

Leader in Shopping Centres in Central and Eastern Europe



Interim Financial Report
30 September 2014

Our Vision & Strategy

Atrium's vision is to become the leading owner, operator and developer of food anchored shopping centres in Central & Eastern Europe and for the Atrium brand to become a hallmark of high quality retail for consumers and retailers alike.

Our portfolio will be predominantly focused on income generating shopping centres in the most mature and stable CEE countries, producing solid long term cash flows. Organic growth is to be provided by pro-active hands-on asset management, ensuring we uphold our "retail is detail" approach. Further growth is to be achieved through the acquisition of high quality assets in our region and through a selected number of development, redevelopment and extension projects. Our balance sheet will be efficient and conservatively managed with modest leverage.

Our Profile

Atrium owns a €2.5 billion portfolio of 151 primarily food anchored retail properties and shopping centres which produced €160.2 million rental income during the reporting period. With one exception, these properties, which are located predominantly in Poland, the Czech Republic, Slovakia and Russia, are managed by Atrium's internal team of retail real estate professionals. In addition, Atrium owns a €404.1 million development and land portfolio that offers the potential to create value through development.

Atrium is based in Jersey, Channel Islands, and has a dual listing on the Vienna and NYSE Euronext Amsterdam Stock Exchanges under the ticker ATRS.

Our Objectives for 2014

- Continue to drive the financial and operational performance of our assets while constantly striving to improve our offer for retailers and consumers;
- Maintain our pursuit of appropriate investment opportunities in our core markets of Poland, the Czech Republic and Slovakia;
- Further improve the capital structure and efficiency of the Group's balance sheet;
- Continue to establish the Atrium brand and strengthen our relationships with key clients while seeking to work with new retailers as they expand into and across the region.

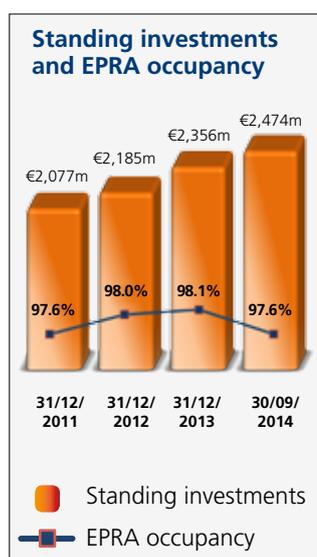


Key Performance Indicators

Income statement	Unit	9M 2014	9M 2013	Change %	FY 2013
Gross rental income	€ '000	160,192	151,403	5.8%	203,455
EPRA like-for-like gross rental income	€ '000	142,921	142,879	0.0%	196,794
Net rental income	€ '000	153,409	143,018	7.3%	190,833
EPRA like-for-like net rental income	€ '000	136,619	136,264	0.3%	185,282
Operating margin	%	95.8	94.5	1.3%	93.8
EBITDA excluding revaluation, disposals and impairments	€ '000	132,242	121,075	9.2%	160,401
Company adjusted EPRA Earnings	€ '000	105,413	95,907	9.9%	125,427
Revaluation of standing investments	€ '000	(4,046)	13,947		14,712
Revaluation of developments and land	€ '000	(37,481)	(4,670)		(35,998)
Profit before taxation	€ '000	63,097	96,304	(34.5%)	90,600
Profit after taxation	€ '000	58,526	84,381	(30.6%)	75,878
Net cash generated from operating activities	€ '000	104,154	103,582	0.6%	140,598
IFRS Earnings per share	€ cents	15.6	22.5	(30.7%)	20.3
Company adjusted EPRA Earnings per share	€ cents	28.1	25.6	9.8%	33.5

Balance sheet	Unit	30/9/2014	31/12/2013	Change %
Standing investments at fair value	€ '000	2,473,694	2,356,164	5.0%
Developments and land at fair value ¹	€ '000	404,127	583,637	(30.8%)
Cash and cash equivalents	€ '000	260,274	305,577	(14.8%)
Equity	€ '000	2,251,965	2,267,289	(0.7%)
Borrowings	€ '000	721,680	803,555	(10.2%)
LTV (gross)	%	25.1	27.3	(2.2%)
LTV (net)	%	16.0	16.9	(0.9%)
IFRS NAV per share	€	6.00	6.05	(0.8%)
EPRA NAV per share	€	6.42	6.43	(0.2%)

¹ Excluding €5,144 thousands classified as assets held for sale as at 30 September 2014



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Statement Regarding Forward Looking Information

This Interim Financial 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 Financial Report and include statements regarding the intentions, beliefs or current expectations of Atrium European Real Estate Limited (“Atrium” or “the Company”) and its subsidiaries (together with Atrium, 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 Financial Report is up to date only as of the date of this Interim Financial Report. The business, financial conditions, results of operations and prospects of Atrium or the Group may change. Unless required by law, Atrium and the Group do not undertake any obligation to update any forward looking statements, even though the situation of Atrium or the Group may change in the future.

All of the information presented in this Interim Financial Report, and particularly the forward looking statements, are qualified by these cautionary statements.

You should read this Interim Financial Report and the documents available for inspection completely and with the understanding that the future results actually achieved by Atrium or the Group may differ materially from those expected by Atrium or the Group.



Group Management Report

Group Management Report

Business Review

Operational and financial performance

The third quarter results build on the operational progress achieved in the first half of the year, reflecting growth in both gross and net rental income during the period, which were up 5.8% to €160.2 million and 7.3% to €153.4 million, respectively. As evidenced in prior quarters, these figures benefited from the performance of our portfolios in the key markets of Poland and Russia; the growth was predominantly driven by the contribution of Galeria Dominikańska acquired in August 2013, the opening of the Atrium Felicity shopping centre in March 2014 and a continuation of the strong performance in Russia. On a like-for-like basis, gross rental income for the period remained stable at €142.9 million while net rental income reflected a marginal increase of 0.3% and amounted to €136.6 million. Our operating margin for the first nine months of 2014 was 95.8%, consistent with the prior quarter and remaining above our full year target.

At an operating level, the Group recorded another strong performance with EBITDA, excluding the revaluation result and the impact of disposals and impairments, increasing by 9.2% to €132.2 million compared to €121.1 million in the first nine months of last year. Net cash generated from operating activities increased by 0.6% to €104.2 million, compared to €103.6 million for the first nine months of 2013. This was mainly as a result of the €10.4 million increase in NRI, partially offset by higher interest payments of €9.9 million.

Company adjusted EPRA earnings per share, which excludes the impact of non-recurring and non-cash items such as revaluations, foreign exchange differences and impairments, increased by 9.8% to 28.1 €cents, from 25.6 €cents in the first nine months of 2013. Conversely, profit before tax was impacted by a €41.5 million devaluation compared to a €9.3 million revaluation in the first nine months of 2013. The devaluation impact was partially offset by a gain of €7.6 million from foreign exchange differences compared to a €0.4 million loss in the first nine months of 2013, and the benefit of the €10.4 million growth in NRI. Together, these were the main items contributing to a profit before tax of €63.1 million, compared to €96.3 million in the first nine months of 2013. As a result, IFRS earnings per share were 15.6 €cents compared to 22.5 €cents in the first nine months of 2013.

Following the completion of a significant development project-Atrium Felicity, the value of the Group's standing investments grew by 5.0%, to €2.5 billion compared to 31 December 2013. Atrium Felicity shopping centre in Lublin, Poland, was opened in March 2014 and transferred from developments and land. Together with the developments and land portfolio of €404.1 million, our total real estate portfolio was valued at €2.9 billion as at 30 September 2014. At the same time, EPRA NAV per share remained relatively consistent at €6.42 compared to €6.43 as at 31 December 2013.

The balance sheet remains conservatively positioned, with a gross and net LTV of 25.1% and 16.0% respectively as at 30 September 2014.

Events during and after the period

Standing investments

Atrium Felicity shopping centre in Lublin, Poland, with 75,000 sqm GLA, was opened in March 2014. The centre is almost fully occupied; and is anchored by a 20,000 sqm hyper-market which was presold and handed over to Auchan in October 2013, a 12,600 sqm Leroy Merlin DIY store and a 3,500 sqm Saturn electronics store, amongst others.

In October 2014, Atrium announced that it had agreed to acquire Focus Mall in Bydgoszcz, Poland from Aviva Investors for €122 million. The acquisition is expected to complete in the fourth quarter of 2014.

In November 2014, the Group completed the acquisition of AFI Palác shopping centre in Pardubice, the Czech Republic for an agreed asset value €83.1 million.

Financing Transactions

During the period, Atrium has repurchased bonds issued in 2005 and due in 2015, with a nominal value of €39.4 million.

In June 2014, the Group completed early repayments of two bank loans in Slovakia, amounting to €41.0 million.

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The mortgages created in favour of the bank with a fair value of €138.3 million as at 30 September 2014 were deregistered in October 2014.

In October 2014, Atrium successfully completed its second corporate debt issuance when it raised €350 million through the placing of an unsecured eight year bond bearing a 3.625% fixed coupon and maturing in October 2022. This further strengthened the Group's balance sheet and put Atrium in a strong position to take advantage of opportunities to grow its portfolio. Both Standard & Poor's and Fitch have assigned a BBB- investment grade credit rating to the bond, in line with Atrium's corporate rating, which was reaffirmed with a stable outlook during the same month.

A further notable event in October 2014 was the fact that Atrium obtained two revolving credit facilities, for a period of five years each, amounting to a total of €50 million.

Development and Land

In April 2014, we completed the sale of a wholly owned subsidiary which owned a land plot in Istanbul, Turkey, for a consideration of €47 million. The net loss resulting from the transaction amounted to €0.9 million.

The sale of a second wholly owned subsidiary which owned a land plot in Sofia, Bulgaria, was completed in May 2014, for a consideration of €12.1 million. The net loss resulting from the transaction amounted to €1.4 million.

In July 2014, the Group sold a third wholly owned subsidiary which owned a land plot in Tbilisi, Georgia, for a consideration of €6.3 million. The net loss was €0.2 million.

Together with the completion of Atrium Felicity, these transactions brought the Group in line with its stated strategy of maintaining a development portfolio which is at, or below, 15% of the total real estate portfolio. Further progress in this regard was achieved in October 2014 when the Group completed the sale, for a consideration of €6.0 million, of another wholly owned subsidiary which owned a land plot in Adana, Turkey. This subsidiary is presented as held for sale as at 30 September 2014.

Group executive management team changes

In July 2014, Atrium announced that the Group Chief Executive Officer, Rachel Lavine, will assume the role of Executive Vice Chairman of the Board of Atrium as from 30 November 2014 and will remain a director of Atrium. At that time, Josip Kardun, Atrium Group's current Chief Operating

Officer and Deputy Chief Executive Officer, will become Group Chief Executive Officer.

Mr Kardun joined Atrium's Group Executive Management team in February 2014 from European retail property specialists ECE Projektmanagement GmbH & Co KG ("ECE"), where he had worked for seven years in a number of senior positions, most recently as its Chief Investment Officer and Head of Mergers & Acquisitions and Transaction Management Group.

In September, Atrium announced that from 1 October 2014 the position of Group Chief Operating Officer, previously held by Josip Kardun, will be assumed by Rudiger Dany.

Mr. Dany also joins Atrium from ECE (after 11 years with the company). Between September 2013 and October 2014, he held the position of Chief Executive Officer of the European retail property management company Auxideico Gestión, S.A.U., a member of the ECE group, which manages 16 shopping centres in Spain owned by international investors.

Dividend

In November 2013, the Board of Directors approved a 14% increase in the annual dividend for 2014, to at least €0.24 per share (subject to any legal and regulatory requirements and restrictions of commercial viability), to be paid as capital repayments in quarterly instalments of €0.06 per share, commencing at the end of March 2014. Accordingly, on 31 March 2014, 30 June 2014 and 30 September 2014 respectively, Atrium paid the first, second and third dividend payments of €0.06 (2013: €0.05) per ordinary share, which amounted to a total of €67.5 million for the first nine months of 2014 (9M 2013: €56.1 million).

In line with our approach of sharing the Group's success with its shareholders, while maintaining a prudent ratio of dividend to recurring income, the Board has approved an increase in the annual dividend payment for 2015 to at least €0.27 per share, which will be paid in quarterly instalments commencing at the end of March 2015 (subject to any legal and regulatory requirements and restrictions of commercial viability). This increase will imply a 14.5% annual compounded growth rate starting from the first introduction of the annual dividend to the company five years ago.

Our markets

Overall Atrium's markets are expected to continue to perform relatively well this year, with consumer spending still anticipated to grow in the long term. During the third quarter,



however, the pace of economic growth in CEE softened compared to the first half of the year. The slowdown is mostly due to the overall deceleration of recovery in the Eurozone, the main trading partner of most countries in CEE, including Atrium's core markets, and partly due to the situation in Ukraine. Russia's case is a distinct one, and the economy has been affected by the aftermath of the geopolitical tensions, including substantial capital outflows, a weakened currency and high inflation.

The IMF published their World Economic Outlook in October, whereby the institution lowered its 2014 and 2015 GDP growth forecasts for the Eurozone (from 1.1% to 0.8% in 2014 and from 1.5% to 1.3% in 2015) but largely maintained its forecasts for CEE (at 2.7% in 2014 versus 2.8% previously and unchanged at 2.9% for 2015). In particular, the IMF upgraded its 2014 forecasts for Poland (to 3.2% from 3.1%), the Czech Republic (to 2.5% from 1.9%), Slovakia (to 2.4% from 2.3%), Hungary (to 2.8% from 2.0%), and Romania (to 2.4% from 2.2%). At the same time, the expected growth rate for Russia was maintained at 0.2% in 2014 and revised to 0.5% from 1.0% in 2015.

Across CEE, the retail sales landscape has reflected the wider downturn during the third quarter compared to the strong performance recorded in spring. However, with very few exceptions, the growth of retail sales in Atrium's markets has been positive during the period. This is the case in Russia as well, despite the downtrend noticeable since May. Over the next few months, consumer spending is anticipated to continue performing in a relatively similar way.

With respect to the real estate market, CBRE notes² that an abundance of equity and increasing debt availability are helping the recovery within CEE. Based on preliminary data, the investment in the region during the first nine months of the year seems to have increased by 11% year over year to €4.3 billion excluding Russia, fuelled by strong volumes in Poland. In line with a previously observed trend, the majority of transactions completed in the period involved offices, which accounted for almost 60% of the deals, by contrast to retail, which accounted for less than a quarter of activity. As expected, volumes in Russia have declined (-45% year over year), but nonetheless the absolute figure remains high (€2.1 billion). CBRE indicates that, while the Polish real estate market continues to attract strong investor interest, the limited availability of assets in the prime segment makes the

Czech Republic, Romania and Hungary increasingly appealing as potential alternatives.

Outlook

The rising geopolitical tensions and their possible implications have been highlighted by the IMF as some of the greatest risks to the outlook for the world economy. Another substantial concern is the slow pace of recovery in the Eurozone, which would also put pressure on the recovery in the open CEE economies, especially those with very close ties to Germany. Given that the impact of the situation in Ukraine can still not be entirely quantified at the moment, and its outcome remains highly unpredictable, Atrium will continue to monitor the situation closely. More generally, however, Atrium remains confident that its markets will continue to grow this year and the next, although the rate seems to have slowed in the second half of the year.

² In their CEE property investment market view Q3 2014

Group Management Report

Operating Activities

Atrium's 151 standing investment properties produced the following results in terms of gross, net and EPRA like-for-like rental income during the reporting period:

Country	Gross rental income			Net rental income		
	9M 2014 €'000	9M 2013 €'000	Change %	9M 2014 €'000	9M 2013 €'000	Change %
Poland	67,204	57,727	16.4%	68,346	58,490	16.9%
Czech Republic	26,101	28,437	(8.2%)	23,730	25,638	(7.4%)
Slovakia	8,292	8,444	(1.8%)	8,258	8,236	0.3%
Russia	47,124	44,260	6.5%	42,819	40,207	6.5%
Hungary	5,654	5,892	(4.0%)	5,122	4,977	2.9%
Romania	4,680	5,599	(16.4%)	4,441	5,054	(12.1%)
Latvia	1,137	1,044	8.9%	693	416	66.6%
Total	160,192	151,403	5.8%	153,409	143,018	7.3%

Country	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
	9M 2014 €'000	9M 2013 €'000*	Change %	9M 2014 €'000	9M 2013 €'000*	Change %
Poland	50,732	52,337	(3.1%)	52,304	52,553	(0.5%)
Czech Republic	25,674	26,146	(1.8%)	23,338	23,773	(1.8%)
Slovakia	8,292	8,444	(1.8%)	8,258	8,236	0.3%
Russia	46,752	43,534	7.4%	42,461	41,261	2.9%
Hungary	5,654	5,775	(2.1%)	5,124	4,964	3.2%
Romania	4,680	5,599	(16.4%)	4,441	5,061	(12.3%)
Latvia	1,137	1,044	8.9%	693	416	66.6%
Like-for-like rental income	142,921	142,879	0.0%	136,619	136,264	0.3%
Remaining rental income	17,271	6,823		16,790	7,067	
Total rental income	160,192	149,702	7.0%	153,409	143,331	7.0%

* In accordance with EPRA guidance, to enhance comparability of GRI/NRI, prior period values for like-for-like properties have been recalculated using the 2014 exchange rates.

GRI for the first nine months of 2014 grew to €160.2 million, a 5.8% increase compared to the same period last year. The 16.4% uplift in Poland primarily reflects the contribution from Galeria Dominikańska and the opening of the new Atrium Felicity shopping centre in Lublin. In Russia, the 6.5% increase in GRI was derived from rental indexation, higher base rents and the benefit of additional rental income from GLA purchased in Park House Togliatti in October 2013. In the Czech Republic, the decrease was the result of foreign denominated rental contracts impacted by the weakening of the Czech Krona, asset disposals during 2013 and changes in the tenant mix during the period, offset by rental indexation. The decline in Hungary was primarily due to an asset disposal. GRI in Slovakia declined mainly as a result of tenant changes during the period compared to the prior period, offset by rental indexation.

The growth in GRI flowed through to NRI, which increased by 7.3% to €153.4 million. The main reason behind the increase in NRI in Hungary was the collection of a receivable which had previously been provided for. In Romania, NRI compared favourably with GRI due to improved collection of receivables. On a like-for-like basis, GRI remained constant at €142.9 million while NRI reflected a slight increase of 0.3% to €136.6 million. This stability was predominantly driven by the strong like-for-like performance in Russia which delivered GRI growth of 7.4% and NRI growth of 2.9%. The main reason that the gross like-for-like figures in Russia outperformed the net is because of an increase in the provision for doubtful debtors. The decrease in like-for-like figures in Poland was primarily due to a struggling DIY tenant as well as the restructuring of a shopping centre that was still part of the like-for-like assets in the first nine months of 2014. The struggling tenant



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has recently been replaced, in the majority of locations, by a stronger tenant who has signed a long term contract, albeit at a lower base rent. However, the impact of this on Poland's like-for-like NRI was mitigated as a result of an improvement in the collection of receivables. Romania also reflected a decrease in the like-for-like figures for similar reasons; a struggling DIY tenant, subsequently stabilised through a change of its ownership and agreed lower base rent, and the successful restructuring of the shopping centre in order to strengthen it through an improved tenant mix. In Slovakia, Hungary and the Czech Republic the like-for-like figures followed the same trend as GRI and NRI.

The operating margin increased by 1.3 % to 95.8%, remaining ahead of our expectations for the full year. As at 30 September 2014, occupancy measured under the EPRA guidelines, had decreased slightly to 97.6% (31 December 2013: 98.1%).

EBITDA, excluding the valuation result and the impact of disposals and impairments, increased by 9.2% to €132.2 million compared with the first nine months of last year. This strong result was primarily due to a €10.4 million increase in NRI together with a €0.7 million decrease in administrative expenses. Company adjusted EPRA earnings increased by 9.9% to €105.4 million compared to €95.9 million in the first nine months of 2013, corresponding with the higher EBITDA.

The country diversification of the Group's income producing portfolio is presented below:

Standing investments	No. of properties	Gross lettable area sqm	Portfolio %	Market value €'000	Portfolio %	Revaluation €'000
Poland	23	476,100	36.6%	1,318,952	53.3%	(5,939)
Czech Republic	93	345,800	26.5%	405,926	16.4%	(2,531)
Slovakia	3	65,500	5.0%	147,621	6.0%	(780)
Russia	7	241,000	18.5%	451,595	18.3%	5,687
Hungary	23	100,900	7.7%	70,270	2.8%	(966)
Romania	1	54,100	4.1%	67,920	2.7%	582
Latvia	1	20,400	1.6%	11,410	0.5%	(99)
Total standing investments	151	1,303,800	100.0%	2,473,694	100%	(4,046)

The yield diversification of the Group's income producing portfolio and EPRA occupancy are presented below:

Standing investments	Net equivalent yield* (weighted average) %	EPRA Net initial yield (NIY) ** %	EPRA Occupancy %
Poland	6.7%	6.7%	97.2%
Czech Republic	7.9%	7.6%	97.1%
Slovakia	7.6%	7.3%	98.8%
Russia	12.3%	12.4%	97.9%
Hungary	9.8%	9.0%	97.4%
Romania	9.1%	8.5%	100.0%
Latvia	10.2%	5.9%	93.3%
Average	8.1%	8.0%	97.6%

* The net equivalent yield takes into account the current and potential net rental income, occupancy and the expiry of leases.

** The EPRA net initial yield (NIY) is calculated as the annualised net rental income of the portfolio divided by its market value.

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The net equivalent yield and EPRA net initial yield decreased slightly to 8.1% and 8.0% respectively (31 December 2013: 8.2% and 8.1%). The alternative EPRA “topped up” NIY for the first nine months of 2014 was 8.1% (31 December 2013: 8.2%).

The market value of the Group’s 151 standing investments increased from €2,356 million at year end 2013, to €2,474 million as at 30 September 2014.

On 20 March 2014, we opened the Atrium Felicity shopping centre in Lublin, Poland, our first major greenfield development. The centre offers 75,000 sqm of retail GLA and is currently almost fully occupied. Atrium Felicity is the largest and most modern shopping centre in Lublin, with a prominent location and a catchment area of around 470,000 people. It is anchored by a 20,000 sqm hyper-market, which was presold and handed over to Auchan in October 2013, a 12,600 sqm Leroy Merlin DIY store and a 3,500 sqm Saturn electronics store, amongst others.

In October 2014, Atrium announced that it had agreed terms to acquire Focus Mall in Bydgoszcz, Poland from Aviva Investors for €122 million. The acquisition is expected to complete in the fourth quarter of 2014.

The acquisition is in line with Atrium’s strategy to become the dominant player in its core markets through the purchase of strong income producing shopping centres which complement the Group’s existing portfolio. Focus Mall is the dominant shopping centre in Bydgoszcz and comprises 41,000 sqm of retail GLA across two storeys, 96.1% of which is currently let to a number of anchor tenants including an Alma supermarket, covering approx. 2,800 sqm, a Saturn electronics store and a Cinema City, as well as a large number of other high profile international and domestic retail fashion brands including C&A, H&M, Reserved, Cropp, House, Bershka, Pull & Bear and New Yorker. In addition, the centre includes approximately 850 parking spaces.

In November 2014, the Group completed the acquisition of AFI Palác Pardubice for an agreed asset value of €83.1 million. The centre, which comprises 20,900 sqm of rentable area, is located in the heart of Pardubice in the Czech Republic and is currently 96.4% occupied. It is anchored by major retailers including H&M, Deichmann, Intersport, New Yorker and Lindex. The property, which also includes parking for 542 cars, has regional catchment as it is the only modern centre in the Pardubice region.

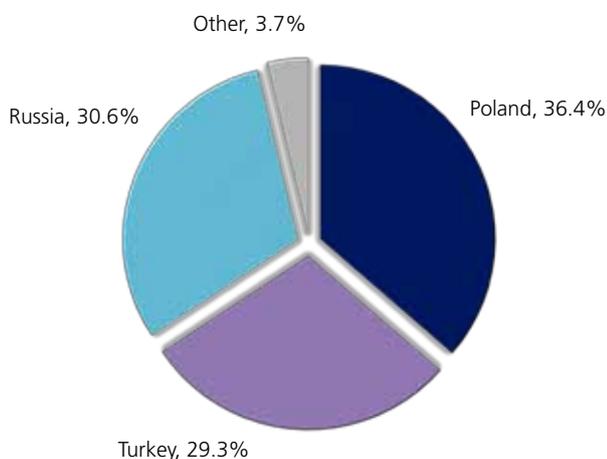


Development Activities

As at 30 September 2014, Atrium's development and land portfolio was valued at €404.1 million. Over 95% of the portfolio by value, and over 85% by size, is concentrated in Poland, Russia and Turkey.

The country diversification of the Group's development portfolio is presented below:

Developments and Land by Market value as at 30 September 2014



As mentioned above, we completed the development of Atrium Felicity shopping centre in Lublin, Poland, in March 2014, at which point the total market value of Atrium Felicity was transferred to the income producing portfolio.

We currently have two active development projects - the redevelopment of our Atrium Copernicus centre in Torun, Poland, and stage one of the redevelopment of our Atrium Promenada centre in Warsaw, Poland.

In July 2013, we signed agreements with the general contractor for the second phase of the Copernicus project, with construction works commencing in August 2013. Together with the first phase multi-level car park expansion, the total extension will add an additional 17,300 sqm of GLA and a further 640 parking spaces to the centre. The additional parking spaces and new international and domestic brand names, along with the planned modernisation of part of the existing centre, are expected to further enhance the attractiveness and value of this already successful regional centre.

The extension is scheduled to open in early 2015 in conjunction with the rebranding of the 11,000 sqm Auchan Hypermarket. The incremental costs to completion of the extension as of 30 September 2014 are approximately €16.4 million.

In September 2014, we commenced works on stage one of the redevelopment project of our Atrium Promenada centre in Warsaw, Poland. The overall project entails a major extension of 44,000 sqm and a remodelling of the existing shopping centre.

Stage one of the redevelopment, estimated at €44.0 million, consists of two extensions, totalling 7,100 sqm of additional GLA, the remodelling of a section of the existing centre and the purchase of an adjacent land plot, to be used for the future stages of the extension. The total net incremental costs to complete stage one of the redevelopment project are approximately €39.0 million.

Additionally, the Board has issued preliminary approval for the assessments and advanced feasibility studies to be continued in respect of three other projects. These assessments and feasibility studies are required before the Board can give its final approval. The three identified priority projects are all extensions to existing income producing assets.

Indicatively, in the event that all the projects under assessment review progress to full development, we estimate a total incremental development spend of approximately €80 million over the next three to five years.

Disposals

In April 2014, the Group completed the sale of a wholly owned subsidiary which owned a land plot in Istanbul, Turkey, for a consideration of €47 million. In May 2014, we sold an additional land plot, in Sofia, Bulgaria, for €12.1 million and in July our land plot in Tbilisi, Georgia was sold for €6.3 million.

In October 2014, the Group completed another sale of a wholly owned subsidiary which owned a land plot in Adana, Turkey, for a consideration of €6.0 million.

Group Management Report

EPRA Results

EPRA Earnings

EPRA Earnings are calculated in accordance with the latest Best Practice Recommendations of the European Public Real Estate Association ("EPRA").

	9M 2014	9M 2013
	€'000	€'000
Earnings attributable to equity holders of the parent company	58,561	84,424
Revaluation of investment properties	41,527	(9,277)
Net result on acquisitions and disposals	3,535	(44)
Goodwill impairment and amortisation of intangible assets	1,129	4,118
Deferred tax in respect of EPRA adjustments	3,035	3,698
Close out costs of financial instruments	2,004	-
EPRA Earnings	109,791	82,919
Weighted average number of shares (in shares)	375,107,003	374,119,243
EPRA Earnings per share (in €cents)	29.3	22.2
Company adjustments:*		
Legacy legal matters	2,552	2,371
Other impairments	790	1,483
Foreign exchange differences	(7,576)	429
Deferred tax not related to revaluations	(367)	6,981
Changes in the fair value of financial instruments	223	1,724
Company adjusted EPRA Earnings	105,413	95,907
Company adjusted EPRA Earnings per share (in €cents)	28.1	25.6

* Company adjustments represent adjustments of other non-recurring items which could distort Atrium's operating results. Such non-recurring items are disclosed separately from the operating performance in order to provide stakeholders with the most relevant information regarding the performance of the underlying property portfolio.



Group Management Report

EPRA Net asset value Net Asset Value ("NAV")	30 September 2014		31 December 2013	
	€'000	in € per ordinary share	€'000	in € per ordinary share
Equity	2,251,965		2,267,289	
Non-controlling interest	775		740	
IFRS NAV per the financial statements	2,252,740	6.00	2,268,029	6.05
Effect of exercise of options	26,722		29,046	
Diluted NAV, after the exercise of options	2,279,462	5.97	2,297,075	6.01
Fair value of financial instruments	13,261		11,756	
Goodwill as a result of deferred tax	(7,616)		(7,616)	
Deferred tax	166,278		155,688	
EPRA NAV	2,451,385	6.42	2,456,903	6.43

EPRA Triple NAV ("NNNAV")	30 September 2014		31 December 2013	
	€'000	in € per ordinary share	€'000	in € per ordinary share
EPRA NAV	2,451,385		2,456,903	
Fair value of financial instruments	(13,261)		(11,756)	
Impact of debt fair value	(27,928)		(7,780)	
Deferred tax	(166,278)		(155,688)	
EPRA NNNAV	2,243,918	5.87	2,281,679	5.97
Number of outstanding shares	375,354,863		374,899,934	
Number of outstanding shares and options	381,991,674		382,069,066	



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Condensed Consolidated Interim Financial Statements

Condensed Consolidated Statement of Financial Position

	Note	30 September 2014		31 December 2013	
		€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)	€'000 (Audited)
Assets					
Non-current assets					
Standing investments	4	2,473,694		2,356,164	
Developments and land	5	404,127		583,637	
Other non-current assets		46,362		55,306	
			2,924,183		2,995,107
Current assets					
Cash and cash equivalents	6	260,274		305,577	
Other current assets		39,682		43,522	
Assets held for sale	7	6,007		-	
			305,963		349,099
Total assets			3,230,146		3,344,206
Equity	8		2,251,965		2,267,289
Liabilities					
Non-current liabilities					
Long term borrowings	9	688,093		798,044	
Derivatives	10	13,261		11,756	
Other non-current liabilities		178,432		181,708	
			879,786		991,508
Current liabilities					
Short term borrowings	9	33,587		5,511	
Other current liabilities		64,808		79,898	
			98,395		85,409
Total equity and liabilities			3,230,146		3,344,206

The Group management report and the condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors during the course of their meeting on 11 November 2014 and were duly signed on the Board's behalf by Rachel Lavine, Chief Executive Officer, and Chaim Katzman, Chairman.



Condensed Consolidated Income Statement

(Unaudited)	Note	Three months ended 30 September 2014		Nine months ended 30 September 2014		Three months ended 30 September 2013		Nine months ended 30 September 2013	
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income		53,297		160,192		50,273		151,403	
Service charge income		17,760		55,549		18,696		56,832	
Net property expenses		(20,706)		(62,332)		(22,228)		(65,217)	
Net rental income			50,351		153,409		46,741		143,018
Net result on disposals		(1,084)		(3,535)		(23)		44	
Costs connected with developments		(1,703)		(3,822)		(1,690)		(3,854)	
Revaluation of investment properties		(7,051)		(41,527)		1,764		9,277	
Other depreciation, amortisation and impairments	11	(728)		(2,701)		(833)		(6,385)	
Administrative expenses		(6,713)		(17,345)		(5,236)		(18,089)	
Net operating profit			33,072		84,479		40,723		124,011
Net financial expenses	12	(5,435)		(21,382)		(6,128)		(27,707)	
Profit before taxation			27,637		63,097		34,595		96,304
Taxation credit /(charge) for the period	13	(5,266)		(4,571)		(2,292)		(11,923)	
Profit after taxation for the period			22,371		58,526		32,303		84,381
Attributable to:									
Owners of the parent		22,385		58,561		32,318		84,424	
Non-controlling interest		(14)		(35)		(15)		(43)	
			22,371		58,526		32,303		84,381
Basic and diluted earnings per share in € cents attributable to shareholders		6.0		15.6		8.6		22.5	

Condensed Consolidated Statement of Comprehensive Income

(Unaudited)	Three months ended 30 September 2014		Nine months ended 30 September 2014		Three months ended 30 September 2013		Nine months ended 30 September 2013	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Profit for the period	22,371		58,526		32,303		84,381	
Items that may subsequently be reclassified to the income statement:								
Exchange differences arising on translation of foreign operations (net of deferred tax)	(3,686)		(7,810)		(5,248)		(5,154)	
Movements in hedging reserves (net of deferred tax)	64		(1,218)		333		4,475	
Total comprehensive income for the period		18,749		49,498		27,388		83,702
Attributable to:								
Owners of the parent	18,763		49,533		27,403		83,745	
Non-controlling interest	(14)		(35)		(15)		(43)	
		18,749		49,498		27,388		83,702

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Condensed Consolidated Cash Flow Statement

(Unaudited)	Nine months ended 30 September 2014 €'000	Nine months ended 30 September 2013 €'000
Net cash generated from operating activities	104,154	103,582
Cash flows generated from/(used in) investing activities	7,088	(209,257)
Cash flows generated from/(used in) financing activities	(155,627)	230,116
Net increase/(decrease) in cash and cash equivalents	(44,385)	124,441
Cash and cash equivalents at the beginning of the period	305,577	207,843
Effect of exchange rate fluctuations on cash held	(898)	(1,284)
Cash and cash equivalents classified as held for sale	(20)	-
Cash and cash equivalents at the end of the period	260,274	331,000

Consolidated Statement of Changes in Equity

(Unaudited)	Note	Stated capital €'000	Other reserves €'000	Hedging reserves €'000	Retained earnings €'000	Currency translation €'000	Equity attribut- able to controlling share- holders €'000	Non- controlling interest €'000	Total equity €'000
Balance as at 1 January 2014		2,760,335	4,346	(9,522)	(389,542)	(97,588)	2,268,029	(740)	2,267,289
Total comprehensive income		-	-	(1,218)	58,561	(7,810)	49,533	(35)	49,498
Share based payment		-	1,421	-	-	-	1,421	-	1,421
Issue of no par value shares		2,167	(882)	-	-	-	1,285	-	1,285
Dividends	8	(67,528)	-	-	-	-	(67,528)	-	(67,528)
Balance as at 30 September 2014		2,694,974	4,885	(10,740)	(330,981)	(105,398)	2,252,740	(775)	2,251,965

(Unaudited)	Note	Stated capital €'000	Other reserves €'000	Hedging reserves €'000	Retained earnings €'000	Currency translation €'000	Equity attribut- able to controlling share- holders €'000	Non- controlling interest €'000	Total equity €'000
Balance as at 1 January 2013		2,836,658	4,879	(14,441)	(457,158)	(85,505)	2,284,433	(3,061)	2,281,372
Total comprehensive income		-	-	4,475	84,424	(5,154)	83,745	(43)	83,702
Share based payment		-	395	-	-	-	395	-	395
Issue of no par value shares		947	(784)	-	-	-	163	-	163
Dividends	8	(56,131)	-	-	-	-	(56,131)	-	(56,131)
Acquisition of non-controlling interest		-	-	-	(8,320)	-	(8,320)	2,379	(5,941)
Balance as at 30 September 2013		2,781,474	4,490	(9,966)	(381,054)	(90,659)	2,304,285	(725)	2,303,560



Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

1. Reporting entity

Atrium European Real Estate Limited is a company incorporated and domiciled in Jersey. Its registered office is 11-15 Seaton Place, St. Helier, Jersey, Channel Islands and its business address in Jersey is Lister House Chambers, 35 The Parade, St Helier, Jersey, Channel Islands.

The principal activity of Atrium and its subsidiaries (the "Group") is the ownership, management and development of commercial real estate in the retail sector.

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

2. Basis of preparation

Statement of compliance

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 consolidated 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 2013.

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

The financial statements are presented in thousands of Euros ("€'000"), rounded to the nearest thousand, unless stated otherwise.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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 2013.

Financial assets and liabilities

Other than as described in note 9, the Group believes that the carrying amounts of financial assets and liabilities which are carried at amortised cost in the financial statements are deemed not to be significantly different from their fair value. Loans to third parties with a book value of €8.0 million (31 December 2013: €8.0 million) were impaired to reflect the recoverable amounts.

3. Significant accounting policies

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 2013 except for the new standards amendments and interpretations of existing standards effective as of 1 January 2014 and described below.

New standards, amendments to and interpretations of existing standards effective as of 1 January 2014

- IAS 32 *Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities* (Amendments, December 2011). The amendments stipulate the specific conditions, which allow a net presentation of financial assets and liabilities. The amendments are applied retrospectively commencing from the financial statements for periods beginning on or after 1 January 2014. The amendment did not have an impact on the Group's financial statements.
- Amendments to IAS 36 – *Recoverable Amount Disclosures for Non-Financial Assets*. The amendments to IAS 36 reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or intangible assets with indefinite useful lives have been

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allocated. Under the amendments, the recoverable amount only has to be disclosed when an impairment loss has been recognised or reversed. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014. The amendment did not have any impact on the Group's financial position and performance and only affected disclosures.

- IFRIC 21 "Levies" stipulates that an entity should only recognise a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered on reaching a minimum threshold, the interpretation clarifies the fact that no liability should be anticipated before the specified minimum threshold is reached. The IFRIC does not apply to income taxes, fines, penalties or the acquisition of assets from governments. IFRIC 21 is effective with retrospective effect for annual periods beginning on or after 1 January 2014. The application of the interpretation did not result in a material impact on the Group's financial statements.

New standards, amendments to and interpretations of existing standards that are not yet effective and have not been adopted by the Group prematurely

- IFRS 9 *Financial Instruments*. In July 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis with the publication of IFRS 9 *Financial Instruments*. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 but may be applied earlier subject to EU endorsement. The Group is currently assessing the impact of the new standard.
- On 25 September 2014, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs –2012-2014 Cycle. The improvements contain five amendments to four standards. The effective date of the amendments is 1 January 2016 either prospectively or retrospectively. The EU has not yet endorsed these annual improvements. The Group believes that the application of the improvements will have no material impact on its financial statements.
- On 12 December 2013, the International Accounting Standards Board (IASB) issued two cycles of Annual Improvements to IFRSs – Cycles 2010-2012 and 2011-2013 - that contain eleven amendments to nine standards. The amendments are effective as of 1 July 2014 either prospectively or retrospectively. The EU has not yet endorsed these annual improvements. The application of the amendments will not affect the Group's financial statements. The amendments that might be relevant to the Group are summarised below:
 - Amendment to IFRS 2 Share Based Payments - This amendment clarifies the definition of 'vesting conditions' by defining 'performance condition' and 'service condition' separately.
 - Amendment to IFRS 3 Business Combinations - The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination.
 - Amendment to IAS 40 Investment Property - The amendment clarifies the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.
 - Amendment to IFRS 13 Fair Value Measurements - An amendment to the Basis for Conclusions stipulates that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.
- IFRS 15- *Revenue from Contracts with Customers (issued in May 2014, not yet endorsed by the EU)*. In May 2014, the IASB and the FASB issued their joint revenue-recognising standard, IFRS 15 Revenue from Contracts with Customers. IFRS 15 sets out the requirements for recognising revenue



and providing disclosures that apply to all contracts with customers, except for contracts that are within the scope of the standards of leases, insurance contracts and financial instruments. The standard replaces IAS 18, "Revenue", IAS 11, "Construction Contracts", and a number of revenue-related interpretations. IFRS 15 is effective from 1 January 2017. The Group is currently assessing the impact of the new standard.

- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation (issued on 12 May 2014, not yet endorsed by the EU)*. IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can, however, be rebutted in certain limited circumstances. The amendments are effective from 1 January 2016 and should be applied prospectively. The amendments are not expected to have an impact on the Group's financial statements.
- Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations (issued on 6 May 2014, not yet endorsed by the EU)*. The amendments published add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendments are effective from 1 January 2016 and are to be applied prospectively. The amendments are not expected to have an impact on the Group's financial statements.
- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued on 11 September 2014, not yet endorsed by the EU)*. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or

contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective prospectively to transactions occurring from annual periods commencing on or after 1 January 2016. The Group is currently assessing the impact of the amendments on future periods.

4. Standing investments

The current portfolio of standing investments of the Group consists of 151 properties (31 December 2013: 153).

A roll forward of the total standing investments portfolio is provided in the table below:

	Nine months ended 30 September 2014 €'000	Year ended 31 December 2013 €'000
Balance as at 1 January	2,356,164	2,185,336
Additions - new properties	-	146,012
Additions - technical improvements, extensions	16,705	30,811
Movements - financial leases	281	4,755
Transfers from developments and land	110,185	877
Currency translation differences	(593)	(18,660)
Revaluation of standing investments	(4,046)	14,712
Disposals	(5,002)	(7,679)
Balance as at the end of the period	2,473,694	2,356,164

On 20 March 2014, Atrium Felicity shopping centre in Lublin, Poland, was opened and transferred from developments and land to the standing investments portfolio.

In August 2014, by electing not to exercise purchase rights at expiry of finance leases, the Group returned two assets to their lessor.

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5. Developments and land

A roll forward of the total developments and land portfolio is provided in the table below:

	Nine months ended 30 September 2014 €'000	Year ended 31 December 2013 €'000
Balance as at 1 January	583,637	538,395
Additions - cost of land and construction	36,802	54,737
Additions- new properties	-	28,862
Movements - financial leases	(3,297)	2,910
Transfer to standing investments and assets held for sale	(115,329)	(877)
Disposals	(60,728)	(4,817)
Interest capitalised	530	799
Currency translation differences	(7)	(374)
Revaluation of developments and land	(37,481)	(35,998)
Balance as at the end of the period	404,127	583,637

In July 2013, the Group signed agreements with the general contractor for the second phase of the redevelopment of our Atrium Copernicus centre in Torun, Poland. Together with the first phase multi-level car park expansion, the total extension will add an additional 17,300 sqm of GLA and a further 640 parking spaces to the centre on completion. The total net incremental costs to complete the project are approximately €16.4 million.

In April 2014, we completed the sale of a wholly owned subsidiary which owned a land plot in Istanbul, Turkey, for a consideration of €47 million. The net loss resulting from the transaction amounted to €0.9 million.

The sale of a second wholly owned subsidiary which owned a land plot in Sofia, Bulgaria, was completed in May 2014, for a consideration of €12.1 million. The net loss resulting from the transaction amounted to €1.4 million.

In July 2014, we completed the sale of another wholly owned subsidiary which owned a land plot in Tbilisi, Georgia, for a consideration of €6.3 million. The net loss resulting from the transaction amounted to €0.2 million.

In September 2014, the Group commenced works on stage one of the redevelopment project of our Atrium Promenada centre in Warsaw, Poland. Stage one consists of two extensions, totalling 7,100 sqm of additional GLA, partial renovation of the existing centre, and the purchase of an adjacent land plot, to be used for the further extension of the centre. The total net incremental costs to complete stage one of the redevelopment project are approximately €38.6 million.

The main devaluations were in Turkey and stem from the recent domestic and external economic developments which had an adverse impact on risk perceptions in the country. For information regarding land classified as held for sale, see note 7.

6. Cash and cash equivalents

As at 30 September 2014, the Group held total cash and cash equivalents of €260.3 million (31 December 2013: €305.6 million). The Group held cash of €5.3 million (31 December 2013: €6.3 million) as security for guarantees and other restricted cash held in various banks on the Group's behalf.

7. Assets held for sale

The major classes of assets of a subsidiary which are presented as held for sale at the end of the reporting period are as follows:

	30 September 2014 €'000
Non-current assets	
Developments and land	5,144
Other non-current assets	837
Current net assets	26
Net assets as at the end of the period	6,007



8. Equity

As at 30 September 2014, the total number of ordinary shares issued was 375,354,863 (31 December 2013: 374,899,934 shares). During the nine-month period ended 30 September 2014, Atrium paid a dividend of €0.18 (9M 2013: €0.15) per ordinary share, which amounted to a total of €67.5 million (9M 2013: €56.1 million).

9. Borrowings

	30 September 2014		31 December 2013	
	Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Bonds	460,899	487,496	499,066	506,083
Bank loans	260,781	262,108	304,489	305,253
Total	721,680	749,604	803,555	811,336

The fair values of loans and bonds were determined by an external appraiser using discounted cash flow models, zero-cost derivative strategies for fixing the future values of market variables and option pricing models of the Black-Scholes type.

Fair values have been determined with reference to market inputs, the most significant of which are:

- Quoted EUR yield curve;
- Quoted CZK yield curve;
- Volatility of EUR swap rates;
- Spot exchange rates CZK/EUR; and
- Fair values of effected market transactions.

Fair value measurements used for Bonds and Loans are categorised within Level 2 of the fair value hierarchy as defined in IFRS 13.

During the reporting period, Atrium repurchased bonds issued in 2005 and due in 2015, with a nominal value of €39.4 million. The net loss resulting from the bond buybacks was €1.9 million.

In June 2014, the Group completed early repayments of two bank loans in Slovakia, amounting to €28.0 million and €13.0 million respectively.

The borrowings are repayable as follows:

	30 September 2014	31 December 2013
	Net book value €'000	Net book value €'000
Due within one year	33,587	5,511
In year two	100,364	75,544
In years three, four and five	136,773	270,290
After five years	450,956	452,210
Total	721,680	803,555

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10. Derivatives

The Group entered into two interest rate swap contracts ("IRSs") during 2011 in connection with two bank loans secured over properties acquired at that time. These swaps replaced floating interest rates with fixed interest rates. The swaps are cash flow hedges which are designed to reduce the Group's cash flow volatility from variable interest rates on the bank loans. The IRSs are measured at fair value using the discounted future cash flow method.

As at 30 September 2014, the IRSs were in a liability position and had a fair value of €13.3 million (31 December 2013: €11.8 million liability). The fair value measurements of the IRSs are derived from inputs other than quoted prices in active markets. The inputs used to determine the future cash flows are the 3 month Euribor forward curve and an appropriate discount rate. The inputs used are derived either directly (i.e. as prices) or indirectly (i.e. from prices). Therefore, these IRSs are classified as Level 2 fair value measurements under IFRS 13.

11. Other depreciation, amortisation and impairments

Nine months ended 30 September

	2014	2013
	€'000	€'000
Other depreciation and amortisation	(1,911)	(1,438)
Impairments	(790)	(4,947)
Total	(2,701)	(6,385)

12. Net financial expenses

Nine months ended 30 September

	2014	2013
	€'000	€'000
Interest income	914	2,224
Interest expense	(23,812)	(23,028)
Finance lease interest expense	(3,778)	(4,673)
Foreign currency differences	7,576	(429)
Impairment of financial instruments	(223)	(1,724)
Net loss from bond buy back	(1,883)	-
Other financial expense	(176)	(77)
Total	(21,382)	(27,707)

13. Taxation charge for the period

Nine months ended 30 September

	2014	2013
	€'000	€'000
Current period corporate income tax expense	(1,844)	(1,198)
Deferred tax credit / (charge)	(2,668)	(10,679)
Adjustments to prior periods	(59)	(46)
Total credit/(charge)	(4,571)	(11,923)



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14. Segment reporting

Reportable segments

For the period ended 30 September 2014	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	160,192	-	-	160,192
Service charge income	55,549	-	-	55,549
Net property expenses	(62,332)	-	-	(62,332)
Net rental income	153,409	-	-	153,409
Net result on acquisitions and disposals	(1,003)	(2,532)	-	(3,535)
Costs connected with developments	-	(3,822)	-	(3,822)
Revaluation of investment properties	(4,046)	(37,481)	-	(41,527)
Other depreciation, amortisation and impairments	(2,397)	-	(304)	(2,701)
Administrative expenses	(8,452)	831	(9,724)	(17,345)
Net operating profit/(loss)	137,511	(43,004)	(10,028)	84,479
Net financial (expenses) income	(21,087)	5,070	(5,365)	(21,382)
Profit/(loss) before taxation for the period	116,424	(37,934)	(15,393)	63,097
Taxation credit/(charge) for the period	(1,694)	(2,072)	(805)	(4,571)
Profit/(loss) after taxation for the period	114,730	(40,006)	(16,198)	58,526
Investment properties	2,473,694	*409,271	-	2,882,965
Segment assets	2,533,051	436,252	260,843	3,230,146
Segment liabilities	706,938	60,195	211,048	978,181

* Including €5,144 thousands classified as assets held for sale as at 30 September 2014

For the period ended 30 September 2013	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	151,403	-	-	151,403
Service charge income	56,832	-	-	56,832
Net property expenses	(65,217)	-	-	(65,217)
Net rental income	143,018	-	-	143,018
Net result on acquisitions and disposals	44	-	-	44
Costs connected with developments	-	(3,854)	-	(3,854)
Revaluation of investment properties	13,947	(4,670)	-	9,277
Other depreciation, amortisation and impairments	(4,539)	(37)	(1,809)	(6,385)
Administrative expenses	(8,604)	(1,167)	(8,318)	(18,089)
Net operating profit/(loss)	143,866	(9,728)	(10,127)	124,011
Net financial (expenses) income	(29,716)	1,648	361	(27,707)
Profit/(loss) before taxation for the period	114,150	(8,080)	(9,766)	96,304
Taxation credit/(charge) for the period	(11,557)	(100)	(266)	(11,923)
Profit/(loss) after taxation for the period	102,593	(8,180)	(10,032)	84,381
Investment properties	2,368,618	603,923	-	2,972,541
Segment assets	2,445,534	655,551	313,072	3,414,157
Segment liabilities	851,876	91,205	167,516	1,110,597

15. Transactions with related parties

In March 2014, the Compensation and Nominating Committee determined employee annual bonus payments for 2013. Rachel Lavine, Chief Executive Officer, was awarded a total bonus of €655,000 (which includes a minimum guaranteed bonus of €375,000).

In August 2014, Rachel Lavine was entitled to 100,000 shares allotted to her in 2013 as part of her remuneration package. In accordance with the terms of her employment agreement, she received a reduced number of shares, being 63,600 ordinary shares, being the equivalent by value on a net tax basis, by way of a cashless issuance.

16. Contingencies

With regard to the Austrian civil proceedings, there were no significant changes to the contingencies of the Group to those reported in note 2.41 of the Annual Financial Report 2013. Atrium is involved in certain claims submitted by holders of Austrian Depositary Receipts alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 10 November 2014, the latest practicable date prior to authorisation of this report, the aggregate amount claimed in proceedings to which Atrium was then a party in this regard was approximately €14.6 million. The number of claims and amounts claimed are expected to fluctuate over time as proceedings develop, are dismissed, withdrawn or otherwise resolved.

The claims are at varying stages of development and are expected to be resolved over a number of years. While a provision has been recorded in respect of these proceedings, based on current knowledge and management assumptions and including the estimated associated expenses, the actual outcome of the claims and the timing of their resolution cannot be estimated reliably by the Company at this time. Atrium rejects the claims and is defending them vigorously.

There is continuing uncertainty in the various economies and jurisdictions in which the Group has its operations and assets, especially the Eurozone and the developing markets in which the Group invests. The significance of events relevant to the Group's assets in Russia is a particular area of attention at present. These uncertainties relate not only to the general economic environment in such areas but also to changes or threatened changes in the legal, regulatory and

fiscal framework. Any adverse developments could lead to significant changes in the value of the Group's assets or in its liabilities during subsequent periods. Management is not presently able to assess, with accuracy, the extent of any such changes, if any.

17. Additional information and subsequent events

• Acquisition

In October 2014, Atrium announced that it had agreed terms to acquire Focus Mall in Bydgoszcz, Poland from Aviva Investors for €122 million. The acquisition is expected to be completed in the fourth quarter of 2014.

In November 2014, the Group completed the acquisition of AFI Palác Pardubice shopping centre in Pardubice, the Czech Republic for an agreed asset value of €83.1 million.

• Financing transactions

On 16 October 2014, Atrium issued a €350 million unsecured eight year Eurobond, carrying a 3.625% coupon. The bond is rated BBB- by both S&P and Fitch, in line with Atrium's own corporate rating; it will mature in October 2022 and had an issue price of 99.788%. The proceeds of the issue will strengthen the Group's liquidity and will be used for acquisitions, refinancing of the Group's existing debt, other investment property activities and general corporate purposes.

In October 2014, Atrium obtained two revolving credit facilities, for a period of five years each, amounting to a total of €50 million.

In addition, during October 2014, S&P and Fitch reaffirmed Atrium's corporate credit rating with a stable outlook.

• Group executive management team change

In July 2014, Atrium announced that the Group Chief Executive Officer, Rachel Lavine, will assume the role of Executive Vice Chairman of the Board of Atrium as from 30 November 2014 and will remain a director of Atrium. She will be succeeded in the role of Chief Executive Officer of the Atrium Group by Josip Kardun, currently the Chief Operating Officer and Deputy Chief Executive Officer.

- **Dividend approval**

In its meeting on 11 November 2014, the Company's Board of Directors approved an increase in the annual dividend payment for 2015 to at least €0.27 per share, which will be paid in quarterly instalments commencing at the end of March 2015 (subject to any legal and regulatory requirements and restrictions of commercial viability).

- **Changes in the holdings of related parties**

In October 2014, Gazit-Globe Ltd. ("Gazit-Globe") purchased, through intermediate holding companies, 4,671,179 additional ordinary shares in Atrium. Consequently, Gazit-Globe holds 153,996,357 ordinary shares in Atrium, comprising 41.03% of the issued and outstanding shares, and voting rights in Atrium.

Independent Review Report to Atrium European Real Estate Limited

Introduction

We have been engaged by Atrium European Real Estate Limited ("Atrium") to review the condensed consolidated set of financial statements in the interim financial report for the nine months ended 30 September 2014 which comprises the condensed consolidated statement of financial position as at 30 September 2014, the condensed consolidated income statement for the three month and nine month periods ending 30 September 2014, the condensed consolidated statement of comprehensive income for the three month and nine month periods ending 30 September 2014, the condensed consolidated cash flow statement and the consolidated statement of changes in equity for the nine months ended 30 September 2014, 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 Atrium in accordance with the terms of our engagement. Our review has been undertaken so that we might state to Atrium 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 Atrium 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 Atrium 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 Atrium 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 nine months ended 30 September 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed by the EU.

Heather J MacCallum

for and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognized Auditor

37 Esplanade

St Helier

Jersey

JE4 8WQ

11 November 2014

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 the 11 November 2014. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 11 November 2014 which in any way extends this date.*
- *Legislation in Jersey governing the preparation and dissemination of condensed consolidated financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the condensed consolidated financial statements are complete and unaltered in any way.*



Directors, Group Executive Management, Professional Advisors and Principal Locations

Directors:

Chaim Katzman
Rachel Lavine
Joseph Azrack
Noam Ben-Ozer
Peter Linneman
Simon Radford
Roger Orf
Aharon Soffer
Thomas Wernink
Andrew Wignall

Group Executive Management:

Rachel Lavine	CEO (until 30/11/2014)
Josip Kardun	COO and Deputy CEO (CEO from 30/11/2014)
Soňa Hýbnerová	CFO
Thomas Schoutens	CDO
Geraldine Copeland-Wright	GC
Liad Barzilai	Head of Acquisitions
Ljudmila Popova	Head of Business Development & Investor Relations

Administrator and Registrar:

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