



Leader in Shopping Centres in Central and Eastern Europe



Interim Financial Report  
31 March 2013

# 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 is, and will continue to be, weighted towards income generating shopping centres that produce long term stable cash flows and are located in our key markets of Poland, the Czech Republic, Slovakia and Russia. Organic growth will be delivered by pro-active hands-on asset management, ensuring we uphold our "retail is detail" approach. Further growth will be achieved through the acquisition of high quality assets in our core countries and through a selected number of development projects, either of new shopping centres or extensions of existing properties. Our balance sheet will be efficient and conservatively managed with modest leverage.

## Our Profile

Atrium owns a €2.2 billion portfolio of 156 primarily food anchored retail properties and shopping centres which produced €193.5 million of annual rental income in 2012 from 1.2 million sqm of gross lettable area. 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 €549.1 million development and land portfolio that offers the potential to create value by progressing development.

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

## Our Objectives for 2013

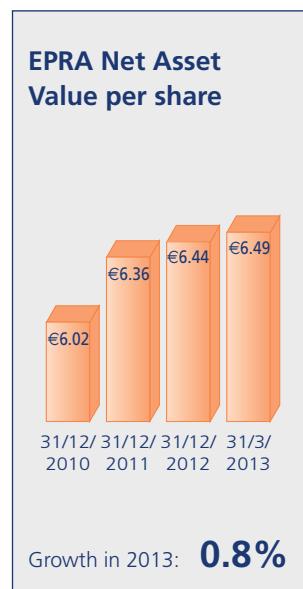
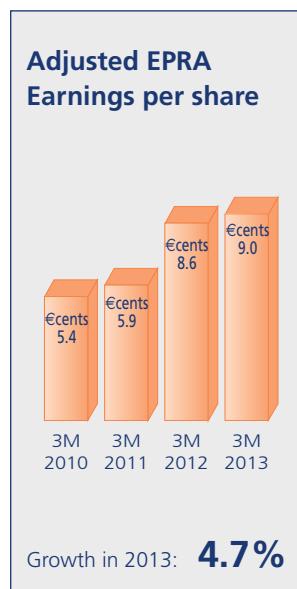
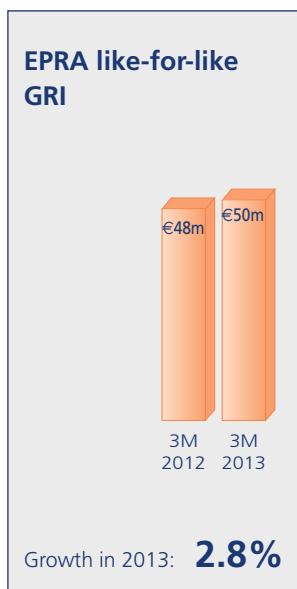
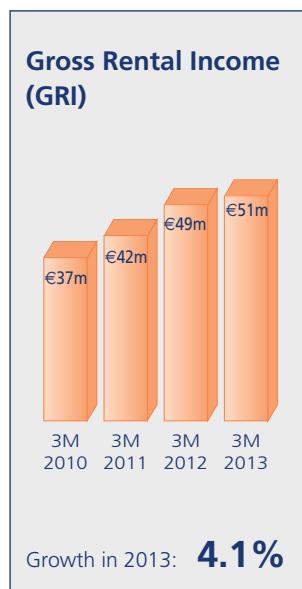
- Continue to drive the financial and operational performance of our assets while striving to constantly improve our offering for retailers and consumers;
- Maintain our pursuit of appropriate investment opportunities in our core markets of Poland, the Czech Republic and Slovakia;
- Further improve the capital structure and efficiency of the Group's balance sheet; and
- 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	3M 2013	3M 2012	Change %	FY 2012
Gross rental income	€ '000	50,575	48,579	4.1%	193,475
EPRA like-for-like gross rental income	€ '000	49,868	48,491	2.8%	161,517
Net rental income	€ '000	47,222	45,251	4.4%	181,279
EPRA like-for-like net rental income	€ '000	46,570	45,236	2.9%	148,844
Operating margin	%	93.4	93.1	0.3%	93.7
EBITDA excluding revaluation and disposals	€ '000	39,989	37,707	6.1%	145,993
Company adjusted EPRA Earnings	€ '000	33,517	32,118	4.4%	120,904
Revaluation of standing investments	€ '000	8,891	6,706	32.6%	58,533
Revaluation of developments and land	€ '000	(467)	(2,969)	84.3%	(63,494)
Profit before taxation	€ '000	33,018	49,188	(32.9%)	116,073
Profit after taxation	€ '000	30,769	45,984	(33.1%)	96,175
Net cash generated from operating activities	€ '000	28,060	31,548	(11.1%)	126,493
IFRS Earnings per share	€ cents	8.2	12.3	(33.3%)	26.5
Company adjusted EPRA Earnings per share	€ cents	9.0	8.6	4.7%	32.4

Balance sheet	Unit	31/3/2013	31/12/2012	Change %
Standing investments at fair value	€ '000	2,197,710	2,185,336	0.6%
Developments and land at fair value	€ '000	549,118	538,395	2.0%
Cash and cash equivalents	€ '000	192,437	207,843	(7.4%)
Equity	€ '000	2,297,069	2,281,372	0.7%
Borrowings	€ '000	535,262	537,061	(0.3%)
LTV (gross)	%	19.5	19.7	(0.2%)
LTV (net)	%	12.5	12.1	0.4%
IFRS NAV per share	€	6.15	6.12	0.5%
EPRA NAV per share	€	6.49	6.44	0.8%



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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") 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 condition, results of operations and prospects of Atrium or the Group may change. Except as 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 actual future results of Atrium or the Group may be materially different from what Atrium or the Group expects.

# Group Management Report

## 1. Group Management Report

### Business Review

#### **Events during the period**

We have made an encouraging start to the year in the first quarter of 2013, with 4.1% growth in gross rental income to €50.6 million and 4.4% growth in net rental income to €47.2 million for the period. On a like-for-like basis, gross and net rental income increased by 2.8% to €49.9 million and 2.9% to €46.6 million respectively. These results highlight our ability to create value through asset management in an environment of limited and, in some cases, stagnant rental growth and against a backdrop of continued macro-economic pressure, as well as a very tough first quarter for retailers across Europe as a whole and in our region. Continuing the trend of recent quarters, these figures benefited from the performance of our portfolios in the key markets of Poland and Russia, which recorded growth in gross rental income of 2.9% and 12.3% respectively, and like-for-like net rental income growth of 2.1% and 6.7%. We achieved an operating margin of 93.4% for the quarter, which is modestly ahead of our expectations for the full year.

During the quarter, and in line with our strategy of acquiring stakes in our projects where we do not enjoy full ownership, we acquired the outstanding 49% stake in a group subsidiary that owns land in Kalisz, Poland for a total consideration, including transaction costs, of €3.4 million.

At an operating level, the Group performed well, with EBITDA, excluding portfolio valuation changes and disposals, improving 6.1% to €40.0 million from €37.7 million in the first quarter of 2012, while net operating profit increased by 15.7% to €47.8 million compared to the same period last year.

IFRS profit before tax was adversely impacted by a €22.6 million year-on-year change in largely unrealised and non-cash foreign exchange movements and resulted in a fall in profit before tax to €33.0 million for the current period, compared to €49.2 million in the first quarter of 2012. This also impacted IFRS earnings per share, which declined to 8.2 cents per share from 12.3 cents per share in Q1 2012. Conversely, company adjusted EPRA earnings per share, which excludes non-recurring and largely non-cash items such as revaluations and foreign exchange, increased by 4.7% to 9.0 cents per share, against 8.6 cents last year.

The value of the Group's standing investments grew 0.6% to €2.2 billion, while the development and land portfolio grew 2.0% to €549 million, with the total portfolio valued at €2.75 billion as at 31 March 2013. At the same time, EPRA NAV per share increased to €6.49 compared to €6.44 this time last year.

Following on from our successes at Europa Property's CEE Retail Real Estate Awards in 2011 and 2012, when Atrium was named Investor of the Year, at this year's ceremony in March 2013, we were delighted to be named as the Overall Company of the Year. This was a particularly

satisfactory result as the award is judged by industry professionals active across the region.

#### **Balance sheet further strengthened by successful €350 million debut bond offering**

As announced on 19 April 2013, we have successfully raised €350 million through the placing of an unsecured seven year Eurobond bearing a 4.0% fixed coupon, further strengthening our balance sheet and positioning us strongly to take advantage of opportunities to grow the portfolio. The high level of demand for the bond, which was over-subscribed by 3.7 times, was very encouraging and reflects the level of confidence that investors have in Atrium and our future performance. Both Standard & Poor's and Fitch have assigned a BBB-investment grade credit rating to the bond, in line with Atrium's own corporate rating.

#### **Dividend**

On 12 November 2012 Atrium's Board approved a 17.6% increase in the Group's annual dividend for 2013 from €0.17 per share to at least €0.20 per share (subject to any legal or regulatory requirements and restrictions of commercial viability), reflecting the Group's continued robust financial performance and the Board's confidence in its future prospects. This increase was applied to our first payment of €0.05, which was paid as a capital repayment on 28 March 2013, with the second such payment due on 28 June 2013 to shareholders on the register at 21 June 2013 with an ex-date of 19 June 2013. The dividend remains well covered by earnings.

#### **Our markets**

Macroeconomic challenges across Europe continue to impact our region. The prolonged uncertainty has once again led the IMF to recently lower the GDP growth forecast for CEE to 2.2% in 2013 (from 2.4% previously) and 2.8% in 2014 (from 3.1% previously). Despite the revision, the forecasts still provide a positive spread to the 2013 and 2014 forecasts for the euro area (-0.3% and 1.1%, respectively). A recent report by Fitch reinforces this positive spread, highlighting that CEE's medium-term prospects beyond 2013 appear brighter.

Our core markets – Poland, the Czech Republic and Slovakia – representing almost three quarters of Atrium's total portfolio value, all hold an A credit rating. In general, the increased confidence in our core markets is reflected in the diminishing premiums demanded by investors purchasing CEE government bonds: over the past few months, the Czech 10 year government bond yield has steadily traded below 2% (on par with France) and the Polish and Slovak yields have been trading below 4%. Looking ahead, despite experiencing a slowdown since the end of last year, Poland and Slovakia are still forecast to continue to expand, with 2013 GDP growth anticipated to reach 1.3% and 1.4% respectively. By contrast, the highly open Czech economy is facing a challenging year (anticipated growth of 0.3% in 2013) before returning to more positive territory with 1.6% GDP growth in 2014.

Among Atrium's other markets, Russian GDP growth is forecast to continue to expand at a healthy pace, albeit at a more moderate 3.4% this year. Romania is likely to show some modest improvement this year and the small open economy of Hungary continues to suffer the most, with economic growth anticipated to hover around zero.

With respect to the real estate markets, investors' interest in CEE property has been much stronger year-on-year in the first few months of 2013. CBRE has reported that Q1 2013 commercial real estate investment in the region increased threefold to €2.6 billion, with the lion's share yet again attributable to Russia at €1.8 billion and Poland at €600 million. However, this increase was driven almost exclusively by large individual transactions in Russia and by office transactions in Poland. Furthermore, for the time being, the paucity of quality retail product available for acquisition within our target markets still prevails.

With respect to consumers, the widespread budget consolidation efforts and the modest increases in real income have hampered domestic demand in the region. Moreover, consumer spending is likely to remain subdued this year compared to previous annual growth rates. In addition, the particularly cold weather across most of Europe in Q1 2013 had a negative impact on a number of our markets.

Although retail sales in CEE are expected to show milder growth this year, they continue to expand, fuelling retailers' appetite for the

region. Retailers' expansion activities within the area continue with a preference for Poland and Russia. In general, CEE cities remain high on retailers' agendas; a JLL survey of the 250 most renowned retail brands shows that, with respect to their planned presence in European cities, Moscow ranks 3rd directly after Paris and London, while Prague comes in 9th, Warsaw 19th and Budapest 29th.

## **Outlook**

Our continued ability to consistently grow net, gross and like-for-like income on a quarterly basis, despite the deteriorating economic outlook again demonstrates the quality of our portfolio and our strong presence in the most mature and stable CEE countries as well as the expertise of our team and its ability to create value. That said, we remain very mindful of the wider macroeconomic situation across Europe and recent reductions in growth forecasts for our region, which we must all adjust to. We were very encouraged by investor demand for our successful €350 million Eurobond issuance in April and continue to believe that we are well placed to achieve our aims. We therefore look forward to the remainder of 2013 with a cautious degree of confidence and optimism.

## Operating Activities

Atrium's 156 standing investment properties produced the following results in terms of gross, net and EPRA like-for-like rental income during the first three months of 2013:

Country	Gross rental income			Net rental income		
	3M 2013 €'000	3M 2012 €'000	Change %	3M 2013 €'000	3M 2012 €'000	Change %
Poland	19,095	18,548	2.9%	19,249	18,687	3.0%
Czech Republic	9,469	9,556	(0.9%)	8,463	8,340	1.5%
Slovakia	2,879	2,876	0.1%	2,822	2,762	2.2%
Russia	14,985	13,342	12.3%	13,204	11,867	11.3%
Hungary	1,929	2,144	(10.0%)	1,638	1,813	(9.7%)
Romania	1,850	1,848	0.1%	1,657	1,688	(1.8%)
Latvia	368	265	38.9%	189	94	101.1%
<b>Total</b>	<b>50,575</b>	<b>48,579</b>	<b>4.1%</b>	<b>47,222</b>	<b>45,251</b>	<b>4.4%</b>

Country	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
	3M 2013 €'000	3M 2012 €'000*	Change %	3M 2013 €'000	3M 2012 €'000*	Change %
Poland	18,900	18,590	1.7%	19,112	18,727	2.1%
Czech Republic	9,469	9,458	0.1%	8,463	8,259	2.5%
Slovakia	2,879	2,876	0.1%	2,822	2,762	2.2%
Russia	14,473	13,310	8.7%	12,689	11,890	6.7%
Hungary	1,929	2,144	(10.0%)	1,638	1,812	(9.6%)
Romania	1,850	1,848	0.1%	1,657	1,692	(2.1%)
Latvia	368	265	38.9%	189	94	101.1%
<b>Like-for-like rental income</b>	<b>49,868</b>	<b>48,491</b>	<b>2.8%</b>	<b>46,570</b>	<b>45,236</b>	<b>2.9%</b>
Remaining rental income	707	-	100%	652	-	100%
<b>Total rental income</b>	<b>50,575</b>	<b>48,491</b>	<b>4.3%</b>	<b>47,222</b>	<b>45,236</b>	<b>4.4%</b>

\* To enhance comparability of GRI/NRI, prior period values for like-for-like properties have been recalculated using the 2013 exchange rates.

GRI for the first quarter grew 4.1% over the same period last year to €50.6 million. In Russia the 12.3% increase in GRI reflects higher base and turnover rents, rental indexation and the benefit of additional rental income from the RCH transaction completed in 2012. The 2.9% uplift in Poland primarily reflects indexation and other rental income offset by lower turnover rent. An increase in occupancy over the prior period drove gross rental income growth in Latvia, while in the Czech Republic the weakening of the Czech Krona was mainly responsible for the modest decrease. In Hungary the decline primarily resulted from the weakening economic environment in that country. GRI in Slovakia remained flat reflecting the stability of that economy. In the Czech Republic, Slovakia, Hungary and Romania rental indexation growth is being largely offset by a mixture of lower occupancy and lower renewal and turnover rents.

The growth in GRI flowed through into NRI, which increased by 4.4% to €47.2 million, mainly as a result of the continued positive performance in Russia and Poland, while efficiency improvements were the main reason behind the increases in NRI in the Czech Republic and Slovakia.

On a like-for-like basis, growth in both gross and net rental income (up 2.8% to €49.9 million and 2.9% to €46.6 million, respectively) was predominantly driven by the strong performance in Russia, which delivered gross rental growth of 8.7% and a net rental growth of 6.7%.

Operating margins for the first quarter increased slightly by 0.3% over the same period last year to 93.4% and are modestly ahead of our expectations for the full year. Occupancy at 31 March 2013, as measured under the EPRA guidelines, held firm at a very healthy 97.9%.

EBITDA, excluding the valuation result and the impact of disposals, increased by 6.1% to €40.0 million compared with the first quarter of last year, primarily due to a €2.0 million increase in NRI together with a €0.7 million reduction in costs connected with developments offset by a €0.4 million increase in administrative expenses. Adjusted EPRA earnings increased by 4.4% to €33.5 million compared to €32.1 million in the first quarter of 2012, due to the higher EBITDA partially offset by a higher current tax charge.

# Group Management Report

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
Country						
Poland	21	390,100	31.3%	1,033,529	47.0%	1,950
Czech Republic	98	374,300	30.1%	437,324	19.9%	(4,458)
Slovakia	3	65,500	5.3%	146,150	6.7%	(569)
Russia	7	236,900	19.0%	416,862	19.0%	17,780
Hungary	25	104,500	8.4%	79,045	3.6%	(4,618)
Romania	1	53,300	4.3%	70,590	3.2%	(155)
Latvia	1	20,400	1.6%	14,210	0.6%	(1,039)
<b>Total standing investments</b>	<b>156</b>	<b>1,245,000</b>	<b>100.0%</b>	<b>2,197,710</b>	<b>100.0%</b>	<b>8,891</b>

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

Standing investments	Net equivalent yield* (weighted average) %	EPRA Net initial yield (NIY) ** %	EPRA Occupancy %
Country			
Poland	6.9%	7.0%	97.0%
Czech Republic	8.1%	7.8%	98.0%
Slovakia	7.7%	7.6%	98.6%
Russia	12.3%	12.2%	99.1%
Hungary	9.5%	8.8%	94.5%
Romania	9.1%	8.8%	100.0%
Latvia	12.0%	3.2%	91.4%
<b>Average</b>	<b>8.4%</b>	<b>8.3%</b>	<b>97.9%</b>

\* The net equivalent yield takes into account the current and potential net rental income, occupancy and lease expiries.

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

The net equivalent yield and EPRA net initial yield remained constant at 8.4% and 8.3% as respectively reported at 31 December 2012.

The alternative EPRA "Topped up" NIY for the first quarter was 8.4% (31 December 2012: 8.4%).

The market value of the Group's 156 standing investments increased from €2,185 million at year end 2012, to €2,198 million at 31 March 2013 and comprised an €8.9 million revaluation, €5.2 million of additions and €3.3 million of additional finance leases. The increase was offset by €5.0 million of currency translation differences given the weakening of the Czech Krona.

Our Russian portfolio was revalued upwards by 4.5%, or €17.8 million, resulting from the significant value driving changes in tenant

mix proven during the period, which drove the estimated rental values upwards. In the Czech Republic the portfolio was devalued by €4.5 million predominately due to a slight decrease in estimated rental values and in Hungary the €4.6 million reduction was primarily attributable to the weakening economic environment in that country, leading to both lower rents and a widening in yields.

Across the portfolio, the total €8.9 million revaluation for the period reflects a €12.9 million increase due to the impact of business performance driving higher estimated rental values, offset by a €4.0 million decrease due to a widening of yields.

## Development Activities

At 31 March 2013 Atrium's development and land portfolio was valued at €549.1 million, and comprised 36 projects at all stages of development. In aggregate, 93% of the portfolio by value, and 82% by size, is concentrated in Poland, Russia and Turkey. We believe that this portfolio has long term future value creation potential and will continue to actively manage these projects.

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

Country	Number of projects	31/3/2013	Portfolio %	Size of land (hectares)	31/12/2012
		Market value €'000			Market value €'000
Poland	13	151,092	27.5%	60	143,125
Russia	12	147,964	27.0%	149	145,230
Turkey	4	209,376	38.1%	44	209,376
Others	7	40,686	7.4%	54	40,664
<b>Total</b>	<b>36</b>	<b>549,118</b>	<b>100.0%</b>	<b>307</b>	<b>538,395</b>

We have identified eight priority projects, either with a secured building permit or for which the required administrative decisions might be obtained in the relatively near term; two of which are under active development. These developments are primarily focused in Poland and Russia and include a number of lower risk extensions to existing assets. In each case, initial feasibility studies have been completed and the Board has given preliminary "green light" approval to invest in these projects in order to take them to the next stage of readiness prior to definitive commitment. Such additional investment may include, for instance, costs associated with amending building permits and confirming interest from potential tenants by securing pre-leasing agreements. Indicatively, in the event that all eight projects (and no others) progressed to full development, we estimate total net incremental development spend in the region of approximately €171 million over the next three to five years.

Within these eight priority projects two are under development. Our Atrium Felicity shopping centre in Lublin, Poland, our first major

greenfield project, with 75,000 sqm GLA, has been the main focus of our development team's efforts during the first quarter. Despite the difficult winter, we have continued to make solid progress with construction activities and the centre is on target to open in early 2014. Our pre-leasing efforts have also progressed, such that the project is now substantially pre-let at 87% with an average lease length of approximately six years. The total market value of Atrium Felicity at 31 March 2013 was €56.4 million and the net incremental costs to completion are now assessed at approximately €49.3 million.

Additionally, we are currently expanding the car park as the first phase of the extension at our Atrium Copernicus centre in Torun, Poland.

The remaining six identified priority projects are all extensions to existing income producing assets. Three, including our Atrium Promenada centre, are located in Poland and three are in Russia.

## 2. EPRA Results

### EPRA Earnings

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

	3M 2013 €'000	3M 2012 €'000
<b>Earnings attributable to equity holders of the parent company</b>	<b>30,783</b>	<b>45,889</b>
Revaluation of investment properties	(8,424)	(3,737)
Net results on acquisitions and disposals	(67)	(256)
Goodwill impairment and amortisation of intangible assets	382	161
Deferred tax in respect of EPRA adjustments	2,382	2,005
Non controlling interest in respect of the above adjustments	-	(12)
<b>EPRA Earnings</b>	<b>25,056</b>	<b>44,050</b>
Weighted average number of shares (in shares)	373,506,404	372,912,583
<b>EPRA Earnings per share (in €cents)</b>	<b>6.7</b>	<b>11.8</b>
 <b>Company adjustments:*</b>		
Legacy legal matters	695	435
Foreign exchange differences	7,896	(14,654)
Deferred tax not related to revaluations	(961)	1,250
Changes in the value of financial instruments	831	762
Non controlling interest in respect of company adjustments	-	275
<b>Company adjusted EPRA Earnings</b>	<b>33,517</b>	<b>32,118</b>
<b>Company adjusted EPRA Earnings per share (in €cents)</b>	<b>9.0</b>	<b>8.6</b>

\* The "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.

**EPRA Net asset value**

Net Asset Value ("NAV")	31/3/2013		31/12/2012	
	€'000	in € per ordinary share	€'000	in € per ordinary share
<b>Equity</b>	<b>2,297,069</b>		<b>2,281,372</b>	
Non controlling interest	696		3,061	
<b>IFRS NAV per the financial statements</b>	<b>2,297,765</b>	<b>6.15</b>	<b>2,284,433</b>	<b>6.12</b>
Effect of exercise of options	14,314		15,280	
<b>Diluted NAV, after the exercise of options</b>	<b>2,312,079</b>	<b>6.11</b>	<b>2,299,713</b>	<b>6.08</b>
Fair value of financial instruments	15,933		17,828	
Goodwill as a result of deferred tax	(10,849)		(11,025)	
Deferred tax in respect of investment properties	140,547		131,855	
<b>EPRA NAV</b>	<b>2,457,710</b>	<b>6.49</b>	<b>2,438,371</b>	<b>6.44</b>

**EPRA Triple NAV ("NNNAV")**

	31/3/2013		31/12/2012	
	€'000	in € per ordinary share	€'000	in € per ordinary share
<b>EPRA NAV</b>	<b>2,457,710</b>		<b>2,438,371</b>	
Fair value of financial instruments	(15,933)		(17,828)	
Impact of debt fair value	(9,064)		(10,821)	
Deferred tax in respect of investment properties	(140,547)		(131,855)	
<b>EPRA NNNAV</b>	<b>2,292,166</b>	<b>6.06</b>	<b>2,277,867</b>	<b>6.02</b>
Number of outstanding shares	373,572,089		373,388,756	
Number of outstanding shares and options	378,468,049		378,519,715	



# Interim Financial Statements

## Condensed Consolidated Interim Financial Statements

### Condensed Consolidated Statement of Financial Position as at 31 March 2013

	Note	31/3/2013 €'000 (Unaudited)	31/3/2013 €'000 (Unaudited)	31/12/2012 €'000 (Audited)	31/12/2012 €'000 (Audited)
<b>Assets</b>					
<b>Non current assets</b>					
Standing investments	4	2,197,710		2,185,336	
Developments and land	5	549,118		538,395	
Other non current assets		90,613		93,386	
			<b>2,837,441</b>		<b>2,817,117</b>
<b>Current assets</b>					
Cash and cash equivalents	6	192,437		207,843	
Other current assets		52,149		43,581	
			<b>244,586</b>		<b>251,424</b>
<b>Total assets</b>			<b>3,082,027</b>		<b>3,068,541</b>
<b>Equity</b>	7		<b>2,297,069</b>		<b>2,281,372</b>
<b>Liabilities</b>					
<b>Non current liabilities</b>					
Long term borrowings	8	460,094		462,075	
Derivatives	9	15,933		17,828	
Other non current liabilities		167,073		166,825	
			<b>643,100</b>		<b>646,728</b>
<b>Current liabilities</b>					
Short term borrowings	8	75,168		74,986	
Other current liabilities		66,690		65,455	
			<b>141,858</b>		<b>140,441</b>
<b>Total equity and liabilities</b>			<b>3,082,027</b>		<b>3,068,541</b>

The interim 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 23 May 2013 and were duly signed on the Board's behalf by Rachel Lavine, Chief Executive Officer and Peter Linneman, Director.

**Condensed Consolidated Income Statement** for the period ended 31 March 2013

(Unaudited)	Note	1/1/2013 - 31/3/2013 €'000	1/1/2012 - 31/3/2012 €'000
Gross rental income		50,575	48,579
Service charge income		19,060	18,483
Net property expenses		(22,413)	(21,811)
<b>Net rental income</b>		<b>47,222</b>	<b>45,251</b>
Net result on acquisitions and disposals		67	256
Costs connected with developments		(1,069)	(1,816)
Revaluation of investment properties		8,424	3,737
Other depreciation, amortisation and impairments		(644)	(371)
Administrative expenses		(6,164)	(5,728)
<b>Net operating profit</b>		<b>47,836</b>	<b>41,329</b>
Net financial (expenses)/income	10	(14,818)	7,859
<b>Profit before taxation</b>		<b>33,018</b>	<b>49,188</b>
Taxation charge for the period	11	(2,249)	(3,204)
<b>Profit after taxation for the period</b>		<b>30,769</b>	<b>45,984</b>
<b>Attributable to:</b>			
Owners of the parent		30,783	45,889
Non controlling interest		(14)	95
		<b>30,769</b>	<b>45,984</b>
Basic and diluted earnings per share in € attributable to shareholders		0.08	0.12

**Condensed Consolidated Statement of Comprehensive Income**  
for the period ended 31 March 2013

(Unaudited)	1/1/2013 - 31/3/2013 €'000	1/1/2012 - 31/3/2012 €'000
Profit for the period	30,769	45,984
<b>Items that may be reclassified subsequently to the income statement:</b>		
Exchange differences arising on translation of foreign operations (net of deferred tax)	4,780	(4,868)
<b>Movements in hedging reserves (net of deferred tax)</b>	1,580	(1,732)
<b>Total comprehensive income for the period</b>	<b>37,129</b>	<b>39,384</b>
<b>Attributable to:</b>		
Owners of the parent	37,143	39,289
Non controlling interest	(14)	95
	<b>37,129</b>	<b>39,384</b>

# Interim Financial Statements

## Condensed Consolidated Cash Flow Statement for the period ended 31 March 2013

(Unaudited)	1/1/2013 - 31/3/2013 €'000	1/1/2012 - 31/3/2012 €'000
	€'000	€'000
Cash flows generated from operating activities	28,060	31,548
Cash flows used in investing activities	(17,078)	(5,677)
Cash flows used in financing activities	(26,117)	(29,153)
<b>Net decrease in cash and cash equivalents</b>	<b>(15,135)</b>	<b>(3,282)</b>
Cash and cash equivalents at the beginning of the period	207,843	234,924
Effect of exchange rate fluctuations on cash held	(271)	899
<b>Cash and cash equivalents at the end of the period</b>	<b>192,437</b>	<b>232,541</b>

## Consolidated Statement of Changes in Equity for the period ended 31 March 2013

(Unaudited)	Note	Stated capital	Other reserves	Hedging reserves	Retained earnings	Currency translation	Equity attribut- able to controlling share- holders	Non controlling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance as at 1 January 2013</b>		<b>2,836,658</b>	<b>4,879</b>	<b>(14,441)</b>	<b>(457,158)</b>	<b>(85,505)</b>	<b>2,284,433</b>	<b>(3,061)</b>	<b>2,281,372</b>
Total comprehensive income		-	-	1,580	30,783	4,780	37,143	(14)	37,129
<b>Transactions with owners</b>									
Share based payment		-	181	-	-	-	181	-	181
Issue of no par value shares		681	(174)	-	-	-	507	-	507
Dividends	7	(18,679)	-	-	-	-	(18,679)	-	(18,679)
Acquisition of non controlling interest	7	-	-	-	(5,820)	-	(5,820)	2,379	(3,441)
<b>Balance as at 31 March 2013</b>		<b>2,818,660</b>	<b>4,886</b>	<b>(12,861)</b>	<b>(432,195)</b>	<b>(80,725)</b>	<b>2,297,765</b>	<b>(696)</b>	<b>2,297,069</b>

(Unaudited)	Note	Stated capital	Other reserves	Hedging reserves	Retained earnings	Currency translation	Equity attribut- able to controlling share- holders	Non controlling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Balance as at 1 January 2012</b>		<b>2,899,118</b>	<b>3,571</b>	<b>(7,339)</b>	<b>(531,131)</b>	<b>(84,393)</b>	<b>2,279,826</b>	<b>(15,283)</b>	<b>2,264,543</b>
Total comprehensive income		-	-	(1,732)	45,889	(4,868)	39,289	95	39,384
<b>Transactions with owners</b>									
Share based payment		-	435	-	-	-	435	-	435
Issue of no par value shares	67	(23)	-	-	-	-	44	-	44
Dividends	7	(15,849)	-	-	-	-	(15,849)	-	(15,849)
Acquisition of non controlling interest		-	-	-	(21,441)	-	(21,441)	12,375	(9,066)
<b>Balance as at 31 March 2012</b>		<b>2,883,336</b>	<b>3,983</b>	<b>(9,071)</b>	<b>(506,683)</b>	<b>(89,261)</b>	<b>2,282,304</b>	<b>(2,813)</b>	<b>2,279,491</b>

## Notes to the Condensed Consolidated Interim Financial Statements for the period ending 31 March 2013 (Unaudited)

### 1. Reporting entity

Atrium European Real Estate Limited ("Atrium") is a company incorporated and domiciled in Jersey. Its registered office and principal place of business is 11-15 Seaton Place, 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 2012.

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

#### Basis of measurements

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

#### Amendment to and interpretations of existing standards effective in the current period

The Group has adopted the following amended IFRS as of 1 January 2013:

- IFRS 10 *Consolidated Financial Statements* which replaces SIC-12 *Consolidation - Special Purpose Entities* and the consolidation elements of the existing IAS 27 *Consolidated and Separate Financial Statements*. The new standard adopts a single definition of control: a reporting entity controls another entity when the reporting entity has the power to direct the activities of that other entity to generate returns for the reporting entity. The new standard does not include a change in the consolidation procedures. The standard did not have an impact on the Group's financial statements.
- IFRS 11 *Joint Arrangements* which supersedes IAS 31 *Interests in Joint Ventures* (2011). IFRS 11 distinguishes between joint operations and joint ventures. A joint operation is a joint

arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. An entity holding a joint operation will recognise its share in the assets, the liabilities, revenues and costs. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. An entity holding a joint venture will represent its investment in it using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures* (2011). The standard did not have an impact on the Group's financial statements.

- IFRS 12 *Disclosure of Interests in Other Entities* covers disclosures for entities reporting under IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements* replacing those in IAS 28 *Investments in Associates and Joint Ventures* (2011) and IAS 27 *Separate Financial Statements* (2011). Entities are required to disclose information that helps financial statement readers evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries, associates and joint arrangements and in unconsolidated structured entities. The standard did not have a material impact on the Group's financial statements.
- IFRS 13 *Fair Value Measurement* which sets out a single IFRS framework for defining and measuring fair value and requiring disclosures about fair value measurements. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 determines that an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. It does not require fair value measurements in addition to those already required or permitted by other IFRSs and is not intended to establish valuation standards or affect valuation practices outside financial reporting. The standard did not have a material impact on the Group's financial statements.
- IAS 28 *Investments in Associates and Joint Ventures* covers joint ventures as well as associates; both must be accounted for using the equity method. The mechanics of the equity method are unchanged. The standard did not have a material impact on the Group's financial statements.
- Annual Improvements to IFRSs 2009-2011* (May 2012), addressed the following amendments: IAS 1 *Presentation of Financial Statements* – clarification of the requirements for comparative information, IAS 32 *Financial Instruments: Presentation* – tax effect on distributions to holders of equity instruments and IAS 34 *Interim Financial Reporting* – interim financial reporting and segment

information for total assets and liabilities. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2013. The amendments will not have 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 early

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2014 and subsequent periods.

- IAS 32 *Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities* (Amendments, December 2011). An entity shall apply retrospectively those amendments for annual periods beginning on or after 1 January 2014. Earlier application is permitted. The Group is currently reviewing the standard to determine its effect on the Group's financial reporting.
- IFRS 7 *Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities* (Amendments, December 2011), amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2015. The Group is currently reviewing the standard to determine its effect on the Group's financial reporting.
- IFRS 9 *Financial Instruments*. In November 2009, the IASB issued IFRS 9, as a first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement* (the standard is effective for annual periods beginning on or after 1 January 2015 but may be applied earlier). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group is currently reviewing the standard to determine its effect on the Group's financial reporting.
- IFRS 9 *Financial Instruments* (Amendments, October 2010) adds the requirements related to classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 *Reassessment of Embedded Derivatives*. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2015. The Group is currently reviewing the standard to determine its effect on the Group's financial reporting.

Other new standards, amendments to and interpretations of existing standards that are not yet effective and have not already been early adopted by the Group are currently being reviewed.

## 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 2012.

## 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 amortized cost in the financial statements are deemed not to be significantly different from their fair value. Loans to associates with a book value of €28.4 million (2012: €28.5 million) were impaired to reflect the fair value of the underlying securities. Loans to third party with a book value of €8.1 million (2012: €8.1 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 2012 except for the new standards adopted by the Group as described above.

## 4. Standing investments

The current portfolio of standing investments of the Group consists of 156 properties (31 December 2012: 156).

	31/3/2013 €'000	31/12/2012 €'000
Balance as at 1 January	2,185,336	2,077,246
Additions - technical improvements, extensions	5,168	33,629
Movements - financial leases	3,345	3,861
Transfers from developments and land	-	6,750
Currency translation difference	(5,030)	5,317
Revaluation of standing investments	8,891	58,533
<b>Balance as at the end of the period</b>	<b>2,197,710</b>	<b>2,185,336</b>

## 5. Developments and land

The current portfolio of developments and land of the Group consists of 36 projects (31 December 2012: 36).

	31/3/2013 €'000	31/12/2012 €'000
Balance as at 1 January	538,395	587,351
Additions - cost of land and construction	8,734	26,161
Movements - financial leases	2,342	(1,139)
Transfer to inventory	-	(1,744)
Transfer to standing investments	-	(6,750)
Disposals	-	(3,310)
Interest capitalised	213	1,320
Currency translation difference	(99)	-
Revaluation of developments and land	(467)	(63,494)
<b>Balance as at the end of the period</b>	<b>549,118</b>	<b>538,395</b>

In July 2012 Atrium signed definitive contracts with a general contractor for the construction of its new development project in Lublin, Poland. The total market value of Atrium Felicity at 31 March 2013 was €56.4 million and total net incremental costs to complete the project are approximately €48.3 million. The hypermarket component of the project will be developed and then sold to a major international food retailer in line with a forward sale agreement concluded in June 2012. Accordingly, as at 31 March 2013 €3.1 million (31 December 2012: €2.2 million) was held as inventory and is reported within other current assets.

## 6. Cash and cash equivalents

As at 31 March 2013, the Group held total cash and cash equivalents of €192.4 million (31 December 2012: €207.8 million). The Group held cash of €19.1 million (31 December 2012: €18.7 million) as backing for guarantees and/or other restricted cash issued by various banks on the Group's behalf.

## 7. Equity

As at 31 March 2013, the total number of ordinary shares issued was 373,572,089 (31 December 2012: 373,388,756 shares). During the three month period ended 31 March 2013, Atrium paid a dividend of €0.05 (3M 2012: €0.0425) per ordinary share, which amounted to a total of €18.7 million (3M 2012: €15.8 million).

On 9 January 2013, MD CE Holding Limited, a 100% owned subsidiary of Atrium, acquired the remaining 49% of the shares in Nokiton Investment Limited it did not already hold and now owns 100% of this entity and its subsidiaries. The total consideration paid and transaction costs amounted to €3.4 million.

## 8. Borrowings

	31/3/2013 Net book value €'000	31/3/2013 Fair value €'000	31/12/2012 Net book value €'000	31/12/2012 Fair value €'000
Bonds	193,490	200,924	193,958	202,505
Bank loans	341,772	343,403	343,103	345,378
<b>Total</b>	<b>535,262</b>	<b>544,327</b>	<b>537,061</b>	<b>547,883</b>

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 described in IFRS 13.

The borrowings are repayable as follows:

	31/3/2013 Net book value €'000	31/12/2012 Net book value €'000
Due within one year	75,168	74,986
In second year	6,609	6,557
In third to fifth years inclusive	345,500	347,089
After five years	107,985	108,429
<b>Total</b>	<b>535,262</b>	<b>537,061</b>

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## 9. Derivatives

The Group entered into two interest rate swap contracts ("IRSs") during 2011 in connection with two bank loans secured over newly acquired properties. These swaps exchange floating interest rates to 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 IRS are measured at fair value using the discounted future cash flows method.

As at 31 March 2013 the IRSs are in a liability position, and have a fair value of €15.9 million (31 December 2012: €17.8 million). 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. These used inputs are either directly (i.e. as prices) or indirectly (i.e. derived from prices) derived. Therefore, these IRSs are classified as Level 2 Fair value measurements under IFRS 13.

## 10. Net financial (expenses)/income

	1/1/2013-31/3/2013 €'000	1/1/2012-31/3/2012 €'000
Interest income	930	1,005
Interest expense	(5,601)	(6,092)
Finance lease interest expense	(1,420)	(761)
Foreign currency differences	(7,896)	14,654
Impairment of financial instruments	(831)	(762)
Other financial expenses	-	(185)
<b>Total</b>	<b>(14,818)</b>	<b>7,859</b>

## 11. Taxation charge for the period

	1/1/2013-31/3/2013 €'000	1/1/2012-31/3/2012 €'000
Current period corporate income tax (expense)/benefit	(940)	51
Deferred tax charge	(1,421)	(3,255)
Adjustments to prior periods	112	-
<b>Total</b>	<b>(2,249)</b>	<b>(3,204)</b>

**12. Segment reporting**

**Reportable segments**

<b>For the period ended 31 March 2013</b>	<b>Standing investment segment €'000</b>	<b>Development segment €'000</b>	<b>Reconciling items €'000</b>	<b>Total €'000</b>
Gross rental income	50,575	-	-	50,575
Service charge income	19,060	-	-	19,060
Net property expenses	(22,413)	-	-	(22,413)
<b>Net rental income</b>	<b>47,222</b>	-	-	<b>47,222</b>
Net result on acquisitions and disposals	67	-	-	67
Costs connected with developments	-	(1,069)	-	(1,069)
Revaluation of investment properties	8,891	(467)	-	8,424
Other depreciation and amortisation	(527)	-	(117)	(644)
Administrative expenses	(2,762)	(414)	(2,988)	(6,164)
<b>Net operating profit/(loss)</b>	<b>52,891</b>	<b>(1,950)</b>	<b>(3,105)</b>	<b>47,836</b>
Net financial expense	(5,470)	(5,573)	(3,775)	(14,818)
<b>Profit/(loss) before taxation for the period</b>	<b>47,421</b>	<b>(7,523)</b>	<b>(6,880)</b>	<b>33,018</b>
Taxation charge for the period	(1,918)	(224)	(107)	(2,249)
<b>Profit/(loss) after taxation for the period</b>	<b>45,503</b>	<b>(7,747)</b>	<b>(6,987)</b>	<b>30,769</b>
Investment properties	2,197,710	549,118	-	2,746,828
Segment assets	2,274,393	596,947	210,687	3,082,027
Segment liabilities	691,198	87,145	6,615	784,958

<b>For the period ended 31 March 2012</b>	<b>Standing investment segment €'000</b>	<b>Development segment €'000</b>	<b>Reconciling items €'000</b>	<b>Total €'000</b>
Gross rental income	48,579	-	-	48,579
Service charge income	18,483	-	-	18,483
Net property expenses	(21,811)	-	-	(21,811)
<b>Net rental income</b>	<b>45,251</b>	-	-	<b>45,251</b>
Net result on acquisitions and disposals	-	256	-	256
Costs connected with developments	-	(1,816)	-	(1,816)
Revaluation of investment properties	6,706	(2,969)	-	3,737
Other depreciation and amortisation	(82)	-	(289)	(371)
Administrative expenses	(2,857)	(122)	(2,749)	(5,728)
<b>Net operating profit/(loss)</b>	<b>49,018</b>	<b>(4,651)</b>	<b>(3,038)</b>	<b>41,329</b>
Net financial income/(expense)	(1,206)	591	8,474	7,859
<b>Profit/(loss) before taxation for the period</b>	<b>47,812</b>	<b>(4,060)</b>	<b>5,436</b>	<b>49,188</b>
Taxation credit/(charge) for the period	(3,250)	356	(310)	(3,204)
<b>Profit/(loss) after taxation for the period</b>	<b>44,562</b>	<b>(3,704)</b>	<b>5,126</b>	<b>45,984</b>
Investment properties	2,098,097	584,542	-	2,682,639
Segment assets	2,175,010	637,676	246,914	3,059,600
Segment liabilities	670,225	104,184	5,700	780,109

## **13. Investment in group undertakings**

On 9 January 2013, MD CE Holding Limited, a 100% owned subsidiary of Atrium, acquired the remaining 49% of the shares in Nokiton Investment Limited it did not already own and now owns 100% of this entity and its subsidiaries. The total consideration paid and transaction costs amounted to €3.4 million.

## **14. Transactions with related parties**

During the three month period ended 31 March 2013, 183,333 options were exercised and 51,666 options were returned to the option pool, out of the 5,130,959 outstanding options as at 31 December 2012. The total number of outstanding options was 4,895,960 as at 31 March 2013.

In March 2013, the Compensation and Nominating Committee determined employee annual bonus payments for 2012. Rachel Lavine, Chief Executive Officer, was awarded a total bonus award of €625,000 which was settled partially by the guaranteed payment of €375,000 in cash and partially via the issuance of 34,958 new shares on 22 April 2013, at €4.539 per share, net of tax. These shares are not subject to any lock-up period.

## **15. Contingencies**

There were no significant changes in the contingencies of the Group to those reported in note 2.41 of the Annual Financial Report 2012. 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 22 May 2013, the latest practicable date prior to authorization of this report, the aggregate amounts claimed in proceedings to which Atrium was then a party in this regard was approximately €13.8 million. The number of claims and amounts claimed are expected to fluctuate over time as proceedings develop, are dismissed or withdrawn.

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 includes 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. Where judgment has been handed down against Atrium in any proceedings, the matter is subject to appeal.

The continuing uncertainty in the various economies in which the Group has its operations and assets, especially the Eurozone and the developing markets in which the Group invests, could lead to significant changes in the values of the Group's assets during subsequent periods. Management is not presently able to assess, with accuracy, the extent of any such changes.

## **16. Subsequent events**

On 16 April 2013 Atrium issued a €350 million unsecured seven year Eurobond, carrying a 4.0% coupon. The bond was rated BBB- by both S&P and Fitch, in line with Atrium's own corporate rating, will mature on 20 April 2020 and the issue price was 99.569%. The proceeds of the issue will strengthen the Group's liquidity and will be used for general corporate purposes, including acquisitions, as and when identified, as well as refinancing existing secured debt.

# 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 three months ended 31 March 2013 which comprises the condensed consolidated statement of financial position, 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 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 three months ended 31 March 2013 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

23 May 2013

### 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 23 May 2013. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 23 May 2013 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.

## Personal Notes

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# Directors, Group Executive Management, Professional Advisors and Principal Locations

## 3. Directors, Group Executive Management, Professional Advisors and Principal Locations

### Directors:

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

### Registered office:

11-15 Seaton Place  
St Helier  
Jersey  
JE4 0QH

### Group Executive Management:

Rachel Lavine	CEO
David Doyle	CFO
Nils-Christian Hakert	COO
Thomas Schoutens	CDO

### Administrator and Registrar:

Aztec Financial Services (Jersey) Limited  
11-15 Seaton Place  
St Helier  
Jersey  
JE4 0QH

### Independent Auditors:

KPMG Channel Islands Limited  
Chartered Accountants  
37 Esplanade  
St Helier  
Jersey  
JE4 8WQ

### Media Relations Advisor:

FTI Consulting  
Holborn Gate, 26 Southampton Buildings  
London, WC2A 1PB, UK

### Principal locations:

#### Czech Republic

*Manhattan Real Estate Management s.r.o.*  
U Libeňského pivovaru 63/2, CZ-180-00  
Prague

#### Hungary

*Manhattan Real Estate Management Kft*  
Bécsi út 154, HU-1032  
Budapest

#### The Netherlands

*Atrium European Management NV*  
World Trade Center, C tower, Strawinskylaan 941, 1077 XX  
Amsterdam

#### Poland

*Atrium Poland Real Estate Management Sp. z o.o.*  
Al. Jerozolimskie 148, PL-02-326  
Warsaw

#### Romania

*Atrium Romania Real Estate Management SRL*  
Auchan Mall Office, Et.1, Office 2  
560A Iuliu Maniu Boulevard  
Bucharest

#### Russia

*OOO Manhattan Real Estate Management*  
JAVAD Business Centre, The Triumph Palace  
Chapaevskiy pereulok, Building 3, RU-125057  
Moscow

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### Cover photo:

*Atrium Promenada shopping centre in Warsaw, Poland*

