ATRIUM
European Real Estate

INTERIM FINANCIAL REPORT 31 MARCH 2016

LEADER IN SHOPPING CENTRES IN CENTRAL AND EASTERN EUROPE

OUR VISION

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

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

Atrium Biala, Białystok, Poland

OUR PROFILE

Atrium Group owns a €2.6 billion[1] portfolio of 67 shopping centres and smaller retail properties which produced €49 million of rental income during the period. These properties are located predominantly in Poland, the Czech Republic, Slovakia and Russia, and, with the exception of two, are all managed by Atrium's internal team of retail real estate professionals.

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

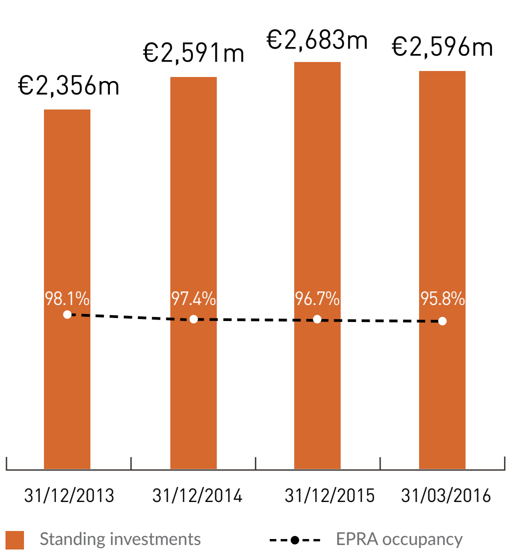
OUR FOCUS FOR 2016

- Continue to improve the quality of our portfolio through selective rotation of properties, driving the operational and financial performance of our assets and increasing the offer for retailers via the relevant extension of already stabilised and successful investments;
- Continue to establish the Atrium brand and strengthen our relationships with key clients while seeking to work with new retailers as they expand into and across the region; and
- Further optimise the capital structure and efficiency of the Group's balance sheet.

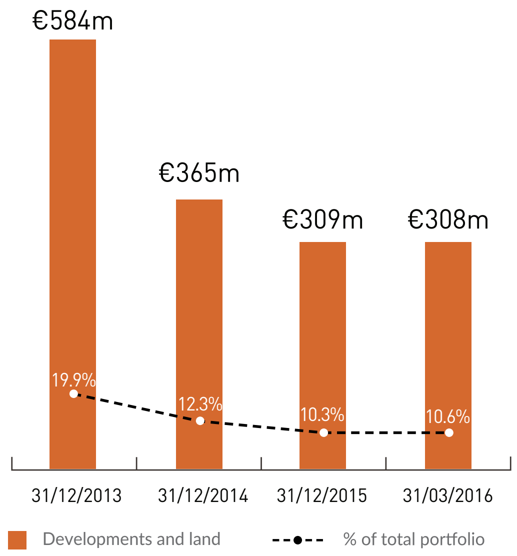
1 Including a 75% stake in assets held in Joint Ventures and €16.4 million (representing 3 assets in Poland) classified as held for sale.

HIGHLIGHTS

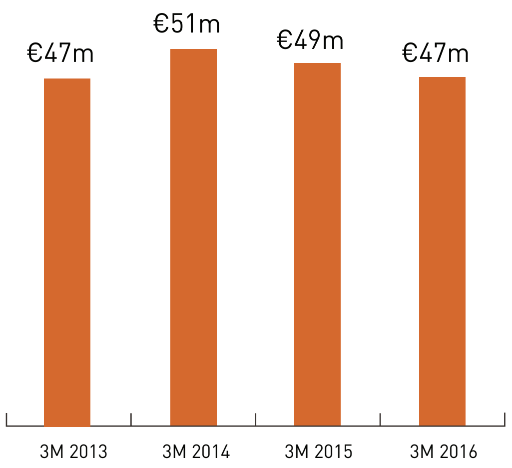
STANDING INVESTMENTS EPRA OCCUPANCY[2]



DEVELOPMENTS AND LAND[3]

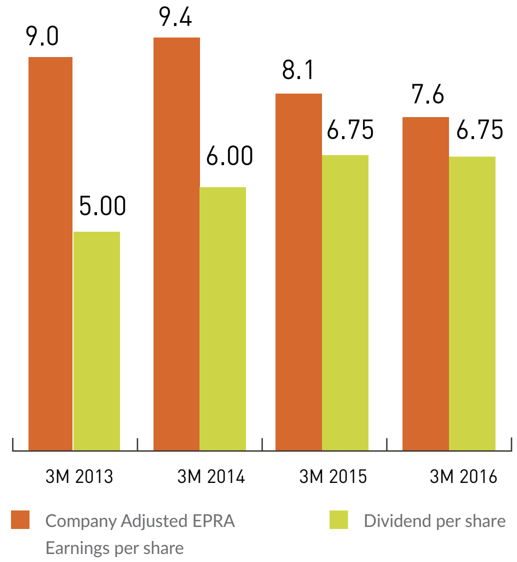


NET RENTAL INCOME (NRI)



COMPANY ADJUSTED EPRA EARNINGS AND DIVIDEND PER SHARE

All data in € cents



2 Including a 75% stake in assets held in Joint Ventures and €16.4 million (representing 3 assets in Poland) classified as held for sale. (31 December 2015 figures also include the Joint Ventures and €117.5 million classified as held for sale)

3 Including €13.3 million (representing two assets in Russia and 1 asset in Poland) classified as held for sale as at 31 March 2016

KEY PERFORMANCE INDICATORS

KEY FINANCIAL FIGURES OF THE GROUP	UNIT	3M 2016	3M 2015	CHANGE %	FY 2015
Gross rental income	€'000	48,624	51,812	(6.2%)	207,372
EPRA like-for-like gross rental income	€'000	43,338	46,977	(7.7%)	170,506
Net rental income	€'000	47,310	48,990	(3.4%)	197,871
EPRA like-for-like net rental income	€'000	42,341	45,015	(5.9%)	164,240
Operating margin	%	97.3	94.6	2.7%	95.4
EBITDA excluding revaluation, disposals and impairments	€'000	35,106	41,066	(14.5%)	148,782
Company adjusted EPRA earnings	€'000	28,676	30,292	(5.3%)	125,171
Revaluation of standing investments	€'000	11,497	(1,006)		(48,678)
Revaluation of developments and land	€'000	(7,857)	(3,350)		(50,403)
Profit after taxation	€'000	26,248	15,207	72.6%	4,812
Net cash generated from operating activities	€'000	85,419	27,268		116,776
IFRS earnings per share	€cents	7.0	4.0	75.0%	1.3
Company adjusted EPRA earnings per share	€cents	7.6	8.1	(6.1%)	33.3

KEY FINANCIAL FIGURES OF THE GROUP EXCLUDING RUSSIA					
Net rental income	€'000	39,852	39,209	1.6%	159,127
EPRA like-for-like net rental income	€'000	34,883	34,874	0.0%	125,496
Company adjusted EPRA earnings	€'000	22,176	21,110	5.1%	90,955
Revaluation of standing investments	€'000	17,109	(1,020)		49,636
Revaluation of development and land	€'000	995	-		(5,338)

FINANCIAL POSITION	UNIT	31/03/2016	31/12/2015	CHANGE %
Standing investments at fair value	€'000	2,596,328	2,682,943	(3.2%)
Developments and land at fair value	€'000	308,023	309,398	(0.4%)
Cash and cash equivalents	€'000	315,619[4]	224,368	40.7%
Equity	€'000	2,034,797	2,031,126	0.2%
Borrowings	€'000	964,512	1,012,781	(4.8%)
LTV (gross)	%	33.2	33.8	(0.6)
LTV (net)	%	22.3[5]	26.3	(4.0)
IFRS NAV per share	€	5.41	5.40	0.2%
EPRA NAV per share	€	5.62	5.64	(0.4%)

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

4 Including €81.9 million VAT input received due to Group restructuring. In April 2016, this amount was paid by the Group as VAT output.
5 The cash used in the net LTV calculation Includes the VAT input received mentioned in the above footnote

CONTENTS

Atrium Flora, Prague

STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Interim Financial Report includes statements that are, or may be deemed to be, “forward looking statements”. These forward looking statements can be identified by the use of forward looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will”, “should”, “could”, “assumes”, “plans”, “seeks” or “approximately” or, in each case their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Interim Financial Report and include statements regarding the intentions, plans, objectives, beliefs or current expectations of Atrium. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance.

You should assume that the information appearing in this Interim Financial Report is up to date only as of the date of this Interim Financial Report. The business, financial conditions, results of operations and prospects of Atrium or the Group may change. Except as required by law, Atrium and the Group do not undertake any obligation to update any forward looking statements, even though the situation of Atrium or the Group may change in the future.

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

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

GROUP MANAGEMENT REPORT

BUSINESS REVIEW

OPERATIONAL AND FINANCIAL PERFORMANCE

During the first quarter of 2016, we continued to progress with our strategy of reweighting our portfolio to large, dominant shopping centres in our core markets and to build on the operational progress achieved during 2015. Looking at the results across the Group's areas of operations outside of Russia, the performance was encouraging with NRI increasing by 1.6% to €39.9 million; this figure takes account of the loss of income from the sale of the fifteen Czech assets, disposed of in order to focus our portfolio on more dominant shopping centres and the acquisition of the 75% stake in Arkady Pankrac in June 2015. The Polish portfolio continued to have a positive impact on group performance and was further bolstered by the addition of the extension to the Atrium Copernicus shopping centre in Toruń, which began making a contribution in the second quarter of 2015.

However, the challenging economic situation in Russia, which has been ongoing for the last eighteen months, continued to have a negative impact on the Group's performance and was the primary driver of the decreases in both gross and net rental income; which were down by 6.2%, to €48.6 million, and 3.4%, to €47.3 million, respectively. As stated in previous financial reports, the main factor contributing to this decline was the rental discounts granted in Russia both to assist tenants affected by the ongoing negative economic environment and to ensure occupancy in our Russian assets - which was 91.8% at the end of March - remains high.

EBITDA excluding revaluation, disposals and impairments, was €35.1 million compared to €41.1 million for the same period last year. This result was primarily due to a lower income in Russia together with a €4.3 million increase in administrative expenses resulting mainly from a €3.2 million increase in legacy legal expenses.

Net cash generated from operating activities was €85.4 million compared to €27.3 million for the comparable period last year. This was primarily due to the temporary short term impact of €78 million increase in VAT payable, related to Group restructuring, offset by a €21 million increase in restricted cash related to the legacy legal claim arrangement (for more information see note 18 to the financial statements).

Atrium Palác Pardubice, Pardubice

Profit after tax was €26.2 million compared to €15.2 million in the first three months of 2015, with the difference primarily due to a revaluation of €3.7 million (compared to a €4.4 million devaluation during the same period last year), €1.3 million profit on the disposal of non-core assets in the Czech Republic (compared to a €10.6 million loss on disposal of non-core assets in the Czech Republic during the same period last year). This was, however, offset by an increase of €4.3 million in administrative expenses attributed mainly to the higher legacy legal expenses mentioned above as well as a higher deferred tax credit of €4.4 million in the prior year.

Company adjusted EPRA earnings per share, excluding the impact of certain non-recurring and non-cash items such as revaluations, foreign exchange differences and impairments, was 7.6 €cents, compared to 8.1 €cents in the first three months of 2015.

The balance sheet remains conservatively positioned, with a gross and net LTV of 33.2% and 22.3% respectively and a cash and cash equivalent amount of €315.6[6] million as at 31 March 2016, compared to €224.4 million as at 31 December 2015.

THE PORTFOLIO

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

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

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

In April 2016, the Group signed a preliminary sale agreement for the sale of three Polish assets to Pergranso Sp z.o.o. for a total consideration of €17.5 million. The sale is expected to be completed in the second quarter of the year. In the same month, Atrium also signed a framework agreement for the sale of a wholly owned subsidiary which owns two land plots in Pushkino, Russia, for a consideration of €10 million.

FINANCING TRANSACTIONS

In March 2016, the Group completed the voluntary repayment of a bank loan from Berlin-Hannoversche Hypothekenbank, in Poland, for a total amount of €49.5 million including accrued interest and breakage costs. As a result of the full repayment of the loan, the related mortgage is no longer valid and deregistration currently in progress.

Following the close of the first quarter, in April 2016, Atrium repurchased bonds issued in 2013 and 2014 and due in 2020 and 2022. The nominal value of the bonds repurchased as at 16 May 2016 amounted to €15.0 million and €1.4 million respectively.

DIVIDEND

In November 2015, the Company's Board of Directors approved an annual dividend of €0.27 per share for 2016, which will be paid as a capital repayment, in quarterly instalments of €0.0675 per share at the end of each calendar quarter, commencing at the end of March 2016 (subject to any legal and regulatory requirements and restrictions of commercial viability). Accordingly, on 31 March 2016, Atrium paid, as a capital repayment, a dividend of €0.0675 (3M 2015: €0.0675) per ordinary share, which amounted to a total of €25.4 million (3M 2015: €25.4 million).

OTHER

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

OUR MARKETS

During the first quarter of the year, regional growth across Central and Eastern Europe has mostly strengthened, with the exception of Russia, which remains in recession. Our core markets of Poland, the Czech Republic and Slovakia continue to enjoy robust domestic demand, supported by several factors, including improving conditions in the labour market and still-low inflation.

The final GDP growth figures for 2015 reflect an upward adjustment to the initial estimations for all our markets except Russia, namely to 3.6% in Poland, 4.2% in the Czech Republic, 3.6% in Slovakia, 3.7% in Romania, 3.0% in Hungary, and 2.7% in Latvia. At the same time, the 2015 GDP contraction in Russia was 3.8%. The IMF's latest 2016 economic growth projections for our core markets are at 3.6% in Poland (previously: 3.5%), 2.6% in the Czech Republic (unchanged), and 3.4% in Slovakia (previously: 3.6%). Overall, the IMF made an upward revision of the region's projected 2016 GDP growth rate from 3.1% to 3.5%, reflecting the healthy prospects across CEE.

Turning to Russia, the situation remains challenging as economic weakness is set to persist this year. Some analysts however, suggest that the worst of the recession is now behind us. Furthermore, since early March the rouble has regained some of the lost ground, fuelled by the recovery in oil prices, temporarily providing some much-needed stability. Nevertheless, the currency remains weak, displaying consistently high exchange rate volatility. As high inflation persists and the labour market is weakening, consumers' disposable income is being further eroded. The challenging and uncertain state of the country is also reflected in the real estate market: CBRE expects that 2016 will see a 10-year record low level of completions in new retail space in Russia, mostly driven by uncertain demand and expensive and scarce financing. Retailers' appetite has not waned altogether, but they are selecting

6 Including €81.9 million VAT input received due to Group restructuring. In April 2016, this amount was paid by the Group as VAT Output.

and evaluating locations more carefully.

With respect to the local property markets, transaction volumes were slightly down in the first quarter compared to the previous year, but recovery is expected during the next quarters. According to CBRE, real estate investment into CEE countries excluding Russia reached €1.6bn during the period, a 16% annual decline, with retail in particular decreasing by 34% year-on-year. But, although these preliminary estimates may suggest otherwise, money is returning to CEE in spite of market jitters. The region was recently marked by concerns over the actions of illiberal, populist governments, but investor interest in the CEE real estate market continues to grow. In particular, there is a rising interest in longer-term projects as the region's property markets mature and the quality of developments increase and, currently, far greater focus is being placed on the intrinsic value of real estate. In particular, investors from Germany, the UK and North America are focusing on prime real estate, with healthy inflows spread across most CEE markets.

MARKETS OUTLOOK

Looking ahead, and in line with analysts' forecasts, we expect our markets - with the exception of Russia - to perform well this year, in particular our core markets of Poland, the Czech Republic and Slovakia, where consumer spending looks set to stay strong, and deflation pressures should ease over the course of this year. At the same time, while the stabilisation of global oil prices seen in March and April has resulted in a corresponding respite in Russia, the slump in the market is unlikely to have completely ended as the fundamental circumstances driving it are still present and the rouble remains highly volatile. All in all, with the exception of Russia, our core markets, and the other countries in which we are active are expected to record annual GDP growth rates of 3-4% for the whole year, and similarly high retail sales growth rates and our outlook for the region remains positive.

Atrium Promenada, Warsaw

OPERATING ACTIVITIES

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

	No. of properties		Gross rental income			Net rental income		
Country	3M 2016	3M 2015	3M 2016 €'000	3M 2015 €'000	Change %	3M 2016 €'000	3M 2015 €'000	Change %
Poland	24	24	25,735	25,658	0.3%	25,575	25,423	0.6%
Czech Republic	7	22	5,818	7,980	(27.1%)	5,700	7,633	(25.3%)
Slovakia	3	3	2,791	2,787	0.1%	2,772	2,828	(2.0%)
Russia	7	7	7,984	11,526	(30.7%)	7,458	9,781	(23.8%)
Hungary	23	23	1,872	1,886	(0.7%)	1,733	1,557	11.3%
Romania	1	1	1,597	1,595	0.1%	1,516	1,506	0.7%
Latvia	1	1	400	380	5.3%	279	262	6.5%
Total	**66**	**81**	**46,197**	**51,812**	**(10.8%)**	**45,033**	**48,990**	**(8.1%)**
Investment in Joint Ventures (75%)	1	-	2,427	-		2,277	-	
Total rental income	**67**	**81**	**48,624**	**51,812**	**(6.2%)**	**47,310**	**48,990**	**(3.4%)**

	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
Country	3M 2016 €'000	3M 2015 €'000	Change %	3M 2016 €'000	3M 2015 €'000	Change %
Poland	23,798	23,874	(0.3%)	23,772	23,991	(0.9%)
Czech Republic	4,896	5,063	(3.3%)	4,811	4,723	1.9%
Slovakia	2,791	2,787	0.1%	2,772	2,829	(2.0%)
Russia	7,984	11,393	(29.9%)	7,458	10,141	(26.5%)
Hungary	1,872	1,886	(0.7%)	1,733	1,561	11.0%
Romania	1,597	1,594	0.2%	1,516	1,508	0.5%
Latvia	400	380	5.3%	279	262	6.5%
Like-for-like rental income	**43,338**	**46,977**	**(7.7%)**	**42,341**	**45,015**	**(5.9%)**
Remaining rental income	5,286	4,668	13.2%	4,969	4,336	14.6%
Exchange rate effect*		167	-	-	(361)	-
Total rental income	**48,624**	**51,812**	**(6.2%)**	**47,310**	**48,990**	**(3.4%)**

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

The Group's portfolio produced €48.6 million of GRI during the period, a 6.2% decrease compared to the same period last year. Excluding Russia, the GRI increased by 1%, mainly reflecting the changes in our portfolio in the Czech Republic where, including the income contribution from the joint ventures, GRI rose 3.3% following the acquisition of the 75% interest in Arkády Pankrác in Prague in June 2015 and the disposal of fifteen non-core assets.

The Group's NRI followed a similar pattern with a 23.8% decline in Russia but only a 3.4% decrease, to €47.3 million, overall. In line with the GRI, Poland's NRI remained consistent, while the main reason behind the differing levels of NRI and GRI performances in Hungary was the collection of a receivable in the first three months of 2016.

On a like-for-like basis, Group GRI decreased by 7.7% to €43.4 million while like-for-like NRI declined 5.9% to €42.3 million, although this is principally due to the impact of Russia. In Poland both GRI and NRI improved, having been assisted by the contribution from the Atrium Copernicus shopping centre in Toruń, Poland, following the completion of the extension in March 2015, although like-for-like was down marginally primarily as a result of the restructuring of the DIY tenant which has been mentioned in previous reports. In Russia, Romania, Slovakia and Hungary, the like-for-like figures mirrored that of the overall GRI and NRI figures. In the Czech Republic, the net like-for-like figures compared positively to the gross like-for-like figures mainly due to the collection of receivables in the first three months of 2016

The operating margin increased by 2.7% to 97.3%.

As at 31 March 2016, occupancy measured under EPRA guidelines decreased slightly to 95.8% (31 December 2015: 96.7%). Despite the crisis, EPRA occupancy in Russia only decreased by 2.6%, from 94.4% as at 31 December 2015 to 91.8% as at 31 March 2016, reflecting the success of our strategy of proactively managing discounts in order to protect occupancy.

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

Standing investments	No. of properties	Gross lettable area	Portfolio	Market value	Portfolio	Revaluation
Country		sqm	%	€'000	%	€'000
Poland	21	523,300	46.0%	1,511,095	58.2%	10,849
Czech Republic	7	87,700	7.6%	330,796	12.7%	2,429
Slovakia	3	65,600	5.8%	151,463	5.8%	3,264
Russia	7	240,800	21.1%	269,794	10.4%	(5,612)
Hungary	23	100,900	8.9%	64,814	2.5%	-
Romania	1	54,100	4.8%	71,670	2.8%	134
Latvia	1	20,400	1.8%	11,866	0.5%	-
Total	**63**	**1,092,800**	**96.0%**	**2,411,498**	**92.9%**	**11,064**
Investment in Joint Ventures (75%)	1	30,000	2.6%	168,450	6.5%	(75)
Standing investments classified as assets held for sale	3	15,700	1.4%	16,380	0.6%	508
Total standing investments	**67**	**1,138,500**	**100.0%**	**2,596,328**	**100.0%**	**11,497**

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

Standing investments	Net equivalent yield* (weighted average)	EPRA Net initial yield (NIY) **	EPRA Occupancy
Country[7]	%	%	%
Poland	6.4%	6.5%	96.2%
Czech Republic	5.9%	5.7%	96.6%
Slovakia	7.3%	7.2%	98.7%
Russia	12.7%	10.9%	91.8%
Hungary	9.7%	10.5%	97.7%
Romania	8.7%	8.0%	99.2%
Latvia	10.1%	9.5%	97.9%
Avarage/Total	**7.2%**	**7.0%**	**95.8%**

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

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

The portfolio's net equivalent yield and the EPRA net initial yield decreased to 7.2% and 7.0% respectively (31 December 2015: 7.3% and 7.2%). The sale of the portfolio of 10 assets in the Czech Republic and yield compressions in Poland, the Czech Republic and Slovakia were the main drivers behind the decrease in each case, with the decrease of income in Russia causing an additional decrease in the NIY.

The alternative EPRA "topped up" NIY as at 31 March 2016 decreased to 7.8% (31 December 2015: 8.0%) mainly due to the portfolio sale in the Czech Republic and the decrease in Russia mentioned above.

The sale of the €102.6 million portfolio of non-core Czech assets in February 2016 offset a small increase in portfolio valuation and led to the overall market value of the Group's standing investments decreasing from €2,683[8] million at year end 2015 to €2,596[7] million as at 31 March 2016. The market value of the Group's standing investments in Russia represented only 10.4% (31 December 2015: 10.3%) of the total market value.

In March 2016, the Group completed and opened the first extension to stage one of our redevelopment project in Promenada, Warsaw. The 3,400 sqm extension includes a new 2,670 sqm H&M flagship store, one of the largest in Poland. The second extension is expected to be completed in Q3 2016.

DISPOSALS

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

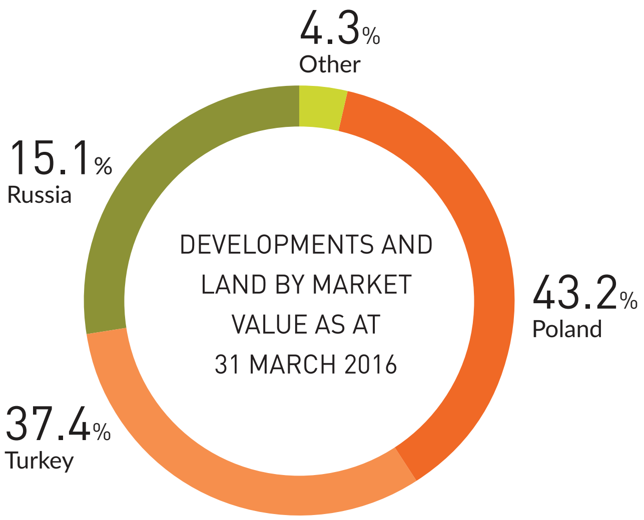
In April 2016, the Group signed a preliminary sale agreement for the sale of three Polish assets to Pergranso Sp z.o.o. for a total consideration of €17.5 million. The sale is expected to be completed in the second quarter of the year.

7 Including a 75% stake in assets held in Joint Ventures and €16.4 million classified as held for sale as at 31 March 2016
8 Including a 75% stake in assets held in Joint Ventures and €117.5 million classified as held for sale as at 31 December 2015

DEVELOPMENT ACTIVITIES

As at 31 March 2016, Atrium's development and land portfolio was valued at €308[9] million compared to €309[10] million as at 31 December 2015. The values reflect Atrium's continued strategy of monetising development and land assets but also the effect of the current economic situation in Russia on our land and development portfolio.

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



Currently, the only active development project is stage one of the redevelopment of the Atrium Promenada centre in Warsaw, Poland, on which work commenced in September 2014. The overall project entails a major extension of 44,000 sqm and a remodelling of the existing shopping centre.

Stage one of the redevelopment, with an estimated cost of €49 million, consists of two extensions, totalling 7,800 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. In March 2016, the first extension was completed at which point the total book value of that extension was transferred to the income producing portfolio. The total net incremental costs to complete stage one of the redevelopment project are approximately €27 million.

On 17 May 2016, the Board of Directors approved the second stage of the Atrium Promenada extension and redevelopment in Warsaw, Poland, which has an estimated cost of €51 million and comprises a remodelling and renovation of an additional part of the shopping centre.

The Board has also approved the first phase of a c.9,000 sqm GLA extension to Atrium Targowek in Warsaw. This initial phase, which precedes construction of the main extension, is expected to cost around €11m and will comprise land assembly, project design and the construction of additional parking.

In April 2016, Atrium signed a framework agreement for the sale of a wholly owned subsidiary which owns two land plots in Pushkino, Russia for a consideration of €10 million.

9 Including €13.3 million (representing two assets in Russia and one asset in Poland) classified as held for sale as at 31 March 2016.
10 Including €1.6 million (representing one asset in Poland) classified as held for sale as at 31 December 2015.

EPRA PERFORMANCE MEASURES

A. EPRA EARNINGS

	3M 2016 €'000	3M 2015 €'000
Earnings attributed to equity holders of the parent company	**26,248**	**15,220**
Changes in value of investment properties	(3,715)	4,356
Net result on disposals of investment properties	(1,314)	10,644
Amortisation of intangible assets	470	496
Deferred tax in respect of EPRA adjustments	227	(787)
Close out costs of financial instruments	1,484	-
Joint venture interest in respect of the above adjustments	75	-
EPRA earnings	**23,475**	**29,929**
Weighted average number of shares	376,184,182	375,699,031
EPRA earnings per share (in €cents)	**6.2**	**8.0**
Company adjustments:		
Legacy legal matters	4,566	1,331
Impairments	-	886
Foreign exchange differences	836	1,833
Deferred tax not related to revaluations	(259)	(3,753)
Changes in the value of financial instruments	58	66
Company adjusted EPRA earnings	**28,676**	**30,292**
Company adjusted EPRA earnings per share (in €cents)	**7.6**	**8.1**

B. EPRA NET ASSET VALUE ("NAV")

	31 March 2016		31 December 2015	
	€'000	in € per ordinary share	€'000	in € per ordinary share
Equity	**2,034,797**		**2,031,126**	
Non-controlling interest	-		845	
NAV per the financial statements	**2,034,797**	**5.41**	**2,031,971**	**5.40**
Effect of exercise of options	18,105		16,683	
Diluted NAV, after the exercise of options	**2,052,902**	**5.39**	**2,048,654**	**5.38**
Fair value of financial instruments	6,841		6,872	
Deferred tax	80,318		91,498	
EPRA NAV	**2,140,061**	**5.62**	**2,147,024**	**5.64**

C. EPRA TRIPLE NAV ("NNNAV")

	31 March 2016		31 December 2015	
	€'000	in € per ordinary share	€'000	in € per ordinary share
EPRA NAV	**2,140,061**		**2,147,024**	
Fair value of financial instruments	(6,841)		(6,872)	
Impact of debt fair value	(52,162)		(38,689)	
Deferred tax	(80,318)		(91,498)	
EPRA NNNAV	**2,000,740**	**5.25**	**2,009,965**	**5.28**
Number of outstanding shares	376,193,832		376,174,317	
Number of outstanding shares and options	380,897,570		380,502,476	

D. EPRA NIY AND "TOPPED UP" NIY

	31 March 2016	31 December 2015
	€'000	€'000
Investment property – wholly owned	2,735,902	2,823,816
Investment in Joint Venture (75%)	168,450	168,525
Less developments	(308,023)	(309,398)
Completed property portfolio	**2,596,329**	**2,682,943**
Allowance for estimated purchasers' costs	46,825	47,955
Gross up completed property portfolio valuation (B)	**2,643,154**	**2,730,898**
Annualised cash passing rental income	193,874	206,384
Property outgoings	(8,784)	(9,866)
Annualised net rents (A)	**185,090**	**196,518**
Add: notional rent expiration of rent free periods or other lease incentives	20,617	21,874
Topped-up net annualised rent (C)	**205,707**	**218,392**
EPRA NIY A/B	**7.0%**	**7.2%**
EPRA "topped up" NIY C/B	**7.8%**	**8.0%**

E. EPRA VACANCY RATE

	31 March 2016	31 December 2015
	€'000	€'000
Estimated rental value of vacant space	7,389	6,065
Estimated rental value of the whole portfolio	177,026	183,738
EPRA vacancy rate	**4.2%**	**3.3%**

F. EPRA COST RATIO

	3M 2016	3M 2015
	€'000	€'000
Administrative expenses	11,505	7,182
Exclude non-recurring legacy legal costs	(4,566)	(1,331)
Other depreciation and amortisations	703	724
Costs connected with development	593	742
Net property expenses net of service charge income	1,164	2,822
Share of Joint Venture expenses	158	-
EPRA Costs (including direct vacancy costs) (A)	**9,557**	**10,139**
Direct vacancy costs	(836)	(583)
EPRA Costs (excluding direct vacancy costs) (B)	**8,721**	**9,556**
Share of Joint Venture income	2,427	-
Gross rental income	46,197	51,812
Total income (C)	**48,624**	**51,812**
EPRA Costs ratio (including direct vacancy costs) (A/C)	**19.7%**	**19.6%**
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	**17.9%**	**18.4%**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2016		31 December 2015	
		€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)	€'000 (Audited)
ASSETS					
Non-current assets					
Standing investments	**4**	2,411,498		2,396,951	
Developments and land	**5**	294,679		307,845	
Equity-accounted investment in joint ventures	**6**	169,756		169,408	
Other non-current assets	**7**	38,986		40,431	
			2,914,919		**2,914,635**
Current assets					
Cash and cash equivalents		315,619		224,368	
Other current assets		48,808		24,281	
Assets held for sale	**8**	29,948		119,652	
			394,375		**368,301**
TOTAL ASSETS			**3,309,294**		**3,282,936**
EQUITY	**9**		**2,034,797**		**2,031,126**
LIABILITIES					
Non-current liabilities					
Long term borrowings	**10**	963,230		1,011,392	
Derivatives	**11**	6,716		6,872	
Other non-current liabilities		113,815		114,266	
			1,083,761		**1,132,530**
Current liabilities					
Short term borrowings	**10**	1,282		1,389	
Other current liabilities	**13**	164,390		83,458	
Liabilities held for sale	**8**	1,136		11,878	
Provisions	**12**	23,928		22,555	
			190,736		**119,280**
TOTAL EQUITY AND LIABILITIES			**3,309,294**		**3,282,936**

The Group management report and the condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors during the course of their meeting on 17 May 2016 and were duly signed on the Board's behalf by Chaim Katzman, Chairman of the Board, Peter Linneman, Chairman of the Audit Committee and Josip Kardun, Group Chief Executive Officer.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 31 March 2016		Three months ended 31 March 2015	
(Unaudited)	Note	€'000	€'000	€'000	€'000
Gross rental income		46,197		51,812	
Service charge income		17,582		18,164	
Net property expenses		(18,746)		(20,986)	
Net rental income			**45,033**		**48,990**
Net result on disposals		1,314		(10,644)	
Costs connected with developments		(593)		(742)	
Revaluation of investment properties		3,715		(4,356)	
Other depreciation, amortisation and impairments	**14**	(703)		(1,610)	
Administrative expenses		(11,505)		(7,182)	
Share of profit of equity-accounted investment in joint ventures		2,171		-	
Net operating profit			**39,432**		**24,456**
Interest expenses, net		(9,369)		(10,275)	
Foreign currency differences		(836)		(1,833)	
Other financial expenses	**15**	(2,687)		(1,242)	
Profit before taxation			**26,540**		**11,106**
Taxation (charge)/credit for the period	**16**	(292)		4,101	
Profit after taxation for the period			**26,248**		**15,207**
Attributable to:					
Owners of the parent		26,248		15,220	
Non-controlling interest		-		(13)	
			26,248		**15,207**
Basic and diluted earnings per share in €cents attributable to shareholders		7.0		4.0	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March 2016		Three months ended 31 March 2015	
(Unaudited)	€'000	€'000	€'000	€'000
Profit for the period	26,248		15,207	
Items that are or may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations (net of deferred tax)	(24)		274	
Movements in hedging reserves (net of deferred tax)	4		771	
Amounts reclassified to profit or loss in respect of exchange differences on translation of foreign operations disposed of during the period	2,622		10,439	
Total comprehensive income for the period		**28,850**		**26,691**
Attributable to:				
Owners of the parent	28,850		26,704	
Non-controlling interest	-		(13)	
		28,850		**26,691**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Unaudited)	Three months ended 31 March 2016 €'000	Three months ended 31 March 2015 €'000
Cash flows from operating activities		
Profit before taxation	26,540	11,106
Adjustments for:		
Other depreciation, amortisation and impairments	703	1,610
Revaluation of investment properties, net	(3,715)	4,356
Foreign exchange loss	836	1,833
Change in legal provisions, net of amounts paid	1,379	87
Share based payment expenses	215	401
Results of joint ventures, net of dividend received	(348)	-
Net result on disposals	(1,314)	10,644
Finance lease interest expense	707	923
Net loss from early repayments of loans	1,484	-
Interest expense	9,589	10,508
Interest income	(220)	(233)
Operating cash flows before working capital changes	**35,856**	**41,235**
Decrease (increase) in trade, other receivables and prepayments*	329	(4,188)
Increase in trade, other payables and accrued expenditure, net	(3,411)	(3,841)
Cash generated from operations	**32,774**	**33,206**
Increase in restricted cash related to legacy legal claim arrangement (note 18)	(20,931)	-
Increase in short term VAT payables due to Group restructuring	78,241	-
Interest paid*	(3,516)	(5,371)
Interest received	153	102
Corporation taxes paid, net	(1,302)	(669)
Net cash generated from operating activities	**85,419**	**27,268**
Cash flows from investing activities		
Payments related to investment properties and other assets	(14,506)	(8,159)
Proceeds from the disposal of investment properties	94,799	59,484
Net cash generated from investing activities	**80,293**	**51,325**
Net cash flow before financing activities	**165,712**	**78,593**
Cash flows from financing activities		
Proceeds from issuance of share capital	-	935
Repayment of long term borrowings*	(49,920)	(992)
Change in restricted cash*	(132)	(273)
Dividends paid	(25,394)	(25,366)
Net cash used in financing activities	**(75,446)**	**(25,696)**
Increase in cash and cash equivalents	**90,266**	**52,897**
Cash and cash equivalents at the beginning of the period*	**224,368**	**420,544**
Effect of exchange rate fluctuations on cash held	985	363
Cash and cash equivalents at the end of the period*	**315,619**	**473,804**

* 31/3/2015 balances have been reclassified

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

(Unaudited)	Note	Stated capital €'000	Share based payment reserve €'000	Hedging reserve €'000	Retained earnings/ (deficit) €'000	Currency translation reserve €'000	Currency translation reserve for disposal group held for sale €'000	Equity attributable to the owners of the Company €'000	Non-controlling interest €'000	Total equity €'000
Balance as at 1 January 2016		**2,574,836**	**4,153**	**(5,566)**	**(442,381)**	**(96,449)**	**(2,622)**	**2,031,971**	**(845)**	**2,031,126**
Profit for the period		-	-	-	26,248	-	-	26,248	-	**26,248**
Other comprehensive income (expense)		-	-	4	-	(24)	2,622	2,602	-	**2,602**
Total comprehensive income (expense)		-	-	**4**	**26,248**	**(24)**	**2,622**	**28,850**	**-**	**28,850**
Transaction with owners of the Company										
Share based payment		-	215	-	-	-	-	215	-	**215**
Issue of no par value shares		100	(100)	-	-	-	-	-	-	**-**
Charging the non-controlling interests share in equity deficit of subsidiaries		-	-	-	(845)	-	-	(845)	845	**-**
Dividends	9	(25,394)	-	-	-	-	-	(25,394)	-	**(25,394)**
Disposal group held for sale	8	-	-	-	-	16,397	(16,397)	-	-	**-**
Balance as at 31 March 2016		**2,549,542**	**4,268**	**(5,562)**	**(416,978)**	**(80,076)**	**(16,397)**	**2,034,797**	**-**	**2,034,797**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

(Unaudited)	Note	Stated capital €'000	Share based payment reserve €'000	Hedging reserve €'000	Retained earnings/ (deficit) €'000	Currency translation reserve €'000	Currency translation reserve for disposal group held for sale €'000	Equity attributable to the owners of the Company €'000	Non-controlling interest €'000	Total equity €'000
Balance as at 1 January 2015		**2,673,166**	**4,360**	**(9,986)**	**(447,247)**	**(98,645)**	**(10,439)**	**2,111,209**	**(791)**	**2,110,418**
Profit (loss) for the period		-	-	-	15,220	-	-	15,220	(13)	**15,207**
Other comprehensive income (expense)		-	-	771	-	274	10,439	11,484	-	**11,484**
Total comprehensive income (expense)		-	-	**771**	**15,220**	**274**	**10,439**	**26,704**	**(13)**	**26,691**
Transaction with owners of the Company										
Share based payment		-	400	-	-	-	-	400	-	**400**
Issue of no par value shares		1,470	(535)	-	-	-	-	935	-	**935**
Dividends	9	(25,366)	-	-	-	-	-	(25,366)	-	**(25,366)**
Balance as at 31 March 2015		**2,649,270**	**4,225**	**(9,215)**	**(432,027)**	**(98,371)**	**-**	**2,113,882**	**(804)**	**2,113,078**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

1. REPORTING ENTITY

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

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

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

2. BASIS OF PREPARATION

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments effective in the current period

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

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

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

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

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**
  The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used for property, plant and equipment depreciation and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments have no impact on the Group.

- **Annual Improvements 2012-2014 Cycle**
  The improvements contain five amendments to four standards. The effective date of the amendments is 1 January 2016 either prospectively or retrospectively. These amendments have no impact on the Group.

- **Amendments to IAS 1: Disclosure Initiative**
  The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

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

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

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

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

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

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

4. STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 63[11] properties (31 December 2015: 63[12]).

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

	Three months ended 31 March 2016 €'000	Year ended 31 December 2015 €'000
Balance as at 1 January	2,396,951	2,520,439
Additions - technical improvememts, extensions	2,916	28,202
Movements - financial leases	1,639	655
Transfers from developments and land	13,344	31,036
Transfers to developments and land	(14,412)	-
Transfer to assets held for sale	-	(117,467)
Currency translation differences	(4)	2,778
Revaluation of standing investments	11,064	(54,262)
Disposals	-	(14,430)
Balance as at the end of the period	**2,411,498**[13]	**2,396,951**

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

5. DEVELOPMENTS AND LAND

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

	Three months ended 31 March 2016 €'000	Year ended 31 December 2015 €'000
Balance as at 1 January	307,845	365,016
Additions - cost of land and construction	5,372	25,500
Movements - financial leases	-	163
Transfer to standing investments	(13,344)	(31,036)
Transfer from standing investments	14,412	-
Transfer to assets held for sale	(11,789)	(1,553)
Disposals	(45)	(1,022)
Interest capitalised	88	1,077
Currency translation differences	(3)	103
Revaluation of developments and land	(7,857)	(50,403)
Balance as at the end of the period	**294,679**	**307,845**

11 Excluding 3 assets in Poland classified as assets held for sale as at 31 March 2016
12 Excluding 10 assets in the Czech Republic and 3 in Poland classified as assets held for sale as at 31 December 2015
13 91% of the standing investment properties were valued externally at reporting date (including assets held for sale and in joint ventures). This includes the 20 assets with the highest value in the portfolio and all standing investment properties in Russia.

In September 2014, the Group commenced works on stage one of the redevelopment project of the Atrium Promenada centre in Warsaw, Poland. Stage one consists of two extensions, totalling 7,800 sqm of additional GLA, a 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 expected to amount to €27 million.

In March 2016, the Group completed the first extension of stage one and transferred the value of that extension from developments and land to the standing investments portfolio.

6. EQUITY-ACCOUNTED INVESTMENT IN JOINT VENTURES

The following joint ventures are indirectly owned by the Company:

Name of the joint venture	Country of incorporation	Stake in equity of joint venture 31 March 2016 €'000	Investment in joint venture 31 March 2016 €'000	Investment in joint venture 31 December 2015 €'000
Pankrac Shopping Centre k.s	Czech Republic	75%	168,219	167,987
EKZ 11 k.s.	Czech Republic	75%	1,538	1,421
Total			**169,756**	**169,408**

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

Balance sheet	31 March 2016 €'000	31 December 2015 €'000
Standing investment	224,600	224,700
Cash and cash equivalents	3,234	2,634
Other current assets	2,189	1,142
Non-current liabilities	(869)	(837)
Current liabilities	(2,812)	(1,762)
Net assets (100%)	**226,342**	**225,877**
Group share of net assets (75%)	**169,756**	**169,408**
Carrying amount of interest in joint ventures	**169,756**	**169,408**

Income statement	Three months ended 31 March 2016 €'000
Gross rental income	3,235
Other items including revaluation	(340)
Profit of the joint ventures (100%)	**2,895**
Share of profit of equity-accounted investment in joint ventures	**2,171**
Dividends received by the group	**1,823**

7. OTHER NON-CURRENT ASSETS

	31 March 2016 €'000	31 December 2015 €'000
Property and equipment	2,706	2,505
Intangible assets	4,600	5,064
Deferred tax assets	924	1,239
Long term loans	13,041	13,086
Other assets	17,715	18,537
Total	**38,986**	**40,431**

8. ASSETS AND LIABILITIES HELD FOR SALE

As at 31 March 2016, the assets and liabilities held for sale include the portfolio of three smaller format retail assets in Poland with an approximate value of €18.0 million and a total lettable area of approximately 15,700 sqm, as well as land plots in Russia with a total value of €11.7 million. Foreign currency translation reserves, amounting to €16.4million, were also presented as held for sale and relate exclusively to the Russian disposal groups.

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

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:

	Three months ended 31 March 2016 €'000	Year ended 31 December 2015 €'000
Non-current assets		
Standing investments	16,380	117,467
Developments and land	13,342	1,553
Current assets	**226**	**632**
Assets held for sale	**29,948**	**119,652**
Non-current liabilities		
Long term liabilities from financial leases	1,060	687
Other non-current liabilities	38	10,687
Current liabilities	38	504
Liabilities held for sale	**1,136**	**11,878**
Net assets directly associated with disposal groups	**28,812**	**107,774**
Amounts included in accumulated other comprehensive income:		
Foreign currency translation reserve	(16,397)	(2,622)
Reserve of disposal groups classified as held for sale	**(16,397)**	**(2,622)**

9. EQUITY

As at 31 March 2016, the total number of ordinary shares issued was 376,193,832 (31 December 2015: 376,174,317 shares). During the three month period ended 31 March 2016, Atrium paid a dividend of €0.0675 (3M 2015: €0.0675) per ordinary share, which amounted to a total of €25.4 million (3M 2015: €25.4 million).

10. BORROWINGS

	31 March 2016		31 December 2015	
	Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Bonds	854,276	906,902	854,251	891,854
Bank loans	110,236	109,771	158,530	159,617
Total	**964,512**	**1,016,673**	**1,012,781**	**1,051,471**

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

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

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

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

The borrowings are repayable as follows:

	31 March 2016	31 December 2015
	Net book value €'000	Net book value €'000
Due within one year	1,282	1,389
In year two	5,418	53,203
In years three, four and five	353,550	353,280
After five years	604,262	604,909
Total	**964,512**	**1,012,781**

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

11. DERIVATIVES

The Group has an interest rate swap contract ("IRS") in connection with a bank loan. The swap replaces floating interest rates with fixed interest rates. The swap is a cash flow hedge designed to reduce the Group's cash flow volatility due to variable interest rates on the bank loans. The IRS is measured at fair value using the discounted future cash flow method. As at 31 March 2016, the IRS was in a liability position and had a fair value of €6.7 million (31 December 2015: €6.9 million).

During the quarter, the Group entered into hedging arrangements which comprise nine separate forward transactions to exchange 150 million roubles into euros at a fixed rate every month starting from April 2016 and ending in December 2016. The forward transactions are measured at fair value using the discounted future cash flow method. As at 31 March 2016, the transactions were in a liability position and had a fair value of €0.1 million.

12. PROVISIONS

	Legacy legal provision €'000	Other legal provision €'000	Total €'000
Balance as at 1 January 2016	**21,000**	**1,555**	**22,555**
Foreign currency changes	-	(6)	(6)
Additions/(releases) of provision in the period, net	2,862	(346)	2,516
Amounts paid during the period	(762)	(375)	(1,137)
Balance as at 31 March 2016	**23,100**	**828**	**23,928**
Of which- Current portion	23,100	828	23,928
Non-current portion	-	-	
Total provisions	**23,100**	**828**	**23,928**

For more information, see note 18.

13. OTHER CURRENT LIABILITIES

	31 March 2016 €'000	31 December 2015 €'000
Trade and other payables	33,603	30,685
Accrued expenditure	43,063	45,360
Income tax payable	4,329	4,852
VAT payables	*83,395	2,561
Total	**164,390**	**83,458**

* Including €81.9 million VAT input received due to Group restructuring. In April 2016, this amount was paid by the Group as VAT output.

14. OTHER DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	Three months ended 31 March	
	2016 €'000	2015 €'000
Other depreciation and amortisation	(703)	(724)
Impairments	-	(886)
Total	**(703)**	**(1,610)**

15. OTHER FINANCIAL EXPENSES

	Three months ended 31 March	
	2016 €'000	2015 €'000
Early loan repayment	(1,484)	-
Interest on financial leases	(707)	(923)
Other financial expenses	(496)	(319)
Total	**(2,687)**	**(1,242)**

16. TAXATION (CHARGE)/CREDIT FOR THE PERIOD

	Three months ended 31 March	
	2016 €'000	2015 €'000
Current period corporate income tax expense	(385)	(527)
Deferred tax credit /(charge)	32	4,539
Adjustments to prior periods	61	89
Total credit/(charge)	**(292)**	**4,101**

17. SEGMENT REPORTING

Reportable segments

For the period ended 31 March 2016	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	48,624	-	(2,427)	46,197
Service charge income	18,144	-	(562)	17,582
Net property expenses	(19,459)	-	713	(18,746)
Net rental income	**47,309**	**-**	**(2,276)**	**45,033**
Net result on disposals	1,279	35	-	1,314
Costs connected with developments	-	(593)	-	(593)
Revaluation of investment properties	11,497	(7,857)	75	3,715
Other depreciation, amortisation and impairments	(619)	-	(84)	(703)
Administrative expenses	(2,624)	(133)	(8,748)	(11,505)
Share of profit of equity-accounted investment in joint ventures	-	-	2,171	2,171
Net operating profit/(loss)	**56,842**	**(8,548)**	**(8,862)**	**39,432**
Interest expenses, net	(8,110)	(485)	(774)	(9,369)
Foreign currency differences	(529)	(158)	(149)	(836)
Other financial expenses	(2,151)	(48)	(488)	(2,687)
Profit/(loss) before taxation	**46,052**	**(9,239)**	**(10,273)**	**26,540**
Taxation credit/(charge) for the period	(298)	-	6	(292)
Profit/(loss) after taxation for the period	**45,754**	**(9,239)**	**(10,267)**	**26,248**
Investment properties	*2,596,328	**308,021	***(168,450)	2,735,899
Segment assets	2,647,789	320,424	****341,081	3,309,294
Segment liabilities	1,100,328	63,538	110,631	1,274,497

* Including €16.4m classified as held for sale for 31 March 2016

** Including €13.3m classified as held for sale for 31 March 2016

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

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

Reportable segments

For the period ended 31 March 2015	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	51,812	-	-	51,812
Service charge income	18,164	-	-	18,164
Net property expenses	(20,986)	-	-	(20,986)
Net rental income	**48,990**	**-**	**-**	**48,990**
Net result on acquisitions and disposals	(10,644)	-	-	(10,644)
Costs connected with developments	-	(742)	-	(742)
Revaluation of investment properties	(1,006)	(3,350)	-	(4,356)
Other depreciation, amortisation and impairments	(631)	(886)	(93)	(1,610)
Administrative expenses	(2,971)	(68)	(4,143)	(7,182)
Net operating profit/(loss)	**33,738**	**(5,046)**	**(4,236)**	**24,456**
Interest expenses, net	(6,663)	(574)	(3,038)	(10,275)
Foreign currency differences	(1,627)	(360)	154	(1,833)
Other financial expenses	(846)	(117)	(279)	(1,242)
Profit/(loss) before taxation	**24,602**	**(6,097)**	**(7,399)**	**11,106**
Taxation credit/(charge) for the period	4,120	282	(301)	4,101
Profit/(loss) after taxation for the period	**28,722**	**(5,815)**	**(7,700)**	**15,207**
Investment properties	2,552,467	338,323	-	2,890,790
Segment assets	2,606,728	365,059	*479,195	3,450,982
Segment liabilities	901,246	75,430	361,228	1,337,904

* The amount mainly relates to cash and cash equivalent

18. CONTINGENCIES

With regard to the Austrian civil proceedings, the context of the associated contingencies are as reported in note 2.40 of the Annual Financial Report 2015. Atrium is involved in certain claims submitted by holders of Austrian Depositary Certificates alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 16 May 2016, 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 €43.0 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.

Having announced in January 2016 the establishment of an arrangement to create a compensation fund through which to resolve the Austrian proceedings as well as submissions by individuals to join pending criminal proceedings, as referred to in note 2.40 of the Annual Financial Report 2015, the period for participation in the arrangement has been extended by 3 months until 17 July 2016.

The number of claims in the Austrian courts and their aggregate value reflects a significant increase in the period since the arrangement was announced. The Company believes this is in reaction to the establishment of the compensation arrangements. Whilst the Company maintains its position that there is no basis for any claims to be made against, it feels it is important to support reasonable efforts to help bring final resolution to these longstanding issues and continues to encourage claimants to resolve their complaints through the compensation arrangement, which is proving to be an efficient means of dispute resolution.

Based on current knowledge and management assessment in respect of the actual outcome of claims to date in the Austrian proceedings, the terms of and methodology adopted in the compensation arrangement and the expected cost and implications of implementing that arrangement, a total provision of €23.1 million has been estimated by the Company. Certain further information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets', has not been disclosed on the grounds that to do so could be expected to seriously prejudice the resolution of these issues, in particular certain details of the calculation of the total provision and the related assumptions.

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

Certain Russian subsidiaries within the Atrium Group are involved in legal and administrative proceedings involving the Russian tax authorities. These proceedings create an uncertainty around tax policies in matters previously regarded as established but which are now subject to revised interpretation by the Russian tax authorities. During tax audits there have been disagreements over aspects of expenses deductions, the overall impact of which could be significant. The Company cannot reliably estimate the potential amount of any additional taxation and associated costs.

19. ADDITIONAL INFORMATION AND SUBSEQUENT EVENTS

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

  In April 2016, the Group signed a preliminary sale agreement for the sale of three Polish assets to Pergranso Sp z.o.o. for a total consideration of €17.5 million. The sale is expected to be completed in the second quarter of the year.

- **Financing**
  After the reporting period, Atrium repurchased bonds issued in 2013 and due in 2020, with a nominal value of €15.0 million and bonds issued in 2014 and due in 2022, with a nominal value of €1.4 million.

- **Group Executive Team change**
  In March 2016, Atrium Group signed a settlement agreement with Thomas Schoutens, Group Chief Development Officer. No replacement appointment is planned.

- **Other**
  On 11 May 2016, the company held its AGM 2016 and all proposed resolutions detailed in the circular published on 22 April 2016 were passed.

INDEPENDENT REVIEW REPORT FOR ATRIUM EUROPEAN REAL ESTATE LIMITED

INTRODUCTION

We have been engaged by Atrium European Real Estate Limited ("Atrium") to review the condensed consolidated set of financial statements in the interim financial report for the three months ended 31 March 2016 which comprises the condensed consolidated statement of financial position as at 31 March 2016, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flow and the consolidated statement of changes in equity for the three months ended 31 March 2016, and the related explanatory notes.

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

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

DIRECTORS' RESPONSIBILITIES

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

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

OUR RESPONSIBILITY

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim financial report for the three months ended 31 March 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed by the EU.

Steven Hunt

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

17 May 2016

Notes:

- The maintenance and integrity of the Atrium European Real Estate Limited website is the responsibility of the directors, the work carried out by KPMG Channel Islands Limited does not involve consideration of these matters and, accordingly, KPMG Channel Islands Limited accept no responsibility for any changes that may have occurred to the condensed consolidated set of financial statements or review report since the 17 May 2016. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 17 May 2016 which in any way extends this date.
- Legislation in Jersey governing the preparation and dissemination of condensed consolidated financial statements may differ from legislation in other jurisdictions. The directors shall remain responsible for establishing and controlling the process for doing so, and for ensuring that the condensed consolidated financial statements are complete and unaltered in any way.

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Peter Linneman
Karine Ohana
Simon Radford
Thomas Wernink
Andrew Wignall

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Group CEO

Rolf Rüdiger Dany
Group COO

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