ATRIUM
European Real Estate

INTERIM FINANCIAL REPORT 30 SEPTEMBER 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 redevelopments, upgrades and extensions to our existing portfolio and through the selective acquisition of high quality assets in our region. Our balance sheet will continue to be proactively managed to remain efficient and conservative with modest leverage.

Atrium Biala, Białystok, Poland

OUR PROFILE

Atrium Group owns a €2.6 billion[1] portfolio of 62 shopping centres and smaller retail properties which produced €146.4 million of rental income during the first nine months of 2016. These properties are located predominantly in Poland, the Czech Republic, Slovakia and Russia, and, with the exception of two, are all managed by Atrium's internal team of retail real estate professionals.

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

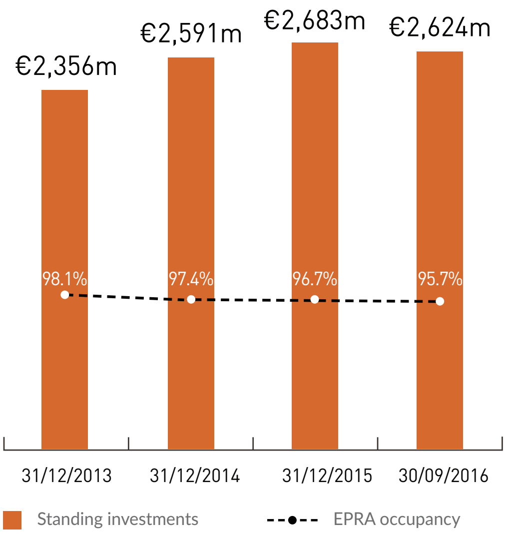
OUR FOCUS FOR 2016

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

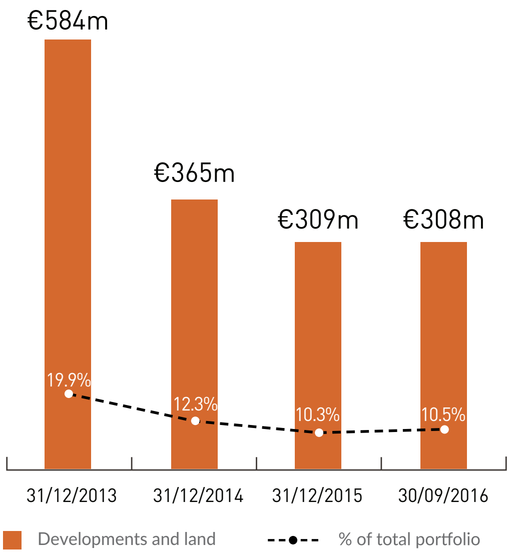
1 Including a 75% stake in assets held in Joint Ventures and €13.7 million (representing 1 asset in Latvia and 1 asset in Czech Republic) classified as held for sale as at 30 September 2016. 31 December 2015 figures also include the Joint Ventures and €117.5 million classified as held for sale.

KEY HIGHLIGHTS

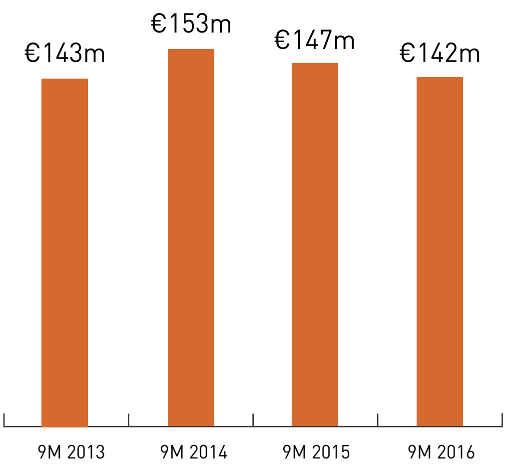
STANDING INVESTMENTS EPRA OCCUPANCY[2]



DEVELOPMENTS AND LAND[3]

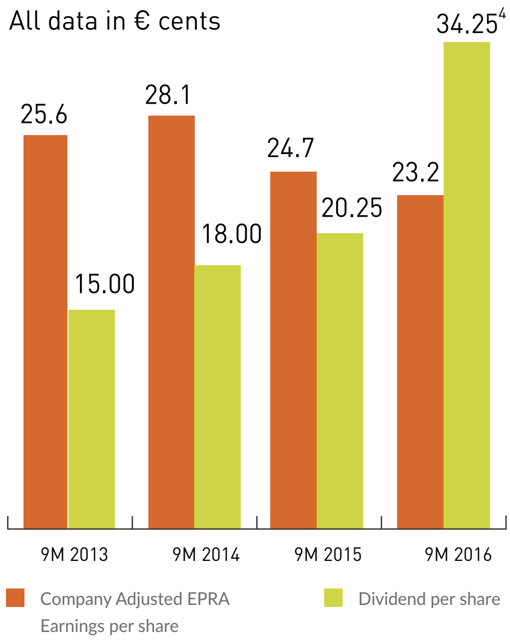


NET RENTAL INCOME (NRI)



COMPANY ADJUSTED EPRA EARNINGS AND DIVIDEND PER SHARE

All data in € cents



2 Including a 75% stake in assets held in Joint Ventures and €13.7 million (representing 1 asset in Latvia and 1 asset in Czech Republic) classified as held for sale as at 30 September 2016. 31 December 2015 figures also include the Joint Ventures and €117.5 million classified as held for sale.

3 Including €11.6 million (representing two assets in Russia) classified as held for sale as at 30 September 2016.

4 Including a special dividend of €cents14 paid on 30 September 2016

KEY PERFORMANCE INDICATORS

KEY FINANCIAL FIGURES OF THE GROUP	UNIT	9M 2016	9M 2015	CHANGE %	FY 2015
Gross rental income	€'000	146,448	154,971	(5.5%)	207,372
EPRA like-for-like gross rental income	€'000	129,789	135,536	(4.2%)	170,506
Net rental income	€'000	142,059	147,391	(3.6%)	197,871
EPRA like-for-like net rental income	€'000	126,589	129,933	(2.6%)	164,240
Operating margin	%	97.0	95.1	1.9%	95.4
EBITDA excluding revaluation, disposals and impairments	€'000	111,424	121,957	(8.6%)	148,782
Company adjusted EPRA earnings	€'000	87,475	92,735	(5.7%)	125,171
Revaluation of standing investments	€'000	34,343	(38,233)		(48,678)
Revaluation of developments and land	€'000	(20,795)	(28,985)		(50,403)
Profit after taxation	€'000	85,871	18,034		4,812
Net cash generated from operating activities	€'000	60,957	91,498	(33.4%)	116,776
IFRS earnings per share	€cents	22.8	4.8		1.3
Company adjusted EPRA earnings per share	€cents	23.2	24.7	(6.1%)	33.3

KEY FINANCIAL FIGURES OF THE GROUP EXCLUDING RUSSIA					
Net rental income	€'000	117,612	118,361	(0.6%)	159,127
EPRA like-for-like net rental income	€'000	102,142	100,612	1.5%	125,496
Company adjusted EPRA earnings	€'000	66,346	69,455	(4.5%)	90,955
Revaluation of standing investments	€'000	39,958	28,416		49,636
Revaluation of development and land	€'000	(8,158)[5]	-		(5,338)

FINANCIAL POSITION	UNIT	30/09/2016	31/12/2015	CHANGE %
Standing investments at fair value	€'000	2,624,031	2,682,943	(2.2%)
Developments and land at fair value	€'000	307,671	309,398	(0.6%)
Cash and cash equivalents	€'000	140,940	224,368	(37.2%)
Equity	€'000	1,994,811	2,031,126	(1.8%)
Borrowings	€'000	947,742	1,012,781	(6.4%)
LTV (gross)	%	32.3	33.8	(1.5)
LTV (net)	%	27.5	26.3	1.2
IFRS NAV per share	€	5.29[6]	5.40	(2.0%)
EPRA NAV per share	€	5.48[6]	5.64	(2.8%)

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

5 Mainly related to the devaluation in Turkey
6 When excluding the special dividend of €cents 14 per share paid on 30 September 2016, the IFRS NAV and EPRA NAV are more consistent at €5.43 per share and €5.62 per share, respectively

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 period Atrium continued to progress with its strategy of reweighting the Group's portfolio to large, dominant shopping centres in our Core Markets, having completed, commenced or agreed a number of initiatives during the reporting period. As in the first six months of the year the Group's performance outside of Russia continued to be positive, with like-for-like NRI growth across all of our other territories.

The economic situation in Russia remained challenging and continued to have a negative impact on the Group's overall performance, with gross and net rental income declining by 5.5%, to €146.4 million, and 3.6%, to €142.1 million, respectively. As previously stated, the main factors contributing to this decline were the rental discounts in Russia to assist tenants affected by the ongoing negative economic environment, as well as some lower rental levels being agreed when leases were renewed. Importantly, this strategy of working with our tenants has ensured EPRA occupancy in our Russian assets remains high, standing at 90.7% at the end of September.

EBITDA excluding revaluation, disposals and impairments was €111.4 million versus €122.0 million for the same period last year. Again, this result was primarily due to lower income in Russia as well as a €6.9 million increase in administrative expenses due to a €3.9 million increase in legacy legal expenses and in the provision related to it, the one-off cost of Group entity restructuring and an increase in directors' costs.

Net cash generated from operating activities was €61.0 million compared to €91.5 million for the first nine months of 2015. This was primarily due to the €19.3 million increase in restricted cash related to the Austrian legacy legal compensation arrangement (for more information see note 18 to the financial statements).

Profit after tax increased to €85.9 million compared to €18.0 million in the first nine months of 2015 following a €9.3 million revaluation, compared to a €69.1 million devaluation during the same period last year, and also driven by an €11.0 million decrease in finance expenses (mainly related to the prior year bond buy back costs and an early repayment of a bank loan) as well as a €0.7 million loss on the disposal of non-core assets (compared to a €10.4 million loss on disposal of non-core assets in the Czech Republic during the same period last year). This was, however, offset by the increase of €6.9 million in administrative expenses mentioned above, as well as a lower deferred tax credit of €24.5 million compared to the same period last year.

Atrium Palác Pardubice, Pardubice

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 €cents 23.2, compared to €cents 24.7 in the first nine months of 2015.

The balance sheet remains conservatively positioned, with a gross and net LTV of 32.3% and 27.5% respectively and a cash and cash equivalent amount of €140.9 million as at 30 September 2016, compared to €224.4 million as at 31 December 2015.

THE PORTFOLIO

As stated above, the process of re-focusing the portfolio towards larger scale and dominant shopping centres and higher quality cash flows continued during, and beyond, the period. This was largely achieved through the initiatives, outlined below.

The sale in February of a portfolio of ten retail assets 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 first stage of our Promenada modernisation and extension successfully completed in October and the customers are now benefiting from a newly refurbished central corridor, with numerous new facilities, as well as a unique golden façade. Furthermore, 7,600 sqm of the new space accommodates one of the largest H&M stores in Poland as well as the latest retail design concepts of GoSport, Jatomi Fitness and others.

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

In May 2016, the Group acquired the 46.5% co-ownership share of the Zilina Duben Shopping Centre in Zilina Slovakia for a total consideration of €7 million, bringing its ownership of this centre to 100%.

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

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

In October 2016, the Group completed the sale of the Atrium Azur shopping centre in Latvia, which was mentioned in the Company's half year interim report, for a value of €12.5 million.

In November 2016, the Group signed a sale agreement for the disposal of another small asset located in the Czech Republic.

FINANCING TRANSACTIONS

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

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

In November 2015, the Company's Board of Directors approved an annual dividend of €cents 27 per share for 2016, which will be paid as a capital repayment in quarterly instalments of €cents 6.75 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, 30 June 2016 and 30 September 2016 Atrium made the first, second and third dividend payments of €cents 6.75 per share (paid as a capital repayment), which amounted to a total of €76.3 million (9M 2015: €76.1 million). In September 2016, in addition to the aforementioned quarterly dividend, the Board of Directors also approved the payment of a special dividend (to be paid as a capital repayment) of €cents14 per share, representing a total amount of €52.7 million. The special dividend reflects the Board's continuing confidence in the Group's prospects and was paid on 30 September 2016.

At its meeting on 15 November 2016, the Company's Board of Directors approved a consistent annual dividend of €cents 27 per share for 2017 (to be paid as a capital repayment) which likewise will be paid in equal quarterly instalments commencing at the end of March 2017 (subject to any legal and regulatory requirements and restrictions of commercial viability).

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 period for the compensation arrangement was originally 90 days and was subsequently extended twice, each time for three months, and expired on 15 October 2016. Whilst the Company maintains its position that there is no basis for any claims to be made against it, it believes the compensation arrangement has proved to be an efficient means of dispute resolution and will continue to pursue suitable opportunities to resolve these legacy issues.

OUR MARKETS

The third quarter of the year saw the key trends observed in previous quarters persist, both within Europe and across the CEE region. Consequently, during the first nine months of 2016, Atrium's markets generally continued to enjoy robust economic growth, primarily driven by a healthy consumer appetite. The persistently strong labour markets as well as the low inflation environment maintained momentum, helping support retail sales growth within the area. Furthermore, to date, both Western and Eastern Europe appear to have overcome the initial shock of the Brexit vote with little upheaval although, as the new British government prepares to begin the exit procedures early next year, it is currently a question of wait-and-see. We consider it too early to speculate on the process or its outcome, but remain optimistic about the strong macroeconomic fundamentals in our geographic area, especially in light of its limited direct ties with the UK.

On a global level, there is - as the IMF's latest World Economic Outlook report notes - a rising anti-trade sentiment that is fuelling some of the populist and more extreme political shifts in several countries and is, effectively, stifling the world's economic growth. Nevertheless, the low level of global growth should improve next year as some of the largest emerging markets are expected to emerge from their deep recessions, including Russia. The latest available data seems to suggest that in Russia a gradual recovery could start in 2017, although at a slow pace and relatively low level.

Overall, the report's estimations for Atrium's markets remain unchanged for this year, while slightly raising the prospects for next year. In particular, the IMF now forecasts 2016 GDP growth will reach 3.1% in Poland, 2.5% in the Czech Republic and 3.4% in Slovakia, while it is anticipated that Russia will only contract by 0.8%. Hungary is forecast to maintain a steady pace at 2.0%, while Romania's economy is enjoying 5.0% annual growth. Moreover, GDP growth is forecast to remain strong in 2017, at 3.4% in Poland, 2.7% in the Czech Republic, 3.3% in Slovakia, 2.5% in Hungary and 3.8% in Romania; even Russia is now expected to show a positive growth of 1.1%. Notably, the IMF commented that, having adjusted to the dual shock from oil prices and sanctions, Russia's economy was showing signs of stabilisation and its financial conditions easing.

This outlook has been echoed by the credit rating agencies, which have recently improved their ratings for Hungary and their outlook for Russia. Specifically, in mid-September, S&P raised its credit rating for Hungary back to BBB- with a stable outlook. This marked the country's return to being awarded investment-grade status by all the major agencies. Also in mid-October, Fitch upgraded its outlook for Russia from negative to stable, following S&P's similar mid-September revision. Although Russia's recovery is expected to be slow and weak, some improvement seems imminent over the upcoming months. In contrast, Turkey was downgraded to a junk-level rating (Ba1) by Moody's in September, mirroring S&P's similar July downgrade (BB). These downgrades were due to the fall-out from the failed coup. Together with Atrium's exit from the Latvian market, these recent rating-agency changes have further increased Atrium's exposure to investment-grade countries, which now account for 90% (by S&P) and 100% (by Fitch) of our portfolio, providing a strong combination of stability and catch-up potential that we continue to believe in.

In line with this sentiment, retail sales and investment markets across the CEE region have continued to hold up well in the year-to-date. In Poland, annual retail sales maintained a strong pace of growth (7.8% in August), fuelled by the resolute increases in real wages and employment, as well as the strength of consumer confidence which is currently at an all-time high. A similarly steadfast performance was recorded in the Czech Republic where retail spending is currently growing at 5% y/y, Slovakia 2%, Hungary 4%, and in Romania over 10%. Even in Russia, the pace of retail sales contraction decreased to 5% y/y over the summer, as inflation subsided and the compression of real wages eased. This confidence is reflected in the continuous yield compression across most of Atrium's markets, as the polarisation between prime to good quality assets and secondary stock persists, with transactions being concluded mostly in the former category. As the huge demand for top properties mounts, investors are increasingly selective and willing to pay premium yields, comparable to those in Western Europe, for well-positioned, well-established CEE assets, even in regional cities. This is best exemplified by the recent sale of three Polish assets to Rockcastle in August. This trend of polarisation is expected to continue as prime products remain highly sought after and are priced accordingly sharply in our Core Markets.

MARKETS OUTLOOK

Looking ahead, we maintain a fundamentally positive outlook for our markets, and are now cautiously optimistic about Russia as we prepare for a period of further stabilisation and even potential improvement in the near and medium term. We will continue to monitor the global uncertainty, especially on a political and geopolitical level, as well as its implications, while retaining our long-term view that the CEE's consumer appetite will remain resilient as our Core Markets mature.

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		
	9M 2016	9M 2015	9M 2016	9M 2015	Change	9M 2016	9M 2015	Change
Country			€'000	€'000	%	€'000	€'000	%
Poland	21	24	76,660	77,331	(0.9%)	76,293	76,174	0.2%
Czech Republic	6	22	15,616	22,887	(31.8%)	15,076	21,581	(30.1%)
Slovakia	3	3	8,659	8,419	2.9%	8,684	8,478	2.4%
Russia	7	7	26,399	32,475	(18.7%)	24,447	29,029	(15.8%)
Hungary	22	23	5,645	5,573	1.3%	5,148	4,787	7.5%
Romania	1	1	4,895	4,715	3.8%	4,553	4,317	5.5%
Latvia	1	1	1,226	1,142	7.3%	950	766	24.0%
Total	**61**	**81**	**139,100**	**152,542**	**(8.8%)**	**135,151**	**145,132**	**(6.9%)**
Investment in Joint Ventures (75%)[7]	1	1	7,348	2,429		6,908	2,259	
Total rental income	**62**	**82**	**146,448**	**154,971**	**(5.5%)**	**142,059**	**147,391**	**(3.6%)**

	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
	9M 2016	9M 2015	Change	9M 2016	9M 2015	Change
Country	€'000	€'000	%	€'000	€'000	%
Poland	69,971	70,343	(0.5%)	70,185	70,149	0.1%
Czech Republic	14,693	14,779	(0.6%)	14,187	13,616	4.2%
Slovakia	6,982	6,933	0.7%	7,132	6,977	2.2%
Russia	26,399	32,092	(17.7%)	24,447	29,321	(16.6%)
Hungary	5,623	5,533	1.6%	5,135	4,780	7.4%
Romania	4,895	4,713	3.9%	4,553	4,324	5.3%
Latvia	1,226	1,143	7.3%	950	766	24.0%
Like-for-like rental income	**129,789**	**135,536**	**(4.2%)**	**126,589**	**129,933**	**(2.6%)**
Remaining rental income	16,659	18,764	(11.2%)	15,470	17,629	(12.2%)
Exchange rate effect*	-	671		-	(171)	
Total rental income	**146,448**	**154,971**	**(5.5%)**	**142,059**	**147,391**	**(3.6%)**

* 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 €146.4 million of GRI during the period, a 5.5% decrease compared to the same period last year. Excluding Russia, the GRI decreased by 2.0% mainly reflecting the improvements to the composition of our portfolio in the Czech Republic, where there was a loss of income from the disposal of fifteen non-core assets in the current reporting period. This was partially offset by the income contribution gained from the 75% interest in Arkády Pankrác in Prague which was acquired in June 2015.

Group NRI only decreased by 3.6% to €142.1 million, despite the fact that there was a 15.8% decline in Russia. Excluding Russia, the decrease in Group NRI was only 0.6%. Furthermore, the NRI figures in Poland, Hungary and Romania all compared positively to their GRI levels, mainly due to a combination of the collection of receivables, which had previously been provided for, and higher service charge income in the first nine months of 2016.

On a like-for-like basis, the performance of the Russian portfolio was the principal driver behind the decrease in both Group GRI and NRI of 4.2% to €129.8 million and 2.6% to €126.6 million, respectively. In the Czech Republic, the net like-for-like figures compared positively to the gross like-for-like figures mainly due to higher service charge income. In Poland, Russia, Romania, Slovakia and Hungary, the like-for-like figures mirrored that of the overall GRI and NRI figures.

The operating margin increased by 1.9% to 97.0%, mainly due to an improvement in the collection of receivables in both Core Markets and in Russia.

As at 30 September 2016, occupancy measured under EPRA guidelines decreased slightly to 95.7% (31 December 2015: 96.7%). Despite the economic crisis, EPRA occupancy in Russia remained high at 90.7% (31 December 2015: 94.4%), reflecting the success of our strategy of proactively managing discounts in order to protect occupancy.

7 The Investment in Joint Ventures was acquired at 30 June 2015, as a result the 2015 figures include the income for one quarter only

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	526,200[8]	46.2%	1,522,826	58.0%	15,447
Czech Republic	5	82,400	7.2%	337,525	12.9%	8,352
Slovakia	3	78,800	6.9%	161,987	6.2%	5,579
Russia	7	241,100	21.2%	271,130	10.3%	(5,615)
Hungary	22	97,700	8.6%	64,700	2.5%	(4)
Romania	1	56,600	5.0%	79,480	3.0%	5,401
Total	**59**	**1,082,800**	**95.1%**	**2,437,648**	**92.9%**	**29,160**
Investment in Joint Ventures (75%)	1	30,000	2.6%	172,725	6.6%	4,200
Standing investments classified as assets held for sale	2	25,525	2.3%	13,658	0.5%	535
Total standing investments	**62**	**1,138,325**	**100%**	**2,624,031**	**100.0%**	**33,895**

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[9]	%	%	%
Poland	6.4%	6.5%	96.2%
Czech Republic	5.8%	5.5%	97.2%
Slovakia	7.3%	7.2%	98.5%
Russia	12.7%	11.7%	90.7%
Hungary	9.7%	10.5%	98.2%
Romania	8.2%	7.8%	99.6%
Latvia	10.1%	9.2%	96.2%
Avarage	**7.1%**	**7.0%**	**95.7%**

* 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 7.1% and 7.0% respectively (31 December 2015: 7.3% and 7.2%). The sale of the portfolio of ten assets in the Czech Republic and yield compressions in Poland, the Czech Republic, Slovakia and Romania were the main drivers behind the decrease in each case. The alternative EPRA "topped up" NIY as at 30 September 2016 decreased to 7.6% (31 December 2015: 8.0%) mainly due to the sales in the Czech Republic, which have helped improve the overall quality of the portfolio, and by a decrease in rent in Russia.

The sale of the €102.6 million portfolio of non-core Czech assets in February 2016 was offset by a small increase in portfolio valuation and led to a marginal reduction in the overall market value of the Group's standing investments from €2,683[10] million at year end 2015 to €2,624[9] million as at 30 September 2016. The market value of the Group's standing investments in Russia represented only 10.3% (31 December 2015: 10.3%) of the total market value of standing investments.

In May 2016, the Group acquired the 46.5% co-ownership share, comprising the hypermarket part of the Zilina Duben Shopping Centre in Zilina Slovakia. The share was acquired from Bainbridge Slovakia Zilina Hyper s.r.o, for a total consideration of €7.0 million, and the Group now holds a 100% interest in this asset.

In October 2016, the first stage of our Promenada modernisation and extension successfully completed and the customers are now benefiting from a newly refurbished central corridor, with numerous new facilities, as well as a unique golden façade. Furthermore, 7,600 sqm of the new space accommodates one of the largest H&M stores in Poland as well as the latest retail design concepts of GoSport, Jatomi Fitness and others.

DISPOSALS

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

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

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

In October 2016, the Group completed the sale of the Atrium Azur shopping centre in Latvia, which was mentioned in the Company's half year interim report, for a value of €12.5 million.

In November 2016, the Group signed a sale agreement for the sale of another small asset located in the Czech Republic.

8 Including units handed over to tenants in the new Promenada extension opened in October 2016

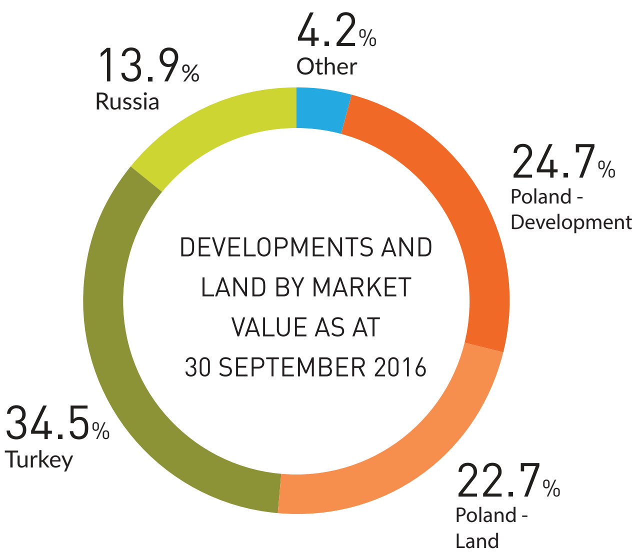
9 Including a 75% stake in assets held in Joint Ventures and €13.7million (representing 1 asset in Latvia and 1 asset in the Czech Republic) classified as held for sale as at 30 September 2016.

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

DEVELOPMENT ACTIVITIES

As at 30 September 2016, Atrium's development and land portfolio was valued at €307.7[11] million compared to €309[12] million as at 31 December 2015. This reflects Atrium's continued strategy of monetising development and land assets and focusing on upgrading and extending assets which are already cash generating and have a lower execution risk, whilst also taking into account the effect of the current economic situation in Russia on our land and development portfolio.

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



Currently, we have two active development projects: the redevelopment of the Atrium Promenada centre, on which work commenced in September 2014 and the first stage of an extension of approximately 9,000 sqm GLA to Atrium Targowek in June 2016, both in Warsaw, Poland.

- The first stage of our Promenada modernisation and extension successfully completed in October and the customers are now benefiting from a newly refurbished central corridor, with numerous new facilities, as well as a unique golden façade. Furthermore, 7,600 sqm of the new space accommodates one of the largest H&M stores in Poland as well as the latest retail design concepts of GoSport, Jatomi Fitness and others.

  The total net incremental costs to complete the redevelopment project were approximately €66 million as at the end of September 2016.

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

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

In October 2016, the Directors approved two additional redevelopment projects in Poland – Atrium Biala in Bialystok and Atrium Reduta in Warsaw.

- Atrium Biala will be extended by 7,500 sqm of GLA and an additional 400 parking spaces. The centre will be extensively refurbished and the tenant mix refreshed. The total expected cost of the redevelopment is €31 million.
- The redevelopment of Atrium Reduta will include additional retail GLA of 5,800 sqm, introduce a cinema and add gastronomy, leisure, fitness and targeted fashion to the existing retail offer. The total expected cost of the redevelopment is €28 million.

11 Including €11.6 million (representing two assets in Russia) classified as held for sale as at 30 September 2016.
12 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

	9M 2016 €'000	9M 2015 €'000
Earnings attributed to equity holders of the parent company	**85,871**	**18,074**
Changes in value of investment properties	(9,348)	69,052
Net result on disposals of investment properties	718	10,397
Amortisation of intangible assets	1,338	1,501
Deferred tax in respect of EPRA adjustments	2,395	(8,240)
Close out costs of financial instruments	2,905	12.449
Joint venture interest in respect of the above adjustments	(4,200)	(1,834)
EPRA earnings	**79,679**	**101,399**
Weighted average number of shares	376,415,402	375,862,807
EPRA earnings per share (in €cents)	**21.2**	**27.0**
Company adjustments:		
Legacy legal matters	11,345	7,526
Impairments	-	496
Foreign exchange differences	3,297	2,735
Deferred tax not related to revaluations	(10,746)	(24,568)
Changes in the fair value of financial instruments	1,094	205
Non-recurring tax charges	1,360	4,942
Business restructuring	1,446	-
Company adjusted EPRA earnings	**87,475**	**92,735**
Company adjusted EPRA earnings per share (in €cents)	**23.2**	**24.7**

B. EPRA NET ASSET VALUE ("NAV")

	30 September 2016		31 December 2015	
	€'000	in € per share	€'000	in € per share
Equity	**1,994,811**		**2,031,126**	
Non-controlling interest	-		845	
NAV per the financial statements	**1,994,811**	**5.29**	**2,031,971**	**5.40**
Effect of exercise of options	16,040		16,683	
Diluted NAV, after the exercise of options	**2,010,851**	**5.28**	**2,048,654**	**5.38**
Fair value of financial instruments	6,311		6,872	
Deferred tax	69,690		91,498	
EPRA NAV	**2,086,852**	**5.48**	**2,147,024**	**5.64**

C. EPRA TRIPLE NAV ("NNNAV")

	30 September 2016		31 December 2015	
	€'000	in € per share	€'000	in € per share
EPRA NAV	**2,086,852**		**2,147,024**	
Fair value of financial instruments	(6,311)		(6,872)	
Impact of debt fair value	(65,526)		(38,689)	
Deferred tax	(69,690)		(91,498)	
EPRA NNNAV	**1,945,325**	**5.07**	**2,009,965**	**5.28**
Number of outstanding shares	376,745,499		376,174,317	
Number of outstanding shares and options	380,830,902		380,502,476	

D. EPRA NIY AND "TOPPED UP" NIY

	30 September 2016	31 December 2015
	€'000	€'000
Investment property – wholly owned	2,758,977	2,823,816
Investment in Joint Venture (75%)	172,725	168,525
Less developments	(307,671)	(309,398)
Completed property portfolio	**2,624,031**	**2,682,943**
Allowance for estimated purchasers' costs	47,247	47,955
Gross up completed property portfolio valuation (B)	**2,671,278**	**2,730,898**
Annualised cash passing rental income	196,458	206,384
Property outgoings	(8,977)	(9,866)
Annualised net rents (A)	**187,481**	**196,518**
Add: notional rent expiration of rent free periods or other lease incentives	16,856	21,874
Topped-up net annualised rent (C)	**204,337**	**218,392**
EPRA NIY A/B	**7.0%**	**7.2%**
EPRA "topped up" NIY C/B	**7.6%**	**8.0%**

E. EPRA VACANCY RATE

	30 September 2016	31 December 2015
	€'000	€'000
Estimated rental value of vacant space	7,604	6,065
Estimated rental value of the whole portfolio	178,873	183,738
EPRA vacancy rate	**4.3%**	**3.3%**

F. EPRA COST RATIO

	9M 2016 €'000	9M 2015 €'000
Administrative expenses	32,479	25,555
Exclude non-recurring legacy legal costs and business restructuring costs	(12,791)	(7,526)
Other depreciation and amortisation	2,122	2,719
Costs connected with development	2,256	1,703
Net property expenses net of service charge income	3,949	7,411
Share of Joint Venture expenses	462	172
EPRA Costs (including direct vacancy costs) (A)	**28,477**	**30,034**
Direct vacancy costs	(2,398)	(2,049)
EPRA Costs (excluding direct vacancy costs) (B)	**26,079**	**27,985**
Share of Joint Venture income	7,348	2,429
Gross rental income	139,100	152,543
Total income (C)	**146,448**	**154,972**
EPRA Costs ratio (including direct vacancy costs) (A/C)	**19.4%**	**19.4%**
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	**17.8%**	**18.1%**

Atrium Promenada, Warsaw

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2016		31 December 2015	
		€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)	€'000 (Audited)
ASSETS					
Non-current assets					
Standing investments	**4**	2,437,648		2,396,951	
Developments and land	**5**	296,053		307,845	
Equity-accounted investment in joint ventures	**6**	175,409		169,408	
Other non-current assets		29,532		40,431	
			2,938,642		**2,914,635**
Current assets					
Cash and cash equivalents		140,940		224,368	
Other current assets	**7**	63,365		24,281	
Assets held for sale	**8**	28,596		119,652	
			232,901		**368,301**
TOTAL ASSETS			**3,171,543**		**3,282,936**
EQUITY	**9**		**1,994,811**		**2,031,126**
LIABILITIES					
Non-current liabilities					
Long term borrowings	**10**	942,364		1,011,392	
Derivatives	**11**	5,539		6,872	
Other non-current liabilities		105,639		114,266	
			1,053,542		**1,132,530**
Current liabilities					
Short term borrowings	**10**	5,378		1,389	
Other current liabilities	**13**	87,930		83,458	
Liabilities held for sale	**8**	4,756		11,878	
Provisions	**12**	25,126		22,555	
			123,190		**119,280**
TOTAL EQUITY AND LIABILITIES			**3,171,543**		**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 15 November 2016 and were duly signed on the Board's behalf by Chaim Katzman, Chairman of the Board, Peter Linneman, Chairman of the Audit Committee and Josip Kardun, Group Chief Executive Officer.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Unaudited)	Note	Three months ended 30 September 2016 €'000	€'000	Nine months ended 30 September 2016 €'000	€'000	Three months ended 30 September 2015 €'000	€'000	Nine months ended 30 September 2015 €'000	€'000
Gross rental income		45,493		139,100		48,967		152,543	
Service charge income		17,297		52,730		18,298		55,669	
Net property expenses		(18,664)		(56,679)		(20,001)		(63,080)	
Net rental income			**44,126**		**135,151**		**47,264**		**145,132**
Net result on disposals		(1,709)		(718)		189		(10,397)	
Costs connected with developments		(661)		(2,256)		(450)		(1,703)	
Revaluation of investment properties		(4,245)		9,348		(32,350)		(69,052)	
Other depreciation, amortisation and impairments	**14**	(753)		(2,122)		(736)		(2,719)	
Administrative expenses		(10,319)		(32,479)		(8,451)		(25,555)	
Share of profit of equity-accounted joint ventures		2,189		11,008		2,249		4,083	
Net operating profit			**28,628**		**117,932**		**7,715**		**39,789**
Interest expenses, net		(9,146)		(27,012)		(9,463)		(30,288)	
Foreign currency differences		(1,881)		(3,297)		(1,035)		(2,735)	
Other financial expenses	**15**	(1,022)		(7,309)		(1,247)		(15,613)	
Profit (loss) before taxation			**16,579**		**80,314**		**(4,030)**		**(8,847)**
Taxation credit /(charge) for the period	**16**	7,773		5,557		12,096		26,881	
Profit after taxation for the period			**24,352**		**85,871**		**8,066**		**18,034**
Attributable to:									
Owners of the parent		24,352		85,871		8,079		18,074	
Non-controlling interest		-		-		(13)		(40)	
			24,352		**85,871**		**8,066**		**18,034**
Basic and diluted earnings (loss) per share in €cents attributable to shareholders			6.5		22.8		2.1		4.8

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)	Three months ended 30 September 2016 €'000	€'000	Nine months ended 30 September 2016 €'000	€'000	Three months ended 30 September 2015 €'000	€'000	Nine months ended 30 September 2015 €'000	€'000
Profit for the period	24,352		85,871		8,066		18,034	
Items that are or may be reclassified to the income statement:								
Exchange differences arising on translation of foreign operations (net of deferred tax)	18		(19)		9		691	
Movements in hedging reserves (net of deferred tax)	384		(640)		79		1,984	
Amounts reclassified to profit or loss in respect of cash flow hedges (net of deferred tax)	629		947		-		2,211	
Amounts reclassified to profit or loss in respect of exchange differences on translation of foreign operations disposed during the period	1,685		4,588		-		10,439	
Total comprehensive income for the period		**27,068**		**90,747**		**8,154**		**33,359**
Attributable to:								
Owners of the parent	27,068		90,747		8,167		8,167	
Non-controlling interest	-		-		(13)		(40)	
		27,068		**90,747**		**8,154**		**33,359**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Unaudited)	Nine months ended 30 September 2016 €'000	Nine months ended 30 September 2015 €'000
Cash flows from operating activities		
Profit (loss) before taxation	80,314	(8,847)
Adjustments for:		
Other depreciation, amortisation and impairments	2,122	2,719
Revaluation of investment properties, net	(9,348)	69,052
Foreign exchange loss	3,297	2,735
Change in legal provisions, net of amounts paid	2,571	3,238
Share based payment expenses	435	549
Results of joint ventures	(11,008)	(4,083)
Net results on disposals	718	10,397
Finance lease interest expense	2,110	2,772
Impairment charge on long term loans granted	1,094	205
Net loss from early repayments of loans and bonds	2,905	12,449
Interest expense	27,735	31,077
Interest income	(723)	(789)
Operating cash flow before working capital changes	**102,222**	**121,474**
Decrease (increase) in trade, other receivables and prepayments*	(2,251)	1,602
Decrease in trade, other payables and accrued expenditure	(1,245)	(4,076)
Cash generated from operations	**98,726**	**119,000**
Increase in restricted cash related to legacy legal claims arrangement	(19,238)	-
Interest paid*	(20,926)	(27,821)
Interest received	744	561
Dividend received	5,011	1,874
Corporation taxes paid, net	(3,360)	(2,116)
Net cash generated from operating activities	**60,957**	**91,498**
Cash flow from investing activities		
Payments related to investment properties and other assets	(49,496)	(191,584)
Proceeds from the disposal of investment properties	112,701	62,784
Purchase of available for sale marketable equity securities	(12,416)	-
Proceeds from loans granted	2,612	74
Net cash generated from (used in) investing activities	**53,401**	**(128,726)**
Net cash flow before financing activities	**114,358**	**(37,228)**
Cash flow from financing activities		
Proceeds from issuance of share capital	1,496	2,082
Repayment of long term borrowings*	(68,266)	(225,371)
Receipt of long term borrowing	-	159,288
Change in restricted cash*	415	298
Dividends paid	(128,993)	(76,141)
Net cash used in financing activities	**(195,348)**	**(139,844)**
Decrease in cash and cash equivalents	**(80,990)**	**(177,072)**
Cash and cash equivalents at the beginning of the period*	**224,368**	**420,544**
Cash and cash equivalents classified as held for sale	(178)	(117)
Effect of exchange rate fluctuations on cash held	(2,260)	(644)
Cash and cash equivalents at the end of the period*	**140,940**	**242,711**

* 30/9/2015 balances have been reclassified

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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		-	-	-	85,871	-	-	85,871	-	**85,871**
Other comprehensive income (expense)		-	-	307	-	1,947	2,622	4,876	-	**4,876**
Total comprehensive income (expense)		-	-	**307**	**85,871**	**1,947**	**2,622**	**90,747**	**-**	**90,747**
Transaction with owners of the Company										
Share based payment		-	435	-	-	-	-	435	-	**435**
Issue of no par value shares		2,173	(677)	-	-	-	-	1,496	-	**1,496**
Charging the non-controlling interests share in equity deficit of subsidiaries		-	-	-	(845)	-	-	(845)	845	**-**
Dividends	**9**	(128,993)	-	-	-	-	-	(128,993)	-	**(128,993)**
Disposal group held for sale	**8**					16,656	(16,656)	-	-	**-**
Balance as at 30 September 2016		**2,448,016**	**3,911**	**(5,259)**	**(357,355)**	**(77,846)**	**(16,656)**	**1,994,811**	**-**	**1,994,811**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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		-	-	-	18,074	-	-	18,074	(40)	**18,034**
Other comprehensive income		-	-	4,195	-	691	10,439	15,325	-	**15,325**
Total comprehensive income (expense)		-	-	**4,195**	**18,074**	**691**	**10,439**	**33,399**	**(40)**	**33,359**
Transaction with owners of the Company										
Share based payment		-	549	-	-	-	-	549	-	**549**
Issue of no par value shares		3,200	(1,114)	-	-	-	-	2,086	-	**2,086**
Dividends	**9**	(76,141)	-	-	-	-	-	(76,141)	-	**(76,141)**
Disposal group held for sale	**8**	-	-	-	-	(1,341)	1,341	-	-	**-**
Balance as at 30 September 2015		**2,600,225**	**3,795**	**(5,791)**	**(429,173)**	**(99,295)**	**1,341**	**2,071,102**	**(831)**	**2,070,271**

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 redevelopment 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

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 following:

New standards, interpretations and amendments effective, and endorsed by the EU, as of 1 January 2016

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

- **Amendments to IFRS 11: Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations**
  The amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations 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 Disclosure Initiative clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

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

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

Accounting policies applied for the first time for a new transaction:

Available for sale financial assets

Available for sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, available for sale financial assets are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and accumulated in the available for sale reserve within equity. Dividend receivables are recognized in profit or loss when a right to receive payment is established. When available for sale financial assets are derecognized or the investment is determined to be impaired, the gain or loss accumulated in equity is reclassified to profit or loss.

The Group available for sale financial assets include marketable equity securities, of several publicly listed European real estate companies, purchased during the third quarter through open market acquisitions. The Group has designated the acquired marketable equity securities as available for sale. For additional details, see also note 7.

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

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

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

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

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

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

4. STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 59[13] properties (31 December 2015: 63[14]).

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

	30 September 2016 €'000	31 December 2015 €'000
Balance as at 1 January	2,396,951	2,520,439
Additions - technical improvements, extensions	23,136	28,202
Movements - financial leases	1,638	655
Transfers from developments and land	14,712	31,036
Transfers to developments and land	(14,412)	-
Transfer to assets held for sale	(13,658)	(117,467)
Currency translation differences	-	2,778
Revaluation of standing investments	29,695	(54,262)
Disposals	(414)	(14,430)
Balance as at the end of the period	**2,437,648**	**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.

In November 2016, the Group signed a sale agreement for the sale of a small asset located in the Czech Republic and in October 2016, the Group completed the sale of the Atrium Azur shopping centre in Latvia, which was mentioned in the Company's half year interim report. As a result both properties are classified as held for sale. For more information see note 8.

13 Excluding one asset in Latvia and one asset in the Czech Republic classified as assets held for sale as at 30 September 2016.
14 Excluding ten assets in the Czech Republic and three in Poland classified as assets held for sale as at 31 December 2015.

5. DEVELOPMENTS AND LAND

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

	30 September 2016 €'000	31 December 2015 €'000
Balance as at 1 January	307,845	365,016
Additions - cost of land and construction	20,508	25,500
Movements - financial leases	359	163
Transfer from standing investments	14,412	(31,036)
Transfer to standing investments	(14,712)	-
Transfer to assets held for sale	(11,618)	(1,553)
Disposals	(217)	(1,022)
Interest capitalised	271	1,077
Currency translation differences	-	103
Revaluation of developments and land	(20,795)	(50,403)
Balance as at the end of the period	**296,053**	**307,845**

In September 2014, the Group commenced works on the redevelopment project of the Atrium Promenada centre in Warsaw, Poland. The first two stages of redevelopment, currently underway, consist of extensions totalling 7,600 sqm of additional GLA, the remodelling and renovation of a substantial part of the shopping centre and the purchase of an adjacent land plot, to be used for future stages of the redevelopment. The total net incremental costs to complete the redevelopment project were approximately €66 million as at 30 September 2016.

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

In April 2016, works commenced on the initial phase of the Targowek extension, which precedes the construction of the main extension and comprises land assembly, project design and the construction of additional parking spaces. The total net incremental costs to complete the initial phase of the redevelopment project were approximately €10 million as at 30 September 2016.

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

6. EQUITY-ACCOUNTED INVESTMENT IN JOINT VENTURES

The following joint ventures are indirectly owned by the Company:

Name of the joint venture	Country of incorporation	Stake in equity of joint venture 30 September 2016	Investment in joint venture 30 September 2016 €'000	Investment in joint venture 31 December 2015 €'000
Pankrac Shopping Centre k.s	Czech Republic	75%	174,267	167,987
EKZ 11 k.s.	Czech Republic	75%	1,142	1,421
Total			**175,409**	**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	30 September 2016 €'000	31 December 2015 €'000
Standing investment	230,300	224,700
Cash and cash equivalents	4,829	2,634
Other current assets	271	1,142
Non-current liabilities	(844)	(837)
Current liabilities	(677)	(1,762)
Net assets (100%)	**233,879**	**225,877**
Group share of net assets (75%)	**175,409**	**169,408**
Carrying amount of interest in joint ventures	**175,409**	**169,408**

Income statement	Nine months ended 30 September 2016 €'000
Gross rental income	9,797
Other items including revaluation	4,880
Profit of the joint ventures (100%)	**14,677**
Share of profit of equity-accounted investment in joint ventures (75%)	**11,008**
Dividends received by the group	**5,011**

7. OTHER CURRENT ASSETS

	30 September 2016 €'000	31 December 2015 €'000
Receivables from tenants	12,329	12,499
Prepayments	3,767	2.965
VAT receivables	3,658	2,198
Restricted cash in banks	23,638	847
Available for sale marketable equity securities (1)	14,987	-
Income tax receivable	1,560	2,632
Other receivables	3,426	3,140
Total	**63,365**	**24,281**

* The available for sale marketable equity securities are carried in the statement of financial position at fair value. The fair value is based on quoted prices (unadjusted) in active markets. The fair value measurement is categorized as level 1 within the fair value hierarchy. For information on additional acquisitions of available for sale marketable equity securities subsequent to the balance sheet date, see note 19.

8. ASSETS AND LIABILITIES HELD FOR SALE

As at 30 September 2016, the assets and liabilities held for sale included Atrium Azur Centre in Latvia, with a total value of €12.5 million, a small asset in the Czech Republic with a total value of €1.3 million and two land plots in Russia, with a total value of €11.7 million, one of which is located in Moscow region and valued at €10.6 million. Foreign currency translation reserves, amounting to €16.7 million were also presented as held for sale, relating to the Russian, Latvian and Czech disposals.

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

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

	30 September 2016 €'000	31 December 2015 €'000
Non-current assets		
Standing investments	13,658	117,467
Developments and land	11,618	1,553
Other assets	239	-
Current assets	**3,081**	**632**
Assets held for sale	**28,596**	**119,652**
Non-current liabilities		
Long term liabilities from financial leases	690	687
Other non-current liabilities	140	10,687
Current liabilities	3,926	504
Liabilities held for sale	**4,756**	**11,878**
Net assets directly associated with disposal groups	**23,840**	**107,774**
Amounts included in accumulated other comprehensive income:		
Foreign currency translation reserve	(16,656)	(2,622)
Reserve of disposal groups classified as held for sale	**(16,656)**	**(2,622)**

9. EQUITY

As at 30 September 2016, the total number of shares issued was 376,745,499 (31 December 2015: 376,174,317 shares). During the nine-month period ended 30 September 2016, Atrium paid a dividend of €cents 34.25 (9M 2015: €cents 20.25) per share, which amounted to a total of €129.0 million (9M 2015: €76.1 million).

The dividend paid on 30 September 2016, mentioned above, included a special dividend of €cents14 each per share in addition to the recurring quarterly dividends. The special dividend reflects the Board's continuing confidence in the Group's prospects.

10. BORROWINGS

	30 September 2016		31 December 2015	
	Net book value	Fair value	Net book value	Fair value
	€'000	€'000	€'000	€'000
Bonds	838,042	904,002	854,251	891,854
Bank loans	109,700	109,266	158,530	159,617
Total	**947,742**	**1,013,268**	**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.

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The borrowings are repayable as follows:

	30 September 2016	31 December 2015
	Net book value	Net book value
	€'000	€'000
Due within one year	5,378	1,389
In year two	1,595	53,203
In years three, four and five	439,299	353,280
After five years	501,470	604,909
Total	**947,742**	**1,012,781**

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

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

11. DERIVATIVES

The Group has an interest rate swap contract ("IRS") in connection with a bank loan. The swap replaces floating interest rates with fixed interest rates. The swap is a cash flow hedge designed to reduce the Group's cash flow volatility due to variable interest rates on the bank loan. The IRS is measured at fair value using the discounted future cash flow method. As at 30 September 2016, the IRS was in a liability position and had a fair value of €5.5 million (31 December 2015: €6.9 million).

12. PROVISIONS

	Legacy legal provision €'000	Other legal provision €'000	Total €'000
Balance as at 1 January 2016	**21,000**	**1,555**	**22,555**
Foreign currency changes	-	-	-
Additions/(releases) of provision in the period, net	6,245	(60)	6,185
Amounts paid during the period	(3,239)	(375)	(3,614)
Balance as at 30 September 2016	**24,006**	**1,120**	**25,126**
Of which- Current portion	24,006	1,120	25,126
Non-current portion	-	-	
Total provisions	**24,006**	**1,120**	**25,126**

For more information, see note 18.

13. OTHER CURRENT LIABILITIES

	30 September 2016 €'000	31 December 2015 €'000
Trade and other payables	30,575	30,685
Derivatives (1)	772	-
Accrued expenditure	49,697	45,360
Income tax payable	3,892	4,852
VAT payables	2,994	2,561
Total	**87,930**	**83,458**

(1) During the period, the Group entered into hedging arrangements, which comprise nine separate forward transactions to exchange 150 million roubles into euros at a fixed rate every month starting from April 2016 and ending in December 2016. The forward transactions are measured at fair value using the discounted future cash flow method. As at 30 September 2016, the transactions were in a liability position and had a fair value of €0.8 million.

14. OTHER DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	Nine months ended 30 September	
	2016 €'000	2015 €'000
Other depreciation and amortisation	(2,122)	(2,223)
Impairments	-	(496)
Total	**(2,122)**	**(2,719)**

15. OTHER FINANCIAL EXPENSES

	Nine months ended 30 September	
	2016 €'000	2015 €'000
Net loss from bond buy back	(1,421)	(7,942)
Early loan repayment	(1,484)	(4,507)
Impairment of financial instruments	(1,094)	(205)
Interest on financial leases	(2,110)	(2,772)
Other financial expenses	(1,200)	(187)
Total	**(7,309)**	**(15,613)**

16. TAXATION CREDIT/(CHARGE) FOR THE PERIOD

	Nine months ended 30 September	
	2016 €'000	2015 €'000
Current period corporate income tax expense	(1,434)	(1,037)
Deferred tax credit /(charge)	8,351	32,808
Adjustments to prior periods	(1,360)	(4,890)
Total credit/(charge)	**5,557**	**26,881**

During the third quarter, the Group completed the transfer of one of its Polish assets to its Polish closed-end investment fund ("FIZ") holding structure. Under the FIZ structure, the income generated by the asset will be taxed at the level of the FIZ, which is exempt from corporate income tax (including capital gains). Consequently, during the third quarter, the Group released the deferred tax liability related to the asset, in the total amount of a €11 million tax-credit. For details about a contingent, potential future change to the FIZ CIT exemption, see note 18.

17. SEGMENT REPORTING

Reportable segments

For the period ended 30 September 2016	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	146,448	-	(7,348)	139,100
Service charge income	54,183	-	(1,453)	52,730
Net property expenses	(58,572)	-	1,893	(56,679)
Net rental income	**142,059**	**-**	**(6,908)**	**135,151**
Net result on disposals	821	(1,539)	-	(718)
Costs connected with developments	-	(2,256)	-	(2,256)
Revaluation of investment properties	34,343	(20,795)	(4,200)	9,348
Other depreciation, amortisation and impairments	(1,885)	-	(237)	(2,122)
Administrative expenses	(6,888)	(287)	(25,304)	(32,479)
Share of profit of equity-accounted investment in joint ventures	-	-	11,008	11,008
Net operating profit/(loss)	**168,450**	**(24,877)**	**(25,641)**	**117,932**
Interest expenses, net	(23,702)	(1,623)	(1,687)	(27,012)
Foreign currency differences	(2,083)	(597)	(617)	(3,297)
Other financial expenses	(4,763)	(258)	(2,288)	(7,309)
Profit/(loss) before taxation	**137,902**	**(27,355)**	**(30,233)**	**80,314**
Taxation credit/(charge) for the period	6,405	(15)	(833)	5,557
Profit/(loss) after taxation for the period	**144,307**	**(27,370)**	**(31,066)**	**85,871**
Investment properties	*2,624,031	*307,671	**(172,725)	2,758,977
Segment assets	2,669,812	321,946	***179,785	3,171,543
Segment liabilities	1,017,982	80,276	78,474	1,176,732

* Includes €13.7 million and €11.6 million of standing investments and development and land respectively presented as held for sale. See note 8.

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

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

Reportable segments

For the period ended 30 September 2015	Standing investment segment €'000	Development segment €'000	Reconciling items €'000	Total €'000
Gross rental income	154,971	-	(2,428)	152,543
Service charge income	56,242	-	(573)	55,669
Net property expenses	(63,822)	-	742	(63,080)
Net rental income	**147,391**	**-**	**(2,259)**	**145,132**
Net result on disposals	(10,660)	263	-	(10,397)
Costs connected with developments	-	(1,703)	-	(1,703)
Revaluation of investment properties	(38,233)	(28,985)	(1,834)	(69,052)
Other depreciation, amortisation and impairments	(1,553)	(886)	(280)	(2,719)
Administrative expenses	(8,466)	(461)	(16,628)	(25,555)
Share of profit of equity-accounted investment in joint ventures	-	-	4,083	4,083
Net operating profit/(loss)	**88,479**	**(31,772)**	**(16,918)**	**39,789**
Interest expenses, net	(23,742)	(632)	(5,914)	(30,288)
Foreign currency differences	(275)	(2,215)	(245)	(2,735)
Other financial expenses	(15,023)	(174)	(416)	(15,613)
Profit/(loss) before taxation	**49,439**	**(34,793)**	**(23,493)**	**(8,847)**
Taxation credit/(charge) for the period	27,478	133	(730)	26,881
Profit/(loss) after taxation for the period	**76,917**	**(34,660)**	**(24,223)**	**18,034**
Investment properties	*2,695,216	318,444	**(164,775)	2,848,885
Segment assets	2,738,850	331,367	***249,637	3,319,854
Segment liabilities	1,043,741	61,265	144,577	1,249,583

* Includes €14.4 million of standing investments presented as held for sale.

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

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

18. CONTINGENCIES

With regard to the Austrian proceedings and investigations, the context of the associated contingencies is as reported in note 2.40 of the Annual Financial Report 2015. Atrium is involved in certain claims submitted by holders of Austrian Depositary Certificates alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 14 November 2016, the latest practicable date prior to authorisation of this report, the aggregate amount claimed in 1,339 separate proceedings to which Atrium was then a party in this regard was approximately €67 million. The number of claims and amounts claimed are expected to fluctuate over time as proceedings develop, are dismissed, withdrawn or otherwise resolved. The claims are at varying stages of development and are expected to be resolved over a number of years.

In January 2016, the Company announced the establishment of an arrangement to create a compensation fund through which to resolve the Austrian proceedings as well as for submissions by individuals to join pending criminal proceedings, as referred to in note 2.40 of the Annual Financial Report 2015. The period for participation in the arrangement was extended twice, each time for three months, and expired on 15 October 2016. The arrangement has resulted in total approved compensation payments to date of approximately €6.6 million (of which the Company bears 50 per cent) in respect of some 875 individual submissions, with a similar number and quantum of submissions still being processed.

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

Whilst the Company maintains its position that there is no basis for any claims to be made against it, it feels it is important to support reasonable efforts to help bring final resolution to these longstanding issues. The Company believes the compensation arrangement has proved to be an efficient means of dispute resolution and will continue to pursue suitable opportunities to resolve these legacy issues.

Based on current knowledge and management assessment in respect of the actual outcome of claims to date in the Austrian proceedings and the expected overall cost and implications of the compensation arrangement, a total provision of €24.0 million has been estimated by the Company. Certain additional information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets', has not been disclosed on the grounds that to do so could be expected to seriously prejudice the resolution of these issues, in particular certain details of the calculation of the total provision and the related assumptions.

There is continuing uncertainty in the various economies and jurisdictions in which the Group has its operations and assets. These uncertainties relate to the general economic and geopolitical environment in such regions and to changes or threatened changes in the legal, regulatory and fiscal frameworks and the approach to enforcement which may include 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.

The Group holds the majority of its Polish subsidiaries through a Polish closed-end investment fund ("FIZ") which is exempt from Polish corporate income tax (including capital gains). On 31 October 2016, members of the Polish governing party Law and Justice (PIS) introduced to the lower house of the Polish parliament (the Sejm) a draft bill amending the Polish Corporate Income Tax Law. The draft bill stipulates certain modifications to the taxation of investment funds operating in Poland, including limiting the current corporate income tax exemption for revenues generated by FIZ. The estimated impact on the Group, should the current version of the draft bill be enacted is approximately €15.0 million increase in deferred tax liabilities. The Company will continue to monitor the progression of the draft bill and any potential impact on the Group financial statements.

19. ADDITIONAL INFORMATION AND SUBSEQUENT EVENTS

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

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

  In October 2016, pursuant to the sale agreement signed in July 2016, the Group completed the sale of Atrium Azur in Latvia for a value of €12.5 million. The balances are reflected as held for sale.

- **Redevelopments**
  In October 2016, the Directors approved two new redevelopment projects in Poland – Atrium Biala in Bialystok and Atrium Reduta in Warsaw. The expected redevelopment costs of the two projects are €31 million and €28 million, respectively.

  The first stage of our Promenada modernisation and extension successfully completed in October and the customers are now benefiting from a newly refurbished central corridor, with numerous new facilities, as well as a unique golden façade. Furthermore, 7,600 sqm of the new space accommodates one of the largest H&M stores in Poland as well as the latest retail design concepts of GoSport, Jatomi Fitness and others.

- **Dividend**
  In September 2016, in addition to the quarterly dividend, the Board of Directors also approved a special dividend (to be paid as a capital repayment) of €cents14 per share, representing a total amount of €52.7 million. The special dividend reflects the Board's continuing confidence in the Group's prospects and was paid on 30 September 2016.

  At its meeting on 15 November 2016, the Board of Directors approved a consistent annual dividend of €cents 27 per share for 2017 which likewise will be paid in equal quarterly instalments (to be paid as a capital repayment) commencing at the end of March 2017 (subject to any legal and regulatory requirements and restrictions of commercial viability).

- **Changes in major shareholders**
  During and after the reporting period, Gazit-Globe Ltd ("Gazit-Globe") indirectly purchased a total of 10,277,183 additional shares in the Company, or approximately 2.7% of the entire issued share capital. Consequently, Gazit-Globe directly or indirectly holds a total of 216,958,735 shares in Atrium, comprising 57.59% of the issued shares and voting rights in the Company.

- **Group Executive Team change**
  As at 30 September 2016, and per agreement, Thomas Schoutens, Group Chief Development Officer left the Atrium Group.

- **Other**
  In January 2016, the Company announced the resolution of the Dutch litigation case 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 the Austrian civil courts. The period for the compensation arrangement was originally 90 days and was subsequently extended twice, each time for three months, and expired on 15 October 2016. Whilst the Company maintains its position that there is no basis for any claims to be made against it, it believes the compensation arrangement has proved to be an efficient means of dispute resolution and will continue to pursue suitable opportunities to resolve these legacy issues.

  Subsequent to the balance sheet date, the group acquired an additional €25 million of available for sale marketable equity securities of several publicly listed European real estate companies (total €40 million).

  At its meeting on 15 November 2016, the Board of Directors approved a change from a quarterly reporting to semi-annual reporting in line with the industry standards, commencing in 2017. The Group will continue to publish a quarterly trading update. The corporate calendar for 2017 will be updated accordingly.

  In the same meeting, the Board of Directors approved a €25 million increase of the unsecured revolving credit facility. Following this change, which is expected to occur in December 2016, the total revolving credit facilities available to the Group will amount to €175 million.

- **Awards: GRESB and EPRA Gold**
  In the first nine months of the year, Atrium advanced its sustainability strategy and efforts to continuously improve its reporting standards and transparency, and, as a result, was granted industry acknowledgement of its progress in the form of two awards.

  Having voluntarily participated in the benchmark-setting GRESB survey for the first time, Atrium was awarded "Green Star" status, ranking within the top quadrant, despite its inclusion in the highly-competitive Retail Listed European peer group.

  Furthermore, Atrium was upgraded to receiving the EPRA Gold award for its financial reporting, in line with the EPRA Best Practices Recommendations that facilitate the comparability of listed property companies.

Atrium Koszalin, Koszalin

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 nine months ended 30 September 2016 which comprises the condensed consolidated statement of financial position as at 30 September 2016, the condensed consolidated statement of profit or loss and the condensed consolidated statement of comprehensive income for the three and nine month periods ended 30 September 2016, the condensed consolidated cash flow statement and the consolidated statement of changes in equity for the nine month period ended 30 September 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 nine months ended 30 September 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

15 November 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 15 November 2016. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 15 November 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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Rachel Lavine
Noam Ben-Ozer
Peter Linneman
Karine Ohana
Simon Radford
Thomas Wernink
Andrew Wignall

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Josip Kardun
Group CEO

Rolf Rüdiger Dany
Group COO

Ryan Lee
Group CFO

Geraldine Copeland-Wright
Group GC

Ljudmila Popova
Group Head of Asset Management & Investor Relations

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