



Leader in Shopping Centres in Central and Eastern Europe



Annual Financial Report 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 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 proactive 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 €2.4 billion portfolio of 153 primarily food anchored retail properties and shopping centres which produced €203.5 million of rental income in 2013. 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 €583.6 million development and land portfolio that offers the potential to create value through progressing 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.

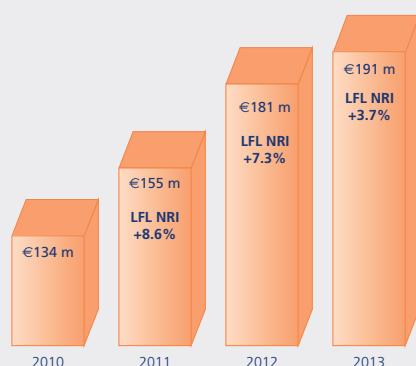


Highlights 2013

Standing investments EPRA occupancy



Net Rental Income (NRI)



Developments and land



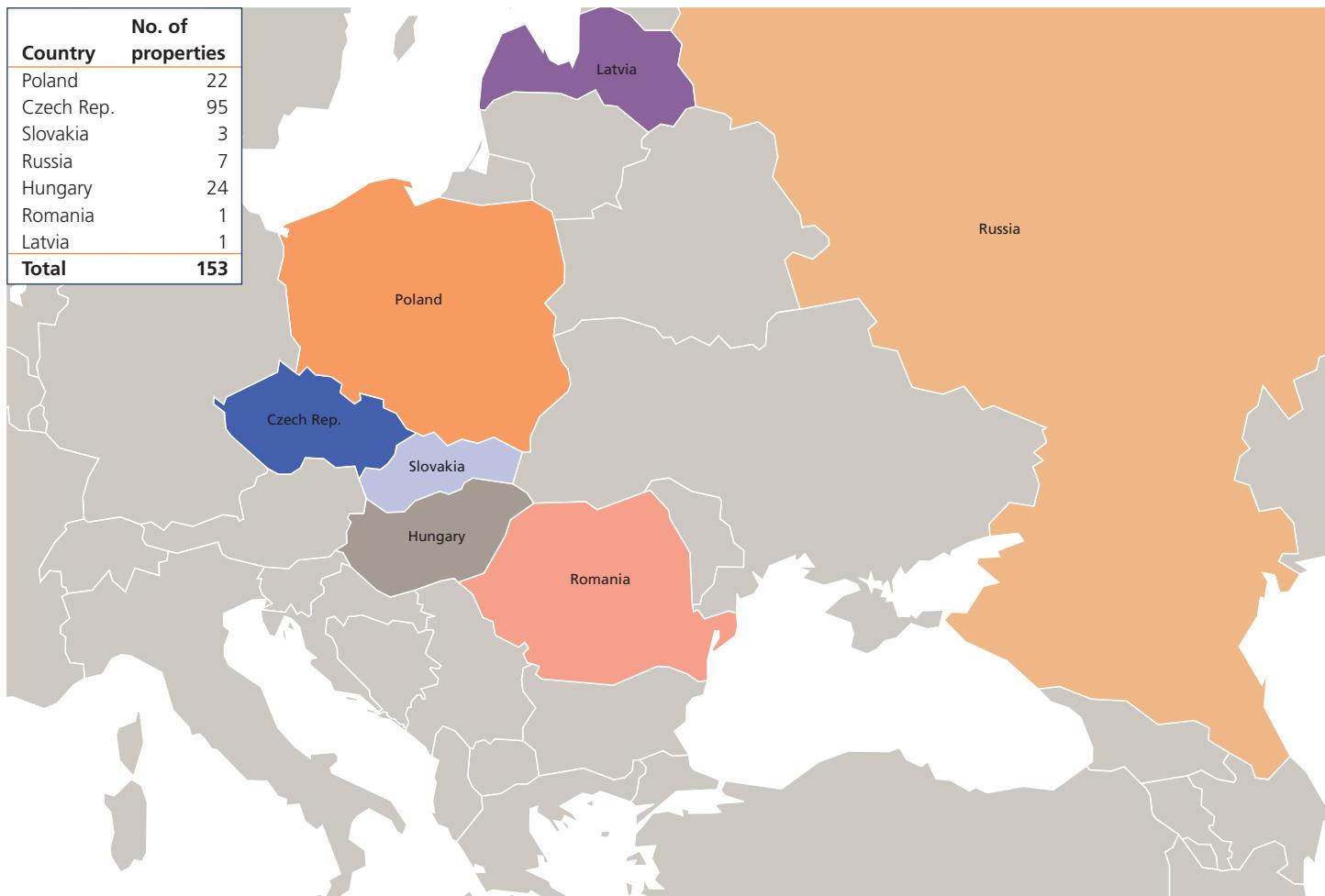
Adjusted EPRA earnings per Share Dividend per Share



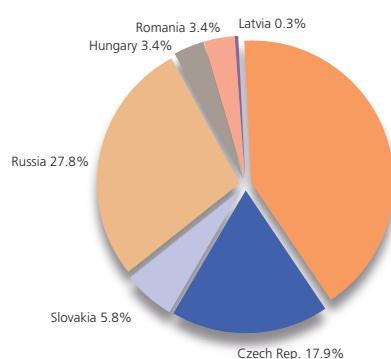
Our Business

Standing Investment Portfolio spread

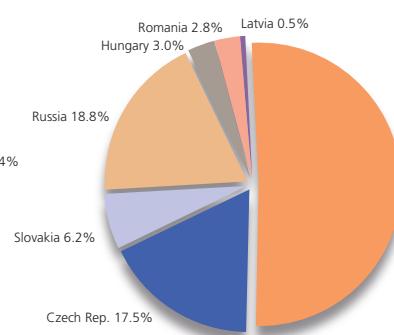
Country	No. of properties
Poland	22
Czech Rep.	95
Slovakia	3
Russia	7
Hungary	24
Romania	1
Latvia	1
Total	153



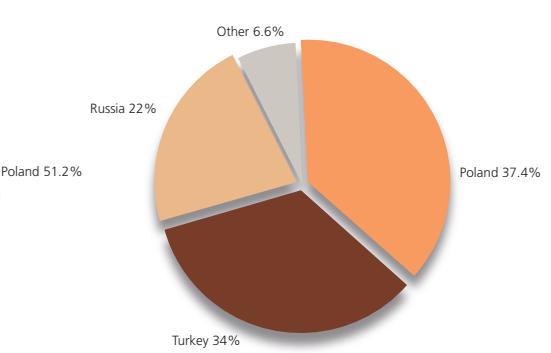
NRI



Standing Investments



Developments and Land



Key Facts

Poland

Czech Rep.

Slovakia

Russia

Hungary

Romania

Latvia

Credit rating

A-/Stable

A+/Stable

A+/Stable

BBB/Stable

BB+/Stable

BBB-/Stable

BBB+/Stable

Population

38.5 m

10.5 m

5.4 m

143.3 m

9.9 m

21.4 m

2.0 m

Retail trade volumes

€82,245 m

€28,339 m

€16,860 m

€360,692 m

€18,827 m

€21,871 m

€3,911 m

Atrium GLA in sqm

423,000

355,500

65,500

240,700

102,200

53,400

20,400

Sources: Fitch Ratings (December 2013); Oxford Economics (December 2013)

Key Performance Indicators

KEY FINANCIAL FIGURES

	Unit	2013	2012	Change
Gross rental income	€'000	203,455	193,475	5.2%
EPRA like-for-like gross rental income	€'000	196,794	190,585	3.3%
Net rental income	€'000	190,833	181,279	5.3%
EPRA like-for-like net rental income	€'000	185,282	178,718	3.7%
Operating margin	%	93.8	93.7	0.1%
EBITDA excluding revaluation, disposals and impairments	€'000	160,401	145,993	9.9%
Company adjusted EPRA Earnings	€'000	125,427	120,904	3.7%
Revaluation of standing investments	€'000	14,712	58,533	(74.9%)
Revaluation of developments and land	€'000	(35,998)	(63,494)	43.3%
Profit before taxation	€'000	90,600	116,073	(21.9%)
Profit after taxation	€'000	75,878	96,175	(21.1%)
Net cash generated from operating activities	€'000	140,598	126,493	11.2%
Total assets	€'000	3,344,206	3,065,522	9.1%
Equity	€'000	2,267,289	2,281,372	(0.6%)
Borrowings	€'000	803,555	537,061	49.6%
Net Borrowings	€'000	497,978	329,218	51.3%
LTV (gross)	%	27.3	19.7	7.6%
LTV (net)	%	16.9	12.1	4.8%

PORTFOLIO KEY FIGURES

Number of standing investment assets	Number	153	156	(1.9%)
Standing investments at fair value	€'000	2,356,164	2,185,336	7.8%
Net equivalent yield (weighted average)	%	8.2	8.4	(0.2%)
EPRA Occupancy rate	%	98.1	98.0	0.1%
Number of development and land assets	Number	36	36	0.0%
Developments and land at fair value	€'000	583,637	538,395	8.4%

PER SHARE FIGURES

IFRS Earnings per share	€cents	20.3	26.4	(23.2%)
Company Adjusted EPRA Earnings per share	€cents	33.5	32.4	3.4%
Dividend per share	€	0.21	0.17	23.5%
IFRS NAV per share	€	6.05	6.12	(1.1%)
EPRA NAV per share	€	6.43	6.43	0.0%
Share price end of year	€	4.18	4.45	(6.1%)

Chairman's Statement



“We achieved excellent financial and operational results in 2013, successfully delivering on our strategy for growth”

We achieved another excellent performance at Atrium in 2013, making strong progress in both financial and operational terms and successfully delivering our strategy for growth. I am pleased to say that this was achieved both organically – through increasing rental income – as well as by adding another prime, dominant shopping centre to our portfolio with the acquisition of Galeria Dominikańska. The Group further reinforced its track record of operational excellence across all key performance metrics for the fourth consecutive year, with gross rental income surpassing €200 million for the first time and increases in like-for-like net rental income, operating margin, net cash from operating activities and the valuation of our retail portfolio. The strength of our performance and our confidence in the outlook for the business led us to once again, last November, increase the dividend for the year ahead.

During the year, we took advantage of both the investment grade rating we secured in 2012 and a ‘sweet spot’ in terms of debt capital markets, to successfully place a €350 million unsecured Eurobond, locking in low cost financing and strongly positioning the Group to take advantage of acquisition and development opportunities as they arise.

Part of this capital was quickly put to work with the acquisition of Galeria Dominikańska referred to earlier. This acquisition is absolutely in line with our strategy of focusing on high-density urban areas with high barriers to entry. I am looking forward to the upcoming opening of our Atrium Felicity shopping centre development in Lublin, Poland. This greenfield development project represents a landmark for the Group and an important plank of our growth strategy as we look to monetize our land bank.

This year we also progressed with our re-development plans, where we have initiated works on the extension of Atrium Copernicus in Toruń, Poland. This project reflects our commitment to making the most of our existing centres and ensuring that they remain both dominant in their local markets and meet the increasing demands of our customers and tenants in a rapidly evolving retail environment. We will continue to pursue this low risk means of growth by seeking new opportunities to expand and improve our existing assets.

Our success in the year meant that the Board was able to approve a 14% increase in the annual dividend to at least €0.24 per share in 2014. This represents a 100% increase in the dividend payment since 2010 at €0.12 per year, reflecting the Board’s confidence in the future profitability and growth of the business. This follows the increased dividend pay-out in the final quarter of 2013, and underlines our commitment to maximising shareholder returns.

In November 2013, we welcomed Roger Orf to Atrium’s board as a non-executive director, following the retirement of Dipak Rastogi. Mr. Orf is a partner at Apollo Global Management and a highly experienced and well regarded real estate investment professional, and I have no doubt that he will make a significant contribution to the Group. On behalf of the entire Board, I would like to thank Mr. Rastogi for his invaluable contributions to our deliberations during his tenure.

Chairman's Statement

I would like to thank all of the employees who have made this year's excellent performance possible; the continued, and award-winning, success is a testament to the hard work undertaken at every level of the business. Finally, I would like to thank our shareholders for their support during the year. We will continue to work hard to maintain Atrium's success and generate value on your behalf.

Sincerely,



Chaim Katzman



Chief Executive's Statement



“Once again, we were able to deliver growth across all of our key performance indicators”

2013 was another successful year for Atrium, as our strategy for growth delivered a strong performance and we continued to build on the momentum achieved in the past few years. This was supported by encouraging sentiment in the macroeconomic climate across Europe and improved investor and consumer confidence.

Once again, we were able to deliver growth across all of our key performance indicators. Gross rental income increased by 5.2% to €203.5 million (2012: €193.5 million), exceeding €200 million for the first time, while net rental income grew by 5.3% to €190.8 million (2012: €181.3 million) and on a like-for-like basis, net rental income increased by 3.7% to €185.3 (2012: €178.7 million). The metric which gives the best reflection of the underlying health of the business is EBITDA, excluding the impact of valuation changes and disposals, and this also increased by 9.9% to €160.4 million (2012: €146.0 million), while company adjusted EPRA earnings per share grew by 3.4% to 33.5 €cents (2012: 32.4 €cents).

This was achieved through the hard work of our expert teams and their professional, hands-on management of the portfolio, which grew occupancy slightly to 98.1% (2012: 98.0%). As a result of this work, the operating margin increased for the fifth consecutive year, to 93.8% (2012: 93.7%). The scale of our portfolio and the experience of our asset managers afford us in-depth relationships with all of the major occupiers in our markets. These qualities significantly benefit both the tenant and the landlord as we negotiate new or existing leases. As a result, the letting and re-letting activities have positively contributed to our strong income performance in the year and the growth in the overall portfolio valuation.

Our portfolio grew by 7.8% or €170.8 million to €2.36 billion during 2013 (31 December 2012: €2.19 billion), including €14.7 million revaluation uplift and the impact of the acquisition of Galeria Dominikańska, and remains focused on the core markets that we have identified as offering the optimal balance of stability and economic growth potential. Poland, the Czech Republic and Slovakia, all with A credit ratings, represent 75% of total portfolio value. Approximately 51% is located in the strongest economy in our region, Poland, which is expected to remain a resilient and strong outperformer within CEE going forward.

Our robust financial position was further enhanced in April this year with the successful placing of a €350 million unsecured seven year Eurobond with a 4% coupon. The proceeds provided some of the capital used for the acquisition of Galeria Dominikańska. This bond placing was carried out at an attractive time in the market in terms of pricing. It paved the way for further expansion of our core property portfolio and allowed us to build a diversified capital structure by using both secured and unsecured financing at competitive pricing. The successful issuance was made possible by the achievement last year of our long term goal of an investment grade credit rating.

As of 31 December 2013, Atrium had a cash balance of €306 million and low leverage with a net loan to value ratio of 16.9%. Our longer term aim remains to increase leverage to a target range of 30-35% and make more efficient use of our balance sheet, as appropriate acquisition opportunities arise.

One of my highlights for the year was the addition of a prime Polish shopping centre to our portfolio, with the purchase of Galeria Dominikańska in Wrocław, Poland. This emphasised the benefit of our robust financial position, allowing us to execute the transaction smoothly and providing the comfort of certainty of execution to our counterparty. Part of our strategy has been to identify and take advantage of opportunities to grow the portfolio with acquisitions of high quality, dominant shopping centres in the major cities of our core markets, and Galeria Dominikańska is an excellent fit with those criteria. Although the opportunities to make such acquisitions have been limited in the past couple of years and competition for those assets that do come to market has often been intense, we have seen early signs of improvement as the market starts to gain better liquidity and we will continue to actively seek out further value accretive deals going forward.

In Poland, as well as the acquisition, we are also making excellent progress in our development portfolio, with Atrium Felicity in Lublin on track to open in March 2014. With a diverse and high quality offer of retailers and leisure operators in a brand new, prime shopping centre, located in Lublin's most dominant retail location, Atrium Felicity will be a fantastic addition to our income producing portfolio.

Elsewhere, the extension of the Atrium Copernicus centre in Toruń, Poland, is also proceeding on schedule. The first phase was completed in 2013, delivering the expanded multi-level car park, and the second phase, which will add 17,300 sqm of GLA will be opened towards the end of 2014.

We have also continued our strategy of acquiring stakes in order to attain control in projects where the Group does not yet have full control. I am pleased to say that following the acquisition of the shares previously owned by our joint venture partners, in respect to land plots in Kalisz and Gdańsk, we currently have full control of all of our real estate owning subsidiaries. In line with the same strategy, we have increased our ownership stake in Park House Togliatti in Russia.

During the year, the Group has also disposed of a number of non-core assets in the Czech Republic and Hungary and a 5 hectare land plot in Russia to a major international DIY operator. The total value of those disposals was €12.5 million realising a small net gain.

Board & management

During 2013, in addition to the change in the Board of Directors, as mentioned in the Chairman's statement, there were a number of notable senior personnel changes at Atrium's executive management team.

After eight years with Atrium, in September 2013, Soňa Hýbnerová was promoted to take on the role of Chief Financial Officer, reflecting the depth of talent within the Group.

In addition, at the start of 2014, we were pleased to announce the appointment of Josip Kardun as Chief Operating Officer, with effect from 14 February 2014. Additionally, Mr Kardun will also act

as Deputy Chief Executive Officer. Mr Kardun joins Atrium from European retail property specialists ECE Projektmanagement GmbH & Co KG. He is an experienced property professional with a very impressive track record in the European retail real estate market and I am very excited to welcome him to the team.

During the year under review we have made several other steps to further deepen and strengthen the executive team and I am confident that all will significantly contribute to the Group success in the future.

Awards & community

It was pleasing that the hard work put in by all of our employees was again recognised by a third party, as we were named Overall Company of the Year at Europa Property CEE's Retail Real Estate awards. This follows Atrium's success at the same awards in 2011 and 2012, when we were named Investor of the Year on both occasions. Furthermore, Atrium Poland has received the Green Investor of the Year award at the Europa Property 2013 CEE Green Building Awards as first recognition of our long-term approach to investment and operation.

Dividend

After another year of building on our solid track record of success and with economic conditions in our core markets showing some signs of improvement, we enter 2014 with optimism. As a result of this, the Board has taken the decision to increase the dividend for 2014 to at least €0.24 per share, up 14% on 2013, representing a 15% annual compounded growth rate since the introduction of the annual dividend in 2010.

The fourth and final quarterly dividend payment for 2013 was also increased to €0.06 per share. Following the quarterly dividend payments of €0.05 per share on 28 March, 28 June and 30 September, this brings the total dividend for the year to €0.21 per share.

Outlook & Objectives

Going into 2014, I believe Atrium is strongly positioned, with an experienced and hard-working team, a high quality portfolio of properties, and a robust balance sheet. During 2013 we saw an improvement in the economic strength of our core markets, with the return of some positive sentiment and improved outlook for growth. Market commentators expect an increase in demand from international occupiers in the retail space, supported by a continued and steady improvement in economic conditions in our core markets. We remain cautious in our assessment of the economic recovery, but do see signs that give us optimism for the Group's prospects going forward.

With this in mind, we will continue to focus on our core strategy of maximising value and income from our existing assets, progressing our pipeline of targeted developments, and, where appropriate, seeking opportunities to make value accretive acquisitions of attractive centres in the major cities of our core target markets.

Chief Executive's Statement

Finally, I would like to add my voice to the Chairman's and extend my thanks to all of our colleagues at Atrium for the hard work that they have put in over the past year to achieve the progress that we have made. The success of the company is wholly dependent on everybody's collective input and each contribution is valued by the business.

Sincerely,



Rachel Lavine

Group Management Report



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Operating Activities

1. Group Management Report

Operating Activities

Our Markets

The year 2013 has seen some positive momentum re-emerge across Europe and the CEE, with better growth, an improved outlook and renewed confidence. In our regions, several factors have supported this trend, including the gradual pick-up in Eurozone demand, especially in Germany, and the easing of fiscal austerity within most CEE countries. Accordingly, indications are that domestic demand is benefitting from a steady rebound. Preliminary estimations from the national statistics offices indicate that average 2013 GDP growth was positive across Atrium's markets, once again outperforming Western Europe, with Russia at +1.3%, Poland at +1.6%, and Romania at +3.5% leading the way. Furthermore, our core markets – namely Poland, the Czech Republic and Slovakia which account for approximately three quarters of Atrium's total portfolio value and all of which hold an "A" credit rating – are forecast to lead the region's growth over the next few years.

Aided by a more robust economic outlook going forward, the CEE property investment market showed an increase in investment activity with transactions volume in 2013 showing a 31% rise over 2012. Overall the market has followed a similar pattern to the previous few years, with the majority of volume concentrated in large scale transactions in Poland and Russia. According to CBRE, these two markets cumulatively accounted for 82% of the entire amount transacted in CEE, with the share of retail at around 40%. However, analysts and other industry players indicate that 2013 continued to show a paucity of good quality retail product being placed on the market, as the significant long-term potential of CEE shopping centres is becoming increasingly apparent to a growing number of investors.

The long-term potential of CEE shopping centres is also reflected in the accelerated pace of development across the region, with Turkey and Russia projected to lead the European shopping centre pipeline over the next two years. Notwithstanding, CEE markets continue to be characterised by lower retail space density per capita, and a corresponding higher potential for growth, than their Western peers.

This fact is also evidenced in the expansion plans of several well-known international retailers: according to JLL's 2013 Retail Destination Europe report, a number of global brands intend to focus their expansion plans on CEE markets. This is especially so in Moscow (ranked 3rd out of 57 markets), but also in St. Petersburg (ranked 8th), in Prague (ranked 9th) and in Warsaw (which, despite being one of the region's more mature retail markets, was still ranked in 19th place). Not surprisingly, Russia and Poland continue to stand out as particularly sought-after retail destinations.

Looking ahead, it is anticipated that the economic upturn is likely to progress at a steady pace throughout 2014 and 2015. Atrium's core markets are all expected to continue to perform well, with the IMF forecasting 2014 GDP growth of 2.4%, 1.5% and 2.3% for Poland,

the Czech Republic and Slovakia respectively. The Czech Republic is beginning to benefit from the Central Bank's foreign exchange policy, while Poland, our largest market, is expected to remain a resilient and strong performer within the CEE, where domestic demand is forecasted to enjoy a healthy pick-up. Nevertheless, we are closely monitoring the devaluation of the rouble in Russia in order to assess any potential impact. While we continue to maintain a conservative view on the degree and the pace of recovery, all signs seem to indicate that prospects across the CEE are changing for the better.

Income producing portfolio

At 31 December 2013, Atrium's income producing portfolio comprised 153 standing investment properties with a market value of €2.4 billion. The portfolio is located in seven countries across CEE.

Our assets have a total gross lettable area ("GLA") of 1.3 million sqm and in 2013 produced a gross rental income of €203.5 million (2012: €193.5 million).

Thirty of our assets are shopping centres, 16 of which offer over 30,000 sqm of GLA, while the other 14 offer between 10,000 sqm and 30,000 sqm of GLA. The 123 remaining assets are mainly smaller-scale properties leased to a variety of retailers ranging from food anchors to do-it-yourself ("DIY") stores and electronic shops. The Group's operating assets are anchored by supermarkets, hypermarkets or local convenience stores, demonstrating the resilient nature of the portfolio and its focus on meeting the every-day needs of consumers.

Our focus on, and dedication to, the proactive asset management of our investment properties is a key driver of value creation and additional income generation. The Group employs a network of experienced local, internal management teams to ensure we maintain close and positive relationships with our tenants as well as to provide vital insight into each of our assets' local requirements and market dynamics. The benefit of this approach is reflected in the Group's strong and sustainable levels of rental income and cash flow generated from operating activities.

The market value of the Group's 153 standing investments increased by 7.8%, or €170.8 million, to €2,356 million as at the end of 2013, compared to €2,185 million at the same time last year. The increase primarily comprised the acquisition of Galeria Dominikańska for an agreed asset value of €151.7 million, €30.8 million of additions, €14.7 million revaluation uplift, offset by both €18.7 million of currency translation differences due to the depreciation of the Czech Koruna and €7.7 million disposals.

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

Standing investments	No. of properties		Gross lettable area		Market value		Revaluation	
	2013	2012	2013 sqm	2012 sqm	2013 €'000	2012 €'000	2013 €'000	2012 €'000
Country								
Poland	22	21	423,000	390,000	1,206,716	1,030,350	16,253	25,681
Czech Republic	95	98	355,500	374,200	411,484	445,901	(14,394)	59
Slovakia	3	3	65,500	65,400	147,260	145,990	(1,071)	6,593
Russia	7	7	240,700	236,600	443,424	394,375	37,190	37,523
Hungary	24	25	102,200	104,500	70,670	82,870	(13,239)	(9,644)
Romania	1	1	53,400	53,300	65,220	70,700	(6,167)	(1,068)
Latvia	1	1	20,400	20,400	11,390	15,150	(3,860)	(611)
Total	153	156	1,260,700		1,244,400	2,356,164	2,185,336	14,712
								58,533

Our Russian portfolio was revalued upwards by 9.4%, or €37.2 million, resulting primarily from the effect of significant value driving changes in the tenant mix which occurred during the year and which drove the estimated rental values ("ERV") upwards, in addition to a slight yield compression.

The Polish portfolio was revalued by 1.6%, or €16.3 million, resulting mainly from a slight yield compression. In the Czech Republic, Romania, Slovakia and Latvia the portfolios were devalued predominately due to a slight decrease in ERV; while in Hungary, the €13.2 million devaluation was primarily attributable to the weak economic environment in that country, leading to both lower rents and a widening in yields.

Over the course of 2013 there was a total revaluation gain of €14.7 million across the entire portfolio. The primary driver behind this increase in value was yield compression (€19.1 million).

Of the total portfolio, 97.0% (or €2.3 billion by market value) and 96.2% (or €195.7 million by GRI) is situated in investment grade rated¹ countries.

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) **	
	2013	2012	2013	2012
Poland	6.7%	6.9%	6.7%	7.0%
Czech Republic	7.9%	8.1%	7.6%	7.8%
Slovakia	7.6%	7.7%	7.4%	7.5%
Russia	12.1%	12.2%	12.3%	12.6%
Hungary	9.8%	9.2%	9.1%	8.8%
Romania	9.1%	9.1%	8.9%	8.8%
Latvia	10.2%	13.0%	5.5%	2.4%
Average	8.2%	8.4%	8.1%	8.3%

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

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

The net equivalent yield and EPRA NIY decreased slightly to 8.2% and 8.1% respectively (31 December 2012: 8.4% and 8.3%). A slight yield compression and an increase in ERV in Russia together with slight yield compression in Poland were the main drivers behind the Group's average EPRA NIY decrease. The alternative EPRA "topped up" NIY for 2013 was 8.2% (31 December 2012: 8.4%).

Acquisitions

Part of our overall strategy for growth is the acquisition of income producing shopping centres with high barriers to entry, particularly where we believe we can leverage our asset management expertise to create additional value. We continue to review and actively seek opportunities in the most mature and stable CEE countries.

In August 2013, Atrium completed the acquisition of Galeria Dominikańska shopping centre in Wrocław, Poland, for an agreed asset value of €151.7 million. Galeria Dominikańska is a fully-occupied, prime shopping centre which comprises approximately 32,700 sqm of gross lettable area spread over three levels and across 102 units, as well as a gym, a medical centre and ancillary office space. The shopping centre is in a prominent location, anchored by a Carrefour supermarket and Media Markt and houses a wide range of international and domestic retail brands. The average duration of lease contracts is over six years. In addition, the centre includes more than 900 parking spaces.

In October 2013, the Group completed the acquisition of an additional 1,966 sqm of gross lettable area within Park House Togliatti in Russia for a consideration of €3.6 million. Following the acquisition, we increased our ownership in the building by 4.8% to 78%.

Disposals

During the year, the Group completed the sale of two assets and returned one asset to its lessor in the Czech Republic; in addition, the Group sold a warehouse in Hungary. The net gain resulting from these transactions amounted to €0.4 million.

Occupancy

Atrium's occupancy remained strong throughout the year on both GLA and EPRA (where Best Practice Recommendations provide for an occupancy definition based on ERV) bases at 97.6% and 98.1% respectively.

Operating Activities

The following table provides the occupancy statistics by country on the basis of both EPRA and GLA:

Occupancy analysis

Standing investments

Country	EPRA Occupancy		GLA Occupancy	
	2013	2012	2013	2012
Poland	97.9%	97.5%	97.3%	97.0%
Czech Republic	96.6%	98.3%	96.7%	96.4%
Slovakia	98.0%	98.2%	97.9%	97.9%
Russia	99.4%	99.0%	99.6%	99.0%
Hungary	96.7%	94.7%	97.0%	97.2%
Romania	100.0%	99.4%	100.0%	99.7%
Latvia	91.0%	92.0%	95.4%	96.0%
Group	98.1%	98.0%	97.6%	97.4%

Leasing activity

Atrium's focus on asset management and building relationships with tenants saw it sign 1,024 leases (2012: 959 leases) during the year; 739 (2012: 678) of these leases were in previously occupied premises and 285 (2012: 281) leases in restructured units (incl. previously vacant).

	Unit	2013
Previously occupied (comparable units)		
Number of leases	Number	739
GLA leased	Sqm	110,881
New Contracted monthly rental income per sqm	€	16.2
Prior Contracted monthly rental income per sqm	€	16.6
Restructured units (incl. previously vacant)		
Number of leases	Number	285
GLA leased	Sqm	62,697
New Contracted monthly rental income per sqm	€	14.0
Total New Leases		
Number of leases	Number	1,024
GLA leased	Sqm	173,578
New Contracted monthly rental income per sqm	€	15.4
Expired Leases		
Number of leases	Number	647
GLA of expiring leases	Sqm	94,645

In 2013, the 1,024 lease were signed representing over €32 million of annual rental income with an average rent of €15.4 per square metre per month. These lease transactions contributed to a further improvement in the portfolio occupancy level and sustained the average lease duration.

Lease expiries

The percentage of lease agreements with a remaining contract term of more than five years is 36.4% (2012: 41.4%). These percentages are calculated using annualised rental income ("ARI"), which is the contracted base rent, including discounts and turnover rent, as at the end of 2013. Additionally, the lease maturities between 2014 and 2018 are very evenly spread. This provides the Group with a high degree of visibility regarding likely future cash flows over the coming years. In addition, we are extremely diligent in monitoring situations where tenants may be at risk, such as the current situation with some DIY chains and ensuring we have the best contingency planning in place to minimise any potential impact on the Group.

The average length of lease in the portfolio at the end of 2013 was 5.4 years (2012: 5.6 years).

On the basis of 2013's ARI the expiry schedule of existing lease agreements is shown in the following table:

Lease expiry schedule	% of ARI
2014	10.7%
2015	12.1%
2016	10.2%
2017	14.3%
2018	16.3%
> 2018	34.0%
Indefinite	2.4%
Total	100.0%

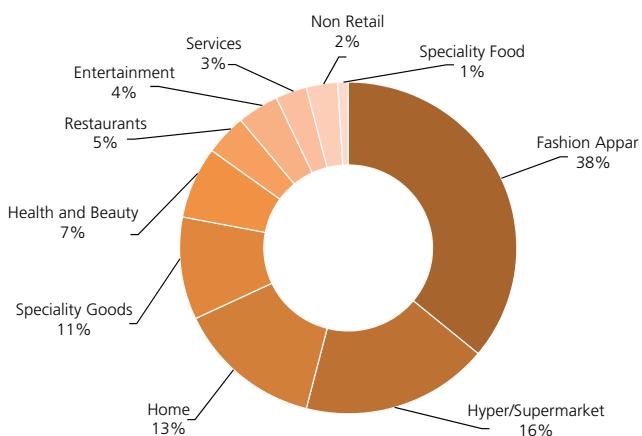
The Group's lease agreements are mainly denominated in Euros, which limits the Group's rental income exposure to local currency fluctuations. 78% of GRI in 2013 was denominated in Euros, with 10% denominated in Czech Korunas, 4% in US Dollars, 5% in Polish Zlotys and 3% in other currencies.

Tenant mix

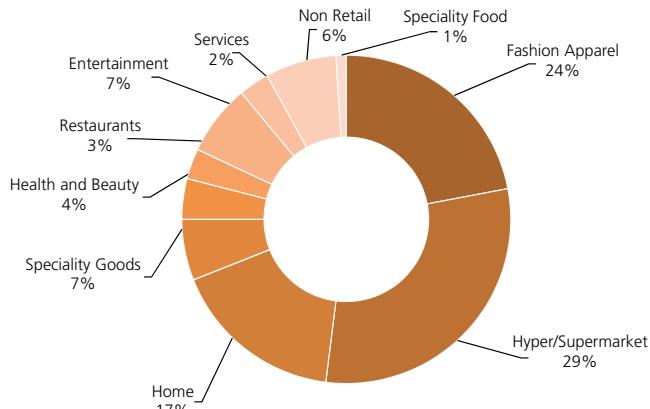
Our management teams continually review our centres to ensure they have a healthy and diversified tenant mix. Improvements are implemented at natural points or breaks in the leasing cycle, or where we see an opportunity or situation arise that allows us to improve the tenant mix. While all of the Group's larger shopping centres are anchored by a number of strong international hyper/supermarket brands, we also understand the importance of partnering with well-known, fashion anchors. These partnerships drive footfall, whilst meeting the needs of the end-consumer and complementing the other tenants in order to add long term value to an asset. In 2013, hyper/supermarket anchors represented the largest percentage of GLA at 29%, while fashion and apparel tenants represented 38% of ARI in 2013.



The tenant mix based on the 2013 ARI is illustrated below:



The tenant mix based on the 2013 GLA is illustrated below:



Top ten tenants

As at the end of 2013, ASPIAG and Metro Group, with more than 4% of total rental income each, were the Group's largest tenants, highlighting the high degree of tenant diversification in the portfolio.

The top ten tenants' percentages of total ARI and of total GLA are illustrated below:

Top ten tenants	Main brands	Field of operations	As a % of	As a % of
			2013 total ARI	2013 total GLA
ASPIAG	Interspar, Spar	International hyper/supermarket	4.6%	6.4%
Metro Group ²	Media Markt, Real, Saturn	International hypermarket and electronic retailer	4.2%	5.9%
Aholt	Albert, Hypernova	International hyper/supermarket	3.4%	7.3%
LPP	Reserved, House, Mohito, Cropp	Fashion	3.3%	2.2%
AFM ²	Auchan, Decathlon	International hypermarket and sport goods retailer	1.9%	4.0%
Hennes & Mauritz	H&M	Fashion	1.7%	2.0%
Tengelmann Group	OBI, KIK	Home improvement	1.6%	1.7%
Inditex	Bershka, Pull&Bear, Zara	Fashion	1.6%	1.2%
Kingfisher	Castorama	Home improvement	1.4%	1.7%
EMF	Empik, Smyk	Media & fashion	1.3%	0.9%
Total top ten tenants			25.0%	33.3%

The top ten tenants represented 25.0% of the Group's total ARI at the end of 2013 (2012: 25.2%) and 33.3% of the total GLA (2012: 34.8%).

² The ARI and GLA of Real in Poland is presented under the Metro Group as AFM's takeover of Metrol Group's Real operation in Poland has not been completed at year end

Operating Activities

Top ten standing investments

The table below gives an overview of the Group's top ten standing investments based on the market value as at 31 December 2013. On that date, the top ten standing investments represented 59.6% (2012: 57.7%) of the total standing investments by value.

Property name	City	Country	Market value		Year of opening	Number of retail tenants	Food anchor tenants	EPRA Occupancy rate
			€'000*	GLA Sqm				
Atrium Promenada	Warsaw	Poland	250,672	55,100	1996	162	Alma	97.7%
Atrium Flora	Prague	Czech Republic	197,800	40,000	2003	118	Albert	96.1%
Atrium Targowek	Warsaw	Poland	165,660	31,300	1998	131	Carrefour	99.4%
Galeria Dominikańska	Wroclaw	Poland	154,110	32,700	2001	97	Carrefour	100.0%
Atrium Koszalin	Koszalin	Poland	125,600	55,400	2008	115	Tesco	95.5%
Atrium Optima	Kosice	Slovakia	112,816	48,000	2002	152	Hypernova	99.3%
Park House Togliatti	Togliatti	Russia	110,180	55,000	2006	126	Auchan	100.0%
Atrium Biala	Bialystok	Poland	99,906	37,700	2007	94	Real	100.0%
Atrium Reduta	Warsaw	Poland	97,434	27,200	1999	111	Carrefour	97.2%
Atrium's Park House Kazan	Kazan	Russia	90,270	51,000	2006	110	Auchan	100.0%
Total top ten standing investments			1,404,448			433,400		

* Includes land lease.

Rental income

GRI grew by 5.2% in 2013 to €203.5 million. In Russia the 12.0% increase in GRI mainly reflects the benefits obtained from a number of restructuring projects at several properties which have been executed over the past few years, rental indexation, higher turnover rents, higher general mall leasing income, and the benefit of a full year's additional rental income resulting from the RCH transaction completed in 2012. The 6.8% uplift in Poland primarily reflects the four month contribution from Galeria Dominikańska, rental indexation, higher turnover rent and other rental income. In the Czech Republic, the weakening of the Czech Koruna and lease renewals at

lower levels, offset by rental indexation were mainly responsible for the decrease. The decline in Hungary was primarily due to the weak economic environment in that country leading to lower occupancy during the year. GRI in Slovakia remained flat, reflecting the stability of that economy. In Romania, rental indexation and the receipt of a one-off fee drove the increase in GRI.

The growth in GRI flowed through into NRI, which increased by 5.3% to €190.8 million, mainly as a result of the continued positive performance in Russia and Poland.

The regional distribution of gross and net rental income, as well as the operating margin is provided in the tables below:

Gross rental income

Country	2013 €'000	2013 % of GRI	2012 €'000	Change €'000	Change %
Poland	78,858	38.8%	73,851	5,007	6.8%
Czech Republic	37,641	18.5%	38,629	(988)	(2.6%)
Slovakia	11,258	5.5%	11,248	10	0.1%
Russia	59,297	29.1%	52,940	6,357	12.0%
Hungary	7,752	3.8%	8,567	(815)	(9.5%)
Romania	7,248	3.6%	7,172	76	1.1%
Latvia	1,401	0.7%	1,068	333	31.2%
Total gross rental income	203,455	100.0%	193,475	9,980	5.2%

Net rental income

Country	2013 €'000	2013 % of NRI	2012 €'000	Change €'000	Change %
Poland	79,153	41.4%	73,577	5,576	7.6%
Czech Republic	34,136	17.9%	35,017	(881)	(2.5%)
Slovakia	11,087	5.8%	11,148	(61)	(0.5%)
Russia	52,978	27.8%	47,689	5,289	11.1%
Hungary	6,406	3.4%	7,050	(644)	(9.1%)
Romania	6,431	3.4%	6,429	2	0.0%
Latvia	642	0.3%	369	273	74.0%
Total net rental income	190,833	100.0%	181,279	9,554	5.3%

Operating margin

Country	2013 in %	2012 in %	Change in %
Poland	100.4%	99.6%	0.8%
Czech Republic	90.7%	90.6%	0.1%
Slovakia	98.5%	99.1%	(0.6%)
Russia	89.3%	90.1%	(0.8%)
Hungary	82.6%	82.3%	0.3%
Romania	88.7%	89.6%	(0.9%)
Latvia	45.8%	34.6%	11.2%
Total operating margin	93.8%	93.7%	0.1%

The base rent including discounts per sqm grew from €141 as at 31 December 2012 to €145 as at 31 December 2013.

EPRA like-for-like gross rental income

Country	2013 €'000	2013 % Total	2012 €'000	Change €'000	Change %
Poland	74,580	36.7%	73,701	879	1.2%
Czech Republic	37,360	18.4%	37,458	(98)	(0.3%)
Slovakia	11,258	5.5%	11,248	10	0.1%
Russia	57,195	28.1%	51,394	5,801	11.3%
Hungary	7,752	3.8%	8,543	(791)	(9.3%)
Romania	7,248	3.6%	7,173	75	1.0%
Latvia	1,401	0.7%	1,068	333	31.2%
Like-for-like gross rental income	196,794	96.7%	190,585	6,209	3.3%
Remaining gross rental income	6,661	3.3%	1,639	5,022	306.4%
Total gross rental income	203,455	100.0%	192,224	11,231	5.8%

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

Like-for-like GRI provides the clearest indication of both the performance of the underlying portfolio and the organic growth we have achieved from it. On this basis, the Group delivered very strong results in 2013 with a 3.3% increase to €196.8 million, the majority of which (93% or €5.8 million) came from Russia.

Operating Activities

EPRA like-for-like net rental income

Country	2013 €'000	2013 % Total	2012 €'000	Change €'000	Change %
Poland	75,359	39.5%	73,461	1,898	2.6%
Czech Republic	34,127	17.9%	34,484	(357)	(1.0%)
Slovakia	11,087	5.8%	11,148	(61)	(0.5%)
Russia	51,192	26.8%	45,692	5,500	12.0%
Hungary	6,444	3.4%	7,139	(695)	(9.7%)
Romania	6,431	3.4%	6,420	11	0.2%
Latvia	642	0.3%	374	268	71.7%
Total like-for-like net rental income	185,282	97.1%	178,718	6,564	3.7%
Remaining net rental income	5,551	2.9%	2,301	3,250	141.2%
Total net rental income	190,833	100.0%	181,019	9,814	5.4%

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

Like-for-like NRI followed a pattern similar to that of like-for-like GRI but with some slight further uplift coming mainly from improved service charge income in Poland which resulted in an increase of 3.7% in like-for-like NRI.



Development and Land Portfolio

At 31 December 2013, Atrium's development and land portfolio was valued at €583.6 million across 36 projects. Over 90% of the portfolio by value, and over 80% by size, is concentrated in Poland, Russia and Turkey. Out of the above fair value an amount of €109.8 million is the value of our two active development projects which will open in Q1 and Q4 2014.

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

Country	No. of projects		Market value		Size of land	
	2013	2012	2013 €'000	2012 €'000	2013 (hectares)	2012 (hectares)
Poland	14	13	218,127	143,125	64	60
Russia	12	12	128,373	145,230	141	149
Turkey	4	4	198,461	209,376	44	44
Others	6	7	38,676	40,664	53	54
Total	36	36	583,637	538,395	302	307

Over the course of the year we have continued to carefully assess which projects have the most potential to create additional value to our portfolio. Our focus is oriented towards growing and strengthening our portfolio in the largest and strongest cities and domestic economies of our core countries. The decision to develop a project is dependent on its location, size, the economic situation in the relevant city and country, competition and the overall risk profile. The decision process also involves a number of broad considerations such as the demand and prices realised for land sales achieved to date, our preference to acquire income producing properties, together with our reluctance to create excessive development commitments. Accordingly, in addition to new projects, we aim to seek to create value by developing extensions to our existing and proven assets.

We will continue to actively manage all of our development and land projects in order to build and maximise the value of the portfolio, whilst at the same time progressively reducing the relative proportion of non-income producing assets. Although it may take a number of years, our long term target is for the development pipeline to not exceed 10%-15% of total investment properties.

Development Activity

Presently we have two active development projects - our Atrium Felicity shopping centre in Lublin, Poland and the redevelopment of our Atrium Copernicus centre in Torun, Poland. Additionally, we have four projects which have received a preliminary green light from the Board, but further assessments and advanced feasibility studies are required before final Board approval or further commitment. At the moment, all projects under assessment review are extensions to existing properties.

The cost for completion of the two active development projects is approximately €51.1 million. Indicatively, in the event that all projects under assessment review also progress to full development, we estimate the total incremental development spend of approximately €161 million over the next three to five years.

Atrium Felicity shopping centre with 75,000 sqm GLA, currently our only greenfield project, has been the main focus of our development team's efforts during the period. In October 2013 we completed the sale of the supermarket component of the project to Auchan, a major international food retailer, in line with a forward sale agreement concluded in June 2012. Following the sale, Atrium's ownership is 55,000 sqm GLA. We have made solid progress with construction activities and the centre is on target to open on 20 March 2014. The net incremental costs to completion as of 31 December 2013, after receiving payment from Auchan for the supermarket component, are assessed at approximately €24.6 million. The strong pre-leasing results and the compelling line-up of international and domestic retail brands, demonstrate the quality of the retail destination on offer and provide us with real confidence that we are on track to deliver the dominant shopping centre in this region.

In July 2013, we signed agreements with the general contractor for the second phase of the redevelopment of our Atrium Copernicus centre in Torun, Poland, with construction works getting underway 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 upon completion in late 2014. The additional parking spaces and new international and domestic brand names secured, along with the planned modernization of part of the existing centre are expected to further improve the centre's attractiveness in the region and supplement the already successful centre. The incremental costs to completion of the extension as of 31 December 2013 are assessed at approximately €26.5 million.

The remaining four identified priority projects are all extensions to existing income producing assets; two are located in Poland, while another two are in Russia.

Development and Land Portfolio

Acquisitions and Disposals

During the year, we acquired the remaining stakes in companies that own lands in Kalisz and Gdansk Poland. In Kalisz we acquired the remaining 49% stakes for a total consideration of €3.4 million and in Gdansk we acquired the remaining 76% stake for a total consideration of €2.5 million. The two transactions brought our stake to 100% in each company.

In November 2013, the Group completed a sale of a five hectare land plot which was part of its 40 hectares land plot adjacent to Severny shopping mall in St Petersburg, Russia, for €5.2 million. The land plot was sold to a major international DIY operator. The transaction resulted in a net gain of €0.5 million.

Management

At 31 December 2013, the Group executive management team consisted of Rachel Lavine, Chief Executive Officer, Soňa Hýbnerová, Chief Finance Officer, Nils-Christian Hakert, Chief Operating Officer, Thomas Schoutens, Chief Development Office, Geraldine Copeland-Wright, General Counsel, Liad Barzilai, Head of Acquisitions and Ljudmila Popova, Head of Business Development & IR. This team is supported by local executive management teams with day-to-day responsibility for managing the assets and customer relationships in each of our countries of operation.

In February 2014, Josip Kardun joined Atrium's Group Executive Management Team as Chief Operating Officer following the departure of Nils-Christian Hakert who leaves the Group at the end of March 2014. Mr Kardun, who also acts as Deputy Chief Executive Officer, joined Atrium from European retail property specialists ECE Projektmanagement GmbH & Co KG ("ECE"), where he 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.

As at 31 December 2013 the Group had 358 employees as follows: General Management- 8 employees; Operations-186 employees; Development- 25 employees; Finance and administration- 84 employees; Information systems- 8 employees; Legal- 19 employees; Other- 28 employees.

Our current management team:



* In February 2014, Josip Kardun joined Atrium's Group Executive Management Team as Chief Operating Officer and Deputy CEO following the departure of Nils-Christian Hakert who leaves the Group at the end of March.

Shopping Centre Dominikańska

Shopping Centre Atrium Dominikańska

Key facts about Atrium Dominikańska at 31st December 2013

Dominikański Place 3
50-001 Wrocław, Poland

Year of opening:	2001
GLA:	32,700 sqm
Market value:	€154.1 million
EPRA retail occupancy:	100%
EPRA office occupancy:	100%
Number of stores:	97
Food Anchor:	Carrefour
Parking spaces:	915
Website:	www.galeria-Dominikanska.pl

Wrocław is located in the south-western area of Poland, and is the fourth largest Polish city in terms of population (632,996) with density of 2,162 inhabitants per square km, the greater metropolitan area having an estimated population of nearly 1.2 million. It is a young and vibrant city in terms of outlook which serves as financial, administrative, cultural, scientific and industrial centre of the Dolnoslaskie Voivodship. It has attracted much foreign investment in recent years and offers an attractive business environment with a broad range of modern business services as well as a skilled workforce.

Wrocław is serviced by the Nicolas Copernicus International Airport which is just 11 km away from the city centre.

Furthermore, it is also considered to be a prime location for logistics and distribution within the CEE countries, owing to its convenient location at the crossing of major communication routes.

Located on the edge of the Old Town, Galeria Dominikańska is only a few minutes' walk from the historic market square and enjoys excellent visibility fronting Wrocław's main east-west road. It benefits from excellent transport connections with easy pedestrian, public transport and vehicular connections, being situated on a main road junction with multiple tram and bus lines to the front door as well as a 915 space car park on the centre's upper levels. The centre benefits from an affluent catchment when compared to the Polish average, with over 700,000 people within a 30 minute drive time.

Galeria Dominikańska was acquired by Atrium in 2013 for an agreed asset value of €151.7 million, having been developed by ECE and completed in 2001. It is a modern shopping centre anchored by a Carrefour supermarket, Media Markt and Van Graaf and is home to many international retailers, which makes it the leading retail destination in the city centre.

It was designed by award winning architect Edward Lach of Studio EL Architects, and shortly after opening in 2002, it was awarded a Distinction by the Polish Chamber of Architects. It was refurbished and extensively relet in 2011.

The Property has an efficient linear design in a T-shape layout to the ground floor with three pedestrian entrances, plus an additional entrance to the basement in a pedestrian foot tunnel, providing convenient access. Good vertical circulation is afforded by way of two

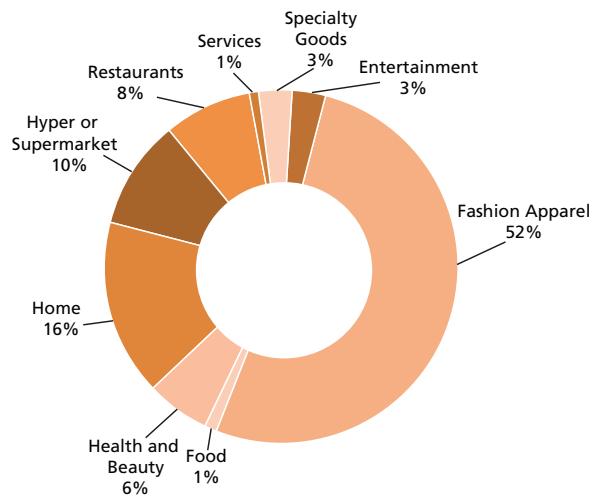


escalators located at each end of the mall, and two banks of two lifts on the eastern end of the centre, with two additional lifts on the western end. A glass roof provides a substantial amount of natural light throughout the centre. Accessed by an average of 35% of the footfall, the main entrance is located on Błogosławionego Czesława to the south east of the centre.

The centre comprises 97 retail tenants, and offers a diversified tenant mix of fashion brands, consumer services, restaurants and entertainment. The centre focuses on middle and higher-income customers who are well represented within the catchment area, and offers a wide spectrum of brands such as Zara, Reserved, C&A, Mango, Nike and Promod, together with more exclusive brands including Benetton, Simple, Max Mara and Van Graaf.

Office premises of 2,427 sqm GLA are situated above the retail floors, with high quality tenants including Lux Med and Classic Fitness Centre.

Retail GLA by tenant mix



Interview with Andrzej Oleksik

(Owner of MaxMara Store)

"As a long-term tenant of Galeria Dominikańska in Wrocław, I believe that the centre meets the needs of its tenants and customers. The marketing campaigns taking place in the centre perform two functions, both attracting new customers as well as strengthening the loyalty of regular clients. External decorations such as this year's Christmas decorations make Galeria Dominikańska stand out from the competition of other shopping centres in Wrocław. Due to professional management and even despite the number of competitors, Galeria Dominikańska occupies a truly special place in the hearts of Wrocław's inhabitants, who come here in large numbers to do shopping, and use restaurants and cafes located in the centre."

Interview with Dariusz Karamon

(Manager of Ochnik Store)

"As the manager of the Ochnik Store in Galeria Dominikańska since 2009, I think that this is the best shopping centre in Wrocław, which is



Interview with Liad Barzilai

(Head of Acquisitions, Atrium)

"We were very happy to announce the completion of the Galeria Dominikańska acquisition in 2013, adding it to our substantial Polish portfolio now totaling 22 properties, further strengthening our presence in what is a key market for us."

Galeria Dominikańska represents the heart of modern shopping in the City of Wrocław, with an impressive footfall of nearly 12 million customers per annum, with its location right at the edge of the old town with excellent pedestrian, bus, tram and car links as well as a large car park ensuring easy access.

Not only is it the premier retail destination in the city with many strong international brands, but its strong market presence with many regular and popular marketing events, as well as a strong mid to high-end brand ethos will ensure it continues to flourish. Following the acquisition our Polish portfolio now has a lettable area in excess of 423,000 sqm, and a value of c. €1.2 billion."

proven by our turnover. Thanks to the regular events organized by the centre's management which always attract customers, we have a large range of customers and the frequencies in our shop are still increasing. To increase sales in the slower months of May and November there are organised sales-driven promotions such as "Discount Saturday", which result in increases in turnover.

Due to the regularly arranged fashion shows we attend, we have a very good ability to present our collections to the wide range of customers visiting Galeria Dominikańska, after which we always get professionally prepared pictures that we send to our headquarters, and that are published on the internet. The cooperation with the centre's management is always positive, and in the shopping centre magazine we regularly have pictures published of our products, again positively affecting the turnover in our shop. The technical staff are always very helpful as are the security guards."





Stock Exchange and Share Price Information

Stock Exchange and Share Price Information

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Atrium has a dual listing on the Vienna Stock Exchange and NYSE Euronext Amsterdam ("Euronext").

ISIN: JE00B3DCF752

Bloomberg tickers

Vienna: ATRS AV
Euronext: ATRS NA

Reuters tickers

Vienna: ATRS.VI
Euronext: ATRS.AS

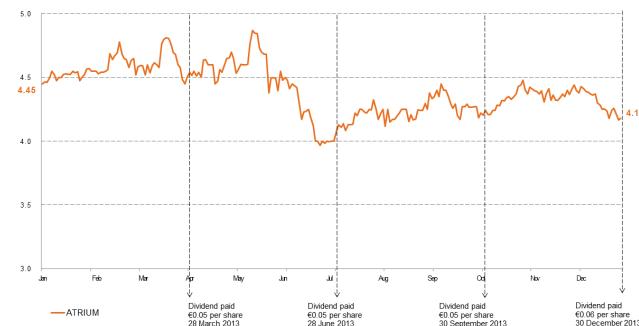
Total Return in 2013

Over 2013, Atrium's shareholder return was as follows:

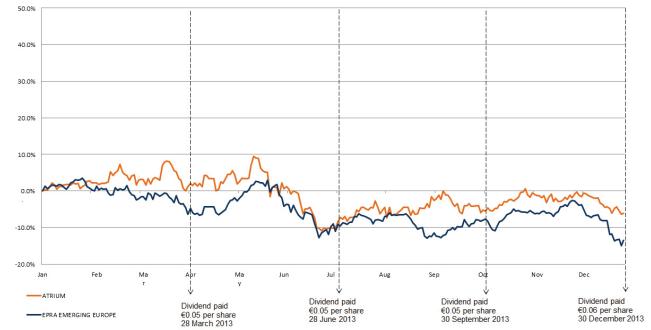
Vienna Stock Exchange

Closing price 2012	€4.45
Closing price 2013	€4.18
Movement in the share price	€(0.27)
Share return	(6.07%)
Dividend for year 2013	€0.21
Dividend return	4.72%
Total return per share invested on 31 December 2012	€(0.06)
Total return in 2013	(1.35%)

Atrium share price



Atrium share price relative to EPRA indices*



Outstanding shares as at

31 December 2013 374,899,934

Market capitalisation as at

31 December 2013* €1,567 million

2013 lowest share price* €3.97 quoted on 25 June 2013

2013 highest share price* €4.87 quoted on 13 May 2013

*Vienna Stock Exchange

Dividend

Atrium paid a €0.05 per share dividend as a capital repayment on 28 March 2013, 28 June 2013, 30 September 2013 and a €0.06 per share dividend as a capital repayment on 28 December 2013. Total dividend payments for 2013 amounted to €79 million (2012: €63 million).

In November 2013, the Company's Board of directors approved a dividend distribution for 2014 of at least €0.24 per share which will be paid in quarterly instalments of €0.06 per share at the end of each calendar quarter, commencing at the end of the first quarter of 2014 (subject to any legal and regulatory requirements and restrictions of commercial viability).

Major shareholders

To the best of the management's knowledge, during the year ended 31 December 2013, no single shareholder of Atrium held more than 5% of the company's shares, except for Apollo Global Real Estate ("Apollo") and Gazit-Globe Ltd ("Gazit-Globe") which together held 53.7% (2012: 53.9%) of the shares, as at 31 December 2013, as notified by them.

EPRA Reporting

EPRA Earnings

EPRA Earnings are calculated in line with the best practice recommendations of the European Public Real Estate Association ("EPRA"). EPRA's objective is to promote greater transparency, uniformity and comparability of the financial information reported by property companies. Unrealised changes in valuation, gains or losses on disposals of properties and certain other items do not necessarily provide an accurate picture of Atrium's underlying operational performance.

	2013 €'000	2012 €'000
Earnings attributed to equity holders of the parent company	75,936	98,712
Revaluation of investment properties	21,286	4,961
Net result on acquisitions and disposals	(1,376)	(793)
Goodwill impairment and amortisation of intangible assets	4,428	970
Deferred tax in respect of EPRA adjustments	3,238	11,476
Close-out costs of financial instruments	-	1,909
Non controlling interests in respect of the above adjustments	-	(2,264)
EPRA Earnings	103,512	114,971
Weighted average number of shares (in shares)	374,288,340	373,075,076
EPRA Earnings per share (in €cents)	27.7	30.8
Company adjustments:*		
Legacy legal matters	3,274	3,255
Impairment of investments in associates	1,483	-
Foreign exchange differences	5,811	(7,860)
Deferred tax not related to revaluations	9,565	5,500
Changes in the value of financial instruments	1,782	5,049
Non controlling interests in respect of company adjustments	-	(11)
Company adjusted EPRA earnings	125,427	120,904
Company adjusted EPRA earnings per share (in €cents)	33.5	32.4

* 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

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

Net Asset Value ("NAV")

	2013		2012	
	€'000	in € per ordinary share	€'000	in € per ordinary share
Equity	2,267,289		2,281,372	
Non controlling interest	740		3,061	
IFRS NAV per the financial statements	2,268,029	6.05	2,284,433	6.12
Effect of exercise of options	27,298		15,280	
Diluted NAV, after the exercise of options	2,295,327	6.01	2,299,713	6.08
Fair value of financial instruments	11,756		17,828	
Goodwill as a result of deferred tax	(7,616)		(11,025)	
Deferred tax in respect of investment properties	155,688		128,468	
EPRA NAV	2,455,155	6.43	2,434,984	6.43

EPRA Triple NAV ("NNNAV")

	2013		2012	
	€'000	in € per ordinary share	€'000	in € per ordinary share
EPRA NAV	2,455,155		2,434,984	
Fair value of financial instruments	(11,756)		(17,828)	
Impact of debt fair value	(7,780)		(10,821)	
Deferred tax in respect of investment properties	(155,688)		(128,468)	
EPRA NNNAV	2,279,931	5.97	2,277,867	6.02
Number of outstanding shares	374,899,934		373,388,756	
Number of outstanding shares and options	381,669,066		378,519,715	

The NAV as at 31 December 2013 and 31 December 2012 was based on the audited consolidated financial statements including the fair value of the Group's standing investments and developments and land. The market value of the Group's standing investments and most of the developments and land was based on the appraisals of Cushman & Wakefield and Jones Lang LaSalle.

Statement to § 82 of the Austrian Stock Exchange Act

Statement by the Board of Directors of Atrium European Real Estate Limited Pursuant to § 82 of the Austrian Stock Exchange Act

The members of the Board of Directors of Atrium European Real Estate Limited ("Atrium"; Atrium together with its subsidiaries the "Group") pursuant to Section 82 of the Austrian Stock Exchange Act (§ 82 BoerseG) hereby confirm:

a) that to the best of their knowledge the consolidated annual financial statements and Atrium's standalone financial statements prepared in accordance with applicable accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Atrium and

b) that the Group management report presents the development and performance of the business and the position of the Group and Atrium in such a manner so as to give a true and fair view of the assets, liabilities, financial position and profit or loss, together with a description of the major risks and uncertainties to which the Group and Atrium are exposed.

The Board of Directors



CHAIM KATZMAN
Chairman of the Board



RACHEL LAVINE
Director and CEO



JOSEPH AZRACK
Director



NOAM BEN-OZER
Director



PETER LINNEMAN
Director



ROGER ORF
Director



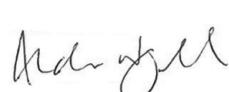
SIMON RADFORD
Director



AHARON SOFFER
Director



THOMAS WERNINK
Director



ANDREW WIGNALL
Director

Statement Regarding Forward Looking Information

Sustainability

Statement Regarding Forward Looking Information

This Annual 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 Annual Financial Report and include statements regarding the intentions, beliefs or current expectations of Atrium. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance.

You should assume that the information appearing in this Annual Financial Report is up to date only as of the date of this Annual

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 Annual Financial Report, and particularly the forward looking statements, are qualified by these cautionary statements.

This Annual Financial Report and the documents available for inspection should be read in their entirety and with the understanding that the actual future results of Atrium or the Group may be materially different from what Atrium or the Group expects.

Sustainability

Our vision is to be the leading owner, manager and developer of Central and Eastern European shopping centres. In line with this objective and recognising that with leadership comes responsibility, our company's efforts have been focused on driving efficiencies both within the portfolio and in our daily operations in order to deliver a sustainable performance over the long-term.

To achieve this, Atrium's management constantly seeks to combine the ongoing enhancement of our business efficiency with being a good corporate citizen, recognising the fact that both actions are mutually beneficial to us and our stakeholders. For the sake of simplicity and clarity, we consider a three tiered approach to sustainability which deals with the concept from an economic, environmental and social perspective.

Firstly, the inherent emphasis placed by any firm on its economic viability and sustainability is obvious. In Atrium's case, it is most clearly reflected in the substantial increase of our operating margin achieved over the past few years which improved from 71.0% in 2008 to 93.8% in 2013. This was partly achieved through cost reduction and optimization of our energy use, such as investing in more energy efficient infrastructure as a result of energy audits and improved use of existing building management systems.

The economic and social sustainability of our shopping centres is crucial to their success. Our centres are already of great benefit to the communities in which they operate, providing local employment, increasing local commerce, and providing a safe and welcoming place for people to shop and enjoy their leisure time.

Secondly, from an environmental perspective, we have continued to monitor Atrium's levels of energy consumption investing in reducing

the environmental impact of our activities. For example, we are targeting BREAM certification for Atrium Felicity in Lublin, Poland, our first major greenfield project. Atrium has also begun to use sustainability factors as part of its appraisal for future acquisitions and as part of our wider due diligence in so far as it may have a direct impact on the operational efficiency of the building. In recognition of our efforts, Atrium Poland Real Estate Management has received the Green Investor of the Year award at the Europa Property 2013 CEE Green Building Awards.

Thirdly, our sustained efforts to improve corporate governance and transparency have been acknowledged by the market. In addition, the ethnic diversity of our workforce and the high participation of female employees at all levels of the organisation testify to our fair and equal treatment of all personnel regardless of their nationality or gender.

Finally, the Atrium centres regularly host local events that seek to bring the local communities together not only as consumers, but as neighbours and citizens with shared interests. One example in this respect is the Pink Ribbon action initiated within all our Polish assets in October 2012 aimed at increasing awareness about, and raising funds for, breast cancer non-profit organisations.

Our dedication to sustainability is ingrained within our corporate culture. Our commitment to sustainability reflects our long-term approach to investment and operation, as well as our belief that a business not only needs to generate stable cash flows, but to add a valuable contribution to all its stakeholders and respect the environment's fragile and finite nature. Atrium will continue to strive and improve its business in this respect.

Corporate Governance Report

Compliance with Corporate Governance Codes

Atrium European Real Estate Limited ("Atrium") was established under the laws of Jersey, Channel Islands, in 1997. Atrium has been listed on the Vienna Stock Exchange ("ATRS") since November 2002 and on the NYSE Euronext Amsterdam Stock Exchange since August 2009.

The Austrian Code of Corporate Governance (as amended in July 2012) ("Austrian Code") sets out rules and regulations for responsible management and guidance of companies listed in Austria. The Austrian Code primarily applies to Austrian stock market-listed companies that voluntarily undertake to adhere to its principles. Atrium has voluntarily submitted to the Austrian Code, which is available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at), and obliges Atrium to either comply or explain any deviations from its applicable rules. Explanations for deviations are provided on page 39.

Jersey law does not contain a mandatory code of corporate governance but does impose general fiduciary duties and duties of care, diligence and skill on the Directors, who are also under a statutory obligation to act in good faith and in the best interest of Atrium. In addition and as agreed with the Jersey Financial Services Commission ("JFSC"), Atrium must remain materially compliant with

the UK Combined Code, the corporate governance code adopted by the UK Financial Conduct Authority, in matters pertaining to the independence of Directors and the composition of the Board.

Board and management structure

The management structure of Atrium is a one-tier Board of Directors. The Rules of the Austrian Code otherwise applying to the supervisory board or the management board in a typical Austrian joint stock corporation will be applied in each case to the Board of Directors.

Pursuant to Atrium's articles of association ("Articles"), at least half of the Directors are required to be independent in accordance with, and as defined in, the rules of the New York Stock Exchange. At present, five of the ten directors are independent in accordance with those rules, namely Mr. Ben-Ozer, Mr. Linneman, Mr. Radford, Mr. Wernink and Mr. Wignall.

The business of Atrium is managed by the Directors, who may exercise all powers of Atrium that are not required by applicable corporate law or the Articles to be exercised by the shareholders in a general meeting. The power and authority to represent Atrium in all transactions relating to real and personal property and all other legal or judicial transactions, acts and matters before all courts of law is vested in the Directors.

Currently, the Board consists of ten Directors:

Name	Audit Committee	Compensation and Nominating Committee	Special Standing Committee	Date of birth	Mandate start
Chaim Katzman		✓	✓	04.11.1949	01.08.2008
Rachel Lavine			✓**	09.12.1965	01.08.2008
Joseph Azrack		✓	✓	08.04.1947	15.08.2011
Noam Ben-Ozer	✓			22.06.1963	24.11.2009
Peter Linneman	✓	✓	✓	24.03.1951	01.08.2008
Roger Orf*		✓		28.07.1952	11.11.2013
Simon Radford	✓			03.02.1957	06.03.2008
Aharon Soffer	✓			03.03.1971	17.05.2011
Thomas Wernink	✓	✓		10.12.1945	01.08.2008
Andrew Wignall	✓			11.05.1964	06.03.2008

*replaced Dipak Rastogi with effect from 11th November 2013

** non-voting member

The mandate of each Director ends at the shareholders' annual general meeting ("AGM") held following the date of appointment. Provision is made for each Director to retire at each AGM and for the shareholders (by ordinary resolution) to re-elect that retiring Director (if eligible for re-election). In the absence of such resolution, a retiring Director shall be deemed to have been re-elected, except where (a) a

resolution to re-elect the Director has been put to the AGM but has not been passed, or it is expressly resolved not to fill the office being vacated, or (b) such Director is ineligible for re-election or has given notice in writing to Atrium that he or she is unwilling to be re-elected. The current mandate of each Director ends at the AGM to be held in May 2014.

Corporate Governance Report

Chaim Katzman

*Non-executive director and Chairman
Member, Compensation and Nominating Committee and Special
Standing Committee*



Chaim Katzman is the founder, controlling shareholder and Chairman of Gazit-Globe Ltd, a leading international real estate company listed on the Tel Aviv Stock Exchange (TASE: GZT), the New York Stock Exchange (NYSE: GZT) and the Toronto Stock Exchange (TSX: GZT). As Chairman, Mr. Katzman leads global operations, manages affiliate and subsidiary activities and oversees more than \$US20 billion in assets in over 20 countries.

Mr. Katzman is also the founder, controlling shareholder and Chairman of Norstar Holdings (formerly Gazit Inc.), the parent company of Gazit-Globe; the Chairman of Equity One, Inc. (NYSE: EQY), a leading shopping centre developer and owner focused on urban communities; and founder of the U.S. Real Estate Investment Trust (REIT), which he founded in 1992. He served as EQY Chairman & CEO from 1992 to 2006. Mr. Katzman also serves as Chairman of First Capital Realty Inc. (TSX: FCR), Canada's leading owner, developer and operator of supermarket- and pharmacy-anchored shopping centres. In 2008, following an investment by the Gazit Group, Mr. Katzman was appointed as Chairman of Atrium. In 2010, Mr. Katzman was appointed Chairman of Citycon Oyj (OMX: CTY), an owner, developer and operator of shopping centres in the Nordic and Baltic regions and the market leader in the Nordic shopping centre sector.

A pioneer of the retail investment and development industry, Mr. Katzman is a member of the International Council of Shopping Centers (ICSC), the National Association of Real Estate Investment Trusts (NAREIT), the Real Estate Roundtable and the Association of Foreign Investors in Real Estate (AFIRE), and a trustee of the Urban Land Institute (ULI).

He received an LL.B. from Tel Aviv University Law School and serves as a trustee on the Board of Governors at Tel-Aviv University.

Mr. Katzman was the recipient and winner of the Ernst & Young Entrepreneur Of The Year® 2010 Award in the Real Estate and Construction Services Category in Florida.

Mr. Katzman is a well-known civic leader, philanthropist and supporter of numerous organizations. In 2011, he founded the Gazit-Globe Real Estate Institute at Israel's Interdisciplinary Center (IDC) Herzliya, a novel academic and research program focused on innovation and entrepreneurship in the real estate sector that will eventually offer a master's degree in real estate with concentrations in housing, land use and real estate financing.

Rachel Lavine

*Chief Executive Officer and director
Non-voting Member, Special Standing Committee*



Rachel Lavine has been Chief Executive Officer and a member of the Board of Directors since August 2008. Mrs. Lavine was formerly president and CEO of Plaza Centres (Europe) BV, a major developer and operator of shopping and entertainment centres in Central and Eastern Europe (2005-2006) and a former president and CEO of Elscint Ltd., a hotel operator and developer with assets in developed and emerging markets (1999-2006). She has also served as an external director of Dor Chemicals Ltd. and other public companies (2007-2008). Mrs. Lavine graduated from Tel Aviv University, College of Management with BA (Bachelor of Business) in accounting, has been a CPA (Certified Public Accountant) since 1995 and completed an Executive MBA at the Kellogg School of Management in 2008.

Joseph Azrack

*Non-executive director
Chairman, Compensation and Nominating Committee
Member, Special Standing Committee*



Joseph Azrack is a non-executive director and was re-appointed to the Board of Directors in August 2011, having served an initial term on the Board from 1 August 2008 until 14 October 2008. He is Senior Adviser to Apollo Global Real Estate Management. Prior to joining Apollo, Mr. Azrack was President and CEO of Citi Property Investors where he chaired the firm's Management Committee and Investment Committee and guided investment policy and strategy. Mr. Azrack was also a member of the Citigroup Alternative Investments Management Committee and Investment Committee, and a member of Citi Infrastructure Investment Committee. Prior to joining Citi Property Investors, he was Chief Executive and Chairman of AEW Capital Management, L.P., founder and President of the AEW Partners Funds, a Director of Curzon Global Partners and Founder and Chairman of IXIS AEW Europe.

Mr. Azrack holds a MBA from Columbia University and a B.S. from Villanova University. He is a past adjunct professor at Columbia University's Graduate School of Business where he is a member of, and for many years chaired, the Real Estate Program Advisory Board. Mr. Azrack is a member and past Chairman of the Pension Real Estate Association (PREA). He is also a trustee and Director of the Urban Land Institute.

Noam Ben-Ozer

*Non-executive director
Member, Audit Committee*



Noam Ben-Ozer is an independent non-executive director appointed to the Board of Directors in November 2009. He is a founder and managing director of Focal Energy, a company which develops and invests in renewable energy projects. He is also the founder and proprietor of Focal Advisory, a strategic and finance-related advisory firm in Boston. Mr. Ben-Ozer has extensive experience in financial and business planning, fund raising, deal structuring and project financing. Mr. Ben-Ozer holds a MBA from the Harvard Business School.

Peter Linneman

*Non-executive director
Chairman, Audit Committee
Member, Compensation and Nominating Committee and Special Standing Committee*



Peter Linneman is an independent non-executive director appointed to the Board of Directors in August 2008. He is a financial expert in real estate and corporate finance. Mr. Linneman is a principal of Linneman Associates and the Albert Sussman Emeritus Professor of Real Estate, Finance and Public Policy at the Wharton School of Business, University of Pennsylvania. He has served as a director of eight New York Stock Exchange listed companies. Mr. Linneman has a PhD in Economics. He is also a director and member of the executive committee of Equity One Inc. a US real estate investment trust.

Roger Orf

*Non-executive director
Member, Compensation and Nominating Committee*



Mr. Orf is a non-executive director appointed to the Board of Directors in November 2013. Mr. Orf is a partner at Apollo Global Management and head of its real estate business in Europe, overseeing all property investments and fund raising activities on behalf of Apollo's real estate funds throughout Europe. Prior to joining Apollo in 2010, Mr. Orf spent the majority of his career investing in the European real estate markets.

Mr. Orf is a Founder of E-Shelter GmbH, a German based data centre business. He is a member of the University of Chicago Graduate School of Business Global Advisory Board and the Visiting Committee for the University of Chicago Law School. He serves on the Board of Regents for Georgetown University.

Mr. Orf holds J.D. and MBA degrees from the University of Chicago, as well as a BA in Economics (magna cum laude) and Phi Beta Kappa from Georgetown University.

Simon Radford

*Non-executive director
Member, Audit Committee*



Simon Radford is an independent non-executive director appointed to the Board of Directors in March 2008. He is also the Chief Financial Officer of an alternative investment fund administration business, based in Jersey. Mr. Radford has more than 25 years experience of audit, corporate finance and corporate investigation and has worked with a wide variety of boards of directors and audit committees. He also serves as a non-executive director on a number of alternative investment strategy funds. Mr. Radford is the former senior partner of Deloitte & Touche in Jersey where he was in charge of the assurance and advisory business. He spent 17 years as a partner with the firm working in both the UK and Jersey. Mr. Radford is a Fellow of the Institute of Chartered Accountants in England and Wales. In the years 2006 to 2008 he served as Chairman of the Institute of Directors in Jersey.

Aharon Soffer

*Non-executive director
Member, Audit Committee*



Aharon (Roni) Soffer is a non-executive director appointed to the Board of Directors in May 2011. He has served as President of Gazit-Globe since 2009. Mr. Soffer joined Gazit Globe in 1997 and has held several senior executive roles and leadership positions. During his tenure at Gazit-Globe, Mr. Soffer has attained extensive expertise in both the retail and healthcare real estate sectors and has been actively involved in the Gazit-Globe group's worldwide M&A activity, which has amounted to over \$21 billion across 20 countries. Mr. Soffer also serves as CEO of Gazit Group USA and Executive Chairman of ProMed Properties, both private subsidiaries of Gazit-Globe.

Mr. Soffer holds a BA in Economics and a LL.B from the College of Management, Academic Studies, in Israel.

Thomas Wernink

*Non-executive director
Member, Compensation and Nominating Committee
Member, Audit Committee*



Thomas Wernink is an independent non-executive director appointed to the Board of Directors in August 2008. He serves as a non-executive director of a number of European based property and investment companies, including stock exchange listed companies Segro plc and European Direct Real Estate Fund (SICAF). He is also a former Chief Executive of Corio and Chairman of the European Public Real Estate Association.

Corporate Governance Report

Andrew Wignall

Non-executive director
Member, Audit Committee



Andrew Wignall is an independent non-executive director appointed to the Board of Directors in March 2008. Mr. Wignall is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with Ernst & Young in 1988, where he worked as an auditor, primarily with financial services clients. In 1996 he was a founding director of Moore Management Limited ("Moore"), specialising in the management and administration of alternative investment funds, securitisation vehicles and special purpose companies. Since leaving Moore in 2007, Mr. Wignall has acted as an independent non-executive director of a number of private equity, real estate and other alternative fund structures. Mr Wignall is authorised by the Jersey Financial Services Commission to act as a director of such structures and from 2004 to 2011 was a committee member of the Jersey Funds Association.

Committees of the Board of Directors

The Directors may delegate any of their powers to committees consisting of a Director/Directors or any officers or persons they deem fit. Any committee so formed, or officer or person to whom powers are delegated, shall in the exercise of such powers conform to any regulations or restrictions that may be imposed on them by the Directors from time to time.

Currently, three permanent committees have been established: (i) the Audit Committee, (ii) the Compensation and Nominating Committee and (iii) the Special Standing Committee. During 2013 a number of temporary committees addressed specific strategy, risk and legal related matters. The Board of Directors and committees hold meetings and can also pass written resolutions.

In the year ended 31 December 2013, the Board of Directors, the Audit Committee and the Compensation and Nominating Committee each met on six occasions. The Special Standing Committee held no meetings during 2013.

Audit Committee

The Audit Committee is composed of a majority of independent Directors. In 2013, the members of the Audit Committee were Peter Linneman, Noam Ben-Ozer, Simon Radford, Aharon Soffer, Thomas Wernink and Andrew Wignall. The Chairman of the Audit Committee is Peter Linneman.

The Audit Committee undertakes customary functions, predominantly concerned with preparations for the audit of the annual financial statements and compliance therewith, the auditors' activities, audit of the internal control and risk management, and the presentation of the annual financial statements.

The Audit Committee is required to meet at least four times annually before publication of Atrium's annual financial statements and the

interim reports. In the year ended 31 December 2013, the Audit Committee held six meetings and passed one written resolution.

Compensation and Nominating Committee

In 2013, the members of the Compensation and Nominating Committee were Joseph Azrack, Chaim Katzman, Peter Linneman, Dipak Rastogi (replaced by Roger Orf as of 11 November 2013), Thomas Wernink and Neil Hasson (resigned as a co-opted member on 24 February 2013). The Chairman of the Compensation and Nominating Committee was Dipak Rastogi until 11 November 2013, when he was replaced by Joseph Azrack.

The Compensation and Nominating Committee deals with all material aspects of the remuneration of senior executives. The committee is empowered to select, appoint and remove senior executives, other than the CEO who is appointed by the Board of Directors, and to take decisions on the award of bonuses, variable compensation components and other such benefits payable to senior executives.

In the year ended 31 December 2013, the Compensation and Nominating Committee held six meetings and passed one written resolution.

Special Standing Committee

In 2013, the members of the Special Standing Committee were Joseph Azrack, Chaim Katzman, Rachel Lavine (non-voting member) and Peter Linneman. Chaim Katzman acts as the Chairman of the Special Standing Committee.

The principal activity of the Special Standing Committee is to consider and make decisions on behalf of the Board (within the ambit of the Committee's €50 million authority, as delegated to it by the Board) on certain business proposals for the Group.

In the year ended 31 December 2013, the Special Standing Committee held no meetings.

All members of the Board of Directors and all persons in management positions have been appointed on the basis of their professional and personal qualifications. Atrium maintains an equal opportunities policy for the purposes of recruitment at all levels. The ages of the members of the Board of Directors range from 47 to 67 and the members represent five different national backgrounds. Atrium does not, however, currently take any specific measures to promote women to the Board of Directors and to top management positions.

Group Executive Management

In 2013, the management team of the Group consisted of Rachel Lavine, Chief Executive Officer; David Doyle, Chief Finance Officer until 1 September 2013 when Soňa Hýbnerová was appointed as his successor; Nils-Christian Hakert, Chief Operating Officer, who leaves the Group on 31 March 2014 and will be replaced as Chief Operating Officer by Josip Kardun who will also take the position of Deputy CEO; Thomas Schoutens, Chief Development Officer, and Ewoud van Gellicum, General Counsel, who left the Group on 1 February 2013

and was replaced by Geraldine Copeland-Wright as of 14 June 2013. Liad Barzilai, Head of Acquisitions, and Ljudmila Popova, Head of Business Development and Investor Relations, were appointed to the Group Executive Management team on 11 September 2013 and 7 October 2013 respectively.

The Group Executive Management team currently consists of:

Name	Date of birth	Mandate start
Rachel Lavine	09.12.1965	01.08.2008
Josip Kardun	11.04.1974	14.02.2014
Soňa Hýbnerová	03.02.1977	01.09.2013
Thomas Schoutens	01.01.1969	01.02.2010
Geraldine Copeland-Wright	25.03.1971	14.06.2013
Liad Barzilai	25.11.1978	11.09.2013
Ljudmila Popova	03.04.1980	07.10.2013

Rachel Lavine

Chief Executive Officer

Rachel's biographical details are provided on page 32.

Josip Kardun

Chief Operating Officer and Deputy Chief Executive Officer

Josip joined Atrium in February 2014 as Chief Operating Officer and Deputy Chief Executive Officer from European retail property specialists ECE Projektmanagement GmbH & Co KG ("ECE"), where he worked for seven years in a number of senior positions. Most recently he held the position of Chief Investment Officer and Head of Mergers & Acquisitions and Transaction Management Group.

Prior to joining ECE, Josip was General Manager at Sierra Management Germany GmbH, Düsseldorf, part of the international shopping centre development and management group Sonae Sierra, with responsibility for leasing activities and centre management.

Josip has a law degree from the Goethe University Frankfurt and sits on the Executive Board of ICSC Europe.

Soňa Hýbnerová

Chief Financial Officer

Soňa was appointed Chief Financial Officer in September 2013. Soňa has been with the Atrium Group for eight years, during which time she has held a number of senior operational and management positions, most recently as Director of Finance for Strategic Projects, assisting the CFO with the Group's financial and financing requirements, as well as having responsibility for all of the financial aspects of the Group's acquisitions.

Prior to joining the Group, Soňa was with Deloitte in the audit and advisory department in Prague.

Soňa holds a Master's and a Bachelor's degree in Economics and Business Administration from the University of Economics in Prague.

Thomas Schoutens

Chief Development Officer

Thomas joined Atrium in February 2010 as Chief Development Officer, with responsibility for overseeing all of the Group's development activity.

With over 18 years of experience in the real estate and construction industry in Central & Eastern Europe, Thomas previously held the role of Director at Carrefour, overseeing expansion and assets in Poland and Russia and was responsible for driving the development of Carrefour and its real estate portfolio in the region.

Thomas previously spent 11 years at general contractors Besix and CFE (Vinci) with long term assignments in Prague, Budapest, Warsaw, Moscow and St. Petersburg.

Thomas holds a degree in Business Administration and Engineering from ICHEC Business School, Brussels.

Geraldine Copeland-Wright

General Counsel

Geraldine joined Atrium in June 2013 as General Counsel. Prior to joining Atrium, Geraldine was Regions Senior Legal Advisor to Qatari Diar, the real estate development arm of the Qatar sovereign wealth fund, specializing in international real estate investment and development of large scale, mixed use assets. Previously Geraldine was European General Counsel and a managing director of Tishman Speyer Properties, a leading global real estate developer, operator and fund manager, where she gained significant experience in European cross-border real estate transactions.

Geraldine graduated from the University of Reading with LLB (Hons) and from the College of Law with First Class Honours in 1993. Geraldine was admitted to the Roll of Solicitors of England and Wales in 1995.

Liad Barzilai

Head of Acquisitions

Liad joined Atrium in August 2008 having initially held the position of Vice President of Business Development.

Liad was promoted as Atrium's Head of Acquisitions in September 2011, since when he has been responsible for the Company's pipeline of potential acquisition opportunities, most recently overseeing the Company's acquisition of Galeria Dominikańska, in Poland in June 2013.

Liad has a B.A. in Business Economics & Management from Guilford Glazer School of Business & Management, Ben-Gurion University and a MBA from Reccanati Business School, Tel Aviv University.

Corporate Governance Report

Ljudmila Popova

Head of Business Development & Investor Relations

Ljudmila joined Atrium in April 2009 as the Group's Financial Analyst working alongside the CEO and CFO and was initially responsible for valuations. Since then she has had a number of additional responsibilities and currently oversees all of the Group's capital markets activity and investor and bondholder relations. Ljudmila also heads the Group's research department.

Prior to joining Atrium, Ljudmila was an equity research analyst at Kempen & Co, a specialist merchant bank in the Netherlands, where she focused on real estate companies with large exposures in Central and Eastern Europe, including Atrium.

Ljudmila has a Master's and a Bachelor's degree in Econometrics from the University of Amsterdam.

Compensation report

Directors' Compensation

The compensation payable as ordinary remuneration to the Directors consists of a fixed cash component or, at the election of eligible Directors, the right to receive ordinary shares in the Company in lieu of their ordinary cash remuneration. The Board of Directors has discretion to set annual Director's ordinary remuneration, in their capacity as directors, up to an aggregate limit of €2 million per annum. If the Board wishes to increase this limit it would require prior shareholder approval by ordinary resolution. The remuneration payable to Directors accrues from day to day.

With the exception of Mr. Katzman, the non-executive Directors nominated by Gazit and Apollo are each entitled to receive a remuneration of €25,000 per annum and a meeting attendance fee of €1,000 per meeting. Other non-executive Directors are each entitled to receive remuneration of €50,000 per annum and a meeting attendance fee of €1,000 per meeting. As at the end of the financial year ended 31 December 2013, Mr Katzman as Chairman of the Board was not entitled to Directors' compensation.

Overview of compensation of the Directors in 2013

Name	Directors fee €'000	Special pay €'000	Consultancy fee €'000	CEO compensation €'000	2013 total €'000	2012 total €'000
Chaim Katzman ¹	-	-	550	-	550	550
Rachel Lavine ²	-	-	-	1,152	1,152	1,122
Joseph Azrack ³	31	-	-	-	31	81
Noam Ben-Ozer	59	50	-	-	109	130
Peter Linneman ⁴	62	-	-	-	62	114
Simon Radford	61	-	-	-	61	80
Dipak Rastogi ^{3, 5}	29	-	-	-	29	28
Aharon Soffer ¹	32	-	-	-	32	33
Thomas Wernink	61	50	-	-	111	106
Andrew Wignall	61	-	-	-	61	80
Roger Orf ^{3, 6}	4	-	-	-	4	-
TOTAL	400	100	550	1,152	2,202	2,324

¹ Gazit nominated board member

² Base salary, guaranteed bonus, allowances and benefits

³ Apollo nominated board member

The Board of Directors may award special pay to any Director who holds any executive post, acts as Chairman or deputy Chairman, serves on any committee of the Directors or performs any other services which the Directors consider to extend beyond the ordinary duties of a Director. Special pay can take the form of fees, commission or other benefits or can be paid in some other way decided by the Board of Directors. Such special pay may either be in addition to or instead of other fees, expenses or other benefits that the Director is entitled to receive. In 2013, the Board established a number of temporary committees to address specific strategy, risk and legal related matters and subsequently awarded special pay of €50,000 to both Noam Ben-Ozer and Thomas Wernink.

In relation to Mr Katzman, Atrium has entered into a consultancy agreement under which Mr Katzman agrees to provide certain consultancy services, including (inter alia) advice on and review of proposed acquisitions, advice on capital markets strategy, advice on the level and content of development activities of the Group and strategic advice on the future direction of the Group. The consultancy agreement had an initial term of one year commencing on 1 August 2008 and continues on a rolling basis, with further extensions of one year unless terminated by either party. The amount of the monthly fee is required to be reviewed annually by the Board of Directors to determine the fee for the following 12 months (commencing on 1 August in each such year). In 2013, the Board determined that the monthly fee under the consultancy agreement shall continue to be €45,833 in respect of the period from 1 August 2013 and that Mr. Katzman receive the equivalent of €150,000 in options. Accordingly, in November 2013, Mr. Katzman was awarded 200,000 options at an exercise price of €4.38 (being the average share price over the 30 trading days prior to the option grant), which vest in accordance with Atrium's ESOP 2013 (see below). These options are in addition to the 127,119 options granted to him in August 2012, which have a cliff vesting after three years with an exercise price of €3.63.

The other Directors (in their capacity as directors) were entitled to an aggregate compensation of €503,000 (2012: €652,000).

⁴ Mr. Linneman elected to receive 2,369 shares in lieu of €10,000 of his director's fee.

⁵ Mr. Rastogi resigned from the Board of Directors on 11 November 2013.

⁶ Mr. Orf was appointed to the Board of Directors on 11 November 2013.

Group Executive Management compensation

Under the general compensation policy of Atrium, each member of the Group Executive Management team is entitled to a base salary, a performance based annual cash bonus, which includes a guaranteed amount, and participation in Atrium's Employee Share Option Plan ("ESOP").

The aggregate annual remuneration paid or payable to each member of the Group Executive Management team for the year ended 31 December 2013, including base salary, annual guaranteed bonus, allowances and benefits was: Rachel Lavine €1,151,978; David Doyle €607,841; Soňa Hýbnerová €217,351; Nils-Christian Hakert €482,728; Thomas Schoutens €359,029; Ewoud van Gellicum (who left the Group on 1 February 2013) €20,983; Geraldine Copeland-Wright (who joined the Group on 14 June 2013) €215,143; Liad Barzilai €251,252 and Ljudmila Popova €218,800. In the case of Soňa Hýbnerová, Liad Barzilai and Ljudmila Popova the above amounts include the remuneration prior to their respective promotions.

The annual bonus awards for the year ended 31 December 2013 will be determined by the Board in due course based on the Company's overall performance and taking into account the individual's performance in respect of a number of specified elements within each executive's responsibilities and function. The minimum guaranteed bonus payable to the Group Executive Management team for the financial year ended 31 December 2013, which forms part of the annual bonus award, amounts to €748,407. The annual bonuses (including minimum guaranteed bonus amounts) granted to each of the Group Executive Management team for the financial year ended 31 December 2012 and paid in 2013 were: Rachel Lavine €625,000; David Doyle €100,000; Nils-Christian Hakert €157,500; Thomas Schoutens €104,167 and Ewoud van Gellicum €45,000. Soňa Hýbnerová, Geraldine Copeland-Wright, Liad Barzilai and Ljudmila Popova were not members of the Group Executive Management in 2012.

Mrs. Lavine's compensation as CEO also consists of a fixed and variable component. For 2013, the fixed compensation of Mrs. Lavine was €625,000, increasing to €655,000 with effect from 1 April 2013. Mrs. Lavine's bonus will be determined by the Board, on the basis referred to above, and includes an annual minimum guaranteed bonus of €375,000. For the financial year ended 31 December 2012, the annual bonus of the CEO, including minimum guaranteed bonus, was €625,000 which was settled partially by the guaranteed payment of €375,000 in cash and partially by the issuance of 34,958 new shares at €4.539 per share, net of tax, which shares were issued on 22 April 2012 and are not subject to any lock-up period. In addition, Mrs. Lavine was awarded options under Atrium's ESOP 2013 as set out below as well as 400,000 shares which, likewise, shall be issued in 4 equal tranches on each of the first, second, third and fourth anniversaries of 1 August 2013 provided that Mrs. Lavine remains in the employment of the Company on the relevant anniversary. Mrs. Lavine's employment agreement is indefinite, subject to termination by the parties.

The Employee Share Option Plan provides for the grant of options to key employees, executives, Directors and consultants of Atrium and its subsidiaries. On 23 May 2013, Atrium's shareholders approved a new ESOP ("ESOP 2013"), which governs and regulates all options granted following its approval and adoption by Atrium's shareholders and Directors. The ESOP 2013 does not affect options granted under Atrium's previous ESOP, as approved by shareholders on 6 April 2009 ("ESOP 2009"). The initial number of securities that can be issued on the exercise of options under the ESOP 2013 is limited to options representing 5,000,000 shares. The Directors may amend the ESOP 2009 and the ESOP 2013 as they consider appropriate, but shall not make any amendment that would materially prejudice the interests of existing option holders, except with the consent in writing of 75% of all such option holders.

Corporate Governance Report

Options have been granted to members of the Group Executive Management team (including those employees who have since left the Group) as follows:

Options granted under Atrium's ESOP 2009

Name	Grant date	Number of options granted	First vesting date (1/3)	Second vesting date (1/3)	Third vesting date (1/3)	Exercise price as of 31.12.2013
Rachel Lavine (first grant)	09.03.2009	1,500,000	01.08.2009	01.08.2010	01.08.2011	N/A
Rachel Lavine (second grant) ¹	16.03.2010	1,000,000	01.07.2012	01.07.2013	-	3.89
Nils Hakert (first grant)	09.03.2009	250,000	09.03.2010	09.03.2011	09.03.2012	N/A
Nils Hakert (second grant) ²	20.08.2010	83,334	09.03.2013	-	-	N/A
Nils Hakert (third grant) ³	03.10.2011	166,668	09.03.2014	09.03.2015	-	3.06
Thomas Schoutens	16.03.2010	300,000	01.02.2011	01.02.2012	01.02.2013	3.89
David Doyle	03.10.2011	500,000	01.01.2013	01.01.2014	01.01.2015	3.06
Soňa Hýbnerová	01.05.2009	50,000	01.05.2010	01.05.2011	01.05.2012	N/A
Liad Barzilai (first grant)	09.03.2009	30,000	01.10.2009	01.10.2010	01.10.2011	N/A
Liad Barzilai (second grant)	20.08.2010	20,000	20.08.2011	20.08.2012	20.08.2013	3.25
Ljudmila Popova (first grant)	01.04.2009	20,000	01.04.2010	01.04.2011	01.04.2012	N/A
Ljudmila Popova (second grant)	20.08.2010	15,000	20.08.2011	20.08.2012	20.08.2013	3.25

¹ Options to vest in portions of €500,000 each on First and Second vesting date.

² Options to vest in one single portion on First vesting date.

³ Options to vest in portions of €83,334 each on First and Second vesting date.

Options granted under Atrium's ESOP 2013

Name	Grant date	Number of options granted	First vesting date (1/4)	Second vesting date (1/4)	Third vesting date (1/4)	Fourth vesting date (1/4)	Exercise Price
Rachel Lavine (third grant)	29.11.2013	1,600,000	01.08.2014	01.08.2015	01.08.2016	01.08.2017	4.38
Soňa Hýbnerová (second grant)	01.09.2013	306,011	01.09.2014	01.09.2015	01.09.2016	01.09.2017	4.23
Thomas Schoutens (second grant)	29.11.2013	186,666	11.11.2014	11.11.2015	11.11.2016	11.11.2017	4.38
Geraldine Copeland-Wright	01.07.2013	397,163	14.06.2014	14.06.2015	14.06.2016	14.06.2017	4.34
Liad Barzilai (third grant)	29.11.2013	133,333	11.11.2014	11.11.2015	11.11.2016	11.11.2017	4.38
Ljudmila Popova (third grant)	29.11.2013	120,000	11.11.2014	11.11.2015	11.11.2016	11.11.2017	4.38

Options granted to members of the Group Executive Management team under Atrium's ESOP 2009¹ have been exercised as follows:

	Total granted	Unvested at 31.12.13	Total vested	Exercised in prior years	Exercised in 2013	Vested but unexercised	Option price of unexercised options as of 31.12.2013
Rachel Lavine (first grant)	1,500,000	0	1,500,000	500,000	1,000,000 ²	0	N/A
Rachel Lavine (second grant)	1,000,000	0	1,000,000	0	0	1,000,000	3.89
Nils Hakert (first grant)	250,000	0	250,000	75,000	175,000	0	N/A
Nils Hakert (second grant)	83,334	0	83,334	0	83,334	0	N/A
Nils Hakert (third grant)	166,668	166,668	0	0	0	0	3.06
Thomas Schoutens	300,000	0	300,000	0	0	300,000	3.89
David Doyle	500,000	333,332 ³	166,668	0	0	166,668	3.06
Soňa Hýbnerová	50,000	0	50,000	0	50,000	0	N/A
Liad Barzilai (first grant)	30,000	0	30,000	0	30,000	0	N/A
Liad Barzilai (second grant)	20,000	0	20,000	0	0	20,000	3.25
Ljudmila Popova (first grant)	20,000	0	20,000	0	20,000	0	N/A
Ljudmila Popova (second grant)	15,000	0	15,000	0	0	15,000	3.25

¹ No options granted under Atrium's ESOP 2013 have yet vested or therefore been exercised.

² Cashless exercise.

³ Out of this amount, 166,668 options have been cancelled.

Atrium does not operate a pension scheme. Unless provided otherwise, base salaries include compensation for the waiver of participation in a pension scheme.

Atrium has in place Directors' and Officers' Insurance in respect of the members of the Board of Directors, the costs of which are borne by Atrium.

Deviations from the Austrian corporate governance code

Where a company is subject to the company law of a country that is not a member of the EU or EEA and is listed on the Vienna Stock Exchange, as is the case with Atrium (a Jersey registered company with its shares listed on the Vienna Stock Exchange), the Austrian Code provides that the L-rules of the Austrian Code are interpreted as C-rules ("Comply or Explain" Rules). The following explanations are given in respect of deviations from L- and C-rules.

L-rule 1: Atrium is party to a relationship agreement which grants certain rights (including rights to appoint Directors) to its substantial shareholders, Gazit and Apollo. For a description of these special rights please refer to part III of the shareholder circular of 17 September 2009 published on Atrium's website www.aere.com.

Apollo and Gazit are granted certain rights under the Articles. These rights are set out in Articles 24, 25 and 29 of the Articles, which are published on Atrium's website www.aere.com.

L-rule 3: Pursuant to an official statement of the Austrian Takeover Commission of 31 March 2009, the Austrian Takeover Act is not applicable to Atrium as of the date of the official statement. Accordingly, and in particular, the pricing rules regarding a mandatory offer as set forth under section 26 of the Austrian Takeover Act do not apply to Atrium.

There are no mandatory takeover offer provisions under Jersey or Dutch law applicable to Atrium.

Finally, pursuant to the Articles, a mandatory cash offer is required to be made to all Atrium shareholders if any person other than Apollo and Gazit (or any person with whom either of those parties act in concert) acquires 30% or more of the voting rights or, if already holding between 30% and 50% of the voting rights, acquires additional voting rights. Any such offer must be conditional only upon the offeror having received such acceptances as will give him 50% of the voting rights. The offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the offeror during the offer period and within 12 months prior to its commencement. See Article 42 of the Articles, which are published on Atrium's website: www.aere.com.

L-rule 4: The Articles provide for a notice period of at least 14 days regarding all general meetings, as permitted by Jersey law.

L-rule 8: Atrium is required to comply with Jersey law. Under Jersey law there is no limit on the number of shares that can be repurchased so long as at least one share that is not redeemable on treasury share remains in issue. Shareholders' approval is required by way of special resolution (66% majority of those voting) to sanction such repurchases. Where shares are purchased off market, they must be purchased pursuant to a contract approved in advance by an ordinary resolution of shareholders (in relation to which the holders of the shares to be purchased do not have the right to vote those shares). Where shares are bought on market, authority can be granted by the shareholders to Atrium to permit it to purchase shares for a period of 18 months from the giving of the authority.

C-rule 12: In 2013, the materials and documents required for Board of Directors meetings were in all circumstances distributed at least 4 days before the respective meetings.

L-rule 14: The management structure of Atrium is a one-tier Board of Directors. Fundamental decisions are reached by the entire Board of Directors.

C-rule 16: Other than as disclosed in this Corporate Governance Report and save for the participation in the various committees, there is no specific division of responsibilities among the members of the Board of Directors.

L-rule 25: Atrium requires from its Directors full disclosure regarding their additional professional activities. However, Atrium Directors are not required to seek Board approval, in order to run an enterprise or assume a mandate on the board of a company which is not part of the Atrium Group.

L-rule 26: Atrium's Directors may hold more than four board mandates in stock corporations that are not part of the Atrium Group. Atrium is fully aware of the additional mandates held by its Directors and believes that those individuals appointed to serve on the Board are best equipped (in terms of relevant experience and expertise) to contribute to the activities of the Board, so that any restrictions under this rule would not be in the best interests of Atrium.

C-rule 27: We refer to the explanation given in respect of C –rule 30 below. The arrangements with Mrs. Lavine do not contain a provision according to which Atrium can reclaim bonuses paid, nor does it contain a maximum bonus (either as an amount or as a percentage of the fixed remuneration component).

Corporate Governance Report

C-rule 27a: In the case of termination by Atrium (other than for cause), the Group CEO would typically be entitled to receive salary, bonuses and vesting of options until the effective date of termination of her employment, together with an agreed severance payment which takes into account the circumstances leading to such termination and the level of remuneration.

C-rule 28: In May 2013, Atrium established the ESOP 2013, which supersedes ESOP 2009, under which the Board of Directors can grant share options to key employees, executives, Directors and consultants. The ESOP was approved by the shareholders at an extraordinary general meeting held on 23 May 2013 and has no effect on options granted under Atrium's ESOP 2009. Options under both the ESOP 2009 and 2013 are granted unconditionally – no performance criteria apply at grant or at exercise. Generally, options granted under the ESOP 2009 are exercisable in three equal and annual tranches from the date of grant and lapse on the fifth anniversary of the date of grant. Options granted under the ESOP 2013 are generally exercisable in four equal and annual tranches from the date of grant and lapse on the tenth anniversary of the date of grant. Subject to the terms of the ESOPs, option holders are entitled to exercise their options upon vesting. Details of share option awards to Group Executive Management members are provided on page 38. Whilst there is no specific predetermined level set as to the appropriate volume of shares each Group Executive Management member should hold as a personal investment, the Board of Directors considers that the Group Executive Management members' share options provide equity incentivisation and alignment of interest with other shareholders. The Directors may amend the ESOP 2009 and the ESOP 2013 as they consider appropriate, provided that they shall not make any amendment that would materially prejudice the interests of existing option holders, other than with the consent in writing of a majority of 75% of all such option holders.

C-rule 30: Although no such criteria are being published, for the purposes of determining the annual bonus award of Mrs Lavine, and senior executives generally, the Board of Directors is currently reviewing and intends to implement a target based performance criteria. For the year 2013, Mrs Lavine's annual bonus award shall be determined by the Board of Directors based on the Company's overall performance and taking into account Mrs Lavine's performance in respect of a number of specified elements within her responsibility and role as Group CEO.

C-rule 39: As set out in the Articles, Atrium has adopted the test of independence set out in the rules of the New York Stock

Exchange for the purposes of assessing the independence of its Directors. At present, two of the five members of the Compensation and Nominating Committee and one of the four members of the Special Standing Committee are independent, as defined in the rules of the New York Stock Exchange. Those individuals appointed to serve as members of Board Committees are those Directors who are regarded by the Board of Directors as best equipped (including as a consequence of prior experience and/or expertise) to contribute to the deliberations of the Committees and, accordingly, Atrium believes that the current composition of the Committees is in the best interests of Atrium.

C-rule 43: The Compensation and Nominating Committee fulfils the function of both a nominating and remuneration committee. In 2013, the Chairman of the Compensation and Nominating Committee was not the same person as the Chairman of the Board of Directors.

L-rule 52: Rachel Lavine has been Chief Executive Officer and a member of the Board of Directors since August 2008. Additionally, a number of women hold senior positions in the Group, including Soňa Hýbnerová (Chief Financial Officer), Geraldine Copeland Wright (General Counsel) and Ljudmila Popova (Head of Business Development and Investor Relations). Atrium does not, however, currently take any specific measures to promote women to the Board of Directors and to top management positions.

C-rule 53: In accordance with the Articles, at least half of the Directors are independent in accordance with, and as defined in, the rules of the New York Stock Exchange. At present, five of Atrium's ten Directors are independent, in accordance with said rules.

L-rule 56: Atrium applies this rule to its independent Directors only. Atrium believes that non-independent Directors should be allowed to assume more than eight mandates because they may be required by their employers or principals to serve on multiple boards.

C-rule 58: Atrium has not appointed a vice-Chairman, as it is not required to do so pursuant to Jersey law.

The Board of Directors



CHAIM KATZMAN
Chairman of the Board



RACHEL LAVINE
Director and CEO



JOSEPH AZRACK
Director



NOAM BEN-OZER
Director



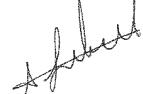
PETER LINNEMAN
Director



ROFER ORF
Director



SIMON RADFORD
Director



AHARON SOFFER
Director



THOMAS WERNINK
Director



ANDREW WIGNALL
Director

Annual Financial Statements





Annual Financial Statements

Annual Financial Statements

2. Annual Financial Statements

Directors' Report

The Directors submit their report and the audited consolidated financial statements of Atrium European Real Estate Limited ("Atrium") and its subsidiaries (together with Atrium, the "Group") for the year ended 31 December 2013.

Incorporation

Atrium was incorporated in Jersey, Channel Islands, on 8 December 1997.

Principal activities

The principal activity of 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.

Results

The results for the year ended 31 December 2013 are shown in the consolidated income statement on page 46.

Dividend

For the year ended 31 December 2013, the Directors approved a dividend of at least €0.20 per share, payable in quarterly instalments of at least €0.05 per share at the end of each calendar quarter. In November 2013, the Directors approved a dividend distribution of €0.06 per share for the fourth quarter of 2013.

For 2014, the dividend will be increased to at least €0.24 per share and will be paid in quarterly instalments of at least €0.06 per share at the end of each calendar quarter, commencing at the end of the first quarter of 2014 (subject to any legal and regulatory requirements and restrictions of commercial viability).

The total dividend declared and paid in the year ended 31 December 2013 amounted to €78.6 million (2012: €63.4 million).

Directors

Atrium's Directors who served during the year under review and as of the date of approving these financial statements are listed on page 31 in the Corporate Governance Report.

Company secretary

Aztec Financial Services (Jersey) Limited ("Aztec") is the Company Secretary of Atrium. Atrium has concluded an agreement with Aztec for the provision of company secretarial and administration services. As at 31 December 2013, Aztec held one share in Atrium, see note 2.16 of the financial statements.

Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards. The Directors have decided to use International Financial Reporting Standards as endorsed by the EU. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Atrium and of the profit or loss of Atrium for that year. During the preparation of these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that Atrium will continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Atrium and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of Atrium and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

11 March 2014

Consolidated Statement of Financial Position as at 31 December 2013

	Note	2013 €'000	2012 €'000	2012 €'000
Assets				
Non-current assets				
Standing investments	2.4	2,356,164		2,185,336
Developments and land	2.5	583,637		538,395
Property, plant and equipment	2.6	3,402		3,111
			2,943,203	2,726,842
Intangible assets and goodwill	2.7	14,737		16,483
Equity-accounted investees	2.8	-		1,455
Deferred tax assets	2.9	9,067		8,742
Long term loans	2.10	8,114		36,592
Other assets	2.11	19,986		27,003
			51,904	90,275
Current assets				
Inventory		-		2,214
Receivables from tenants*	2.12	13,773		15,018
Prepayments	2.13	12,097		12,504
Other receivables	2.14	14,584		8,658
Income tax receivable		3,068		2,168
Cash and cash equivalents	2.15	305,577		207,843
			349,099	248,405
Total assets			3,344,206	3,065,522
Equity and liabilities				
Equity				
Stated capital	2.16	2,760,335		2,836,658
Other reserves	2.17	(5,176)		(9,562)
Retained earnings		(389,542)		(457,158)
Currency translation reserve		(97,588)		(85,505)
Non-controlling interest		(740)		(3,061)
			2,267,289	2,281,372
Non-current liabilities				
Long term borrowings	2.18	798,044		462,075
Derivatives	2.19	11,756		17,828
Provisions		2,569		1,000
Deferred tax liabilities	2.20	111,562		98,775
Long term liabilities from finance leases	2.21	46,040		47,320
Other long term liabilities	2.22	21,537		19,730
			991,508	646,728
Current liabilities				
Trade and other payables*	2.23	37,139		35,359
Accrued expenditure	2.24	42,291		26,131
Short term borrowings	2.18	5,511		74,986
Income tax payable		468		946
			85,409	137,422
Total equity and liabilities			3,344,206	3,065,522

The financial statements were approved and authorised for issue by the Board of Directors on 11 March 2014 and were duly signed on the Board's behalf by Rachel Lavine, Chief Executive Officer and Chaim Katzman, Chairman.

* 31/12/2012 balances have been reclassified, see note 2.3

Annual Financial Statements

Consolidated Income Statement for the year ended 31 December 2013

	Note	2013 €'000	2013 €'000	2012 €'000	2012 €'000
Gross rental income	2.25	203,455		193,475	
Service charge income	2.26	77,031		73,762	
Net property expenses	2.27	(89,653)		(85,958)	
Net rental income			190,833		181,279
Net result on disposals		1,376		793	
Costs connected with developments		(5,146)		(6,161)	
Revaluation of investment properties	2.4, 2.5	(21,286)		(4,961)	
Other depreciation, amortisation and impairments	2.28	(6,966)		(1,835)	
Administrative expenses	2.29	(25,286)		(29,125)	
Net operating profit			133,525		139,990
Interest income	2.30	2,505		3,883	
Interest expense	2.30	(31,576)		(23,103)	
Other financial income/(expenses)	2.31	(13,854)		(4,697)	
Profit before taxation			90,600		116,073
Taxation charge for the year	2.32	(14,722)		(19,898)	
Profit after taxation for the year			75,878		96,175
Attributable to:					
Owners of the parent		75,936		98,712	
Non-controlling interest		(58)		(2,537)	
Basic and diluted earnings per share in €cents, attributable to shareholders	2.33		75,878		96,175
			20.3		26.4

Consolidated Statement of Comprehensive Income for the year ended 31 December 2013

		2013 €'000	2013 €'000	2012 €'000	2012 €'000
Profit for the year		75,878		96,175	
Items that may be reclassified subsequently to income statement:					
Exchange differences arising on translation of foreign operations (net of deferred tax)		(12,083)		(1,108)	
Movements in hedging reserves (net of deferred tax)		4,919		(7,102)	
Total comprehensive income for the year			68,714		87,965
Attributable to:					
Owners of the parent		68,772		90,498	
Non-controlling interest		(58)	68,714	(2,533)	87,965

Consolidated Cash Flow Statement for the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Cash flows from operating activities			
Profit before taxation		90,600	116,073
Adjustments for:			
Other depreciation, amortisation and impairments		6,966	1,835
Revaluation of investment properties		21,286	4,961
Foreign exchange loss/(gain)		5,810	(7,860)
Change in provisions and share based payments		1,114	1,718
Profit from disposal of investment properties and inventory		(1,376)	(793)
Impairment loss on financial assets and other financial expenses		7,787	16,013
Profit on purchase of financial liabilities		-	(4,477)
Interest expense		31,576	23,103
Interest income		(2,505)	(3,883)
Operating cash flows before working capital changes		161,258	146,690
Decrease in trade and other receivables		1,646	1,290
Decrease in prepayments		463	2,273
Decrease in inventory		1,136	-
Decrease in trade and other payables		(7,764)	(4,215)
Increase in accrued expenditure		8,603	5,318
Cash generated from operations		165,342	151,356
Interest paid		(21,581)	(23,876)
Interest received		500	547
Corporation taxes paid		(3,663)	(1,534)
Net cash generated from operating activities		140,598	126,493
Cash flows from investing activities			
Payments related to investment properties and other assets		(226,777)	(47,872)
Proceeds from the disposal of investment properties		9,617	1,006
Deconsolidation of subsidiary	2.15	-	(417)
Payment related to other financial assets		-	(273)
Acquisition of subsidiaries net of cash acquired	2.15	(211)	-
Net cash used in investing activities		(217,371)	(47,556)
Net cash flow before financing activities		(76,773)	78,937
Cash flows from financing activities			
Proceeds from issuance of share capital		908	814
Repayments of long term loans		(78,655)	(74,304)
Receipt of long term loans		345,776	48,784
Payments for land leases		(7,560)	(8,103)
Purchase of non-controlling interest		(5,941)	(9,409)
Dividends paid		(78,624)	(63,431)
Net cash generated/(used) in financing activities		175,904	(105,649)
Net increase (decrease) in cash and cash equivalents		99,131	(26,712)
Cash and cash equivalents at the beginning of year		207,843	234,924
Effect of exchange rate fluctuations on cash held		(1,397)	(369)
Cash and cash equivalents at the end of year	2.15	305,577	207,843

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Consolidated Statement of Changes in Equity for the year ended 31 December 2013

		Stated capital	Other reserves	Hedging reserves	Retained earnings	Currency translation reserve	Equity attributable to controlling shareholders	Non-controlling interest	Total equity
	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'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		-	-	4,919	75,936	(12,083)	68,772	(58)	68,714
Transactions with owners									
Share based payment	2.17	-	690	-	-	-	690	-	690
Issuance of no par value shares	2.17	2,301	(1,223)	-	-	-	1,078	-	1,078
Dividends	2.16	(78,624)	-	-	-	-	(78,624)	-	(78,624)
Acquisition of non-controlling interest		-	-	-	(8,320)	-	(8,320)	2,379	(5,941)
Balance as at 31 December 2013		2,760,335	4,346	(9,522)	(389,542)	(97,588)	2,268,029	(740)	2,267,289
		Stated capital	Other reserves	Hedging reserves	Retained earnings	Currency translation reserve	Equity attributable to controlling shareholders	Non-controlling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2012		2,899,118	3,571	(7,339)	(531,131)	(84,393)	2,279,826	(15,283)	2,264,543
Total comprehensive income		-	-	(7,102)	98,712	(1,112)	90,498	(2,533)	87,965
Transactions with owners									
Share based payment	2.17	-	1,465	-	-	-	1,465	-	1,465
Issuance of no par value shares	2.17	971	(157)	-	-	-	814	-	814
Dividends	2.16	(63,431)	-	-	-	-	(63,431)	-	(63,431)
Deconsolidated non-controlling interest		-	-	-	-	-	-	(540)	(540)
Acquisition of non-controlling interest		-	-	-	(24,739)	-	(24,739)	15,295	(9,444)
Balance as at 31 December 2012		2,836,658	4,879	(14,441)	(457,158)	(85,505)	2,284,433	(3,061)	2,281,372

Notes to the Financial Statements

2.1 Reporting entity

Atrium European Real Estate Limited ("Atrium" or "the Company") 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 consolidated financial statements of Atrium as at and for the year ended 31 December 2013 comprise Atrium and its subsidiaries (the "Group") and its interest in associates.

The principal activity of 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.

2.2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), as endorsed by the European Union ("EU").

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Standing investments and developments and land ("investment property") are measured at fair value; and
- Derivative financial instruments are measured at fair value.

Functional and presentation currency

These financial statements are presented in euros ("€"), which is considered by the Board of Directors to be the appropriate presentation currency due to the fact that the majority of the transactions of the Group are denominated in or based on this currency. All financial information presented in euros has been rounded to the nearest thousand, unless stated otherwise.

The individual financial statements of each of the Group entities use the currency of the primary economic environment in which the entity operates as its functional currency. The currency in which the entity generates rental income is the primary driver determining the functional currency of that entity, but other cash flows are also taken into account.

The euro has been determined to be the functional currency for the Group companies, except for certain subsidiaries in the Czech Republic, which use the Czech Koruna ("CZK") as their functional currency and for certain subsidiaries in Cyprus, which use the USD as their functional currency.

New standards, amendments to and interpretations of existing standards effective in the current period

The Group has adopted the following amended IFRSs as at 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 a material 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 measurement of

Notes to the Financial Statements

fair value; however additional disclosures have been presented in the notes to the 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.
- 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. The standard did 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

- 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 will not be effective before 1 January 2017 with the final effective date being determined by the IASB when other parts of IFRS 9 are finalised but may be applied earlier subject to EU endorsement). IFRS 9 (2009) 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 statements.
- 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*. The standard will not be effective before 1 January 2017 with the final effective date being determined by the IASB when other parts of IFRS 9 are finalised but may be applied earlier subject to EU endorsement. The Group is currently reviewing the standard to determine its effect on the Group's financial statements.
- 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

should be applied retrospectively commencing from the financial statements for periods beginning on or after 1 January 2014. The Group is currently reviewing the standard to determine its effect on the Group's financial statements.

- IFRIC Interpretation 21 *"Levies"* clarifies that an entity recognises 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 that no liability should be anticipated before the specified minimum threshold is reached. The IFRIC does not apply to accounting for income taxes, fines and penalties or the acquisition of assets from governments. IFRIC 21 is effective for annual periods beginning on or after January 1 2014. The Group is currently reviewing the standard to determine its effect on the Group's financial statements.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses in the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are critical judgements that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

- Acquisition of subsidiaries that are not business combinations** – When acquiring a subsidiary, management considers whether the acquisition represents a business combination pursuant to IFRS 3. The following criteria which indicate an acquisition of a business are considered: the number of properties acquired, the extent to which strategic management processes and operational processes are acquired and the complexity of the processes acquired.
- Income tax** – In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information

may become available that causes Atrium to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Key sources of estimation uncertainty

The following are the key assumptions and key sources of estimation uncertainty at the end of the reporting period, that have a significant effect on the amounts recognised in the financial statements:

- **Fair value measurements and valuation processes – Standing investments, developments and land and derivatives** are presented at fair value in the statement of financial position. Management determines the appropriate valuation techniques and inputs for the fair value measurements. Information about the valuation techniques and inputs used in determining the fair values are disclosed in note 2.36.
- **Deferred tax assets** – Deferred tax assets are recognised for unused carry-forward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against losses which can be utilised. Significant estimates are required to determine the amount of deferred tax assets that can be recognised, on the basis of the likely timing and level of future taxable profits together with future tax planning strategies. Further information is provided in Note 2.9.
- **Legal proceedings** – The Group regularly monitors developments in on-going legal proceedings, to which it is a party, when developments in legal proceedings are noted and at each reporting date in order to assess and determine the need for possible provisions and disclosures in its financial statements. When assessing whether a specific case requires a provision (including the amount), the main factors considered by the Group are: the Group's potential financial exposure, the assessments and recommendations of the Group's external legal advisers regarding the Group's position, the stage of the proceedings and the anticipated amount of time it will take before a final and binding decision is delivered, as well as the Group's past experience of similar cases.

2.3 Significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements, except for newly effective standards as described above and have been applied consistently by entities within the Group.

Certain comparative amounts in the consolidated statement of financial position have been reclassified from those initially reported in order to conform to the current year presentation, for further details see notes 2.12 and 2.23.

Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company as well as the entities that are controlled, directly or indirectly, by the Company (subsidiaries). The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from the involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing control, the Group considers its potential voting rights as well as the potential voting rights held by other parties, to determine whether it has power. Those potential voting rights are considered only if the rights are substantive. The Company must have the practical ability to exercise those rights. The consolidation of the financial statements commences on the date on which control is obtained and ends on the date such control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

For the purposes of the consolidation, all inter-company transactions, balances, income and expenses are eliminated.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interest

Non-controlling interests of subsidiaries represent the non-controlling shareholders' proportion of the net assets or the net identifiable assets on the acquisition of the subsidiaries, adjusted subsequently for their proportionate interest in the comprehensive income or loss of the subsidiaries and dividends distributed. The non-controlling interests are presented as equity separately from the equity attributable to the shareholders of the Company.

The acquisition of non-controlling interests by the Group is recorded against a decrease or an increase in equity. On disposal of rights in a subsidiary that does not result in a loss of control, an increase or a decrease in equity is recognised as the amount of the difference between the consideration received by the Group and the carrying amount of the non-controlling interests in the subsidiary which has been added to the Group's equity, also taking into account the disposal of goodwill in a subsidiary, if any, and amounts which have been recognised in other comprehensive income, if any, based on the decrease in the interests in the subsidiary. Transaction costs in respect of transactions with non-controlling interests are also recorded in equity.

Loss of control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated income statement.

Notes to the Financial Statements

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date the control is lost. Subsequently, that retained interest is accounted for using the equity method if significant influence is retained.

Acquisitions of subsidiaries that are not business combinations

On the acquisition of subsidiaries and operations that do not constitute a business, the acquisition consideration is allocated between the acquired identifiable assets and liabilities based on their relative fair values on the acquisition date without attributing any amount to goodwill or to deferred taxes. Non-controlling interests, if any, participate at their relative share of the fair value of the net identifiable assets on the acquisition date. Directly attributable costs are recognised as part of the acquisition cost.

Associates

Associates are all entities over which the Group has significant influence but not control, generally through a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost. The cost of the investment includes transaction costs. The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations to or made payments on behalf of the associate.

Consolidation group

The Group consists of Atrium and the following entities at 31 December 2013:

Company name	Country	Ownership
SOFIA PARK EAD	Bulgaria	100%
ABERGAVENNY INVESTMENTS LIMITED	Cyprus	70%
ATTILO HOLDINGS LIMITED	Cyprus	100%
BROADVALE HOLDINGS LIMITED	Cyprus	100%
DALSEN SERVICES LIMITED	Cyprus	90%
DANELDEN ENTERPRISES LIMITED	Cyprus	100%
ETHERLAND INVESTMENTS LIMITED	Cyprus	100%
MALL GALLERY 1 LIMITED*	Cyprus	63%
MALL GALLERY 2 LIMITED	Cyprus	100%
MD CE HOLDING LIMITED	Cyprus	100%
MD REAL ESTATE MANAGEMENT LTD	Cyprus	100%
MD RUSSIA HOLDING LIMITED	Cyprus	100%
MD TIME HOLDING LIMITED	Cyprus	100%
NOKITON INVESTMENTS LIMITED	Cyprus	100%
PATTONGATE TRADING LIMITED	Cyprus	100%
ATRIUM ALFA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM BETA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM DELTA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM FLÓRA A.S	Czech Republic	100%
ATRIUM GAMMA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM KAPPA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM LAMBDA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM OSTRAVA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM PARDUBICE CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM SIGMA CZECH REPUBLIC S.R.O.	Czech Republic	100%
ATRIUM ZLÍN CZECH REPUBLIC S.R.O.	Czech Republic	100%
EURO MALL BRNO REAL ESTATE S.R.O.	Czech Republic	100%
FLÓRA-SEN S.R.O.	Czech Republic	100%
MANHATTAN DEVELOPMENT S.R.O.	Czech Republic	100%
MANHATTAN REAL ESTATE MANAGEMENT S.R.O.	Czech Republic	100%
VEVERÍCENTRE S.R.O.	Czech Republic	100%
FORAS HOLDING A/S	Denmark	100%
POLONIACO APS	Denmark	100%
EUROPE & CO LLC	Georgia	100%

Notes to the Financial Statements

Company name	Country	Ownership
ATRIUM ALPHA LLC	Georgia	100%
ALFA - PIAC KFT.	Hungary	100%
ATRIUM ALFA HU KFT.	Hungary	100%
ATRIUM BETA HU KFT.	Hungary	100%
MAGNUM HUNGARIA INVEST KFT.	Hungary	100%
MANHATTAN DEVELOPMENT ALFA KFT.	Hungary	100%
MANHATTAN DEVELOPMENT GLOBAL KFT.	Hungary	100%
MANHATTAN DEVELOPMENT INVEST KFT.	Hungary	100%
MANHATTAN DEVELOPMENT KFT.	Hungary	100%
MANHATTAN DEVELOPMENT PROJEKT KFT.	Hungary	100%
MANHATTAN DEVELOPMENT PROPERTY KFT.	Hungary	100%
MANHATTAN DEVELOPMENT TANNE KFT.	Hungary	100%
MANHATTAN REAL ESTATE MANAGEMENT KFT.	Hungary	100%
THESIS SRL	Italy	100%
ATRIUM EUROPEAN REAL ESTATE NOMINEES LIMITED	Jersey	100%
ATRIUM TREASURY SERVICES LIMITED	Jersey	100%
SIA MANHATTAN REAL ESTATE MANAGEMENT	Latvia	100%
SIA MD GALERIJA AZUR	Latvia	100%
HEDAN S.A.	Luxemburg	100%
ATRIUM EUROPE B.V.	Netherlands	100%
ATRIUM EUROPEAN COÖPERATIEF U.A.	Netherlands	100%
ATRIUM EUROPEAN MANAGEMENT N.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 1 B.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 2 B.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 3 B.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 4 B.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 5 B.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 6 B.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 7 B.V.	Netherlands	100%
ATRIUM HUNGARIAN HOLDING 8 B.V.	Netherlands	100%
ATRIUM RUSSIAN HOLDING 1 B.V.	Netherlands	100%
ATRIUM RUSSIAN HOLDING 2 B.V.	Netherlands	100%
ATRIUM TURKEY ADANA BOSSA B.V.	Netherlands	100%
ATRIUM TURKEY B.V.	Netherlands	100%
ATRIUM TURKEY GOETZTEPE B.V.	Netherlands	100%
ATRIUM TURKEY KAHRAMANMARAS B.V.	Netherlands	100%
ATRIUM TURKEY SAMSUN B.V.	Netherlands	100%
ATRIUM TURKEY URFA B.V.	Netherlands	100%
MORNING RISE B.V.	Netherlands	100%
A1 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A4 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A5 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A6 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A7 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A8 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A9 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A16 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A17 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A18 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A19 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
A20 ALLANITE COMPANY SP. Z O.O. S.K.A.	Poland	100%
AGROMEX DEVELOPMENT SP. Z O.O.	Poland	100%
ALLEGRA INVESTMENTS SP. Z O.O.	Poland	100%

Notes to the Financial Statements

Company name	Country	Ownership
ATRIUM BIAŁA SP. Z O.O.	Poland	100%
ATRIUM COPERNICUS SP. Z O.O.**	Poland	100%
ATRIUM COPERNICUS 2 SP. Z O.O.**	Poland	100%
ATRIUM DOMINKANSKA SP. Z O.O.**,***	Poland	100%
ATRIUM FELICITY SP. Z O.O.	Poland	100%
ATRIUM GDAŃSK 3 SP. Z O.O.**	Poland	100%
ATRIUM KALISZ 2 SP. Z O.O.**	Poland	100%
ATRIUM KOSZALIN SP. Z O.O.	Poland	100%
ATRIUM PLEJADA SP. Z O.O.	Poland	100%
ATRIUM POLAND 1 SP. Z O.O.	Poland	100%
ATRIUM POLAND 2 SP. Z O.O.	Poland	100%
ATRIUM POLAND REAL ESTATE MANAGEMENT SP. Z O.O.	Poland	100%
ATRIUM PROMENADA SP. Z O.O.**	Poland	100%
ATRIUM TARGÓWEK SP. Z O.O.	Poland	100%
ATRIUM REDUTA SP. Z O.O.	Poland	100%
CENTRUM HANDLOWE NEPTUNCITY SP. Z O.O.	Poland	100%
EURO MALL POLSKA XVI SP. Z O.O.	Poland	100%
EURO MALL POLSKA XIX SP. Z O.O.	Poland	100%
FORAS TARGÓWEK SP. Z O.O.	Poland	100%
GALERIA NA WYSPIE SP. Z O.O.	Poland	100%
INVESTIM SP. Z O.O.	Poland	100%
IPOPEMA 77 FIZ	Poland	100%
L.P.H. SP. Z O.O.	Poland	100%
MANHATTAN DEVELOPMENT SP. Z O.O.	Poland	100%
MD JASTRZEBIE ZDROJ SP. Z O.O.	Poland	100%
MD POLAND II SP. Z O.O.	Poland	100%
MD POLAND III SP. Z O.O.	Poland	100%
PROJEKT ECHO-35 SP. Z O.O.	Poland	100%
WIOSENNY ATRIUM POLAND REAL ESTATE MANAGEMENT SP. Z O.O. S.K.A.	Poland	100%
ZIELONY ATRIUM POLAND REAL ESTATE MANAGEMENT SP. Z O.O. S.K.A.	Poland	100%
ATRIUM ROMANIA REAL ESTATE MANAGEMENT SRL	Romania	100%
LAND DEVELOPMENT PROIECT SRL	Romania	100%
PROPERTY DEVELOPMENT ONE SRL	Romania	100%
PROPERTY DEVELOPMENT TWO SRL	Romania	100%
OOO BUGRY	Russia	100%
OOO DELTA	Russia	100%
OOO ENGINEERICS*	Russia	63%
OOO EVEREST	Russia	100%
OOO MALL MANAGEMENT	Russia	100%
OOO MANHATTAN BRATEEVO	Russia	100%
OOO MANHATTAN DEVELOPMENT	Russia	100%
OOO MANHATTAN REAL ESTATE MANAGEMENT	Russia	100%
OOO MANHATTAN SIGNALNY	Russia	100%
OOO MANHATTAN YEKATERINBURG	Russia	100%
OOO MD TOGLIATTI	Russia	100%
OOO RETAIL TOGLIATTI	Russia	100%
OOO SODRUZHESTVO	Russia	100%
OOO ZVEZDNYI GOROD	Russia	100%
OOO DIALOG	Russia	100%
ZAO MEGAPOLIS	Russia	100%
ZAO NAUTILUS	Russia	100%
ZAO PATERA	Russia	100%

Company name	Country	Ownership
ZAO UNIVERSAL-URAL	Russia	51%
MANHATTAN DEVELOPMENT SK A.S.	Slovakia	100%
MANHATTAN REAL ESTATE MANAGEMENT SK S.R.O.	Slovakia	100%
PALM CORP S.R.O.	Slovakia	100%
SLOVAK INVESTMENT GROUP A.S.	Slovakia	100%
atrium European real estate SPAIN S.L.U.	Spain	100%
TRETTIOENCORP AB	Sweden	100%
BALCOVA GAYRIMENKUL YATIRIM INSAAT VE TICARET A.S.	Turkey	100%
ISTMAR TEM GAYRIMENKUL YATIRIM INSAAT VE TICARET A.S.	Turkey	100%
MANHATTAN GAYRIMENKUL YÖNETİMİ LIMITED SİRKETİ	Turkey	100%
MEL 1 GAYRIMENKUL GELİSTİRME YATIRIM INSAAT VE TICARET A.S.	Turkey	100%
MEL 6 GAYRIMENKUL GELİSTİRME YATIRIM INSAAT VE TICARET A.S.	Turkey	100%
A.KHARKIV 1 LLC	Ukraine	99.9%
A.KHARKIV 2 LLC	Ukraine	99.9%
A.KHARKIV 3 LLC	Ukraine	99.9%
A.KYIV LLC	Ukraine	100%
ENGINEERICS UKRAINE LLC*	Ukraine	100%
OJSC IPODROM	Ukraine	100%
vorontsovski vezhi LLC	Ukraine	70%

* These entities are equity accounted for as at 31 December 2013. OOO Engineerics and Engineerics Ukraine llc are held by Mall Gallery 1 Limited

** Companies renamed during 2013:

- Atrium Copernicus Sp. z o.o. previously Galeria Copernicus Toruń Sp. z o.o.
- Atrium Copernicus 2 Sp. z o.o. previously Galeria Copernicus Toruń 2 Sp. z o.o.
- Atrium Dominikanska Sp. z o.o. previously Atrium Poland 3 Sp. z o.o.
- Atrium Gdańsk 3 Sp. z o.o. previously Euro Mall Polska XX Sp. z o.o.
- Atrium Kalisz 2 Sp. z o.o. previously Progres 77 Sp. z o.o.
- Atrium Promenada Sp. z o.o. previously MD Poland 1 Sp. z o.o.

*** IlwroJoint Venture Sp. z o.o was merged into Atrium Dominikanska Sp. z o.o. in December 2013

Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of Group entities at the foreign exchange rate prevailing as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into the functional currency at the foreign exchange rate prevailing as at that date. Non monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the transaction. Non monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates prevailing as at the dates the fair values are determined.

Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances and from the translation at year-end exchange rates are recognised in the consolidated income statement.

Foreign operations

On consolidation, the assets and liabilities of the Group's foreign entities with a functional currency that differ from the presentation currency are translated into euros at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period.

The exchange differences that arise from the translation of the statement of financial position and the consolidated income statement from the functional to the presentation currency are recognised in other comprehensive income and presented as a separate component of equity until the disposal of the foreign entity, when the cumulative amount in equity is reclassified to the consolidated income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is attributed to non-controlling interest. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to the consolidated income statement. If the foreign operation is a non-wholly owned

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subsidiary then the relevant proportion of the translation difference is allocated to non-controlling interests. Exchange differences arising on items, which in substance form part of the net investment in a foreign entity, are also presented in the statement of comprehensive income and as a separate component of equity until the disposal of the net investment.

Standing investments

Standing investments comprise properties held to earn rental income and land related to those properties. Standing investments are initially measured at cost, including costs directly attributable to the acquisition and, after initial recognition, they are measured at fair value. The fair values of all standing investments were determined based on the valuations received from Cushman & Wakefield and Jones Lang LaSalle. Both are external, independent, international valuation companies and real estate consultants, having an appropriately recognised professional qualification and recent experience in the respective locations and categories of properties being valued. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Standards published by the Royal Institution of Chartered Surveyors (the "Red Book"). For further details see notes 2.4 and 2.36.

When technical improvements or extensions are constructed or added to an existing standing investment, the property will continue to be classified as a standing investment, which is measured at fair value.

Subsequent expenditures are capitalised to the property only if it is probable that the cash outflow will produce future economic benefits and the cost can be measured reliably. The day to day maintenance costs are expensed to the consolidated income statement.

Any gain or loss arising from a change in the fair value of standing investments is recognised in the consolidated income statement under the caption "Revaluation of investment properties". In the case of entities whose functional currency is the local currency (i.e. not the euro) the revaluation gain/loss in the local currency is converted into euros using the average foreign exchange rate for the period. The remaining foreign exchange difference (being the difference arising from the conversion of the standing investments in the statement of financial position at the period end rates and the conversion of the revaluation gain/loss using the average period rate) is recognised in the statement of comprehensive income and in equity as a foreign exchange difference.

Developments and land

Developments and land comprise capitalised development costs and land, except for the land on which standing investments are situated. Developments and land are initially recognised at cost which includes directly attributable expenditures and subsequently at fair value with any change therein recognised in the consolidated income statement.

All costs directly associated with the purchase and development of a property and all subsequent capital expenditure that adds to, replaces part of or services the property are capitalised. The Group capitalises

borrowing costs if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use have started and expenditure and borrowing costs are incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. Capitalisation ceases when the project has been stopped. The capitalisation rate is determined by reference to the actual rate payable on borrowings for the respective development or by the Group's average rate.

The commencement of development with a plan or a prior agreement to sell represents a change in use and accordingly the project is transferred from developments to inventories. The development's deemed cost shall be its fair value at the date of change in use.

The fair value of most of the developments and land as at 31 December 2013 was determined based on valuations received from Cushman & Wakefield, an external, independent, international valuation company. Approximately 32% (2012: 11%) was valued internally. For further details see note 2.5 and 2.36.

Any gain or loss arising from a change in fair value of development and land is recognised in the consolidated income statement under the caption "Revaluation of investment properties". In the case of entities whose functional currency is the local currency (i.e. not the euro) the revaluation gain/loss in the local currency is converted into euros using the average foreign exchange rate for the period. The remaining foreign exchange difference (being the difference arising from the conversion of the development and land in the statement of financial position at the period end rates and the conversion of the revaluation gain/loss using the average period rate) is recognised in the statement of comprehensive income and in equity as a foreign exchange difference.

Inventory

Inventory developed for sale is recorded at the lower of cost and estimated net realisable value. The inventory is reviewed for impairment on each reporting date. An impairment loss is recognised in net income when the carrying value of the property exceeds its net realisable value. Net realisable value is based on projections of future cash flows. The inventory is presented separately on the consolidated statement of financial position as current assets.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the expected useful life of the assets, which is usually between five and ten years, taking into account the expected residual value at the end of the useful life.

Depreciation is charged on the asset from the date that it is available for use, for the entire useful life of the asset or until the date of its disposal.

Goodwill

Goodwill initially represents the excess of the aggregate of the cost of the acquisition and any non-controlling interests over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually or whenever there is an indication that assets may be impaired.

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The Group's cash-generating units are determined on the basis of the countries in which the Group operates. The recoverable amount is the higher amount of the fair value less the cost to sell or the value in use of the cash generating unit. Determination of the value in use requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Future cash flows of real estate companies are mainly derived from the cash flows of the standing investment properties and future standing investment properties and are therefore reflected in the fair values of investment properties. Goodwill itself mainly arises due to the recognition of deferred tax liabilities in the course of the purchase price allocation. Therefore, goodwill impairment testing is carried out by comparing the goodwill recognised to the carrying value of deferred tax liabilities per country. Any excess of goodwill over deferred tax liabilities is considered a goodwill impairment loss.

Impairment losses are recognised immediately in the consolidated income statement. Impairment losses in respect of goodwill are not reversed.

Intangible assets

Intangible assets are defined as identifiable, non-monetary assets without physical substance, which are expected to generate future economic benefits. Intangible assets include assets with an estimated useful life greater than one year and, for the Group, primarily comprise software.

Intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of intangible assets is recorded on a straight line basis over their estimated useful lives. The useful lives of the assets are usually between four and ten years.

Amortisation is charged on an asset from the date it is available for use to the date of its disposal.

Non-current assets classified as held for sale

A non-current asset or a group of assets (disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in

their present condition, the Group must be committed to sell, there must be a plan to locate a buyer and it is highly probable that a sale will be completed within one year from the date of classification. The depreciation of the assets ceases on the initial classification date, and they are presented separately in the statement of financial position as current assets, and measured at the lower of their carrying amount and fair value less costs to sell.

Investment property measured at fair value and classified as held for sale, as above, continues to be measured at fair value and is presented separately in the statement of financial position as assets classified as held for sale.

Financial instruments

Financial assets are recognised in the statement of financial position when the group becomes a party to the contractual conditions of the instrument. All financial assets are recognised initially at fair value plus transaction costs, with the exception of financial assets classified at fair value through profit or loss presented at fair value.

The Group's financial assets are classified as loans and receivables and consist of cash and cash equivalents, loans, receivables from tenants and other receivables with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, loans and receivables are measured at amortised cost, using the effective interest method, less impairment.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

- Financial liabilities at fair value through profit or loss include derivatives as detailed below. Financial liabilities at fair value through profit or loss are presented at fair value. Any profit or loss deriving from changes in fair value is recognised in the consolidated income statement. For further details see note 2.19
- Other financial liabilities in the Group include borrowings, financial leases, other long term liabilities, trade and other payables, payables related in acquisitions and accrued expenditures.

Other financial liabilities are initially recognised at fair value after the deduction of transaction costs. Subsequent to initial recognition, other financial liabilities are measured on the basis of amortised cost, with financing costs recorded in the consolidated income statement on the basis of the effective interest method.

Other than as described in note 2.36, 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 €8.1 million (31 December 2012: €8.1 million) were impaired to reflect the recoverable amounts.

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Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits on demand, and other short term highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial Derivatives and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an on-going basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% – 125%.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in the consolidated income statement as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the consolidated income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the consolidated income statement.

Impairment

At each reporting date, Group executive management reviews the carrying amount of the Group's assets, other than investment properties measured at fair value, goodwill and deferred tax assets, to determine whether there is any objective evidence that it is impaired. An asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that assets are impaired includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or economic conditions that correlate with defaults. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement immediately.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Stated capital

The stated capital account consists of the proceeds received and receivable by Atrium from the issue of its ordinary shares, net of direct issue costs.

Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Dividends declared during the period have been presented as a reduction in the stated capital of Atrium.

Share based payments

Atrium operates Employee Share Option Plans ("ESOP") under which the Group receives services from key employees selected by the Board in consideration for equity instruments settled in shares. The cost of the ESOP is measured at the fair value of the options granted at the grant date.

The cost of the ESOP is recognised in the consolidated income statement, together with a corresponding increase in equity, over the period in which the service conditions are satisfied, ending on the date on which the relevant employees become fully entitled to the award (the "vesting period"). The cumulative expense, recognised for the ESOP at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately be vested.

Borrowings

Borrowings are recorded as the proceeds received, net of direct issuance costs, and are amortised to the settlement amount using the effective interest method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the consolidated income statement using the effective interest method.

Short term borrowings represent borrowings that are due within 12 months. Long term borrowings represent borrowings due after more than 12 months.

When an element of bonds issued by the Group is repurchased before maturity, the carrying amount of the bond is allocated between the element that continues to be recognised and the element that is derecognised based on the relative fair values of such element on the date of repurchase. The difference between (a) the carrying amount allocated to the element derecognised and (b) the consideration paid is recognised as profit or loss on repurchase of bonds in the consolidated income statement.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Liabilities from leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

At the commencement of the lease term, the leased assets held are measured at their fair value or, if lower, at the present value of the minimum lease payments. Subsequently such assets are measured in analogy to other assets held under the relevant caption (e.g. standing investments and developments and land – at fair value; property, plant and equipment – costs less accumulated depreciation and accumulated impairment losses). The corresponding liability is included in the statement of financial position as a finance lease obligation. The lease payments are apportioned between finance charges and the reduction of the outstanding lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Revenue recognition

Revenues are recognised in the consolidated income statement when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income

Rental income from operating leases is recognised on a straight line basis over the lease term.

Net result on disposals of properties

The net result on disposal of properties is determined as the difference between the sale proceeds and the carrying value of the property and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Interest income, interest expense and other financial income and expenses

Interest income and expenses are accounted for using the effective interest method.

Other financial income and expenses comprise mainly foreign currency gains and losses, net profit or loss from bond buybacks and the impairment of financial instruments.

Taxation

General

Expenses in respect of taxes on income include all current taxes, as well as the total change in deferred tax balances, except for deferred taxes arising from transactions or events which are applied directly to equity or to comprehensive income. The tax results deriving from a transaction or event recognised directly in equity or in other comprehensive income are also charged directly to equity or to other comprehensive income.

Current tax

Current tax expenses (benefits) are the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax is recognised in the consolidated income statement.

The taxable profit differs from the net loss or profit as reported in the consolidated income statement due to the inclusion or exclusion of income or expense items that are taxable or deductible in different reporting periods or which are not taxable or deductible.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets or liabilities in the financial statements and their tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted on the reporting date. Deferred tax is computed on the total amount of the revaluation adjustment for investment properties.

Deferred tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

A deferred tax asset is recognised on unused tax losses carried forward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets are offset against deferred tax liabilities within one entity only if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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Earnings per share

The basic earnings per share is calculated by dividing the earnings attributed to regular company shareholders by a weighted average of the number of regular shares in circulation throughout the reported period.

In order to calculate diluted earnings per share, the earnings attributed to the regular Company shareholders, and the weighted average of the number of shares in circulation, are adjusted on the basis of the influence of all potential regular shares originating from employees options, so long as they lead to dilution relative to the basic profit per share.

Segment reporting

An operating segment is a component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, and whose operating results are regularly reviewed in order to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

The Group has two reportable segments:

- The standing investment segment includes all commercial real estate held to generate rental income of the Group;
- The development segment includes all development activities and activities related with land plots.

The reconciling items mainly include holding activities and other items that relate to activities other than the standing investment segment and the development segment.

The Group's reportable segments are strategic business sectors which carry out different business activities and are managed separately.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reliable basis. The Group evaluates performance of the standing investment segment on the basis of profit or loss from operations before tax excluding foreign exchange gains and losses. The performance of the development segment is evaluated on the basis of expected yield on cost.

Geographical information is based on the geographical locations of the investment properties. The Group operates in the following countries: Poland, the Czech Republic, Slovakia, Russia, Hungary, Romania, Latvia, Turkey, Georgia and Bulgaria. In addition, the Group has its holding, management or other companies in Cyprus, Denmark, Italy, Luxembourg, the Netherlands, Spain, Sweden, Ukraine and the parent company in Jersey.

2.4 Standing investments

The current portfolio of standing investments consists of 153 properties (2012: 156); which comprise 22 properties in Poland (2012: 21), 95 properties in the Czech Republic (2012: 98), 3 properties in Slovakia (2012: 3), 7 properties in Russia (2012: 7), 24 properties in Hungary (2012: 25), 1 property in Romania (2012: 1) and 1 property in Latvia (2012: 1).

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

Standing investments	2013 €'000	2012 €'000
Balance as at 1 January	2,185,336	2,077,246
Additions – new properties	146,012	-
Additions – technical improvements, extensions	30,811	33,629
Movements – financial leases	4,755	3,861
Transfers from developments and land	877	6,750
Currency translation difference	(18,660)	5,317
Revaluation of standing investments	14,712	58,533
Disposals	(7,679)	-
Balance as at 31 December	2,356,164	2,185,336

In August 2013, the Group completed the acquisition of Galeria Dominikańska shopping centre in Wrocław, Poland for an agreed asset value of €151.7 million which was revised for accounting purposes to €146.0 million due to IFRS requirements in respect of deferred taxes at initial recognition and transaction costs. The transaction was accounted for as an asset acquisition rather than a business combination as the shopping centre is located in one of our core markets and therefore Atrium has the ability to manage it, even though an external party will continue the day to day management of the centre, working closely alongside Atrium's in-house team of retail experts. Furthermore, Atrium has the right to make all strategic decisions and all the incumbent directors are now Atrium's nominees.

In October 2013, the Group completed the acquisition of an additional 1,966 sqm of gross lettable area in Park House Togliatti, in Russia for a consideration of €3.6 million. Pursuant to the acquisition, Atrium increased its ownership of the building by 4.8% to 78%.

During the year, in the Czech Republic the Group completed the sale of two assets and returned one asset (by electing not to exercise a purchase right at expiry of a finance lease) to its lessor. In addition, during 2013, the group sold a warehouse in Hungary. The net gain resulting from these transactions amounted to €0.4 million.

In 2012, the Group completed the acquisition from cinema operator RCH of its holdings in three of our shopping centres in the Russian towns of Volgograd, Togliatti and Yekaterinburg for a total consideration of €9.3 million. RCH also signed new lease agreements whereby it remained a tenant of the Group at these locations.

During the second half of 2012 Atrium finalised two development projects and transferred them from developments and land to standing investments at fair value of €6.8 million. The two projects include a stand-alone retail box in Gdynia, Poland, handed over to the tenant Media Markt and Phase II of Atrium Galeria Mosty in Plock, Poland.

The total value of land leases was €35.8 million as at 31 December 2013 (2012: €31.8 million).

The yield diversification across the Group's income producing portfolio is stated in the table below:

Standing investments	EPRA Net initial yield (NIY)	
	2013	2012
Poland	6.7%	7.0%
Czech Republic	7.6%	7.8%
Slovakia	7.4%	7.5%
Russia	12.3%	12.6%
Hungary	9.1%	8.8%
Romania	8.9%	8.8%
Latvia	5.5%	2.4%
Average	8.1%	8.3%

For information about the fair value of standing investments, see note 2.36.

Fair value of collateral

As at 31 December 2013, the Group had pledged a total of 19 standing investments (2012: 77) with a fair value of €1,208.3 million (2012: €1,365.9 million) and one development and land plot with a fair value of €1.5 million in favour of bondholders and various commercial banks.

Certain assets have been provided as collateral against bonds 2003, bonds 2005 and bank loans held by the Group. The analysis of assets charged as collateral is as follows:

2013	Collateralised bonds and loans		
	No. of collateral	Fair value of collateral €'000	€'000
Country			
Poland	15	872,466	306,954
Czech Republic	2	198,077	113,563
Others*	2	137,730	41,744
Total	19	1,208,273	462,261

Country	No. of collateral	Collateralised bonds and loans	
		Fair value of collateral €'000	€'000
Poland	15	852,576	341,572
Czech Republic	38	301,021	155,974 **
Hungary	20	46,310	-
Others*	4	165,990	46,074
Total	77	1,365,897	543,620

* In 2013 this represents properties in Slovakia, in 2012 this represents properties in Slovakia and Romania.

** Although the collateral for the 2003 Bond is identified as relating only to the Czech Republic in fact some of the assets pledged are in the Hungary and "Others" fair value collateral balances. We are presenting the total value of the bond against the Czech balance as it represents the majority of the collateral value.

2.5 Developments and land

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

Developments and land	2013 €'000	2012 €'000
Balance as at 1 January	538,395	587,351
Additions – cost of land and construction	54,737	26,161
Additions – new properties	28,862	-
Movements – financial leases	2,910	(1,139)
Transfer to inventory	-	(1,744)
Transfer to standing investments	(877)	(6,750)
Disposals	(4,817)	(3,310)
Interest capitalised	799	1,320
Currency translation difference	(374)	-
Revaluation of developments and land	(35,998)	(63,494)
Balance as at 31 December	583,637	538,395

In July 2012, the Group signed definitive contracts with a general contractor for the construction of Atrium Felicity Shopping Centre; our development project in Lublin, Poland. The centre is on target to open on 20 March 2014. The total net incremental costs to complete the project are approximately €24.6 million. In October 2013, the hypermarket component of the project, which was held as an inventory, was sold to a major international food retailer in line with a forward sale agreement concluded in June 2012.

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 upon completion. The total net incremental costs to complete the project are approximately €26.5 million.

In June 2013, the Group acquired the remaining 76% of the shares it did not already hold in three companies, which jointly own a land

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site in Gdansk, Poland. The initial land acquisition had been previously financed by Atrium and was presented as a long term loan to an associate. Post the share acquisitions and the assumption of control, the land including its associated finance lease is now presented at its fair value. Please also refer to note 2.35.

In November 2013, the Group completed a sale of a 5 hectares land plot which was part of its 40 hectares land plot adjacent to Severny shopping mall in St Petersburg, Russia, for €5.2 million. The land plot was sold to a major international DIY operator. The transaction resulted in a net gain of €0.5 million.

During the second half of 2012, Atrium finalised two developments projects (Gdynia and Phase II of Atrium Galeria Mosty) and transferred them from developments and land to standing investments at fair value of €6.8 million (Please also refer to note 2.4).

For information about the fair value of developments and land, see note 2.36.

The average capitalisation rate used for capitalisation of borrowing costs was 4.0% for the year 2013 (2012: 4.4%).

The total value of land leases was €17.1 million (2012: €15.5 million) as at 31 December 2013.

2.6 Property, plant and equipment

Property, plant and equipment	2013 €'000	2012 €'000
Cars and motor vehicles	88	114
Office equipment	1,118	899
Other property, plant and equipment	2,196	2,098
Total	3,402	3,111

2.7 Intangible assets and goodwill

Intangible assets and goodwill	2013 €'000	2012 €'000
Intangible assets	7,120	5,458
Goodwill	7,617	11,025
Total	14,737	16,483

Intangible assets relate mainly to software.

	Intangible assets €'000	Goodwill €'000
Cost		
Balance at 1 January 2012	4,574	42,561
Additions	2,699	-
Disposals	(300)	-
Balance at 31 December 2012	6,973	42,561
Additions	2,758	-
Disposals	(87)	-
Foreign exchange differences	(21)	-
Balance at 31 December 2013	9,623	42,561
Accumulated depreciation and impairment		
Balance at 1 January 2012	(1,238)	(31,086)
Amortisation	(546)	-
Impairment loss	-	(450)
Disposals	268	-
Balance at 31 December 2012	(1,516)	(31,536)
Amortisation	(1,058)	-
Impairment loss	-	(3,408)
Disposals	48	-
Foreign exchange differences	23	-
Balance at 31 December 2013	(2,503)	(34,944)
Carrying amount	7,120	7,617

Goodwill arose in respect of the following cash generating units:

Cash generating units	2013 €'000	2012 €'000
Hungary	-	3,408
Poland	3,263	3,263
Russia	2,323	2,323
Slovakia	2,031	2,031
Total	7,617	11,025

The Goodwill in Hungary was impaired to reflect its recoverable amount.

2.8 Equity-accounted investee

As at 31 December 2013 the Company owns 63% interest in Mall Gallery 1 Limited ("Mall Gallery") and measures its investment in Mall Gallery according to the equity method as the Company has no controlling influence. In 2013 the investment was fully impaired to reflect management's best estimate of its recoverable amount.

2.9 Deferred tax assets

Deferred tax assets 2013	Opening balance	Deferred tax credit/(charge) to the income statement	Deferred tax recognised in other comprehensive income	Closing balance
	€'000	€'000	€'000	€'000
Deferred tax assets arise from the following temporary differences:				
Investment properties	2,863	(5,564)	-	(2,701)
Other assets	(88)	(96)	-	(184)
Liabilities and provisions	4,055	1,432	1,147	6,634
Tax losses carried forward	2,149	2,174	-	4,323
Other	(237)	1,232	-	995
Total deferred tax assets	8,742	(822)	1,147	9,067

The amount of €1.1 million recognised in other comprehensive income relates to the deferred tax on foreign exchange gains of €1.8 million offset by a deferred tax loss on the hedging instrument of €0.6 million.

Deferred tax assets 2012	Opening balance	Deferred tax credit/(charge) to the income statement	Closing balance
	€'000	€'000	€'000
Deferred tax assets arise from the following temporary differences:			
Investment properties	(4,269)	7,132	2,863
Other assets	257	(345)	(88)
Liabilities and provisions	5,339	(1,284)	4,055
Tax losses carried forward	387	1,762	2,149
Other	616	(853)	(237)
Total deferred tax assets	2,330	6,412	8,742

2.10 Loans

Loans	2013 €'000	2012 €'000
Loans to associates	-	42,519
Impairment of loans to associates	-	(14,016)
Loans to third parties	16,751	16,403
Impairment of loans to third parties	(8,594)	(8,255)
Total	8,157	36,651
Amount due within 12 months (included under current assets)	43	59
Amount due after more than 12 months	8,114	36,592

As at 31 December 2012, the loans to associates with a book value of €42.5 million had a fixed interest rate of 6.7% and were impaired to reflect the fair value of the underlying securities. In June 2013, the

Group acquired the remaining 76% of the shares it did not already hold in these associates; please also refer to note 2.35.

An unsecured loan to a third party which has a book value of €8.0 million (2012: €8.0 million) as at 31 December 2013, and a variable interest of 3 month EURIBOR plus 150 basis points per annum was impaired to reflect the recoverable amount.

The carrying amount of the loans is approximately equal to their fair value.

Notes to the Financial Statements

2.11 Other assets

Other assets	2013 €'000	2012 €'000
VAT receivables	19,907	26,965
Other	79	38
Total	19,986	27,003

Long term VAT receivables arise primarily from the development of investment properties in Russia and Turkey. VAT receivables will either be netted off against any VAT payables once payables arise or will be repaid by the relevant tax authority.

2.12 Receivables from tenants

Receivables from tenants 2013 Receivables aging:	Gross	Allowances for impaired balances	Net
	€'000	€'000	€'000
Due within term	7,783	(43)	7,740
Overdue 0-30 days	5,212	(1,144)	4,068
Overdue 31-90 days	2,915	(1,432)	1,483
Overdue 91-180 days	2,342	(2,095)	247
Overdue 181-360 days	1,022	(931)	91
Overdue 361 days and more	7,001	(6,857)	144
Total	26,275	(12,502)	13,773

Receivables from tenants 2012 Receivables aging:	Gross	Allowances for impaired balances	Net
	€'000	€'000	€'000
Due within term*	7,496	(183)	7,313
Overdue 0-30 days	5,738	(685)	5,053
Overdue 31-90 days	2,709	(1,114)	1,595
Overdue 91-180 days	1,472	(1,138)	334
Overdue 181-360 days	1,702	(1,409)	293
Overdue 361 days and more	6,460	(6,030)	430
Total	25,577	(10,559)	15,018

* €3.0 million of receivables from tenants as at 31 December 2012 have been reclassified to trade and other payables as this resulted in a more relevant presentation of the nature of these balances.

The description of collateral held as security in relation to tenants is provided in note 2.39 under credit risk.

Allowances for bad debts are calculated on the basis of management's knowledge of the tenants, business and the market.

The table below provides a reconciliation of changes in allowances during the year:

Allowances for bad debts	2013 €'000	2012 €'000
At 1 January	(10,559)	(12,870)
Release	1,528	5,394
Addition	(3,471)	(3,083)
At 31 December	(12,502)	(10,559)

2.13 Prepayments

Prepayments	2013 €'000	2012 €'000
Prepaid utilities	1,150	1,328
Prepayments for land	14,317	14,317
Other	2,682	2,911
Gross total	18,149	18,556
Impairment of prepayments for land	(6,052)	(6,052)
Total	12,097	12,504



2.14 Other receivables

Other receivables	2013 €'000	2012 €'000
Receivables for sale of standing investment and inventory	3,181	-
Other financial receivables	5,115	2,643
Total financial receivables	8,296	2,643
Other taxes and fees receivable	130	132
VAT receivable	6,158	5,883
Total other non-financial receivables	6,288	6,015
Total	14,584	8,658

2.15 Cash and cash equivalents

At the year end, the Group held cash and cash equivalents to a total amount of €305.6 million (2012: €207.8 million). The Group held cash of €6.3 million (2012: €18.7 million) as backing for guarantees and/or other restricted cash held by various banks on the Group's behalf.

Additional information to the Consolidated cash flow statement:

Acquisition of subsidiaries during 2013

Acquisition of subsidiaries	2013 €'000
Development and land	28,863
Prepayments	6
Other receivables	10
Long term lease liabilities	(335)
Accrued expenditure	(19)
Other payables	(32)
Cash of subsidiary	51

For further information about these subsidiaries see note 2.35.

Acquisition of subsidiaries net of cash acquired includes also €0.3 million of cash paid for the acquisition of the working capital of Galeria Dominikańska.

Deconsolidated subsidiary as at 31 December 2012:

Deconsolidating of subsidiary	2012 €'000
Property, plant and equipment	231
Other assets	668
Other receivables	1,274
Trade and other payables	(590)
Cash of subsidiary	417

For further information about the subsidiary see note 2.8.

2.16 Stated capital

As at 31 December 2013, Atrium's authorised and issued ordinary shares were unlimited with no par value.

As at 31 December 2013, the total number of ordinary shares issued was 374,899,934 (2012: 373,388,756 shares), of which 374,888,858 ordinary shares were registered in the name of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (trading as "Euroclear"), 11,075 ordinary shares were registered in the name of an individual shareholder and one ordinary share in the name of Aztec Financial Services (Jersey) Limited.

Changes in the stated capital account during the year 2013 were as follows:

- Issue of shares to satisfy the exercise of options of €2.1 million (2012: €0.7 million);
- Issue of shares in lieu of a director's and a CEO's remuneration €0.2 million (2012: €0.3 million);
- Dividend payments of €78.6 million (2012: €63.4 million). For the year 2013, the Board of Directors approved a dividend of at least €0.20 per share, payable in quarterly instalments of at least €0.05 per share at the end of each calendar quarter.

In November 2013, the Board of Directors approved a dividend distribution for the fourth quarter of 2013 amounting to €0.06 per share. Additionally, for 2014, the dividend will increase to at least €0.24 per share and will be paid in quarterly instalments of €0.06 per share at the end of each calendar quarter, commencing at the end of the first quarter of 2014 (subject to any legal and regulatory requirements and restrictions of commercial viability).

Following the approval of the shareholders on 18 May 2010 to authorise the directors to issue ordinary shares in lieu of directors' remuneration by agreement with the relevant directors, the Board adopted a Restricted Share Plan on 16 May 2011 (the "Plan"), which confers on eligible directors of Atrium the right to opt (on a semi-annual basis) to receive ordinary shares in Atrium in lieu of their annual directors' fees. The Plan further gives directors the ability to opt (on a semi-annual basis) to subscribe for ordinary shares, up to the value of their annual directors' fees. Directors will be given the opportunity to opt as referred to above in semi-annual option periods, being the four week free-dealing periods following the announcement of each of the Company's half year and full year results. The strike price for the ordinary shares to be issued pursuant to any option notice (being the average market price over the 30 preceding dealing days) will be notified to directors at the start of each option period. Atrium retains the discretion (subject to the approval of the Board) to refuse to satisfy an option notice in certain circumstances.

Notes to the Financial Statements

2.17 Other reserves

Other reserves of €5.2 million (2012: €9.6 million) comprise equity settled share based payment transactions and hedging reserves.

Share based payments

Details of the employee share option plans of the company

- In 2009, Atrium established and its shareholders approved an Employee Share Option Plan ("ESOP 2009"), under which the Board of Directors can grant share options to key employees. The total number of options which the Board can grant under the ESOP 2009 is 8,500,000. Each option shall be exercised by the issue of a new ordinary share in Atrium to the option holder. The exercise price shall be determined by the Board, and shall be not less than Atrium's share price on the dealing day immediately preceding the date of grant, or averaged over the 30 dealing days immediately preceding the date of grant. Options will be generally exercisable in three equal and annual tranches from the date of grant and lapse on the fifth anniversary of the date of grant. In the event that the Company distributes a cash dividend, the exercise price of the options shall be decreased by the amount of the dividend per share. Unexercised options carry no voting rights. No more grants have been approved under the ESOP 2009 as from 23 May 2013.
- On 23 May 2013, Atrium established and its shareholders approved a new Employee Share Option Plan ("ESOP 2013"), under which the Board of Directors or Compensation and Nominating Committee can grant share options to key employees, executive directors or consultants. The initial number of securities that can be issued on the exercise of options under the ESOP 2013 is limited to options representing 5,000,000 shares. Options must be granted within 10 years of ESOP 2013's adoption. The exercise price on grant of options shall be the average market value over the 30 dealing days immediately preceding the date of grant unless otherwise determined by the Board of Directors. Options will generally be exercisable in four equal and annual tranches from the date of grant and lapse on the tenth anniversary of the date of grant. Unexercised options carry neither rights to dividends nor voting rights.

The following table shows the movement in ESOP 2009 during the year:

2013	Weighted average exercise price €	Number of share options
As at 1 January	2.98	5,130,959
Granted	4.32	210,000
Exercised ⁽¹⁾	1.58	(1,941,667)
Forfeited	1.13	(259,998)
As at 31 December	3.65	3,139,294

(1) In respect of options exercised in 2013, the weighted average of the share price was €4.55 as at date of exercising the options.

The following table shows the movement in ESOP 2013 during the year:

2013	Weighted average exercise price €	Number of share options
As at 1 January	-	-
Granted	4.36	3,629,838
As at 31 December	4.36	3,629,838

The following table shows the movement in ESOP 2009 during 2012:

2012	Weighted average exercise price of share options €	Number of share options
As at 1 January	2.99	5,372,171
Granted	3.63	227,119
Exercised ⁽¹⁾	1.21	(408,333)
Forfeited	0.97	(59,998)
As at 31 December	2.98	5,130,959

(1) In respect of options exercised in 2012, the weighted average of the share price was €4.05 as at date of exercising the options.

The following table shows the vesting years and weighted average exercise prices of the outstanding options under ESOP 2009 as of 31 December 2013:

Vesting year	Weighted average exercise price of share options €	Number of share options
2011	3.55	376,841
2012	3.77	926,833
2013	3.71	1,056,834
2014	3.34	378,333
2015	3.47	330,453
2016	4.32	70,000
Total	3.65	3,139,294

The following table shows the vesting years and weighted average exercise prices of the outstanding options under ESOP 2009 as of 31 December 2013:

Vesting year	Weighted average exercise price of share options €	Number of share options
2014	4.36	907,463
2015	4.36	907,460
2016	4.36	907,459
2017	4.36	907,456
Total	4.36	3,629,838

The fair value of options granted during the year:

The fair value of options granted has been estimated using Black-Scholes options valuation model. The weighted average fair values of the options granted in 2013 under the ESOP 2009 and ESOP 2013 were €0.55 and €0.42 per option respectively.

Significant inputs into the model:

	ESOP 2009	ESOP 2013
Weighted average share price at grant (€)	4.26	4.35
Weighted average exercise price (€)	4.46	4.36
Expected weighted average volatility	24.2%	21.1%
Expected life of the option (in years)	1.9	6.17
Risk free interest rate	0.91%	1.25%
Expected dividend rate	-	4.78%

The expected volatility is based on the historical share price volatility over the past year. The expected life used in the model is based on management's best estimate regarding the duration of the holding period of the options and the Company's past experience regarding employee turnover.

Hedging reserves

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. See also note 2.19.

2.18 Borrowings

Borrowings	2013 €'000	2012 €'000
Bonds	499,066	193,958
Bank loans	304,489	343,103
Total	803,555	537,061

The borrowings are repayable as follows:

Borrowings total	2013 €'000	2012 €'000
Due within one year	5,511	74,986
In second year	75,544	6,557
In third to fifth year inclusive	270,290	347,089
After five years	452,210	108,429
Total	803,555	537,061

Bonds

In April 2013, Atrium issued a €350 million unsecured seven year Eurobond ("2013 Bonds"), carrying a 4.0% coupon. The bond was rated BBB- by both S&P and Fitch, in line with Atrium's own corporate rating. The Eurobond will mature on 20 April 2020 and the issue price was 99.57%.

The 2013 bonds issued are subject to the following financial covenants: the solvency ratio will not exceed 60%, the secured solvency ratio will not exceed 40%, the consolidated coverage ratio shall not be less than 1.5 and the ratio of unsecured consolidated assets to unsecured consolidated debt shall not be less than 150%; all of which were met throughout the year.

In July 2013, Atrium repaid on maturity €39.2 million bonds issued in 2003.

In 2012, Atrium completed a €50.6 million 2003 bond buy back which resulted in a net loss of €1.5 million.

Notes to the Financial Statements

2013

Bond/Issue year	Currency	Interest rate	Average maturity	Maturity	Book value	Fair value
					€'000	€'000
Atrium European Real Estate Limited 2005	EUR	4.4%	1.6	2015	40,329	42,194
Atrium European Real Estate Limited 2005	EUR	4.0%*	3.6	2017	83,280	87,570
Atrium European Real Estate Limited 2005	CZK	1.8%*	1.6	2015	29,264	29,125
Atrium European Real Estate Limited 2013	EUR	4.0%	6.4	2020	346,193	347,194
Total/Average		3.9%	5.3		499,066	506,083

2012

Bond/Issue year	Currency	Interest rate	Average maturity	Maturity	Book value	Fair value
					€'000	€'000
Atrium European Real Estate Limited 2003	EUR	6.0%	0.6	2013	11,975	12,277
Atrium European Real Estate Limited 2003	EUR	5.5%*	0.6	2013	27,181	27,883
Atrium European Real Estate Limited 2005	EUR	4.4%	2.6	2015	40,003	42,825
Atrium European Real Estate Limited 2005	EUR	4.0%*	4.7	2017	82,990	87,855
Atrium European Real Estate Limited 2005	CZK	2.4%*	2.6	2015	31,809	31,665
Total/Average		4.1%	3.5		193,958	202,505

*Bonds bear variable interest rates as disclosed in note 3.10.

Collateral	Fair value of pledged investment properties	Fair value of pledged investment properties
	2013 €'000	2012 €'000
Bond 2003	-	153,460
Bond 2005	440,993	447,223
Total	440,993	600,683

Loans

In September 2013, the Group has completed early repayments of two loans totalling €3.1 million and in November 2013 the Group repaid on maturity a €30 million loan.

In December 2012, an Atrium subsidiary entered into a new loan agreement of €50 million with Berlin-Hannoversche Hypothekenbank AG. During the year ended 31 December 2012, Atrium also completed early repayments of four loans totalling €16.4 million and settled a third party loan of €9.2 million with Bulwer International Inc.

Most of the loans are subject to normal course of business Loan To Value ("LTV") and Debt Service Coverage Ratio ("DSCR") covenant tests, all of which were met throughout the year.

Notes to the Financial Statements

2013

Lender	Currency	Interest rate	Average maturity	Maturity	Book value	Fair value
					€'000	€'000
Berlin-Hannoversche Hypothekenbank AG	EUR	4.7%*	2.4	2016	101,649	101,179
Berlin-Hannoversche Hypothekenbank AG	EUR	3.1%	4.0	2017	48,579	49,687
Berlin-Hannoversche Hypothekenbank AG	EUR	4.1%*	7.9	2021	112,517	112,166
UniCredit Bank Slovakia, a.s.	EUR	Euribor+2.5%	3.3	2017	28,543	28,869
UniCredit Bank Slovakia, a.s.	EUR	Euribor+2.5%	3.3	2017	13,201	13,352
Total/Average		4.0%	4.8		304,489	305,253

2012

Lender	Currency	Interest rate	Average maturity	Maturity	Book value	Fair value
					€'000	€'000
Berlin-Hannoversche Hypothekenbank AG	EUR	4.7%*	3.4	2016	102,831	102,421
Rel Ibis Sp. z.o.o.	EUR	4.0%	0.9	2013	29,938	30,404
Berlin-Hannoversche Hypothekenbank AG	EUR	3.1%	5.0	2017	48,793	50,792
Berlin-Hannoversche Hypothekenbank AG and Erste Group Bank AG	EUR	4.1%*	8.9	2021	113,105	112,700
Erste bank AG	EUR	Euribor+2.75%	2.8	2015	2,360	2,394
UniCredit Bank Slovakia, a.s.	EUR	Euribor+2.5%	4.3	2017	30,484	30,921
UniCredit Bank Slovakia, a.s.	EUR	Euribor+2.5%	4.3	2017	14,092	14,294
Ceskoslovenska obchodna banka a.s.	EUR	Euribor+1.35%	8.9	2021	1,500	1,452
Total/Average		3.9%	5.3		343,103	345,378

* Hedged interest rates.

Collateral	Fair value of pledged investment properties 2013 €'000	Fair value of pledged investment properties 2012 €'000	2.19 Derivatives
Berlin-Hannoversche Hypothekenbank AG	574,072	549,762	The Group entered into two interest rate swap contracts ("IRSSs") during 2011. These swaps exchange floating interest rates to fixed interest rates. The swaps are cash flow hedges designed to reduce the Group's cash flow exposure to variable interest rates on certain borrowings.
Ceska sporitelna a.s. (mortgaged under finance lease)	277	302	The IRSSs are in a liability position as at 31 December 2013, and have a fair value of approximately €11.8 million (2012: €17.8 million).
Ceskoslovenska obchodna banka a.s.	-	9,110	The interest rate swaps have quarterly coupons. The floating rate on the IRSSs is the 3 month Euribor and the fixed rates are 2.17% and 2.89%.
Erste Bank AG	-	15,069	
Rel Ibis Sp. z o.o.	56,720	55,610	The payments and receipts for the IRSSs occur simultaneously with the interest payments on the loans. The Group settles the difference between the fixed and floating interest amounts for the IRSSs on a net basis with the respective counter party. The two swaps mature in 2016 and 2018.
UniCredit Bank Slovakia, a.s.	137,730	136,880	
Total	768,799	766,733	

For information about the fair value of loans and bonds, see note 2.36.

For information about the fair value of the derivatives, see note 2.36.

Notes to the Financial Statements

2.20 Deferred tax liabilities

Deferred tax liabilities 2013	Opening balance €'000	Deferred tax credit/(charge) to the income statement €'000	Deferred tax recognised in other comprehensive income €'000	Closing balance €'000
Deferred tax liabilities arise from the following temporary differences:				
Investment properties				
Investment properties	(134,721)	(20,332)	(168)	(155,221)
Other assets	(70)	813	-	743
Liabilities and provisions	12,445	(4,376)	(542)	7,527
Tax losses carried forward	21,642	12,019	-	33,661
Other	1,929	(201)	-	1,728
Total deferred tax liabilities	(98,775)	(12,077)	(710)	(111,562)

The amount of €0.7 million recognised in other comprehensive income relates to the deferred tax charge on the hedging instrument of €0.5 million and the deferred tax charge on foreign exchange differences which relate to the investment properties of €0.2 million.

Deferred tax liabilities 2012	Opening balance €'000	Deferred tax credit/(charge) to the income statement €'000	Deferred tax recognised in other comprehensive income €'000	Closing balance €'000
Deferred tax liabilities arise from the following temporary differences:				
Investment properties				
Investment properties	(109,064)	(25,775)	118	(134,721)
Other assets	391	(461)	-	(70)
Liabilities and provisions	11,749	(557)	1,253	12,445
Tax losses carried forward	18,717	2,925	-	21,642
Other	1,449	480	-	1,929
Total deferred tax liabilities	(76,758)	(23,388)	1,371	(98,775)

The amounts recognised in other comprehensive income relate to the deferred tax credit on the hedging instrument of €1.3 million and the deferred tax credit on foreign exchange differences which relate to the investment properties of €0.1 million.

2.21 Liabilities from financial leases

The liabilities from financial leases as at 31 December 2013 consist of liabilities related to long term land leases in Poland, the Czech Republic, Slovakia, Russia, and Latvia. Lease payments are due as follows:

Liabilities from financial leases	2013	2013	2012	2012
	Net present value €'000	Undiscounted lease payments €'000	Net present value €'000	Undiscounted lease payments €'000
Due within one year	7,802	8,237	5,998	6,767
Due within two to five years	17,256	24,494	18,830	26,203
Due after five years	28,784	268,573	28,490	244,138
Total	53,842	301,304	53,318	277,108
Amount due within 12 months	7,802	8,237	5,998	6,767
Amount due after more than 12 months	46,040	293,067	47,320	270,341

The lease obligations are mainly denominated in the local currencies of the respective countries. The Group has two material lease arrangements; Atrium Promenada, in Poland, with a net present value ("NPV") of €14.5 million (2012: €14.7 million) and Kazan Park House, in Russia, with a NPV of €11.5 million (2012: €10.7 million). Three of the properties in the Czech Republic have been financed on the basis of finance lease contracts (2012: 4) with a fair value of €5.8 million (2012: €9.4 million).

2.22 Other long term liabilities

Other long term liabilities of €21.5 million (2012: €19.7 million) principally comprise long term deposits from tenants amounting to €21.4 million (2012: €18.9 million), and long term retentions from construction companies.

2.23 Trade and other payables

Trade and other payables	2013 €'000	2012 €'000
Payables for utilities	1,885	2,251
Payables for consultancy and audit services	292	788
Payables for repairs and maintenance	1,098	907
Payables connected with development/construction	3,696	3,201
Short term liabilities from leasing	7,802	5,998
Short term deposits from tenants*	2,539	2,414
Payables for other services	1,037	1,383
Payable related to acquisitions	-	389
Other	2,181	332
Total other financial payables	20,530	17,663
VAT payables	3,133	2,507
Other taxes and fees payables	2,273	2,905
Deferred revenue	5,922	5,678
Other advance payments from tenants	5,281	6,606
Total other non-financial payables	16,609	17,696
Total	37,139	35,359

* €3.0 million of receivables from tenants as at 31 December 2012 have been reclassified to trade and other payables as this resulted in a more relevant presentation of the nature of these balances.

2.24 Accrued expenditure

Accrued expenditure	2013 €'000	2012 €'000
Accruals for utilities	1,870	1,272
Accruals for consultancy and audit services	2,423	2,869
Accruals for construction services	12,542	6,292
Accruals for interest	12,166	3,673
Accruals for employee compensation	3,780	3,434
Accruals for taxes	4,200	2,981
Other	5,310	5,610
Total	42,291	26,131

2.25 Gross rental income

Gross rental income ("GRI") includes rental income from the lease of investment properties, rent from advertising areas, communication equipment and other sources.

GRI by country is as follows:

Country	2013 €'000	2013 % of total GRI	2012 €'000	2012 % of total GRI
Poland	78,858	38.8%	73,851	38.2%
Czech Republic	37,641	18.5%	38,629	20.0%
Slovakia	11,258	5.5%	11,248	5.8%
Russia	59,297	29.1%	52,940	27.4%
Hungary	7,752	3.8%	8,567	4.4%
Romania	7,248	3.6%	7,172	3.7%
Latvia	1,401	0.7%	1,068	0.5%
Total	203,455	100%	193,475	100.0%

2.26 Service charge income

Service charge income of €77.0 million (2012: €73.8 million) represents income from services reinvoiced to tenants and results mainly from reinvoiced utilities, marketing, repairs and maintenance and is recorded on a gross basis. Expenses to be reinvoiced to tenants are presented under net property expenses together with other operating costs that are not reinvoiced to tenants.

2.27 Net property expenses

Net property expenses	2013 €'000	2012 €'000
Utilities	(30,313)	(29,559)
Security, cleaning & other facility related costs	(11,350)	(11,121)
Real estate tax	(12,775)	(12,492)
Repairs, maintenance and facility management fees	(10,545)	(10,857)
Direct employment costs	(12,072)	(10,724)
Marketing and other consulting	(6,936)	(6,940)
Office related expenses	(639)	(734)
Travel and transport cost	(681)	(646)
Creation of allowance and written off receivables from tenants	(3,427)	(1,559)
Other	(915)	(1,326)
Total	(89,653)	(85,958)

Notes to the Financial Statements

2.28 Other depreciation, amortisation and impairments

Other depreciation, amortisation and impairments	2013 €'000	2012 €'000
Impairments	(4,891)	(450)
Other depreciation and amortisation	(2,075)	(1,385)
Total	(6,966)	(1,835)

2.29 Administrative expenses

Administrative expenses	2013 €'000	2012 €'000
Legal fees	(2,665)	(3,585)
Legacy legal matters	(3,274)	(3,255)
Employee costs	(8,884)	(9,299)
Consultancy and other advisory fees	(3,863)	(4,450)
Audit, audit related and review fees	(1,241)	(1,683)
Expenses related to directors	(631)	(816)
Share based payments	(638)	(1,447)
Other	(4,090)	(4,590)
Total	(25,286)	(29,125)

The Group does not have significant defined benefit pension plans.

2.30 Interest income and interest expenses

Interest income of €2.5 million (2012: €3.9 million) derived mainly from bank deposits and interest on the loans provided to third parties, which was subsequently impaired.

The Group's interest expense of €31.6 million (2012: €23.1 million) consists of finance expense on bank loans €14.4 million (2012: €13.8 million) and on bonds €18.0 million (2012: €10.6 million). Finance expenses in the amount of €0.8 million (2012: €1.3 million) were capitalised to the development projects, see note 2.5.

Effective tax rate

A reconciliation between the current year income tax charge and the accounting profit before tax is shown below:

	2013 €'000	2013 %	2012 €'000	2012 %
Profit before taxation	90,600		116,073	
Income tax credit/(charge) using the weighted average applicable tax rates	(3,150)	3.5%	2,237	1.9%
Tax effect of non-taxable income/(non-deductible expenses)	(15,890)		5,008	
Tax effect of losses previously not recognised	11,996		7,015	
Deferred tax asset not recognised	(8,924)		(33,957)	
Tax adjustment of previous years	(269)		(76)	
Other	1,515		(125)	
Tax charge	(14,722)		(19,898)	
Effective tax rate		(16.2%)		(17.1%)

The Group has not recognised deferred tax assets of €143.3 million (2012: €147.5 million) as it is not probable that future taxable profit will be available against which the Group can utilise these benefits. These unrecognised deferred tax assets arose primarily from the negative revaluation of investment properties and, in accordance with local tax legislation, will expire over a number of years, commencing in 2014.

Unrecognised deferred tax assets	2013	2012
Country	€'000	€'000
Poland	25,416	14,626
Czech Republic	1,516	1,080
Russia	80,541	84,934
Slovakia	-	33
Hungary	2,241	2,043
Romania	6,336	6,193
Latvia	431	16
Turkey	14,523	11,481
Netherlands	-	6,370
Georgia	-	6,963
Ukraine	6,639	6,686
Cyprus	6,746	6,950
Bulgaria	48	133
Total	144,437	147,508

The Group is liable for taxation on taxable profits in the following jurisdictions at the rates below:

Corporate income tax rates	2013	2012
Poland	19.0%	19.0%
Czech Republic	19.0%	19.0%
Slovakia	23.0%	19.0%
Russia	20.0%	20.0%
Hungary	10.0% ¹	10.0% ¹
Romania	16.0%	16.0%
Latvia	15.0%	15.0%
Turkey	20.0%	20.0%
Bulgaria	10.0%	10.0%
Cyprus	10.0%	10.0%
Denmark	25.0%	25.0%
Georgia	15.0%	15.0%
Italy	27.5% ²	27.5% ²
Jersey	0.0%	0.0%
Netherlands	25.0% ³	25.0% ³
Sweden	22.0%	26.3%
Spain	30.0% ⁴	30.0% ⁴
Ukraine	19.0%	21.0%

1. Effective from 1 July 2010, a 10% tax rate applies to a tax base up to HUF 500 million, with a 19% rate applying to a tax base exceeding this amount.
2. The corporate income tax rate is 27.5% plus local tax due (generally 3.9%).
3. As at 1 January 2011, the rate applying to taxable profits exceeding €0.2 million is 25%. Below this amount a 20% tax rate is applicable to taxable profit.
4. The regular corporate income tax rate is 30%, however a 25% rate is imposed on profits up to €0.3 million and if the annual turnover is less than €10 million.

2.33 Earnings per share

The following table sets forth the computation of earnings per share:

	2013	2012
Profit for the year attributable to the owners of the Company for basic and diluted earnings per share in (€'000)	75,936	98,712
Weighted average number of ordinary shares used in the calculation of basic earnings per share	374,288,340	373,075,076
Adjustments		
Options	384,888	-
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	374,673,228	373,075,076
Basic earnings per share in €cents	20.3	26.4
Diluted earnings per share in €cents	20.3	26.4

The following securities were not included in the diluted earnings per share calculation as the effect would have been anti-dilutive:

Number of shares if exercised	2013	2012
Options	3,629,838	5,130,959

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2.34 Segment reporting

Reportable segments in 2013

For the year ended 31 December 2013	Standing investment segment €'000	Development segment €'000	Reconciling item €'000	Total €'000
Gross rental income	203,455	-	-	203,455
Service charge income	77,031	-	-	77,031
Net property expenses	(89,653)	-	-	(89,653)
Net rental income	190,833	-	-	190,833
Net result on disposals	432	944	-	1,376
Cost connected with developments	-	(5,146)	-	(5,146)
Revaluation of investment properties	14,712	(35,998)	-	(21,286)
Other depreciation, amortisation and impairments	(5,027)	-	(1,939)	(6,966)
Administrative expenses	(11,341)	(1,226)	(12,719)	(25,286)
Net operating profit/(loss)	189,609	(41,426)	(14,658)	133,525
Interest income	210	120	2,175	2,505
Interest expense	(29,975)	(1,599)	(2)	(31,576)
Other financial income/(expenses)	(15,134)	3,179	(1,899)	(13,854)
Profit/loss before taxation for the year	144,710	(39,726)	(14,384)	90,600
Taxation credit/charge for the year	(13,177)	(1,424)	(121)	(14,722)
Profit/(loss) after taxation for the year	131,533	(41,150)	(14,505)	75,878
Investment properties	2,356,164	583,637	-	2,939,801
Additions to investment properties	176,823	84,398	-	261,221
Segment assets	2,427,303	623,985	292,918*	3,344,206
Segment liabilities	783,019	82,202	211,696	1,076,917

*The amount mainly relates to cash and cash equivalents.

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Reportable segments in 2012

For the year ended 31 December 2012	Standing investment segment €'000	Development segment €'000	Reconciling item €'000	Total €'000
Gross rental income	193,475	-	-	193,475
Service charge income	73,762	-	-	73,762
Net properties expenses	(85,958)	-	-	(85,958)
Net rental income	181,279	-	-	181,279
Net result on disposals	427	366	-	793
Cost connected with developments	-	(6,161)	-	(6,161)
Revaluation of investment properties	58,533	(63,494)	-	(4,961)
Other depreciation, amortisation and impairments	(1,430)	-	(405)	(1,835)
Administrative expenses	(11,278)	(1,081)	(16,766)	(29,125)
Net operating profit/(loss)	227,531	(70,370)	(17,171)	139,990
Interest income	219	19	3,645	3,883
Interest expense	(22,363)	(735)	(5)	(23,103)
Other financial income/(expenses)	(6,899)	8,732	(6,530)	(4,697)
Profit/ (loss) before taxation of the year	198,488	(62,354)	(20,061)	116,073
Taxation credit/(charge) for the year	(19,272)	562	(1,188)	(19,898)
Profit/(loss) after taxation for the year	179,216	(61,792)	(21,249)	96,175
Investment properties	2,185,336	538,395	-	2,723,731
Additions to investment properties	40,379	27,481	-	67,860
Segment assets	2,259,685	586,947	218,890*	3,065,522
Segment liabilities	692,445	83,150	8,555	784,150

*The amount mainly relates to cash and cash equivalents.

Notes to the Financial Statements

Geographical segments by business sector in 2013

For the year ended 31 December 2013	Poland				Total	Czech Republic				Total
	Standing investment segment €'000	Develop- ment segment €'000	Reconciling item €'000	Total €'000		Standing investment segment €'000	Develop- ment segment €'000	Reconciling item €'000	Total €'000	
Gross rental income	78,858	-	-	78,858	37,641	-	-	-	37,641	
Service charge income	31,152	-	-	31,152	10,976	-	-	-	10,976	
Net property expenses	(30,857)	-	-	(30,857)	(14,481)	-	-	-	(14,481)	
Net rental income	79,153	-	-	79,153	34,136	-	-	-	34,136	
Net result on disposals	88	349	-	437	401	65	-	-	466	
Cost connected with developments	-	(158)	-	(158)	-	-	-	-	-	
Revaluation of investment properties	16,253	(6,331)	-	9,922	(14,394)	(163)	-	-	(14,557)	
Other depreciation, amortisation and impairments	(814)	-	-	(814)	(357)	-	-	-	(357)	
Administrative expenses	(5,225)	(1,112)	938	(5,399)	(2,562)	(6)	(225)	-	(2,793)	
Net operating profit/(loss)	89,455	(7,252)	938	83,141	17,224	(104)	(225)	16,895		
Interest income	134	76	3	213	20	0	-	-	20	
Interest expense	(15,124)	(230)	(2)	(15,356)	(6,322)	(7)	-	-	(6,329)	
Other financial income/(expenses)	(2,209)	(57)	(9)	(2,275)	(12,677)	-	(118)	(12,795)		
Profit/(loss) before taxation	72,256	(7,463)	930	65,723	(1,755)	(111)	(343)	(2,209)		
Taxation credit/(charge) for the year	(7,427)	(447)	(15)	(7,889)	1,267	-	(109)	1,158		
Profit/(loss) after taxation for the year	64,829	(7,910)	915	57,834	(488)	(111)	(452)	(1,051)		
Investment properties	1,206,716	218,127	-	1,424,843	411,484	4,005	-	-	415,489	
Additions to investment properties	159,500	80,770	-	240,270	4,601	816	-	-	5,417	
Segment assets	1,236,335	226,465	4,462	1,467,262	430,459	4,007	827	435,293		
Segment liabilities	464,640	26,848	17	491,505	153,482	193	-	-	153,675	

Notes to the Financial Statements

For the year ended 31 December 2013	Slovakia				Russia			
	Standing investment segment	Develop- ment segment	Reconciling item	Total	Standing investment segment	Develop- ment segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	11,258	-	-	11,258	59,297	-	-	59,297
Service charge income	5,718	-	-	5,718	22,789	-	-	22,789
Net property expenses	(5,889)	-	-	(5,889)	(29,108)	-	-	(29,108)
Net rental income	11,087	-	-	11,087	52,978	-	-	52,978
Net result disposals	-	-	-	-	-	530	-	530
Cost connected with developments	-	-	-	-	-	(2,574)	-	(2,574)
Revaluation of investment properties	(1,071)	-	-	(1,071)	37,190	(17,157)	-	20,033
Other depreciation, amortisation and impairments	(189)	-	-	(189)	(98)	-	-	(98)
Administrative expenses	(862)	-	50	(812)	(1,643)	52	455	(1,136)
Net operating profit/ (loss)	8,965	-	50	9,015	88,427	(19,149)	455	69,733
Interest income	-	-	-	-	24	3	-	27
Interest expense	(2,280)	-	-	(2,280)	(4,661)	(401)	-	(5,062)
Other financial income / (expenses)	(37)	-	(2)	(39)	(618)	8,384	61	7,827
Profit/(loss) before taxation	6,648	-	48	6,696	83,172	(11,163)	516	72,525
Taxation credit/(charge) for the year	(577)	-	(20)	(597)	(8,463)	(3)	150	(8,316)
Profit/(loss) after taxation for the year	6,071	-	28	6,099	74,709	(11,166)	666	64,209
Investment properties	147,260	55	-	147,315	443,424	128,373	-	571,797
Additions to investment properties	2,341	-	-	2,341	8,368	2,594	-	10,962
Segment assets	151,604	57	756	152,417	455,862	132,509	3,250	591,621
Segment liabilities	64,994	86	-	65,080	83,923	27,416	302	111,641

Notes to the Financial Statements

For the year ended 31 December 2013	Hungary				Romania				Total
	Standing investment segment	Develop- ment segment	Reconciling item	Total	Standing investment segment	Develop- ment segment	Reconciling item	Total	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Gross rental income	7,752	-	-	7,752	7,248	-	-	7,248	
Service charge income	3,200	-	-	3,200	2,204	-	-	2,204	
Net property expenses	(4,546)	-	-	(4,546)	(3,021)	-	-	(3,021)	
Net rental income	6,406	-	-	6,406	6,431	-	-	6,431	
Net result on disposals	(57)	-	-	(57)	-	-	-	-	
Cost connected with developments	-	-	-	-	-	(86)	-	(86)	
Revaluation of investment properties	(13,239)	-	-	(13,239)	(6,167)	(1,773)	-	(7,940)	
Other depreciation, amortisation and impairments	(3,520)	-	-	(3,520)	(49)	-	-	(49)	
Administrative expenses	(442)	-	(81)	(523)	(545)	(3)	3	(545)	
Net operating profit/ (loss)	(10,852)	-	(81)	(10,933)	(330)	(1,862)	3	(2,189)	
Interest income	23	-	(8)	15	9	-	-	9	
Interest expense	(405)	-	-	(405)	(823)	(120)	-	(943)	
Other financial income / (expenses)	308	-	(5)	303	78	36	(14)	100	
Profit/(loss) before taxation	(10,926)	-	(94)	(11,020)	(1,066)	(1,946)	(11)	(3,023)	
Taxation credit/(charge) for the year	745	-	(3)	742	671	-	(8)	663	
Profit/(loss) after taxation for the year	(10,181)	-	(97)	(10,278)	(395)	(1,946)	(19)	(2,360)	
Investment properties	70,670	-	-	70,670	65,220	10,400	-	75,620	
Additions to investment properties	1,225	-	-	1,225	687	-	-	687	
Segment assets	73,893	-	636	74,529	67,265	10,690	243	78,198	
Segment liabilities	7,224	-	-	7,224	5,758	3,013	95	8,866	

Notes to the Financial Statements

For the year ended 31 December 2013	Latvia				Turkey, Bulgaria, Ukraine, Georgia			
	Standing investment segment	Develop- ment segment	Reconciling item	Total	Standing investment segment	Develop- ment segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	1,401	-	-	1,401	-	-	-	-
Service charge income	992	-	-	992	-	-	-	-
Net property expenses	(1,751)	-	-	(1,751)	-	-	-	-
Net rental income	642	-	-	642	-	-	-	-
Net result on disposals	-	-	-	-	-	-	-	-
Cost connected with developments	-	-	-	-	-	(1,271)	-	(1,271)
Revaluation of investment properties	(3,860)	-	-	(3,860)	-	(10,574)	-	(10,574)
Other depreciation, amortisation and impairments	-	-	-	-	-	-	(43)	(43)
Administrative expenses	(62)	-	7	(55)	-	(157)	(70)	(227)
Net operating profit/ (loss)	(3,280)	-	7	(3,273)	-	(12,002)	(113)	(12,115)
Interest income	-	-	-	-	-	41	-	41
Interest expense	(360)	-	-	(360)	-	(841)	-	(841)
Other financial income / (expenses)	21	-	-	21	-	(5,184)	23	(5,161)
Profit/(loss) before taxation	(3,619)	-	7	(3,612)	-	(17,986)	(90)	(18,076)
Taxation credit/(charge) for the year	607	-	-	607	-	(974)	-	(974)
Profit/(loss) after taxation for the year	(3,012)	-	7	(3,005)	-	(18,960)	(90)	(19,050)
Investment properties	11,390	-	-	11,390	-	222,677	-	222,677
Additions to investment properties	101	-	-	101	-	218	-	218
Segment assets	11,885	-	11	11,896	-	250,257	70	250,328
Segment liabilities	2,998	-	34	3,032	-	24,646	-	24,646

Notes to the Financial Statements

For the year ended 31 December 2013	Standing investment segment	Reconciling			Total
		Develop- ment segment	Reconciling item	€'000	
Gross rental income	-	-	-	-	-
Service charge income	-	-	-	-	-
Net property expenses	-	-	-	-	-
Net rental income	-	-	-	-	-
Net result on disposals	-	-	-	-	-
Cost connected with developments	-	(1,057)	-	(1,057)	
Revaluation of investment properties	-	-	-	-	-
Other depreciation, amortisation and impairments	-	-	(1,896)	(1,896)	
Administrative expenses	-	-	(13,796)	(13,796)	
Net operating profit/ (loss)	-	(1,057)	(15,692)	(16,749)	
Interest income	-	-	2,180	2,180	
Interest expense	-	-	-	-	-
Other financial income/ (expenses)	-	-	(1,835)	(1,835)	
Profit/(loss) before taxation	-	(1,057)	(15,347)	(16,404)	
Taxation credit/charge for the year	-	-	(116)	(116)	
Profit/(loss) after taxation for the year	-	(1,057)	(15,463)	(16,520)	
Investment properties	-	-	-	-	-
Additions to investment properties	-	-	-	-	-
Segment assets	-	-	282,663	282,662	
Segment liabilities	-	-	211,248	211,248	

Geographical segments by business sector in 2012

For the year ended 31 December 2012	Poland				Czech Republic			
	Standing investment segment	Develop- ment segment	Reconciling item	Total	Standing investment segment	Develop- ment segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	73,851	-	-	73,851	38,629	-	-	38,629
Service charge income	27,949	-	-	27,949	11,424	-	-	11,424
Net property expenses	(28,223)	-	-	(28,223)	(15,036)	-	-	(15,036)
Net rental income	73,577	-	-	73,577	35,017	-	-	35,017
Net result on disposals	427	(24)	-	403	-	-	-	-
Cost connected with developments	-	109	-	109	-	-	-	-
Revaluation of investment properties	25,681	(11,677)	-	14,004	59	2,433	-	2,492
Other depreciation, amortisation and impairments	(222)	-	-	(222)	(263)	-	-	(263)
Administrative expenses	(4,939)	(226)	513	(4,652)	(3,086)	(11)	146	(2,951)
Net operating profit/ (loss)	94,524	(11,818)	513	83,219	31,727	2,422	146	34,295
Interest income	108	9	9	126	58	-	-	58
Interest expense	(10,016)	(186)	-	(10,202)	(6,441)	(5)	-	(6,446)
Other financial income / (expenses)	(4,489)	(235)	(100)	(4,824)	(1,097)	(3)	(5)	(1,105)
Profit/(loss) before taxation	80,127	(12,230)	422	68,319	24,247	2,414	141	26,802
Taxation credit/(charge) for the year	(7,084)	174	(135)	(7,045)	(3,873)	(12)	(376)	(4,261)
Profit/(loss) after taxation for the year	73,043	(12,056)	287	61,274	20,374	2,402	(235)	22,541
Investment properties	1,030,350	143,125	-	1,173,475	445,901	4,776	-	450,677
Additions to investment properties	14,785	23,018	-	37,803	5,164	425	-	5,589
Segment assets	1,059,616	153,154	2,657	1,215,427	458,890	4,783	1,071	464,744
Segment liabilities	343,680	23,249	27	366,956	173,808	251	-	174,059

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For the year ended 31 December 2012	Slovakia				Total	Russia				Total
	Standing investment segment	Develop- ment segment	Reconciling item	Total		Standing investment segment	Develop- ment segment	Reconciling item		
	€'000	€'000	€'000	€'000		€'000	€'000	€'000		
Gross rental income	11,248	-	-	11,248	52,940	-	-	-	52,940	
Service charge income	5,703	-	-	5,703	22,157	-	-	-	22,157	
Net property expenses	(5,803)	-	-	(5,803)	(27,408)	-	-	-	(27,408)	
Net rental income	11,148	-	-	11,148	47,689	-	-	-	47,689	
Net result on disposals	-	-	-	-	-	377	-	-	377	
Cost connected with developments	-	-	-	-	-	(3,307)	-	-	(3,307)	
Revaluation of investment properties	6,593	(13)	-	6,580	37,523	(38,028)	-	-	(505)	
Other depreciation, amortisation and impairments	(214)	-	-	(214)	(88)	-	-	-	(88)	
Administrative expenses	(754)	(1)	50	(705)	(1,450)	(618)	(101)	(2,169)		
Net operating profit/ (loss)	16,773	(14)	50	16,809	83,674	(41,576)	(101)	41,997		
Interest income	1	-	-	1	27	3	-	-	30	
Interest expense	(1,727)	-	-	(1,727)	(3,104)	(151)	-	-	(3,255)	
Other financial income / (expenses)	(34)	-	(3)	(37)	(889)	1,371	(63)	419		
Profit/(loss) before taxation	15,013	(14)	47	15,046	79,708	(40,353)	(164)	39,191		
Taxation credit/(charge) for the year	(3,274)	(2)	(70)	(3,346)	(5,155)	42	(301)	(5,414)		
Profit/(loss) after taxation for the year	11,739	(16)	(23)	11,700	74,553	(40,311)	(465)	33,777		
Investment properties	145,990	54	-	146,044	394,375	145,230	-	-	539,605	
Additions to investment properties	1,320	13	-	1,333	16,962	3,884	-	-	20,846	
Segment assets	151,421	56	653	152,130	412,614	149,953	3,085	565,652		
Segment liabilities	64,964	51	-	65,015	87,779	24,113	506	112,398		

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For the year ended 31 December 2012	Hungary				Romania			
	Standing investment segment	Develop- ment segment	Reconciling item	Total	Standing investment segment	Develop- ment segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	8,567	-	-	8,567	7,172	-	-	7,172
Service charge income	3,383	-	-	3,383	2,151	-	-	2,151
Net property expenses	(4,900)	-	-	(4,900)	(2,894)	-	-	(2,894)
Net rental income	7,050	-	-	7,050	6,429	-	-	6,429
Net result on disposals	-	-	-	-	-	-	-	-
Cost connected with developments	-	-	-	-	-	(54)	-	(54)
Revaluation of investment properties	(9,644)	-	-	(9,644)	(1,068)	(9,365)	-	(10,433)
Other depreciation, amortisation and impairments	(559)	-	-	(559)	(58)	-	-	(58)
Administrative expenses	(517)	-	(54)	(571)	(486)	(5)	(73)	(564)
Net operating profit/ (loss)	(3,670)	-	(54)	(3,724)	4,817	(9,424)	(73)	(4,680)
Interest income	15	-	1	16	10	-	-	10
Interest expense	(425)	-	-	(425)	(446)	(47)	-	(493)
Other financial income / (expenses)	(363)	-	1	(362)	(5)	(3)	(2)	(10)
Profit/(loss) before taxation	(4,443)	-	(52)	(4,495)	4,376	(9,474)	(75)	(5,173)
Taxation credit for the year	724	-	-	724	-	-	8	8
Profit/(loss) after taxation for the year	(3,719)	-	(52)	(3,771)	4,376	(9,474)	(67)	(5,165)
Investment properties	82,870	-	-	82,870	70,700	12,173	-	82,873
Additions to investment properties	1,529	-	-	1,529	468	-	-	468
Segment assets	90,006	-	478	90,484	71,435	12,464	294	84,193
Segment liabilities	11,011	-	-	11,011	7,154	4,801	55	12,010

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For the year ended 31 December 2012	Latvia			Total €'000	Turkey, Bulgaria, Ukraine, Georgia			Total €'000
	Standing investment segment €'000	Develop- ment segment €'000	Reconciling item €'000		Standing investment segment €'000	Develop- ment segment €'000	Reconciling item €'000	
Gross rental income	1,068	-	-	1,068	-	-	-	-
Service charge income	995	-	-	995	-	-	-	-
Net property expenses	(1,694)	-	-	(1,694)	-	-	-	-
Net rental income	369	-	-	369	-	-	-	-
Net result on disposals	-	-	-	-	-	13	-	13
Cost connected with developments	-	-	-	-	-	(2,003)	-	(2,003)
Revaluation of investment properties	(611)	-	-	(611)	-	(6,844)	-	(6,844)
Other depreciation, amortisation and impairments	(26)	-	-	(26)	-	-	(29)	(29)
Administrative expenses	(46)	-	(3)	(49)	-	(220)	(386)	(606)
Net operating loss	(314)	-	(3)	(317)	-	(9,054)	(415)	(9,469)
Interest income	-	-	-	-	-	7	-	7
Interest expense	(204)	-	-	(204)	-	(346)	-	(346)
Other financial income / (expenses)	(22)	-	(1)	(23)	-	7,602	2	7,604
Loss before taxation	(540)	-	(4)	(544)	-	(1,791)	(413)	(2,204)
Taxation credit/(charge) for the year	(610)	-	-	(610)	-	360	-	360
Loss after taxation for the year	(1,150)	-	(4)	(1,154)	-	(1,431)	(413)	(1,844)
Investment properties	15,150	-	-	15,150	-	233,037	-	233,037
Additions to investment properties	151	-	-	151	-	141	-	141
Segment assets	15,689	-	54	15,743	-	266,551	102	266,653
Segment liabilities	4,049	-	-	4,049	-	30,685	-	30,685

For the year ended 31 December 2012	Standing investment segment €'000	Reconciling			Total €'000
		Develop- ment segment €'000	Reconciling item €'000		
Gross rental income	-	-	-	-	-
Service charge income	-	-	-	-	-
Net property expenses	-	-	-	-	-
Net rental income	-	-	-	-	-
Net result on disposals	-	-	-	-	-
Cost connected with developments	-	(906)	-	(906)	
Revaluation of investment properties	-	-	-	-	-
Other depreciation, amortisation and impairments	-	-	(376)	(376)	
Administrative expenses	-	-	(16,858)	(16,858)	
Net operating loss	-	(906)	(17,234)	(18,140)	
Interest income	-	-	3,635	3,635	
Interest expense	-	-	(5)	(5)	
Other financial expenses	-	-	(6,359)	(6,359)	
Loss before taxation	-	(906)	(19,963)	(20,869)	
Taxation charge for the year	-	-	(314)	(314)	
Loss after taxation for the year	-	(906)	(20,277)	(21,183)	
Investment properties	-	-	-	-	
Additions to investment properties	-	-	-	-	
Segment assets	-	-	210,496	210,496	
Segment liabilities	-	-	7,967	7,967	

Notes to the Financial Statements

2.35 Investment in Group undertakings

During the year ended 31 December 2013:

- In January 2013, MD CE Holding Limited, a 100% owned subsidiary of Atrium, acquired the remaining 49% of the shares in Nokiton Investment Limited which it did not already hold and now owns 100% of this entity and its subsidiaries. The transaction did not result in a change of control. The total consideration paid and transaction costs amounted to €3.4 million.
- In June 2013, through a two stage agreement, MD CE Holding Limited acquired the remaining 76% of the shares it did not already hold in Euro Mall Polska XVI Sp. z o.o., Euro Mall Polska XIX Sp. z o.o. and Euro Mall Polska XX Sp. z o.o.; consequently it now owns 100% of these entities. The total consideration paid amounted to €2.5 million.

2.36 Fair value

Fair value measurements recognised in the consolidated statement of finance position are categorised using the fair value hierarchy that reflects the significance of the inputs used in determining the fair values:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

The following table shows the assets and liabilities of the group which are presented at fair value in the statement of financial position as at 31 December 2013, including their levels in the fair value hierarchy:

	Note	Level 2	Level 3	Fair value as at 31/12/13
		€'000	€'000	€'000
Standing investments	2.4			
Poland			1,206,716	1,206,716
Czech Republic			411,484	411,484
Slovakia			147,260	147,260
Russia			443,424	443,424
Hungary			70,670	70,670
Romania			65,220	65,220
Latvia			11,390	11,390
Total standing investments			2,356,164	2,356,164
Developments and land	2.5			
Poland			218,127	218,127
Russia			128,373	128,373
Turkey			198,461	198,461
Others			38,676	38,676
Total developments and land			583,637	583,637
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	2.19		11,756	11,756

Investment properties measured at level 3 fair value:

	Standing investments €'000	Developments and land €'000
Balance as at 1 January 2013	2,185,336	538,395
Gains (losses) included in the Income statement		
Revaluation of investment properties (Unrealised)	14,712	(35,998)
Additions and Disposals		
New Properties	146,012	28,862
Construction, technical improvements and extensions	30,811	54,737
Disposals	(7,679)	(4,817)
Other movements		
Movements in financial leases	4,755	2,910
Interest Capitalised	-	799
Currency translation difference	(18,660)	(374)
Transfers from Development and land to Standing Investments	877	(877)
Balance as at 31 December 2013	2,356,164	583,637

A description of the Investment Properties valuation processes:

The policies and procedures for standing investments and developments and land valuations, and appointment of external independent valuation companies, are made with the annual approval of the audit committee.

The criteria for selecting the valuation companies include recognised professional qualifications, reputation and recent experience in the respective locations and categories of the properties being valued. A rotation of the different locations among the valuation companies is performed on a periodic basis.

External valuations of standing investment properties are performed on a quarterly basis at each interim reporting date using the desk top approach. A full update of the valuation is performed only if material changes in net annual rental income occurred during the period or when deemed necessary by management. The valuations of developments and land properties, for interim reporting purposes, are performed internally by the Company's internal valuation department using the internal methods which are aligned with those used by the external valuation companies. When considered necessary, external valuations are obtained to validate and support the internal valuations of developments and land. At the year-end, all standing investments properties and the majority of developments and land are valued by external valuation companies.

The majority of the significant unobservable inputs are provided by the company's external, independent, international valuers and reflect the current market assessments, while taking into account each property's unique characteristics.

The values of the investment properties are determined based on the valuations received from the external valuation companies and the internal valuations.

Valuation results of the investment properties are presented to the audit committee. This includes a discussion of the changes in the major assumptions used in the valuations, major changes, lack of changes if such are expected and the current economic situation of the market where the properties are located.

The valuation techniques used in measuring the fair value of assets and liabilities of the group which are presented at fair values in the statement of financial position as at 31 December 2013:

Standing investments:

The fair value of standing investments is determined using a Discounted Cash Flow. The Discounted Cash Flow model considers the present value of the net cash flow to be generated from the properties, taking into account the aggregate of the net annual rental income. The expected net cash flows are capitalised using a net yield which reflects the risks inherent in the net cash flows. The yield estimation is derived from the market and considers, among other factors, the country in which the property is located and the risk assessment of the asset. The Group categorise standing investments fair value as level 3 within the fair value hierarchy.

The following table shows the significant unobservable inputs used in the fair value measurement of standing investments for the Discounted Cash Flow method:

Significant unobservable inputs	Range	Weighted average
Estimated rental value ¹ ("ERV")	€1-€233 per sqm per month	€12 per sqm, per month
Equivalent yield	6.0%-15.1%	8.2%

¹ The amount at which a property could be leased on the valuation date by a willing lessor to a willing lessee on appropriate lease terms in an arm's length transaction.

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Inter relationship between key unobservable inputs and fair value measurements:

	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV ⁽¹⁾	116	2,472.2
Decrease of 5% in ERV ⁽¹⁾	(116)	2,240.2
Increase of 25bp in equivalent yield ⁽²⁾	(72.3)	2,283.8
Decrease of 25bp in equivalent yield ⁽³⁾	77.3	2,433.4

(1) The effect of the increase (decrease) in ERV on the estimated fair value of each country is approximately pro rata their fair value
 (2) The distribution of the estimated decrease (in € millions): Poland-42.4, Czech Republic-12.5, Slovakia-4.7, Russia-8.8, Hungary-1.8, Romania-1.8 and Latvia-0.3
 (3) The distribution of the estimated increase (in € millions): Poland-45.8, Czech Republic-13.3, Slovakia-5.0, Russia-9.2, Hungary-1.8, Romania-1.9 and Latvia-0.3

Development and land:

The fair value of 21% of developments and land was determined using the Comparable method. The Comparable valuation method is based on the sales (offering and listing) prices of similar properties that have recently been transacted in the open market. Sales prices are analysed by applying appropriate units of comparison and are adjusted for differences with the valued property on the basis of elements of comparison, such as location, size of the plot and zoning etc.

The following table shows the significant unobservable input used in the fair value measurement of developments and land for the Comparable method:

Significant unobservable input	Range	Weighted average
Price ⁽¹⁾	€38-€107 per sqm	€74 per sqm

(1) An outlier price of €586 per sqm of GLA is excluded from the range.

Inter relationship between key unobservable inputs and fair value measurements:

	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in price ⁽¹⁾	5.2	129.3
Decrease of 5% in price ⁽¹⁾	(5.2)	118.9

(1) The effect of the increase (decrease) in price on the estimated fair value of each country is approximately pro rata their fair value

The fair value of the remaining 79% of developments and land was determined using the Residual value method. The residual value method uses the present value of the market value expected to

be achieved in the future from the standing investment once it is developed less estimated cost to completion. The rental levels are set at the current market levels capitalised at the net yield which reflects the risks inherent in the net cash flows.

The following table shows the significant unobservable inputs used in the fair value measurement of developments and land for the Residual valuation method:

Significant unobservable inputs	Range	Weighted average
ERV	€4-€24 per sqm, per month	€17 per sqm, per month
Equivalent yield	6%-12%	9.7%
Construction costs	€475-€3,083 per sqm GLA	€1,581 per sqm GLA

Inter relationship between key unobservable inputs and fair value measurements:

	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV ⁽¹⁾	79.3	538.8
Decrease of 5% in ERV ⁽¹⁾	(79.3)	380.2
Increase of 25bp in equivalent yield ⁽²⁾	(41.6)	417.9
Decrease of 25bp in equivalent yield ⁽³⁾	43.9	503.4
Increase of 5% in expected construction costs ⁽⁴⁾	(57.7)	401.8
Decrease of 5% in expected construction costs ⁽⁴⁾	57.7	517.2

(1) The effect of the increase (decrease) in ERV on the estimated fair value of each country is approximately pro rata their fair value
 (2) The distribution of the estimated decrease (in € million): Poland-16.0, Russia-9.1, Turkey-14.3, Others-2.2
 (3) The distribution of the estimated increase (in € million): Poland-17.1, Russia-9.5, Turkey-15, Others-2.3
 (4) The distribution of the estimated increase (decrease) (in € million): Poland-16.0, Russia-17.6, Turkey-20.2, Others-3.9

Interest rate swaps used for hedging

The swaps are cash flow hedges designed to reduce the Group's cash flow exposure to variable interest rates on certain borrowings. The swaps are presented at fair value. The Group categorise fair value swaps as level 2 within the fair value hierarchy. 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).

The following table shows the assets and liabilities of the group which are not presented at fair value in the statement of financial position as at 31 December 2013, including their levels in the fair value hierarchy:

Level	31/12/2013	31/12/2013	31/12/2012	31/12/2012
	Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Financial liabilities				
Bonds	2	499,066	506,083	193,958
Bank loans	2	304,489	305,253	343,103
Total		803,555	811,336	537,061
				547,883

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.

2.37 Categories of financial instruments

The Group distinguishes the following categories of financial instruments:

2013	Carrying amount	Loans and receivables	Financial liabilities at amortised cost	Financial liabilities at fair value
	€'000	€'000	€'000	€'000
Financial assets				
Long term loans	8,114	8,114	-	-
Receivables from tenants	13,773	13,773	-	-
Other receivables	8,296	8,296	-	-
Cash and cash equivalents	305,577	305,577	-	-
Total financial assets	335,760	335,760	-	-
Financial liabilities				
Long term borrowings	798,044	-	798,044	-
Derivatives	11,756	-	-	11,756
Long term liabilities from leases	46,040	-	46,040	-
Other long term liabilities	21,537	-	21,537	-
Trade and other payables	20,530	-	20,530	-
Accrued expenditure	42,291	-	42,291	-
Short term borrowings	5,511	-	5,511	-
Total financial liabilities	945,709	-	933,953	11,756

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2012	Carrying amount €'000	Loans and receivables €'000	Financial liabilities at amortised cost €'000	Financial liabilities at fair value €'000
			€'000	€'000
Financial assets				
Long term loans	36,592	36,592	-	-
Receivables from tenants	15,018	15,018	-	-
Other receivables	2,643	2,643	-	-
Cash and cash equivalents	207,843	207,843	-	-
Total financial assets	262,096	262,096	-	-
Financial liabilities				
Long term borrowings	462,075	-	462,075	-
Derivatives	17,828	-	-	17,828
Long term liabilities from leases	47,320	-	47,320	-
Other long term liabilities	19,730	-	19,730	-
Trade and other payables	17,663	-	17,663	-
Accrued expenditure	26,131	-	26,131	-
Short term borrowings	74,986	-	74,986	-
Total financial liabilities	665,733	-	647,905	17,828

The fair values of bonds and loans presented under long term financial liabilities are disclosed in note 2.18 and 2.36. The remaining financial liabilities are stated at amortised cost which is deemed not to be significantly different from fair value. The fair values of the financial assets are deemed to equal their book values. The Group has pledged some cash as collateral, for more information see note 2.15.

2.38 Capital management

The Group manages its capital to provide stability and reduce risk while generating a solid return over the long term to shareholders through improving the capital structure and efficiency of the Group's balance sheet. The Group's capital strategy remains unchanged from 2012.

The capital structure of the Group consists of borrowings (as detailed in note 2.18), cash and cash equivalents and the equity.

The capital structure of the Group is reviewed regularly. As part of this review, the cost of capital and the risks associated with each class of capital are considered. Based on the Board of Directors' decision, the Group manages its capital structure mainly by dividend distributions, debt raising and loan repayments.

Atrium corporate credit rating by S&P and Fitch is BBB-.

For information about loans and bond covenants see note 2.18 and for information about the capital structure of the Group see note 2.16.

2.39 Risk management

The objective of the Group is to manage, invest and develop commercial real estate in Central and Eastern Europe, South Eastern Europe and Russia in order to increase their intrinsic value. The Group has always applied a conservative funding strategy.

The risk exposures of the Group are constantly assessed and reported to the Board of Directors and full Board meetings are held at least quarterly.

Development risk

Since 2004, the Group has been active in property development and is therefore exposed to certain development risks.

Development risk relates to the construction of investment properties. The main risks are commercial, financial, technical and procedural risks. Examples of commercial and financial risks are letting risks and risks connected with foreign exchange rate fluctuations. To mitigate commercial and financial risks, before any project is started a detailed analysis of the market conditions is performed and the situation is monitored during the whole construction process. Technical risks include for example design risk, construction risk and environmental risks. Procedural and technical risks are also mitigated by a primary detailed analysis. Furthermore, the Group uses external professionals to deal with procedural actions, project design, project management, construction and other associated matters. Although controls have been implanted to mitigate the development risk, the turbulence on the global real estate markets has required redesign and reconsideration of many of the projects.

Credit risk

Credit risk is defined as unforeseen losses on financial assets if counterparties should default.

The credit worthiness of tenants is closely monitored by a regular review of accounts receivable. Rents from tenants are generally payable in advance.

Atrium attempts to minimise concentration of credit risk by spreading the exposure over a large number of counterparties.

The credit risk exposure is comprised of normal course of business transactions with third parties and associates.

Furthermore, the Group holds collateral from tenants which would reduce the financial impact on the Group in the event of default. The collateral is represented by deposits from tenants and covers rents of one to three months. In 2013, the Group had secured long term deposits from tenants amounting to €21.4 million (2012: €18.9 million) and short term deposits amounting to €2.5 million (2012: €2.4 million) and secured bank guarantees.

The table in note 2.12 provides an ageing analysis of receivables from tenants and an overview of the allowances made for doubtful balances.

The credit exposure of the Group arising from the financial assets, as disclosed in note 2.37, represents the maximum credit exposure due to financial assets.

The following tables analyse the Group's financial liabilities, including interest payments, based on maturity:

The amounts disclosed in the table are the contractual undiscounted cash flows.

2013	Carrying amount	Total contractual cash flows	One year or less	One to two years	Two to five years	More than five years
			€'000	€'000	€'000	€'000
Borrowings*	815,721	983,234	50,202	107,762	339,005	486,265
Derivatives	11,756	11,817	5,933	4,030	1,854	-
Other liabilities**	118,232	377,684	55,222	9,396	34,042	279,024
Total	945,709	1,372,735	111,357	121,188	374,901	765,289

2012	Carrying amount	Total contractual cash flows	One year or less	One to two years	Two to five years	More than five years
			€'000	€'000	€'000	€'000
Borrowings*	540,734	632,418	99,875	25,329	388,361	118,853
Derivatives	17,828	17,904	5,126	4,837	7,526	415
Other liabilities**	107,171	334,089	45,249	17,156	23,852	247,832
Total	665,733	984,411	150,250	47,322	419,739	367,100

*Borrowings include accrued interest.

**Other liabilities comprise long term liabilities from leases, other long term liabilities, trade and other payables, payables related to acquisitions, liabilities held for sale and accrued expenditure.

To spread the risk connected to the potential insolvency of financial institutions, the Group deposits cash balances at various international banking institutions. Before a deposit is made, a review of the credit ratings of the banking institutions is undertaken and only banks with credit ratings of an investment grade or better are selected.

Liquidity risk

Liquidity within the Group is managed by appropriate liquidity planning and through an adequate financing structure.

The Group's liquidity requirements arise primarily from the need to fund its development projects, property acquisitions and other capital expenditures, debt servicing costs, property management services and operating expenses. To date, these have been funded through a combination of equity funding, bonds and bank borrowings, and, to a lesser extent, from cash flow from operations (including rental income and service charges).

Liquid funds, comprising cash and cash equivalents as disclosed in note 2.15, amounted to €305.6 million as at 31 December 2013 (2012: €207.8 million). The total net liquid funds calculated as cash and cash equivalents less short term borrowings, amounted to €300.1 million (2012: €132.9 million).

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Market risk

Market risk embodies the potential for both losses and gains and includes price risk, currency risk and interest rate risk.

The Group's strategy for managing market risk is driven by the Group's investment objective which is managing and administrating the existing property portfolio and identifying potentially attractive new investments in the market, conducting due diligence for acquisitions and managing all the stages of the acquisition process. The Group's market risk is managed on a daily basis in accordance with the policies and procedures in place.

The Group's overall market positions are monitored on a monthly basis.

Information about the key unobservable inputs used in fair value measurement is disclosed in note 2.36.

Price risk

The Group's investment properties are valued at fair value. These fair values are influenced by the recent turbulence in the global markets as well as the limited amount of publicly available and up to date data relating to the real estate markets in the countries in which the Group operates. The Group is therefore exposed to price risks resulting from movements in the Group's asset values that could change significantly during subsequent periods, see also note 2.36. At present, it is not possible to assess with accuracy the extent of such changes.

Currency risk

The Group is exposed to currency risk on cash balances that are denominated in foreign currencies. Investment properties and financial instruments denominated in the Group's functional currency do not represent a currency risk.

To eliminate the risk of transactions in foreign currencies, the Group attempts to match its income with its expense in the same currency, thus reducing the currency risk.

The Group is mainly financed in EUR. The rents payable to the Group under the various lease agreements with tenants are mainly denominated in EUR. The Group currently has 78% of GRI denominated in EUR (2012: 78%), 10 % in CZK (2012: 11%), 4% in USD (2012: 4%) and 8% in other local currencies (2012: 7%).

GRI denominated in USD is mainly generated in Russia. However, the income of most tenants is denominated in the local currency of the relevant country in which they are based. The occupancy cost ratio, which reflects the tenants' rental cost as a proportion of turnover, can be affected by fluctuations in the euro, the currency in which rent is based or payable, against the relevant local currency in which the tenant generates turnover. Accordingly, a weakening of the local currency against the euro could result in the Group's properties becoming less attractive, or over-rented. Such fluctuations could also result in these rents becoming unsustainable for the tenants concerned, leading to the respective tenants demanding discounts or even defaulting.

The following tables set out the exposure to foreign currency risk and net exposure to foreign currencies of the Group's financial assets and liabilities:

2013	Financial	Financial	Net
	assets €'000	liabilities €'000	exposure €'000
CZK	9,371	(36,654)	(27,283)
HUF	2,296	(1,782)	514
PLN	16,672	(48,622)	(31,950)
RON	1,190	(641)	549
RUB	7,292	(23,415)	(16,123)
TRY	5	(2,812)	(2,807)
LVL	250	(796)	(546)
BGN	12	(53)	(41)
UAH	2	(54)	(52)
GEL	-	(166)	(166)
USD	417	(1,200)	(783)

2012	Financial	Financial	Net
	assets €'000	liabilities €'000	exposure €'000
CZK	6,290	(43,273)	(36,983)
HUF	3,081	(1,335)	1,746
PLN	42,147	(48,650)	(6,503)
DKK	2	(27)	(25)
RON	722	(322)	400
RUB	7,454	(19,431)	(11,977)
TRY	2	(2,190)	(2,188)
LVL	197	(653)	(456)
BGN	5	(78)	(73)
UAH	-	(31)	(31)
GEL	3	(15)	(12)
USD	886	(1,108)	(222)

Sensitivity Analysis

The table below indicates how a 10% point strengthening of the currencies stated below against the euro as at 31 December 2013 and 31 December 2012 would have increased/(decreased) the profit in the income statement. This analysis assumes that all other variables remain constant. The recording and measurement of foreign currency results is undertaken in accordance with the principles outlined in standard IAS 21.

The table below does not take into account potential gains and losses on investment properties measured at fair value which are sensitive to foreign exchange fluctuations (e.g. rents in Russia denominated in USD) nor does it take into account the impact on any other non-financial assets or liabilities.

	2013 Gain/(Loss) €'000	2012 Gain/(Loss) €'000
CZK	(2,728)	(3,698)
HUF	51	175
PLN	(3,195)	(650)
DKK	-	(3)
RON	55	40
RUB	(1,612)	(1,198)
TRY	(281)	(219)
LVL	(55)	(46)
BGN	(4)	(7)
UAH	(5)	(3)
GEL	(17)	(1)
USD	(78)	(22)

Interest rate risk

The majority of financial instruments bear interest on a fixed interest basis. The interest rate risks associated with the Group's financial instruments bearing variable interest rates are mainly hedged by making use of financial derivatives (interest rate swaps), see also note 2.36. As all financial instruments, other than the derivatives, were measured at amortised cost in 2013, there were no value movements due to interest rate risk fluctuations in 2013. The interest rate risk was, therefore, reduced to the impact on the income statement of the interest paid on borrowings bearing variable interest rates. The carrying amount of the borrowings bearing variable interest rates was €154.3 million as at 31 December 2013 (2012: €190.4 million).

Interest rate exposure arising from long term borrowings is analysed on a regular basis. As at 31 December 2013, 81% (2012: 65%) of the Group's borrowings were at a fixed interest rate. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing through bonds.

Numerous general economic factors cause interest rates to fluctuate; in addition, interest rates are highly sensitive to a government's monetary policy, domestic and international economic and political conditions, the situation in the financial markets and inflation rates. Interest rates on real estate loans are also affected by other factors

specific to real estate finance and equity markets, such as changes in real estate values and overall liquidity in the real estate debt and equity markets.

Increases in interest rates could adversely affect the Group's ability to finance or refinance additional borrowings, as the availability of financing and refinancing proceeds may be reduced to the extent that income from properties fails to increase sufficiently to maintain debt service coverage.

Sensitivity Analysis

The Group seeks to safeguard its results and cash flow against interest rate fluctuations by using financial derivatives (interest rate swaps) to hedge financial instruments bearing variable interest rates.

As at 31 December 2013 and 31 December 2012, it was estimated that a general increase (decrease) of one percentage point (100 basis points) in interest rates would increase (decrease) the Group's interest expenses arising from variable interest rate instruments and subsequently decrease (increase) the profit for the year by approximately €1.5 million (2012: €1.9 million).

2.40 Transactions with related parties

To the best of management's knowledge, during the year ended 31 December 2013 and 31 December 2012, no single shareholder of Atrium held more than 5% of the listed ordinary shares, except for:

- Gazit-Globe Ltd ("Gazit-Globe") which held 149,325,178 shares (2012: 128,908,715 shares) in Atrium, representing approximately 39.8% (2012: 34.5%) of Atrium's total shares as at 31 December 2013 and;
- Apollo Global Real Estate ("Apollo") which held 52,069,621 shares (2012: 72,486,084 shares) in Atrium, representing approximately 13.9% (2012: 19.4%) of Atrium's total shares as at 31 December 2013.

Gazit-Globe and Apollo jointly held approximately 53.7% (2012: 53.9%) of Atrium's shares in issue as at 31 December 2013.

In August 2013, Gazit-Globe Ltd. ("Gazit-Globe") purchased 20,416,463 shares from Apollo Global Real Estate ("Apollo"), representing approximately 5.5% of Atrium's total shares.

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

Except as described in the following paragraphs, the directors have not entered into any transactions with Atrium and its subsidiaries, do not own shares in Atrium and have not invested in any debt issued by the Group.

Notes to the Financial Statements

a. Chaim Katzman, Director and Chairman of the Board of Directors together with family members held 255,000 shares in Atrium as at 31 December 2013 and as at 31 December 2012. In total, Mr. Katzman and his family, through his holdings in Norstar Holdings Inc and Gazit-Globe indirectly held 28,689,624 of Atrium's shares (2012: 31,429,124 shares), as at 31 December 2013. Together, these direct and indirect holdings represented approximately 7.7% of Atrium's total shares as at 31 December 2013. In November 2013, the Compensation and Nominating Committee approved the grant of 200,000 options of the ESOP 2013 option plan to Mr. Katzman. Chaim Katzman is also the Chairman of the Board of Directors of Gazit-Globe.

b. Aharon Soffer, Director, through his holding of Gazit-Globe shares, indirectly held 16,989 of Atrium's shares (2012: 15,504 shares), as at 31 December 2013. This indirect holding represents approximately 0.005% (2012: 0.004%) of Atrium's total shares as at 31 December 2013.

c. Dipak Rastogi retired from the board on 11 November 2013. Through his family trust, he held an indirect investment of 435,755 shares in Atrium as at 31 December 2012; the shares were sold in August 2013.

d. Joseph Azrack, Director, held 13,831 shares in Atrium and an indirect beneficial ownership of 10,661 shares in Atrium as at 31 December 2013 and as at 31 December 2012. In addition, Joseph Azrack is the Managing Partner of Apollo. Apollo and its affiliates advise and manage a syndicate of investors who in aggregate own 52,069,621 Atrium shares as detailed above.

e. Thomas Wernink, Director, held 5,000 shares in Atrium as at 31 December 2013 and as at 31 December 2012.

f. In September 2013, Peter Linneman, Director, elected to receive 2,369 shares in Atrium in lieu of €10,000 of his annual director's fee. Peter Linneman held 26,629 shares in Atrium as at 31 December 2013 and 24,260 as at 31 December 2012.

g. Simon Radford, Director, held 11,065 shares in Atrium as at 31 December 2013 and as at 31 December 2012.

h. 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.

In April 2013, Rachel Lavine exercised 1,000,000 fully vested employee share options and accordingly received 532,184 new shares, net of tax, as a result of a cashless exercise pursuant to a separate agreement with Atrium in accordance with the terms of ESOP 2009.

In 2013, the Compensation and Nominating Committee approved the following amendments to the employment agreement of Rachel Lavine: a €30,000 increase of her basic salary per annum to €655,000 with effect from 1st April 2013, a grant of 1,600,000 options of the ESOP 2013 option plan and 400,000 allotted shares to be issued over a four year period after 1 August 2013 with one quarter, i.e. one hundred thousand, allotted shares to be issued on the first, second, third and fourth anniversaries of 1 August 2013, provided that Rachel is still employed by the Company at each date of issue.

Based on a consultancy agreement with the Group, Chaim Katzman, Chairman of the Board was entitled to consultancy fees of €550,000 in 2013 (2012: €550,000) and expenses as permitted under his agreement.

Atrium has paid flight and travel expenses of €0.4 million (2012: €0.2 million) to MGN Icarus Inc, a subsidiary of Gazit-Globe. Such travel expenses were at arm's length and were incurred by the Chairman of the Board and other members of staff for property tours and other business activities.

In addition, Gazit-Globe reimbursed Atrium for audit expenses of €0.3 million which were paid by Atrium on its behalf (2012: €0.5 million).

The total remuneration of the non-executive directors arising from their directors' contracts amounted to €0.5 million for the year 2013 (2012: €0.6 million).

The aggregate annual remuneration paid or payable to the Group Executive Management team for the year ended 31 December 2013, including base salary, annual guaranteed bonus, allowances and benefits was €3.5 million (2012: €3.3 million) (which includes remuneration of three Group Executive Management personnel - Sônia Hýbnerová, Liad Barzilai and Ljudmila Popova - prior to their respective promotions). In addition, the share based payment expenses for the Group Executive Management team amounted to €0.4 million (2012: €0.9 million).

The Group contracted legal services from Atlas Legal Consultancy Services B.V., a consultancy company controlled by Marc Lavine, a related party to Rachel Lavine, amounting to €0.3 million in 2013 (2012: €0.5 million). Amounts were billed on the basis of arm's length rates for such services.

Atrium has a contract with Aztec Financial Services (Jersey) Limited for the provision of administration and company secretarial services under which it paid fees amounting to €0.3 million in 2013 (2012: €0.2 million). Aztec Financial Services (Jersey) Limited is part of Aztec Group where Simon Radford is a director and shareholder.

2.41 Contingencies

The circumstances of the acquisition of 88,815,500 Austrian Depositary Certificate ("ADCs") representing shares of Atrium

announced in August 2007 (the "ADC Purchases"), security issuances and associated events have been subject to regulatory investigations and other proceedings that continue in Austria.

In 2012, following an investigation, the Jersey Financial Services Commission reconfirmed its conclusions, that the ADC Purchases involved no breach of the Jersey Companies (Jersey) Law and that its investigation has concluded without any finding of wrong doing.

Atrium is, however, involved in certain claims submitted by ADC holders alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 10 March 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 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. The further information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets' has not been disclosed on the grounds that it can be expected to seriously prejudice the outcome of the claims. Atrium rejects the claims and is defending them vigorously.

There are currently criminal investigations pending against Mr. Julius Meisl and others relating to events that occurred in 2007 and earlier. In connection with this, a law firm representing various Atrium investors, who had invested at the time of these events, has alleged that Atrium is liable for various instances of fraud, breach of trust and infringements of the Austrian Stock Corporation Act and Austrian Capital Market Act arising from the same events. The public prosecutor has directed Atrium to reply to the allegations and has started criminal investigation proceedings against Atrium based on the Austrian Corporate Criminal Liability Act. It is uncertain whether this legislation, which came into force in 2006, is applicable to Atrium. In any event, Atrium believes a finding of liability on its part would be inappropriate and, accordingly, intends to actively defend itself.

The continuing uncertainty in the various economies in which the Group has its operations and assets, especially the euro zone 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.

2.42 Subsequent events

In February 2014, Josip Kardun joined Atrium's Group Executive Management Team as Chief Operating Officer following the departure of Nils-Christian Hakert who leaves the Group at the end of March. Mr Kardun also acts as Deputy Chief Executive Officer.





Atrium's Standalone Financial Report

3. Atrium's standalone Financial Report

3.1 Basis of Atrium's standalone financial report

The significant accounting policies of Atrium are the same as those of the Group as described in note 2.3 except for that mentioned below.

The financial assets of Atrium are classified into the following categories:

- Loans and receivables; and
- Available for sale financial assets.

Financial investments represent Atrium's investment in subsidiaries and are, therefore eliminated in the consolidated financial statements. These financial investments are classified as available for sale financial assets stated at cost less impairment, which approximate their fair value, as they are not quoted in an active market. They are recognised and derecognised on the date of the transaction with any resulting gain or loss recognised in the income statement.

All financial assets presented by Atrium are tested for impairment. The testing is performed annually or whenever there is an indication that an asset may be impaired. The recoverable amounts of financial investments and amounts due from subsidiary undertakings were assessed on the basis of the net assets of subsidiaries included in the consolidated financial statements of the Group.

Statement of Financial Position of Atrium European Real Estate Limited as at 31 December 2013

	Note	2013 €'000	2013 €'000	2012 €'000	2012 €'000
Assets					
Non-current assets					
Financial investments	3.2	315,948		319,093	
Other assets				5	
Loans and receivables	3.3	2,646,843	2,962,791	2,348,687	2,667,785
Current assets					
Other receivables		573		633	
Cash and cash equivalents	3.4	270,482	271,055	168,959	169,592
Total assets			3,233,846		2,837,377
Equity and liabilities					
Equity					
Stated capital		2,760,335		2,836,658	
Other reserves		4,347		4,879	
Retained Earnings	3.5	(46,307)		(205,359)	
Total equity			2,718,375		2,636,178
Liabilities					
Non-current liabilities					
Bonds	3.6	499,068		154,802	
Provisions		1,000		1,000	
			500,068		155,802
Current liabilities					
Bonds	3.6	-		39,155	
Other payables		1,341		1,198	
Accrued expenditure	3.7	14,062	15,403	5,044	45,397
Total liabilities			515,471		201,199
Total equity and liabilities			3,233,846		2,837,377

Income Statement of Atrium European Real Estate Limited for the year ended 31 December 2013

	Note	2013 €'000	2013 €'000	2012 €'000	2012 €'000
Administrative expenses	3.8	(7,781)		(10,652)	
Reversal of impairment / (impairment) of assets	3.9	33,147		(64,461)	
Net operating profit / (loss)			25,366		(75,113)
Interest income	3.10	228,513		212,831	
Interest expense	3.10	(17,997)		(10,623)	
Other financial income / (expenses)	3.11	(76,830)		2,612	
Total net financial income			133,686		204,820
Profit before and after taxation for the year			159,052		129,707

3.2 Financial investments

Name of subsidiary	Place of incorporation and operation	Principal activity	Ownership		Carrying amount	
			2013 %	2012 %	2013 €'000	2012 €'000
Broadvale Holdings Limited	Cyprus	Holding company	100%	100%	3	3
Mall Gallery I Limited	Cyprus	Holding company	63%	63%	46,515	46,515
Mall Gallery II Limited	Cyprus	Holding company	100%	100%	30,228	30,228
Atrium European Cooperatief U.A.	Netherlands	Holding company	100%	100%	7,521	6,831
Manhattan Real Estate Management, s.r.o.	Czech Republic	Management company	100%	100%	1,756	1,756
Manhattan Real Estate Management Kft.	Hungary	Management company	100%	100%	860	530
Atrium European Real Estate Nominees Ltd.	Jersey	Management company	100%	100%	-	-
Atrium Treasury Services Ltd.	Jersey	Management company	100%	100%	304,000	304,000
SIA Manhattan Real Estate Management	Latvia	Management company	100%	100%	3	3
Atrium Poland Real Estate Management Sp. z o.o.	Poland	Management company	100%	100%	4,423	4,423
Atrium Romania Real Estate Management SRL	Romania	Management company	100%	100%	6	5
OOO Manhattan Real Estate Management	Russia	Management company	100%	100%	-	-
Manhattan Real Estate Management SK s.r.o.	Slovakia	Management company	100%	100%	988	988
Manhattan Gayrimenkul Yönetimi Limited Şirketi	Turkey	Management company	99%	99%	3	3
Balcova Gayrimenkul Yatırım İnşaat ve Ticaret A.Ş.*	Turkey	Property investment	0.075%	96%	23	23
Istmar Tem Gayrimenkul Yatırım İnşaat Ve Ticaret A.Ş.	Turkey	Property investment	96%	96%	7	7
Total gross value					396,336	395,315
Accumulated impairment loss					(80,388)	(76,222)
Total net value					315,948	319,093

(*) Through capitalisation of a loan, the majority shareholding is now held by Atrium European Management N.V., a subsidiary of Atrium.

3.3 Loans and receivables

	2013 €'000	2012 €'000
Loans to third parties	16,587	16,254
Impairment of amounts due from third parties	(8,587)	(8,254)
Amounts due from subsidiary undertakings	3,169,223	3,008,125
Impairment of amounts due from subsidiary undertakings	(530,380)	(667,438)
Total	2,646,843	2,348,687

3.4 Cash and cash equivalents

Within the total cash amount of €270.5 million (2012: €169 million) Atrium holds cash of €0.2 million (2012: €10.1 million) as backing for guarantees issued by PricewaterhouseCoopers, who act as a trustee in relation to Atrium's 2005 bonds.

3.5 Retained Earnings

	2013 €'000	2012 €'000
Opening balance 1 January	(205,359)	(335,066)
Net result for the year	159,052	129,707
Closing balance	(46,307)	(205,359)

3.6 Bonds

Outstanding bonds net of transaction costs as at year end totalled €499 million (2012: €194 million), all due after more than 12 months.

In 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. The Eurobond will mature on 20 April 2020 and the issue price was 99.57%.

The bonds issued are subject to the following financial covenants: the solvency ratio will not exceed 60%, the secured solvency ratio will not exceed 40%, the consolidated coverage ratio shall not be less than 1.5 and the ratio of unsecured consolidated assets to unsecured consolidated debt shall not be less than 150%.

In July 2013, Atrium repaid on maturity €39.2 million bonds issued in 2003.

In 2012, Atrium completed a €50.6 million bond buy back which resulted in a net loss of €1.5 million.

Further information about bonds is disclosed in note 3.10.

3.7 Accrued expenditure

	2013 €'000	2012 €'000
Accrued interest	12,166	3,503
Accrued management and directors' fees	392	285
Accrued consultancy and audit fees	1,504	1,256
Total	14,062	5,044

3.8 Administrative expenses

	2013 €'000	2012 €'000
Consultancy and other fees	(742)	(1,319)
Directors' fees	(607)	(600)
Legal fees	(4,884)	(5,112)
Audit fees	(733)	(1,119)
Other expenses	(815)	(2,502)
Total	(7,781)	(10,652)

3.9 Impairment / reversal of impairment of assets

The net reversal of impairment of assets for the year 2013 amounted to €33.1 million (2012 impairment: €64.5 million) and comprised mainly of the impairment loss on financial investments of €4.2 million (2012: €57.0 million), and the net reversal of impairment on amounts due from subsidiaries undertakings of €37.3 million (2012: impairment loss €9.0 million). The decrease in the impairment amount is mainly due to the increase in the fair value of the subsidiaries in 2013.

3.10 Interest income and interest expense

	2013 €'000	2012 €'000
Interest income		
From loans to subsidiaries	227,785	211,919
From deposits, loans to third parties and other	728	912
	228,513	212,831
Interest expense		
Interest on bonds*	(16,738)	(9,792)
Amortisation of bonds' premiums and discounts	(1,259)	(831)
	(17,997)	(10,623)

* Atrium's major interest expense in 2013 and 2012 is the interest related to the Atrium's issued bonds (see also note 2.18) which are:

1. EUR bonds issued in 2003 and matured in 2013, interest rate of 6% for tranche A and SWAP 10Y EURO (30/360) for tranche B payable annually in July, minimum of 5.5% p.a. These bonds were fully repaid together with the final payment of interest in July 2013.
2. EUR bonds issued in 2005 and due in 2015, interest rate of 4.35% payable annually in August.
3. EUR bonds issued in 2005 and due in 2017, interest rate of SWAP 10Y EURO (30/360), minimum 4.0% p.a. payable annually in August.
4. CZK bonds issued in 2005 and due in 2015, interest rate of 6M Pibor + 120 basis points payable semi-annually in February and in August.
5. EUR bonds issued in 2013 and due in 2020, interest rate of 4% payable annually in April.

3.11 Other financial income /(expenses)

	2013 €'000	2012 €'000
Profit/(loss) from financial transactions	(481)	(4,568)
Foreign exchange gains / (losses)	(76,349)	7,180
Total	(76,830)	2,612

Foreign currency exchange losses and gains arise largely from foreign currency loans provided to subsidiaries. The foreign exchange loss in 2013 is mainly derived from the loans from subsidiaries denominated in Russian Ruble and Czech Koruna.

3.12 Taxation

With effect from 1 January 2009, Jersey implemented a tax regime which imposes a general corporate income tax rate of 0%, while applying a 10% rate to certain regulated financial services companies and a 20% rate to utilities and income from Jersey land (i.e. rents and development profits). Jersey registered companies are treated as resident for tax purposes and are subject to a 0% or 10% standard income tax rate, as applicable. Atrium is not a regulated financial services company and therefore has a tax status as liable to Jersey income tax at 0%.

3.13 Categories of financial instruments

Atrium distinguishes the following categories of financial instruments as required by IFRS 7:

2013	Carrying amount	Loans and receivables	Available for sale financial assets	Financial liabilities at amortised cost
				€'000
Financial assets				
Financial investments	315,948	-	315,948	-
Long term loans and receivables	2,646,843	2,646,843	-	-
Other receivables	573	573	-	-
Cash and cash equivalents	270,482	270,482	-	-
Total financial assets	3,233,846	2,917,898	315,948	-
Financial liabilities				
Long term borrowings	499,068	-	-	499,068
Other payables	1,341	-	-	1,341
Accrued expenditure	14,062	-	-	14,062
Total financial liabilities	514,471	-	-	514,471
2012	Carrying amount	Loans and receivables	Available for sale financial assets	Financial liabilities at amortised cost
	€'000	€'000	€'000	€'000
Financial assets				
Financial investments	319,093	-	319,093	-
Long term loans and receivables	2,348,687	2,348,687	-	-
Other receivables	633	633	-	-
Cash and cash equivalents	168,959	168,959	-	-
Total financial assets	2,837,372	2,518,279	319,093	-
Financial liabilities				
Long term borrowings	154,802	-	-	154,802
Short term borrowings	39,155	-	-	39,155
Other payables	1,198	-	-	1,198
Accrued expenditure	5,044	-	-	5,044
Total financial liabilities	200,199	-	-	200,199

The fair values of bonds presented under long term and short term borrowings are stated in note 2.18.

The fair values of financial assets and remaining financial liabilities approximate their book values.

Financial liabilities are stated at amortised cost.

Atrium has pledged some cash as collateral, for more information see note 3.4.

3.14 Risk management

The risk management processes of Atrium are the same as those of the Group, described in note 2.39, except as stated below.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Atrium's principal financial assets are cash and cash equivalents, other receivables, loans and receivables and financial investments. The maximum exposure of Atrium to credit risk is the carrying amount of each class of financial assets; see also note 3.15.

Financial assets subject to credit risk are represented principally by financial investments and loans and receivables which mainly comprise the amounts due from subsidiary undertakings within the Group. In 2013, the carrying value of investments decreased mainly due to impairments relating to subsidiary undertakings, as a result of a decrease in the fair value of those companies. The amounts due

from subsidiary undertakings were impaired as disclosed in note 3.3. As intercompany transactions and balances are eliminated in the consolidated financial statements, they only represent a credit risk exposure on Atrium's level. To mitigate the other credit risk arising from financial instruments - loans to third parties, historical data of counterparties from the business relationship are used, in particular data in relation to payment behaviour. Allowances for receivables are recorded in respect of the level of recognised risks, are individually tailored to each borrower and are calculated on the basis of management knowledge of the business and the market.

The credit risk exposure is comprised of normal course of business transactions with third parties, associates and its subsidiaries.

Liquidity risk

The liquid funds, comprising cash and cash equivalents (note 3.4), amount to €270.5 million (2012: €169.0 million).

The table below analyses Atrium's financial liabilities including accrued interest payments based on maturity. The amounts disclosed in the table are the contractual undiscounted cash flows.

2013	Carrying amount	Total contractual cash flows	One year or less	One to two years	Two to five years	More than five years
	€'000	€'000	€'000	€'000	€'000	€'000
Bonds and accrued interest	511,234	621,399	19,700	90,061	133,638	378,000
Other liabilities	3,237	3,237	3,237	-	-	-
Total	514,471	624,636	22,937	90,061	133,638	378,000

2012	Carrying amount	Total contractual cash flows	One year or less	One to two years	Two to five years	More than five years
	€'000	€'000	€'000	€'000	€'000	€'000
Bonds and accrued interest	197,460	224,358	47,610	6,032	170,716	-
Other liabilities	2,739	2,739	2,739	-	-	-
Total	200,199	227,097	50,349	6,032	170,716	-

Other liabilities comprise accrued expenditures and other payables but exclude provisions and accrued interest on bonds.

Currency risk

Atrium is financed in Euros. Atrium's main exposure to currency risk arises from financial instruments representing intercompany transactions within the Group. Atrium currently has 63% of financial instruments denominated in EUR (2012: 70%), 2% in USD (2012: 16%) and 35% in local currencies (2012: 14%).

The following table sets out Atrium's total exposure to foreign currency risk and the net exposure to foreign currencies of its financial assets and liabilities:

2013	Financial assets	Financial liabilities	Net exposure
	€'000	€'000	€'000
CZK	140,777	(29,460)	111,317
HUF	87,569	-	87,569
PLN	202,416	-	202,416
RUB	545,900	-	545,900
USD	52,165	-	52,165

2012	Financial assets	Financial liabilities	Net exposure
	€'000	€'000	€'000
CZK	156,412	(31,809)	124,603
HUF	72,194	-	72,194
PLN	165,925	-	165,925
RUB	2,990	-	2,990
USD	460,519	-	460,519

Sensitivity analysis

A 10 percentage point strengthening of the Euro against the following currencies at 31 December 2013 and 31 December 2012 would have changed profit in the income statement by the amounts shown below. This analysis assumes that all other variables remain constant.

Atrium's sensitivity analysis of Euro against foreign currency	2013 Gain/(Loss)	2012 Gain/(Loss)
	€'000	€'000
CZK	(11,132)	(12,460)
HUF	(8,757)	(7,219)
PLN	(20,242)	(16,593)
RUB	(54,950)	(299)
USD	(5,216)	(46,052)

Interest rate risk

A large share of financial instruments i.e. 78% of financial liabilities (2012: 29%) and 63% of financial assets (2012: 65%) bore interest on a fixed interest basis in 2013. Therefore, interest rate risk is reduced to the income statement impact from interest paid and received on variable interest rate of financial instruments. The carrying amounts of these instruments are stated in the table below:

Financial instruments bearing variable interest rates	2013 €'000	2012 €'000
Financial assets	1,184,652	1,002,630
Financial liabilities	(112,670)	(141,923)
Total	1,071,982	860,707

Sensitivity Analysis

At 31 December 2013 and 31 December 2012, it was estimated that a general increase of one percentage point (100 basis points) in interest rates would increase Atrium's interest income and profit by approximately €10.7 million (2012: €8.6 million). As Atrium does not use derivatives, the same would be true for a one percentage point (100 basis points) decrease, which would decrease the profit by approximately the same amounts. Equity would not be affected, as Atrium's financial investments are measured at cost less impairment.

3.15 Contingencies and subsequent events

Contingencies and subsequent events are the same as those of the Group and are disclosed in notes 2.41 and 2.42.

4. Independent Auditor's Report to the Members of Atrium European Real Estate Limited

We have audited the Group and Parent Company financial statements (the 'Annual Financial Statements') of Atrium European Real Estate Limited for the year ended 31 December 2013 which comprise the Consolidated and Parent Company Statements of Financial Positions, the Consolidated and Parent Company Income Statements, the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as endorsed by the EU.

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 44, the directors are responsible for the preparation of the Annual Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Annual Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Annual Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Annual Financial Statements sufficient to give reasonable assurance that the Annual Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Annual Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Annual Financial Statements

In our opinion:

- The Annual Financial Statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 December 2013 and of the Group's and the Parent Company's profit for the year then ended;
- the Group Annual Financial Statements have been properly prepared in accordance with International Financial Reporting Standards as endorsed by the EU;
- the Parent Company Statement of Financial Position, Income Statement and related notes have been properly prepared in accordance with International Financial Reporting Standards as endorsed by the EU as applied in accordance with the provisions of the Companies (Jersey) Law 1991; and
- the Annual Financial Statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

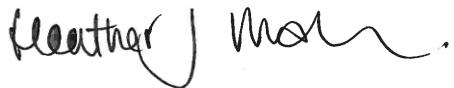
Report on other legal and regulatory requirements: Group Management Report and comment on the declaration of the Parent Company's management according to para 82 BorseG

Pursuant to statutory provisions, the Group Management Report is to be audited as to whether it is consistent with the Group Annual Financial Statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the Group Management Report is consistent with the Group Annual Financial Statements.

Independent Auditor's Report

In our opinion, the Group Management Report is consistent with the Group Annual Financial Statements.

The Group Management Report for the year ended 31 December 2013 includes the declaration of the Parent Company's management according to para 82 (4) fig 3 BorseG.



Heather J. MacCallum

for and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognized Auditors

37 Esplanade

St Helier

Jersey

JE4 8WQ

11 March 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 auditors does not involve consideration of these matters and accordingly, KPMG Channel Islands Limited accepts no responsibility for any changes that may have occurred to the financial statements or our audit report since 11 March 2014. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 11 March 2014 which in any way extends this date.
- Legislation in Jersey governing the preparation and dissemination of 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 financial statements are complete and unaltered in any way.

Directors, Group Executive Management, Professional Advisors and Principal Locations

5. 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
Soňa Hýbnerová	CFO
Nils-Christian Hakert	COO (until 31/03/2014)
Josip Kardun	COO and Deputy CEO
Thomas Schoutens	CDO
Geraldine Copeland-Wright	GC
Liad Barzilai	Head of Acquisitions
Ljudmila Popova	Head of Business Development & Investor Relations

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

Registered office:

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St Helier
Jersey
JE4 0QH

Business address:

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35 The Parade
St Helier
Jersey
JE2 3QQ

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
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Bucharest

Russia

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