INTERIM FINANCIAL REPORT 30 JUNE 2017

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, fashion and entertainment anchored shopping centres in Central and Eastern Europe and for the Atrium brand to be a hallmark of high quality retail destination 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 conservatively leveraged.

Arkady Pankrac, Czech Republic

OUR PROFILE

Atrium Group owns a €2.6 billion[1] portfolio of 60 income producing assets, 31 shopping centres and 29 smaller retail properties which produced €98.8 million of rental income during the first six months of 2017. These properties are located predominantly in Poland and the Czech Republic, 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 2017

- 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 and redevelopments. The latter are expected to add approximately 70,000 sqm of GLA in the coming three year period, mainly in Warsaw;

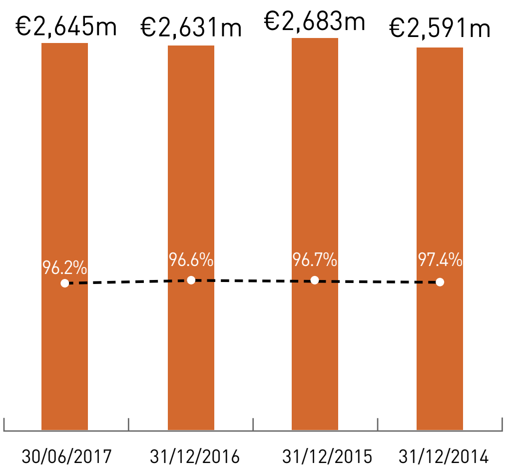
- Continue to establish the Atrium brand and strengthen our relationships with key clients while seeking to work with new retailers as they expand into and across the region, looking for strong locations; and

- Further optimise the cost and capital structure and improve on the efficiency of the Group's balance sheet.

1 Including a 75% stake in assets held in Joint Ventures

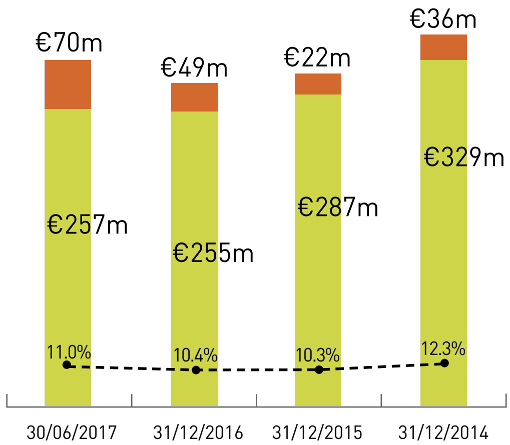
KEY HIGHLIGHTS

STANDING INVESTMENTS[2] EPRA OCCUPANCY[3]



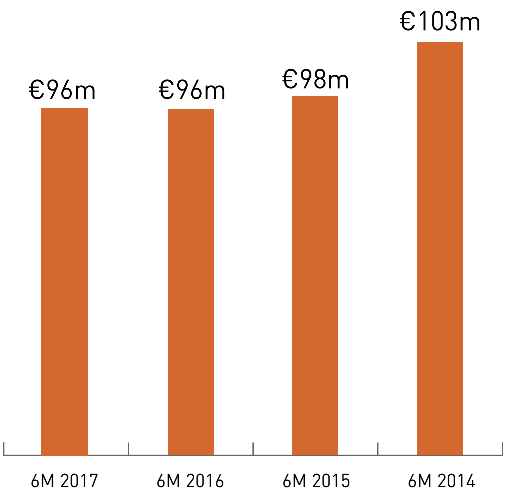
Standing investments
EPRA occupancy

REDEVELOPMENTS AND LAND[4]



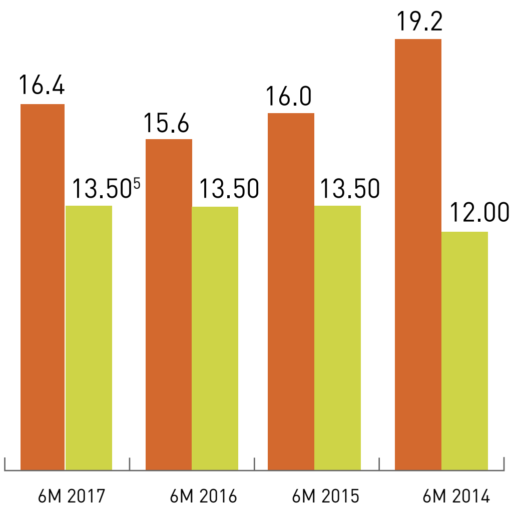
Redevelopments
Land
Redevelopments and land % of total portfolio

NET RENTAL INCOME (NRI)



COMPANY ADJUSTED EPRA EARNINGS AND DIVIDEND PER SHARE

All data in € cents



Company Adjusted EPRA Earnings per share
Dividend per share

2 Including a 75% stake in assets held in Joint Ventures
3 The Occupancy rate, shown above, is defined as 100% less EPRA vacancy
4 Including €11.6 million (representing two assets in Russia) classified as held for sale as at 30 June 2017 (€11.8 million as at 31 December 2016)
5 Excluding a special dividend of €cents14 paid on 30 June 2017

KEY PERFORMANCE INDICATORS

KEY FINANCIAL FIGURES OF THE GROUP	UNIT	6M 2017	6M 2016	CHANGE %	FY 2016
Gross rental income	€'000	98,803	98,493	0.3%	195,772
EPRA like-for-like gross rental income	€'000	76,370	73,501	3.9%	161,742
Net rental income	€'000	95,494	95,598	(0.1%)	188,801
EPRA like-for-like net rental income	€'000	73,823	69,145	6.8%	156,586
Operating margin	%	96.6	97.1	(0.5%)	96.4
EBITDA excluding revaluation, disposals and impairments	€'000	79,952	71,815	11.3%	113,544
Company adjusted EPRA earnings	€'000	61,857	58,702	5.4%	118,342
Dividend pay-out ratio[6]	%	82.2	86.6	(4.4%)	86.0
Revaluation of standing investments	€'000	2,717	25,831		44,223
Revaluation of redevelopments and land	€'000	-	(7,963)		(26,243)
Profit after taxation	€'000	61,325	61,519	(0.3%)	58,201
Net cash generated from operating activities	€'000	56,303	4,386		93,591
IFRS earnings per share	€cents	16.2	16.3	(0.6%)	15.46
Company adjusted EPRA earnings per share	€cents	16.4	15.6	5.1%	31.4

FINANCIAL POSITION	UNIT	30/06/2017	31/12/2016	CHANGE %
Standing investments at fair value	€'000	2,644,699	2,631,185	0.5%
Redevelopments and land at fair value	€'000	326,489	304,417	7.3%
Cash and cash equivalents	€'000	90,051	103,671	(13.1%)
Equity	€'000	1,898,538	1,942,050	(2.2%)
Borrowings	€'000	990,711	947,405	4.6%
LTV (gross)	%	33.3	32.3	1.0%
LTV (net)	%	30.3	28.7	1.6%
IFRS NAV per share[7]	€	5.18	5.29	(2.1%)
EPRA NAV per share[7]	€	5.40	5.52	(2.2%)

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

6 Excluding the special dividend of €cents 14 per share paid on 30 June 2017 and 30 September 2016
7 Adjusted for the special dividend of €cents 14 per share paid on 30 June 2017 and 30 September 2016

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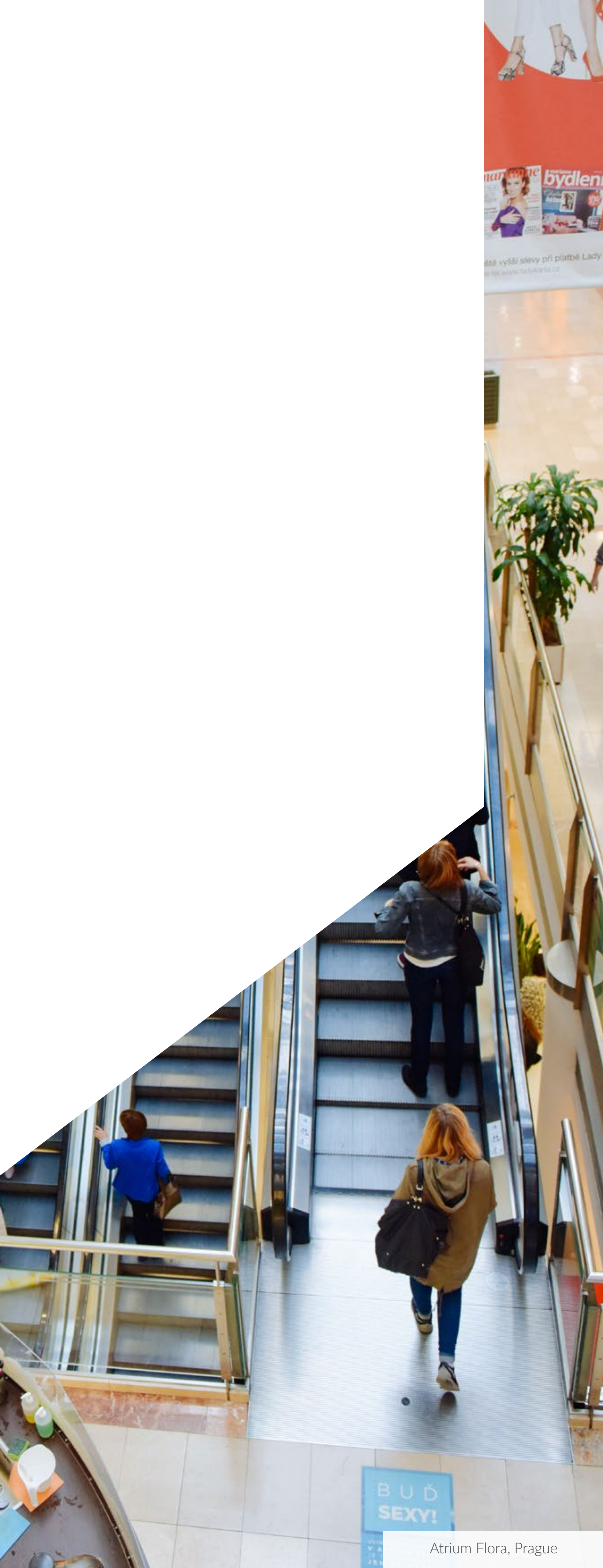

Atrium Flora, Prague

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.

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GROUP MANAGEMENT REPORT

BUSINESS REVIEW

OPERATIONAL AND FINANCIAL PERFORMANCE

During the first half of 2017, the Group saw improvements across all key operational metrics, as the benefits of our ongoing portfolio repositioning and improvement strategies continue to bear fruit.

The positive impact of these strategies is reflected in the 6.8% increase in the Group's like for like NRI with growth seen across all our territories. The positive momentum seen in Russia at the end of 2016 and in the early part of 2017 continued throughout the first six months of 2017, leading to a 20.5% increase in like-for-like net rental income from our assets in that region.

The Group's gross and net rental income remained consistent compared to prior year despite the negative impact of a €1.6 million loss from the disposal of non-core assets in the Czech Republic and Poland in 2016 and the temporary disruption resulting from the ongoing redevelopment projects at our major Warsaw centres in Poland.

EBITDA excluding revaluation, disposals and impairments increased by 11.3% to €80.0 million compared to the same period last year. This result was primarily due to a €7.4 million decrease in administrative expenses arising from a €4.1 million reduction in legacy legal costs (€2.9 million related to provisions and €1.2 million to legal costs) and €1.2 million of savings, to date, due to the implementation of the cost savings programme which we announced with the full year 2016 results.

Net cash generated from operating activities was €56.3 million compared to €4.4 million for the first six months of 2016. This was primarily due to the negative impact, in 2016, of the €20.6 million increase in restricted cash related to the Austrian legacy legal compensation arrangement and the temporary short term impact of a €26.6 million increase in VAT receivables related to Group entity restructuring in 2016.

Profit after tax was €61.3 million compared to €61.5 million in the first six months of 2016. This was driven by a number of factors including the €7.4 million reduction in administrative expenses mentioned above, a deferred tax credit of €5.9 million compared to a deferred tax expense of €1.3 million in the first half of 2016, as well as a €5.0 million decrease in finance expenses (mainly related to the prior year bond buy back and bank loan early repayment costs). The gains were offset by a €2.7 million revaluation and a €4.4 million impairment recognised in 2017, compared to €17.9 million revaluation in 2016.

The new H&M - Atrium Promenada, Warsaw

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, increased by 5.2% to €cents 16.4 compared to €cents 15.6 in the first six months of 2016.

The balance sheet remains efficient and conservatively leveraged with a gross and net LTV of 33.3% and 30.3% respectively and a cash and cash equivalent amount of €90.1 million as at 30 June 2017, compared to €103.7 million as at 31 December 2016.

DIVIDEND

In November 2016, the Company's Board of Directors approved an annual dividend of €cents 27 per share for 2017, to 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 2017 (subject to any legal and regulatory requirements and restrictions of commercial viability). Accordingly, on 31 March 2017 and 30 June 2017 respectively, Atrium made the first and the second dividend payments of €cents 6.75 each per ordinary share (paid as a capital repayment), which amounted to a total of €50.9 million (6M 2016: €50.8 million).

In addition to the aforementioned quarterly dividend, in June 2017, the Board of Directors also approved the payment of a special dividend (paid as a capital repayment) of €cents 14 per share, representing a total amount of €52.8 million. The special dividend reflects the Board's continuing confidence in the Group's prospects and was paid on 30 June 2017.

CONTINUED PROGRESS ON LEGACY LITIGATION

Following the successful resolution of the Dutch litigation case brought by Stichting Atrium Claim in October 2015, a further major positive milestone was reached in March 2017 when the Board of Directors approved an arrangement to resolve the vast majority of the Austrian legacy litigation. It is anticipated that the payment under the arrangement will be up to €44 million. For further details see note 18 to the financial statements.

COMMITMENT TO CORPORATE CITIZENSHIP

In June 2017 the Group published its first Sustainability Report. The Report reflects the Group's commitment to and progress in achieving sustainable growth, as well as the Company's long-term approach to investment and operations, and its continued efforts to lead in terms of corporate citizenship in the CEE region.

OUR MARKETS

During the first half of the year, the economies of Atrium's markets have continued to perform well, with strong labour markets across almost all countries supporting consumer spending. The low inflation, high consumer confidence environment has prevailed in the past six months across CEE. Russia has also benefitted from lower inflation and a stronger rouble during the period until June, although the recent development of oil prices and volatility of the rouble, together with additional US sanctions leaves the outook for the second half of the year with a high level of uncertainty.

The general stable and positive economic and consumer environment within our region has so far withstood several bouts of intense political tension, including the resignation of the Czech government in May, the replacement of the Romanian government in June, and the decreasing popularity of the Polish government. Nevertheless, the uncertainty on the political and fiscal arenas did not impact the strong performances of the countries' economies, as preliminary GDP growth estimates for the second quarter indicate, these were in line with the previous quarter. Annual GDP growth for the whole six-month period of the first half of the year is predicted at around 4.0% in Poland, 3.0% in the Czech Republic, 3.0% in Slovakia, 1.0% in Russia, 4.0% in Hungary and above 5.0% in Romania.

This was also reflected in the positive trend in retail sales, with the latest data showing year-on-year growth of 5.8% in Poland (May), 5.3% in the Czech Republic (May), 7.8% in Slovakia (May), 3.2% in Hungary (April), 12.3% in Romania (May) and 1.2% in Russia (June). One of the main drivers across most countries is the strength of labour markets, with several states approaching record low unemployment. However, the tightening of the labour markets also translates into increased price pressures in the future, signifying potentially higher rates of inflation within the coming months. The one exception to this dynamic is Russia, where general sentiment is slowly improving after the recession ended but concerns linger as the volatility of the rouble was again evident in June.

Turning to real estate markets, according to CBRE, the CEE commercial real estate market is set to reach an all-time record high in 2017. Following the new €12.2 billion peak for the four rolling quarters of March 2016-March 2017, momentum is expected to continue this year as investors are attracted by CEE's strong economic fundamentals and attractive yield gap when compared to Western European markets. The full year is expected to exceed 2016's record investment volume of €11.3 billion with all core CEE countries (Poland, Czech Republic, Slovakia and Hungary) expected to perform strongly.

MARKETS OUTLOOK

Looking ahead, the second half of the year is forecast to continue reflecting the same economic and property trends across all of Atrium's markets with the potential exception of Russia, where currency volatility persists for the time being. We remain confident in the consumer and retail markets in the key countries in which we operate despite a ratcheting up of the political noise and a decline in fiscal predictability as the countries' increasing maturity allows them to remain resilient and highly attractive to retailers.

Sources: Capital Economics, IMF, CBRE, PMR

OPERATING ACTIVITIES

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

	No. of properties		Gross rental income			Net rental income		
Country	6M 2017	6M 2016	6M 2017 €'000	6M 2016 €'000	Change %	6M 2017 €'000	6M 2016 €'000	Change %
Poland	21	21	50,725	51,572	(1.6%)	49,665	51,606	(3.8%)
Czech Republic	5	6	9,931	10,728	(7.4%)	9,691	10,360	(6.5%)
Slovakia	3	3	5,607	5,723	(2.0%)	5,271	5,744	(8.2%)
Russia	7	7	20,157	17,780	13.4%	19,101	16,293	17.2%
Hungary	22	22	3,891	3,763	3.4%	3,621	3,366	7.6%
Romania	1	1	3,492	3,225	8.3%	3,417	3,037	12.5%
Latvia	-	1	-	816	(100%)	-	619	(100.0%)
Total	**59**	**61**	**93,803**	**93,607**	**0.2%**	**90,766**	**91,025**	**(0.3%)**
Investment in Joint Ventures (75%)	1	1	5,000	4,886	2.3%	4,728	4,573	3.4%
Total rental income	**60**	**62**	**98,803**	**98,493**	**0.3%**	**95,494**	**95,598**	**(0.1%)**

	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
Country	6M 2017 €'000	6M 2016 €'000	Change %	6M 2017 €'000	6M 2016 €'000	Change %
Poland	33,422	33,068	1.1%	32,837	32,509	1.0%
Czech Republic	9,931	9,735	2.0%	9,691	9,426	2.8%
Slovakia	477	427	11.7%	428	399	7.3%
Russia	20,157	18,421	9.4%	19,101	15,856	20.5%
Hungary	3,891	3,741	4.0%	3,621	3,341	8.4%
Romania	3,492	3,223	8.3%	3,417	3,041	12.4%
Like-for-like rental income	**71,370**	**68,615**	**4.0%**	**69,095**	**64,572**	**7.0%**
Investment in Joint Ventures (75%)	5,000	4,886	2.3%	4,728	4,573	3.4%
Total Like-for-like rental income	**76,370**	**73,501**	**3.9%**	**73,823**	**69,145**	**6.8%**
Remaining rental income	22,433	25,790	(13.0%)	21,670	26,130	(17.1%)
Exchange rate effect*	-	(798)		-	323	
Total rental income	**98,803**	**98,493**	**0.3%**	**95,493**	**95,598**	**(0.1%)**

* In accordance with EPRA guidelines, to enhance comparability of GRI/NRI, prior period values for like-for-like properties have been recalculated using the 2017 exchange rates.

The Group's portfolio produced €98.8 million of GRI during the period, a 0.3% increase compared to the same period last year. This included a 13.4% uplift in Russia which was driven by some improvement in the Russian economy and by a comparatively stronger rouble in the first half of 2017 versus 2016. This was offset by a loss of income from the disposal of ten non-core assets in the Czech Republic and a small portfolio of non-core assets in Poland in the previous reporting period. In Poland, the GRI was adversely affected by the temporary disruption and vacancies arising from the upgrade and extension works at two redevelopments of key shopping centres in Warsaw as we seek to create long term value and income improvements.

Group NRI was flat with a decrease of 0.1% (€0.1 million) to €95.5 million notwithstanding the disposal and redevelopments in process.

Positively, on a like-for-like basis, there were increases in both Group GRI and NRI which were up by 3.9% to €76.4 million and by 6.8% to €73.8 million, respectively. This growth was reflected across all our countries. The improvement in Russia led to a 20.5% increase in the net like-for-like income from our assets in that region, excluding Russia, the growth was still a solid 2.7%.

The operating margin was stable at 96.6%.

As at 30 June 2017, occupancy measured under EPRA guidelines was 96.2% (31 December 2016: 96.6%).

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

Standing investments	No. of properties	Gross lettable area	Portfolio	Market value	Portfolio	Revaluation
Country		sqm	%	€'000	%	€'000
Poland	21	522,600	47.9%	1,535,703	58.2%	84
Czech Republic	5	82,500	7.6%	341,910	12.9%	(40)
Slovakia	3	61,200	5.6%	164,881	6.2%	633
Russia	7	241,400	22.1%	289,122	10.9%	2,667
Hungary	22	97,700	8.9%	61,332	2.3%	(109)
Romania	1	56,600	5.2%	79,700	3.0%	(46)
Total	**59**	**1,062,000**	**97.3%**	**2,472,648**	**93.5%**	**3,189**
Investment in Joint Ventures (75%)	1	30,000	2.7%	172,050	6.5%	(472)
Total standing investments	**60**	**1,092,000**	**100.0%**	**2,644,699**	**100.0%**	**2,717**

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[8]
Country	%	%	%
Poland	6.3%	6.1%	95.6%
Czech Republic[9]	5.6%	5.5%	98.5%
Slovakia	7.2%	6.2%	97.6%
Russia	12.5%	11.5%	94.4%
Hungary	9.4%	12.1%	98.2%
Romania	8.1%	8.0%	100%
Average	**7.0%**	**6.8%**	**96.2%**

* 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 remained stable at 7.0% and 6.8% respectively (31 December 2016: 7.0% and 6.9%). The alternative EPRA "topped up" NIY as at 30 June 2017 decreased to 7.3% (31 December 2016: 7.5%) due to lower base rents in Russia.

The overall market value of the Group's standing investments increased from €2,631[9] million at year end 2016 to €2,645[9] million as at 30 June 2017. The market value of the Group's standing investments in Russia represented only 10.9% (31 December 2016: 10.8%) of the total market value of standing investments.

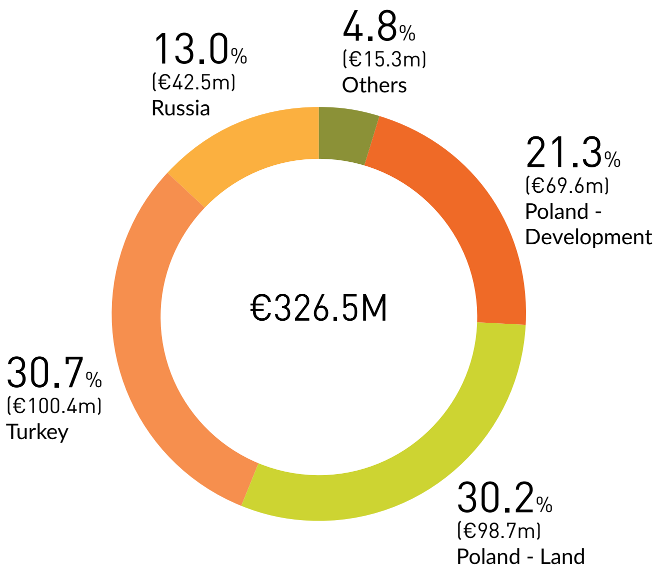
8 Best practice recommendations provide for a vacancy definition based on ERV of vacant units divided by the ERV of the whole portfolio. The Occupancy rate, shown above, is therefore defined as 100% less EPRA vacancy

9 Including a 75% stake in assets held in Joint Ventures

REDEVELOPMENT ACTIVITIES

As at 30 June 2017, Atrium's redevelopments and land portfolio was valued at €326.5[10] million compared to €304.4[10] million as at 31 December 2016. The increase was due to 13,270 sqm land assembly for the redevelopment of the Promenada Flagship asset in Warsaw Poland. Atrium continues to pursue its strategy of monetising land assets and focusing on upgrading and extending existing operating assets which are already cash generating and have a lower execution risk.

THE COUNTRY DIVERSIFICATION OF THE GROUP'S REDEVELOPMENTS AND LAND PORTFOLIO AS AT 30 JUNE 2017 IS PRESENTED BELOW:



The Company plans to invest a total of approximately €300 million in its redevelopments projects for the period 2014 to 2021 of which €71 million has already been invested. This includes the redevelopment projects in Atrium Promenada and Atrium Targowek which, together with our other planned projects, will add approximately 60,000 sqm of GLA to our Warsaw based assets and 70,000 sqm GLA in total in Poland.

ATRIUM PROMENADA CENTRE

The inaugural stage of our Promenada modernisation and extension was successfully completed in 2016 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 concept of GoSport, Jatomi Fitness and others. The Group also opened a 2,600 sqm GLA TK Maxx store in 2016 with a 3,100 sqm GLA Carrefour to be opened in December 2017 as a strengthened food anchor.

The project is currently ongoing and will focus on the enhancement and upgrading of the mall. When complete, this enhancement will generate additional GLA of more than 13,400 sqm, a fountain alley, provide double shop fronts on the first floor and add a new food court and a two level car park. Completion of these upgrades is expected in 2018.

The full redevelopment is expected to be finalised in 2021 and comprises a 44,000 sqm extension and a remodelling of the existing shopping centre.

ATRIUM TARGOWEK

The inaugural work of the Atrium Targowek extension, which precedes construction of a larger main extension, comprises land assembly, project design and the construction of additional parking spaces. This was completed in November 2016 and created an additional 380 parking spaces.

The overall project combines the acquisition of land to accommodate an extension of 8,600 sqm of GLA with roof deck parking on top of the existing building, as well as a refurbishment of the existing scheme carried out over several integrated phases, expected completion is at the end of 2018.

The extension and refurbishment will enlarge the number and size of anchor tenants and will strengthen the tenant mix.

10 Including €11.6 million (representing two assets in Russia) classified as held for sale as at 30 June 2017 (€11.8 million as at 31 December 2016)

EPRA PERFORMANCE MEASURES

A. EPRA EARNINGS

	6M 2017 €'000	6M 2016 €'000
Earnings attributed to equity holders of the parent company	**61,325**	**61,519**
Changes in value of investment properties	(3,189)	(13,593)
Net result on disposals of investment properties	-	(991)
Amortisation of intangible assets	798	922
Deferred tax in respect of EPRA adjustments	912	2,244
Close out costs of financial instruments	-	2,905
Joint venture interest in respect of the above adjustments	472	(4,275)
EPRA earnings	**60,318**	**48,731**
Weighted average number of shares	376,827,643	376,248,540
EPRA earnings per share (in €cents)	**16.0**	**13.0**
Company adjustments:		
Legacy legal matters	2,859	6,987
Impairments	4,480	-
Foreign exchange differences	982	1,416
Deferred tax not related to revaluations	(6,786)	(932)
Changes in the fair value of financial instruments	-	1,094
Non-recurring tax charges	(1,122)	-
Business restructuring	1,126	1,406
Company adjusted EPRA earnings	**61,857**	**58,702**
Company adjusted EPRA earnings per share (in €cents)	**16.4**	**15.6**

B. EPRA NET ASSET VALUE ("NAV")

	30 June 2017		31 December 2016	
	€'000	in € per share	€'000	in € per share
NAV per the financial statements	**1,898,539**	**5.04**	**1,942,050**	**5.15**
Effect of exercise of options	13,886		15,938	
Diluted NAV, after the exercise of options	**1,912,424**	**5.03**	**1,957,988**	**5.14**
Fair value of financial instruments	3,341		4,704	
Deferred tax	87,817		88,232	
EPRA NAV	**2,003,582**	**5.26**	**2,050,924**	**5.39**

C. EPRA TRIPLE NAV ("NNNAV")

	30 June 2017		31 December 2016	
	€'000	in € per share	€'000	in € per share
EPRA NAV	**2,003,582**		**2,050,924**	
Fair value of financial instruments	(3,341)		(4,704)	
Impact of debt fair value	(57,673)		(61,207)	
Deferred tax	(87,817)		(88,232)	
EPRA NNNAV	**1,854,751**	**4.87**	**1,896,781**	**4.98**
Number of outstanding shares	376,915,000		376,745,499	
Number of outstanding shares and options	380,555,685		380,835,806	

D. EPRA NIY AND "TOPPED UP" NIY

	30 June 2017	31 December 2016
	€'000	€'000
Investment property – wholly owned	2,799,144	2,763,175
Investment in Joint Venture (75%)	172,050	172,425
Less developments	(326,495)	(304,415)
Completed property portfolio	**2,644,699**	**2,631,185**
Allowance for estimated purchasers' costs	47,540	47,306
Gross up completed property portfolio valuation (B)	**2,692,239**	**2,678,491**
Annualised cash passing rental income	190,894	193,944
Property outgoings	(8,594)	(8,846)
Annualised net rents (A)	**182,300**	**185,098**
Add: notional rent expiration of rent free periods or other lease incentives	13,969	16,361
Topped-up net annualised rent (C)	**196,269**	**201,459**
EPRA NIY A/B	**6.8%**	**6.9%**
EPRA "topped up" NIY C/B	**7.3%**	**7.5%**

E. EPRA VACANCY RATE

	30 June 2017	31 December 2016
	€'000	€'000
Estimated rental value of vacant space	6,744	6,013
Estimated rental value of the whole portfolio	176,193	178,065
EPRA vacancy rate	**3.8%**	**3.4%**

F. EPRA COST RATIO

	6M 2017	6M 2016
	€'000	€'000
Administrative expenses	14,807	22,160
Exclude non-recurring legacy legal costs and business restructuring costs	(3,985)	(8,393)
Other depreciation and amortisation	1,309	1,369
Costs connected with development	641	1,595
Net property expenses net of service charge income	3,036	2,582
Share of Joint Venture expenses	272	313
EPRA Costs (including direct vacancy costs) (A)	**16,080**	**19,626**
Direct vacancy costs	(1,836)	(1,634)
EPRA Costs (excluding direct vacancy costs) (B)	**14,244**	**17,992**
Share of Joint Venture income	5,000	4,886
Gross rental income	93,803	93,607
Total income (C)	**98,803**	**98,493**
EPRA Costs ratio (including direct vacancy costs) (A/C)	**16.3%**	**19.9%**
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	**14.4%**	**18.3%**

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

With respect to paragraph 87 of the Austrian Stock Exchange Act (§ 87 BörseG) the directors confirm that to the best of their knowledge the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group and the impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions.

THE BOARD OF DIRECTORS

CHAIM KATZMAN
Chairman of the Board

RACHEL LAVINE
Vice-Chairman and Director

MICHAEL ERICHETTI
Director

NEIL FLANZRAICH
Director

SIMON RADFORD
Director

ANDREW WIGNALL
Director

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2017		31 December 2016	
	Note	€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)	€'000 (Audited)
ASSETS					
Non-current assets					
Standing investments	**4**	2,472,648		2,458,760	
Developments and land	**5**	314,865		292,617	
Equity-accounted investment in joint ventures		172,314		173,169	
Other non-current assets		15,997		22,070	
			2,975,824		**2,946,616**
Current assets					
Cash and cash equivalents		90,051		103,671	
Other current assets	**6**	61,435		90,123	
Assets held for sale	**7**	14,376		14,729	
			165,862		**208,523**
TOTAL ASSETS			**3,141,686**		**3,155,139**
EQUITY	**8**		**1,898,539**		**1,942,050**
LIABILITIES					
Non-current liabilities					
Long term borrowings	**9**	941,268		942,009	
Derivatives	**10**	3,341		4,704	
Other non-current liabilities		119,883		122,182	
			1,064,492		**1,068,895**
Current liabilities					
Short term credit and current maturities of long term borrowings	**9**	49,443		5,396	
Other current liabilities	**11**	73,946		80,556	
Liabilities held for sale	**7**	3,503		3,531	
Provisions	**12**	51,763		54,711	
			178,655		**144,194**
TOTAL EQUITY AND LIABILITIES			**3,141,686**		**3,155,139**

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 August 2017 and were duly signed on the Board's behalf by Chaim Katzman, Chairman of the Board and Neil Flanzraich, Chairman of the Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Unaudited)	Note	Six months ended 30 June 2017 €'000	€'000	Six months ended 30 June 2016 €'000	€'000
Gross rental income		93,803		93,607	
Service charge income		35,967		35,433	
Net property expenses		(39,004)		(38,015)	
Net rental income			**90,766**		**91,025**
Net result on disposals		9		991	
Costs connected with developments		(641)		(1,595)	
Revaluation of standing investments, net		3,189		21,556	
Revaluation of redevelopments and land, net		-		(7,963)	
Other depreciation, amortisation and impairments	**13**	(5,789)		(1,369)	
Administrative expenses		(14,807)		(22,160)	
Share of profit of equity accounted joint ventures		4,162		8,819	
Net operating profit			**76,889**		**89,304**
Interest expenses, net		(17,795)		(17,866)	
Foreign currency differences		(982)		(1,416)	
Other financial expenses	**14**	(1,745)		(6,287)	
Profit before taxation			**56,367**		**63,735**
Taxation credit /(charge) for the period	**15**	4,958		(2,216)	
Profit for the period			**61,325**		**61,519**
Basic and diluted earnings per share in €cents		16.2		16.3	

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)	Six months ended 30 June 2017 €'000	€'000	Six months ended 30 June 2016 €'000	€'000
Profit for the period	61,325		61,519	
Items that are or may be reclassified to the income statement:				
Exchange differences arising on translation of foreign operations	119		(37)	
Movements in available for sale reserve	(2,844)		-	
Amounts reclassified to profit or loss in respect of available for sale financial assets disposed of during the period	245		-	
Movements in hedging reserves (net of deferred tax)	1,103		(1,024)	
Amounts reclassified to profit or loss in respect of cash flow hedges (net of deferred tax)	-		318	
Amounts reclassified to profit or loss in respect of exchange differences on translation of foreign operations disposed during the period	-		2,903	
Total comprehensive income for the period attributable to the owners of the parent		**59,948**		**63,679**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

(Unaudited)	Six months ended 30 June 2017 €'000	Six months ended 30 June 2016 €'000
Cash flows from operating activities		
Profit before taxation	56,367	63,735
Adjustments for:		
Other depreciation, amortisation and impairments	5,789	1,369
Results from available for sale financial assets, net	(369)	-
Revaluation of standing investments, net	(3,189)	(21,556)
Revaluation of redevelopments and land, net	-	7,963
Foreign exchange loss	982	1,416
Change in legal provisions, net of amounts paid	(2,995)	1,921
Share based payment expenses	85	357
Share of profit of equity-accounted investments in joint ventures	(4,162)	(8,819)
Net results on disposals	(9)	(991)
Finance lease interest expense	1,425	1,408
Impairment charge on long term loans granted	-	1,094
Net loss from early repayments of loans and bonds	-	2,905
Interest expense	18,013	18,533
Interest income	(218)	(667)
Operating cash flows before working capital changes	**71,719**	**68,668**
Increase in trade, other receivables and prepayments	(15)	(1,124)
Increase (decrease) in trade, other payables and accrued expenditure, net	(3,272)	347
Cash generated from operations	**68,432**	**67,891**
Decrease (increase) in restricted cash related to legacy legal claim arrangement	4,242	(20,608)
Increase in short term VAT receivables due to Group restructuring	-	(26,595)
Interest paid	(17,976)	(19,252)
Interest received	288	407
Dividend received	5,457	5,011
Corporation taxes paid, net	(4,140)	(2,468)
Net cash generated from operating activities	**56,303**	**4,386**
Cash flows from investing activities		
Payments related to investment properties and other assets	(33,091)	(37,007)
Proceeds from the disposal of investment properties	323	112,625
Proceeds from sale of available for sale financial assets	7,808	-
Increase in restricted cash related to investing activity	14,224	-
Proceeds from repayments of loans granted	1,208	106
Net cash (used in) generated from investing activities	**(9,528)**	**75,724**
Net cash flow before financing activities	**46,775**	**80,110**
Cash flows from financing activities		
Proceeds from issuance of share capital	99	1,496
Repayment of long term borrowings	(1,129)	(67,974)
Utilization of a revolving credit facility	44,000	-
Decrease (increase) in restricted cash related to financing activity	(264)	12
Dividends paid	(103,643)	(50,818)
Net cash used in financing activities	**(60,937)**	**(117,284)**
Decrease in cash and cash equivalents	**(14,162)**	**(37,174)**
Cash and cash equivalents at the beginning of the period	**103,671**	**224,368**
Cash and cash equivalents classified as held for sale	-	(301)
Effect of exchange rate fluctuations on cash held	542	(2,723)
Cash and cash equivalents at the end of the period	**90,051**	**184,170**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

(Unaudited)	Note	Stated capital €'000	Share based payment reserve €'000	Hedging reserve €'000	Available for sale 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
Balance as at 1 January 2017		**2,422,587**	**3,803**	**(3,809)**	**(1,419)**	**(385,025)**	**(77,691)**	**(16,396)**	**1,942,050**
Profit for the period		-	-	-	-	61,325	-	-	61,325
Other comprehensive income (expense)		-	-	1,103	(2,599)	-	119	-	(1,377)
Total comprehensive income (expense)		-	-	**1,103**	**(2,599)**	**61,325**	**119**	**-**	**59,948**
Transaction with owners of the Company									
Share based payment		-	85	-	-	-	-	-	85
Issue of no par value shares		676	(577)	-	-	-	-	-	99
Dividends	**8**	(103,643)	-	-	-	-	-	-	(103,643)
Balance as at 30 June 2017		**2,319,620**	**3,311**	**(2,706)**	**(4,018)**	**(323,700)**	**(77,572)**	**(16,396)**	**1,898,539**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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		-	-	-	61,519	-	-	61,519	-	**61,519**
Other comprehensive income (expense)		-	-	(706)	-	244	2,622	2,160	-	**2,160**
Total comprehensive income (expense)		-	-	**(706)**	**61,519**	**244**	**2,622**	**63,679**	**-**	**63,679**
Transaction with owners of the Company										
Share based payment		-	357	-	-	-	-	357	-	**357**
Issue of no par value shares		2,173	(677)	-	-	-	-	1,496	-	**1,496**
Charging the non-controlling interests share in equity deficit of subsidiaries		-	-	-	(845)	-		(845)	845	**-**
Dividends	**8**	(50,818)	-	-	-	-	-	(50,818)	-	**(50,818)**
Disposal group held for sale		-	-	-		16,046	(16,046)	-	-	**-**
Balance as at 30 June 2016		**2,526,191**	**3,833**	**(6,272)**	**(381,707)**	**(80,159)**	**(16,046)**	**2,045,840**	**-**	**2,045,840**

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 4th Floor, Channel House, Green Street, 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 2016.

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 2016.

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 2016. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

IFRIC 23 uncertainty over Income Tax Treatments (issued in June 2017, not yet endorsed by the EU). In June 2017, the International Accounting Standards Board (IASB) issued IFRIC 23, interpretation on IAS 12 Income taxes, to specify how to reflect uncertainty in accounting for income taxes. It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Interpretation is effective from 1 January 2019. The Group is currently assessing the impact of the interpretation.

4. STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 59 properties (31 December 2016: 59).

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

	30 June 2017 €'000	31 December 2016 €'000
Balance as at 1 January	2,458,760	2,396,951
Additions - technical improvements, extensions	9,384	29,545
Movements - financial leases	1,278	469
Transfers from redevelopments and land	-	34,119
Transfers to redevelopments and land	-	(28,596)
Currency translation differences	37	-
Revaluation of standing investments	3,189	40,343
Disposals	-	(14,071)
Balance as at the end of the period	**2,472,648**	**2,458,760**

5. REDEVELOPMENTS AND LAND

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

	30 June 2017 €'000	31 December 2016 €'000
Balance as at 1 January	292,617	307,845
Additions - cost of land and construction	19,233	28,008
Movements - financial leases	2,616	253
Transfer from standing investments	-	28,596
Transfer to standing investments	-	(34,119)
Transfer to assets held for sale	-	(11,798)
Disposals	-	(267)
Interest capitalised	204	342
Currency translation differences	195	-
Revaluation of redevelopments and land	-	(26,243)
Balance as at the end of the period	**314,865**	**292,617**

In September 2014, the Group commenced works on the redevelopment project of the Atrium Promenada centre in Warsaw, Poland. The inaugural stage of the redevelopment was successfully completed in 2016 and delivered an additional 7,600 sqm GLA to the centre. The phase of the works currently underway, consist mainly of the remodeling and renovation of a substantial part of the shopping centre. The total net incremental costs to complete this phase of the works on the redevelopment which are due for completion by the end of 2018, were approximately €45 million as at 30 June 2017.

In April 2016, works commenced on the extension to our Atrium Targowek centre, which includes the construction of a 8,600 sqm GLA extension and the construction of additional parking spaces. The total net incremental costs to complete the redevelopment project in 2018 were approximately €36 million as at 30 June 2017.

6. OTHER CURRENT ASSETS

	30 June 2017 €'000	31 December 2016 €'000
Receivables from tenants	10,919	10,467
Prepayments	3,815	3,072
VAT receivables	2,485	3,554
Restricted cash in banks	9,049	26,942
Available for sale financial assets	31,384	42,036
Income tax receivable	1,397	1,319
Other receivables	2,386	2,733
Total	**61,435**	**90,123**

The Group's available for sale financial assets include a diversified portfolio of listed equity securities with less than 1% total holding in each individual investment. The available for sale financial assets are carried at fair value; the fair value is based on quoted prices (unadjusted) in active markets (Level 1 within the fair value hierarchy). During the reporting period the Company sold €7.8 million of its listed equity securities portfolio.

7. ASSETS AND LIABILITIES HELD FOR SALE

As at 30 June 2017 and 31 December 2016, the assets and liabilities held for sale included land plots in Russia, with a total value of €11.6 million (€11.8 million as at 31 December 2016). Foreign currency translation reserves, amounting to €16.4 million, were also presented as held for sale.

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

	30 June 2017 €'000	31 December 2016 €'000
Non-current assets		
Redevelopments and land	11,624	11,798
Other assets	143	239
Current assets	**2,609**	**2,692**
Assets held for sale	**14,376**	**14,729**
Non-current liabilities		
Long term liabilities from financial leases	655	689
Current liabilities	**2,848**	**2,842**
Liabilities held for sale	**3,503**	**3,531**
Net assets directly associated with disposal groups	**10,873**	**11,198**
Amounts included in accumulated other comprehensive income:		
Foreign currency translation reserve	(16,396)	(16,396)
Reserve of disposal groups classified as held for sale	**(16,396)**	**(16,396)**

8. EQUITY

As at 30 June 2017, the total number of shares issued was 376,915,000 (31 December 2016: 376,745,499 shares). During the six-month period ended 30 June 2017, Atrium paid a dividend of €cents 27.5 (6M 2016: €cents13.5) per share as a capital repayment, which amounted to a total of €103.6 million (6M 2016: €50.8 million).

The aforementioned dividend paid on 30 June 2017 included a special dividend of €cents14 per share in addition to the recurring quarterly dividends. The special dividend reflects the Board's continuing confidence in the Group's prospects.

9. BORROWINGS AND SHORT TERM CREDIT

	30 June 2017		31 December 2016	
	Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Bonds	838,167	896,221	838,086	899,619
Bank loans	108,544	108,163	109,319	108,991
Short term credit	44,000	44,000	-	-
Total	**990,711**	**1,048,384**	**947,405**	**1,008,610**
Of which:				
Long term borrowings	941,268		942,009	
Short term credit and current maturities of long- term borrowings	49,443		5,396	
Total	**990,711**		**947,405**	

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;
- volatility of EUR swap rates;
- spot exchange rates 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 and short term credit are repayable as follows:

	30 June 2017	31 December 2016
	Net book value €'000	Net book value €'000
Short term credit	44,000	-
Current maturities of long- term borrowings	5,443	5,396
Due within one year	49,443	5,396
In year two	2,027	1,739
In years three, four and five	438,128	438,919
After five years	501,113	501,351
Total	**990,711**	**947,405**

Revolving credit facility

The Company has a €150 million unsecured revolving credit facility from a group of three banks available until October 2020. As of 30 June 2017, the Group has utilised €44 million of this facility.

In addition, the Group has another €25 million unsecured revolving credit facility from Deutsche Bank Luxembourg S.A. available until October 2019. As of 30 June 2017, the Group had not utilised this facility.

10. 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 June 2017, the IRS was in a liability position and had a fair value of €3.3million (31 December 2016: €4.7 million).

11. OTHER CURRENT LIABILITIES

	30 June 2017 €'000	31 December 2016 €'000
Trade and other payables	28,573	28,486
Accrued expenditure	38,546	42,240
Income tax payable	3,296	6,465
VAT payables	3,531	3,365
Total	**73,946**	**80,556**

12. PROVISIONS

Provisions	Legacy legal provision €'000	Other legal provision €'000	Total €'000
Balance as at 1 January 2017	**53,520**	**1,191**	**54,711**
Foreign currency changes	-	47	47
Additions/(releases) of provision in the period, net	1,097	(398)	699
Amounts paid during the period	(3,035)	(659)	(3,694)
Balance as at 30 June 2017	**51,582**	**181**	**51,763**
Of which- Current portion	51,582	181	51,763
Non-current portion	-	-	-
Total provisions	**51,582**	**181**	**51,763**

For more information, see note 18.

13. OTHER DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	Six months ended 30 June 2017 €'000	2016 €'000
Other depreciation and amortisation	(1,309)	(1,369)
Impairments	(4,480)	-
Total	**(5,789)**	**(1,369)**

14. OTHER FINANCIAL EXPENSES

	Six months ended 30 June 2017 €'000	2016 €'000
Net loss from bond buy back	-	(1,421)
Early loan repayment	-	(1,484)
Impairment of financial instruments	-	(1,094)
Interest on financial leases	(1,425)	(1,408)
Other financial expenses	(320)	(880)
Total	**(1,745)**	**(6,287)**

15. TAXATION CREDIT /(CHARGE) FOR THE PERIOD

	Six months ended 30 June 2017 €'000	2016 €'000
Current period corporate income tax expense	(1,750)	(969)
Deferred tax credit /(charge)	5,872	(1,312)
Adjustments to prior periods	836	65
Total credit/(charge)	**4,958**	**(2,216)**

16. SEGMENT REPORTING

Reportable segments

For the period ended 30 June 2017	Standing investment segment €'000	Redevelopment segment €'000	Reconciling items €'000	Total €'000
Gross rental income	98,803	-	(5,000)	93,803
Service charge income	36,949	-	(982)	35,967
Net property expenses	(40,258)	-	1,254	(39,004)
Net rental income	**95,494**	**-**	**(4,728)**	**90,766**
Net result on disposals	-	9	-	9
Costs connected with developments	-	(641)	-	(641)
Revaluation of investment properties	2,717	-	472	3,189
Other depreciation, amortisation and impairments	(1,182)	(4,480)	(127)	(5,789)
Administrative expenses	(5,812)	(361)	(8,634)	(14,807)
Share of profit of equity-accounted investment in joint ventures	-	-	4,162	4,162
Net operating profit/(loss)	**91,217**	**(5,473)**	**(8,855)**	**76,889**
Interest expenses, net	(16,121)	(1,681)	7	(17,795)
Foreign currency differences	(780)	(278)	76	(982)
Other financial expenses	(1,389)	(111)	(245)	(1,745)
Profit/(loss) before taxation	**72,927**	**(7,543)**	**(9,017)**	**56,367**
Taxation credit/(charge) for the period	5,989	(111)	(920)	4,958
Profit/(loss) for the period	**78,916**	**(7,654)**	**(9,937)**	**61,325**
Investment properties	2,644,699	*326,489	**(172,050)	2,799,138
Segment assets	2,687,747	329,825	***124,114	3,141,686
Segment liabilities	1,030,538	106,573	106,036	1,243,147

* Includes €11.6 million classified as held for sale for 30 June 2017. See note 7.

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

*** The amount mainly relates to cash and cash equivalents and available for sale financial assets.

Reportable segments

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

* Includes €12.4 million of standing investments and €11.7 million developments and land 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 equivalents

17. TRANSACTIONS WITH RELATED PARTIES

Based on a consultancy agreement with the Group, Mr. Katzman, Chairman of the Board, was entitled to consultancy fees of €550,000 in 2016 and expenses as permitted under the agreement. For the period from 1 January to 31 March 2017, the consultancy fee was €187,500 and as from 1 April 2017 the annual consultancy fee is €700,000, payable in four equal quarterly instalments and subject to an annual review.

Neil Flanzraich and Michael Errichetti were appointed to the Board of Directors with effect from 1 April 2017, as independent non-executive directors.

The directors Peter Linneman, Thomas Wernink, Noam Ben-Ozer, and Karine Ohana did not stand for re-election at the Annual General Meeting held on 25 April 2017. Neil Flanzraich replaced Peter Linneman as Chairman of the Audit Committee of the Board of Directors and Chaim Katzman took the role of Chairman of Compensation and Nominating Committee.

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 2016. Atrium continues to be subject to certain claims submitted by holders of Austrian Depositary Certificates alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 15 August 2017, the latest practicable date prior to authorisation of this report, the aggregate amount claimed in 1,370 separate proceedings to which Atrium was then a party in this regard was approximately €65 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 referred to in note 2.40 of the Annual Financial Report 2016. The period for participation in the arrangement expired on 15 October 2016 and has resulted in total approved compensation payments to date of approximately €10.3 million (of which the Company bears 50 per cent) in respect of some 1,520 individual submissions, with an additional €1.4 million approx. (of which the Company bears 50 per cent) in respect of some 160 submissions still being processed.

In March 2017, the Company also announced it had reached an Agreement with AdvoFin Prozessfinanzierung AG and Salburg Rechtsanwalts GmbH which establishes a mechanism by which AdvoFin and Salburg clients who are ADC investors who brought claims or made submissions to join pending criminal proceedings can resolve their claims and potential claims against the Company. The maximum payment by Atrium under the Agreement with AdvoFin and Salburg in the event that all eligible AdvoFin and Salburg clients opt to participate would be €44 million. The actual level of participation and compensation will be determined in the coming months.

Whilst the Company maintains its position that there is no basis for any claims to be made against it, it feels it is important to support reasonable efforts to help bring final resolution to these longstanding issues and believes the arrangements referred to above are an efficient means of dispute resolution. The Company 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, the terms of and methodologies adopted in the compensation arrangements referred to above and the expected cost and implications of implementing those arrangements, a total provision of €51.6 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 potential changes in the legal, regulatory and fiscal frameworks and the approach taken to enforcement which may include actions affecting title to the Group's property or land and changes to the previously accepted interpretation of fiscal rules and regulations applied by the authorities to the Group's fiscal assets and liabilities.

From 2015, the Polish Ministry of Finance and Polish regulatory authorities have published several draft bills that could impose significant changes to the regulatory and fiscal environment in which the Group operates including regulation of trading hours, imposition of industry specific retail tax and changes in the interpretation of rules around sales and transfer taxes applicable on the purchase and sale of assets. A recently published draft bill which may potentially become effective 1 January 2018 includes, among others, introduction of a separate income basket for capital gains and disallowing the offsetting of capital gains or losses against other sources of income, new thin capitalization rules limiting the deduction of financing costs, implementation of an alternative minimum tax via a minimum levy on investment properties owners at the level of 0.5% per year on the initial tax value of the property and other changes. The Company is currently assessing the potential impact of the proposed changes which will be dependent on the final bill approved.

Certain Russian subsidiaries within the Atrium Group continue to be 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.

INDEPENDENT REVIEW REPORT FOR ATRIUM EUROPEAN REAL ESTATE LIMITED

INTRODUCTION AND CONCLUSION

We have been engaged by Atrium European Real Estate Limited ("Atrium") to review the condensed consolidated set of financial statements in the interim financial report for the six months ended 30 June 2017 which comprises the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the consolidated statement of cash flow and the consolidated statement of changes in equity for the six month period ended 30 June 2017, and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the interim financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as endorsed by the EU.

Statement on the Group management report for the 6 month period ended 30 June 2017 and on director's statement in accordance with § 87 Austrian Stock Exchange Act (BörseG)

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

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

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. We 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.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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.

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 directors are responsible for preparing the condensed consolidated set of financial statements included in this interim financial report 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.

THE PURPOSE OF OUR REVIEW WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

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

15 August 2017

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 August 2017. KPMG Channel Islands Limited has carried out no procedures of any nature subsequent to 15 August 2017 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.

DIRECTORS

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Rachel Lavine
Michael Erichetti
Neil Flanzraich
Simon Radford
Andrew Wignall

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Atrium Promenada