Leader in Shopping Centres in Central and Eastern Europe

Annual Financial Report 2014

Our Vision & Strategy

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

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

Our Profile

As of 31 December 2014, Atrium owned a €2.6 billion[1] portfolio of 153 primarily food anchored retail properties and shopping centres which produced €214 million of rental income in 2014. 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 €365 million development and land portfolio that offers the potential to create value through development.

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

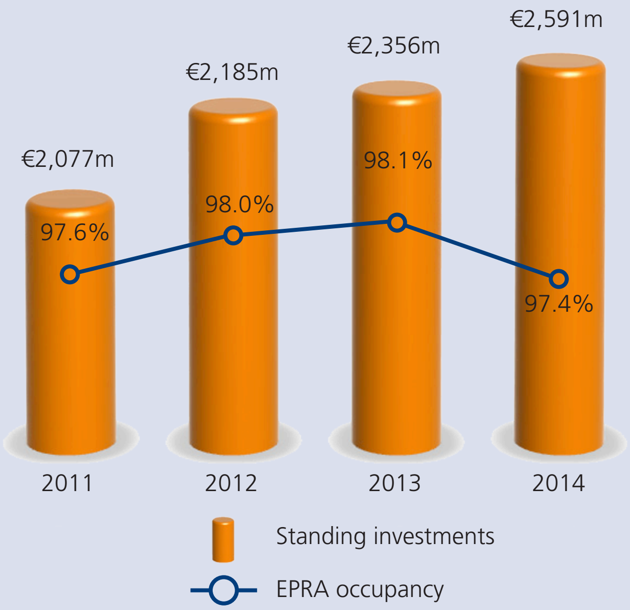
Our Objectives for 2015

- Continue to drive the operational and financial 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 optimize 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.

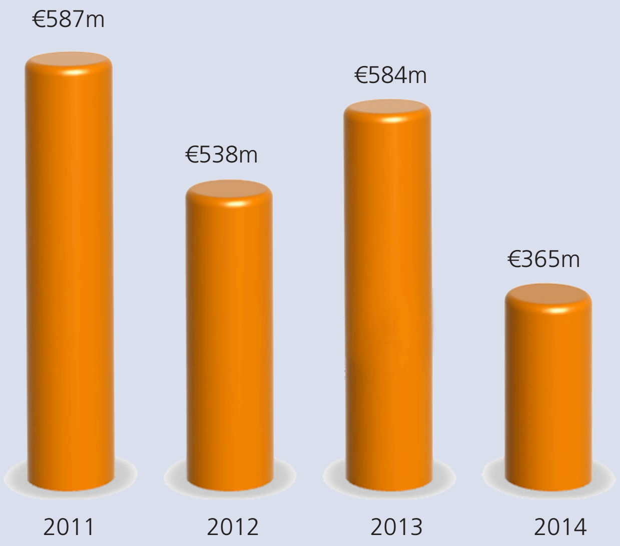
"Investor of the Year" award received in February 2015.

[1]Including €71 million classified as held for sale as at 31 December 2014

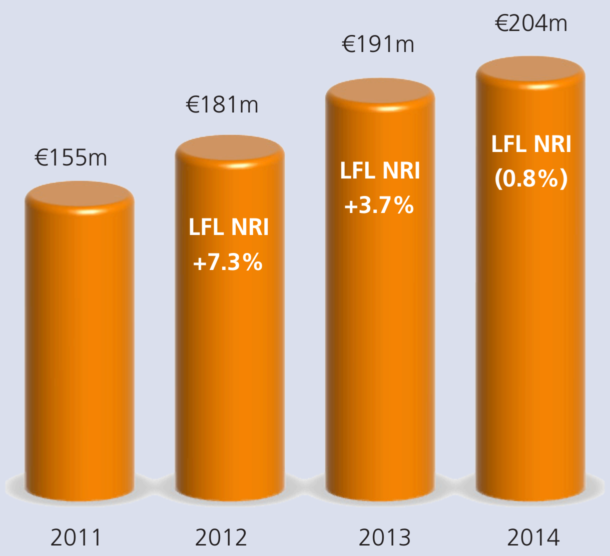
Standing investments EPRA occupancy[2]



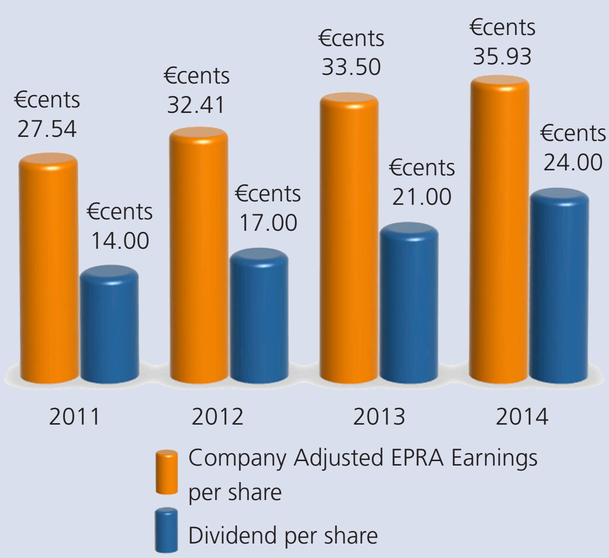
Developments and land



Net Rental Income (NRI)



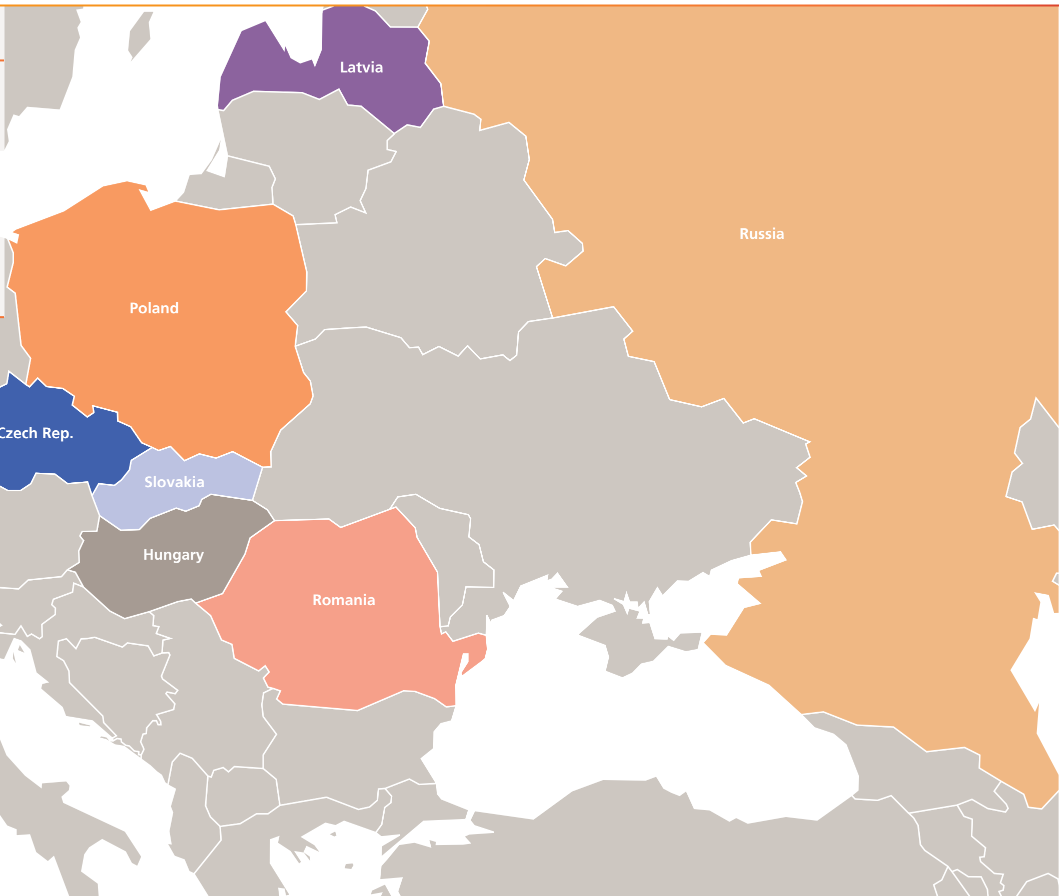
Company Adjusted EPRA Earnings and Dividend per Share



[2] *Including €71 million classified as assets held for sale as at 31 December 2014*

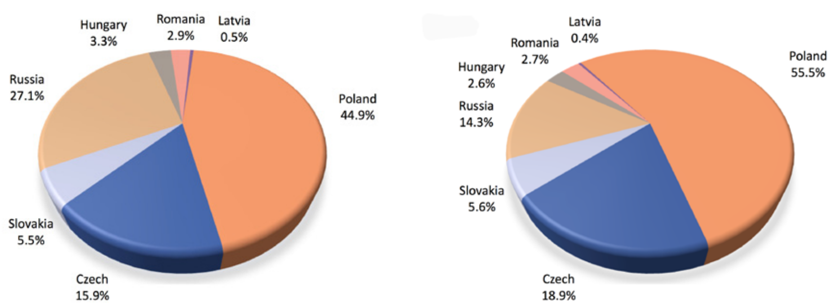
Standing Investment Portfolio spread

Country	No. of properties
Poland	24
Czech Rep.	94
Slovakia	3
Russia	7
Hungary	23
Romania	1
Latvia	1
Total	**153**

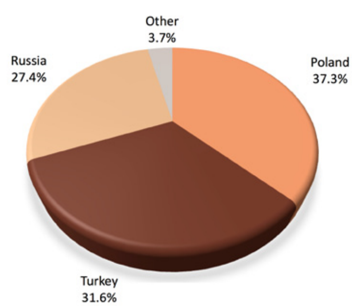


NRI

Standing Investments



Developments and Land



Key Facts	*Poland*	*Czech Rep.*	*Slovakia*	*Russia*	*Hungary*	*Romania*	*Latvia*
Credit rating	A-/Stable	A+/Stable	A+/Stable	BBB-/Negative	BB+/Stable	BBB-/Stable	A-/Stable
Population	38.5 m	10.5 m	5.4 m	143.7 m	9.9 m	19.9 m	2.0 m
Retail trade volumes	€87,388 m	€29,404 m	€17,241 m	€445,006 m	€21,564 m	€24,660 m	€4,210 m
Atrium GLA in sqm	519.100	365,300	65.500	240.700	100.900	54.100	20.400

Sources: Fitch Ratings (December 2014); Oxford Economics (December 2014)

KEY FINANCIAL FIGURES	Unit	2014	2013	Change %
Gross rental income	€'000	214,484	203,455	5.4%
EPRA like-for-like gross rental income	€'000	189,060	190,170	(0.6%)
Net rental income	€'000	204,037	190,833	6.9%
EPRA like-for-like net rental income	€'000	179,578	180,976	(0.8%)
Operating margin	%	95.1	93.8	1.3%
EBITDA excluding revaluation, disposals and impairments	€'000	174,019	160,401	8.5%
Company adjusted EPRA Earnings	€'000	134,820	125,427	7.5%
Revaluation of standing investments	€'000	(94,065)	14,712	
Revaluation of developments and land	€'000	(74,012)	(35,998)	
Profit (loss) for the year	€'000	(57,756)	75,878	
Net cash generated from operating activities	€'000	151,875	140,598	8.0%
Cash and cash equivalents	€'000	425,246	305,577	39.2%
Total assets	€'000	3,450,783	3,344,206	3.2%
Equity	€'000	2,110,418	2,267,289	(6.9%)
Borrowings	€'000	1,068,074	803,555	32.9%
Net Borrowings	€'000	642,828	497,978	29.1%
LTV (gross)	%	36.1	27.3	8.8%
LTV (net)	%	21.7	16.9	4.8%

PORTFOLIO KEY FIGURES				
Number of standing investment assets	Number	153	153	-
Standing investments at fair value	€'000	2,520,439	2,356,164	7.0%
Net equivalent yield (weighted average)	%	8.0	8.2	(0.2%)
EPRA Occupancy rate	%	97.4	98.1	(0.7%)
Developments and land at fair value	€'000	365,016	583,637	(37.5%)

PER SHARE FIGURES				
IFRS Earnings (losses) per share	€cents	(15.4)	20.3	
Company adjusted EPRA Earnings per share	€cents	35.9	33.5	7.2%
Dividend per share	€	0.24	0.21	14.3%
IFRS NAV per share	€	5.62	6.05	(7.1)%
EPRA NAV per share	€	6.08	6.43	(5.4%)
Share price end of year	€	4.09	4.18	(2.2%)

Atrium Flora in Prague, the Czech Republic

"We have delivered strong EBITDA growth, improved EPRA earnings per share and increased the shareholders' dividend"

2014 has been another year of significant progress for Atrium during which we grew our portfolio through a number of acquisitions of high quality shopping centres and the completion of our first greenfield development project - all of which was achieved using unsecured leverage and our existing resources. These initiatives, coupled with the acquisitions we made in 2013, enabled us to once again deliver strong EBITDA growth, improved earnings per share and ultimately increase the shareholders' dividend.

I have been particularly pleased with the very tangible progress made in our strategy of weighting the Group's investment portfolio towards well located shopping centres in densely populated urban markets, which are dominant in their relevant catchments, within our core markets of Poland, the Czech Republic and Slovakia. We added almost 120,000 sqm of retail space across three new shopping centres to our portfolio, two by acquisition and one through completing our first major development – Atrium Felicity in Lublin, Poland. In addition, we completed a number of significant strategic disposals both from our investment portfolio and including the sale of a large parcel of land in Turkey.

The two acquisitions in the fourth quarter of last year, were then followed shortly afterwards by Atrium's announcement in January 2015 that it had agreed to acquire 75% of the Arkády Pankrác shopping centre in Prague, Czech Republic. The two acquisitions in the Czech Republic are particularly noteworthy as they coincide with our disposal of a Czech portfolio comprising 72 smaller format retail properties. Together these transactions serve as a good example how we are successfully recycling our capital, strengthening our demographics and changing the income profile of our portfolio towards assets which produce high quality and more sustainable cash flow.

The merits of increasing our exposure towards the most stable and robust economies in the region – through the addition of seven prime assets in Poland and the Czech Republic over the past five years - and away from more volatile markets cannot be clearer than when set against the current situation in Russia. The confluence of low oil prices, international sanctions and other geopolitical factors have reminded us of how real estate yields are in many ways an accurate reflection of the risk gap to the more stable CEE markets. I have full confidence in the management and the teams on the ground to leverage their capabilities and in depth knowledge of this market to successfully steer our Russian business through this challenging period.

The strength of our performance across all our markets, as well as the Board's ongoing confidence in the outlook for the business and Atrium's ability to generate strong cash flows, led it to approve a 12.5% increase to the dividend for the year ahead, to at least €0.27 per share, as announced with the third quarter results. This is the fifth consecutive year that we have had the confidence to increase the dividend. In early 2015 our major shareholder, Gazit-Globe, announced that it had taken up its option to acquire Apollo's entire remaining c.14% stake in the Company, reflecting its confidence in Atrium's prospects and its strategy.

In October, for the second year in a row, we took advantage of our investment grade rating when we returned to the debt capital markets and successfully placed a €350 million unsecured eight years Eurobond. In addition to taking advantage of this source of low cost financing, we were able to put the proceeds to work almost immediately with the acquisitions of the high quality assets I referred to earlier.

During the year under review we successfully progressed with our strategy of continually assessing new opportunities to expand and improve our existing assets. This strategy has two distinct benefits. It allows us to keep our shopping centres relevant, attractive and in line with what both our retailers and consumers expect from a modern retail and leisure centre, while at the same time provides us with a relatively low risk means of growing our portfolio. The extension to Atrium Copernicus in Torun, Poland is now largely complete and it is due to open in the next few weeks. Additionally, in September we commenced works on the redevelopment and extension project at our Atrium Promenada centre in Warsaw, which will eventually provide us with a flagship asset in the Polish capital.

In November, Rachel Lavine, who had served as our CEO since August 2008, handed over the reins of the Group to Josip Kardun, who had already made a very positive impact since joining Atrium in February last year as Group Chief Operating Officer and Deputy Chief Executive Officer. Rachel's contribution to the business has been significant, having successfully navigated Atrium through some very challenging times and allowing it to emerge as the market leading retail real estate business it is today. I am very pleased that she has stayed on with the Group in the role of Executive Vice Chairman of the Board.

In January 2015, following Apollo's divestment of its shareholding, Joseph Azrack and Roger Orf, as the two Apollo nominated directors, resigned from the Board of Directors and I would also like to thank them for their hard work and effort during their time at Atrium.

Finally I would like to thank our employees throughout the entire company whose hard work at every level of the business has allowed us to achieve another strong set of annual results. I would also like to thank our shareholders and bondholders for their support during the year, and to assure them we remain focused on continually improving Atrium and generating value on their behalf.

Sincerely,

Chaim Katzman

Galeria Dominikańska in Wroclaw, Poland

"We have made significant strides forward in both growing and reshaping our portfolio with significant acquisitions and disposals during the period"

I am pleased to report that my first set of results as CEO demonstrate another strong year of progress for the Group. We made significant strides forward in both growing and reshaping our portfolio with €350 million of acquisitions and disposals during the period, which have allowed us to successfully increase our weighting towards large dominant shopping centres in the CEE region's strongest and most stable economies of Poland, the Czech Republic and Slovakia. Despite some ongoing macroeconomic uncertainty across Europe and the ongoing situation in Russia, underlying performance across our portfolio showed healthy resilience.

Dealing with the financial results first, we continued to build on the strong momentum achieved over the past few years, once again delivering growth across the main key performance indicators. Like-for-like rental income remained flat throughout the full year, while net rental income grew by 6.9% to €204 million (2013: €191 million) which flowed directly to our EBITDA increasing by €14 million to €174 million (2013: €160 million), excluding revaluation, disposals and impairments. Company adjusted EPRA earnings per share, increased by 7.2% to 35.9 €cents (2013: 33.5 €cents), representing healthy bottom-line growth.

We continued to focus on effective management of our portfolio and maintained a high occupancy rate of 97.4% (2013: 98.1%). This, along with the improved size and quality of our portfolio, led to an increase in operating margin for the sixth consecutive year to 95.1% (2013: 93.8%). This also reflects the continued hard work of our expert teams, whose in-depth relationships with our occupiers ensure that we can negotiate new leases quickly and effectively, benefitting both tenants, the landlord and ultimately the consumers who visit our centres.

Our core markets, Poland, the Czech Republic and Slovakia, benefitted from improving consumer confidence and demand throughout the year. We undertook a number of different measures across our core portfolio, to replace weaker tenants, with the aim of constantly improving the mix and quality within the centres. We are also very dedicated to improving and enlarging the centres themselves, through renovation and extensions, thereby ensuring we continue to offer a best-in-class product. While these works may cause the results of these countries to be slightly negative or temporarily flat, I truly believe that our asset management initiatives will create value in the medium to long term.

Overall and during 2014, Russia performed well with 4.5% net rental growth across our portfolio of seven assets. However the effect of geo-political tensions, lower oil prices and Rouble devaluation began to impact towards the end of November and this is reflected in the year end valuation of our Russian portfolio as well as in lower rental income towards the year end. The €77.2 million devaluation in the standing investments in Russia during the period is mainly derived from revised ERV's together with yield expansion. The latter reflects among others the interest rate environment in the country, together with the fact that the Russian economy still faces a number of well-publicised headwinds, with the outcome currently uncertain. We will continue to monitor the situation closely while evaluating the potential impact on the Group's cash flow and portfolio valuation. We are working closely with our tenants in Russia at this challenging time and our focus is firmly on helping them trade through this period while maintaining our own occupancy.

The financial position of the Group remains strong, supported by several meaningful transactions we have done throughout the year. In October we successfully concluded our second corporate debt issuance raising €350 million through the placing of an unsecured eight year bond bearing a 3.625% fixed coupon and maturing in October 2022. This further strengthened the Group's balance sheet and put Atrium in a strong position to take advantage of opportunities to grow our portfolio. Both Standard & Poor's and Fitch have assigned a BBB- investment grade credit rating to the bond, in line with Atrium's corporate rating, which was reaffirmed with a stable outlook during the same month. In addition, in October Atrium obtained its first two revolving credit facilities, for a period of five years each, amounting to €50 million in aggregate.

During 2014, we have also used our strong cash position to reduce recurring financing costs by both repurchasing or early repaying debt in the total amount of around €80 million.

The portfolio

We had a very strong and exceptionally busy year, prudently deploying our capital into the acquisition of a number of high quality assets. Our portfolio grew to €2.6 billion[3] during 2014 (31 December 2013: €2.36 billion) and in total we added 120,000 sqm of prime retail space, a record figure for Atrium, including two large dominant centres in Poland and the Czech Republic. I am pleased to report that this excellent momentum has also carried through to early 2015 with the agreement in January to acquire 75% of the Arkády Pankrác shopping centre in Prague, the Czech Republic for a consideration of c.€162 million.

The first major acquisition during the period under review, which completed in November, was the €122 million purchase of Focus Mall, a 96.1% let 41,000 sqm GLA centre located in Bydgoszcz, Poland. The second, also in November, was the €83.1 million completion of AFI Palác Pardubice, a 96.4% occupied 20,900 sqm centre located in Pardubice in the Czech Republic.

In terms of development, we opened Atrium Felicity in Lublin, Poland, our first major greenfield shopping centre project and we are fast approaching its first full year of trading. We also have two further active redevelopment and extension projects in Poland at Atrium Copernicus in Torun and stage one of the redevelopment of Atrium Promenada in Warsaw. Both of these projects to reposition and improve dominant operational centres, remain on schedule, within budget and are in line with our strategy of continually looking at ways to increase, improve and add value to our existing assets. Equally important were the two major disposals we undertook during the year. The first was the sale in April of a wholly owned subsidiary which owned a land plot in Istanbul, Turkey, for a consideration of €47 million which allowed us to monetise a large non yielding asset. In addition, and throughout the year, we also completed a number of smaller individual disposals, in Turkey, Bulgaria and Georgia, for €24.4 million in aggregate. The second major disposal, which was agreed in December and completed in January 2015, was the disposal of a Czech Portfolio of 72 smaller format retail properties for c. €69 million, demonstrating our ability and ambitions to reconfigure our portfolio towards well-established, dominant shopping centres and reweighting our income stream away from a significant number of smaller assets towards higher quality cash flow.

Through these initiatives the Group has achieved its ambition to maintain a development and land portfolio which is at, or below, 15% of total real estate assets.

Board & management

During 2014, 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 within the Group's executive management team.

In July, the Group announced that my predecessor, Rachel Lavine, would assume the role of Executive Vice Chairman of the Board of Atrium with effect from 30 November 2014. We are pleased that Rachel has remained on Atrium's Board, so that we can continue to benefit from her extensive knowledge of the Group and our regions. I would also like to thank Rachel for her support throughout my first 10 months with the company and for her highly professional approach to transitioning the role of Group CEO over to me.

In September, we announced that Rudiger Dany would become the new Group Chief Operating Officer, with effect from 1 October 2014. Rudiger also joins Atrium from ECE after 11 years with the company.

In addition, post the period end in January 2015, we announced the appointment of Ryan Lee as our new Group Chief Financial Officer, succeeding Soňa Hýbnerová. Ryan, has 24 years of international financial experience, and joins us from Central European Distribution Corporation (CEDC) where he was group CFO.

I firmly believe that we have a first class management team comprising a range of talented and experienced professionals from across Europe.

[3] *Including €71 million classified as held for sale as at 31 December 2014*

Sustainability

As a leading owner and developer of shopping centres and retail real estate we are committed to sustainable growth and sustainable development. We strive for economic efficiency, social fairness and environmental sustainability in all our endeavours.

To this end, in 2014 we embarked on a mission to formalise our corporate and social responsibility strategy, in order to bring a number of diverse work streams together and to improve the transparency of our sustainability reporting. We have now entered into a long term partnership with JLL Upstream Sustainability, one of the world's leading experts in this field to help us achieve these ambitions.

We strongly believe that running a sustainable business makes good business sense, driving cost savings, aligning ourselves with future regulatory requirements, as well as being the right thing to do.

Dividend

After another year building on our solid track record of success and with our portfolio in a strong position, we are optimistic about our prospects for 2015 and beyond. As a result of this, in November the Board took the decision to increase the dividend for 2015 to at least €0.27 per share, up 12.5% on 2014, representing a 14.5% annual compounded growth rate since the introduction of the dividend in 2009.

The total dividend paid for the year under review was €0.24 per share.

Outlook & objectives

Going into 2015, we remain well positioned, with a stronger balance sheet and a better portfolio, and we are poised to take full advantage of the advantageous conditions in our core markets. Despite this, uncertain conditions in Russia have now begun to weigh on the performance of our Russian assets and we will continue to monitor the situation closely. However, our intention remains to seek appropriate investment opportunities in our core markets of Poland, the Czech Republic and Slovakia, where we see significant prospects for further and more sustainable growth.

We will continue to drive the financial and operational performance of our existing assets and focus on active asset management to optimise our offer for retailers and consumers.

Finally, I would like to thank all of my colleagues for their support and hard work. I am now looking forward to a highly successful 2015.

Sincerely,

Josip Kardun

Atrium Targowek in Warsaw, Poland

Contents

Atrium Reduta in Warsaw, Poland

1. Group Management Report

Operating Activities

Our Markets

Over the past year, Atrium's core markets of Poland, the Czech Republic and Slovakia have continued to benefit from improving domestic demand, reflected in the overall modest but positive annual growth of retail sales. Improving labour markets and accelerating real wage growth are strengthening domestic demand, which continues to offset weaker external demand from the Eurozone trading partners.

However, when assessing the year under review and looking ahead, the ongoing situation in Russia cannot be ignored with geopolitical tensions and global market forces both taking a turn for the worse, and the Russian economy facing the fallout of not only western sanctions, but also the steep decline in oil prices in the second half of the year. Consequently, while 2014 brought about mostly stable macroeconomic growth in our countries, for Russia it was a tumultuous and challenging year.

More generally, in January 2015, the IMF noted that the world economy "is facing strong and complex cross-currents", and adjusted their forecasts accordingly, lowering GDP growth prospects for the Eurozone. Nonetheless, its view on CEE remained relatively upbeat, with the region's GDP anticipated to grow by 2.9% in 2015 and 3.1% in 2016, compared to 2.8% and 3.3% previously forecast. Russia was the exception, with the outlook currently indicating recessions are expected this year and next (-3.0% in 2015 and -1.0% in 2016). In particular, especially in the final quarter of 2014, the Russian economy has suffered from severe Rouble depreciation and high inflation, which have yet to trickle down into consumption growth in 2014 but are likely to have an impact this year. Consequently, in the first few months of 2015, S&P and Moody's downgraded Russia's ratings to BB+ and Ba1, respectively, attaching a negative outlook to the rating. Meanwhile, S&P has recently raised their outlook on Poland's A- credit rating from "stable" to "positive", based on its projection that income levels will rise consistently in the country on the back of broad-based and balanced economic growth. The rating agency also indicated that rising wages should mean domestic demand replaces exports as an economic driver in time.

This macroeconomic sentiment is reflected in the real estate market, where, based on preliminary data, in 2014, the CEE commercial real estate investment market excluding Russia increased by 25% year-on-year to €7.6 billion. However, the total CEE investment figure including Russia decreased last year, with Russian volume contracting by 57% to €2.3bn. Once again, the main regional driver was Poland with a 30% share, despite local volumes declining by 9% year-on-year. At the same time, more investors are expanding their presence in other CEE markets, including the Czech Republic, Slovakia and Romania.

As in previous years, international retailers continue to show robust appetite for expansion in both Europe and CEE. JLL's "Destination Europe 2015" report maintains that CEE is growing in importance as a global retail destination, driven by rising levels of disposable incomes and a strong medium-term retail sales outlook. This view is in line with the overall positive retail sales growth of Atrium's markets in 2014, and the boost in consumer confidence across almost all countries over the past few months.

Outlook

Performance across CEE is expected to endure at healthy levels with the exception of Russia. Despite the tempered view for the Eurozone, to which it is inextricably linked, CEE's prospects have benefited significantly by a rise in consumer demand. This may mean that Poland, the Czech Republic and Slovakia may be able to widen their growth advantage over the Eurozone this year. All in all, the positive private consumption outlook and expectations of improving domestic demand are anticipated to be the key growth drivers in Atrium's markets in 2015. In Russia there is no sign of a short term resolution and the future remains unpredictable.

Income producing portfolio

As at 31 December 2014, Atrium's income producing portfolio comprised 153 standing investment properties with a market value of €2.6 billion.[4]

Our assets have a total gross lettable area ("GLA") of 1.4 million sqm and in 2014 produced a gross rental income of €214.5 million. The portfolio is located in seven countries across CEE.

Thirty-three of the assets owned by the Group at the yearend were shopping centres, 18 of which offer over 30,000 sqm of GLA, while the other 15 offer between 10,000 sqm and 30,000 sqm of GLA. The 120 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. Subsequent to yearend, and as disclosed later in this document, a portfolio of 72 of these smaller retail assets in the Czech Republic was sold in January 2015.

The Group's operating assets are anchored by supermarkets, hypermarkets or local convenience stores, supporting 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.

[4] *Including €71 million classified as assets held for sale as at 31 December 2014*

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. A key consideration during tenant selection is the contract term, as strong long term tenants are vital in ensuring these sustainable levels of income are achieved.

The market value of the Group's 153 standing investments increased by 10.0% or €235.3 million, to €2,591 million[5] as at the end of 2014, compared to €2,356 million at the same time last year. The increase primarily comprised the acquisition of two shopping centres located in the Group's core markets of Poland and the Czech Republic for agreed asset values of €122.0 million and €83.1 million respectively, the opening of Atrium Felicity shopping centre in Lublin, Poland, with a value of €118.2 million, offset by €94.1 million devaluation.

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

Standing investments	No. of properties		Gross lettable area		Market value		Revaluation	
	2014	2013	2014	2013	2014	2013	2014	2013
Country			sqm	sqm	€'000	€'000	€'000	€'000
Poland	24	22	519,100	423,000	1,437,862	1,206,716	(11,753)	16,253
Czech Republic	22	95	188,400	355,500	419,522	411,484	4,659	(14,394)
Slovakia	3	3	65,500	65,500	144,500	147,260	(4,688)	(1,071)
Russia	7	7	240,700	240,700	369,346	443,424	(77,236)	37,190
Hungary	23	24	100,900	102,200	68,625	70,670	(2,648)	(13,239)
Romania	1	1	54,100	53,400	70,700	65,220	3,303	(6,167)
Latvia	1	1	20,400	20,400	9,884	11,390	(1,639)	(3,860)
Total	**81**	**153**	**1,189,100**	**1,260,700**	**2,520,439**	**2,356,164**	**(90,002)**	**14,712**
Standing investments classified as assets held for sale	72	0	176,900	0	71,020	0	(4,063)	0
Total standing investments	**153**	**153**	**1,366,000**	**1,260,700**	**2,591,459**	**2,356,164**	**(94,065)**	**14,712**

The primary driver behind the 4.0% or €94.1 million devaluation as at 31 December 2014 across our portfolio was the current economic situation and uncertainty in Russia which was reflected in a €77.2 million devaluation of our Russian portfolio, with lower rent, lower ERVs and an increase in yields.

The Polish portfolio was devalued by 1%, or €11.8 million, mainly as a result of our capital expenditures in the centres. In the Czech Republic, the positive valuation was mainly due to a yield compression in our major assets, offset by ERV decreases across the portfolio. The increase in Romania was brought about by a slight yield compression as well as higher ERVs and current rent, partially due to the restructuring in the shopping centre and additional GLA. In Slovakia and Latvia the property devaluations were predominately due to a slight decrease in ERV; while in Hungary, the devaluation was primarily attributable to lower current rent and higher non-recoverable costs.

The yield diversification of the Group's income producing portfolio[6] is presented below:

	Net equivalent yield* (weighted average)		EPRA Net initial yield (NIY) **	
Country	2014	2013	2014	2013
Poland	6.7%	6.7%	6.7%	6.7%
Czech Republic	7.6%	7.9%	7.5%	7.6%
Slovakia	7.6%	7.6%	7.6%	7.4%
Russia	12.9%	12.1%	12.5%	12.3%
Hungary	9.8%	9.8%	9.3%	9.1%
Romania	8.8%	9.1%	8.2%	8.9%
Latvia	10.1%	10.2%	6.8%	5.5%
Average	**8.0%**	**8.2%**	**7.8%**	**8.1%**

* *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 to 8.0% and 7.8% respectively (31 December 2013: 8.2% and 8.1%). The decrease in the relative weight of the Russian portfolio following its decrease in value was the main driver behind the decrease in the Group's average yield. The alternative EPRA "topped up" NIY for 2014 was 8.1% (31 December 2013: 8.2%).

[5] *Including €71 million classified as assets held for sale as at 31 December 2014*

[6] *Including the yields of the 72 standing investment properties in the Czech Republic classified as held for sale at 31 December 2014*

Acquisitions and development completions

Atrium Felicity shopping centre in Lublin, Poland

On 20 March 2014, we opened the Atrium Felicity shopping centre in Lublin, Poland, our first major green-field development. The centre offers 74,100 sqm of GLA and is the largest and most modern shopping centre in Lublin, with a prominent location and a catchment area of around 470,000 people. It is anchored by a 19,700 sqm hypermarket, which was presold and handed over to Auchan in October 2013, a 12,600 sqm Leroy Merlin DIY store and a 3,400 sqm Saturn electronics store, amongst others. For more information, see the case study on Atrium Felicity on page 24.

Focus Mall in Bydgoszcz, Poland

The €122 million acquisition of Focus Mall in Bydgoszcz, Poland, from Aviva Investors was completed in November. Focus Mall is the dominant shopping centre in Bydgoszcz and comprises 41,200 sqm of GLA across two storeys, 97.6% of which is currently let to a number of anchor tenants including an Alma super-market, covering approx. 2,900 sqm, a Saturn electronics store and a Cinema City, as well as a large number of other high profile international and domestic retail fashion brands including C&A, H&M, Reserved, Cropp, House, Bershka, Pull & Bear and New Yorker. The centre includes approximately 850 parking spaces.

AFI Palác Pardubice, The Czech Republic

In November 2014, the Group completed the acquisition of AFI Palác Pardubice for an agreed asset value of approximately €83 million. The centre, which comprises 20,900 sqm of rentable area, is located in the heart of Pardubice in the Czech Repu-blic and is currently 94.2% occupied. It is anchored by major retailers including H&M, Deichmann, Intersport, New Yorker and Lindex. The property has a regional catchment as it is the only modern centre in the Pardubice region.

Arkády Pankrác, the Czech Republic

In January 2015, Atrium signed an agreement to acquire a 75% interest in the Arkády Pankrác shopping centre in Prague, the Czech Republic, for €162 million. Atrium has agreed to acquire the stake from Unibail-Rodamco S.E., which owns 75% of the centre in a joint venture with the Otto family, which will continue to own the remaining 25%. Following the acquisition, ECE Projektmanagement GmbH & Co KG will continue to manage the centre, working closely alongside Atrium's in-house team of experts. The acquisition is subject to the fulfilment of certain conditions precedent and is expected to be completed in the second quarter of 2015.

The centre, which comprises 38,200 sqm of rentable area along with a parking for c.1,100 cars is currently 99.5% occupied. It is anchored by major retailers including Interspar Hypermarket, a Datart electronics store, H&M, New Yorker, Humanic, Peek & Cloppenburg, Inditex and LPP Group fashion brands.

The above acquisitions and completion of Lublin are in line with the Group's strategy to become the dominant player in its core markets through the purchase of strong income producing shopping centres which complement the Group's existing portfolio.

Disposals

In December 2014, the Group signed an agreement with a private client account managed by Peakside Capital advisor to sell a portfolio of 72 small retail assets spread throughout the Czech Republic, with a total lettable area of c.177,000 sqm, for a consideration of CZK1,916 million (approximately €69 million). The consideration comprised a cash payment of CZK1,661 million (approximately €60 million) with the balance satisfied through a secured vendor loan to the purchaser. The transaction was completed in January 2015. The purchase price reflects a discount of around 5% compared to the 30 September 2014 book value. In addition, approximately €10 million of currency translations reserve in equity, arising from past fluctuations of the Czech Koruna, will be reclassified at completion to the consolidated income statement; this will not have a net impact on the equity of the Group.

During the year, the Group returned two assets to their lessor (by electing not to exercise a purchase right on expiry of the finance lease) and completed the sale of a small asset in the Czech Republic; in addition, the Group sold a warehouse in Hungary. The net loss resulting from these transactions amounted to €1.1 million.

Occupancy

Atrium's occupancy remained strong throughout the year being 97.1% and 97.4% on the basis of GLA and EPRA respectively[7].

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

Occupancy analysis[8]

	EPRA Occupancy		GLA Occupancy	
Country	**2014**	**2013**	**2014**	**2013**
Poland	97.6%	97.9%	97.1%	97.3%
Czech Republic	96.8%	96.6%	95.6%	96.7%
Slovakia	98.7%	98.0%	98.5%	97.9%
Russia	96.9%	99.4%	98.3%	99.6%
Hungary	97.3%	96.7%	96.9%	97.0%
Romania	100.0%	100.0%	100.0%	100.0%
Latvia	96.5%	91.0%	96.6%	95.4%
Group	**97.4%**	**98.1%**	**97.1%**	**97.6%**

Leasing activity

Atrium's focus on asset management and building relationships with tenants saw it sign 831 leases (2013: 1,024 leases) during the year; 580 (2013:739) of these leases were in previously occupied premises and 251 (2013: 285) leases in previously vacant units (incl. restructured units).

	Unit	2014
Previously occupied (comparable units)		
Number of leases	Number	580
GLA leased	Sqm	163,827
New Contracted monthly rental income per sqm	€	11.6
Prior Contracted monthly rental income per sqm	€	12.6
Previously vacant (incl. restructured units)		
Number of leases	Number	251
GLA leased	Sqm	52,118
New Contracted monthly rental income per sqm	€	11.4
Total New Leases		
Number of leases	Number	831
GLA leased	Sqm	215,945
New Contracted monthly rental income per sqm	€	11.5
Expired Leases		
Number of leases	Number	659
GLA of expired leases	Sqm	96,834

In 2014, the 831 leases signed represented approximately €30 million of annualised rental income with an average rent of €11.5 per square metre per month. These lease transactions sustained the portfolio occupancy level and the average lease duration.

[7] Best practice recommendations provides for an occupancy definition based on ERV of occupied units divided by the ERV of the whole portfolio

[8] Including 72 standing investment properties in the Czech Republic classified as held for sale at 31 December 2014

Lease expiries

The percentage of lease agreements with a remaining contract term of more than five years is 31.0% (2013: 34.0%). 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 2014. Additionally, the lease maturities between 2015 and 2019 are well spread. This provides the Group with a high degree of visibility regarding likely future cash flows over the coming years. In addition, and in line with our focus on ensuring maximum occupancy at our centres, we are extremely diligent about monitoring situations where tenants may be at risk. The current situation in Russia is one such example as the lease agreements are predominately denominated in Euro and the weakening of the Rouble against the Euro has led to tenants requesting discounts. The Group provided temporary discounts to tenants in order to mitigate the impact this situation has on the tenants.

The average length of the leases in the portfolio at the end of 2014 was 5.3 years (2013: 5.4 years).

On the basis of 2014's ARI the expiry schedule of existing lease agreements is shown in the following table:

Lease expiry schedule	% of ARI
2015	12.5%
2016	8.9%
2017	12.8%
2018	19.3%
2019	13.1%
> 2019	31.0%
Indefinite	2.4%
Total	**100.0%**

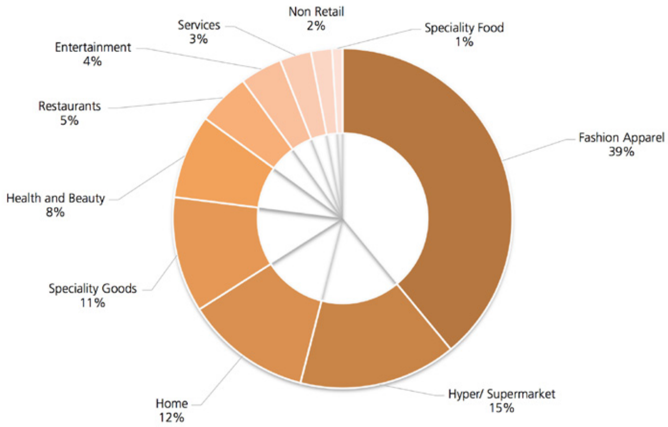
The Group's lease agreements are mainly denominated in Euros, which limits the Group's rental income exposure to local currency fluctuations. In 2014, 81.9% of GRI was denominated in Euros, with 9% denominated in Czech Korunas, 4.8% in Polish Zlotys, 2.0% in US Dollars, and 2.3% in other currencies.

In currencies, such as the Rouble, where we do expect future exposure to currency fluctuations in 2015, Atrium has been proactive in providing protection to tenants in the form of discounts.

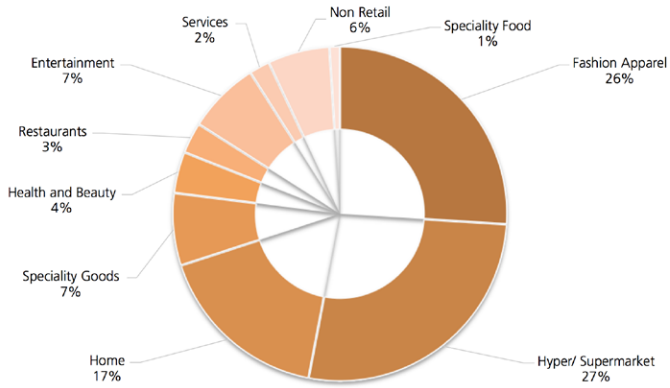
Tenant mix

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 a situation arises that allows us to improve the tenant mix. All of the Group's larger shopping centres are anchored by a number of strong international hyper/supermarket brands and 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 2014, hyper/supermarket anchors represented the largest percentage of GLA at 27%, while fashion and apparel tenants represented the largest percentage of ARI at 39%.

The tenant mix based on ARI at the end of 2014 ARI is illustrated below:



The tenant mix based on 31 December 2014 GLA is illustrated below:



Top ten tenants

As at the end of 2014, Ahold, with 5.8% of total ARI, was the Group's largest tenant, 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 2014 total ARI	As a % of 2014 total GLA
Ahold	Albert, Interspar (the Czech Republic)	International hyper / supermarket	5.8%	10.0%
LPP	Reserved, House, Mohito, Cropp	Fashion	3.7%	2.5%
Metro Group	Media Markt, Saturn	International hypermarket and electronic retailer	3.3%	4.4%
AFM	Auchan, Decathlon	International hypermarket and sport goods retailer	2.8%	5.6%
Hennes & Mauritz	H&M	Fashion	1.8%	2.3%
Inditex	Bershka, Pull&Bear, Zara	Fashion	1.7%	1.6%
EMF	Empik, Smyk	Media & fashion	1.7%	1.3%
Kingfisher	Castorama	Home improvement	1.4%	1.5%
Tengelmann Group	OBI, KIK	Home improvement	1.3%	1.6%
ASPIAG	Interspar, Spar	International hyper / supermarket	1.1%	1.6%
Total top ten tenants			**24.5%**	**32.5%**

The top ten tenants represented 24.5% of the Group's total ARI at the end of 2014 and 32.5% of the total GLA.

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 2014. On that date, the top ten standing investments were located in our strongest markets of Poland, the Czech Republic and Slovakia and represented 55.9% (2013: 59.6%) of the total standing investments by value.

Property name	City	Country	Market value €'000[9]	GLA Sqm	Year of opening	Number of retail tenants	Food anchor tenants	EPRA Occupancy rate
Atrium Promenada	Warsaw	Poland	248,982	55,100	1996	160	Alma	94.2%
Atrium Flora	Prague	Czech Republic	205,500	40,200	2003	118	Albert	96.7%
Atrium Targowek	Warsaw	Poland	167,800	31,300	1998	132	Carrefour	99.2%
Galeria Dominikanska	Wroclaw	Poland	154,590	32,500	2001	99	Carrefour	100.0%
Atrium Koszalin	Koszalin	Poland	124,530	55,400	2008	116	Tesco	97.8%
Focus Mall	Bydgoszcz	Poland	122,274	41,200	2008	127	Alma	97.1%
Atrium Felicity	Lublin	Poland	118,207	54,400	2014	115	Auchan	98.3%
Atrium Optima	Kosice	Slovakia	111,476	48,100	2002	149	Hypernova	99.3%
Atrium Biala	Bialystok	Poland	99,806	37,700	2007	95	Real	100.0%
Atrium Reduta	Warsaw	Poland	95,624	27,100	1999	104	Carrefour	95.7%
Total top ten standing investments			**1,448,789**	**423,000**				

[9] *Includes land lease*

Rental income

Atrium's 153[10] standing investment properties produced the following results in terms of gross, net and EPRA like-for-like rental income during the reporting period:

Gross rental income

	2014		2013	Change	Change
Country	**€'000**	**% of GRI**	**€'000**	**€'000**	**%**
Poland	91,084	42.5%	78,858	12,226	15.5%
Czech Republic	35,435	16.5%	37,641	(2,206)	(5.9%)
Slovakia	11,175	5.2%	11,258	(83)	(0.7%)
Russia	61,395	28.6%	59,297	2,098	3.5%
Hungary	7,515	3.5%	7,752	(237)	(3.1%)
Romania	6,341	3.0%	7,248	(907)	(12.5%)
Latvia	1,539	0.7%	1,401	138	9.9%
Total gross rental income	**214,484**	**100.0%**	**203,455**	**11,029**	**5.4%**

Net rental income

	2014		2013	Change	Change
Country	**€'000**	**% of NRI**	**€'000**	**€'000**	**%**
Poland	91,513	44.9%	79,153	12,360	15.6%
Czech Republic	32,526	15.9%	34,136	(1,610)	(4.7%)
Slovakia	11,149	5.5%	11,087	62	0.6%
Russia	55,347	27.1%	52,978	2,369	4.5%
Hungary	6,729	3.3%	6,406	323	5.0%
Romania	5,817	2.9%	6,431	(614)	(9.5%)
Latvia	956	0.5%	642	314	48.9%
Total net rental income	**204,037**	**100.0%**	**190,833**	**13,204**	**6.9%**

GRI grew by 5.4% in 2014 to €214.5 million. The 15.5% uplift in Poland primarily reflects the contribution from Galeria Dominikanska acquired in 2013, the opening of the new Atrium Felicity shopping centre in Lublin and the acquisition of Focus Mall in Bydgoszcz in October 2014. In Russia, the 3.5% increase in GRI was derived from rental indexation, higher base rents and the benefit of additional rental income from GLA purchased in Park House Togliatti in November 2013, offset by an increase in discounts and a decrease in turnover rent resulting from Rouble denominated turnover rent contracts. In the Czech Republic, the decrease was the result of asset disposals, Czech Koruna denominated rental contracts and changes in the tenant mix during the period, offset by the contribution from Palác Pardubice. The decline in Hungary was primarily due to an asset disposal. GRI in Slovakia declined mainly as a result of tenant changes during the year, which was compensated by rental indexation.

The growth in GRI flowed through to NRI, which increased by 6.9% to €204.0 million. The main reason behind the improvement in NRI compared with GRI in Hungary and Romania was the collection of receivables which had previously been provided for. In Slovakia the increase in NRI related to improvements in efficiency.

[10] Including the 72 standing investment properties in the Czech Republic classified as held for sale at 31 December 2014

Operating margin

Country	2014 in %	2013 in %	Change in %
Poland	100.5%	100.4%	0.1%
Czech Republic	91.8%	90.7%	1.1%
Slovakia	99.8%	98.5%	1.3%
Russia	90.1%	89.3%	0.8%
Hungary	89.5%	82.6%	6.9%
Romania	91.7%	88.7%	3.0%
Latvia	62.1%	45.8%	16.3%
Total operating margin	**95.1%**	**93.8%**	**1.3%**

EPRA like-for-like gross rental income

	2014		2013	Change	Change
Country	€'000	% Total	€'000	€'000	%
Poland	67,523	31.5%	69,301	(1,778)	(2.6%)
Czech Republic	34,098	15.9%	34,804	(706)	(2.0%)
Slovakia	11,175	5.2%	11,258	(83)	(0.7%)
Russia	60,869	28.3%	58,532	2,337	4.0%
Hungary	7,515	3.5%	7,626	(111)	(1.5%)
Romania	6,341	3.0%	7,248	(907)	(12.5%)
Latvia	1,539	0.7%	1,401	138	9.9%
Like-for-like gross rental income	**189,060**	**88.1%**	**190,170**	**(1,110)**	**(0.6%)**
Remaining gross rental income	25,424	11.9%	11,329	14,095	124.4%
Exchange rate effect*	-	-	1,956	(1,956)	
Total gross rental income	**214,484**	**100.0%**	**203,455**	**11,029**	**5.4%**

** To enhance comparability of GRI, prior period values for like-for-like properties have been recalculated using the 2014 exchange rates as per EPRA best practice recommendations*

EPRA like-for-like net rental income

	2014		2013	Change	Change
Country	€'000	% Total	€'000	€'000	%
Poland	68,900	33.7%	69,056	(156)	(0.2%)
Czech Republic	31,207	15.2%	31,881	(674)	(2.1%)
Slovakia	11,149	5.5%	11,087	62	0.6%
Russia	54,818	26.9%	55,460	(642)	(1.2%)
Hungary	6,731	3.3%	6,413	318	5.0%
Romania	5,817	2.9%	6,437	(620)	(9.6%)
Latvia	956	0.5%	642	314	48.9%
Like-for-like net rental income	**179,578**	**88.0%**	**180,976**	**(1,398)**	**(0.8%)**
Remaining net rental income	24,459	12.0%	11,490	12,969	112.9%
Exchange rate effect*	-	-	(1,633)	1,633	
Total net rental income	**204,037**	**100.0%**	**190,833**	**13,204**	**6.9%**

** To enhance comparability of NRI, prior period values for like-for-like properties have been recalculated using the 2014 exchange rates as per EPRA best practice recommendations*

On a like-for-like basis, GRI decreased slightly by 0.6% to €189.1 million. NRI followed the same trend reflecting a slight decrease of 0.8% to €179.6 million. In Russia there was a 4.0% growth in like-for-like GRI, while a provision for doubtful debtors as well as service charge income discounts led to a 1.2% decline in like-for-like NRI. The decrease in like-for-like figures in Poland was primarily due to a struggling DIY tenant as well as the restructuring of a shopping centre that was still part of the like-for-like assets in 2014. In 2014, the restructuring was not significant enough to be considered a development in terms of EPRA guidelines, however, should this situation change during 2015, it may be excluded from like-for-like assets. In most of the locations, the struggling tenant has been replaced by a stronger tenant who has signed a long term contract, albeit at a lower base rent. However, the impact of this on Poland's like-for-like NRI was mitigated as a result of an improvement in the collection of receivables. Romania also reflected a decrease in the like-for-like figures for similar reasons; a struggling DIY tenant, subsequently stabilised through a change of ownership and agreed lower base rent, and the successful restructuring of Militari Shopping Centre in order to strengthen it through an improved tenant mix. In Slovakia, Hungary and the Czech Republic the like-for-like figures followed the same trend as GRI and NRI.

EBITDA, excluding the valuation result and the impact of disposals and impairments, increased by 8.5% to €174.0 million compared with last year. This strong result was primarily due to a €13.2 million increase in NRI. Company adjusted EPRA earnings increased by 7.5% to €134.8 million compared to €125.4 million in 2013, corresponding with the higher EBITDA (for more details about EPRA earnings see page 29).

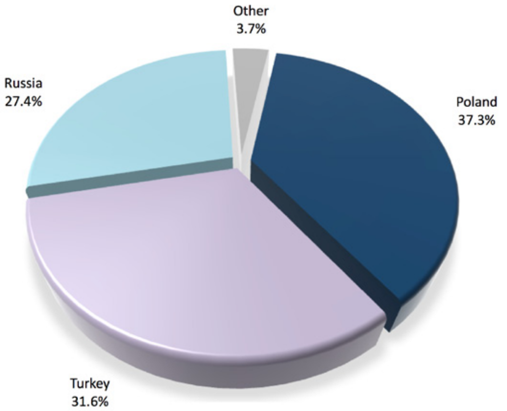
Development and Land Portfolio

As at 31 December 2014, Atrium's development and land portfolio was valued at €365.0 million, representing 12% of our total investment properties. Over 95% of the development and land portfolio by value, and over 85% by size, is concentrated in Poland, Russia and Turkey.

Development and land portfolio experienced a €74.0 million devaluation during 2014 primarily due to €33.5 million devaluation in Turkey stemming from both the domestic and external economic developments which had an adverse impact on risk perceptions in the country during the year. An additional €26.6 million devaluation in Russia was mainly caused by the current economic situation and uncertainty in the country.

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

Developments and land by market value as at 31 December 2014



Over the course of the year we have carefully continued to assess which projects have the most potential to add 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 create value by developing extensions to our existing and proven assets.

Development Activity

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

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

The second construction phase of the Copernicus project commenced in August 2013, which, together with the first phase multi-level car park expansion, will add an additional 17,300 sqm of GLA and a further 640 parking spaces to the centre. The extension is scheduled to open in March 2015. The incremental costs to complete the extension as of 31 December 2014 were approximately €14 million.

The additional parking spaces and new international and domestic brand names, along with the planned modernisation of part of the existing centre, are expected to enhance the attractiveness and value of this already successful regional centre even further.

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

Stage one of the redevelopment consists of two extensions, totalling 7,100 sqm of additional GLA, the remodelling of a section of the existing centre and the purchase of an adjacent land plot, to be used for the future stages of the extension. The total net incremental costs to complete stage one of the redevelopment project were approximately €38 million as at 31 December 2014.

Atrium Promenada extension in Warsaw, Poland

Disposals

During 2014, the Group completed the sale of four wholly owned subsidiaries which owned land plots in Istanbul as well as in Adana Turkey, Sofia, Bulgaria and Tbilisi, Georgia. These transactions resulted in a total cash considaration of €71.4 million and a net loss of €2.7 million.

Other events

Changes in the holdings of related parties
In January 2015, Gazit-Globe Ltd ("Gazit-Globe") purchased, through its intermediate holding company, 52,069,622 additional ordinary shares in Atrium from a consortium managed by CPI CEE Management LLC and controlled by Apollo Global Real Estate Management LP, an affiliate of Apollo Global Management LLC ("Apollo"). Consequently, Gazit-Globe holds 206,681,551 ordinary shares in Atrium, comprising 55.0% of the issued and outstanding shares, and voting rights in Atrium. Apollo no longer holds ordinary shares in Atrium.

Board of Directors and Group executive management team change
In July 2014, Atrium announced that the Group Chief Executive Officer, Rachel Lavine, would assume the role of Executive Vice Chairman of the Board of Atrium as from 1 December 2014 and remaining a director of Atrium. She was suceeded as Group CEO by Josip Kardun, who had been the Group's Chief Operating Officer and Deputy Chief Executive Officer since joining the Group in February 2014.

Prior to Atrium, Mr. Kardun was employed at European retail property specialists ECE Projektmanagement GmbH & Co KG ("ECE"), where he had worked for seven years in a number of senior positions, most recently as its Chief Investment Officer and Head of Mergers & Acquisitions and Transaction Management Group.

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

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

In January 2015, following Gazit-Globe's acquisition of Apollo's shareholding as described above, the two directors of Atrium nominated by Apollo, Joseph Azrack and Roger Orf, resigned from the Board of Directors.

In January 2015, Atrium announced the appointment of Ryan Lee as its Group Chief Financial Officer. Ryan joined the Group on 2 February 2015, with his appointment as Group CFO becoming effective on 1 April 2015, following Soňa Hýbnerová's resignation.

Ryan, a chartered accountant who has 24 years of international financial experience, joined the Group from Central European Distribution Corporation (CEDC), CEE's largest integrated spirit beverage business, where he spent two years as Group Chief Financial Officer after being promoted from CFO of Russian Alcohol Group, a CEDC subsidiary. Prior to joining CEDC, Ryan spent over three years as Vice President, Finance at Eldorado where he also completed a major restructuring programme.

Awards
In February 2015 Atrium was honoured to receive the "Overall Company of the Year" award and "Investor of the Year" award at the 2014 Europa Property CEE Retail Awards.
In addition, in light of the completion of first greenfield development, Atrium Felicity, in the spring of 2014, we were also named "Retail Developer of the Year" by CEE Eurobuild.

Management

On 31 December 2014, the Group executive management team consisted of Josip Kardun, Chief Executive Officer, Soňa Hýbnerová[11], Chief Financial Officer, Rüdiger Dany, Chief Operating Officer, Thomas Schoutens, Chief Development Officer, 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.

As at 31 December 2014, the division of the Group's 348 employees was: General Management - 9 employees; Operations - 167 employees; Development - 23 employees; Finance and administration - 97 employees; Information systems - 7 employees; Legal - 19 employees; Other - 26 employees.

Our current management team:


Alice Augustova
CFO, Czech Republic and Slovakia


Liad Barzilai
Head of Acquisitions


Ildiko Braun
CFO and MD Hungary


Geraldine Copeland-Wright, General Counsel


Anna Dafna
Interim CFO, Poland


Rolf Rüdiger Dany
Group COO


Scott Dwyer
CEO, Poland


Murat Gursey
COO, Russia


Soňa Hýbnerová
Group CFO


Ondrej Jirak
COO, Czech Republic and Slovakia


Asi Kahana
CEO Romania and Hungary


Josip Kardun
Group CEO


Tatyana Mironova
CFO, Russia


Claudiu Muscalu
CFO, Romania


Eshel Pesti
CEO, Russia


Ljudmila Popova
Head of Business Development & IR


Thomas Schoutens
Group CDO


Oldrich Spurek
CEO, Czech Republic and Slovakia


Jolanta Wawrzyszuk
Acting COO, Poland

[11] *Until 31 March 2015 when she will be replaced as Group CFO by Ryan Lee with effect from 1 April 2015.*

Case Study:
Shopping Centre Atrium Felicity

Key facts about Atrium Felicity at 31st December 2014
32 Wincentego Witosa
20-315 Lublin, Poland

Year of opening:	2014
GLA:	74,100 sqm (Atriums' share[12] 54,400)
Market value:	€118.2 million
EPRA occupancy:	98.3% (GLA 97.9%)
Number of retailers:	115
Food Anchor:	Auchan
Parking spaces:	3,100
Website:	www.atrium-felicity.pl

Lublin is the ninth largest city in Poland, situated 166 km southeast of Warsaw. Lublin has a population of over 350,000 people. It is also the largest academic centre in eastern Poland, with twelve universities and has one of the highest number of students and researchers per 1,000 residents in this part of the country. Lublin is a city of young people: approximately 40% of the population are under 35 years of age, and the unemployment rate is 9.6% compared to 13.3% in the region, with average monthly salaries in Lublin matching the national average. As one of the major cultural centres in Poland, Lublin hosts many international artistic and scientific events.

Atrium Felicity is located in the eastern part of Lublin on the city's main arterial road connecting the city centre to the eastern exit route, in the direction of Swidnik where the airport is situated. The location on Witosa Avenue and Grygowa Street provides excellent exposure of the facility and its direct proximity to the Special Economic Zone further contributes to Lublin's economic growth. Atrium Felicity is well connected to the grid of national and regional roads. It is also easily accessible by public transport (eight bus lines) and has a good catchment area as there are 470,000 people living within a radius of 30 km from the shopping centre.

Atrium Felicity was opened on 20 March 2014; by the end of 2014, almost 5 million customers had visited the centre.

Atrium Felicity was the Group's first major Greenfield development and has a BREEAM certificate. The centre offers 74,100 sqm of GLA and is currently almost fully occupied. Atrium Felicity is the largest and most modern shopping centre in Lublin, with a prominent location. The main goal of the design and commercial strategy was to create a modern, elegant and client-oriented shopping centre; notwithstanding its large size, it has a clear layout which is both easy to remember and to follow. The space within the centre is organised around a central food court and a number of inner squares.

The façade features distinctive classic portals and girders of laminated wood, visible in the central part. The architecture of the centre is marked by elegance, simplicity and the use of natural building materials.

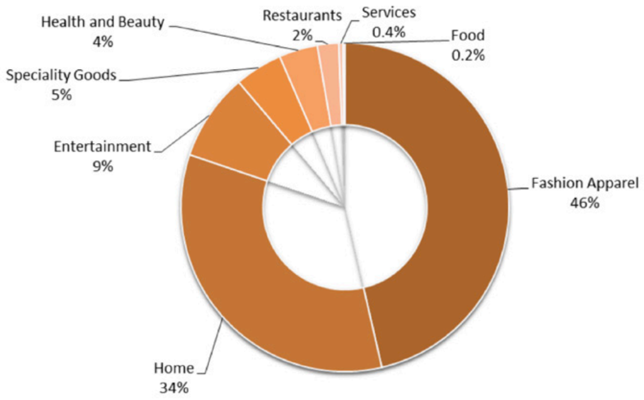
Atrium Felicity in Lublin, Poland

[12] A 19,700 sqm hypermarket, was presold and handed over to Auchan in October 2013

Atrium Felicity houses 115 shops and amenities, including some of the most popular and favoured fashion brands, such as H&M, the Inditex Group (Zara, Bershka, Stradivarius, Pull & Bear, Massimo Dutti), C&A, all members of the LPP Group (Reserved, Mohito, Sinsay, Cropp, House, Home & You), Tommy Hilfiger and New Yorker. The health and beauty sector is represented by Sephora, Douglas, Rossmann, Super-Pharm, Hebe and Ziaja. The EM&F Group offers Empik and Smyk megastores. A welcoming ambience is ensured by the presence of numerous cafes and restaurants. It is anchored by a 19,700 sqm hypermarket, which was presold and handed over to Auchan in October 2013, a 12,600 sqm Leroy Merlin DIY store, a 3,400 sqm Saturn electronics store, as well as entertainment facilities.

Atrium Felicity is constantly expanding its offer; thus, in spring 2015, Jupi Park, already a tenant, will open its second facility, a laser game centre for teenagers and adults, and, in the middle of the year, Cinema City will launch a multiplex with nine theatres, offering 4DX entertainment, unique in the region.

Retail GLA by tenant mix



Interview with Jolanta Wawrzyszuk (acting COO, Atrium Poland Real Estate Management)

"Atrium Felicity was the Group's first independent development project in Poland. With a total retail area of 74,100 square metres including the Auchan hypermarket, it is currently the largest commercial property by size in the Atrium portfolio, and also the largest and most modern shopping and entertainment centre in Lublin.

It is a successful shopping centre, with an occupancy rate of nearly 100% and an excellent tenant mix of the most popular brands, some of them entering this region for the first time. Thanks to its location and scale, the presence of the Auchan hypermarket and other key tenants, such as Leroy Merlin, Saturn, H&M, Inditex brands, LPP, and, soon, Cinema City, Atrium Felicity's potential for regional impact will keep growing. The centre has been well received by consumers, as evidenced by a high footfall ratio - almost 5 million people visited it last year - as well as a high conversion ratio.

Our project has been recognised by the industry, earning the Retail Development of the Year title in the CiJ Awards 2014 competition, and by local residents, as demonstrated by the "Złota Kielnia" award for the Development Project of the Year 2014 in the category of commercial and service facilities, and by an honourable mention in the "DOM 2014" Kryształowa Cegła competition, in which it was named the best development project on both sides of the eastern border of the European Union, in the category "cultural, service and educational facilities".

Interview with Marta Chlewicka (LPP acting spokeswoman)

"We are satisfied with the cooperation with Atrium Felicity Shopping Centre in Lublin where five of our brands have stores - RESERVED, House, Cropp, Mohito and SiNSAY. We appreciate this location both because our brands report very good sales and because of the close cooperation with the centre's Management. Among Atrium Felicity's strong points, ones of primary note include the numerous events organised by the Centre, the high standard of the Centre's finish, the comfortable layout of common spaces, the convenient access and the large free car park for customers."

Focus Mall in Bydgoszcz, Poland

Stock Exchange and Share Price Information

Stock Exchange and Share Price Information

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

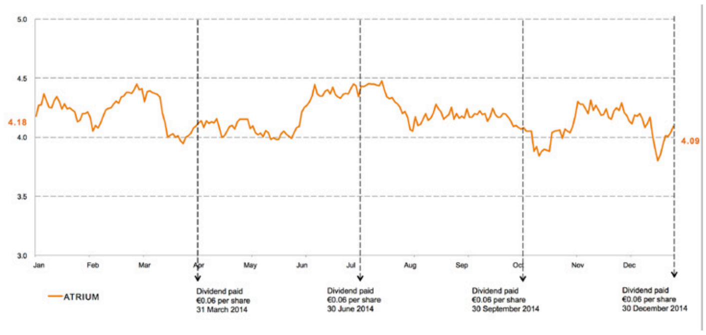
Total Return in 2014

Over 2014, Atrium's shareholder return was as follows:

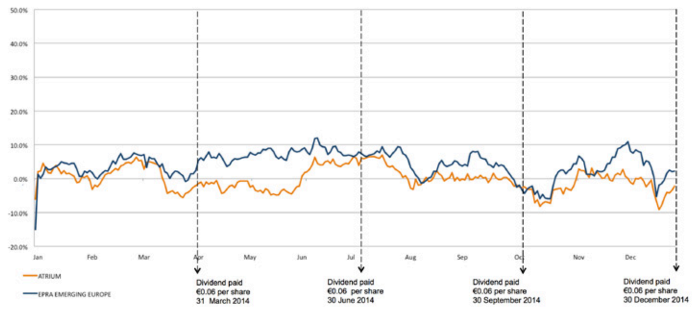
Vienna Stock Exchange

Closing price 2013	€4.18
Closing price 2014	€4.09
Movement in the share price	€(0.09)
Share return	(2.2%)
Dividend for year 2014	€0.24
Dividend return	5.7%
Total return per share invested on 31 December 2013	**€0.15/3.59%**

Atrium share price[13]



Atrium share price[13] relative to EPRA indices



Outstanding shares as at 31 December 2014	375,508,176
Market capitalisation as at 31 December 2014[13]	€1,536 million
2014 lowest share price[13]	€3.80 quoted on 17 December 2014
2014 highest share price[13]	€4.47 quoted on 17 July 2014

Dividend

Atrium paid a €0.06 per share dividend as a capital repayment on each of 31 March 2014, 30 June 2014, 30 September 2014 and 30 December 2014. Total dividend payments for 2014 amounted to €90.1 million (2013: €78.6 million).

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

Major shareholders

To the best of the management's knowledge, during the year ended 31 December 2014, no single shareholder of Atrium held more than 5% of the company's shares, except for Apollo and Gazit-Globe which together held 55.0% (2013: 53.7%) of the shares, as at 31 December 2014, as notified by them.

In January 2015, Gazit-Globe purchased all the shares held by Apollo, being 52,069,622 and representing approximately 13.9% of Atrium's total shares.

[13] *Vienna Stock Exchange*

EPRA Performance Measures

A. EPRA Earnings

	31 December 2014 € '000	31 December 2013 € '000
Earnings attributed to equity holders of the parent company	**(57,705)**	**75,936**
Changes in value of investment properties	168,077	21,286
Profit or losses on disposal of investment properties	3,711	(1,376)
Goodwill impairment and amortisation of intangible assets	9,265	4,428
Deferred tax in respect of EPRA adjustments	(14,633)	3,238
Close-out costs of financial instruments	2,004	-
EPRA Earnings	**110,719**	**103,512**
Weighted average number of shares	375,179,750	374,288,340
EPRA Earnings per share (in €cents)	**29.5**	**27.7**
Company adjustments:[14]		
Legacy legal matters	3,399	3,274
Impairments	790	1,483
Foreign exchange differences	(12,506)	5,811
Deferred tax not related to revaluations	32,127	9,565
Changes in the value of financial instruments	291	1,782
Company adjusted EPRA earnings	**134,820**	**125,427**
Company adjusted EPRA earnings per share (in €cents)	**35.9**	**33.5**

[14] 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.

B. EPRA Net asset value ("NAV")

	31 December 2014		31 December 2013	
	€'000	in € per ordinary share	€'000	in € per ordinary share
Equity	**2,110,418**		**2,267,289**	
Non-controlling interest	791		740	
NAV per the financial statements	**2,111,209**	**5.62**	**2,268,029**	**6.05**
Effect of exercise of options	19,962		29,046	
Diluted NAV, after the exercise of options	**2,131,171**	**5.60**	**2,297,075**	**6.01**
Fair value of financial instruments	12,328		11,756	
Goodwill as a result of deferred tax	-		(7,616)	
Deferred tax	172,349		155,688	
EPRA NAV	**2,315,848**	**6.08**	**2,456,903**	**6.43**

C. EPRA Triple NAV ("NNNAV")

	31 December 2014		31 December 2013	
	€'000	in € per ordinary share	€'000	in € per ordinary share
EPRA NAV	**2,315,848**		**2,456,903**	
Fair value of financial instruments	(12,328)		(11,756)	
Impact of debt fair value	(37,612)		(7,780)	
Deferred tax	(172,349)		(155,688)	
EPRA NNNAV	**2,093,559**	**5.50**	**2,281,679**	**5.97**
Number of outstanding shares	375,508,176		374,899,934	
Number of outstanding shares and options	380,627,373		382,069,066	

The NAV as at 31 December 2014 and 31 December 2013 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 JLL.

Sustainability

Atrium is committed to sustainable growth, reflecting our long-term approach to investment and operation and our continued efforts to lead in terms of corporate citizenship in our region. We strive for economic efficiency, social fairness and environmental sustainability in all our endeavours.

Accordingly, Atrium has always employed sustainable principles and procedures as an underlying foundation of its daily activities standing at the core of its strategy. In 2014, management embarked on a mission to formalize these previously largely informal practices with a view to enhance the transparency of its sustainability strategy. To this aim, last year Atrium undertook a complex assessment of its current sustainable practices in order to identify its material impact areas and value drivers. This should enable Atrium to manage its key risks better, to meet investor and tenant demands and, ultimately, to enhance long term asset and business value.

In particular, Atrium has engaged in a long-term partnership with the JLL Upstream Sustainability team, one of the world's leading experts on real estate sustainability. With their help, Atrium has conducted extensive reviews of its baseline, including an evaluation of its current approach and practices as well as of the knowledge and vision of its internal stakeholders, investors, tenants, relevant legislation and industry peers. This systematic methodology has resulted in a comprehensive materiality review identifying the most important material issues for Atrium, which can be grouped into three focus areas - our customers, our assets and our employees:

In line with this approach, Atrium has created and committed itself to a clear Sustainability Policy Statement, which will be overseen by the Sustainability Committee, also established in 2014. To underwrite its intention to convert its informal principles and practices into formal targets and to disclose the process transparently, Atrium aims to obtain standardized environmentally-friendly certification for all its greenfields and extensions. With this ambition in mind, we have obtained the BREEAM certification for Atrium Felicity in Lublin and we are actively pursuing a BREEAM certification for the extension of Atrium Copernicus in Torun, which is currently under construction.

Following the steps completed in 2014, we will continue and increase our efforts to implement and monitor our Sustainability strategy more formally and transparently as a reflection of our commitment to becoming the leading owner, manager and developer of Central and Eastern European shopping centres.

Atrium European Real Estate Sustainability Policy Statement

Atrium is a leading owner, operator and developer of shopping centres in Central and Eastern Europe. With a significant presence, particularly in Poland, the Czech Republic, Slovakia and Russia, Atrium aims to further strengthen and maintain its leadership position in food anchored shopping centres and to become a hallmark of high quality retail.

Sustainability is a fundamental part of achieving this objective as our business activities have a significant impact, both directly and indirectly, on the natural environment and on the communities in which we operate. It is therefore our responsibility to manage the environmental, social, and economic impacts of, and risks facing, our business. By adopting a strategic approach towards sustainability, we are able to maximise opportunities to create value for Atrium's business, meet the expectations of our stakeholders and support the communities which we serve.

In 2014, we developed our sustainability strategy, which established our vision and our three strategic priority areas.
Our sustainability vision is:

"To be the leader in Central & Eastern Europe by creating value through our customers, our places & our people"

Each of the priority areas has a sustainability objective which supports this main vision. These are:

Our Customers	*Atrium endeavours to be a company that cares for and engages with its customers*
Our Places	*We aspire to own, operate and develop shopping centres with optimal sustainable performance*
Our People	*Supporting and developing a talented workforce that is proud to work for us*

Our approach to managing sustainability risks and opportunities going forward will be framed around our sustainability vision and priority area objectives.

Ultimate accountability for ensuring this policy is implemented lies with the Board of Directors. Responsibility for the governance and implementation of this policy and Atrium's sustainability targets lies with the Sustainability Committee, which will be supported by our network of Sustainability Champions (the latter to be appointed in 2015).

Signed: **Rachel Lavine,**
Director and Group CEO

Rachel Lavine

Dated: …………27.11.2014………………………

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
Executive Vice-Chairman and Director

PETER LINNEMAN
Director

NOAM BEN-OZER
Director

SIMON RADFORD
Director

AHARON SOFFER
Director

THOMAS WERNINK
Director

ANDREW WIGNALL
Director

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 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 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.

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.

As a certified Jersey Listed Fund Atrium must comply at all times, and be operated in accordance with, the Jersey Listed Fund Guide and the detailed provisions of the Jersey Codes of Practice for Certified Funds (the "Codes"). The Codes are arranged under a number of fundamental principles which include corporate governance, internal systems and controls, AML Procedures and financial reporting. Jersey law also imposes 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.

The Austrian Code of Corporate Governance (as amended in July 2012) (the "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 and obliges those companies that have committed to adhere to it to either comply or explain any deviations from its applicable rules. Atrium currently submits voluntarily to the Austrian Code, which is available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at). Explanations for deviations from the applicable rules are provided on page 43.

Board and management structure

The management structure of Atrium is a one-tier 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. As at 31 December 2014, five of the ten directors were independent, and as at the date of this report, five of the eight 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.

As at 31 December 2014, the Board consisted of ten Directors, as set out below. Since then, Joe Azrack and Roger Orf, as nominated representatives of a consortium managed by CPI CEE Management LLC and controlled by Apollo Global Real Estate Management LP, an affiliate of Apollo Global Management LLC ("Apollo") resigned their positions on the Board of Directors with effect from 22 January 2015 following the disposal by Apollo of its shareholding to Gazit-Globe Ltd.

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			√[1]	09.12.1965	01.08.2008
Joseph Azrack [2]		√	√	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 [2]		√		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

[1] *Non-voting member until 30 November 2014 when Mrs. Lavine became Executive Vice-Chairman*

[2] *Resigned from the Board of Directors on 22 January 2015*

The mandate of each Director then in office 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 in office ends at the AGM to be held in May 2015.

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) and the New York Stock Exchange (NYSE: GZT) and the Toronto Stock Exchange (TSX: GZT).

Mr. Katzman is also the founder, controlling shareholder and Chairman of Norstar Holdings (formerly Gazit Inc.), the parent company of Gazit-Globe; the founder and Chairman of Equity One (NYSE: EQY); the Chairman of First Capital Realty (TSX: FCR) and Chairman of Citycon (OMX: CTY). Mr. Katzman is a member of the International Council of Shopping Centers (ICSC), the National Association of Real Estate Investment Trusts (NAREIT), the Urban Land Institute (ULI), the Real Estate Roundtable and the Association of Foreign Investors in Real Estate (AFIRE).

He received an LL.B. degree from Tel Aviv University Law School and in 2011, founded the Gazit-Globe Real Estate Institute at Israel's Interdisciplinary Center (IDC) Herzlya.

Rachel Lavine
Executive Vice-Chairman and director
Member, Special Standing Committee

Rachel Lavine was appointed as Executive Vice Chairman on 1 December 2014 having previously been Chief Executive Officer from August 2008 and a member of the Board of Directors throughout that time. Mrs. Lavine currently serves on the Board of Directors of Gazit-Globe Ltd., is chairman of Gazit-Globe Israel (Development) Ltd and currently serves as a member of the Board of EPRA. Mrs. Lavine was formerly president and CEO of Plaza Centres (Europe) BV and a former president and CEO of Elscint Ltd.

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 (resigned 22 January 2015)

Joseph Azrack was a non-executive director, appointed in August 2011. Mr. Azrack was nominated to the Board by Apollo and accordingly resigned from the Board following the disposal by Apollo of its shareholding to Gazit-Globe.

Noam Ben-Ozer
Non-executive director Chairman, Compensation and Nominating Committee and Member, Audit Committee

Noam Ben-Ozer is an independent non-executive director appointed to the Board 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 in August 2008. 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 NYSE-listed companies. Mr. Linneman has a PhD in Economics. He is also a director and member of the executive committee of Equity One Inc.

Roger Orf
Non-executive director (resigned 22 January 2015)

Mr. Orf was a non-executive director, appointed to the Board in November 2013. Mr. Orf was nominated to the Board by Apollo and accordingly resigned from the Board following the disposal by Apollo of its shareholding to Gazit-Globe.

Simon Radford
Non-executive director
Member, Audit Committee

Simon Radford is an independent non-executive director appointed to the Board in March 2008. He is also the Chief Financial Officer of an alternative investment fund administration business, based in Jersey and 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. 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 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. 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 in August 2008. He has been serving as a non-executive director of Green Reit PLC in Dublin since July 2013, was recently appointed as non-executive Chairman of MAF Properties in Dubai and previously served as a non-executive director of a number of European based property and investment companies, including stock exchange listed companies Segro plc, Citycon Oyj and European Direct Real Estate Fund (SICAF). Formerly, he was also Chief Executive of Corio and Chairman of the European Public Real Estate Association.

Andrew Wignall
Non-executive director
Member, Audit Committee

Andrew Wignall is an independent non-executive director appointed to the Board 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") and 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 2014, there was also a temporary committee established to address specific strategic issues. The Board of Directors and committees hold meetings and can also pass written resolutions.

In the year ended 31 December 2014, the Board of Directors met on eight occasions and passed one written resolution.

Audit Committee

The Audit Committee is composed of a majority of independent Directors. In 2014, 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 2014, the Audit Committee held five meetings.

Compensation and Nominating Committee

In 2014, the members of the Compensation and Nominating Committee were Joseph Azrack, Chaim Katzman, Peter Linneman, Roger Orf and Thomas Wernink. The Chairman of the Compensation and Nominating Committee was Joseph Azrack in 2014. Mr. Azrack and Mr. Orf have since resigned their position as directors, in January 2015. Noam Ben-Ozer has been appointed to and has assumed the position of Chairman of the Compensation and Nominating Committee.

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 2014, the Compensation and Nominating Committee held seven meetings and passed one written resolution.

Special Standing Committee

In 2014, the members of the Special Standing Committee were Joseph Azrack, Chaim Katzman, Rachel Lavine (non-voting member due to her position, until 30 November 2014, as Group CEO) and Peter Linneman. Chaim Katzman acts as the Chairman of the Special Standing Committee. Mr Azrack has since resigned his position as director, in January 2015. 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 2014, the Special Standing Committee held two meetings and passed four written resolutions.

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. As at 31 December 2014, the ages of the members of the Board of Directors ranged from 43 to 69 and the members represented 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

As at 31 December 2014, the Group Executive Management team, which is responsible for the day to day management of Atrium Group operations, was as set out below.
Each member of the Group Executive Management team is appointed for, and has a mandate throughout, the duration of his/her employment agreement.

Name	Position	Date of birth	Mandate start
Josip Kardun	Group Chief Executive Officer	11.04.1974	30.11.2014 [1]
Soňa Hýbnerová	Group Chief Financial Officer	03.02.1977	01.09.2013 [2]
Rolf Rüdiger Dany	Group Chief Operating Officer	28.02.1963	01.10.2014
Thomas Schoutens	Group Chief Development Officer	01.01.1969	01.02.2010
Geraldine Copeland-Wright	General Counsel	25.03.1971	14.06.2013
Liad Barzilai	Head of Acquisitions	25.11.1978	11.09.2013
Ljudmila Popova	Head of Business Development & Investor Relations	03.04.1980	07.10.2013

[1] Josip Karduns's mandate as Group CEO started on 1 December 2014 when he replaced Rachel Lavine who had held the position of Group CEO since August 2008; he was previously appointed as Group COO and Deputy CEO from 14 February 2014.

[2] Soňa Hýbnerová will resign from her position as Group Chief Financial Officer on 31 March 2015. She will be replaced as Group CFO by Ryan Lee whose mandate will commence on 1 April 2015. He joined the Group on 1 February 2015.

Josip Kardun

Group Chief Executive Officer (previously Group Chief Operating Officer and Deputy Chief Executive Officer)
Josip was appointed as Group Chief Executive Officer with effect from 1 December 2014 after joining Atrium Group in February 2014 as Group Chief Operating Officer and Deputy Chief Executive Officer. Prior to joining Atrium, Josip was Chief Investment Officer and Head of Mergers and Acquisitions and Transaction Management Group at European retail property specialists ECE Projektmanagement GmbH & Co KG ("ECE"), where he worked for seven years in a number of senior positions.

Prior to 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

Group Chief Financial Officer (until 31 March 2015)
Soňa was appointed Group Chief Financial Officer in September 2013. Soňa has been with the Atrium Group for nine years, during which time she has held a number of increasingly senior operational and management positions, most recently prior to being appointed as Group CFO as Director of Finance for Strategic Projects which involved 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, an Executive MBA from the Kellogg School of Management at Northwestern University and WHU – Otto Beisheim School of Management and is a Fellow of the Association of Chartered Certified Accountants.

Soňa will resign from her position as Chief Financial Officer on 31 March 2015.

Ryan Lee

Group Chief Financial Officer (with effect from 1 April 2015)
Ryan joined Atrium Group in February 2015 and will take the role of Group Chief Financial Officer with effect from 1 April 2015 following the departure from the Group of Soňa Hýbnerová.

Ryan, a chartered accountant who has 24 years of international financial experience, joined Atrium Group from Central European Distribution Corporation (CEDC), CEE's largest integrated spirit beverage business, where he spent two years as group Chief Financial Officer after being promoted from the position of CFO of Russian Alcohol Group, a CEDC subsidiary. During his time at CEDC he led and completed a successful financial restructuring and turnaround strategy, in addition to the $250 million acquisition of ROUST Inc., a leading spirit and wine distributor.

Prior to joining CEDC Ryan spent over three years as Vice President, Finance at Eldorado. In addition, he previously held various senior and board level financial roles over a nine year period with Japan Tobacco International, including Vice President - Finance, Vice President - Corporate Tax and CFO of Russia. He also spent ten years at Unilever plc and its group subsidiaries in a number of senior financial roles across a number of different territories.

Ryan has a Bachelor's degree in Law and Italian from the University of Wales, Cardiff and is a qualified Accountant.

Rolf Rüdiger Dany
Group Chief Operating Officer
Rüdiger Dany joined the Atrium Group as Group Chief Operating Officer in October 2014, succeeding Josip Kardun who became Group CEO on 1 December 2014.
He was previously Chief Executive Officer at Auxideico Gestión, a member of the ECE group of companies. He held several senior roles within ECE, including three years as ECE's Managing Director Poland, Czech Republic, Slovakia and Romania. Prior to joining ECE, Rüdiger was Managing Director at Dany FachhandelGmbH, Germany.

Rüdiger studied retail specialised economics at Lehranstalt des deutschen Textilhandels Nagold, Germany.

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

With over 22 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 Group in June 2013 as General Counsel. Prior to joining Atrium Group, 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 Group in August 2008 having initially held the position of Vice President of Business Development. In September 2011, he was promoted as Atrium Group's Head of Acquisitions, responsible for the Group's pipeline of potential acquisition and divestment opportunities.
Prior to joining Atrium Group, Liad held the role of financial analyst with Gazit-Globe.

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

Ljudmila Popova
Head of Business Development & Investor Relations
Ljudmila joined Atrium Group 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 the Group's capital markets activity and investor and bondholder relations. Ljudmila also heads the Group's research department.

Prior to joining Atrium Group, 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-Globe and previously 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 2014, neither Mr Katzman as Chairman of the Board nor Rachel Lavine as Executive Vice Chairman were entitled to Directors' compensation.

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. Other than Mr Katzman and Mrs. Lavine, no director received special pay in the year ended 31 December 2014.

In relation to Mr Katzman, under a consultancy agreement Mr Katzman provides 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 annual fee is €550,000.

Mrs. Lavine assumed the position of Executive Vice Chairman with effect from 1 December 2014 and has responsibility for the oversight of Group strategy. Mrs. Lavine is entitled to a fixed remuneration in the amount of €380,000 per annum and in addition, will receive an annual grant of shares to the value of €120,000 which will be made in four quarterly instalments of €30,000 each on 28 February, 31 May, 31 August and 30 November in each year. The first grant of 4,582 new shares on a net of tax basis, was made in March 2015. Details of Mrs Lavine's remuneration as Chief Executive Officer for the period to 30 November 2014 are set out below.

The other Directors (in their capacity as directors) were entitled to an aggregate remuneration of €386,000 (2013: €503,000).

Overview of remuneration of the Directors in 2014

Name	Directors fee	Consultancy fee	CEO/Vice Chairman compensation	2014 total	2013 total
	€ '000	€ '000	€ '000	€ '000	€ '000
Chaim Katzman[1]	-	550	-	550	550
Rachel Lavine[2]	-	-	1,846	1,846	1,152
Joseph Azrack [3]	32	-	-	32	31
Noam Ben-Ozer	58	-	-	58	109
Peter Linneman[4]	64	-	-	64	62
Simon Radford	58	-	-	58	61
Aharon Soffer[1]	25	-	-	25	32
Thomas Wernink	61	-	-	61	111
Andrew Wignall	60	-	-	60	61
Roger Orf[3],	28	-	-	28	4
TOTAL	**386**	**550**	**1,846**	**2,782**	**2,173**

[1] Gazit-Globe nominated board member

[2] Base salary, guaranteed bonus, allowances and benefits

[3] Apollo nominated board member

[4] Mr. Linneman elected to receive 4,662 shares in lieu of €20,000 of his director's fee in September 2014.

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 annual remuneration paid or payable to each member of the Group Executive Management team for the year ended 31st December 2014, including base salary, annual guaranteed bonus, allowances and benefits is set out below:

Name	Annual remuneration	One-off Payments in 2014	Total 2014	Annual bonus for 2013 (including minimum guaranteed bonus amounts)
Rachel Lavine[1]	1,095,570	750,000[2]	1,845,570	655,000
Josip Kardun[3]	485,552[4]		485,552	
Soňa Hýbnerová	350,180		350,180	85,104
Nils-Christian Hakert[5]	103,489	427,000	530,489	100,000
Rolf Rüdiger Dany	253,930[6]		253,930	
Thomas Schoutens	358,353		358,353	115,625
Geraldine Copeland-Wright	384,568		384,568	67,708
Liad Barzilai	311,153		311,153	82,500
Ljudmila Popova	240,104		240,104	64,167
TOTAL	**3,582,899**	**1,177,000**	**4,759,899**	**1,170,104**

[1] Rachel Lavine ceased to hold the position of Group Chief Executive Officer on 1 December 2014 when she took the position as Executive Vice-Chairman.

[2] In respect of her services as CEO, on 30 November 2014 Mrs. Lavine was awarded a special bonus payment of €750,000 which was settled partially by a payment in cash of €375,000 and partially by the issuance of 57,116 new shares at €4.18 per share, net of tax, which were issued in December 2014 and are not subject to any lock up period.

[3] Josip Kardun commenced employment with the Group on 14 February 2014 as Group Chief Operations Officer and Deputy CEO and took the position of CEO with effect from 1 December 2014.

[4] In addition, Josip Kardun is entitled to an award of shares equal to €400,000 which will be issued, free of any lock-up period, in four equal tranches on each of the first, second, third and fourth anniversaries of commencement of employment. The first issue equal to €100,000 was on 14 February 2015.

[5] Nils-Christian Hakert left the group on 31 March 2014.

[6] Rolf Rüdiger Dany commenced employment with the Group on 1 October 2014, and this remuneration includes a transitional allowance.

The annual bonus awards for the year ended 31 December 2014 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 2014, which forms part of the annual bonus award, amounts to €682,968.

As part of her remuneration for the financial year ended 31 December 2013, Mrs. Lavine was awarded 400,000 shares which were to be issued in four equal tranches on each of the first, second, third and fourth anniversaries of 1 August 2013. Accordingly, Mrs. Lavine was granted 63,600 new shares on a net of tax basis in August 2014. In addition, at the time of her transition from CEO to Executive Vice Chairman on 30 November 2014, Mrs. Lavine received a pro rate issue of 21,197 new shares for the period from 1 August 2014 to 30 November 2014, on a net of tax basis, which were issued in December 2014. In each case the new shares are not subject to any lock up period. With effect from 30 November 2014, Mrs. Lavine's entitlement to the remaining shares was cancelled. Details of Mrs. Lavine's compensation in her role as Executive Vice Chairman is set out above.

The Employee Share Option Plan ("ESOP") provides for the grant of options to key employees, executives, Directors and consultants of Atrium and its subsidiaries. There are currently 2 plans in operation, the current ESOP, as approved by shareholders on 23 May 2013 ("ESOP 2013") and the previous ESOP, as approved by shareholders on 6 April 2009 ("ESOP 2009"). 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.

Options have been granted to and exercised by members of the Group Executive Management team (including those employees who left the Group in 2014) as follows:

Options granted and exercised under Atrium's ESOP 2009

Name	Grant date	Number of options granteds	Exercised in prior years	Exercised in 2014	Vested but unexercised as at 31.12 2014	Option price of unexercised options as of 31.12.2014
Rachel Lavine (first grant)	09.03.2009	1,500,000	1,500,000	0	0	N/A
Rachel Lavine (second grant)	16.03.2010	1,000,000	0	0	1,000,000	3.65
Nils Hakert (first grant)	09.03.2009	250,000	250,000	0	0	N/A
Nils Hakert (second grant)	20.08.2010	83,334	83,334	0	0	N/A
Nils Hakert (third grant)[1]	03.10.2011	166,668	0	83,334	0	N/A
Thomas Schoutens	16.03.2010	300,000	0	125,000	175,000	3.65
Soňa Hýbnerová	01.05.2009	50,000	50,000	0	0	N/A
Liad Barzilai (first grant)	09.03.2009	30,000	30,000	0	0	N/A
Liad Barzilai (second grant)	20.08.2010	20,000	0	0	20,000	3.01
Ljudmila Popova (first grant)	01.04.2009	20,000	20,000	0	0	N/A
Ljudmila Popova (second grant)	20.08.2010	15,000	0	0	15,000	3.01

[1] Out of this amount, 83,334 options were cancelled following Mr. Hakert's departure from the Group in March 2014.

Options granted and exercised under Atrium's ESOP 2013[1]

Name	Grant date	Number of options granteds	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

** Out of this amount 1,066,670 options were cancelled when Mrs. Lavine became Executive Vice Chairman on 1 December 2014.*

*** Out of this amount 153,005 options will be cancelled when Ms. Hýbnerová leaves the Group.*

[1] No options granted under Atrium's ESOP 2013 have yet been exercised.

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

Atrium's management structure is a one-tier Board of Directors. The Rules of the Austrian Code otherwise applying to the supervisory board and/or the management board in a typical Austrian joint stock corporation will be applied in each case to the Board of Directors. Consequently, in relation to all Rules where the Austrian Code refers to an interaction or cooperation between the supervisory board and the management board in a typical Austrian joint stock corporation, Atrium deviates from such Rules as such function is already fulfilled by the Board of Directors. This applies in relation to the Rules L-9, C-10, L-11, L-14, C-18a, L-24, L-26a, L-32, L-33, L-34, L-35, C-37, C-38, C-41, C-43 and C-82a."

In addition, 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 and on the NYSE Euronext Amsterdam Stock Exchange), the Austrian Code provides that the L-rules of the Austrian Code are interpreted as C-rules ("Comply or Explain" Rules). Consequently, 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. In 2014 the substantial shareholders were Gazit-Globe and Apollo but following the acquisition of Apollo's shares by Gazit-Globe in January 2015, the only substantial shareholder is Gazit-Globe. 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-Globe were granted certain rights, now only applicable to Gazit-Globe, under the Articles of Association of the Company. 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-Globe (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 or a 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 5 years from the giving of the authority. The Company currently has authority to make market purchases of up to 50 million shares within the limitations imposed by Shareholders in the relevant special resolution, which authority is renewed annually at the Annual General Meeting.

C-rule 12: In 2014, in all but one case the materials and documents required for Board of Directors meetings were distributed at least 4 days before the respective meetings. In one case, the materials and documents were distributed 1 day before the respective meetings.

L-rule 13: Atrium's management structure is a one-tier Board of Directors. The Board of Directors bears sole responsibility for managing the Company and as a matter of Jersey law are required to comply with a statutory duty to act honestly, in good faith and in the best interests of the Company which, in the case of solvent companies, is interpreted as the shareholder body as a whole. There is, however, no specific obligation to take into account the interests of the employees and the public good.

C-rule 16: Atrium's management structure is a one-tier Board of Directors. The business of Atrium is managed by the members of the Board of Directors. 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.

C-rule 18: Atrium's internal auditor reports directly to 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.

C-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. With the exception of Mrs.

Lavine, 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 arrangements with Mrs. Lavine did not contain a provision according to which Atrium could reclaim bonuses paid, nor did it contain a maximum bonus (either as an amount or as a percentage of the fixed remuneration component).

C-rule 27a: With the exception of Mrs. Lavine, the compensation payable as ordinary remuneration to the Directors consists of a fixed cash component and such remuneration payable in the case of Mr. Katzman accrues from day to day, and for the remainder of the Directors on a meeting attendance basis. In the case of termination by Atrium (other than for cause), Mrs. Lavine as Group CEO would typically have been 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. 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 options awarded to members of the Group Executive Management under ESOP 2009 and 2013 are provided on pages 43. Whilst there is no specific predetermined level set as to the appropriate volume of shares each Group Executive Management team 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.

C-rule 30: Although no such criteria are being published, for the purposes of determining the annual bonus award of Mrs Lavine, and senior Group executives generally, the Board of Directors has implemented a target based performance criteria which is based on the Atrium Group's overall performance and takes into account the individual's performance in respect of a number of specified elements within his or her responsibility and role. Further, with the exception of Mrs. Lavine, 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.

L-rule 33: As Atrium's management structure is a one-tier Board of Directors, Directors are appointed by the AGM. The mandate of each Director then in office ends at the AGM 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.

C-rule 38: As regards the appointment of the Directors we refer to the explanation given in respect of L-rule 33 above.

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. As at 31 December 2014, two of the five members of the Compensation and Nominating Committee and one of the four members of the Special Standing Committee were 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 41: The Compensation and Nominating Committee fulfils the function of both a nominating and remuneration committee.

C-rule 43: In 2014, the Chairman of the Compensation and Nominating Committee was not the same person as the Chairman of the Board of Directors.

L-rule 52: Mrs. Rachel Lavine has been a member of the Board of Directors since August 2008 and was Group Chief Executive Officer for the period from August 2008 to 30 November 2014. Additionally, a number of women hold senior positions in the Group. Atrium does not, however, currently take any specific measures to promote women to the Board of Directors and to top Group 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. As at 31 December 2014, five of Atrium's ten Directors were 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 57: 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.

The board of Directors

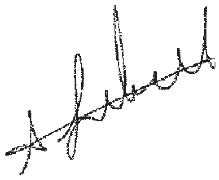
CHAIM KATZMAN
Chairman of the Board

RACHEL LAVINE
Executive Vice-Chairman and Director

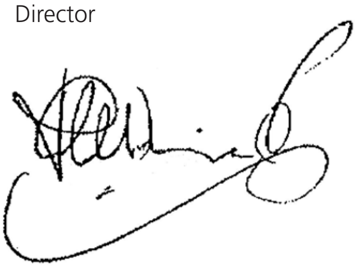
PETER LINNEMAN
Director

NOAM BEN-OZER
Director

SIMON RADFORD
Director



AHARON SOFFER
Director



THOMAS WERNINK
Director

ANDREW WIGNALL
Director

Atrium Promenada Centre in Warsaw, Poland

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" or "the Company") and its subsidiaries (together with Atrium, the "Group") for the year ended 31 December 2014.

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 2014 are shown in the consolidated income statement on page 52.

Dividend

For the year ended 31 December 2014, the Directors approved a dividend of at least €0.24 per share, payable in quarterly instalments of at least €0.06 per share at the end of each calendar quarter.

In November 2014, the Directors approved an increase in the annual dividend for 2015 to at least €0.27 per share, which will be paid in quarterly instalments at the end of each calendar quarter, commencing at the end of the first quarter of 2015 (subject to any legal and regulatory requirements and restrictions of commercial viability).

The total dividend declared and paid as a capital repayment in the year ended 31 December 2014 amounted to €90.1 million (2013: €78.6 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 35 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 2014, 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 the financial position of Atrium at any time 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

10 March 2015

Consolidated Statement of Financial Position

Name	Note	31 December 2014 €'000	31 December 2014 €'000	31 December 2013 €'000	31 December 2013 €'000
Assets					
Non-current assets					
Standing investments	2.4	2,520,439		2,356,164	
Developments and land	2.5	365,016		583,637	
Property, plant and equipment	2.6	3,013		3,402	
			2,888,468		**2,943,203**
Intangible assets and goodwill	2.7	7,038		14,737	
Deferred tax assets	2.8	1,086		9,067	
Long term loans	2.9	8,114		8,114	
Other assets	2.10	13,348		19,986	
			29,586		**51,904**
Current assets					
Receivables from tenants	2.11	11,882		13,773	
Prepayments	2.12	14,106		12,097	
Other receivables	2.13	7,323		14,584	
Income tax receivable		1,694		3,068	
Assets held for sale	2.14	72,478		-	
Cash and cash equivalents	2.15	425,246		305,577	
			532,729		**349,099**
Total assets			**3,450,783**		**3,344,206**
Equity and liabilities					
Equity					
Stated capital	2.16	2,673,166		2,760,335	
Share based payment reserve	2.16	4,360		4,346	
Hedge reserve	2.16	(9,986)		(9,522)	
Retained earnings		(447,247)		(389,542)	
Currency translation reserve		(98,645)		(97,588)	
Currency translation reserve for disposal group held for sale	2.14	(10,439)		-	
Non-controlling interest		(791)		(740)	
			2,110,418		**2,267,289**
Non-current liabilities					
Long term borrowings	2.17	1,034,524		798,044	
Derivatives	2.18	12,328		11,756	
Provisions		2,626		2,569	
Deferred tax liabilities	2.19	120,955		111,562	
Long term liabilities from finance leases	2.20	36,277		46,040	
Other long term liabilities	2.21	17,802		21,537	
			1,224,512		**991,508**
Current liabilities					
Trade and other payables	2.22	38,279		37,139	
Accrued expenditure	2.23	39,132		42,291	
Short term borrowings	2.17	33,550		5,511	
Income tax payable		1,946		468	
Liabilities held for sale	2.14	2,946		-	
			115,853		**85,409**
Total equity and liabilities			**3,450,783**		**3,344,206**

The financial statements were approved and authorised for issue by the Board of Directors on 10 March 2015 and were duly signed on the Board's behalf by Chaim Katzman, Chairman of the Board and Josip Kardun, Chief Executive Officer.

Consolidated Income Statement

		For the year ended 31 December			
		2014		2013	
	Note	€'000	€'000	€'000	€'000
Gross rental income	2.24	214,484		203,455	
Service charge income	2.25	74,475		77,031	
Net property expenses	2.26	(84,922)		(89,653)	
Net rental income			**204,037**		**190,833**
Net result on disposals		(3,711)		1,376	
Costs connected with developments		(5,065)		(5,146)	
Revaluation of investment properties, net	2.4,2.5	(168,077)		(21,286)	
Other depreciation, amortisation and impairments	2.27	(11,091)		(6,966)	
Administrative expenses	2.28	(24,953)		(25,286)	
Net operating (loss)/profit			**(8,860)**		**133,525**
Interest income	2.29	1,210		2,505	
Interest expense	2.29	(33,933)		(31,576)	
Other financial income/(expenses)	2.30	4,601		(13,854)	
(Loss)/profit before taxation			**(36,982)**		**90,600**
Taxation charge for the year	2.31	(20,774)		(14,722)	
(Loss)/profit after taxation for the year			**(57,756)**		**75,878**
Attributable to:					
Owners of the Company		(57,705)		75,936	
Non-controlling interest		(51)		(58)	
			(57,756)		**75,878**
Basic and diluted (loss)/earnings per share in €cents, attributable to shareholders	2.32		(15.4)		20.3

Consolidated Statement of Comprehensive Income/(Loss)

	For the year ended 31 December			
	2014		2013	
	€'000	€'000	€'000	€'000
(Loss)/profit for the year	(57,756)		75,878	
Items that may be subsequently reclassified to the income statement:				
Exchange differences arising on translation of foreign operations net of deferred tax	(11,496)		(12,083)	
Movements in hedging reserves net of deferred tax	(464)		4,919	
Total comprehensive (loss)/income for the year		**(69,716)**		**68,714**
Attributable to:				
Owners of the Company	(69,665)		68,772	
Non-controlling interest	(51)	**(69,716)**	(58)	**68,714**

Consolidated Cash Flow Statement

Name	Note	For the year ended 31 December 2014 €'000	2013 €'000
Cash flows from operating activities			
Profit (loss) before taxation		(36,982)	90,600
Adjustments for:			
Other depreciation, amortisation and impairments		11,091	6,966
Revaluation of investment properties, net		168,077	21,286
Foreign exchange loss/(gain)		(12,506)	5,810
Change in provisions and share based payments		1,556	1,114
Loss (profit) from disposal of investment properties and inventory		3,711	(1,376)
Finance lease interest expense and other financial expenses		5,126	7,787
Net loss from bond buy backs and early repayments of loans		2,004	-
Interest expense		33,933	31,576
Interest income		(1,210)	(2,505)
Operating cash flows before working capital changes		**174,800**	**161,258**
Decrease in trade and other receivables		6,193	1,646
Decrease in prepayments		826	463
Decrease in inventory		-	1,136
Decrease in trade, other payables and accrued expenditure, net		1,569	839
Cash generated from operations		**183,388**	**165,342**
Interest paid		(31,011)	(21,581)
Interest received		870	500
Corporation taxes paid		(1,372)	(3,663)
Net cash generated from operating activities		**151,875**	**140,598**
Cash flows from investing activities			
Payments related to investment properties and other assets		(266,293)	(226,988)
Proceeds from the disposal of investment properties		70,268	9,617
Net cash used in investing activities		**(196,025)**	**(217,371)**
Net cash flow before financing activities		**(44,150)**	**(76,773)**
Cash flows from financing activities			
Proceeds from issuance of share capital		1,545	908
Repayments of long term borrowings		(85,885)	(78,655)
Receipt of long term borrowings		347,147	345,776
Payments for finance leases		(5,072)	(7,560)
Purchase of non-controlling interest		-	(5,941)
Dividends paid		(90,055)	(78,624)
Net cash generated from financing activities		**167,680**	**175,904**
Net increase in cash and cash equivalents		**123,530**	**99,131**
Cash and cash equivalents at the beginning of year		**305,577**	**207,843**
Cash and cash equivalents classified as held for sale		(272)	-
Effect of exchange rate fluctuations on cash held		(3,589)	(1,397)
Cash and cash equivalents at the end of year	2.15	**425,246**	**305,577**

Consolidated Statement of Changes in Equity

	Note	Stated capital	Share based payment reserve	Hedging reserve	Retained earnings/ (deficit)	Currency translation reserve	Currency translation reserve for held for sale disposal group	Equity attributable to the owners of the Company	Non-controling interest	Total equity
		€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance as at 1 January 2014		**2,760,335**	**4,346**	**(9,522)**	**(389,542)**	**(97,588)**	**-**	**2,268,029**	**(740)**	**2,267,289**
(Loss)/profit for the year		-	-	-	(57,705)	-	-	(57,705)	(51)	(57,756)
Other comprehensive income/(expense)		-	-	(464)	-	(11,496)	-	(11,960)	-	(11,960)
Total comprehensive income		**-**	**-**	**(464)**	**(57,705)**	**(11,496)**	**-**	**(69,665)**	**(51)**	**(69,716)**
Transactions with owners of the Company										
Share based payment	2.16	-	1,008	-	-	-	-	1,008	-	1,008
Issuance of no par value shares	2.16	2,886	(994)	-	-	-	-	1,892	-	1,892
Dividends	2.16	(90,055)	-	-	-	-	-	(90,055)	-	(90,055)
Disposal group held for sale	2.14	-	-	-	-	10,439	(10,439)	-	-	-
Balance as at 31 December 2014		**2,673,166**	**4,360**	**(9,986)**	**(447,247)**	**(98,645)**	**(10,439)**	**2,111,209**	**(791)**	**2,110,418**

	Note	Stated capital	Share based payment reserve	Hedging reserve	Retained earnings/ (deficit)	Currency translation reserve	Currency translation reserve for held for sale disposal group	Equity attributable to the owners of the Company	Non-controling interest	Total equity
		€'000	€'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**
Profit for the year		-	-	-	75,936	-	-	75,936	(58)	75,878
Other comprehensive income / (expense)		-	-	4,919	-	(12,083)	-	(7,164)	-	(7,164)
Total comprehensive income		**-**	**-**	**4,919**	**75,936**	**(12,083)**	**-**	**68,772**	**(58)**	**68,714**
Transactions with owners of the Company										
Share based payment	2.16	-	690	-	-	-	-	690	-	690
Issuance of no par value shares	2.16	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**

Notes to the Financial Statements

2.1 Reporting entity

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

The consolidated financial statements of Atrium as at and for the year ended 31 December 2014 comprise Atrium and its subsidiaries (collectively, the "Group").

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 endorsed by the European Union ("EU").

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for the following 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 United States Dollar ("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 2014:

- IAS 32 *Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities* (Amendments, December 2011). The amendments stipulate the specific conditions which allow a net presentation of financial assets and liabilities. The amendments are applied retrospectively commencing from the financial statements for periods beginning on or after 1 January 2014. The amendments did not have an impact on the Group's financial statements.

- Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets.* The amendments to IAS 36 reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or intangible assets with indefinite useful lives have been allocated. Under the amendments, the recoverable amount only has to be disclosed when an impairment loss has been recognised or reversed. The amendments apply retrospectively for annual periods beginning on or after 1 January 2014. The amendment did not have an impact on the Group's financial position and performance and only affected disclosures.

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

- On 12 December 2013, the International Accounting Standards Board (IASB) issued two cycles of Annual Improvements to IFRSs – Cycles 2010-2012 and 2011-2013 - that contain eleven amendments to nine standards. The amendments are effective as of 1 July 2014 either prospectively or retrospectively.

The application of the amendments did not affect the Group's financial statements. The amendments that might be relevant to the Group are summarised below:

- Amendment to IFRS 2 *Share Based Payments* - This amendment clarifies the definition of 'vesting conditions' by defining 'performance condition' and 'service condition' separately.
- Amendment to IFRS 3 *Business Combinations* - The objective of this amendment is to clarify certain aspects of accounting for contingent consideration in a business combination.
- Amendment to IAS 40 *Investment Property* - The amendment clarifies the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property.
- Amendment to IFRS 13 *Fair Value Measurements* - An amendment to the Basis for Conclusions stipulates that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

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 July 2014, the International Accounting Standards Board (IASB) completed the final element of its comprehensive response to the financial crisis with the publication of IFRS 9 *Financial Instruments*. The package of improvements introduced by IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The IASB has previously published versions of IFRS 9 that introduced new classification and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). The July 2014 publication represents the final version of the Standard, replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 but may be applied earlier subject to EU endorsement. The Group is currently assessing the impact of the new standard.

- On 25 September 2014, the International Accounting Standards Board (IASB) issued Annual Improvements to IFRSs 2012-2014 Cycle. The improvements contain five amendments to four standards. The effective date of the amendments is 1 January 2016 and can be applied either prospectively or retrospectively. The EU has not yet endorsed these annual improvements. The Group believes that the application of the improvements will not have a material impact on its financial statements.

- IFRS 15 *Revenue from Contracts with Customers* (issued in May 2014, not yet endorsed by the EU).
In May 2014, the IASB and the FASB issued their joint revenue-recognition standard, IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 sets out the requirements for recognising revenue and providing disclosures that apply to all contracts with customers, except for contracts that are within the scope of the standards of leases, insurance contracts and financial instruments. The standard replaces IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations. IFRS 15 is effective from 1 January 2017. The Group is currently assessing the impact of the new standard.

- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* (issued on 12 May 2014, not yet endorsed by the EU). IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can, however, be rebutted in certain limited circumstances.
The amendments are effective from 1 January 2016 and should be applied prospectively. The amendments are not expected to have an impact on the Group's financial statements.

- Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations* (issued on 6 May 2014, not yet endorsed by the EU). The amendments published add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The amendments are effective from 1 January 2016 and are to be applied prospectively. The amendments are not expected to have a significant impact on the Group's financial statements.

- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (issued on 11 September 2014, not yet endorsed by the EU). The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be effective prospectively to transactions occurring for annual periods commencing on or after 1 January 2016. The Group is currently assessing the impact of the amendments on future periods.

- Amendments to IAS 1: *Disclosure Initiative* (issued on 18 December 2014, not yet endorsed by the EU). These amendments to IAS 1 *Presentation of Financial Statements* address some of the concerns expressed about existing presentation and disclosure requirements and ensure that entities are able to use judgement when applying IAS 1. The final amendment *Disclosure Initiative (Amendments to IAS 1)* is effective for annual periods beginning on or after 1 January 2016 with earlier application permitted. The Group is currently assessing the impact of the amendment on future periods.

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 2.34.

- **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 2.8.

- **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 the 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.

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. 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 consisted of Atrium and the following entities as at 31 December 2014:

Company name	Country	Ownership
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 OMEGA CZECH REPUBLIC S.R.O.[1]	Czech Republic	100%
ATRIUM EPSILON CZECH REPUBLIC S.R.O.[1]	Czech Republic	100%
BOHEMIA-SEN S.R.O.[2]	Czech Republic	100%
ATRIUM ALFA CZECH REPUBLIC S.R.O.[3]	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.[3]	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%
VEVEŘÍ CENTRE S.R.O.	Czech Republic	100%
FORAS HOLDING A/S	Denmark	100%
POLONIACO APS	Denmark	100%
EUROPE & CO 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%

Company name	Country	Ownership
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%
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%
A1 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A4 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A5 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A6 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A7 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A8 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A9 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A16 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A17 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A18 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A19 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
A20 ATRIUM POLAND 1 SP. Z O.O. S.K.A.[4]	Poland	100%
ATRIUM POLAND 1 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŠCIĄ AGROMEX DEVELOPMENT SPÓŁKA KOMANDYTOWA[5]	Poland	100%
ATRIUM BIAŁA SP. Z O.O.[9]	Poland	100%
ATRIUM POLAND 1 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŠCIĄ COPERNICUS SPÓŁKA KOMANDYTOWA[5]	Poland	100%
ATRIUM COPERNICUS 2 SP. Z O.O.[9]	Poland	100%
ATRIUM POLAND 1 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŠCIĄ DOMINIKANSKA SPÓŁKA KOMANDYTOWA[5]	Poland	100%
ATRIUM FELICITY SP. Z O.O.	Poland	100%

Company name	Country	Ownership
ATRIUM GALERIA LUBLIN SP. Z O.O.[6]	Poland	100%
ATRIUM GDAŃSK 1 SP. Z O.O.[6]	Poland	100%
ATRIUM GDAŃSK 2 SP. Z O.O.[6]	Poland	100%
ATRIUM GDAŃSK 3 SP. Z O.O.	Poland	100%
ATRIUM JASTRZĘBIE SP. Z O.O. [6]	Poland	100%
ATRIUM POLAND 1 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOSCIĄ KALISZ 2 SPÓŁKA KOMANDYTOWA[5]	Poland	100%
ATRIUM POLAND 1 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOSCIĄ KALISZ SPÓŁKA KOMANDYTOWA[5]	Poland	100%
ATRIUM KOSZALIN SP. Z O.O.	Poland	100%
ATRIUM MOLO SP. Z O.O.[6]	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 2 SP. Z O.O.[6]	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%
ATRIUM BYDGOSZCZ SP. Z O.O.[2]	Poland	100%
GALERIA NA WYSPIE 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 POLAND II 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 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOSCIĄ S.K.A. (IN LIQUIDATION)	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 (IN LIQUIDATION)	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[7]	Russia	100%
OOO RETAIL TOGLIATTI	Russia	100%
OOO ZVEZDNYI GOROD	Russia	100%

Company name	Country	Ownership
OOO MEGAPOLIS	Russia	100%
OOO NAUTILUS	Russia	100%
ZAO PATERA	Russia	100%
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%
MANHATTAN GAYRIMENKUL YÖNETIMI LIMITED SIRKETI	Turkey	100%
MEL 1 GAYRIMENKUL GELISTIRME 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%
ENGINEERICS UKRAINE LLC	Ukraine	100%
PRIVATE JSC IPODROM[8]	Ukraine	100%
VORONTSOVSKI VEZHI LLC	Ukraine	70%

[1] *Companies newly incorporated during 2014*

[2] *Newly purchased entities during 2014, see also note 2.4*

[3] *The companies were sold in January 2015, see also note 2.40*

[4] *Companies renamed during 2014 following a change of the general partner*

[5] *Atrium Kalisz Sp.z o.o., Atrium Kalisz 2 Sp.z o.o., Agromex Development Sp.z o.o., Atrium Dominikanska Sp.z o.o. and Atrium Copernicus Sp. z o.o. were converted into limited partnerships (sp.k) during 2014*

[6] *Companies renamed during 2014*

[7] *Companies merged during 2014*

- *LLC Sodruzhestvo was merged into LLC MD Togliatti in May 2014*
- *LLC Dialog was merged into LLC MD Togliatti in September 2014*

[8] *Ipodrom OJSC changed its legal form from OJSC to PJSC*

[9] *Subsequent to the balance sheet date during 2015, Atrium Biała Sp. z o.o. and Atrium Copernicus 2 Sp. z o.o. were converted into limited partnerships (sp.k).*

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 functional currencies 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 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, are measured at fair value. The fair values of all standing investments were determined on the basis of valuations received from Cushman & Wakefield and JLL. 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 2.34.

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, net". 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 completed or abandoned. 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 2014 was determined on the basis of valuations received during 2014 from Cushman & Wakefield, an external, independent, international valuation company and real estate consultant. Approximately 26% (2013: 32%) was valued internally. For further details see note 2.5 and 2.34.

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, net". 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.

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 entities to which the goodwill was originally allocated. 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. 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 2.18.

- Other financial liabilities in the Group include borrowings, financial leases, other long term liabilities, trade and other payables, payables related to 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 2.34, 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 2013: €8.1 million) were impaired to reflect the estimated recoverable amounts.

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 forecasted transaction is no longer expected to occur, then the balance in equity is reclassified to the consolidated income statement.

Impairment

At each reporting date, 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 (or events) has (have) 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 are presented as a reduction in the stated capital of Atrium.

Share based payments
Atrium operates Employee Share Option Plans ("ESOP") under which key employees selected by the Board receive additional remuneration of 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 Atrium 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 prevailing or substantively prevailing 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 prevailing or substantively prevailing 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.

Earnings per share

The basic earnings per share is calculated by dividing the earnings attributed to the owners of the Company 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 owners of the Company 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, 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 for the Group; and
- 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, and Turkey. In addition, the Group has its holding, management or other companies in Cyprus, Denmark, Luxembourg, the Netherlands, Spain, Sweden, Ukraine and Jersey.

2.4 Standing investments

The current portfolio of standing investments consists of 153[1] properties (2013:153); which comprise 24 properties in Poland (2013: 22), 94 properties in the Czech Republic (2013: 95), 3 properties in Slovakia (2013: 3), 7 properties in Russia (2013: 7), 23 properties in Hungary (2013: 24), 1 property in Romania (2013: 1) and 1 property in Latvia (2013: 1).

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

Standing investments	2014 €'000	2013 €'000
Balance as at 1 January	2,356,164	2,185,336
Additions - new properties	199,030	146,012
Additions - technical improvements, extensions	23,179	30,811
Movements - financial leases	281	4,755
Transfers from developments and land	113,938	877
Transfer to assets held for sale	(71,020)	-
Currency translation difference	(2,066)	(18,660)
Revaluation of standing investments	(94,065)	14,712
Disposals	(5,002)	(7,679)
Balance as at 31 December	**2,520,439**	**2,356,164**

The primary driver behind the €94.1 million devaluation as at 31 December 2014 across our portfolio was the current economic situation and uncertainty in Russia which was reflected in a €77.2 million devaluation of our Russian portfolio, with lower current rent, lower ERVs and an increase in yields.

Significant events and transactions:

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

In November 2014, the Group completed the acquisitions of Focus Mall in Bydgoszcz, Poland, and AFI Palác Pardubice in Pardubice, the Czech Republic for agreed asset values of €122 million and €83.1 million respectively. The transactions were accounted for as asset acquisitions and, in accordance with IFRS requirements in respect of deferred taxes at initial recognition, taking into account transaction costs, the purchase prices were revised for accounting purposes to €118.3 million and €80.7 million respectively.

During 2014, the Group returned two assets in the Czech Republic to their lessor (by electing not to exercise a purchase right on expiry of the finance lease) and sold a warehouse in Hungary. The net loss resulting from these transactions amounted to €1.1 million.

[1] *Including 72 assets in the Czech Republic classified as assets held for sale as at 31 December 2014*

In August 2013, the Group completed the acquisition of Galeria Dominikanska shopping centre in Wroclaw, Poland, for an agreed asset value of €151.7 million which was revised for accounting purposes to €146.0 million.

In October 2013, the Group completed the acquisition of an additional 1,966 sqm of gross lettable area in Park House Togliatti, Russia, for a consideration of €3.6 million. Pursuant to the acquisition, Atrium increased its ownership of the building by 4.8% to 78%.
In the Czech Republic in 2013, the Group completed the sale of two assets and returned one asset (by electing not to exercise a purchase right on 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.

The total value of land leases was €37.2 million as at 31 December 2014 (2013: €35.8 million).

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

	EPRA Net initial yield (NIY)	
Standing investments	**2014**	**2013**
Poland	6.7%	6.7%
Czech Republic	7.5%	7.6%
Slovakia	7.6%	7.4%
Russia	12.5%	12.3%
Hungary	9.3%	9.1%
Romania	8.2%	8.9%
Latvia	6.8%	5.5%
Average	**7.8%**	**8.1%**

For information about the fair value of standing investments, see note 2.34.

Fair value of collateral

As at 31 December 2014, the Group had pledged a total of 15 standing investments (2013: 18) with a fair value of €1,015 million (2013: €1,208.3 million).

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

2014	Book value €'000	No. of assets charged as collateral	Fair value of collateral €'000
Collateralised Bond issued in 2005	114,239	12	435,991
Collateralised bank loans	260,144	3	579,282
Total	**374,383**	**15**	**1,015,273**

2013	Book value €'000	No. of assets charged as collateral	Fair value of collateral €'000
Collateralised Bond issued in 2005	152,873	12	439,474
Collateralised bank loans	304,489	6	768,799
Total	**457,362**	**18**	**1,208,273**

2.5 Developments and land

The current portfolio of developments and land of the Group consists of 28 projects (31 December 2013: 36).

Developments and land	2014 €'000	2013 €'000
Balance as at 1 January	583,637	538,395
Additions - cost of land and construction	40,742	54,737
Additions - new properties	-	28,862
Movements - financial leases	(3,296)	2,910
Transfer to standing investments	(113,938)	(877)
Transfer to prepayments	(3,068)	-
Disposals	(65,873)	(4,817)
Interest capitalised	849	799
Currency translation difference	(25)	(374)
Revaluation of developments and land	(74,012)	(35,998)
Balance as at 31 December	**365,016**	**583,637**

The main devaluations in 2014 were in Turkey and Russia. In Turkey, these stemmed from both the domestic and external economic developments which had an adverse impact on risk perceptions in the country during the year, while in Russia, the main cause is the current economic situation and uncertainty in the country.

Significant events and transactions:

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

As at 31 December 2014, the Group had two active development projects - the redevelopment of our Atrium Copernicus centre in Torun, Poland, and stage one of the redevelopment of our Atrium Promenada centre in Warsaw, Poland.

In July 2013, the Group signed agreements with the general contractor for the second phase of the redevelopment of our Atrium Copernicus centre in Torun, Poland. Together with the first phase multi-level car park expansion, the total extension will add an additional 17,300 sqm of GLA and a further 640 parking spaces to the centre on completion. The total net incremental costs to complete the project are approximately €14 million. The opening of the extension is expected in March 2015.

In September 2014, the Group commenced works on stage one of the redevelopment project of our Atrium Promenada centre in Warsaw, Poland. Stage one consists of two extensions, totalling 7,100 sqm of additional GLA, partial renovation of the existing centre, and the purchase of an adjacent land plot, to be used for the further extension of the centre. The total net incremental costs to complete stage one of the redevelopment project are approximately €38 million.

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

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

In July 2014, the Group completed the sale of another wholly owned subsidiary which owned a land plot in Tbilisi, Georgia, for a consideration of €6.3 million with a net loss of €0.2 million, and in October 2014, the Group sold a wholly owned subsidiary which owned a land plot in Adana, Turkey, for a consideration of €6.0 million. The net loss resulting from the latter transaction was €0.2 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 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. Following the share acquisitions and the assumption of control, the land including its associated finance lease was presented at its fair value.

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

For information about the fair value of developments and land, see note 2.34.

The average capitalisation rate used for capitalisation of borrowing costs was 3.8% for the year 2014 (2013: 4.0%).

As at 31 December 2014, the Group had four developments with a fair value of €4.0 million. One development was subject to a pledge in favour of a commercial bank, the balance were pledged in favour of bondholders (2013: one development with a fair value of €1.5 million).

The total value of land leases was €9.9 million as at 31 December 2014 (2013: €17.1 million).

2.6 Property, plant and equipment

Property, plant and equipment	2014 €'000	2013 €'000
Cars and motor vehicles	28	88
Office equipment	1,011	1,118
Other property, plant and equipment	1,974	2,196
Total	**3,013**	**3,402**

2.7 Intangible assets and goodwill

Intangible assets and goodwill	2014 €'000	2013 €'000
Intangible assets	7,038	7,120
Goodwill	-	7,617
Total	**7,038**	**14,737**

Intangible assets relate mainly to software.

	Intangible assets €'000	Goodwill €'000
Cost		
Balance at 1 January 2013	**6,973**	**42,561**
Additions	2,758	-
Disposals	(87)	-
Foreign exchange differences	(21)	-
Balance at 31 December 2013	**9,623**	**42,561**
Additions	1,705	-
Disposals	-	-
Foreign exchange differences	(3)	-
Balance at 31 December 2014	**11,325**	**42,561**
Accumulated depreciation and impairment		
Balance at 1 January 2013	**(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)**
Amortisation	(1,792)	-
Impairment loss	-	(7,617)
Disposals	-	-
Foreign exchange differences	8	-
Balance at 31 December 2014	**(4,287)**	**(42,561)**
Carrying amount	**7,038**	**-**

Goodwill arose in respect of the following cash generating units:

	Number of Cash generating units	2014 €'000	2013 €'000
Poland	5	-	3,263
Russia	2	-	2,323
Slovakia	2	-	2,031
Total	**9**	**-**	**7,617**

The Goodwill as at 31 December 2014 was impaired to reflect its recoverable amount.

2.8 Deferred tax assets

Deferred tax assets 2014	Balance as at 1 January 2014 €'000	Deferred tax credit/ (charge) to the income statement €'000	Deferred tax recognised in other comprehensive income €'000	Balance as at 31 December 2014 €'000
Deferred tax assets arise from the following temporary differences:				
Investment properties	(2,701)	1,954	-	(747)
Other assets	(184)	455	-	271
Liabilities and provisions	6,634	(2,544)	(3,613)*	477
Tax losses carried forward	4,323	(3,238)	-	1,085
Other	995	(995)	-	-
Total deferred tax assets	**9,067**	**(4,368)**	**(3,613)**	**1,086**

* *The net deferred tax position of the related entity changed from an asset to a liability as at the end of 2014 resulting in a classification of €3.6 million to the deferred tax liabilities, see also note 2.19.*

Deferred tax assets 2013	Balance as at 1 January 2013 €'000	Deferred tax credit/ (charge) to the income statement €'000	Deferred tax recognised in other comprehensive income €'000	Balance as at 31 December 2013 €'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.*

2.9 Loans

Loans	2014 €'000	2013 €'000
Loans to third parties	17,031	16,751
Impairment of loans to third parties	(8,885)	(8,594)
Total	**8,146**	**8,157**
Amount due within 12 months (included within current assets)	32	43
Amount due after more than 12 months	8,114	8,114

An unsecured loan to a third party which had a book value of €8.0 million (2013: €8.0 million) as at 31 December 2014, and a variable interest of 3 month EURIBOR plus 150 basis points per annum continued to be impaired to reflect the recoverable amount.

The loans are stated at their recoverable amount, which is not significantly different from their fair value.

2.10 Other assets

Other assets	2014 €'000	2013 €'000
VAT receivables	13,284	19,907
Other	64	79
Total	**13,348**	**19,986**

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

2.11 Receivables from tenants

Receivables from tenants 2014 Receivables aging:	Gross €'000	Allowances for impaired balances €'000	Net €'000
Due within term	7,317	(643)	6,674
Overdue 0-30 days	4,438	(586)	3,852
Overdue 31-90 days	2,089	(1,146)	943
Overdue 91-180 days	1,384	(1,124)	260
Overdue 181-360 days	2,147	(2,051)	96
Overdue 361 days and more	8,433	(8,376)	57
Total	**25,808**	**(13,926)**	**11,882**

Receivables from tenants 2013 Receivables aging:	Gross €'000	Allowances for impaired balances €'000	Net €'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**

The description of collateral held as security in relation to tenants is provided in note 2.37 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	2014 €'000	2013 €'000
At 1 January	**(12,502)**	**(10,559)**
Release	2,226	1,528
Addition	(2,198)	(3,471)
Addition from a company purchased during the year*	(1,900)	-
Classified as held for sale**	448	-
At 31 December	**(13,926)**	**(12,502)**

** For additional information see note 2.4*

*** For additional information see note 2.14*

2.12 Prepayments

Prepayments	2014 €'000	2013 €'000
Prepaid utilities	627	1,150
Prepayments for land	17,508	14,317
Other	2,023	2,682
Gross total	**20,158**	**18,149**
Impairment of prepayments for land	(6,052)	(6,052)
Total	**14,106**	**12,097**

2.13 Other receivables

Other receivables	2014 €'000	2013 €'000
Receivables for sale of standing investment and inventory	-	3,181
Other financial receivables	4,819	5,115
Total financial receivables	**4,819**	**8,296**
Other taxes and fees receivable	115	130
VAT receivable	2,389	6,158
Total other non-financial receivables	**2,504**	**6,288**
Total	**7,323**	**14,584**

2.14 Assets and liabilities held for sale

In December 2014, the Group signed an agreement with a third party to sell a portfolio of 72 small retail assets spread throughout the Czech Republic for a consideration of CZK1,916 million (approximately €69 million). The consideration comprised a cash payment of CZK1,661 million (approximately €60 million) with the balance satisfied through a secured vendor loan to the purchaser. The transaction was completed in January 2015.

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

	2014 €'000
Non-current assets	
Standing investments	71,020
Current assets	**1,458**
Assets held for sale	**72,478**
Non-current liabilities	
Long term liabilities from financial leases	1,308
Other non-current liabilities	473
Current liabilities	**1,165**
Liabilities directly associated with disposal group	**2,946**
Net assets directly associated with disposal group	**69,532**
Amounts included in accumulated OCI:	
Foreign currency translation reserve	(10,439)
Reserve of disposal group classified as held for sale	**(10,439)**

2.15 Cash and cash equivalents

As at 31 December 2014, the Group held cash and cash equivalents to a total amount of €425.2 million (2013: €305.6 million). The Group held cash of €5.4 million (2013: €6.3 million) as backing for guarantees and/or other restricted cash held by various banks on the Group's behalf.

2.16 Stated capital, Share based payments reserve and Hedging reserve

Stated capital

As at 31 December 2014, Atrium's authorised and issued ordinary shares were unlimited with no par value.

As at 31 December 2014, the total number of ordinary shares issued was 375,508,176 (2013: 374,899,934 shares), of which 375,497,100 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 individual shareholders and one ordinary share in the name of Aztec Financial Services (Jersey) Limited.

Changes in the stated capital account during the year 2014 were as follows:

- Issue of shares to satisfy the exercise of options of €2.1 million (2013: €2.1 million);
- Issue of shares in lieu of a director's and as part of CEO's remuneration €0.8 million (2013: €0.2 million);
- Dividend payments of €90.1 million (2013: €78.6 million).

For the year 2014, the Directors approved a dividend of at least €0.24 per share, payable in quarterly instalments of at least €0.06 per share at the end of each calendar quarter. In November 2014, the Board of Directors approved an increase in the annual dividend for 2015 to at least €0.27 per share, which will be paid as capital repayments in quarterly instalments at the end of each calendar quarter, commencing at the end of the first quarter of 2015 (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 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 additional ordinary shares, up to the value of their annual directors' fees. Directors will be given the opportunity to opt 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.

Share based payments reserve

Details of the Company's Employee Share Option Plans

- In 2009, Atrium established and its shareholders approved an Employee Share Option Plan ("ESOP 2009"), under which the Board of Directors could grant share options to key employees. The total number of options which the Board can grant under the ESOP 2009 was 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 is 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 are 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. As from 23 May 2013, no further grants may be approved under the ESOP 2009.

- 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 shall 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 options granted under ESOP 2009:

	2014		2013	
	Number of share options	Weighted average exercise price €	Number of share options	Weighted average exercise price €
As at 1 January	3,139,294	3.65	5,130,959	2.98
Granted	-	-	210,000	4.32
Exercised*	(461,667)	3.35	(1,941,667)	1.58
Forfeited	(143,334)	3.56	(259,998)	3.31
As at 31 December	**2,534,293**	**3.45**	**3,139,294**	**3.65**

** The weighted average share price of options exercised in 2014 was €4.25 as at the date of exercising the options (2013: €4.55)*

The following table shows the movement in options granted under ESOP 2013:

	2014		2013	
	Number of share options	Weighted average exercise price €	Number of share options	Weighted average exercise price €
As at 1 January	3,629,838	4.36	-	-
Granted	-	-	3,629,838	4.36
Forfeited	(1,200,003)	4.38	-	-
As at 31 December	**2,429,835**	**4.35**	**3,629,838**	**4.36**

The following table shows the vesting years and weighted average exercise prices of the outstanding options under ESOP 2009 as at 31 December 2014:

Vesting year	Number of share options	Weighted average exercise price of share options €
2011	158,508	3.14
2012	831,833	3.58
2013	1,041,834	3.47
2014	244,999	3.20
2015	217,119	3.25
2016	40,000	3.99
Total	**2,534,293**	**3.45**

The following table shows the vesting years and weighted average exercise prices of the outstanding options under ESOP 2013 as at 31 December 2014:

Vesting year	Number of share options	Weighted average exercise price of share options €
2014	874,129	4.36
2015	607,457	4.35
2016	474,126	4.35
2017	474,123	4.35
Total	**2,429,835**	**4.35**

Details of share issues pursuant to contractual arrangements:

- In February 2014, Josip Kardun was allotted shares in the amount in value equivalent to €400,000; these shares will be issued without restrictions, in four equal annual instalments over a four-year period. Josip will receive the shares on the first, second, third and fourth anniversaries of 14 February 2014, provided he is still employed by the Group at each date of issue. The share price at grant was €4.31.

- In accordance with the addendum to the employment agreement of Rachel Lavine signed July 2014, with effect from 30 November 2014, Rachel will receive an annual grant of €120,000 worth of unrestricted shares to be made in four equal quarterly instalments worth €30,000 each on 28 February, 31 May, 31 August and 30 November of each year, starting from 28 February 2015, provided that Rachel is still employed by the Group at each date of issue. The share price at grant date was €4.18.

Hedging reserve

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 2.18.

2.17 Borrowings

Borrowings	2014 €'000	2013 €'000
Bonds	807,930	499,066
Bank loans	260,144	304,489
Total	**1,068,074**	**803,555**

The borrowings are repayable as follows:

Borrowings total	2014 €'000	2013 €'000
Due within one year	33,550	5,511
Due in second year	100,046	75,544
Due within third to fifth year inclusive	136,944	270,290
Due after five years	797,534	452,210
Total	**1,068,074**	**803,555**

Bonds

On 16 October 2014, Atrium issued a €350 million unsecured eight year Eurobond, carrying a 3.625% coupon. The bond is rated BBB- by both S&P and Fitch, in line with Atrium's own corporate rating. It will mature in October 2022 and had an issue price of 99.788%.

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

In 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%.

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

The bonds issued in 2013 and 2014 are subject to the following financial covenants: the solvency ratio shall not exceed 60%, the secured solvency ratio shall not exceed 40%; and the consolidated coverage ratio shall not be less than 1.5. The bonds issued in 2013 are also subject to a fourth covenant: the ratio of unsecured consolidated assets to unsecured consolidated debt shall not be less than 150%, all of which were met throughout the year.

2014

Bond/Issue year	**Currency**	**Interest rate**	**Average maturity**	**Maturity**	**Book value €'000**	**Fair value €'000**
Atrium European Real Estate Limited 2005	EUR	4.4%	0.6	2015	5,368	5,475
Atrium European Real Estate Limited 2005	EUR	4.0%*	2.6	2017	83,653	88,464
Atrium European Real Estate Limited 2005	CZK	6M pribor+120bp	0.6	2015	25,218	25,114
Atrium European Real Estate Limited 2013	EUR	4.0%	5.4	2020	346,689	368,779
Atrium European Real Estate Limited 2014	EUR	3.625%	7.9	2022	347,002	356,463
Total/Average		**4.4%**	**6.0**		**807,930**	**844,295**

** 10Y swap rate, floor 4%*

2013

Bond/Issue year	**Currency**	**Interest rate**	**Average maturity**	**Maturity**	**Book value €'000**	**Fair value €'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	6M pribor+120bp	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**

** 10Y swap rate, floor 4%*

Collateral	**Fair value of pledged investment properties 31 December 2014 €'000**	**Fair value of pledged investment properties 31 December 2013 €'000**
Bond 2005	**438,786**	**440,993**

Loans

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

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

The loans are subject to various financial covenants including Loan to Value ("LTV") and Debt Service Coverage Ratio ("DSCR"), all of which were met throughout the year.

2014

Lender	Currency	Interest rate	Average maturity	Maturity	Book value	Fair value
					€'000	€'000
Berlin-Hannoversche Hypothekenbank AG	EUR	4.7%*	1.4	2016	100,331	100,075
Berlin-Hannoversche Hypothekenbank AG	EUR	3.1%	3.0	2017	48,317	50,190
Berlin-Hannoversche Hypothekenbank AG	EUR	4.1%*	6.8	2021	111,496	111,126
Total/Average		**4.1%**	**4.0**		**260,144**	**261,391**

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**

** Hedged interest rates*

Collateral	Fair value of pledged investment properties 31 December 2014 €'000	Fair value of pledged investment properties 31 December 2013 €'000
Berlin-Hannoversche Hypothekenbank AG	580,181	574,072
Ceska sporitelna a.s. (mortgaged under finance lease)	270	277
Rel Ibis Sp. z o.o.	-	56,720
UniCredit Bank Slovakia, a.s.	-	137,730
Total	**580,451**	**768,799**

Revolving credit facility

In October 2014, Atrium obtained two revolving credit facilities, for a period of five years each, amounting to a total of €50 million. The utilised credit facility shall bear a Euribor rate (for deposits with same duration as each drawdown) plus a 1.5% margin. The credit facilities are subject to the same financial covenants as the bonds issued in 2014. As at 31 December 2014, the Company had not yet utilised these revolving credit facilities.

For information about the fair value of loans and bonds, see note 2.34.

2.18 Derivatives

The Group entered into two interest rate swap contracts ("IRSs") during 2011. These swaps exchange floating interest rates for 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.

The IRSs were in a liability position as at 31 December 2014, and had a fair value of approximately €12.3 million (2013: €11.8 million).

The interest rate swaps have quarterly coupons. The floating rate on the IRSs is the 3 month Euribor and the fixed rates are 2.17% and 2.89%.

The payments and receipts for the IRSs occur simultaneously with the interest payments on the loans. The Group settles the difference between the fixed and floating interest amounts for the IRSs on a net basis with the respective counter party. The two swaps mature in 2016 and 2018.

For information about the fair value of the derivatives, see note 2.34.

2.19 Deferred tax liabilities

Deferred tax liabilities 2014	Balance as at 1 January 2014 €'000	Deferred tax credit/(charge) to the income statement €'000	Deferred tax recognised in other comprehensive income €'000	Balance as at 31 December 2014 €'000
Deferred tax liabilities arise from the following temporary differences:				
Investment properties	(155,221)	(18,723)	-	(173,944)
Other assets	743	1,249	-	1,992
Liabilities and provisions	7,527	7,953	3,722*	19,202
Tax losses carried forward	33,661	(1,882)	-	31,779
Other	1,728	(1,712)	-	16
Total deferred tax liabilities	**(111,562)**	**(13,115)**	**3,722**	**(120,955)**

**An amount €3.6 million was classified from deferred tax assets (for more details see note 2.8 above) and €0.1 million relates to the deferred tax charge on hedging instruments.*

Deferred tax liabilities 2013	Balance as at 1 January 2013 €'000	Deferred tax credit/(charge) to the income statement €'000	Deferred tax recognised in other comprehensive income €'000	Balance as at 31 December 2013 €'000
Deferred tax liabilities arise from the following temporary differences:				
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.

2.20 Liabilities from financial leases

The liabilities from financial leases as at 31 December 2014 consisted 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	31 December 2014 Net present value €'000	31 December 2014 Undiscounted lease payments €'000	31 December 2013 Net present value €'000	31 December 2013 Undiscounted lease payments €'000
Due within one year	4,006	4,332	7,802	8,237
Due within two to five years	11,720	15,980	17,256	24,494
Due after five years	24,557	198,438	28,784	268,573
Total	**40,283**	**218,750**	**53,842**	**301,304**
Amount due within 12 months	4,006	4,332	7,802	8,237
Amount due after more than 12 months	36,277	214,418	46,040	293,067

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 €14.0 million (2013: €14.5 million) and Kazan Park House, in Russia, with a NPV of €5.1 million (2013: €11.5 million).

2.21 Other long term liabilities

Other long term liabilities of €17.8 million (2013: €21.5 million) principally comprise long term deposits from tenants amounting to €17.7 million (2013: €21.4 million), and long term retentions from construction companies.

2.22 Trade and other payables

Trade and other payables	2014 €'000	2013 €'000
Payables for utilities	1,535	1,885
Payables for repairs and maintenance	621	1,098
Payables connected with development/ construction	3,472	3,696
Short term liabilities from leasing	4,006	7,802
Short term deposits from tenants	7,411	2,539
Payables for other services	690	1,037
Other	4,658	2,473
Total other financial payables	**22,393**	**20,530**
VAT payables	3,657	3,133
Other taxes and fees payables	1,679	2,273
Deferred revenue	7,216	5,922
Other advance payments from tenants	3,334	5,281
Total other non-financial payables	**15,886**	**16,609**
Total	**38,279**	**37,139**

2.23 Accrued expenditure

Accrued expenditure	2014 €'000	2013 €'000
Accruals for utilities	1,581	1,870
Accruals for consultancy and audit services	2,230	2,423
Accruals for construction services	4,039	12,542
Accruals for interest	14,160	12,166
Accruals for employee compensation	4,224	3,780
Accruals for taxes	4,211	4,200
Accruals for maintenance	1,225	460
Other	7,462	4,850
Total	**39,132**	**42,291**

2.24 Gross rental income

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

GRI by country is as follows:

Country	Year ended 31 December 2014 €'000	% of total GRI	Year ended 31 December 2013 €'000	% of total GRI
Poland	91,084	42.5%	78,858	38.8%
Czech Republic	35,435	16.5%	37,641	18.5%
Slovakia	11,175	5.2%	11,258	5.5%
Russia	61,395	28.6%	59,297	29.1%
Hungary	7,515	3.5%	7,752	3.8%
Romania	6,341	3.0%	7,248	3.6%
Latvia	1,539	0.7%	1,401	0.7%
Total	**214,484**	**100%**	**203,455**	**100%**

2.25 Service charge income

Service charge income of €74.5 million (2013: €77.0 million) represents income from services re-invoiced to tenants and results mainly from re-invoiced utilities, marketing, repairs and maintenance and is recorded on a gross basis. Expenses to be re-invoiced to tenants are presented under net property expenses together with other operating costs that are not re-invoiced to tenants.

2.26 Net property expenses

Net property expenses	Year ended 31 December 2014 €'000	2013 €'000
Utilities	(28,963)	(30,313)
Security, cleaning and other facility related costs	(10,835)	(11,350)
Real estate tax	(13,007)	(12,775)
Repairs, maintenance and facility management fees	(10,347)	(10,545)
Direct employment costs	(9,946)	(12,072)
Marketing and other consulting	(6,950)	(6,936)
Office related expenses	(523)	(639)
Travel and transport costs	(462)	(681)
Creation of allowances and written off receivables from tenants	(2,198)	(3,471)
Other	(1,691)	(871)
Total	**(84,922)**	**(89,653)**

2.27 Other depreciation, amortisation and impairments

Other depreciation, amortisation and impairments	Year ended 31 December 2014 €'000	2013 €'000
Impairments	(8,413)	(4,891)
Other depreciation and amortisation	(2,678)	(2,075)
Total	**(11,091)**	**(6,966)**

2.28 Administrative expenses

Administrative expenses	Year ended 31 December 2014 €'000	2013 €'000
Legal fees	(1,808)	(2,665)
Legacy legal matters	(3,399)	(3,274)
Employee costs	(11,251)	(8,884)
Consultancy and other advisory fees	(3,074)	(3,863)
Audit, audit related and review fees	(1,241)	(1,241)
Expenses related to directors	(510)	(631)
Share based payments	(1,058)	(638)
Other	(2,612)	(4,090)
Total	**(24,953)**	**(25,286)**

The Group does not have any significant defined benefit pension plans.

2.29 Interest income and interest expenses

Interest income of €1.2 million (2013: €2.5 million) was derived mainly from bank deposits and interest on the loans provided to third parties which were subsequently impaired.

The Group's interest expense of €33.9 million (2013: €31.6 million) consisted of finance expense on bank loans €12.3 million (2013: €14.4 million) and on bonds €22.4 million (2013: €18.0 million). Finance expenses in the amount of €0.8 million (2013: €0.8 million) were capitalised to the development projects, see note 2.5.

2.30 Other financial income and expenses

Other financial income and expenses	Year ended 31 December 2014 €'000	2013 €'000
Foreign currency differences	12,506	(5,810)
Net loss from bond buy backs	(1,883)	-
Impairment of financial instruments	(291)	(1,782)
Interest on financial leases	(4,819)	(6,002)
Other financial income/(expenses)	(912)	(260)
Total	**4,601**	**(13,854)**

2.31 Taxation charge for the year

Taxation charge for the year	Year ended 31 December 2014 €'000	2013 €'000
Corporate income tax current year charge	(2,606)	(1,554)
Deferred tax charge	(17,494)	(12,899)
Adjustments to corporate income tax previous years	(674)	(269)
Income tax charged to the income statement	**(20,774)**	**(14,722)**
Income tax on foreign exchange differences credited to comprehensive income	**-**	**1,591**
Income tax on hedging instruments credited/(charged) to comprehensive income	**110**	**(1,154)**

The subsidiary companies are subject to taxes for their respective businesses in the countries of their registration at the rates prevailing in those jurisdictions.

Effective tax rate

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

	2014 €'000	2014 %	2013 €'000	2013 %
(Loss)/Profit before taxation	(36,982)		90,600	
Income tax credit/(charge) using the weighted average applicable tax rates	2,339	6.3%	(3,150)	3.5%
Tax effect of non-taxable income/(non-deductible expenses)	(3,589)		(6,367)	
Tax effect of losses previously not recognised	3,561		11,996	
Deferred tax asset not recognised	(20,923)		(18,447)	
Tax adjustment of previous years	(674)		(269)	
Other	(1,488)		1,515	
Tax charge	**(20,774)**		**(14,722)**	
Effective tax rate		**(56.2%)**		**16.2%**

Unrecognised deferred tax assets and liabilities:

As at 31 December 2014 deferred tax liabilities of €99.6 million (2013: €83.2million) on temporary differences at the time of initial recognition arising from investment property transactions treated as an asset acquisition had not been recognised in accordance with the initial recognition exemption in IAS 12, *Income taxes.*

The Group has not recognised deferred tax assets of €77.3 million (2013: €143.3 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 2015.

Unrecognised deferred tax assets	**31 December**	
Country	**2014 €'000**	**2013 €'000**
Poland	35,947	25,416
Czech Republic	2,360	1,516
Russia	21,738	80,541
Hungary	797	2,241
Romania	6,833	6,336
Latvia	1,469	431
Turkey	7,504	14,523
Others	1,086	13,433
Total	**77,734**	**144,437**

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

Corporate income tax rates	**2014**	**2013**
Poland	19.0%	19.0%
Czech Republic	19.0%	19.0%
Slovakia	22%[1]	23.0%
Russia	20.0%	20.0%
Hungary	10%[2]	10.0%[2]
Romania	16.0%	16.0%
Latvia	15.0%	15.0%
Turkey	20.0%	20.0%
Bulgaria	10.0%	10.0%
Cyprus	12.5%	10.0%
Denmark	24.5%	25.0%
Georgia	15.0%	15.0%
Jersey	0.0%	0.0%
Netherlands	25.0%[3]	25.0%[3]
Sweden	22.0%[4]	22.0%[4]
Spain	25.0%[5]	25.0%[5]
Ukraine	18.0%[6]	19.0%[6]

[1] The rate decreased from 23% to 22% on 1 January 2014.

[2] Effective from 1 July 2010, a 10% rate applies to tax base up to HUF 500 million, with 19% rate applying to tax base exceeding this amount.

[3] As at 1 January 2011, the rate applying to taxable profits exceeding €0.2 million has been reduced from 25.5% to 25%. Below this amount a 20% tax rate is applicable to taxable profit.

[4] Rate reduced from 23% to 22% on 1 January 2013.

[5] The regular corporate income tax rate is 30%, however a 25% rate is imposed on profits up to €0.3 million if the annual turnover is less than €10 million.

[6] The rate decreased from 23% to 21% on 1 January 2012 , further decreased from 21% to 19% on 1 January 2013 and also from 19% to 18% on 1 January 2014.

2.32 Earnings per share

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

	Year ended 31 December	
	2014 €'000	**2013 €'000**
(Loss)/profit for the year attributable to the owners of the Company for basic and diluted earnings per share in (€'000)	(57,705)	75,936
Weighted average number of ordinary shares used in the calculation of basic earnings per share	375,179,150	374,288,340
Adjustments		
Dilutive options	433,983	384,888
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	375,613,133	374,673,228
Basic earnings per share in €cents	**(15.4)**	**20.3**
Diluted earnings per share in €cents	**(15.4)**	**20.3**

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

	Year ended 31 December	
Number of shares if exercised	**2014 €'000**	**2013 €'000**
Options	2,429,835	3,629,838

2.33 Segment reporting

Reportable segments in 2014 For the year ended 31 December 2014	Standing investment segment €'000	Development segment €'000	Reconciling item €'000	Total €'000
Gross rental income	214,484	-	-	214,484
Service charge income	74,475	-	-	74,475
Net property expenses	(84,922)	-	-	(84,922)
Net rental income	**204,037**	**-**	**-**	**204,037**
Net result on disposals	(997)	(2,714)	-	(3,711)
Costs connected with developments	-	(5,065)	-	(5,065)
Revaluation of investment properties	(94,065)	(74,012)	-	(168,077)
Other depreciation, amortisation and impairments	(10,679)	-	(412)	(11,091)
Administrative expenses	(11,864)	1,014	(14,103)	(24,953)
Net operating profit/(loss)	**86,432**	**(80,777)**	**(14,515)**	**(8,860)**
Interest income	85	-	1,125	1,210
Interest expense	(23,417)	(2,265)	(8,251)	(33,933)
Other financial income/(expenses)	(2,880)	10,598	(3,117)	4,601
Profit/(loss) before taxation for the year	**60,220**	**(72,444)**	**(24,758)**	**(36,982)**
Taxation credit/(charge) for the year	(18,318)	(582)	(1,874)	(20,774)
Profit/(loss) after taxation for the year	**41,902**	**(73,026)**	**(26,632)**	**(57,756)**
Investment properties	2,591,459*	365,016	-	2,956,475
Additions to investment properties	222,209	40,742	-	262,951
Segment assets	2,637,484	393,801	419,498**	3,450,783
Segment liabilities	904,832	74,807	360,726	1,340,365

** Including €71 million classified as held for sale as at 31 December 2014*

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

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
Costs 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*

Geographical segments by business sector in 2014

For the year ended 31 December 2014	Poland: Standing investment segment	Poland: Develop-ment segment	Poland: Reconciling item	Poland: Total	Czech Republic: Standing investment segment	Czech Republic: Develop-ment segment	Czech Republic: Reconciling item	Czech Republic: Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	91,084	-	-	91,084	35,435	-	-	35,435
Service charge income	33,078	-	-	33,078	9,461	-	-	9,461
Net property expenses	(32,648)	-	-	(32,648)	(12,370)	-	-	(12,370)
Net rental income	**91,514**	**-**	**-**	**91,514**	**32,526**	**-**	**-**	**32,526**
Net result on disposals	44	-	-	44	(833)	-	-	(833)
Costs connected with developments	-	(483)	-	(483)	-	-	-	-
Revaluation of investment properties	(11,753)	(7,750)	-	(19,503)	596	(158)	-	438
Other depreciation, amortisation and impairments	(4,450)	-	-	(4,450)	(1,148)	-	-	(1,148)
Administrative expenses	(5,670)	(224)	(467)	(6,361)	(2,722)	(6)	(512)	(3,240)
Net operating profit/ (loss)	**69,684**	**(8,457)**	**(467)**	**60,760**	**28,419**	**(164)**	**(512)**	**27,743**
Interest income	46	-	2	48	15	-	-	15
Interest expense	(12,963)	(391)	-	(13,354)	(6,384)	(11)	-	(6,395)
Other financial income/ (expenses)	(1,502)	135	(303)	(1,670)	(1,118)	-	(50)	(1,168)
Profit/(loss) before taxation	**55,265**	**(8,713)**	**(768)**	**45,784**	**20,932**	**(175)**	**(562)**	**20,195**
Taxation credit/(charge) for the year	(5,198)	(565)	33	(5,730)	(9,123)	-	(119)	(9,242)
Profit/(loss) after taxation for the year	**50,067**	**(9,278)**	**(735)**	**40,054**	**11,809**	**(175)**	**(681)**	**10,953**
Investment properties	1,437,862	136,314	-	1,574,176	490,542	3,928	-	494,470
Additions to investment properties	130,090	38,343	-	168,433	84,613	792	-	85,405
Segment assets	1,458,306	139,002	3,705	1,601,013	503,238	3,928	693	507,859
Segment liabilities	575,000	21,193	26	596,219	232,494	382	566	233,442

For the year ended 31 December 2014	Slovakia Standing investment segment	Slovakia Develop-ment segment	Slovakia Reconciling item	Slovakia Total	Russia Standing investment segment	Russia Develop-ment segment	Russia Reconciling item	Russia Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	11,175	-	-	11,175	61,395	-	-	61,395
Service charge income	5,677	-	-	5,677	20,043	-	-	20,043
Net property expenses	(5,703)	-	-	(5,703)	(26,091)	-	-	(26,091)
Net rental income	**11,149**	**-**	**-**	**11,149**	**55,347**	**-**	**-**	**55,347**
Net result on disposals	-	-	-	-	-	-	-	-
Costs connected with developments	-	-	-	-	-	(1,920)	-	(1,920)
Revaluation of investment properties	(4,688)	-	-	(4,688)	(77,236)	(26,578)	-	(103,814)
Other depreciation, amortisation and impairments	(2,217)	-	-	(2,217)	(2,742)	-	-	(2,742)
Administrative expenses	(855)	-	(4)	(859)	(1,706)	1,397	(160)	(469)
Net operating profit/ (loss)	**3,389**	**-**	**(4)**	**3,385**	**(26,337)**	**(27,101)**	**(160)**	**(53,598)**
Interest income	-	-	-	-	14	-	1	15
Interest expense	(1,404)	-	-	(1,404)	(1,788)	(577)	-	(2,365)
Other financial income/ (expenses)	(156)	-	-	(156)	306	10,053	(18)	10,341
Profit/(loss) before taxation	**1,829**	**-**	**(4)**	**1,825**	**(27,805)**	**(17,625)**	**(177)**	**(45,607)**
Taxation credit/(charge) for the year	(1,800)	-	(42)	(1,842)	834	(10)	(50)	774
Profit/(loss) after taxation for the year	**29**	**-**	**(46)**	**(17)**	**(26,971)**	**(17,635)**	**(227)**	**(44,833)**
Investment properties	144,500	-	-	144,500	369,346	100,096	-	469,442
Additions to investment properties	1,928	-	-	1,928	2,876	1,149	-	4,025
Segment assets	146,492	-	344	146,836	376,645	101,540	4,224	482,409
Segment liabilities	24,516	-	-	24,516	59,241	28,603	21	87,865

For the year ended 31 December 2014	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	7,515	-	-	7,515	6,341	-	-	6,341
Service charge income	2,849	-	-	2,849	2,022	-	-	2,022
Net property expenses	(3,635)	-	-	(3,635)	(2,546)	-	-	(2,546)
Net rental income	**6,729**	**-**	**-**	**6,729**	**5,817**	**-**	**-**	**5,817**
Net result on disposals	(208)	-	-	(208)	-	-	-	-
Costs connected with developments	-	-	-	-	-	(89)	-	(89)
Revaluation of investment properties	(2,648)	-	-	(2,648)	3,303	(1,000)	-	2,303
Other depreciation, amortisation and impairments	(66)	-	-	(66)	(56)	-	-	(56)
Administrative expenses	(364)	-	(150)	(514)	(492)	(11)	(20)	(523)
Net operating profit/(loss)	**3,443**	**-**	**(150)**	**3,293**	**8,572**	**(1,100)**	**(20)**	**7,452**
Interest income	7	-	2	9	3	-	-	3
Interest expense	(239)	-	-	(239)	(452)	(199)	-	(651)
Other financial income/(expenses)	(361)	-	(39)	(400)	(45)	(2)	(7)	(54)
Profit/(loss) before taxation	**2,850**	**-**	**(187)**	**2,663**	**8,078**	**(1,301)**	**(27)**	**6,750**
Taxation credit/(charge) for the year	(2,360)	-	(2)	(2,362)	(671)	-	8	(663)
Profit/(loss) after taxation for the year	**490**	**-**	**(189)**	**301**	**7,407**	**(1,301)**	**(19)**	**6,087**
Investment properties	68,625	-	-	68,625	70,700	9,401	-	80,101
Additions to investment properties	848	-	-	848	1,719	458	-	2,177
Segment assets	70,583	-	476	71,059	71,816	9,680	224	81,720
Segment liabilities	7,932	-	-	7,932	3,819	5,309	65	9,193

For the year ended 31 December 2014	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	1,539	-	-	1,539	-	-	-	-
Service charge income	1,345	-	-	1,345	-	-	-	-
Net property expenses	(1,929)	-	-	(1,929)	-	-	-	-
Net rental income	**955**	**-**	**-**	**955**	**-**	**-**	**-**	**-**
Net result on disposals	-	-	-	-	-	(2,714)	-	(2,714)
Costs connected with developments	-	-	-	-	-	(1,701)	-	(1,701)
Revaluation of investment properties	(1,639)	-	-	(1,639)	-	(38,526)	-	(38,526)
Other depreciation, amortisation and impairments	-	-	-	-	-	-	(29)	(29)
Administrative expenses	(54)	-	159	105	-	(142)	(374)	(516)
Net operating profit/(loss)	**(738)**	**-**	**159**	**(579)**	**-**	**(43,083)**	**(403)**	**(43,486)**
Interest income	-	-	-	-	-	-	-	-
Interest expense	(187)	-	-	(187)	-	(1,087)	-	(1,087)
Other financial income/(expenses)	(4)	-	-	(4)	-	412	(186)	226
Profit/(loss) before taxation	**(929)**	**-**	**159**	**(770)**	**-**	**(43,758)**	**(589)**	**(44,347)**
Taxation credit/(charge) for the year	-	-	-	-	-	(7)	-	(7)
Profit/(loss) after taxation for the year	**(929)**	**-**	**159**	**(770)**	**-**	**(43,765)**	**(589)**	**(44,354)**
Investment properties	9,884	-	-	9,884	-	115,277	-	115,277
Additions to investment properties	135	-	-	135	-	-	-	-
Segment assets	10,404	-	12	10,416	-	139,651	380	140,031
Segment liabilities	1,849	-	-	1,849	-	19,301	396	19,697

For the year ended 31 December 2014	Standing investment segment	Reconciling Develop-ment segment	Reconciling item	Total
	€'000	€'000	€'000	€'000
Gross rental income	-	-	-	-
Service charge income	-	-	-	-
Net property expenses	-	-	-	-
Net rental income	**-**	**-**	**-**	**-**
Net result on disposals	-	-	-	-
Costs connected with developments	-	(872)	-	(872)
Revaluation of investment properties	-	-	-	-
Other depreciation, amortisation and impairments	-	-	(383)	(383)
Administrative expenses	-	-	(12,575)	(12,575)
Net operating loss	**-**	**(872)**	**(12,958)**	**(13,830)**
Interest income	-	-	1,120	1,120
Interest expense	-	-	(8,251)	(8,251)
Other financial income/ (expenses)	-	-	(2,514)	(2,514)
Loss before taxation	**-**	**(872)**	**(22,603)**	**(23,475)**
Taxation credit/(charge) for the year	-	-	(1,702)	(1,702)
Loss after taxation for the year	**-**	**(872)**	**(24,305)**	**(25,177)**
Investment properties	-	-	-	-
Additions to investment properties	-	-	-	-
Segment assets	-	-	409,440	409,440
Segment liabilities	-	-	359,652	359,652

Geographical segments by business sector in 2013

For the year ended 31 December 2013	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	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
Costs 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	-	-	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

For the year ended 31 December 2013	Slovakia Standing investment segment	Slovakia Develop-ment segment	Slovakia Reconciling item	Slovakia Total	Russia Standing investment segment	Russia Develop-ment segment	Russia Reconciling item	Russia 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 on disposals	-	-	-	-	-	530	-	530
Costs 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	-	-	-	-	-	-	-	-
Other financial income/(expenses)	(2,280)	-	-	(2,280)	(4,661)	(401)	-	(5,062)
Profit/(loss) before taxation	**(37)**	**-**	**(2)**	**(39)**	**(618)**	**8,384**	**61**	**7,827**
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

For the year ended 31 December 2013	Hungary Standing investment segment	Hungary Develop-ment segment	Hungary Reconciling item	Hungary Total	Romania Standing investment segment	Romania Develop-ment segment	Romania Reconciling item	Romania 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)	-	-	-	-
Costs 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

For the year ended 31 December 2013	Latvia Standing investment segment	Latvia Develop-ment segment	Latvia Reconciling item	Latvia Total	Turkey, Bulgaria, Ukraine, Georgia Standing investment segment	Turkey, Bulgaria, Ukraine, Georgia Develop-ment segment	Turkey, Bulgaria, Ukraine, Georgia Reconciling item	Turkey, Bulgaria, Ukraine, Georgia 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	-	-	-	-	-	-	-	-
Costs 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

For the year ended 31 December 2013	Standing investment segment	Reconciling Develop-ment segment	Reconciling item	Total
	€'000	€'000	€'000	€'000
Gross rental income	-	-	-	-
Service charge income	-	-	-	-
Net property expenses	-	-	-	-
Net rental income	**-**	**-**	**-**	**-**
Net result on disposals	-	-	-	-
Costs 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

2.34 Fair value

Fair value measurements recognised in the consolidated statement of financial 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 2014, including their levels in the fair value hierarchy:

	Note	Level 2	Level 3	Fair value as at 31 December 2014
		€'000	€'000	€'000
Standing investments	2.4			
Poland			1,437,862	1,437,862
Czech Republic			419,522	419,522
Slovakia			144,500	144,500
Russia			369,346	369,346
Hungary			68,625	68,625
Romania			70,700	70,700
Latvia			9,884	9,884
Total standing investments			**2,520,439**	**2,520,439**
Developments and land	2.5			
Poland			136,314	136,314
Russia			100,096	100,096
Turkey			115,277	115,277
Others			13,329	13,329
Total developments and land			**365,016**	**365,016**
Assets and liabilities, net of disposal group held for sale	2.14	**69,532**		**69,532**
Financial liabilities measured at fair value				
Interest rate swaps used for hedging	2.18	**12,328**		**12,328**

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 December 2013
		€'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	2.18	**11,756**		**11,756**

Investment properties measured at level 3 fair value:

	2014		2013	
	Standing invest-ments	Developments and land	Standing investments	Developments and land
	€'000	€'000	€'000	€'000
Balance as at 1 January	**2,356,164**	**583,637**	**2,185,336**	**538,395**
Gains (losses) included in the Income statement				
Revaluation of investment properties (Unrealised)	(94,065)	(74,012)	14,712	(35,998)
Additions and Disposals				
New Properties	199,030	-	146,012	28,862
Construction, technical improvements and extensions	23,179	40,742	30,811	54,737
Disposals	(5,002)	(65,873)	(7,679)	(4,817)
Other movements				
Movements in financial leases	281	(3,296)	4,755	2,910
Interest Capitalised	-	849	-	799
Currency translation difference	(2,066)	(25)	(18,660)	(374)
Transfers from Development and land to Standing Investments	**113,938**	**(113,938)**	**877**	**(877)**
Transfer to assets held for sale	(71,020)	-	-	-
Transfer to other assets	-	(3,068)	-	-
Balance as at 31 December	**2,520,439**	**365,016**	**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 of the Board of Directors.

The criteria for selecting the valuation companies include recognised professional qualifications, reputation and the 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 a desktop 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 team 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 on the basis of the valuations received from the external valuation companies and the internal valuations.

Valuation results of the investment properties are presented to the Audit Committee of the Board of Directors. This includes a discussion of any changes to the significant assumptions used in the valuations, significant changes (or, lack of changes if such are expected) in the valuations 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 2014:

Standing investments:

The fair value of standing investments is determined using a Discounted Cash Flow model. 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 the 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 input 2014	Range	Weighted average
Estimated rental value[2] ("ERV")	€1-€155 per sqm per month	€13 per sqm, per month
Equivalent yield	6.0%-14.4%	8.0%

Inter-relationship between key unobservable inputs and fair value measurements:

2014	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV[1]	124.2	2,644.7
Decrease of 5% in ERV[1]	(124.2)	2,396.2
Increase of 25bp in equivalent yield[2]	(80.3)	2,440.2
Decrease of 25bp in equivalent yield[3]	86.0	2,606.5

[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-50.6, Czech Republic-14.3, Slovakia-4.6, Russia-6.9, Hungary-1.7, Romania-2.0 and Latvia-0.2

[3] The distribution of the estimated increase (in € millions): Poland-54.5, Czech Republic-15.4, Slovakia-4.9, Russia-7.1, Hungary-1.8, Romania-2.1 and Latvia-0.3

Significant unobservable input 2013	Range	Weighted average
Estimated rental value[2] ("ERV")	€1-€233 per sqm per month	€12 per sqm, per month
Equivalent yield	6.0%-15.1%	8.2%

Inter-relationship between key unobservable inputs and fair value measurements:

2013	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

The current situation in Russia, and its impact on the valuation of the Group's Russian properties, is an area of significant judgement in the 2014 financial statements with high levels of estimation uncertainty in the yield development and expected levels of rental income going forward.

Development and land:

The fair value of 39% of developments and land (31 December 2013: 21%) 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.

[2] 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.

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 2014	Range	Weighted average
Price[1]	€27-€91 per sqm	€77 per sqm

[1] *An outlier price of €605 per sqm of land is excluded from the range.*

Inter-relationship between key unobservable inputs and fair value measurements:

2014	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in price [1]	6.4	149.3
Decrease of 5% in price [1]	(6.4)	136.5

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

Significant unobservable input 2013	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.*

2013	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 61% of developments and land (31 December 2013: 79%) 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 2014	Range	Weighted average
ERV	€4.4-€17.6 per sqm, per month	€13.2 per sqm, per month
Equivalent yield	6.9%-9.8%	7.8%
Construction costs	€461-€2,238 per sqm GLA	€1,290 per sqm GLA

Inter relationship between key unobservable inputs and fair value measurements:

2014	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV [1]	24.3	246.5
Decrease of 5% in ERV [1]	(24.3)	197.8
Increase of 25bp in equivalent yield [2]	(15.3)	206.8
Decrease of 25bp in equivalent yield [3]	16.3	238.5
Increase of 5% in expected construction costs [4]	(22.9)	199.2
Decrease of 5% in expected construction costs [4]	22.9	245.0

[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-8.6, Turkey-4.5, Others-2.1*

[3] *The distribution of the estimated increase (in € million): Poland-9.2, Turkey-4.9, Others-3.8*

[4] *The distribution of the estimated increase (decrease) (in € million): Poland-9.7, Turkey-9.5, Others-3.8*

Significant unobservable inputs 2013	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:

2013	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

Assets and liabilities, net of disposal group held for sale

At 31 December 2014, the disposal group was stated at fair value. The Group categorises the fair value of the assets and liabilities held for sale as level 2 within the fair value hierarchy based on the signed agreements in December 2014 between the Group and a third party for the sale of the 72 retail assets in the Czech Republic. For additional information see note 2.14.

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 2014, including their levels in the fair value hierarchy:

	Level	31 December 2014		31 December 2013	
		Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Financial liabilities					
Bonds	2	807,930	844,295	499,066	506,083
Bank loans	2	260,144	261,391	304,489	305,253
Total		**1,068,074**	**1,105,686**	**803,555**	**811,336**

The fair values of loans and bonds were determined by an external appraiser using discounted cash flow models, zero-cost derivative strategies for fixing the future values of market variables and option pricing models of the Black-Scholes type. Fair values have been determined with reference to market inputs, the most significant of which are:

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

Fair value measurements used for bonds and loans are categorised within Level 2 of the fair value hierarchy.

2.35 Categories of financial instruments

The Group distinguishes the following categories of financial instruments:

2014	Carrying amount €'000	Loans and receivables €'000	Financial liabilities at amortised cost €'000	Financial liabilities at fair value €'000
Financial assets			**-**	**-**
Long term loans	8,114	8,114	-	-
Receivables from tenants	11,882	11,882	-	-
Other receivables	4,819	4,819	-	-
Cash and cash equivalents	425,246	425,246	-	-
Assets held for sale	1,458	1,458	-	-
Total financial assets	**451,519**	**451,519**	**-**	**-**
Financial liabilities				
Long term borrowings	1,034,524	-	1,034,524	-
Derivatives	12,328	-	-	12,328
Long term liabilities from leases	36,277	-	36,277	-
Other long term liabilities	17,802	-	17,802	-
Trade and other payables	22,393	-	22,393	-
Accrued expenditure	39,132	-	39,132	-
Short term borrowings	33,550	-	33,550	-
Liabilities held for sale	2,946	-	-	2,946
Total financial liabilities	**1,198,952**		**1,183,678**	**15,274**

2013	Carrying amount €'000	Loans and receivables €'000	Financial liabilities at amortised cost €'000	Financial liabilities at fair value €'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**

The fair values of bonds and loans presented under long term financial liabilities are disclosed in note 2.17 and 2.34. 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.

2.36 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 2013.

The capital structure of the Group consists of borrowings (as detailed in note 2.17), 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's corporate credit rating by S&P and Fitch is BBB-.

For information about loans and bond covenants see note 2.17 and for information about the capital structure of the Group see note 2.16.

2.37 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 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 risks relate to the construction of investment properties. The main risks are commercial, financial, technical and procedural. 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 risks, construction risks 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 implemented to mitigate the development risks, the turbulence on the global real estate markets has necessitated the 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 the 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.

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 2014, the Group had secured long term deposits from tenants amounting to €17.9 million (2013: €21.4 million) and short term deposits amounting to €7.4 million (2013: €2.5 million) and secured bank guarantees.

The table in note 2.11 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 2.35, represents the maximum credit exposure due to financial assets.

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 €425.2 million as at 31 December 2014 (2013: €305.6 million). The total net liquid funds calculated as cash and cash equivalents less short-term borrowings amounted to €391.7 million (2013: €300.1 million).

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.

2014	Carrying amount €'000	Total contractual cash flow €'000	One year or les €'000	One to two years €'000	Two to five years €'000	More than five years €'000
Borrowings*	1,082,234	1,314,589	89,852	138,241	235,500	850,996
Derivatives	12,328	12,333	5,354	3,326	3,653	-
Other liabilities**	104,390	282,857	50,693	7,627	23,803	200,734
Total	**1,198,952**	**1,609,779**	**145,899**	**149,194**	**262,956**	**1,051,730**

2013	Carrying amount €'000	Total contractual cash flow €'000	One year or les €'000	One to two years €'000	Two to five years €'000	More than five years €'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**

**Borrowings include accrued interest.*

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

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 2.34.

Price risk

The Group's investment properties are valued at fair value. These fair values are influenced by the 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 2.34. At present, it is not possible to assess with accuracy the extent of such changes.

Currency risk

The Group is exposed to a currency risk on cash balances that are denominated in foreign currencies.

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 81.9% of GRI denominated in EUR (2013: 78%), 9 % in CZK (2013: 10%), 2% in USD (2013: 4%) and 7.1% in other local currencies (2013: 8%). 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. This could consequently lead to a decrease in current and estimated rental income and a devaluation of the relevant properties.

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:

2014	Financial assets €'000	Financial liabilities €'000	Net exposure €'000
CZK	3,189	(33,036)	(29,847)
HUF	1,515	(1,211)	304
PLN	15,275	(44,986)	(29,711)
RON	1,044	(426)	618
RUB	3,598	(12,958)	(9,360)
TRY	5	(3,675)	(3,670)
UAH	-	(10)	(10)
GEL	-	(502)	(502)
USD	360	(819)	(459)
DKK	46	(19)	27

2013	Financial assets €'000	Financial liabilities €'000	Net exposure €'000
CZK	7,791	(36,654)	(28,863)
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)

Sensitivity Analysis

The table below indicates how a 10 percentage point strengthening of the currencies stated below against the Euro as at 31 December 2014 and 31 December 2013 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.

	2014 Gain/(Loss) €'000	2013 Gain/(Loss) €'000
CZK	(2,984)	(2,886)
HUF	30	51
PLN	(2,971)	(3,195)
DKK	3	-
RON	62	55
RUB	(936)	(1,612)
TRY	(367)	(281)
LVL	-	(55)
BGN	-	(4)
UAH	(10)	(5)
GEL	(50)	(17)
USD	(46)	(78)

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 2.34. As all financial instruments, other than the derivatives, were measured at amortised cost in 2014, there were no value movements due to interest rate risk fluctuations in 2014. 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 €108.9 million as at 31 December 2014 (2013: €154.3 million).

Interest rate exposure arising from long term borrowings is analysed on a regular basis. As at 31 December 2014, 89.8% (2013: 80.7%) 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 2014 and 31 December 2013, 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 €1.1 million (2013: €1.5 million).

Risks related to emerging and developing markets
The Group operates in emerging and developing markets in the CEE and Russia. The majority of the countries which the Group operates in are rated above investment grade, whilst Russia and Hungary have a sub investment grade rating. The latter two markets are subject to greater legal, economic, fiscal and political risks than the former and are subject to rapid and sometimes unpredictable changes although Hungary should be evaluated in the context of it's EU membership obligations.

The legal systems of emerging and developing countries are still evolving, which may result in the passing of new laws, changes in existing laws, inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations. In some cases laws may be enacted with retrospective effects and the application of international legal frameworks and treaties reinterpreted.

Furthermore, the taxation and fiscal systems in emerging and developing markets are less well-established, compared to those in more developed economies. The lack of established jurisprudence and case law may result in unclear, inconsistent regulations, decrees and explanations of the taxation laws and/or views on interpretation.

In addition, these markets are vulnerable to geopolitical risks arising from conflicts between or within states with significant potential consequences for the political, economic, and social status quo of the Group's markets. For example, the Group has been exposed to risks arising from recent tensions in Ukraine and the resulting imposition of sanctions and counter sanctions between the Russian federation and certain other nations.

Changes in economic, political and fiscal situations in one emerging or developing market country may have a negative related or unrelated consequential impact on the economic, political and fiscal situation in other emerging or developing market countries.

Any of the above matters, alone or in combination, could have a material adverse effect on the Group's financial position and results from operations.

The Group aims to mitigate the above risks through the following: experienced local management team in the different countries in which the Group operates; use of external local experts and specialists; a proactive asset management approach and strict due diligence process prior to the acquisitions of new assets.

2.38 Transactions with related parties

To the best of management's knowledge, during the year ended 31 December 2014 and 31 December 2013, no single shareholder of Atrium held more than 5% of the listed ordinary shares, except for:

- Gazit-Globe which held 154,611,929 shares (2013: 149,325,178 shares) in Atrium, representing approximately 41.2% (2013: 39.8%) of Atrium's total shares as at 31 December 2014 and;
- Apollo which held 52,069,622 shares (2013: 52,069,621 shares) in Atrium, representing approximately 13.9% (2013: 13.9%) of Atrium's total shares as at 31 December 2014.

Gazit-Globe and Apollo jointly held approximately 55.0% (2013: 53.7%) of Atrium's shares in issue as at 31 December 2014.

During 2014, Gazit-Globe purchased, through intermediate holding companies, 5,286,751 additional ordinary shares in Atrium, representing approximately 1.4% of Atrium's total shares.

In August 2013, Gazit-Globe purchased 20,416,463 shares from Apollo, representing approximately 5.5% of Atrium's total shares at the time of purchase.

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.

a. Chaim Katzman, Director and Chairman of the Board of Directors together with family members held directly 255,000 shares in Atrium as at 31 December 2014 and as at 31 December 2013. In total, Mr. Katzman, together with family members, through his holdings in Norstar Holdings Inc and Gazit-Globe, held directly and indirectly approximately 7.4% (2013: 7.7%) of Atrium's total shares as at 31 December 2014.

Based on a consultancy agreement with the Group, Chaim Katzman, Chairman of the Board, was entitled to consultancy fees of €550,000 in 2014 (2013: €550,000) and expenses as permitted under his agreement.

Atrium has paid flight and travel expenses of €0.2 million (2013: €0.4 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.

b. Aharon Soffer, Director, held indirectly, through his holding in Gazit-Globe, approximately 0.02% (2013: 0.005%) of Atrium's total shares as at 31 December 2014.

c. Joseph Azrack, Director, held directly 13,831 (2013: 13,831) shares in Atrium as at 31 December 2014. In total, Mr. Azrack, held directly and indirectly approximately 0.007% (2013: 0.007%) of Atrium's total shares as at 31 December 2014. Joseph Azrack is a senior advisor to Apollo. Apollo and its affiliates advise and manage a syndicate of investors who in aggregate own 52,069,621 Atrium shares as detailed above.

d. Thomas Wernink, Director, held 10,000 shares in Atrium as at 31 December 2014 and 5,000 shares in Atrium as at 31 December 2013.

e. In September 2014, Peter Linneman, Director, elected to receive 4,662 shares in Atrium in lieu of €20,000 of his annual director's fee. Peter Linneman held directly 31,291 shares in Atrium as at 31 December 2014 and 26,629 as at 31 December 2013.

f. Simon Radford, Director, held 11,065 shares in Atrium as at 31 December 2014 and as at 31 December 2013.

g. Rachel Lavine, Director and Executive Vice Chairman of the Board, held 472,329 shares in Atrium as at 31 December 2014 and 330,416 shares as at 31 December 2013.

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

In July 2014, the Board of Directors of Atrium approved an addendum to the employment agreement of Rachel Lavine, to reflect her transition from the role of Chief Executive Officer to Executive Vice Chairman of the Board, with effect from 1 December 2014. The addendum includes a change of her basic salary to €380,000 per annum, an annual grant of €120,000 worth of unrestricted shares to be made in four equal quarterly instalments in each year, worth €30,000 each, commencing at the end of February 2015 and a special bonus award of €750,000 which was settled in December 2014 partially by a cash payment of €375,000 and partially via the issuance of 57,116 new shares, at €4.176 per share, net of tax. These shares are not subject to any lock-up period.

During 2014, Rachel was entitled to 133,330 shares allotted to her in 2013 as part of her remuneration package.
In accordance with the terms of her employment agreement, she received a reduced number of shares, being 84,797 ordinary shares, being the equivalent by value on a net tax basis, by way of a cashless issuance.

Gazit-Globe reimbursed Atrium for audit expenses of €0.2 million which were paid by Atrium on its behalf (2013: €0.3 million).

The total remuneration of the non-executive directors arising from their directors' contracts amounted to €0.4 million for the year 2014 (2013: €0.5 million).

The aggregate annual remuneration paid or payable to the Group Executive Management team for the year ended 31 December 2014, including base salaries, annual guaranteed bonuses, allowances and benefits was €4.8 million (2013: €3.5 million, including the remuneration of three Group Executive Management personnel prior to their respective promotions). In addition, the share based payment expenses for the Group Executive Management team amounted to €0.9 million (2013: €0.4 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 €0.2 million in 2014 (2013: €0.3 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 €0.2 million in 2014 (2013: €0.3 million). Aztec Financial Services (Jersey) Limited is part of Aztec Group where Simon Radford is a director and shareholder.

2.39 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 9 March 2015, 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, 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 Meinl 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.

There is continuing uncertainty in the various economies and jurisdictions in which the Group has its operations and assets, especially the Eurozone and the emerging and developing markets in which the Group operates. The significance of events relevant to the Group's assets in Russia is a particular area of attention at present. These uncertainties relate not only to the general economic and geopolitical environment in such regions but also to changes or threatened changes in the legal, regulatory and fiscal framework. For further details see notes 2.37 about risks related to emerging and developing markets.

Certain Russian subsidiaries within the Atrium Group are currently subject to routine audits by the Russian tax authorities, the outcome of which is uncertain in respect of matters previously regarded as established but now subject to revised interpretation by the Russian tax authorities. Any adverse developments could lead to changes in the value of the Group's assets or in its liabilities. Management is not at present able to assess, with accuracy, the extent of any such changes, if any.

2.40 Subsequent events

- **Acquisition**
  In January 2015, Atrium signed an agreement to acquire a 75% interest in the Arkády Pankrác shopping centre in Prague, the Czech Republic, for €162 million. Atrium has agreed to acquire the stake from Unibail-Rodamco S.E., which owns 75% of the Centre in a joint venture with the Otto family, which will continue to own the remaining 25%. The acquisition is subject to the fulfilment of certain conditions precedent and is expected to be completed in the second quarter of 2015.

- **Disposals**
  In December 2014, the Group signed an agreement with a third party to sell a portfolio of 72 small retail assets spread throughout the Czech Republic for a consideration of CZK1,916 million (approximately €69 million). The consideration comprised a cash payment of CZK1,661 million (approximately €60 million) with the balance satisfied through a secured vendor loan to the purchaser. The transaction was completed in January 2015. The net estimated loss from the transaction is €1.5 million. In addition, approximately €10 million currency translation reserve, recorded in equity, will be reclassified to the Company's income statement at completion. This arose from past fluctuations of the Czech Koruna, however has no net impact on the equity of the Company.

- **Changes in the holdings of related parties**
  In January 2015, Gazit-Globe purchased 52,069,622 additional ordinary shares in Atrium from Apollo through its intermediate holding company. Consequently, Gazit-Globe holds 206,681,551 ordinary shares in Atrium, comprising 55.0% of the issued and outstanding shares, and voting rights in Atrium. Apollo no longer holds ordinary shares in Atrium.

- **Board of Directors and Group executive management team change**
  In January 2015, following the transfer of the 52,069,622 ordinary shares from Apollo to Gazit-Globe as described above, the two directors of Atrium nominated by Apollo, Joseph Azrack and Roger Orf, have resigned from the Board of Directors.

  In January 2015, Atrium announced the appointment of Ryan Lee as its new Group Chief Financial Officer-Elect. Ryan joined the Group on 2 February 2015, with his appointment as CFO becoming effective on 1 April 2015, at which point Soņa Hýbnerová leaves the Group.

Atrium Biala in Bialystok, Poland

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 2014

	Note	2014 €'000	2014 €'000	2013 €'000	2013 €'000
Assets					
Non-current assets					
Financial investments	3.2	4,745		315,948	
Loans and receivables	3.3	3,059,811		2,646,843	
			3,064,556		**2,962,791**
Current assets					
Other receivables		786		573	
Cash and cash equivalents	3.4	395,960		270,482	
			396,746		**271,055**
Total assets			**3,461,302**		**3,233,846**
Equity and liabilities					
Equity					
Stated capital		2,673,166		2,760,335	
Other reserves		4,357		4,347	
Retained Earnings	3.5	(42,647)		(46,307)	
Total equity			**2,634,876**		**2,718,375**
Liabilities					
Non-current liabilities					
Borrowings	3.6	777,341		499,068	
Provisions		1,200		1,000	
			778,541		**500,068**
Current liabilities					
Borrowings	3.6	30,589		-	
Other payables		1,252		1,341	
Accrued expenditure	3.7	16,044		14,062	
			47,885		**15,403**
Total liabilities			**826,426**		**515,471**
Total equity and liabilities			**3,461,302**		**3,233,846**

Income Statement of Atrium European Real Estate Limited for the year ended 31 December 2014

	Note	2014 €'000	2014 €'000	2013 €'000	2013 €'000
Administrative expenses	3.8	(6,705)		(7,781)	
(Impairment) of assets/reversal of impairment	3.9	(39,393)		33,147	
Net operating (loss)/profit			**(46,098)**		**25,366**
Interest income	3.10	233,763		228,513	
Interest expense	3.10	(22,406)		(17,997)	
Other financial expense	3.11	(161,599)		(76,830)	
Total net financial income			**49,758**		**133,686**
Profit before and after taxation for the year			**3,660**		**159,052**

3.2 Financial Investments

Name of subsidiary	Place of incorporation and operation	Principal activity	Ownership 2014 %	Ownership 2013 %	Carrying amount 2014 €'000	Carrying amount 2013 €'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	6.82%	6.82%	8,525	7,521
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	860
Atrium European Real Estate Nominees Ltd.[1]	Jersey	Management company	0%	100%	-	-
Atrium Treasury Services Ltd.[2]	Jersey	Management company	100%	100%	4,000	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	6
OOO Manhattan Real Estate Management	Russia	Management company	100%	100%	-	-
Manhattan Real Estate Management SK s.r.o.[3]	Slovakia	Management company	100%	100%	211	988
Manhattan Gayrimenkul Yönetimi Limited Şirketi	Turkey	Management company	100%	99%	4	3
Balcova Gayrimenkul Yatırım Inşaat Ve Ticaret A.Ş.[4]	Turkey	Property investment	0%	0.08%	-	23
Istmar Tem Gayrimenkul Yatirim Inşaat Ve Ticaret A.Ş.[5]	Turkey	Property investment	0%	96%	-	7
Total gross value					**96,534**	**396,336**
Accumulated impairment loss					(91,789)	(80,388)
Total net value					**4,745**	**315,948**

[1]Atrium European Real Estate Nominees Limited was liquidated.

[2]The Atrium Treasury Services Limited share capital was decreased by €300 million.

[3]The Manhattan Real Estate Management SK s.r.o. share capital was decreased by €0.8 million.

[4]Balcova Gayrimenkul Yatırım Inşaat Ve Ticaret A.Ş . was sold to a related company for insignificant amount.

[5]Istmar Tem Gayrimenkul Yatirim Inşaat Ve Ticaret A.Ş was sold outside the Atrium group for insignificant amount.

3.3 Loans and receivables

	2014 €000	2013 €000
Loans to third parties	16,879	16,587
Impairment of amounts due from third parties	(8,879)	(8,587)
Amounts due from subsidiary undertakings	3,493,153	3,169,223
Impairment of amounts due from subsidiary undertakings	(441,342)	(530,380)
Total	**3,059,811**	**,646,843**

3.4 Cash and cash equivalents

Within the total cash amount of €396 million (2013: €270.5 million) Atrium holds cash of €0.2 million (2013: €0.2 million) as cash collateral issued by PricewaterhouseCoopers who act as a trustee for the bonds issued in 2005.

3.5 Retained Earnings

	2014 €000	2013 €000
Opening balance	(46,307)	(205,359)
Net result for the year	3,660	159,052
Closing balance	**(42,647)**	**(46,307)**

3.6 Borrowings

Outstanding bonds net of transaction costs as at year end totalled €807.9 million (2013: €499.1 million), out of which €777.3 million is due after more than 12 months and €30.6 million is due in August 2015.

In 2014, Atrium repurchased bonds issued in 2005 and due in 2015, with a nominal value of €39.4 million. The net loss resulting from the bond buyback was €1.9 million (see also note 3.11).

In October 2014, Atrium issued a €350 million unsecured eight year Eurobond, carrying a 3.625% coupon. The bond is rated BBB- by both S&P and Fitch, in line with Atrium's own corporate rating. It will mature in October 2022 and had an issue price of 99.788%.

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 in 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.

Further information about bonds is disclosed in note 3.10.

In October 2014, Atrium obtained two revolving credit facilities, for a period of five years each, amounting to a total of €50 million, at an interest rate 3M Euribor +1.5%. There was no draw down of credit facility in 2014.

3.7 Accrued expenditure

	2014 €000	2013 €000
Accrued interest	14,160	12,166
Accrued management and directors' fees	368	392
Accrued consultancy and audit fees	1,516	1,504
Total	**16,044**	**14,062**

3.8 Administrative expenses

	2014 €000	2013 €000
Consultancy and other fees	(582)	(742)
Directors' fees and expenses	(510)	(631)
Legal fees	(4,297)	(4,884)
Audit fees	(727)	(733)
Other expenses	(589)	(791)
Total	**(6,705)**	**(7,781)**

3.9 Reversal of impairment/impairment of assets

The impairment of assets for the year 2014 amounted to €39.4 million (2013: net impairment reversal of €33.1 million) and comprised mainly of the impairment loss on financial investments of €11.4 million (2013: €4.2 million), the net impairment on amounts due from subsidiaries undertakings of €28 million (2013: the net impairment reversal of €37.3 million). The impairment amount is influenced primarily by the change in the fair value of the subsidiaries.

3.10 Interest income and interest expense

	2014 €000	2013 €000
Interest income		
From loans to subsidiaries	232,652	227,785
From deposits, loans to third parties and other	1,111	728
Total	**233,763**	**228,513**
Interest expense		
Interest on bonds	(21,282)	(16,738)
Amortization of bonds' premiums and discounts	(1,124)	(1,259)
Total	**(22,406)**	**(17,997)**

Atrium's interest expense in 2014 and 2013 is mainly the interest related to Atrium's issued bonds:

2014 **Bond/Issue year**	**Currency**	**Interest rate**	**Average maturity**	**Maturity**	**Book value** **€'000**	**Fair value** **€'000**
Atrium European Real Estate Limited 2005	EUR	4.4%	0.6	2015	5,368	5,475
Atrium European Real Estate Limited 2005	EUR	4.0%*	2.6	2017	83,653	88,464
Atrium European Real Estate Limited 2005	CZK	6M pribor+120bp	0.6	2015	25,218	25,114
Atrium European Real Estate Limited 2013	EUR	4.0%	5.4	2020	346,689	368,779
Atrium European Real Estate Limited 2014	EUR	3.6%	7.9	2022	347,002	356,463
Total/Average		**4.4%**	**6.0**		**807,930**	**844,295**

** 10Y swap rate, floor 4%*

2013 **Bond/Issue year**	**Currency**	**Interest rate**	**Average maturity**	**Maturity**	**Book value** **€'000**	**Fair value** **€'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	6M pribor+120bp	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**

** 10Y swap rate, floor 4%*

Collateral	**Fair value of pledged investment properties 31 December 2014** **€'000**	**Fair value of pledged investment properties 31 December 2013** **€'000**
Bond 2005	438,786	440,993

3.11 Other financial expenses

	2014 **€000**	**2013** **€000**
Loss from financial transactions	(2,888)	(481)
Foreign exchange losses	(158,711)	(76,349)
Total	**(161,599)**	**(76,830)**

Loss from financial transactions mainly consists of the loss resulting from the bond buyback (€1.9 million). Foreign currency exchange losses and gains arise largely from foreign currency loans provided to subsidiaries. The foreign exchange loss in 2014 is primarily derived from the loans to subsidiaries denominated in Rouble (€199 million) and in other currencies (€12.7 million). The loss was partly offset by a foreign exchange gain derived from the loans to subsidiaries denominated in US Dollar (€53 million). 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

2014	Carrying amount	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost
	€'000	€'000	€'000	€'000
Financial assets				
Financial investments	4,745	-	4,745	-
Long term loans and receivables	3,059,811	3,059,811	-	-
Other receivables	786	786	-	-
Cash and cash equivalents	395,960	395,960	-	-
Total financial assets	**3,461,302**	**3,456,557**	**4,745**	**-**
Financial liabilities				
Long term borrowings	777,341	-	-	777,341
Short term borrowings	30,589	-	-	30,589
Other payables	1,252	-	-	1,252
Accrued expenditure	16,044	-	-	16,044
Total financial liabilities	**825,226**	**-**	**-**	**825,226**

2013	Carrying amount	Loans and receivables	Available for sale financial assets	Financial liabilities at amortized cost
	€'000	€'000	€'000	€'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**

The fair values of bonds presented under long term and short term borrowings are stated in note 3.10. 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 2.33, 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 3.13.

Financial assets subject to credit risk are represented principally by cash balances, financial investments, loans and receivables which mainly comprise the amounts due from subsidiary undertakings within the Group.

To spread the risk connected to the potential insolvency of financial institutions, Atrium 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. In 2014, 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 3.9. 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 €396 million (2013: €270.5 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.

2014	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
Borrowings and accrued interest	822,091	1,011,888	61,437	30,082	168,307	752,062
Other liabilities	3,135	3,135	3,135	-	-	-
Total	**825,226**	**1,015,023**	**64,572**	**30,082**	**168,307**	**752,062**

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
Borrowings 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**

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 62% of net financial instruments denominated in EUR (2013: 63%), 5% in USD (2013: 2%), 12% in RUB (2013: 20%) and 21% in local currencies (2013: 15%).

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:

2014	Financial assets	Financial liabilities	Net exposure
	€'000	€'000	€'000
CZK	178,351	(25,311)	153,040
HUF	50,873	-	50,873
PLN	325,541	-	325,541
RUB	316,700	-	316,700
USD	142,894	-	142,894

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

Sensitivity analysis

A 10 percentage point strengthening of the Euro against the following currencies at 31 December 2014 and 31 December 2013 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 strengthening Euro against foreign currency	2014 (Loss) €'000	2013 (Loss) €'000
CZK	(15,304)	(11,132)
HUF	(5,087)	(8,757)
PLN	(32,554)	(20,242)
RUB	(31,670)	(54,950)
USD	(14,289)	(5,217)

A 10 percentage point weakening of the Euro against the following currencies at 31 December 2014 and 31 December 2013 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 weakening Euro against foreign currency	2014 Gain €'000	2013 Gain €'000
CZK	15,304	11,132
HUF	5,087	8,757
PLN	32,554	20,242
RUB	31,670	54,950
USD	14,289	5,217

Interest rate risk

A large share of financial instruments i.e. 87% of financial liabilities (2013: 78%) and 76% of financial assets (2013: 63%) incurred interest on a fixed interest basis in 2014. 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	2014 €'000	2013 €'000
Financial assets	772,847	1,184,652
Financial liabilities	(108,873)	(112,670)
Total	**663,974**	**1,071,982**

Sensitivity Analysis

At 31 December 2014, 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 €6.6 million (2013: €10.7 million). As Atrium does not hedge this risk, 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 2.35 and 2.36.

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 2014 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 50, 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 2014 and of the Group's loss 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; and
- 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.

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 2014 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

10 March 2015

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 10 March 2015. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 10 March 2015 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.*

5. Directors, Group Executive Management, Professional Advisors and Principal Locations

Directors:
Chaim Katzman
Rachel Lavine
Noam Ben-Ozer
Peter Linneman
Simon Radford
Aharon Soffer
Thomas Wernink
Andrew Wignall

Group Executive Management:

Rachel Lavine	CEO (until 30/11/2014)
Josip Kardun	CEO (from 1/12/2014) (COO and Deputy CEO until 30/11/2014)
Rolf Rüdiger Dany	COO (from 01/10/2014)
Soņa Hýbnerová	CFO
Thomas Schoutens	CDO
Geraldine Copeland-Wright	GC
Liad Barzilai	Head of Acquisitions
Ljudmila Popova	Head of Business Development & Investor Relations

Administrator and Registrar:
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
200 Aldersgate, Aldersgate Street
London, EC1A 4HD, UK

Registered office:
11-15 Seaton Place
St Helier
Jersey
JE4 0QH

Business address:
Lister House Chambers
35 The Parade
St Helier
Jersey
JE2 3QQ

Principal locations:

Czech Republic
Manhattan Real Estate Management s.r.o.
U Libenského pivovaru 63/2, CZ-180-00
Prague

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

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

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

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

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