) as backing for guarantees and/or other restricted cash issued by various banks on the Group's behalf.

6. Equity

As at 31 March 2009, the Company's authorised share capital amounted to EUR 5,000,002,500 divided into 1,000,000,000 ordinary shares of EUR 5.00 each and 500 special voting shares of EUR 5.00 each. Of this authorised share capital, a total of 227,199,287 ordinary shares are actually issued and outstanding, of which:

- a total of 216,899,286 ordinary shares, which are represented by outstanding certificates, are registered in the name of Oesterreichische Kontrollbank ("OeKB");
- a total of 10,300,000 ordinary shares are registered in the name of CPI/Gazit Holdings Limited ("CG Holdings"); and
- one ordinary share, which is not represented by a certificate, is registered in the name of CPI/Gazit Holdings Limited.

As at 31 March 2009 a total of 500 special voting shares are issued and outstanding of which:

- 230 are held by CPI Austria Holdings Limited; and
- 270 are held by Gazit Midas Limited

The Company has also issued 30 million warrants (the „Initial Warrants") to CG Holdings as of 1 August 2008 in return for CG Holdings' investment in the Company. In connection with the Equity Fund Raising transaction a total of 25,066,667 of Initial Warrants were delivered by CG Holdings to the Company, see also note 16. These 25,066,667 Initial Warrants were cancelled during the period.

During the first three months of 2009 the Company:

- issued 10,300,000 new ordinary shares to CG Holdings. Citi Property Investors ("CPI") acquired 4,738,000 shares and Gazit-Globe Limited ("Gazit") acquired 5,562,000 shares. The subscription price was paid by the transfer to the Company of the Convertible Securities 2008 in an aggregate principal amount of TEUR 72,100.

The total change in equity due to the Equity Fund Raising transaction, see also note 16, consists of:

- the issuance of 10,300,000 new ordinary shares with a nominal value of EUR 5 per ordinary share to CG Holdings for the transfer of the Convertible Securities 2008 in the principal amount of TEUR 72,100 to the Company, of which the fair value at the date of the transaction was TEUR 72,100. Out of this amount TEUR 51,500 is disclosed as share capital with the remaining balance of TEUR 20,600 disclosed as share premium.

Share premium as of 31 March 2009 amounted to TEUR 1,573,605 (2008: TEUR 1,559,736). The change in share premium during the three month period ended 31 March 2009 was caused by the issuance of new ordinary shares to CG Holdings resulting in share premium of TEUR 20,600 and related costs TEUR 6,731. For more information in respect of the Equity Fund Raising transaction please see note 16.

7. Share based payments

On 6 March 2009, the Company established an Employee Share Option Plan ("ESOP"), under which the Board can grant share options to key employees. The maximum number of options which the Board can grant under the ESOP is 4,500,000. Each option shall be exercised by the issue of a new share/certificate of the Company. The exercise price shall be determined by the Board, and shall not be less than the market value of the share/certificate on the dealing date immediately preceding the date of grant or averaged over the 30 dealing days immediately preceding the date of the grant. If certificates and ordinary shares are both listed at the date of grant, the price of certificates shall be used to determine the exercise price. The ESOP was approved by the shareholders at an extraordinary general meeting held on 6 April 2009.

Movements in the number of share options outstanding and their related average exercise prices are as follows:

2009	Weighted average exercise price of share options EUR	Number of share options
As at 1 January	–	–
Granted	1.81	2,830,000
As at 31 March	**1.81**	**2,830,000**

Share options outstanding as at 31 March 2009 have the following expiry dates and exercise prices:

Expiry date	Weighted average exercise price of share options EUR	Number of share options
2009	1.81	760,000
2010	1.81	943,333
2011	1.81	943,333
2012	1.81	183,334

The weighted average fair value of options granted during the period determined using the Black-Scholes options valuation model was approximately EUR 0.19 per option. The significant inputs into the model were the share/certificate price as at date of grant of EUR 1.25, exercise price shown above, volatility of 55.5%, dividend yield of 0%, an expected option life of five years, and an annual risk-free interest rate of 2.8%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last five years. The volatility and annual risk-free interest rate were received from the third party valuators. The expected forfeiture rate as at 31 March 2009 is 0%.

8. Borrowings

	FY 2008 Net book value TEUR	3M 2009 Net book value TEUR
Bonds	1,400,461	1,154,481
Loans	101,326	99,647
Other	7,744	8,767
Total	**1,509,531**	**1,262,895**

The borrowings are repayable as follows:

	FY 2008 Net book value TEUR	3M 2009 Net book value TEUR
Due within one year	10,639	10,169
In second year	9,784	8,521
In third to fifth year inclusive	714,307	539,205
After five years	774,801	705,000
Total	**1,509,531**	**1,262,895**
Amount due within 12 months (included under current liabilities)	10,639	10,169
Amount due after more than 12 months	1,498,892	1,252,726

During the three month period ended 31 March 2009, the Company:

- repurchased TEUR 79,200 nominal value of the notes issued under the Company's guaranteed medium term note programme 2006 ("2006 Notes") as permitted by the terms of the notes for 75%;
- obtained TEUR 72,100 nominal value of the Convertible Securities in exchange for 10,300,000 new ordinary shares issued to CG Holdings; and
- repurchased approximately TEUR 102,786 nominal value of the 2006 Notes from Gazit. The Notes were acquired by the Company for a cash amount equal to the prices paid for them in the open market (including dealing costs) by Gazit (which in aggregate was TEUR 77,260).

9. Gross rental income and service charge income

At the beginning of 2008, certain lease agreements in Russia were renegotiated with tenants with the aim to allocate a higher proportion of the overall rent as a service charge (rather than being a fixed rent payment). This reclassification resulted in a decrease of rental income and a corresponding increase of service charge income in the Group's annual financial statements. For the three month period ended 31 March 2008 the amount which was reallocated from rental income to service charge income due to the renegotiation was approximately EUR 2.2m.

10. Other depreciation and amortisation

Other depreciation and amortisation of TEUR 9,798 for period ended 31 March 2009 (3M 2008: TEUR 277) comprises goodwill impairment of TEUR 9,444 (3M 2008: TEUR 0) and depreciation of other assets of TEUR 354 (3M 2008: TEUR 277).

11. Net financial income/(expenses)

	3M 2008 TEUR	3M 2009 TEUR
Interest income	13,518	10,203
Interest expense	(8,141)	(19,040)
Foreign currency differences	(6,857)	(5,306)
Net profit from bond buy backs	–	34,085
Other	(91)	(147)
Total	**(1,571)**	**19,795**

12. Operating segments

For the period ended 31 March 2009	Standing investment segment TEUR	Development segment TEUR	Administration segment 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/(charge) for the period	18,996	726	(94)	19,628
Profit/(loss) after taxation for the period	**(164,093)**	**(109,004)**	**33,216**	**(239,881)**
Standing investments	1,518,592	–	–	1,518,592
Developments and land	–	700,688	–	700,688
Segment assets	1,770,693	702,319	1,057,310	3,530,322
Segment liabilities	722,701	344,299	431,514	1,498,514

For the period ended 31 March 2008	Standing investment segment TEUR	Development segment TEUR	Administration segment TEUR	Total TEUR
Gross rental income	31,233	–	–	31,233
Service charge income	12,021	–	–	12,021
Net property expenses	(17,017)	(745)	–	(17,762)
Net rental income	**26,237**	**(745)**	**–**	**25,492**
Net result on disposal of investment properties	76	–	–	76
Revaluation of investment properties	(4,662)	(2,249)	–	(6,911)
Other depreciation and amortisation	(169)	(12)	(96)	(277)
Net administrative expenses	428	(697)	(11,488)	(11,757)
Net operating profit/(loss)	**21,910**	**(3,703)**	**(11,584)**	**6,623**
Net financial income/(expenses)	(7,427)	(4,827)	10,683	(1,571)
Profit/(loss) before taxation	**14,483**	**(8,530)**	**(901)**	**5,052**
Taxation credit/(charge) for the period	(1,319)	642	(358)	(1,035)
Profit/(loss) after taxation for the period	**13,164**	**(7,888)**	**(1,259)**	**4,017**
Standing investments*	1,559,932	–	–	1,559,932
Developments and land*	–	1,216,430	–	1,216,430
Segment assets	1,735,444	1,337,877	1,261,302	4,334,623
Segment liabilities	456,671	319,734	528,044	1,304,449

* Reclassified for comparative purposes, see note 2.

13. Transactions with related parties

To the best of management's knowledge, during the three month period ended 31 March 2009, no single certificate holder of the Company held more than 5% of the listed certificates, except for Gazit Inc. and Gazit-Globe Limited ("Gazit") that held approximately 11.5% of the Company's certificates in issue. Citi Property Investors ("CPI") own 5,422,184 shares/certificates in issue which represent approximately 2.4%.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Except as described in note 7 and in the following paragraphs the directors and employees have not entered into any transactions with the Company, do not own shares or certificates of the Company and have not invested in any debt issued by the Group.

a. Chaim Katzman, Director and Chairman of the Board, holds through a family member 150,000 certificates in the Company as of 31 March 2009. However, Mr. Katzman through his holdings of Gazit Inc. and Gazit-Globe Limited ("Gazit"), indirectly holds 10,356,640 certificates which represent approximately 4.6% of certificates of the Company. If the Subordinated Convertible Securities were converted into certificates, Mr. Katzman would indirectly hold an additional 10,019,888 certificates of the Company. If the Initial Warrants were exercised, Mr. Katzman would indirectly hold an additional 1,039,689 certificates. Thus, if the Subordinated Convertible Securities and the Initial Warrants were exercised and/or converted into certificates, Mr. Katzman would, together with indirect investment in certificates, hold indirectly 21,416,217 certificates.

b. Dipak Rastogi, Director, holds an indirect investment in Initial Warrants and Subordinated Convertible Securities and 28,912 shares of the Company through Citigroup's programme which is assigned to his family trust as at 31 March 2009. If the Subordinated Convertible Securities were converted into certificates, Mr. Rastogi's family trust would indirectly hold an additional 129,629 certificates. If the Initial Warrants were exercised, Mr. Rastogi's family trust would indirectly hold an additional 13,453 certificates. Thus, if the Subordinated Convertible Securities and the Initial Warrants were exercised and/or converted into certificates, Mr. Rastogi's family trust would, together with indirect investment in shares, hold indirectly 171,994 certificates and shares.

c. Shanti Sen, Director, holds an indirect investment in Initial Warrants and Subordinated Convertible Securities and 1,613 shares of the Company through Citigroup's programme as at 31 March 2009. If the Subordinated Convertible Securities were converted into certificates, Ms. Sen would indirectly hold an additional 6,505 certificates. If the Initial Warrants were exercised, Ms. Sen would indirectly hold an additional 675 certificates. Thus, if the Subordinated Convertible Securities and the Initial Warrants were exercised and/or converted into certificates, Ms. Sen would, together with indirect investment in shares, hold indirectly 8,793 certificates and shares.

As at 31 March 2009, some of the board members of the Company also have certain functions in CPI/Gazit Holdings Limited ("CG Holdings").

During the three month period ended 31 March 2009, the Company completed the Equity Fund Raising transaction with CG Holdings, see also note 16, the significant elements of which were:

- the Company repurchasing approximately TEUR 102,786 nominal value of the 2006 Notes from Gazit. The Notes were acquired by the Company for a cash amount equal to the prices paid for them in the open market (including dealing costs) by Gazit (which in aggregate was TEUR 77,260).

- the Company obtaining TEUR 72,100 nominal value of the Convertible Securities 2008 in exchange for 10,300,000 new ordinary shares issued to CG Holdings.

- delivery of 25,066,667 of Initial Warrants by CG Holdings to the Company for nil consideration.

As a result of the transaction CG Holdings holds TEUR 427,900 Subordinated Convertible Securities as well as 4,933,333 million Initial Warrants which are both currently convertible and exercisable. If conversion of the Subordinated Convertible Securities and execution of the Initial Warrants took place, CG Holding would receive 52,477,777 certificates.

After the resignation of Bedell Cristin Secretaries Limited as Administrator and Registrar of the Company on 29 February 2008, the Company appointed Aztec Financial Services (Jersey) Limited as its new Company Secretary and Administrator. The Company did not conclude any contract with Aztec Financial Services (Jersey) Limited except for the contract for services connected with serving as the Company Secretary and Administrator and director contracts with Simon Malcolm Radford. The fees for the above mentioned services amounted to TEUR 84 for the three month period ended 31 March 2009.

14. Contingencies

There were no significant changes in the contingencies of the Group to those reported in note 43 of the Annual Report 2008, except for those mentioned below.

- based on the official statement dated 31 March 2009 the Austrian Takeover Commission ("ATC") confirmed that as of the date of the official statement the Austrian Takeover Code is not applicable to the Company and it has no jurisdiction over the Company.
- a Notice of Dispute in relation to an alleged breach of the Master Transaction Agreements was withdrawn.
- the Company is involved, directly and indirectly under an indemnity granted to a third party, in certain claims submitted by certificate holders alleging losses deriving from price fluctuations. These claims are not for material amounts.

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 such 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 is not predictable with assurance. Significant judgement 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.

15. Financial risk management

During the three months to 31 March 2009, 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 2008.

16. Events during the period

On 14 January 2009, the Company announced the proposed terms of a new equity fund raising ("Equity Fund Raising") which replaced the proposed EUR 300m rights issue, described in note 44 in the Annual Report 2008 and related arrangements with CPI and Gazit (together, the "CG Holdings") that was subsequently closed on 30 January 2009. This Equity Fund Raising raised TEUR 65,369 of new equity (including costs connected with the transaction) which, together with the related arrangements, reduces the Company's aggregate indebtedness by approximately EUR 175m in principal amount and reduces the amount of outstanding warrants to subscribe for the Company's shares from 30 million to approximately 5 million. The Company issued 10,300,000 new ordinary shares to the CG Holdings in aggregate. CPI acquired 4,738,000 shares and Gazit acquired 5,562,000 shares. The subscription price was paid by the transfer to the Company of Subordinated Convertible Securities in an aggregate principal amount of EUR 72.1m. The voting rights attached to the Company's special voting shares have been reduced proportionately to reflect the reduction in the outstanding aggregate principal amount of the Convertible Securities 2008 held by the CG Holdings to EUR 427.9m. In addition, the CG Holdings delivered 25,066,667 existing Initial Warrants to subscribe for ordinary shares for nil consideration (out of a total of 30 million Initial Warrants issued to the CG Holdings on 1 August 2008) to the Company. These 25,066,667 Initial Warrants have been cancelled. The Company has also acquired from Gazit approximately EUR 103m in nominal value of the Company's 2006 Notes. The 2006 Notes were acquired by the Company for a cash amount equal to the aggregate of the prices paid for them in the open market (including dealing costs) by Gazit (which in aggregate was EUR 77.26m).

17. Post balance sheet events
An extraordinary general meeting held on 6 April 2009 authorised the Company to amend its Articles of Association to enter into an Employee Share Option Plan and to create a framework to dispense with the special voting shares issued in August 2008 ("Purchase and Option Agreement").

Pursuant to the Purchase and Option Agreement approved by the shareholders of the Company in the extraordinary general meeting held on 6 April 2009, the Company has bought back 515 Special Voting Shares at their nominal consideration, being for an aggregate consideration of EUR 150.44. Following this acquisition and cancellation, the total outstanding voting rights attached to the remaining issued special voting shares are 44,683,333.

In April 2009, the Group has successfully opened two extensions of the existing shopping centres, in particular Militari shopping centre in Bucharest, Romania and Togliatti Park House shopping centre in Russia.

Also subsequent to 31 March 2009, the Company repurchased an additional EUR 60m nominal value of the Convertible Securities 2008 for 97.25% which were on 1 August 2008 granted to Meinl Bank and approximately an additional EUR 13.3m nominal value of 2006 Notes.

The Company will seek a listing for its ordinary shares on the Euronext Amsterdam in 2009.

The current turbulence in the world markets, especially in the real estate market, as well as a limited amount of publicly up to date available data and research relating to the real estate markets in the countries in which the Group invests, could lead to significant changes of 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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