



INTERIM FINANCIAL REPORT 30 JUNE 2016

LEADER IN SHOPPING
CENTRES IN CENTRAL AND
EASTERN EUROPE



OUR VISION

Atrium's vision is to remain one of the leading owners and managers of food and fashion anchored shopping centres in Central and Eastern Europe and for the Atrium brand to become a hallmark of high quality retail for consumers and retailers.

Our portfolio will continue to 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 driven by pro-active, hands-on asset management, ensuring we uphold our "retail is detail" approach. Further growth is to be achieved through the acquisition of high quality assets in our region and through a selected number of redevelopment, upgrades and extension projects. Our balance sheet will continue to be proactively managed to remain efficient and conservative with modest leverage.

OUR PROFILE

Atrium Group owns a €2.6 billion¹ portfolio of 62 shopping centres and smaller retail properties which produced €98.5 million of rental income during the first six months of 2016. These properties are located predominantly in Poland, the Czech Republic, Slovakia and Russia, and, with the exception of two, are all managed by Atrium's internal team of retail real estate professionals.

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

OUR FOCUS FOR 2016

- Continue to improve the quality of our portfolio through selective rotation of properties, driving the operational and financial performance of our assets and increasing the offer for retailers through the relevant extension of already stabilised and successful investments;
- 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; and
- Further optimise the capital structure and efficiency of the Group's balance sheet.

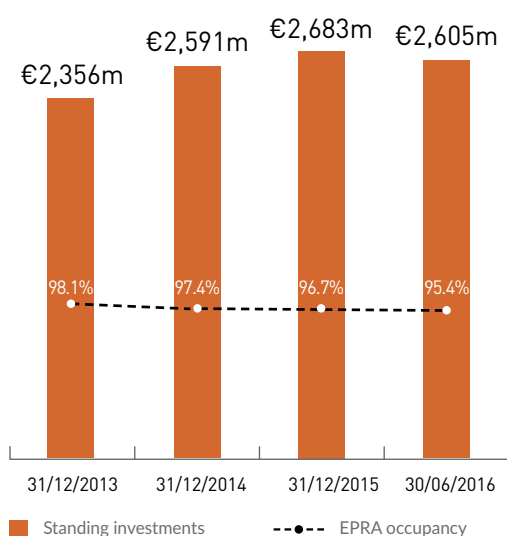


Atrium Biala, Białystok, Poland

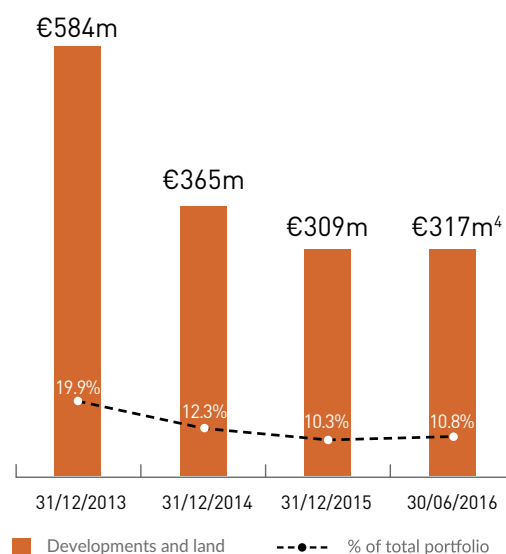
¹ Including a 75% stake in assets held in Joint Ventures and €12.4 million (representing 1 asset in Latvia) classified as held for sale.

KEY HIGHLIGHTS

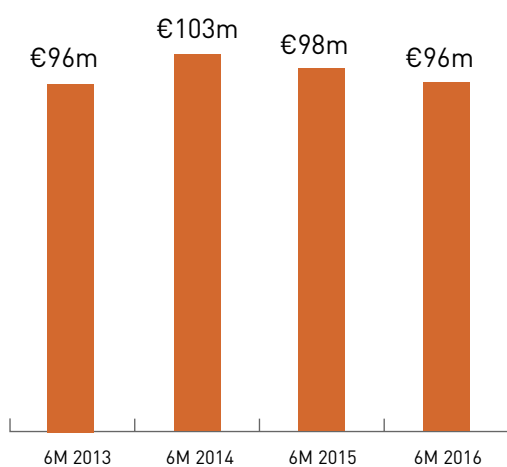
STANDING INVESTMENTS EPRA OCCUPANCY²



DEVELOPMENTS AND LAND³

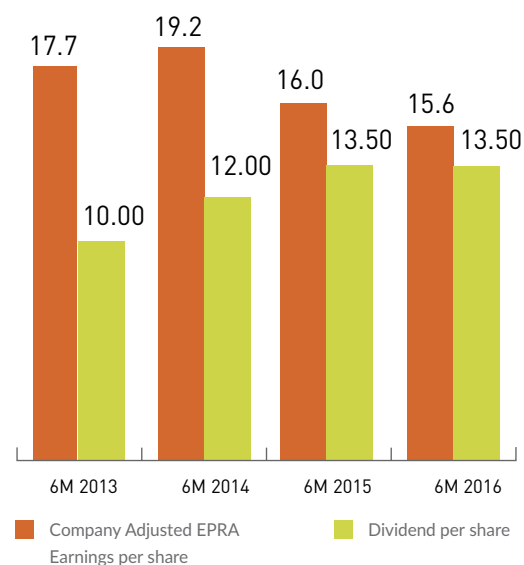


NET RENTAL INCOME (NRI)



COMPANY ADJUSTED EPRA EARNINGS AND DIVIDEND PER SHARE

All data in € cents



² Including a 75% stake in assets held in Joint Ventures and €12.4 million (representing 1 asset in Latvia) classified as held for sale.

31 December 2015 figures also include the Joint Ventures and €117.5 million classified as held for sale.

³ Including €11.7 million (representing two assets in Russia) classified as held for sale as at 30 June 2016.

⁴ A temporary increase of active developments which will be transferred to the income producing portfolio at stages throughout the project.



KEY PERFORMANCE INDICATORS

KEY FINANCIAL FIGURES OF THE GROUP	UNIT	6M 2016	6M 2015	CHANGE %	FY 2015
Gross rental income	€'000	98,493	103,576	(4.9%)	207,372
EPRA like-for-like gross rental income	€'000	87,632	92,838	(5.6%)	170,506
Net rental income	€'000	95,599	97,868	(2.3%)	197,871
EPRA like-for-like net rental income	€'000	85,497	89,010	(3.9%)	164,240
Operating margin	%	97.1	94.5	2.6	95.4
EBITDA excluding revaluation, disposals and impairments	€'000	76,089	81,345	(6.5%)	148,782
Company adjusted EPRA earnings	€'000	58,702	60,108	(2.3%)	125,171
Revaluation of standing investments	€'000	25,831	(18,122)		(48,678)
Revaluation of developments and land	€'000	(7,963)	(16,746)		(50,403)
Profit after taxation	€'000	61,519	9,968		4,812
Net cash generated from operating activities	€'000	4,386	51,960	(91.5%)	116,776
IFRS earnings per share	€cents	16.3	2.7		1.3
Company adjusted EPRA earnings per share	€cents	15.6	16.0	(2.5%)	33.3

KEY FINANCIAL FIGURES OF THE GROUP EXCLUDING RUSSIA					
Net rental income	€'000	79,306	78,193	1.4%	159,127
EPRA like-for-like net rental income	€'000	69,204	68,606	0.9%	125,496
Company adjusted EPRA earnings	€'000	44,561	44,659	(0.2%)	90,955
Revaluation of standing investments	€'000	31,443	14,228		49,636
Revaluation of development and land	€'000	889	-		(5,338)

FINANCIAL POSITION	UNIT	30/06/2016	31/12/2015	CHANGE %
Standing investments at fair value	€'000	2,605,206	2,682,943	(2.9%)
Developments and land at fair value	€'000	317,037	309,398	2.5%
Cash and cash equivalents	€'000	184,170 ⁵	224,368	(17.9%)
Equity	€'000	2,045,840	2,031,126	0.7%
Borrowings	€'000	947,943	1,012,781	(6.4%)
LTV (gross)	%	32.4	33.8	(1.4)
LTV (net)	%	26.1	26.3	(0.2)
IFRS NAV per share	€	5.43	5.40	0.6%
EPRA NAV per share	€	5.65	5.64	0.2%

The key performance indicators include assets classified as held for sale and a 75% stake in assets held in Joint Ventures.

⁵ As of 30 June 2016, the Group had €26.6 million VAT net receivable deriving from Group entity restructuring, which was received in July 2016. See notes 7 and 13 to the financial statements.

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STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Interim Financial Report includes statements that are, or may be deemed to be, “forward looking statements”. These forward looking statements can be identified by the use of forward looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, “should”, “could”, “assumes”, “plans”, “seeks” or “approximately” or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Interim Financial Report and include statements regarding the intentions, plans, objectives, 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 Interim Financial Report is up to date only as of the date of this Interim Financial Report. The business, financial conditions, results of operations and prospects of Atrium or the Group may change. Except as required by

law, Atrium and the Group do not undertake any obligation to update any forward looking statements, even though the situation of Atrium or the Group may change in the future.

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

This Interim 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.

GROUP MANAGEMENT REPORT

BUSINESS REVIEW

OPERATIONAL AND FINANCIAL PERFORMANCE

The first half of 2016 saw Atrium continue to progress its strategy of reweighting the Group's portfolio to large, dominant shopping centres in our core markets, with a number of initiatives, either completed, commenced or agreed during the reporting period. Once again, the Group's performance outside of Russia was positive, with like for like NRI growth across all of our areas of operation, with the exception of Poland where it was flat. This led to an encouraging 1.4% increase in Group NRI, excluding Russia, to €79.3 million despite the loss of income from the sale of the fifteen Czech assets, disposed of as part of our focus on more dominant shopping centres, and taking into account the acquisition of the 75% stake in Arkady Pankrac in June 2015. The Polish portfolio continued to have a positive impact on group performance being bolstered by the addition of the extension to the Atrium Copernicus shopping centre in Toruń, which began making a contribution from March 2015.

However, the challenging economic situation in Russia continued to have a negative impact on the Group's performance and led to decreases in both gross and net rental income of 4.9%, to €98.5 million, and 2.3%, to €95.6 million, respectively. The main factors contributing to this decline were the rental discounts granted in Russia to assist tenants affected by the ongoing negative economic environment, as stated in previous reports, as well as some lower rental levels being agreed at leasing renewals, both of which have ensured that occupancy in our Russian assets - which was 89.9% at the end of June - remains high.

EBITDA excluding revaluation, disposals and impairments was €76.1 million compared to €81.3 million for the same period last year. This result was primarily due to a lower income in Russia together

with a €5.1 million increase in administrative expenses due to a €1.9 million increase in legacy legal expenses, the one-off cost of Group entity restructuring and an increase in directors' costs.

Net cash generated from operating activities was €4.4 million compared to €52.0 million for the comparable period last year. This was primarily due to the temporary short term impact of a €26.6 million increase in VAT receivables (net) related to Group restructuring and a €20.6 million increase in restricted cash related to the legacy legal claim compensation arrangement (for more information see note 18 to the financial statements).



Atrium Palác Pardubice, Pardubice

Profit after tax was €61.5 million compared to €10.0 million in the first half of 2015, with the difference primarily due to a revaluation of €13.6 million (compared to a €36.7 million devaluation during the same period last year), a €11.3 million decrease in finance expenses (mainly related to the prior year bond buy back costs and an early repayment of a bank loan) and a €1.0 million profit on the disposal of non-core assets (compared to a €10.6 million loss on disposal of non-core assets in the Czech Republic during the same period last year). This was, however, offset by the increase of €5.1 million in administrative expenses mentioned above as well as a higher deferred tax credit of €17.4 million compared to the same period last year.

Company adjusted EPRA earnings per share, excluding the impact of certain non-recurring and non-cash items such as revaluations, foreign exchange differences and impairments, was 15.6 €cents, compared to 16.0 €cents in the first half of 2015.

The balance sheet remains conservatively positioned, with a gross and net LTV of 32.4% and 26.1% respectively and a cash and cash equivalent amount of €184.2 million as at 30 June 2016, compared to €224.4 million as at 31 December 2015.

THE PORTFOLIO

The process of re-focusing the portfolio towards larger scale and dominant shopping centres and higher quality cash flows continues to progress with a number of initiatives being either ongoing or completed during or after the period, as outlined in the following paragraphs.

This included the sale in February of a portfolio of ten retail assets located in the Czech Republic with a total lettable area of approximately 86,200 sqm to a private client account managed by Palmer Capital for an asset value of approximately €102.6 million.

In March 2016, Atrium opened one of the largest H&M stores in Poland at Promenada in Warsaw. This new 2,670 sqm flagship store represents the successful completion of the first part of a wider 3,400 sqm extension which also includes a refurbishment of the centre's central corridor.

In April 2016, we also commenced work on the initial phase of an extension to our Targowek shopping centre in Warsaw, which precedes construction of the main extension and comprises land assembly, project design and the construction of additional parking spaces.

In May 2016, the Group acquired the 46.5% co-ownership share of the Zilina Duben Shopping Centre in Zilina Slovakia for a total consideration of €7 million.

In June 2016, the Group completed the sale of three Polish assets with a total lettable area of approximately 15,700 sqm to Pergranso Sp z.o.o. for a total consideration of €17.5 million.

Also in June 2016, the Group completed the sale of two small assets, one of which is located in the Czech Republic, and the other in Hungary.

In July 2016, the Group signed a preliminary sale agreement for the sale of Atrium Azur in Latvia for a total value of €12.5 million. The sale is expected to be completed in the fourth quarter of the year. The balances are reflected as held for sale.

FINANCING TRANSACTIONS

In March 2016, the Group completed the voluntary repayment of a bank loan from Berlin-Hannoversche Hypothekenbank AG, in Poland, for a total amount of €49.5 million including accrued interest and

breakage costs. As a result of the full repayment of the loan, the related mortgage is no longer valid and deregistration is currently in progress.

During the reporting period, Atrium repurchased bonds issued in 2013 and 2014 and due in 2020 and 2022. The nominal value of the bonds repurchased amounted to €15.1 million and €1.4 million respectively.

DIVIDEND

In November 2015, the Company's Board of Directors approved an annual dividend of €0.27 per share for 2016, which will be paid as a capital repayment, in quarterly instalments of €0.0675 per share at the end of each calendar quarter, commencing at the end of March 2016 (subject to any legal and regulatory requirements and restrictions of commercial viability). Accordingly, on 31 March 2016 and 30 June 2016, Atrium made the first and the second dividend payments of €0.0675 each per ordinary share (paid as a capital repayment), which amounted to a total of €50.8 million (6M 2015: €50.8 million).

OTHER

In January 2016, the Company announced the resolution of the Dutch litigation brought by Stichting Atrium Claim and the establishment of an arrangement to create a compensation fund through which to resolve disputes currently being litigated in Austrian civil courts. The Company is encouraging claimants to resolve their complaints through the compensation arrangement which is proving to be an efficient means of dispute resolution, and as a result of which the period for participation in the arrangement was extended by an initial 90 days until 17 July 2016, and subsequently by a further 90 days to 14 October 2016.

OUR MARKETS

During the first half of the year, most CEE economies have continued to grow at a steady pace, with labour markets strengthening across the region, supporting real wage growth and cushioning any financial volatility impact on consumer spending. With the exception of Russia, inflation has remained subdued at rates below 1%, while in Russia it decreased sharply in the winter and is hovering around 7-8% for the year to date. Overall, the first six months of the year seem to have boded well for the CEE.

Although financial markets across Europe and beyond were hit in the immediate aftermath of the UK's Brexit vote, they have since recovered most of their losses. Importantly, there have been no signs of stress in the banking systems, with interbank rates staying flat, and, more generally, there are few economic ties between the UK and the region. Overall, the direct economic impact of the referendum outcome on CEE is expected to be negligible. However, it will be worth keeping an eye on any indirect medium and/or long-term implications impacting the politics and economics of continental Western Europe – a crucial trading, investing and financing partner for CEE. But as the UK has yet to initiate the official procedure to leave the EU, it is still too soon to be certain how the situation will unfold. Similarly, the failed coup in Turkey will not only have political repercussions but also a general economic impact. We will continue to monitor recent developments in Turkey, and consider it too early to estimate how the situation will evolve.

Atrium's core markets, however, continue on their positive path, with consumer spending still taking centre stage as the main driver of economic growth, supported by low inflation and accelerating wage growth. Some concerns over Polish politics have come to the fore recently, as both Standard and Poor's and Fitch changed their outlook to negative and S&P even downgraded the rating for Poland in January.

However, both agencies confirmed their ratings in July and we maintain our confidence in the resilient macroeconomic and consumer prospects of our largest market, as we continue to witness its development into a more mature country for which investor appetite remains robust. Looking further afield within CEE, the Czech economy remains in good health, with strong retail sales growth, with Slovakia following a similar suit. Hungary's retail sales have also picked up over the past months, and Romania's consumer spending is still enjoying a boom period.

Russia seems to be set for a potential mild improvement over the coming quarters. Should that be the case, the pace will probably remain weak compared to previous standards, with the economy forecast to remain flat over 2016 as a whole and only grow by approximately 1.0% in 2017. The rouble remains volatile, reflecting the fluctuations in oil prices, making it too early to point to any definitive trend.

With respect to the real estate investment markets across the region, CEE volumes (excluding Russia) enjoyed a strong first half of the year, rising by 56% year-on-year to almost €5 billion. The second quarter was an exceptional period, with investment volume in the CEE region up by 157%, mostly driven by an increase in the retail sector, which was up 63% year-on-year. The majority of the deals closed were in regional cities, rather than in the capitals, and in the most attractive locations across the markets, with volumes greatly boosted by portfolio transactions such as the Redefine acquisition of the Echo Properties majority stake of 75% and the Blackstone purchase of Immofinanz's Hungarian logistics assets. Following the trends of the past few years, sales of prime shopping centres within the area remain scarce, despite investors' robust appetites.

MARKETS OUTLOOK

Looking ahead, inflation is expected to pick up somewhat later this year across the region as the drag caused by the fall in oil prices will begin to fade. Fiscal policy is forecast to remain accommodative, especially in Poland and Romania. While the shockwaves sent by Brexit to Western Europe could see GDP growth slow, and, in turn, affect growth in CEE, all of Atrium's markets except Russia are anticipated to remain firmly within positive territory for the rest of the year, as well as next year. Consumer spending growth, in particular, is forecast to shine in our core markets, and even in Russia it is gradually expected to return to positive rates in the medium term.



Atrium Promenada, Warsaw

OPERATING ACTIVITIES

THE GROUP'S STANDING INVESTMENT PROPERTIES PRODUCED THE FOLLOWING RESULTS IN TERMS OF GROSS, NET AND EPRA LIKE-FOR-LIKE RENTAL INCOME DURING THE REPORTING PERIOD:

Country	No. of properties		Gross rental income			Net rental income		
	6M 2016	6M 2015	6M 2016 €'000	6M 2015 €'000	Change %	6M 2016 €'000	6M 2015 €'000	Change %
Poland	21	24	51,572	51,711	(0.3%)	51,606	51,232	0.7%
Czech Republic	6	22	10,728	15,594	(31.2%)	10,360	14,609	(29.1%)
Slovakia	3	3	5,723	5,631	1.6%	5,744	5,651	1.6%
Russia	7	7	17,780	22,985	(22.6%)	16,293	19,675	(17.2%)
Hungary	22	23	3,763	3,735	0.7%	3,366	3,251	3.5%
Romania	1	1	3,225	3,155	2.2%	3,037	2,910	4.4%
Latvia	1	1	816	765	6.7%	619	540	14.6%
Total	61	81	93,607	103,576	(9.6%)	91,025	97,868	(7.0%)
Investment in Joint Ventures (75%)	1	1	4,886	-		4,574	-	
Total rental income	62	82	98,493	103,576	(4.9%)	95,599	97,868	(2.3%)

Country	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
	6M 2016 €'000	6M 2015 €'000	Change %	6M 2016 €'000	6M 2015 €'000	Change %
Poland	47,580	47,863	(0.6%)	47,958	48,015	(0.1%)
Czech Republic	9,806	10,089	(2.8%)	9,472	9,186	3.1%
Slovakia	4,662	4,622	0.9%	4,752	4,679	1.6%
Russia	17,780	22,610	(21.4%)	16,293	20,404	(20.1%)
Hungary	3,763	3,735	0.7%	3,366	3,271	2.9%
Romania	3,225	3,154	2.3%	3,037	2,915	4.2%
Latvia	816	765	6.7%	619	540	14.6%
Like-for-like rental income	87,632	92,838	(5.6%)	85,497	89,010	(3.9%)
Remaining rental income	10,861	10,169	6.8%	10,102	9,504	6.3%
Exchange rate effect*	-	569	-	-	(646)	-
Total rental income	98,493	103,576	(4.9%)	95,599	97,868	(2.3%)

* In accordance with EPRA guidelines, to enhance comparability of GRI/NRI, prior period values for like-for-like properties have been recalculated using the 2016 exchange rates.

The Group's portfolio produced €98.5 million of GRI during the period, a 4.9% decrease compared to the same period last year. Excluding Russia, the GRI remained flat, with an increase of 0.2% mainly reflecting the changes in our portfolio in the Czech Republic where, income contribution from the joint ventures (following the acquisition of the 75% interest in Arkády Pankrác in Prague in June 2015) was offset by the disposal of fifteen non-core assets.

The Group's NRI reflected an overall decrease of 2.3% for the year to date, to €95.6 million. This was despite the 17.2% decline in Russia. Excluding Russia, the group NRI increased by 1.4% reflecting the collection of receivables in Poland and Hungary in the first half of 2016.

On a like-for-like basis, the performance of the Russian portfolio was the principal driver behind the reduction in both Group GRI and NRI of 5.6% to €87.6 million and 3.9% to €85.5 million, respectively. In the Czech Republic, the net like-for-like figures compared positively to the gross like-for-like figures mainly due to the recovery of receivables in the first half of 2016. In Poland the like-for-like figures, which do

not include the contribution from the Atrium Copernicus shopping centre in Toruń, Poland (following the completion of the extension in March 2015), were marginally down in comparison with Group GRI and NRI figures. In Russia, Romania, Slovakia and Hungary, the like-for-like figures mirrored that of the overall GRI and NRI figures.

The operating margin increased by 2.6% to 97.1%, mainly due to an improvement in receivables collection in both core markets and in Russia.

As at 30 June 2016, occupancy measured under EPRA guidelines decreased slightly to 95.4% (31 December 2015: 96.7%). Despite the crisis, EPRA occupancy in Russia remained high at 89.9% (31 December 2015: 94.4%), reflecting the success of our strategy of proactively managing discounts in order to protect occupancy.

THE COUNTRY DIVERSIFICATION OF THE GROUP'S INCOME PRODUCING PORTFOLIO IS PRESENTED BELOW:

Standing investments	No. of properties	Gross lettable area	Portfolio	Market value	Portfolio	Revaluation
Country		sqm	%	€'000	%	€'000
Poland	21	522,400	46.2 %	1,515,800	58.2%	13,756
Czech Republic	6	87,600	7.7%	333,478	12.7%	4,288
Slovakia	3	78,700	6.9%	161,228	6.2%	5,586
Russia	7	241,000	21.2%	270,111	10.4%	(5,612)
Hungary	22	97,700	8.6%	64,589	2.5%	-
Romania	1	56,600	5.0%	74,800	2.9%	2,553
Total	60	1,084,000	95.6%	2,420,006	92.9%	20,571
Investment in Joint Ventures (75%)	1	30,000	2.6%	172,800	6.6%	4,275
Standing investments classified as assets held for sale	1	20,400	1.8%	12,400	0.5%	535
Total standing investments	62	1,134,400	100%	2,605,206	100.0%	25,381

THE YIELD DIVERSIFICATION OF THE GROUP'S INCOME PRODUCING PORTFOLIO AND EPRA OCCUPANCY ARE PRESENTED BELOW:

Standing investments	Net equivalent yield* (weighted average)	EPRA Net initial yield (NIY) **	EPRA Occupancy
Country ⁶	%	%	%
Poland	6.4%	6.5%	95.8%
Czech Republic	5.8%	5.6%	97.4%
Slovakia	7.3%	7.2%	98.6%
Russia	12.7%	11.9%	89.9%
Hungary	9.7%	10.4%	97.5%
Romania	8.4%	8.0%	99.3%
Latvia	10.1%	9.2%	98.6%
Average	7.2%	7.1%	95.4%

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

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

The portfolio's net equivalent yield and the EPRA net initial yield decreased to 7.2% and 7.1% respectively (31 December 2015: 7.3% and 7.2%). The sale of the portfolio of 10 assets in the Czech Republic and yield compressions in Poland, the Czech Republic, Slovakia and Romania were the main drivers behind the decrease in each case. The alternative EPRA "topped up" NIY as at 30 June 2016 decreased to 7.7% (31 December 2015: 8.0%) mainly due to the sales in the Czech Republic, which have helped improve the overall quality of the portfolio, and by a decrease in rent in Russia.

The sale of the €102.6 million portfolio of non-core Czech assets in February 2016 was offset by a small increase in portfolio valuation and led to a marginal reduction in the overall market value of the Group's standing investments from €2,683⁷ million at year end 2015 to €2,605⁶ million as at 30 June 2016. The market value of the Group's standing investments in Russia represented only 10.4% (31 December 2015: 10.3%) of the total market value.

In March 2016, the Group completed and opened the first extension to stage one of our redevelopment project at Promenada, Warsaw, adding 3,400 GLA and including a new 2,670 sqm H&M flagship store, one of the largest in Poland. The second extension in stage one is expected to be completed in the fourth quarter of 2016, delivering 7,600 sqm of additional GLA in total.

In May 2016, the Group acquired the 46.5% co-ownership share, representing the hypermarket part of the Zilina Duben Shopping Centre in Zilina Slovakia. The share was acquired from Bainbridge Slovakia Zilina Hyper s.r.o. for a total consideration of €7 million, and as a result of which the Group now holds the 100% interest in this asset.

DISPOSALS

In February 2016, the Group completed the sale of a portfolio of ten retail assets located in the Czech Republic with a total lettable area of approximately 86,200 sqm to a private client account managed by Palmer Capital for an asset value of approximately €102.6 million. The net profit resulting from this transaction amounted to €1.5 million.

In June 2016, the Group completed the sale of a portfolio of three retail assets located in Poland with a total lettable area of approximately 15,700 sqm to Pergranso Sp z.o.o. for an asset value of approximately €17.5 million. The net profit resulting from this transaction was immaterial.

Also in June 2016, the Group completed the sale of two small assets, one of which is located in the Czech Republic, and the other in Hungary.

In July 2016, the Group signed a preliminary sale agreement for the sale of Atrium Azur in Latvia for a total value of €12.5 million. The sale is expected to be completed in the fourth quarter of the year.

⁶ Including a 75% stake in assets held in Joint Ventures and €12.4 million classified as held for sale as at 30 June 2016.

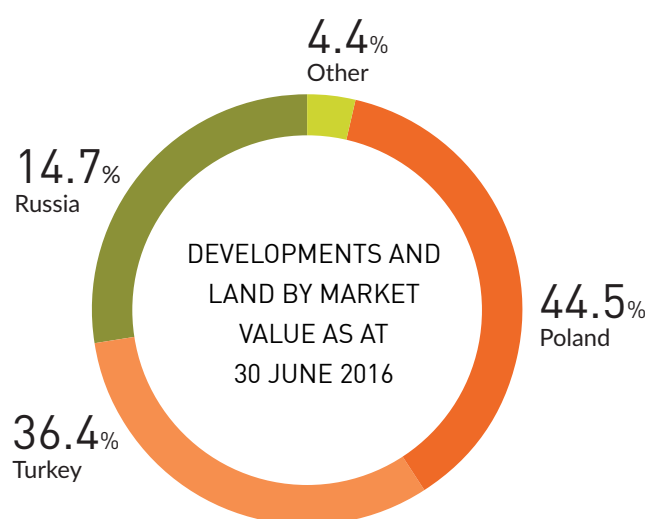
⁷ Including a 75% stake in assets held in Joint Ventures and €117.5 million classified as held for sale as at 31 December 2015.



DEVELOPMENT ACTIVITIES

As at 30 June 2016, Atrium's development and land portfolio was valued at €317⁸ million compared to €309⁹ million as at 31 December 2015. The values reflect Atrium's continued strategy of monetising development and land assets and focusing on upgrading and extending assets which are already cash generating and have a lower execution risk, whilst also taking into account the effect of the current economic situation in Russia on our land and development portfolio.

THE COUNTRY DIVERSIFICATION OF THE GROUP'S DEVELOPMENT AND LAND PORTFOLIO IS PRESENTED BELOW:



Currently, we have two active development projects: the first two stages of the redevelopment of the Atrium Promenada centre, on which work commenced in September 2014 and the first stage of an extension of approximately 9,000 sqm GLA extension to Atrium Targowek, both in Warsaw, Poland.

- The first two stages of the Promenada redevelopment, with a total estimated cost of €100 million, consist of extensions, totalling 7,600 sqm of additional GLA, the remodelling and renovation of a substantial part of the shopping centre and the purchase of an adjacent land plot, to be used for future stages of the extension. In March 2016, the first extension was completed at which point the total book value of that extension was transferred to the income producing portfolio. The total net incremental costs to complete these stages of the redevelopment project were approximately €70 million as at the end of June 2016.

The overall Promenada redevelopment entails a major extension of 44,000 sqm and a remodelling of the existing shopping centre.

- The initial phase of the Targowek extension, which precedes construction of the main extension, has an estimated cost of €11 million and will comprise land assembly, project design and the construction of additional parking spaces.

⁸ Including €11.7 million (representing two assets in Russia) classified as held for sale as at 30 June 2016.

⁹ Including €1.6 million (representing one asset in Poland) classified as held for sale as at 31 December 2015.

EPRA PERFORMANCE MEASURES

A. EPRA EARNINGS

	6M 2016	6M 2015
	€'000	€'000
Earnings attributed to equity holders of the parent company	61,519	9,995
Changes in value of investment properties	(13,593)	36,702
Net result on disposals of investment properties	(991)	10,586
Amortisation of intangible assets	922	994
Deferred tax in respect of EPRA adjustments	2,244	(2,618)
Close out costs of financial instruments	2,905	12,226
Joint venture interest in respect of the above adjustments	(4,275)	(1,834)
EPRA earnings	48,731	66,051
Weighted average number of shares	376,248,540	375,862,807
EPRA earnings per share (in €cents)	13.0	17.6
Company adjustments:		
Legacy legal matters	6,987	5,124
Impairments	-	496
Foreign exchange differences	1,416	1,700
Deferred tax not related to revaluations	(932)	(13,420)
Changes in the fair value of financial instruments	1,094	157
Business restructuring	1,406	-
Company adjusted EPRA earnings	58,702	60,108
Company adjusted EPRA earnings per share (in €cents)	15.6	16.0

B. EPRA NET ASSET VALUE ("NAV")

	30 June 2016		31 December 2015	
	€'000	in € per ordinary share	€'000	in € per ordinary share
Equity	2,045,840		2,031,126	
Non-controlling interest	-		845	
NAV per the financial statements	2,045,840	5.43	2,031,971	5.40
Effect of exercise of options	16,516		16,683	
Diluted NAV, after the exercise of options	2,062,356	5.41	2,048,654	5.38
Fair value of financial instruments	7,463		6,872	
Deferred tax	82,526		91,498	
EPRA NAV	2,152,345	5.65	2,147,024	5.64



C. EPRA TRIPLE NAV ("NNNAV")

	30 June 2016		31 December 2015	
	€'000	in € per ordinary share	€'000	in € per ordinary share
EPRA NAV	2,152,345		2,147,024	
Fair value of financial instruments	(7,463)		(6,872)	
Impact of debt fair value	(45,296)		(38,689)	
Deferred tax	(82,526)		(91,498)	
EPRA NNNAV	2,017,060	5.30	2,009,965	5.28
Number of outstanding shares	376,745,499		376,174,317	
Number of outstanding shares and options	380,897,570		380,502,476	

D. EPRA NIY AND "TOPPED UP" NIY

	30 June 2016	31 December 2015
	€'000	€'000
Investment property – wholly owned	2,749,445	2,823,816
Investment in Joint Venture (75%)	172,800	168,525
Less developments	(317,037)	(309,398)
Completed property portfolio	2,605,206	2,682,943
Allowance for estimated purchasers' costs	46,912	47,955
Gross up completed property portfolio valuation (B)	2,652,118	2,730,898
Annualised cash passing rental income	196,070	206,384
Property outgoings	(8,935)	(9,866)
Annualised net rents (A)	187,135	196,518
Add: notional rent expiration of rent free periods or other lease incentives	17,760	21,874
Topped-up net annualised rent (C)	204,896	218,392
EPRA NIY A/B	7.1%	7.2%
EPRA "topped up" NIY C/B	7.7%	8.0%

E. EPRA VACANCY RATE

	30 June 2016	31 December 2015
	€'000	€'000
Estimated rental value of vacant space	8,117	6,065
Estimated rental value of the whole portfolio	176,759	183,738
EPRA vacancy rate	4.6%	3.3%

F. EPRA COST RATIO

	6M 2016	6M 2015
	€'000	€'000
Administrative expenses	22,160	17,104
Exclude non-recurring legacy legal costs and business restructuring costs	(8,393)	(5,124)
Other depreciation and amortisation	1,369	1,487
Costs connected with development	1,595	1,253
Net property expenses net of service charge income	2,582	5,708
Share of Joint Venture expenses	313	-
EPRA Costs (including direct vacancy costs) (A)	19,626	20,428
Direct vacancy costs	(2,145)	(1,550)
EPRA Costs (excluding direct vacancy costs) (B)	17,481	18,878
Share of Joint Venture income	4,886	-
Gross rental income	93,607	103,576
Total income (C)	98,493	103,576
EPRA Costs ratio (including direct vacancy costs) (A/C)	19.9%	19.7%
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	17.7%	18.2%

STATEMENT IN ACCORDANCE WITH § 87 OF THE AUSTRIAN STOCK EXCHANGE ACT (BÖRSEG)

With respect to paragraph 87 of the Austrian Stock Exchange Act (§ 87 BörseG) the directors confirm that to the best of their knowledge the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of

the development and performance of the business and the position of the Group and the impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions.

THE BOARD OF DIRECTORS



CHAIM KATZMAN

Chairman of the Board




RACHEL LAVINE

Vice-Chairman and Director



NOAM BEN-OZER

Director



PETER LINNEMAN

Director



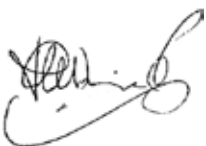
KARINE OHANA

Director



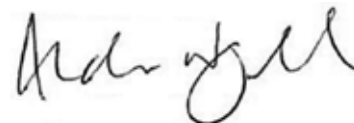
SIMON RADFORD

Director



THOMAS WERNINK

Director



ANDREW WIGNALL

Director



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2016		31 December 2015	
	Note	€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)	€'000 (Audited)
ASSETS					
Non-current assets					
Standing investments	4	2,420,006		2,396,951	
Developments and land	5	305,344		307,845	
Equity-accounted investment in joint ventures	6	173,220		169,408	
Other non-current assets		37,208		40,431	
			2,935,778		2,914,635
Current assets					
Cash and cash equivalents		184,170		224,368	
Other current assets	7	150,463		24,281	
Assets held for sale	8	24,876		119,652	
			359,509		368,301
TOTAL ASSETS			3,295,287		3,282,936
EQUITY					
	9		2,045,840		2,031,126
LIABILITIES					
Non-current liabilities					
Long term borrowings	10	946,504		1,011,392	
Derivatives	11	6,265		6,872	
Other non-current liabilities		115,004		114,266	
			1,067,773		1,132,530
Current liabilities					
Short term borrowings	10	1,439		1,389	
Other current liabilities	13	154,480		83,458	
Liabilities held for sale	8	1,318		11,878	
Provisions	12	24,437		22,555	
			181,674		119,280
TOTAL EQUITY AND LIABILITIES			3,295,287		3,282,936

The Group management report and the condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors during the course of their meeting on 16 August 2016 and were duly signed on the Board's behalf by Chaim Katzman, Chairman of the Board, Peter Linneman, Chairman of the Audit Committee and Josip Kardun, Group Chief Executive Officer.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Unaudited)	Note	Three months ended 30 June 2016		Six months ended 30 June 2016		Three months ended 30 June 2015		Six months ended 30 June 2015	
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income		47,410		93,607		51,764		103,576	
Service charge income		17,851		35,433		19,207		37,371	
Net property expenses		(19,269)		(38,015)		(22,093)		(43,079)	
Net rental income			45,992		91,025		48,878		97,868
Net result on disposals		(323)		991		58		(10,586)	
Costs connected with developments		(1,002)		(1,595)		(511)		(1,253)	
Revaluation of investment properties		9,878		13,593		(32,346)		(36,702)	
Other depreciation, amortisation and impairments	14	(666)		(1,369)		(373)		(1,983)	
Administrative expenses		(10,655)		(22,160)		(9,922)		(17,104)	
Share of profit of equity-accounted joint ventures		6,648		8,819		1,834		1,834	
Net operating profit			49,872		89,304		7,618		32,074
Interest expenses, net		(8,497)		(17,866)		(10,550)		(20,825)	
Foreign currency differences		(580)		(1,416)		133		(1,700)	
Other financial expenses	15	(3,600)		(6,287)		(13,124)		(14,366)	
Profit (loss) before taxation			37,195		63,735		(15,923)		(4,817)
Taxation credit /(charge) for the period	16	(1,924)		(2,216)		10,684		14,785	
Profit (loss) after taxation for the period			35,271		61,519		(5,239)		9,968
Attributable to:									
Owners of the parent		35,271		61,519		(5,225)		9,995	
Non-controlling interest		-		-		(14)		(27)	
			35,271		61,519		(5,239)		9,968
Basic and diluted earnings (loss) per share in €cents attributable to shareholders		9.3		16.3		(1.4)		2.7	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)	Three months ended 30 June 2016		Six months ended 30 June 2016		Three months ended 30 June 2015		Six months ended 30 June 2015	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Profit (loss) for the period	35,271		61,519		(5,239)		9,968	
Items that are or may be reclassified to the income statement:								
Exchange differences arising on translation of foreign operations (net of deferred tax)	(13)		(37)		408		682	
Movements in hedging reserves (net of deferred tax)	(1,028)		(1,024)		1,134		1,905	
Amounts reclassified to profit or loss in respect of cash flow hedges (net of deferred tax)	318		318		2,211		2,211	
Amounts reclassified to profit or loss in respect of exchange differences on translation of foreign operations disposed during the period	281		2,903		-		10,439	
Total comprehensive income (loss) for the period		34,829		63,679		(1,486)		25,205
Attributable to:								
Owners of the parent	34,829		63,679		(1,472)		25,232	
Non-controlling interest	-		-		(14)		(27)	
		34,829		63,679		(1,486)		25,205



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Unaudited)	Six months ended 30 June 2016 €'000	Six months ended 30 June 2015 €'000
Cash flows from operating activities		
Profit (loss) before taxation	63,735	(4,817)
Adjustments for:		
Other depreciation, amortisation and impairments	1,369	1,983
Revaluation of investment properties, net	(13,593)	36,702
Foreign exchange loss	1,416	1,700
Change in legal provisions, net of amounts paid	1,921	2,218
Share based payment expenses	357	535
Results of joint ventures	(8,819)	(1,834)
Net result on disposals	(991)	10,586
Finance lease interest expense	1,408	1,981
Impairment charge on long term loans granted	1,094	137
Net loss from early repayments of loans and bonds	2,905	12,226
Interest expense	18,533	21,343
Interest income	(667)	(518)
Operating cash flows before working capital changes	68,668	82,242
Decrease (increase) in trade, other receivables and prepayments*	(1,124)	1,014
Increase (decrease) in trade, other payables and accrued expenditure	347	(5,740)
Cash generated from operations	67,891	77,516
Increase in restricted cash related to legacy legal claim arrangement	(20,608)	-
Increase in short term VAT receivables due to Group restructuring	(26,595)	-
Interest paid*	(19,252)	(25,148)
Interest received	407	321
Dividend received	5,011	-
Corporation taxes paid, net	(2,468)	(729)
Net cash generated from operating activities	4,386	51,960
Cash flows from investing activities		
Payments related to investment properties and other assets	(37,007)	(183,731)
Proceeds from the disposal of investment properties	112,731	64,338
Net cash generated from (used in) investing activities	75,724	(119,393)
Net cash flow before financing activities	80,110	(67,433)
Cash flows from financing activities		
Proceeds from issuance of share capital	1,496	1,783
Repayment of long term borrowings*	(67,974)	(191,152)
Receipt of long term borrowing	-	159,420
Change in restricted cash*	12	107
Dividends paid	(50,818)	(50,750)
Net cash used in financing activities	(117,284)	(80,592)
Decrease in cash and cash equivalents	(37,174)	(148,025)
Cash and cash equivalents at the beginning of the period*	224,368	420,544
Cash and cash equivalents classified as held for sale	(301)	-
Effect of exchange rate fluctuations on cash held	(2,723)	307
Cash and cash equivalents at the end of the period*	184,170	272,826

* 30/6/2015 balances have been reclassified

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

		Stated capital	Share based payment reserve	Hedging reserve	Retained earnings/ (deficit)	Currency translation reserve	Currency translation reserve for disposal group held for sale	Equity attributa- ble to the owners of the Company	Non- controlling interest	Total equity
(Unaudited)	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2016		2,574,836	4,153	(5,566)	(442,381)	(96,449)	(2,622)	2,031,971	(845)	2,031,126
Profit for the period		-	-	-	61,519	-	-	61,519	-	61,519
Other comprehensive income (expense)		-	-	(706)	-	244	2,622	2,160	-	2,160
Total comprehensive income (expense)		-	-	(706)	61,519	244	2,622	63,679	-	63,679
Transaction with owners of the Company										
Share based payment		-	357	-	-	-	-	357	-	357
Issue of no par value shares		2,173	(677)	-	-	-	-	1,496	-	1,496
Charging the non-controlling interests share in equity deficit of subsidiaries		-	-	-	(845)	-	-	(845)	845	-
Dividends	9	(50,818)	-	-	-	-	-	(50,818)	-	(50,818)
Disposal group held for sale	8	-	-	-	-	16,046	(16,046)	-	-	-
Balance as at 30 June 2016		2,526,191	3,833	(6,272)	(381,707)	(80,159)	(16,046)	2,045,840	-	2,045,840

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015

		Stated capital	Share based payment reserve	Hedging reserve	Retained earnings/ (deficit)	Currency translation reserve	Currency translation reserve for disposal group held for sale	Equity attributa- ble to the owners of the Company	Non- controlling interest	Total equity
(Unaudited)	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2015		2,673,166	4,360	(9,986)	(447,247)	(98,645)	(10,439)	2,111,209	(791)	2,110,418
Profit (loss) for the period		-	-	-	9,995	-	-	9,995	(27)	9,968
Other comprehensive income		-	-	4,116	-	682	10,439	15,237	-	15,237
Total comprehensive income (expense)		-	-	4,116	9,995	682	10,439	25,232	(27)	25,205
Transaction with owners of the Company										
Share based payment		-	535	-	-	-	-	535	-	535
Issue of no par value shares		2,732	(949)	-	-	-	-	1,783	-	1,783
Dividends	9	(50,750)	-	-	-	-	-	(50,750)	-	(50,750)
Balance as at 30 June 2015		2,625,148	3,946	(5,870)	(437,252)	(97,963)	-	2,088,009	(818)	2,087,191



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

1. REPORTING ENTITY

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as endorsed by the EU.

The unaudited condensed consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2015.

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

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

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

In preparing these condensed consolidated interim financial statements, the significant judgements made in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments effective in the current period

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations effective, and endorsed by the EU, as of 1 January 2016. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments apply for the first time in 2016, they do not have a material impact on the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment are described below:

- **Amendments to IFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations**

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured when acquiring additional interests in the same joint operation if joint control is retained. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments have no impact on the Group.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used for property, plant and equipment depreciation and may only be used in very limited

circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments have no impact on the Group.

■ **Annual Improvements 2012-2014 Cycle**

The improvements contain five amendments to four standards. The effective date of the amendments is 1 January 2016 either prospectively or retrospectively. These amendments have no impact on the Group.

■ **Amendments to IAS 1: Disclosure Initiative**

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1;
- that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- that entities have flexibility as to the order in which they present the notes to financial statements; and
- that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item.

These amendments are effective for annual periods beginning on or after 1 January 2016. These amendments have no impact on the Group.

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

- Amendments to IFRS 15: Revenue from Contracts with Customers (issued on April 2016, not yet endorsed by the EU). In April 2016, the International Accounting Standards Board (IASB) issued amendments to the Revenue Standard, IFRS 15: Revenue from Contracts with Customers, clarifying some requirements and providing additional transitional relief for companies that are implementing the new Standard. The amendments to the Revenue Standard, which was issued in 2014, do not change the underlying principles of the Standard but clarify how those principles should be applied.

The amendments clarify how to: identify a performance obligation in a contract; determine whether a company is a principal or an agent; and determine whether the revenue from granting a licence should be recognised at a point in time or over time.

In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The amendments are effective for annual periods beginning on or after 1 January 2018. The Group is currently assessing the impact of the amendments.

- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on June 2016, not yet endorsed by the EU). The International Accounting Standards Board (the Board) issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: (i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (ii) share-based payment transactions with a net settlement feature for withholding tax obligations; and (iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments are effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted. The Group is currently assessing the impact of the amendments.

4. STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 60¹⁰ properties (31 December 2015: 63¹¹).

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

	30 June 2016	31 December 2015
	€'000	€'000
Balance as at 1 January	2,396,951	2,520,439
Additions - technical improvements/ extensions	14,206	28,202
Movements - financial leases	1,639	655
Transfers from developments and land	13,344	31,036
Transfers to developments and land	(14,412)	-
Transfer to assets held for sale	(12,400)	(117,467)
Currency translation differences	(14)	2,778
Revaluation of standing investments	21,106	(54,262)
Disposals	(414)	(14,430)
Balance as at the end of the period	2,420,006	2,396,951

In March 2016, the Group completed the first extension of stage one of the Atrium Promenada redevelopment project and transferred the value of that extension from developments and land to the standing investments portfolio. Conversely, areas where redevelopment works commenced in Promenada were transferred from standing investments to developments and land.

¹⁰ Excluding one asset in Latvia classified as assets held for sale as at 30 June 2016.

¹¹ Excluding ten assets in the Czech Republic and three in Poland classified as assets held for sale as at 31 December 2015.



5. DEVELOPMENTS AND LAND

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

	30 June 2016	31 December 2015
	€'000	€'000
Balance as at 1 January	307,845	365,016
Additions - cost of land and construction	15,493	25,500
Movements - financial leases	572	163
Transfer from standing investments	14,412	(31,036)
Transfer to standing investments	(13,344)	-
Transfer to assets held for sale	(11,693)	(1,553)
Disposals	(141)	(1,022)
Interest capitalised	182	1,077
Currency translation differences	(19)	103
Revaluation of developments and land	(7,963)	(50,403)
Balance as at the end of the period	305,344	307,845

In September 2014, the Group commenced works on the redevelopment project of the Atrium Promenada centre in Warsaw, Poland. The first two stages of redevelopment, currently underway, consist of extensions totalling 7,600 sqm of additional GLA, the remodelling

and renovation of a substantial part of the shopping centre and the purchase of an adjacent land plot, to be used for future stages of the redevelopment. The total net incremental costs to complete these stages of the redevelopment project were approximately €70 million as at 30 June 2016.

In March 2016, the first extension was completed at which point the total book value of that extension was transferred to the income producing portfolio.

In April 2016, works commenced on the initial phase of the Targowek extension which precedes construction of the main extension and comprises land assembly, project design and the construction of additional parking spaces. The total net incremental costs to complete the initial phase of the redevelopment project were approximately €11 million as at 30 June 2016.

In April 2016, Atrium signed a framework agreement for the sale of a wholly owned subsidiary which owns two land plots in Pushkino, Russia and subsequently classified the asset as held for sale. For more information see note 8.

6. EQUITY-ACCOUNTED INVESTMENT IN JOINT VENTURES

The following joint ventures are indirectly owned by the Company:

Name of the joint venture	Country of incorporation	Stake in equity of joint venture 30 June 2016	Investment in joint venture 30 June 2016	Investment in joint venture 31 December 2015
		€'000	€'000	€'000
Pankrac Shopping Centre k.s	Czech Republic	75%	172,004	167,987
EKZ 11 k.s.	Czech Republic	75%	1,216	1,421
Total			173,220	169,408

Summarised financial information of the joint ventures, Pankrac Shopping Centre k.s and EKZ 11 k.s., based on their IFRS unaudited financial statements is presented below:

	30 June 2016	31 December 2015
	€'000	€'000
Balance sheet		
Standing investment	230,400	224,700
Cash and cash equivalents	1,744	2,634
Other current assets	349	1,142
Non-current liabilities	(806)	(837)
Current liabilities	(727)	(1,762)
Net assets (100%)	230,960	225,877
Group share of net assets (75%)	173,220	169,408
Carrying amount of interest in joint ventures	173,220	169,408

	Six months ended 30 June 2016
	€'000
Income statement	
Gross rental income	6,514
Other items including revaluation	5,244
Profit of the joint ventures (100%)	11,758
Share of profit of equity-accounted investment in joint ventures	8,819
Dividends received by the group	5,011

7. OTHER CURRENT ASSETS

	30 June 2016	31 December 2015
	€'000	€'000
Receivables from tenants	15,291	12,499
Prepayments	3,695	2,965
VAT receivables	*104,400	2,198
Restricted cash in banks	21,425	847
Income tax receivable	2,807	2,632
Other receivables	2,845	3,140
Total	150,463	24,281

* Including €102.3 million VAT receivables deriving from Group entity restructuring which was received in July 2016. In addition, as at 30 June 2016, the Group had €75.7 million VAT payable in connection to the aforementioned restructuring, see note 13.

8. ASSETS AND LIABILITIES HELD FOR SALE

As at 30 June 2016, the assets and liabilities held for sale included Atrium Azur Centre in Latvia with a total value of €12.4 million as well as land plots in Russia with a total value of €11.7 million. Foreign currency translation reserves, amounting to €16.0 million were also presented as held for sale, relating to the Russian and Latvian disposal groups.

As at 31 December 2015, the assets and liabilities held for sale included a portfolio of ten retail assets in the Czech Republic with a total lettable area of approximately 86,200 sqm, sold in February 2016 for a value of approximately €102.6 million, and the portfolio of three assets in Poland mentioned above.

The major classes of assets and liabilities of subsidiaries which were presented as held for sale at the end of the reporting period are as follows:

	30 June 2016	31 December 2015
	€'000	€'000
Non-current assets		
Standing investments	12,400	117,467
Developments and land	11,693	1,553
Other assets	239	-
Current assets	544	632
Assets held for sale	24,876	119,652
Non-current liabilities		
Long term liabilities from financial leases	686	687
Other non-current liabilities	138	10,687
Current liabilities	494	504
Liabilities held for sale	1,318	11,878
Net assets directly associated with disposal groups	23,558	107,774
Amounts included in accumulated other comprehensive income:		
Foreign currency translation reserve	(16,046)	(2,622)
Reserve of disposal groups classified as held for sale	(16,046)	(2,622)

9. EQUITY

As at 30 June 2016, the total number of ordinary shares issued was 376,745,499 (31 December 2015: 376,174,317 shares). During the six-month period ended 30 June 2016, Atrium paid a dividend of €0.135 (6M 2015: €0.135) per ordinary share, which amounted to a total of €50.8 million (6M 2015: €50.8 million).



10. BORROWINGS

	30 June 2016		31 December 2015	
	Net book value	Fair value	Net book value	Fair value
	€'000	€'000	€'000	€'000
Bonds	837,952	900,025	854,251	891,854
Bank loans	109,991	109,539	158,530	159,617
Total	947,943	1,009,564	1,012,781	1,051,471

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

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

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

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

The borrowings are repayable as follows:

	30 June 2016	31 December 2015
	Net book value	Net book value
	€'000	€'000
Due within one year	1,439	1,389
In year two	5,420	53,203
In years three, four and five	338,888	353,280
After five years	602,196	604,909
Total	947,943	1,012,781

In March 2016, the Group completed the voluntary repayment of a bank loan from Berlin-Hannoversche Hypothekenbank AG, in Poland, for a total amount of €49.5 million including accrued interest and breakage costs.

During the reporting period, Atrium repurchased bonds issued in 2013 and due in 2020, with a nominal value of €15.1 million and bonds issued in 2014 and due in 2022, with a nominal value of €1.4 million.

11. DERIVATIVES

The Group has an interest rate swap contract ("IRS") in connection with a bank loan. The swap replaces floating interest rates with fixed interest rates. The swap is a cash flow hedge designed to reduce the Group's cash flow volatility due to variable interest rates on the bank loans. The IRS is measured at fair value using the discounted future cash flow method. As at 30 June 2016, the IRS was in a liability position and had a fair value of €6.3 million (31 December 2015: €6.9 million).

12. PROVISIONS

	Legacy legal provision €'000	Other legal provision €'000	Total €'000
Balance as at 1 January 2016	21,000	1,555	22,555
Foreign currency changes	-	(39)	(39)
Additions/(releases) of provision in the period, net	4,045	(205)	3,840
Amounts paid during the period	(1,544)	(375)	(1,919)
Balance as at 30 June 2016	23,501	936	24,437
Of which-			
Current portion	23,501	936	24,437
Non-current portion	-	-	-
Total provisions	23,501	936	24,437

For more information, see note 18.

13. OTHER CURRENT LIABILITIES

	30 June 2016 €'000	31 December 2015 €'000
Trade and other payables	27,971	30,685
Derivatives (1)	1,198	-
Accrued expenditure	39,720	45,360
Income tax payable	4,140	4,852
VAT payables (2)	81,451	2,561
Total	154,480	83,458

- (1) During the period, the Group entered into hedging arrangements, which comprise nine separate forward transactions to exchange 150 million roubles into euros at a fixed rate every month starting from April 2016 and ending in December 2016. The forward transactions are measured at fair value using the discounted future cash flow method. As at 30 June 2016, the transactions were in a liability position and had a fair value of €1.2 million.
- (2) The 2016 balance includes a €75.7 million of VAT payables deriving from Group entity restructuring which was paid in July 2016. In addition, as at 30 June 2016, the Group had €102.3 million VAT receivables in connection to the aforementioned restructuring, see note 7.

14. OTHER DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	Six months ended 30 June 2016 €'000	2015 €'000
Other depreciation and amortisation	(1,369)	(1,487)
Impairments	-	(496)
Total	(1,369)	(1,983)

15. OTHER FINANCIAL EXPENSES

	Six months ended 30 June 2016 €'000	2015 €'000
Net loss from bond buy back	(1,421)	(7,719)
Early loan repayment	(1,484)	(4,507)
Impairment of financial instruments	(1,094)	(137)
Interest on financial leases	(1,408)	(1,981)
Other financial expenses	(880)	(22)
Total	(6,287)	(14,366)

16. TAXATION (CHARGE)/CREDIT FOR THE PERIOD

	Six months ended 30 June 2016 €'000	2015 €'000
Current period corporate income tax expense	(969)	(973)
Deferred tax credit /(charge)	(1,312)	16,039
Adjustments to prior periods	65	(281)
Total credit/(charge)	(2,216)	14,785



17. SEGMENT REPORTING

Reportable segments

For the period ended 30 June 2016	Standing investment segment	Development segment	Reconciling items	Total
	€'000	€'000	€'000	€'000
Gross rental income	98,493	-	(4,886)	93,607
Service charge income	36,507	-	(1,074)	35,433
Net property expenses	(39,402)	-	1,387	(38,015)
Net rental income	95,598	-	(4,573)	91,025
Net result on disposals	930	61	-	991
Costs connected with developments	-	(1,595)	-	(1,595)
Revaluation of investment properties	25,831	(7,963)	(4,275)	13,593
Other depreciation, amortisation and impairments	(1,200)	-	(169)	(1,369)
Administrative expenses	(5,315)	(220)	(16,625)	(22,160)
Share of profit of equity-accounted investment in joint ventures	-	-	8,819	8,819
Net operating profit/(loss)	115,844	(9,717)	(16,823)	89,304
Interest expenses, net	(15,622)	(1,032)	(1,212)	(17,866)
Foreign currency differences	(1,584)	15	153	(1,416)
Other financial expenses	(4,050)	(210)	(2,027)	(6,287)
Profit/(loss) before taxation	94,588	(10,944)	(19,909)	63,735
Taxation credit/(charge) for the period	(2,070)	(9)	(137)	(2,216)
Profit/(loss) after taxation for the period	92,518	(10,953)	(20,046)	61,519
Investment properties	*2,605,206	*317,037	** (172,800)	2,749,443
Segment assets	2,776,505	329,235	***189,547	3,295,287
Segment liabilities	1,096,339	72,629	80,479	1,249,447

* Includes €12.4 million and €11.7 million of standing investments and development and land respectively presented as held for sale. See note 8.

** Elimination of our 75% share of investment property held by a joint venture

*** The amount mainly relates to cash and cash equivalent

Reportable segments

For the period ended 30 June 2015	Standing investment segment	Development segment	Reconciling items	Total
	€'000	€'000	€'000	€'000
Gross rental income	103,576	-	-	103,576
Service charge income	37,371	-	-	37,371
Net property expenses	(43,079)	-	-	(43,079)
Net rental income	97,868	-	-	97,868
Net result on disposals	(10,660)	74	-	(10,586)
Costs connected with developments	-	(1,253)	-	(1,253)
Revaluation of investment properties	(18,122)	(16,746)	(1,834)	(36,702)
Other depreciation, amortisation and impairments	(912)	(886)	(185)	(1,983)
Administrative expenses	(5,462)	(169)	(11,473)	(17,104)
Share of profit of equity-accounted investment in joint ventures	-	-	1,834	1,834
Net operating profit/(loss)	62,712	(18,980)	(11,658)	32,074
Interest expenses, net	(14,577)	(502)	(5,746)	(20,825)
Foreign currency differences	(1,572)	(168)	40	(1,700)
Other financial expenses	(13,081)	(933)	(352)	(14,366)
Profit/(loss) before taxation	33,482	(20,583)	(17,716)	(4,817)
Taxation credit/(charge) for the period	14,319	935	(469)	14,785
Profit/(loss) after taxation for the period	47,801	(19,648)	(18,185)	9,968
Investment properties	2,707,019	327,436	*(164,775)	2,869,680
Segment assets	2,754,057	342,137	**286,414	3,382,608
Segment liabilities	1,053,161	63,880	178,376	1,295,417

* Elimination of our 75% share of investment property held by a joint venture

** The amount mainly relates to cash and cash equivalent



18. CONTINGENCIES

With regard to the Austrian proceedings and investigations, the context of the associated contingencies is as reported in note 2.40 of the Annual Financial Report 2015. Atrium is involved in certain claims submitted by holders of Austrian Depositary Certificates alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 15 August 2016, the latest practicable date prior to authorisation of this report, the aggregate amount claimed in excess of 1,000 separate proceedings to which Atrium was then a party in this regard was approximately €63 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.

In January 2016, the Company announced the establishment of an arrangement to create a compensation fund through which to resolve the Austrian proceedings as well as for submissions by individuals to join pending criminal proceedings, as referred to in note 2.40 of the Annual Financial Report 2015. The period for participation in the arrangement has been extended twice, each time for three months, and will now run until 14 October 2016. Whilst the Company maintains its position that there is no basis for any claims to be made against it, it feels it is important to support reasonable efforts to help bring final resolution to these longstanding issues and continues to encourage claimants to resolve their complaints through the compensation arrangement, which is proving to be an efficient means of dispute resolution.

The number of claims in the Austrian courts and the aggregate amount claimed have increased significantly in the period since the arrangement to create a compensation fund was announced. The Company believes this is in reaction to the establishment of the compensation arrangements.

Based on current knowledge and management assessment in respect of the actual outcome of claims to date in the Austrian proceedings, the terms of and methodology adopted in the compensation arrangement and the expected cost and implications of implementing that arrangement, a total provision of €23.5 million has been estimated by the Company. Certain additional information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets', has not been disclosed on the grounds that to do so could be expected to seriously prejudice the resolution of these issues, in particular certain details of the calculation of the total provision and the related assumptions.

There is continuing uncertainty in the various economies and jurisdictions in which the Group has its operations and assets. These uncertainties relate to the general economic and geopolitical environment in such regions, in particular Russia, and to changes or threatened changes in the legal, regulatory and fiscal frameworks and the approach to enforcement which includes actions affecting title to the Group's property or land.

Certain Russian subsidiaries within the Atrium Group are involved in legal and administrative proceedings involving the Russian tax authorities. These proceedings create an uncertainty around tax policies in matters previously regarded as established but which are now subject to revised interpretation by the Russian tax authorities. During tax audits there have been disagreements over aspects of expenses deductions, the overall impact of which could be significant.

The Company cannot reliably estimate the potential amount of any additional taxation and associated costs.

19. ADDITIONAL INFORMATION AND SUBSEQUENT EVENTS

Disposals

In February 2016, the Group completed the sale of a further portfolio of smaller format retail assets in the Czech Republic to a private client account managed by Palmer Capital for a value of approximately €102.6 million. The portfolio comprised ten assets with a total lettable area of approximately 86,200 sqm.

In June 2016, the Group completed the sale of three Polish assets with a total lettable area of approximately 15,700 sqm to Pergranso Sp z o.o. for a total consideration of €17.5 million.

In July 2016, the Group signed a preliminary sale agreement for the sale of Atrium Azur in Latvia for a total value of €12.5 million. The sale is expected to be completed in the fourth quarter of the year. The balances are reflected as held for sale.

Financing

During the reporting period, Atrium repurchased bonds issued in 2013 and due in 2020, with a nominal value of €15.1 million and bonds issued in 2014 and due in 2022 with a nominal value of €1.4 million.

Changes in major shareholders

During and after the reporting period, Gazit-Globe Ltd ("Gazit-Globe") directly or indirectly purchased a total of 7,931,896 additional ordinary shares in Atrium, or approximately 2.0% of the entire issued share capital of Atrium. Consequently, Gazit-Globe directly or indirectly holds a total of 214,613,448 ordinary shares in Atrium, comprising 56.97% of the issued and outstanding shares and voting rights in Atrium.

Group Executive Team change

In March 2016, Atrium Group reached an agreement with Thomas Schoutens, Group Chief Development Officer. No replacement appointment is planned.

INDEPENDENT REVIEW REPORT FOR ATRIUM EUROPEAN REAL ESTATE LIMITED

INTRODUCTION

We have been engaged by Atrium European Real Estate Limited ("Atrium") to review the condensed consolidated set of financial statements in the interim financial report for the six months ended 30 June 2016 which comprises the condensed consolidated statement of financial position as at 30 June 2016, the condensed consolidated income statement and the condensed consolidated statement of comprehensive income for the three and six month periods ended 30 June 2016, the condensed consolidated cash flow statement and the consolidated statement of changes in equity for the six month period ended 30 June 2016, and the related explanatory notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated set of financial statements.

This report is made solely to Atrium in accordance with the terms of our engagement. Our review has been undertaken so that we might state to Atrium those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Atrium for our review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

The interim financial report is the responsibility of, and has been approved by, the directors.

As disclosed in note 2, the annual consolidated financial statements of Atrium are prepared in accordance with International Financial Reporting Standards as endorsed by the EU. The condensed consolidated set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 "Interim Financial Reporting" as endorsed by the EU.

OUR RESPONSIBILITY

Our responsibility is to express to Atrium a conclusion on the condensed consolidated set of financial statements in the interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim financial report for the six months ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed by the EU.

Statement on the Group management report for the 6 month period ended 30 June 2016 and on director's statement in accordance with § 87 Austrian Stock Exchange Act (BörseG)

We have read the Group management report and evaluated whether it does not contain any apparent inconsistencies with the condensed consolidated interim financial statements. Based on our evaluation, the Group management report does not contain any apparent inconsistencies with the condensed consolidated interim financial statements.

The interim financial information contains the statement by directors in accordance with § 87 par. 1 subpar. 3 Austrian Stock Exchange Act.

Steven Hunt

for and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognized Auditor
37 Esplanade
St Helier
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JE4 8WQ

16 August 2016

Notes:

- The maintenance and integrity of the Atrium European Real Estate Limited website is the responsibility of the directors, the work carried out by KPMG Channel Islands Limited does not involve consideration of these matters and, accordingly, KPMG Channel Islands Limited accept no responsibility for any changes that may have occurred to the condensed consolidated set of financial statements or review report since the 16 August 2016. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 16 August 2016 which in any way extends this date.
- Legislation in Jersey governing the preparation and dissemination of condensed consolidated financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the condensed consolidated financial statements are complete and unaltered in any way.



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