INTERIM FINANCIAL REPORT 30 JUNE 2018

LEADER IN SHOPPING CENTRES IN CENTRAL EUROPE

OUR MISSION

Atrium's mission is to remain one of the leading owners and managers of locally dominant food, fashion and entertainment shopping centres in the best urban locations within Central Europe and for the Atrium brand to be 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 Central European 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, as well as 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.

OUR PROFILE

Atrium Group owns a €2.5 billion[1] portfolio of 34[1] shopping centres and smaller retail properties which produced €94.3[2] million of rental income during the first six months of 2018. These properties are located predominantly in Poland and the Czech Republic, and 32 of them are 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 2018

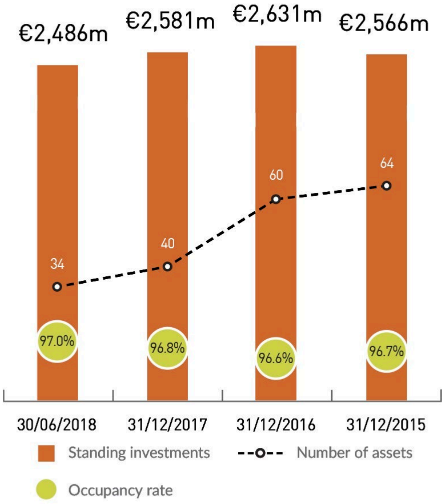
- Continue to improve the quality of our portfolio through selective rotation of properties, driving the operational and financial performance of our assets and increasing the offer for retailers through the relevant extension of our already stable and successful investments and redevelopments. The redevelopments are expected to add 26,000 sqm of GLA in 2018 and over 28,000 sqm of GLA in the coming three year period, across three projects 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; and
- Further optimise the cost of capital structure and improve the efficiency of the Group's balance sheet.

1 Including a 75% stake in assets held in Joint Ventures and excluding €106.6 million representing one asset in Romania and four assets in Hungary classified as held for sale as at 30 June 2018

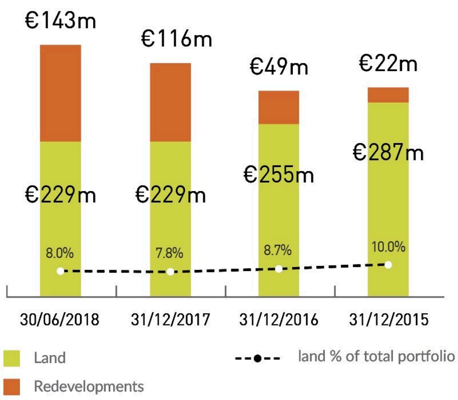
2 Including a 75% stake in assets held in Joint Ventures

KEY HIGHLIGHTS

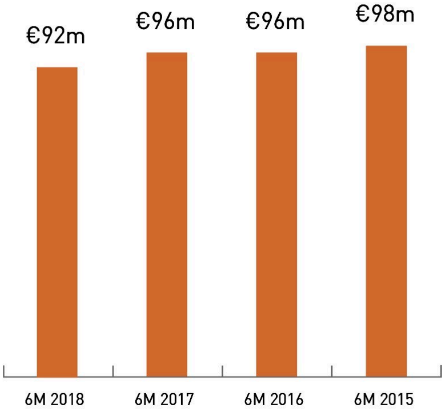
STANDING INVESTMENTS[1] AND OCCUPANCY RATE[2]



REDEVELOPMENTS AND LAND

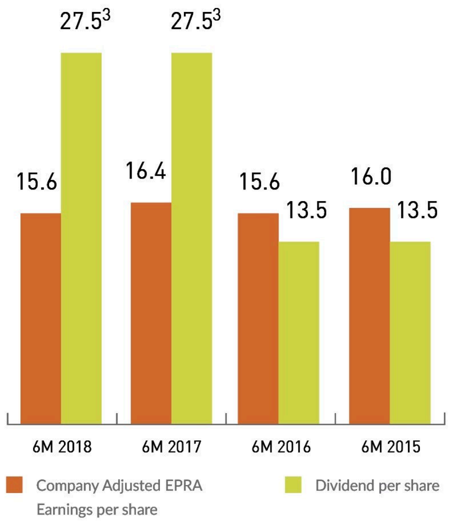


NET RENTAL INCOME[1]



COMPANY ADJUSTED EPRA EARNINGS AND DIVIDEND PER SHARE

All data in € cents



1 Including a 75% stake in assets held in Joint Ventures
2 The Occupancy rate, shown above, is defined as 100% less EPRA vacancy
3 Including special dividends of €cents 14 each paid on 29 March 2018 and 30 June 2017

KEY PERFORMANCE INDICATORS

KEY FINANCIAL FIGURES OF THE GROUP	Unit	6M 2018	6M 2017	Change %	FY 2017
Gross rental income	€'000	94,335	98,803	(4.5%)	198,708
EPRA like-for-like gross rental income	€'000	64,917	64,038	1.4%	152,943
Net rental income	€'000	91,839	95,494	(3.8%)	189,910
EPRA like-for-like net rental income	€'000	64,487	62,581	3.0%	145,803
Operating margin	%	97.3	96.6	0.7%	95.6
EBITDA excluding revaluation, disposals, impairments	€'000	80,861	79,952	1.1%	159,879
Company adjusted EPRA earnings	€'000	58,848	61,857	(4.9%)	122,146
Regular dividend pay-out ratio	%	86.5	82.2	4.3%	83.3
Revaluation of standing investments	€'000	7,617	2,717		13,750
Revaluation of redevelopments and land	€'000	(2,125)	-		(14,098)
Profit after taxation	€'000	48,500	61,325	(20.9%)	89,092
Net cash generated from operating activities	€'000	18,292	56,303	(67.5%)	101,754
IFRS Earnings per share	€cents	12.8	16.2	(21.0%)	23.6
Company adjusted EPRA earnings per share	€cents	15.6	16.4	(4.9%)	32.4

FINANCIAL POSITION	Unit	30-6-2018	31-12-2017	Change %
Standing investments at fair value	€'000	2,485,667	2,581,117	(3.7%)
Land at fair value	€'000	229,579	228,886	0.3%
Redevelopments	€'000	142,851	116,445	22.7%
Cash and cash equivalents	€'000	28,356	71,920	(60.6%)
Equity	€'000	1,832,401	1,893,660	(3.2%)
Borrowings	€'000	985,730	969,289	1.7%
LTV (gross)	%	34.5	32.5	2.0%
LTV (net)	%	33.5	30.1	3.4%
IFRS NAV per share	€	4.85	5.02	(3.4%)
EPRA NAV per share	€	5.13	5.24	(2.1%)

The key performance indicators include a 75% stake in assets held in Joint Ventures.

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BUSINESS REVIEW

OPERATIONAL AND FINANCIAL PERFORMANCE

During the first half of 2018, the Group continued to see the benefits of our ongoing portfolio repositioning and asset improvement strategies.

The positive impact of these strategies is reflected in the 3.0% increase in the Group's like-for-like Net Rental Income ("NRI") with growth seen across all our active markets. The positive momentum seen in Russia at the end of 2017 continued throughout the first six months of 2018, albeit at a slower pace as previously communicated.

Group NRI, excluding disposals and redevelopments, increased 3.7% to €64.5 million. The Group's overall gross and net rental income decreased by €4.5 million and €3.7 million, respectively, as result of €6.0 million lower income due to the disposal of non-core assets in Hungary, the Czech Republic and Slovakia 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 1.1% to €80.9 million compared to the same period last year. This result was primarily due to a €4.4 million decrease in administrative expenses following the implementation of the cost savings programme in March 2017 which offset the impact of the disposal of non-core assets as part of our portfolio repositioning strategy.

Net cash generated from operating activities was €18.3 million compared to €56.3 million for the first six months of 2017. This was primarily due to a €27.5 million payment related to the Austrian legacy legal compensation arrangement, reached in March 2017.

Profit after tax was €48.5 million compared to €61.3 million in the first six months of 2017 as a result of a number of positive gains, including the €4.4 million reduction in administrative expenses mentioned above, a €4.3 million reduction in impairments, a €2.0 million increase in revaluation, as well as a €2.1 million decrease in finance expenses being offset by foreign currency differences which were the main contributor for the €23.1 million deferred tax expense in the first half of 2018 compared to a €5.9 million deferred tax credit in the first half of 2017.

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, decreased by 4.9% to €cents 15.6 compared to €cents 16.4 in the first six months of 2017.

The balance sheet remains efficient and was leveraged conservatively low with a gross and net LTV of 34.5% and 33.5% respectively and a cash and cash equivalent amount of €28.4 million as at 30 June 2018, compared to €71.9 million as at 31 December 2017.

DIVIDEND

In November 2017, the Company's Board of Directors approved an annual dividend of €cents 27 per share for 2018, 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 2018 (subject to any legal and regulatory requirements and restrictions of commercial viability). Accordingly, on 29 March 2018 and 29 June 2018 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 €51.0 million (6M 2017: €50.9 million).

In addition to the aforementioned quarterly dividends, the Board of Directors also approved the payment of a special dividend (also paid as a capital repayment) of €cents 14 per share (paid in March 2018 and June 2017), which amounted to a total of €52.8 million (6M 2017: €52.8 million).

PWC APPOINTMENT AS AUDITORS

At the Annual General Meeting on 2 May 2018, PricewaterhouseCoopers CI LLP ("PWC") were appointed as the auditors of Atrium for the year ending 31 December 2018, replacing KPMG Channel Islands Limited.

OUR MARKETS

BUSINESS ENVIRONMENT	Poland	Czech Republic	Russia	Slovakia	EU Average	France	Germany
GDP growth actual 2017	4.6%	4.3%	1.5%	3.4%	2.7%	1.8%	2.5%
GDP growth, 2018F	4.1%	3.5%	1.7%	4.0%	2.5%	2.1%	2.5%
Unemployment, 2018F	4.1%	3.0%	5.5%	7.5%	6.8%	8.8%	3.6%
Inflation, 2018F	2.9%	2.2%	3.5%	1.9%	1.9%	1.4%	1.6%
Retail Sales growth, 2018F	5.2%	5.7%	6.1%	3.6%	2.1%	2.0%	2.7%

Our markets have benefited from continued high GDP growth in 2017/18, with Poland and the Czech Republic forecasting 2018 GDP growth of 4.1% and 3.5% respectively against a background of falling unemployment and strong retail sales forecast to grow above 5% in 2018. Russian GDP growth continues albeit at a lower rate of 1.7% forecast for 2018.

Events on the global scale have a limited direct impact on growth in our markets, which is largely driven by the health of the CEE and EU economies and the growing production and consumption of our market citizens. Additionally, the clear guidance from the ECB that Euro interest rates will not start to rise until Q3 2019 provides potential opportunities for investors to make acquisitions at favourable returns. The ongoing retail sales growth in 2017/2018F is being driven by strong wage growth forecast for Poland 8% and the Czech Republic 12%.

At the end of 2017, uncertainty in the political sphere was creating speculation that international trade growth would be threatened, impacting our markets. Despite the prospect of a global trade war, analysts think that the world economy will gain modest momentum over the rest of this year.

Sunday trading laws in Poland are gradually restricting trade, with a number of exclusions. Early indications are of footfall largely moving to other days of the week, not specifically Saturday.

It is unlikely that the EU's actions against Poland, following changes in the political control over and independence of the judiciary, will have a near term impact on the Polish economy. Action in these Article 7 cases, which could lead to Poland losing its voting rights in the EU, takes time – it has been about 2 years since the Article 7 probe started – thus the forecast 2018 GDP growth of 4.1% is unaffected by any possible punitive action. Article 7 measures are not thought likely to succeed as Hungary has already declared it will block them, having also had an Article 7 recommendation against it. In the longer term, it has been suggested that the EU might limit structural fund payments in the 2021 – 2027 EU budget process. These have been the key driver of Polish public investment for the last 15 years and would have a real impact on the economy.

Penetration of the retail market by online sales is being monitored closely, but growth in our markets is coming from a lower base of 5-7% in 2017 and therefore lagging behind the developed European markets, which range from 8-16%[3]. The exception is the Czech Republic, where on line sales were 13% of the retail market in 2017, similar to the UK at 15% in 2017. Studies show that malls in prime locations are least negatively affected in countries with more advanced internet sales. Currently, the CEE market economies are receiving a boost as internet sales supply chain providers are choosing to position distribution hubs just across the border from Germany in Poland and the Czech Republic, taking advantage of the wages at around 1/3 of German rates and cheaper rents[4].

Following record real estate highs in the CEE commercial real estate market in 2017, the RICS' quarterly Global Commercial Real Estate Monitor predicts continued strong investment activity in the European markets.

OUTLOOK

In the second half of the year, Atrium's CEE markets are expected to enjoy continued growth in the retail sector from the high wage and GDP growth in CEE, combined with interest rates remaining low, making investments attractive.

3 DB "Mixed macroeconomic environment with challenges from the accelerating impact of e-commerce" Feb 2018

4 Capital Economics 17/7/2018 "Wage differentials support CEE industrial border markets"

OPERATING ACTIVITIES

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

	Number of properties		Gross rental income			Net rental income		
	6M 2018	6M 2017	6M 2018	6M 2017	Change	6M 2018	6M 2017	Change
Country			€'000	€'000	%	€'000	€'000	%
Poland	21	21	49,609	50,725	(2.2%)	47,513	49,665	(4.3%)
Czech Republic	3	5	9,729	9,931	(2.0%)	9,560	9,691	(1.4%)
Slovakia	2	3	5,348	5,607	(4.6%)	5,169	5,271	(1.9%)
Russia	7	7	19,392	20,157	(3.8%)	20,122	19,101	5.3%
Hungary	4	22	1,028	3,891	(73.6%)	827	3,621	(77.2%)
Romania	1	1	4,069	3,492	16.5%	3,829	3,417	12.1%
Total	**38**	**59**	**89,175**	**93,803**	**(4.9%)**	**87,020**	**90,766**	**(4.1%)**
Investment in Joint Ventures (75%)	1	1	5,160	5,000	3.2%	4,819	4,728	1.9%
Total rental income	**39**	**60**	**94,335**	**98,803**	**(4.5%)**	**91,839**	**95,494**	**(3.8%)**

	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
	6M 2018	6M 2017	Change	6M 2018	6M 2017	Change
Country	€'000	€'000	%	€'000	€'000	%
Poland	26,061	25,913	0.6%	25,686	25,434	1.0%
Czech Republic	9,591	9,291	3.2%	9,451	9,137	3.4%
Russia	19,392	19,660	(1.4%)	20,122	19,251	4.5%
Hungary	644	667	(3.4%)	578	603	(4.1%)
Romania	4,069	3,487	16.7%	3,829	3,428	11.7%
Like-for-like rental income	**59,757**	**59,018**	**1.3%**	**59,666**	**57,853**	**3.1%**
Investment in Joint Ventures (75%)	5,160	5,020	2.8%	4,821	4,728	2.0%
Total Like-for-like rental income	**64,917**	**64,038**	**1.4%**	**64,487**	**62,581**	**3.0%**
Remaining rental income	29,418	34,416	(14.5%)	27,352	33,186	(17.6%)
Exchange rate effect[1]	-	349		-	(273)	
Total rental income	**94,335**	**98,803**	**(4.5%)**	**91,839**	**95,494**	**(3.8%)**

1 To enhance comparability of NRI, prior period values for like-for-like properties have been recalculated using the 2018 exchange rates as per EPRA best practice recommendations

The Group's portfolio produced €94.3 million of GRI during the period, a 4.5% decrease compared to the same period last year. As anticipated, the disposal of eighteen non-core assets in Hungary, two assets in the Czech Republic and one asset in Slovakia led to a reduction in income compared to the same period last year. In Poland, the GRI was adversely affected by the temporary disruption and vacancies arising from the upgrade and extension works at three key shopping centres in Warsaw as we seek to create long term value and income improvements through redevelopment.

Similarly, Group NRI reflected a decrease of 3.8% to €91.8 million primarily due to the disposal and redevelopment projects.

Positively, on a like-for-like basis, there were increases in both Group GRI and NRI which were up by 1.4% to €64.9 million and by 3.0% to €64.5 million, respectively. This growth in like-for-like NRI was reflected across all our active countries.

The operating margin reflected an increase of 0.7% to 97.3% (30 June 2017: 96.6%) mainly due to improvements in Russia and Slovakia.

As at 30 June 2018, occupancy rate on the basis of EPRA[5] was 97.0% (31 December 2017: 96.8%).

THE COUNTRY DIVERSIFICATION OF THE GROUP'S INCOME PRODUCING PORTFOLIO AS AT 30 JUNE 2018 IS PRESENTED BELOW:

Standing investments Country	No. of properties[1]	Gross lettable area sqm	Portfolio %	Market value €'000	Portfolio %	Revaluation €'000
Poland	21	535,300[2]	57.1%	1,531,214	61.6%	813
Czech Republic	3	62,000	6.6%	335,015	13.5%	1,540
Slovakia	2	68,400	7.3%	160,739	6.5%	852
Russia	7	241,900	25.8%	286,101	11.5%	(5,293)
Total	**33**	**907,600**	**96.8%**	**2,313,069**	**93.1%**	**(2,088)**
Investment in Joint Ventures (75%)	1	30,000	3.2%	172,598	6.9%	308
Total standing investments	**34**	**937,600**	**100.0%**	**2,485,667**	**100.0%**	**(1,780)**

1 Excluding one asset in Romania and four assets in Hungary classified as held for sale as at 30 June 2018

2 Includes additional GLA handed over to tenants, expected to open in the fourth quarter of 2018 as part of the redevelopment projects

The overall market value of the Group's standing investments decreased marginally from €2,581[6] million at year end 2017 to €2,486[7] million as at 30 June 2018, mainly due to the disposals of assets in 2018 as described below. The market value of the Group's standing investments in Russia represented only 11.5% (31 December 2017: 11.2%) of the total market value of standing investments.

Full details of the sales the Group completed during and after the period as it progressed its portfolio improvement strategy are listed below:

In January 2018, two assets in Hungary with a total lettable area of approximately 29,100 sqm and were sold for €2.8 million.

In February 2018, a 41,200 sqm portfolio of assets in Budapest, comprising the Atrium EuroCenter, the Szombathely Family Center and adjacent Szombathely Praktiker building, were sold for €42.0 million. **Also in February 2018**, Atrium sold its interest in the 18,800 sqm Futurum Shopping Centre in Brno, in Czech Republic for €13.6 million.

In April 2018, the Group signed an agreement for the disposal of Atrium Saratov in Slovakia for €10.3 million which was completed in May.

Also in April 2018, the Group entered into an agreement to sell Atrium Militari shopping centre in Bucharest, Romania for €95 million. The sale was completed in July.

In addition, in July 2018, the Group signed an agreement for the disposal of the four residual assets in Hungary for €11.6 million.

In total, Atrium sold 12 assets in 2018 for €175 million, 9% above book value, allowing it to materially complete the Group's portfolio rotation in the Czech Republic and exit the operation in Hungary and Romania.

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

Standing investments[1] Country	Net equivalent yield[2] (weighted average) %	EPRA Net initial yield (NIY)[4] %	Occupancy rate[3] %
Poland	6.2%	5.9%	96.7%
Czech Republic	5.4%	5.4%	98.6%
Slovakia	6.8%	6.6%	97.4%
Russia	12.5%	13.6%	96.4%
Average	**6.8%**	**6.8%**	**97.0%**

1 The table excludes one asset in Romania and four assets in Hungary classified as held for sale as at 30 June 2018

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

3 The Occupancy rate is defined as 100% less EPRA vacancy

4 The EPRA NIY is calculated as the annualised net rental income of the portfolio divided by its market value

As at 30 June 2018, the portfolio's net equivalent yield and the EPRA net initial yield decreased to 6.8% and 6.8% respectively (31 December 2017: 7.0% and 6.9%) and the alternative EPRA "topped up" NIY decreased to 7.0% (31 December 2017: 7.2%) due to the disposals.

5 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

6 Excluding €58.4 million representing five assets in Hungary and one asset in Czech Republic classified as held for sale as at 31 December 2017

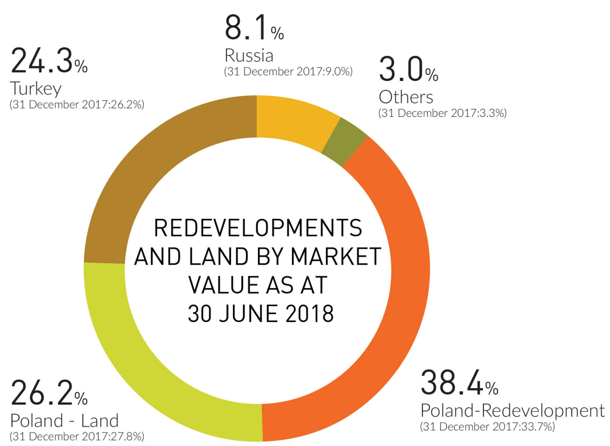
7 Excluding €106.6 million representing one asset in Romania and four assets in Hungary classified as held for sale as at 30 June 2018

REDEVELOPMENT ACTIVITIES

As at 30 June 2018, Atrium's redevelopments and land portfolio was valued at €372 million compared to €345 million as at 31 December 2017. It comprises approximately two-thirds of land, or €229 million (31 December 2017: €229 million), which Atrium continues to seek to monetise, mainly through sales, and just over one-third, or €143 million (31 December 2017: €116 million), of redevelopments. A key focus of the Group is to continue to pursue our strategy of upgrading and extending proven assets which are already cash generative and where there is retailer and consumer demand and which therefore have a lower execution risk.

Over the course of the period we have continued to carefully assess which redevelopment projects have the most potential to add value to our portfolio. Our focus is towards growing and strengthening our portfolio in the largest and strongest cities and domestic economies of our region. The decision to redevelop a project is dependent on its location, size, the economic situation in the relevant city and country, competition and the overall risk profile.

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



The Company plans to invest a total of approximately €300 million in its redevelopment projects (€115 million was spent up to 30 June 2018). This includes the redevelopment projects already underway at Atrium Promenada, Atrium Targowek and Atrium Reduta, which will add approximately 60,000 sqm of prime new GLA in Warsaw, of which 26,000 sqm of GLA will open in the fourth quarter of 2018.

REDEVELOPMENTS - THREE OPENINGS IN WARSAW BY THE END OF 2018, 26,000 SQM ADDITIONAL GLA

Asset	GLA thousand sqm	Expected completion
Atrium Promenada	47.6[1]	in stages until 2021
Atrium Targowek	8.6	2018
Atrium Reduta	5.7[2]	2019
Total	**61.9**	

1 13,200 sqm of new GLA in the fourth quarter of 2018

2 4,200 sqm of new GLA in the fourth quarter of 2018

ATRIUM PROMENADA EXTENSION, WARSAW

In 2015, Atrium embarked on a major extension and modernisation of Atrium Promenada. The redevelopment will create a uniquely modern and interactive shopping centre that stands out as a landmark destination on the right-bank of Warsaw. The enhanced and extended Atrium Promenada is expected to be completed in 2021. New and desirable retail brands will be opening in fourth quarter of 2018, when the fountain mall phase is completed. Numerous amenities for customers are being introduced in response to our analysis of the changing needs of Warsaw residents and the evolving requirements of retailers and consumers. Once complete, this redevelopment project will comprise a large scale, 47,600 sqm extension and a major remodelling of the existing shopping centre, bringing the Atrium Promenada's total GLA to over 90,000 sqm.

Stage 1 was completed in October 2016, adding a newly refurbished central corridor, with numerous new facilities, as well as a unique golden façade. This phase added approximately 7,600 sqm of new space to the centre and included one of the largest H&M stores in Poland, as well as the latest retail design concepts of GoSport, and others.

Stage 2 comprises upgrade of the common areas of the mall, as well as adding approximately 13,200 sqm of new lettable space. The features of this stage include a refurbished Fountain Alley, with new double shop fronts at first floor level and new food court units. A two storey car park is also being constructed. Stage 2 is expected to be completed in the fourth quarter of 2018.

ATRIUM TARGOWEK EXTENSION, WARSAW

The redevelopment includes an 8,600 sqm GLA extension and internal refurbishment of the existing scheme. Works are progressing as planned, with final completion scheduled by the end of 2018. New Inditex brands, together with enlarged units for H&M and other fashion anchors, will open in the fourth quarter 2018. Tenant demand is very strong and pre-leasing is progressing well.

The extension will increase the number and size of anchor tenants and refurbish the mall area within the existing scheme.

ATRIUM REDUTA REDEVELOPMENT, WARSAW

The first stage of redevelopment works at Atrium Reduta started in the third quarter of 2017. The overall redevelopment project will add 5,700 sqm of new GLA to the centre and include a 2,700 sqm cinema, which will be the first CINEMA3D in Warsaw, as well as a modern 1,500 sqm fitness centre, all of which are expected to be completed and opened in the fourth quarter of 2018. The overall refurbishment and new food court units will be completed in 2019.

EPRA PERFORMANCE MEASURES

A. EPRA EARNINGS

	6M 2018 €'000	6M 2017 €'000
Earnings attributed to equity holders of the parent company	**48,500**	**61,325**
Changes in value of investment properties	(5,184)	(3,189)
Net result on disposals of investment properties	(2,732)	-
Amortisation of intangible assets	1,102	798
Deferred tax in respect of EPRA adjustments	1,705	912
Joint venture interest in respect of the above adjustments	(308)	472
EPRA Earnings	**43,083**	**60,318**
Weighted average number of shares	377,362,043	376,827,643
EPRA Earnings per share (in €cents)	**11.4**	**16.0**

Company adjustments[1]		
Legacy legal matters	-	2,859
Impairments	-	4,480
Foreign exchange differences	(257)	982
Deferred tax not related to revaluations	21,351	(6,786)
Non-recurring tax charges	(5,329)	(1,122)
Business restructuring costs	-	1,126
Company adjusted EPRA earnings	**58,848**	**61,857**
Company adjusted EPRA earnings per share (in €cents)	**15.6**	**16.4**

1 The "Company adjustments" represent adjustments of other non-recurring items which could distort Atrium's operating results. Such non-recurring items are disclosed separately from the operating performance in order to provide stakeholders with the most relevant information regarding the performance of the underlying property portfolio.

B. EPRA NET ASSET VALUE ("NAV")

	30 June 2018		31 December 2017	
	€'000	in € per ordinary share	€'000	in € per ordinary share
NAV per the financial statements	**1,832,401**	**4.85**	**1,893,660**	**5.02**
Effect of exercise of options	9,260		12,852	
Diluted NAV, after the exercise of options	**1,841,661**	**4.85**	**1,906,512**	**5.01**
Fair value of financial instruments	1,559		1,030	
Deferred tax	104,679		86,515	
EPRA NAV	**1,947,899**	**5.13**	**1,994,057**	**5.24**

C. EPRA TRIPLE NAV ("NNNAV")

	30 June 2018		31 December 2017	
	€'000	in € per ordinary share	€'000	in € per ordinary share
EPRA NAV	**1,947,899**		**1,994,057**	
Fair value of financial instruments	(1,559)		(1,030)	
Impact of debt fair value	(50,639)		(57,481)	
Deferred tax	(104,679)		(86,515)	
EPRA NNNAV	**1,791,022**	**4.71**	**1,849,031**	**4.86**
Number of outstanding shares	377,683,849		377,056,821	
Number of outstanding shares and options	380,022,281		380,468,461	

D. EPRA NIY AND "TOPPED UP" NIY

	30 June 2018 €'000	31 December 2017 €'000
Investment property – wholly owned	2,685,499	2,812,673
Investment in Joint Venture (75%)	172,598	172,125
Less redevelopments and land	(372,430)	(345,331)
Completed property portfolio	**2,485,667**	**2,639,467**
Allowance for estimated purchasers' costs	44,433	44,471
Gross up completed property portfolio valuation (B)	**2,530,100**	**2,683,938**
Annualised cash passing rental income	180,502	182,693
Property outgoings	(9,510)	(9,853)
Annualised net rents (A)	**170,992**	**172,840**
Add: notional rent expiration of rent free periods or other lease incentives	5,933	9,442
Topped-up net annualised rent (C)	**176,925**	**182,282**
EPRA NIY A/B	**6.8%**	**6.9%**
EPRA "topped up" NIY C/B	**7.0%**	**7.2%**

E. EPRA VACANCY RATE

	30 June 2018 €'000	31 December 2017 €'000
Estimated rental value of vacant space	5,075	5,633
Estimated rental value of the whole portfolio	167,673	177,087
EPRA vacancy rate	**3.0%**	**3.2%**

F. EPRA COST RATIO

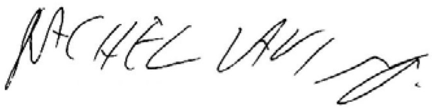
	6M 2018 €'000	6M 2017 €'000
Administrative expenses	10,385	14,807
Exclude non-recurring legacy legal and business restructuring costs	-	(3,985)
Other depreciation and amortisation	1,442	1,309
Costs connected with development	475	641
Net property expenses net of service charge income	2,155	3,036
Share of Joint Venture's expenses	339	272
EPRA Costs (including direct vacancy costs) (A)	**14,796**	**16,080**
Direct vacancy cost	(1,169)	(1,836)
EPRA Costs (excluding direct vacancy costs) (B)	**13,627**	**14,244**
Share of Joint Venture's income	5,160	5,000
Gross rental income	89,175	93,803
Total income (C)	**94,335**	**98,803**
EPRA Costs ratio (including direct vacancy costs) (A/C)	**15.7%**	**16.3%**
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	**14.4%**	**14.4%**

STATEMENT IN ACCORDANCE WITH § 125 OF THE AUSTRIAN STOCK EXCHANGE ACT 2018 (BörseG 2018)

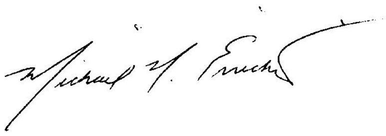
With respect to paragraph 125 of the Austrian Stock Exchange Act 2018 (§ 125 BörseG 2018), the directors confirm that to the best of their knowledge the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the 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

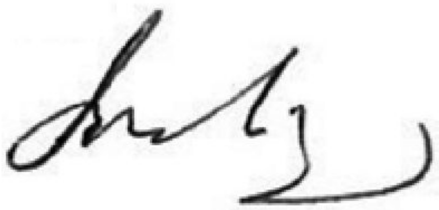


RACHEL LAVINE
Vice-Chairman and Director



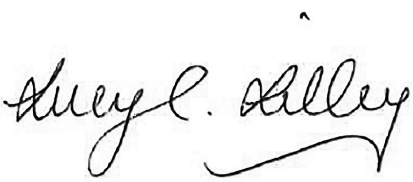
MICHAEL ERRICHETTI
Director

NEIL FLANZRAICH
Director



SIMON RADFORD
Director

ANDREW WIGNALL
Director



LUCY LILLEY
Director

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.

02

INTERIM FINANCIAL STATEMENTS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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2018		31 December 2017	
		€'000 (Unaudited)	€'000 (Unaudited)	€'000 (Audited)	€'000 (Audited)
ASSETS					
Non-current assets					
Standing investments	2.4	2,313,069		2,408,992	
Redevelopments and land	2.5	372,430		345,331	
Equity-accounted investment in joint ventures		178,101		173,106	
Other non-current assets		9,303		10,245	
			2,872,903		**2,937,674**
Current assets					
Cash and cash equivalents		28,356		71,920	
Other current assets		31,899		32,130	
Financial assets at FVOCI		16,531		19,961	
Assets held for sale	2.6	107,262		60,354	
			184,048		**184,365**
TOTAL ASSETS			**3,056,951**		**3,122,039**
EQUITY AND LIABILITIES					
Equity	2.7	**1,832,401**			**1,893,660**
Non-current liabilities					
Long term borrowings	2.8	967,452		968,011	
Derivatives	2.9	1,559		1,030	
Other non-current liabilities		138,442		122,151	
			1,107,453		**1,091,192**
Current liabilities					
Short term borrowings	2.8	18,278		1,278	
Other current liabilities	2.10	86,979		96,647	
Liabilities held for sale	2.6	3,630		3,520	
Provisions	2.11	8,210		35,742	
			117,097		**137,187**
TOTAL EQUITY AND LIABILITIES			**3,056,951**		**3,122,039**

The Group management report and the condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 7 August 2018 and were duly signed on the Board's behalf by Neil Flanzraich, acting Chairman of the Board, Neil Flanzraich, Chairman of the Audit Committee and Liad Barzilai, Group Chief Executive Officer.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June 2018		Six months ended 30 June 2017	
(Unaudited)	Note	€'000	€'000	€'000	€'000
Gross rental income		89,175		93,803	
Service charge income		34,040		35,967	
Net property expenses		(36,195)		(39,004)	
Net rental income			**87,020**		**90,766**
Net result on disposals		2,732		9	
Costs connected with developments		(475)		(641)	
Revaluation of standing investments, net		7,309		3,189	
Revaluation of redevelopments and land, net		(2,125)		-	
Other depreciation, amortisation and impairments	2.12	(1,442)		(5,789)	
Administrative expenses		(10,385)		(14,807)	
Share of profit of equity-accounted investment in joint ventures		5,006		4,162	
Net operating profit			**87,640**		**76,889**
Interest expenses, net		(16,704)		(17,795)	
Foreign currency differences		257		(982)	
Other financial expenses, net	2.13	(1,956)		(1,745)	
Profit before taxation			**69,237**		**56,367**
Taxation credit/(charge) for the period	2.14	(20,737)		4,958	
Profit after taxation for the period			**48,500**		**61,325**
Basic and diluted earnings per share in €cents attributable to shareholders			12.8		16.2

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2018		Six months ended 30 June 2017	
(Unaudited)	€'000	€'000	€'000	€'000
Profit for the period	**48,500**		**61,325**	
Items that will not be reclassified to the statement of profit or loss:				
Movement in financial assets at FVOCI reserve	(3,430)		(2,599)	
Items that are or may be reclassified to the statement of profit or loss:				
Exchange differences arising on translation of foreign operations	(53)		119	
Movements in hedging reserves (net of deferred tax)	(529)		1,103	
Amounts reclassified to profit or loss in respect of exchange differences on translation of foreign operations disposed during the period	(2,776)		-	
Total comprehensive income for the period		**41,712**		**59,948**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)	Six months ended 30 June 2018 €'000	Six months ended 30 June 2017 €'000
Cash flows from operating activities		
Profit before taxation	69,237	56,367
Adjustments for:		
Other depreciation, amortisation and impairments	1,442	5,789
Results from listed equity securities, net	(392)	(369)
Revaluation of standing investments, net	(7,309)	(3,189)
Revaluation of redevelopments and land, net	2,125	-
Foreign exchange (gain)/loss, net	(257)	982
Change in legal provisions, net of amounts paid	(27,540)	(2,995)
Share based payment expenses	253	85
Share of profit of equity-accounted investments in joint ventures	(5,006)	(4,162)
Net result on disposals	(2,732)	(9)
Finance lease interest expense	1,393	1,425
Interest expense	16,820	18,013
Interest income	(116)	(218)
Operating cash flows before working capital changes	**47,918**	**71,719**
Increase in trade, other receivables and prepayments	(4,554)	(15)
Decrease in trade, other payables and accrued expenditure, net	(6,056)	(3,272)
Cash generated from operations	**37,308**	**68,432**
Decrease in restricted cash related to legacy legal claims arrangement	112	4,242
Interest paid	(17,287)	(17,976)
Interest received	183	288
Dividend received (mainly dividend from Joint Ventures)	392	5,457
Corporation taxes paid, net	(2,416)	(4,140)
Net cash generated from operating activities	**18,292**	**56,303**
Cash flows from investing activities		
Payments related to investment properties and other assets	(38,846)	(33,091)
Proceeds from the disposal of investment properties	65,173	323
Proceeds from the sale of financial assets at FVOCI	-	7,808
Decrease in restricted cash related to investing activity	-	14,224
Proceeds from loans granted	1,087	1,208
Net cash generated from/(used in) investing activities	**27,414**	**(9,528)**
Net cash flow before financing activities	**45,706**	**46,775**
Cash flows from financing activities		
Proceeds from issuance of share capital	579	99
Repayment of long term borrowings	(781)	(1,129)
Utilisation of a revolving credit facility	15,845	44,000
Increase in restricted cash related to financing activities	-	(264)
Dividends paid	(103,803)	(103,643)
Net cash used in financing activities	**(88,160)**	**(60,937)**
Net decrease in cash and cash equivalents	**(42,454)**	**(14,162)**
Cash and cash equivalents at the beginning of period	**71,920**	**103,671**
Cash and cash equivalents classified as held for sale	(88)	-
Effect of exchange rate fluctuations on cash held	(1,022)	542
Cash and cash equivalents at the end of period	**28,356**	**90,051**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2018

(Unaudited)	Note	Stated capital €'000	Share based payment reserve €'000	Hedging reserve €'000	Financial assets at FVOCI 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
Restated balance as at 1 January 2018		**2,269,199**	**3,267**	**(1,030)**	**(1,967)**	**(296,997)**	**(81,588)**	**2,776**	**1,893,660**
Profit for the period		-	-	-	-	48,500	-	-	48,500
Other comprehensive income (expense)		-	-	(529)	(3,430)	-	(53)	(2,776)	(6,788)
Total comprehensive income (expense)		**-**	**-**	**(529)**	**(3,430)**	**48,500**	**(53)**	**(2,776)**	**41,712**
Transaction with owners of the Company									
Share based payment			253	-	-	-	-	-	253
Issue of no par value shares		2,799	(2,220)	-	-	-	-	-	579
Dividends	2.7	(103,803)	-	-	-	-	-	-	(103,803)
Disposal group held for sale		-	-	-	-	-	3,528	(3,528)	-
Balance as at 30 June 2018		**2,168,195**	**1,300**	**(1,559)**	**(5,397)**	**(248,497)**	**(78,113)**	**(3,528)**	**1,832,401**

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	Financial assets at FVOCI 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, as previously reported		**2,422,587**	**3,803**	**(3,809)**	**-**	**(1,419)**	**(385,025)**	**(77,691)**	**(16,396)**	**1,942,050**
Adjustment on initial application of IFRS 9 (net of tax)		-	-	-	**(1,419)**	**1,419**	-	-	-	-
Restated 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	2.7	(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**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

[UNAUDITED]

2.1 REPORTING ENTITY

Atrium European Real Estate Limited is a company incorporated and domiciled in Jersey, and whose shares are publicly traded on both the Vienna Stock Exchange and the Euronext Amsterdam Stock Exchange under the ticker ATRS. 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 activities of the Group are the ownership, management and operation of commercial real estate in the retail sector.

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

2.2 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 2017.

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 2017.

2.3 SIGNIFICANT ACCOUNTING POLICIES

New standards endorsed by the EU as of 1 January 2017

In July 2014, the IASB issued the final version of IFRS 9 ***Financial Instruments*** that replaces IAS 39 ***Financial Instruments: Recognition and Measurement*** and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group has early adopted IFRS 9 ***Financial Instruments*** issued in July 2014 with a date of initial application of 1 January 2017.

New standards that are effective and have been adopted by the Group

IFRS 15 ***Revenue from Contracts with Customers*** (issued in May 2014, endorsed by the EU) and amendments to IFRS 15 (issued in April 2016, and endorsed by the EU). In May 2014, the IASB and the FASB issued their joint revenue-recognising standard, IFRS 15 ***Revenue from Contracts with Customers***. IFRS 15 sets out the requirements for recognising revenue and providing disclosures that apply to all contracts with customers, except for contracts that are within the scope of the standards of leases, insurance contracts and financial instruments. The standard replaces IAS 18, ***Revenue***, IAS 11, ***Construction Contracts***, and a number of revenue-related interpretations. In April 2016, the IASB issued amendments to IFRS 15, clarifying some requirements and providing additional transitional relief. The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. IFRS 15 was effective from 1 January 2018 and does not have a significant impact on the Group's condensed consolidated interim financial statements.

Other new standards, interpretations and amendments effective, and endorsed by the EU, as of 1 January 2018, did not have a material impact on the Group's condensed consolidated interim financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but 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

IFRS 16 ***Leases*** (issued in January 2016, and endorsed by the EU). In January 2016, the IASB published a new standard, IFRS 16 Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted, if IFRS 15 'Revenue from Contracts with Customers' has also been applied. The Group is currently assessing the impact of the new standard.

2.4 STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 34[8] properties (31 December 2017: 39[9]).

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

Standing investments	30 June 2018 €'000	31 December 2017 €'000
Balance as at 1 January	2,408,992	2,458,760
Additions - technical improvements, extensions	13,922	23,528
Movements - financial leases	(52)	1,505
Transfers from redevelopments and land	-	3,836
Transfer to redevelopments and land	-	(24,050)
Transfer to assets held for sale	(106,600)	(58,350)
Revaluation of standing investments	7,309	14,319
Disposals	(10,502)	(10,556)
Balance at the end of the period	**2,313,069**	**2,408,992**

DISPOSALS DURING THE PERIOD

In January 2018, two assets in Hungary with a total lettable area of approximately 29,100 sqm and valued at approximately €2.8 million were sold.

In February 2018, a 41,200 sqm portfolio of assets in Budapest, comprising the Atrium EuroCenter, the Szombathely Family Center and adjacent Szombathely Praktiker building, was sold for €42.0 million. Also in February 2018, Atrium sold its interest in the 18,800 sqm Futurum Shopping Centre in Brno, in Czech Republic for €13.6 million.

In April 2018, the Group signed an agreement for the disposal of Atrium Saratov in Slovakia for €10.3 million which was completed in May. Also in April 2018, the Group has entered into an agreement to sell Atrium Militari shopping centre in Bucharest, Romania for €95 million. The sale was completed in July.

2.5 REDEVELOPMENTS AND LAND

The current portfolio of redevelopments and land of the Group comprises €142.9 million (31 December 2017: €116.4 million) redevelopments and €229.5 million (31 December 2017: €228.9 million) land.

Redevelopments and land	30 June 2018 €'000	31 December 2017 €'000
Balance as at 1 January	345,331	292,617
Additions - cost of land and construction	27,385	44,650
Movements - financial leases	1,604	2,862
Transfer from standing investments	-	24,050
Transfer to standing investments	-	(3,836)
Transfer (to)/from assets held for sale	-	10,796
Disposals	-	(9,445)
Interest capitalised	235	468
Revaluation of redevelopments and land	(2,125)	(16,831)
Balance at the end of the period	**372,430**	**345,331**

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 consists mainly of the remodelling 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, approximately €30.0 million as at 30 June 2018. Additional 13,200 sqm of GLA expected to open by the end of 2018.

In April 2016, works commenced on the extension to our Atrium Targowek centre, which includes the construction of an 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 €20.0 million as at 30 June 2018. Additional 8,600 sqm of GLA expected to open by the end of 2018.

In September 2017, redevelopment works started in Atrium Reduta. The overall redevelopment project will add 5,700 sqm of new GLA to the centre, which will include a 2,700 sqm cinema, a modern 1,500 sqm fitness centre and new food court units. The total net incremental costs to complete the redevelopment project in 2019 were approximately €20.0 million as at 30 June 2018. Additional 4,200 sqm of GLA expected to open by the end of 2018.

8 Excluding one asset in Romania andfour assets in Hungary classified as held for sale as at 30 June 2018

9 Excluding five assets in Hungary and one asset in Czech Republic classified as held for sale as at 31 December 2017

The current land bank consists of land plots in Poland, Russia and a plot in Turkey. Consistent with Atriums valuation policy, these plots of land are valued annually (year end) by an independently accredited appraiser. With respect to Turkey, recent geopolitical pressures and ongoing volatility in the Turkish lira has led to a nebulous economic environment despite the advantages of robust labour supply growth, a large domestic market and an expanding middle class. Property markets generally react to disruptions due to unforeseen financial, macro-economic, legal or political events at a slower pace compared to stock markets. Due to these factors, we continue to monitor the real estate indicators closely for long term market shifts outside of any temporary volatility caused by political shifts. Any major changes in the real estate market will be observed and - at that time - the valuation of the land plot will be updated accordingly. This approach is consistent with the Company's policy as per the above.

2.6 ASSETS AND LIABILITIES HELD FOR SALE

As at 30 June 2018, the assets and liabilities held for sale included one asset in Romania, with a lettable area of 56,400 sqm, for a value of €95 million, for which its sale agreement was signed in April with a completion in July 2018 and four assets in Hungary with a lettable area of 15,200 sqm for which sale agreements were signed in July 2018 for a value of €11.6 million.

As at 31 December 2017, the assets and liabilities held for sale included two assets in Hungary, with a lettable area of 29,100 sqm, sold in January 2018 for a value of €2.8 million, a portfolio of three assets in Hungary, with a lettable area of 41,200 sqm, sold in February 2018 for a value of €42.0 million, and one asset in Czech Republic with a lettable area of 18,800 sqm, sold in February 2018 for a value of €13.6 million.

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

	30 June 2018 €'000	31 December 2017 €'000
Non-current assets		
Standing investments	106,600	58,350
Other assets	5	495
Current assets	**657**	**1,509**
Assets held for sale	**107,262**	**60,354**
Non-current liabilities		
Other non-current liabilities	3,240	2,864
Current liabilities	**390**	**656**
Liabilities held for sale	**3,630**	**3,520**
Net assets directly associated with disposal groups	**103,632**	**56,834**
Amounts included in accumulated other comprehensive income:		
Foreign currency translation reserve	(3,528)	2,776
Reserve of disposal groups classified as held for sale	**(3,528)**	**2,776**

2.7 EQUITY

As at 30 June 2018, the total number of shares issued was 377,683,849 (31 December 2017: 377,056,821 shares). During the six-month period ended 30 June 2018, Atrium paid a dividend of €cents 27.5 (6M 2017: €cents 27.5) per share as a capital repayment, which amounted to a total of €103.8 million (6M 2017: €103.6 million). The dividend paid included quarterly recurring dividends of €cents 6.75 and a special dividend of €cents 14 per share.

2.8 BORROWINGS

Borrowings	30 June 2018		31 December 2017	
	Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Bonds	834,475	884,933	834,392	890,979
Bank loan	134,255	134,425	134,897	135,787
Short term credit	17,000	17,000	-	-
Total	**985,730**	**1,036,358**	**969,289**	**1,026,766**

The borrowings are repayable as follows:

Borrowings total	30 June 2018 Net book value €'000	31 December 2017 Net book value €'000
Short term credit	17,000	-
Current maturities of long term borrowings	1,278	1,278
Due within one year	18,278	1,278
Due in second year	335,104	1,278
Due within third to fifth year inclusive	506,351	839,763
Due after five years	125,997	126,970
Total	**985,730**	**969,289**

REVOLVING CREDIT FACILITY

In May 2018, the Group signed a net increase of €75 million and extended its revolving credit facility by approximately three additional years. The total value of the revolving credit facilities is €300 million with an expiry date in 2023. As at 30 June 2018, the Group has utilised €17 million of this facility.

2.9 DERIVATIVES

In November 2017, the Group entered into an interest rate swap contract ("IRS") in connection with the secured bank loan. This swap replaced floating interest rates with fixed interest rates. The floating rate on the IRS is the three month Euribor and the fixed rate is 0.826%. The swap is a cash flow hedge designed to reduce the Group's cash flow volatility due to variable interest rates on the bank loans. The IRS is measured at fair value using the discounted future cash flow method. As at 30 June 2018, this IRS was in a liability position and had a fair value of €1.6 million.

The fair value measurement of the IRS is derived from inputs other than quoted prices in active markets. The inputs used to determine the future cash flows are the 3-month Euribor forward curve and an appropriate discount rate. The inputs used are derived either directly (i.e. as prices) or indirectly (i.e. from prices). Therefore, this IRS is classified as a Level 2 fair value measurement under IFRS 13.

2.10 OTHER CURRENT LIABILITIES

	30 June 2018 €'000	31 December 2017 €'000
Trade and other payables	31,128	33,594
Accrued expenditure	44,835	47,827
Income tax payable	8,107	12,251
VAT payables	2,909	2,975
Total	**86,979**	**96,647**

2.11 PROVISIONS

Provisions	Legacy legal provision €'000	Other legal provision €'000	Total €'000
Balance as at 1 January 2018	35,517	225	35,742
Foreign currency changes	-	8	8
Additions to/(releases of) provision in the period, net	-	6	6
Amounts paid during the period	(27,490)	(56)	(27,546)
Balance as at 30 June 2018	**8,027**	**183**	**8,210**
Of which			
Current portion	8,027	183	8,210
Non-current portion	-	-	-
Total provisions	**8,027**	**183**	**8,210**

In the first half of 2018, the Group paid €27.5 million as part of the Austrian legacy legal compensation arrangement. For more information, see notes 2.17.

2.12 OTHER DEPRECIATION, AMORTISATION AND IMPAIRMENTS

Other depreciation, amortisation and impairments	Six months ended 30 June	
	2018 €'000	2017 €'000
Impairments	-	(4,480)
Other depreciation and amortisation	(1,442)	(1,309)
Total	**(1,442)**	**(5,789)**

2.13 OTHER FINANCIAL EXPENSES, NET

Other financial income and expenses	Six months ended 30 June	
	2018 €'000	2017 €'000
Dividend income from financial assets	392	614
Interest on financial leases	(1,393)	(1,425)
Other financial expenses, net	(955)	(934)
Total	**(1,956)**	**(1,745)**

2.14 TAXATION CHARGE FOR THE PERIOD

Taxation charge for the year	Six months ended 30 June	
	2018 €'000	2017 €'000
Current period corporate income tax expense	(2,856)	(1,750)
Deferred tax credit/(charge)	(23,056)	5,872
Adjustments to corporate income tax prior periods	5,175	836
Tax credit/(charge)	**(20,737)**	**4,958**

The main driver of the deferred tax charge in the first half of 2018 is the impact of the foreign currencies on the tax base of the investment properties.

AMENDMENT TO THE POLISH CORPORATE INCOME TAX LAW

In November 2017, an amendment to the Polish corporate income tax law, effective from 1 January 2018, was published. The amendment includes, among others things, the introduction of a separate income basket for capital gains and disallowing the offsetting of capital gains or losses against other sources of income, new earnings stripping rules limiting the ability to deduct financing costs, both external and group, for tax purposes. In July 2018, proposed legislative changes were published limiting the ability to deduct finance costs even further as of 2019.

Furthermore, an alternative minimum tax was introduced, resulting in a minimum levy on investment properties owners at the level of 0.42% per year on the tax value of the property. In April 2018, the Government Legislation Centre published bill covering changes to the minimum tax. The changes were approved by the Polish Parliament and signed by the President. The change allows tax payers to apply to the tax authority for a refund of any excess minimum tax paid over the statutory corporate income tax, assuming that the entity that is claiming it back conducts its transactions with related parties on arm-length principle. Before the refund is granted, intercompany transactions are subject to a tax control. The act was published in the official state gazette ("Dziennik Ustaw") on 4 July 2018.

On the basis of the formally published legislation, Atrium has classified amounts paid in excess of the corporate income tax as financial receivables pending a refund from the Polish tax authorities in the amount of €1.7 million.

2.15 SEGMENT REPORTING

Reportable segments For the period ended 30 June 2018	Standing investment segment €'000	Development segment €'000	Reconciling item €'000	Total €'000
Gross rental income	94,334	-	(5,159)	89,175
Service charge income	35,012	-	(972)	34,040
Net property expenses	(37,521)	-	1,326	(36,195)
Net rental income	**91,825**	**-**	**(4,805)**	**87,020**
Net result on disposals	2,732	-	-	2,732
Costs connected with developments	-	(475)	-	(475)
Revaluation of investment properties	7,618	(2,126)	(308)	5,184
Other depreciation, amortisation and impairments	(1,404)	-	(38)	(1,442)
Administrative expenses	(6,828)	(513)	(3,044)	(10,385)
Share of profit of equity-accounted investment in joint ventures	-	-	5,006	5,006
Net operating profit/(loss)	**93,943**	**(3,114)**	**(3,189)**	**87,640**
Interest expenses, net	(14,662)	(1,828)	(214)	(16,704)
Foreign currency differences	1,943	1,409	(3,095)	257
Other financial expenses	(1,375)	(104)	(477)	(1,956)
Profit/(loss) before taxation for the period	**79,849**	**(3,637)**	**(6,975)**	**69,237**
Taxation credit/(charge) for the period	(19,914)	144	(967)	(20,737)
Profit/(loss) after taxation for the period	**59,935**	**(3,493)**	**(7,942)**	**48,500**
Investment properties	2,592,262[1]	372,435	(172,598)[2]	2,792,099
Additions to investment properties	13,922	27,385	-	41,307
Segment assets	2,631,319	375,427	50,205	3,056,951
Segment liabilities	1,089,045	96,379	39,126	1,224,550

1 Including €106.6 million classified as held for sale as at 30 June 2018

2 Adjusted for our 75% share of investment property held in a joint venture

Reportable segments For the period ended 30 June 2017	Standing investment segment €'000	Development segment €'000	Reconciling item €'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) after taxation for the period	**78,916**	**(7,654)**	**(9,937)**	**61,325**
Investment properties	2,644,699	326,489[1]	(172,050)[2]	2,799,138
Additions to investment properties	9,384	19,233		28,617
Segment assets	2,687,747	329,825	124,114[3]	3,141,686
Segment liabilities	1,030,538	106,573	106,036	1,243,147

1 Includes €11.6 million classified as held for sale for 30 June 2017

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

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

2.16 TRANSACTIONS WITH RELATED PARTIES

During the first six months of 2018, Gazit-Globe LTD., the Group's controlling shareholder, indirectly purchased a total of 2,434,229 additional shares in the Company (or approximately 0.6% of Atrium's total shares). Consequently, Gazit-Globe directly or indirectly holds a total of 227,167,371 shares in Atrium, comprising 60.1% of the issued shares and voting rights in Atrium as at 30 June 2018.

In February and June 2018 Atrium issued 282,713 and 126,894 ordinary shares respectively to Rachel Lavine, Director and Vice Chairman of the Board, following the exercise of 1,000,000 options granted to her under ESOP 2009.

In February 2018, Atrium issued 17,064 shares to two of its directors, as part of the Directors share based compensation.

In March 2018, Atrium issued 88,225 shares to Group Executive Management and other Key Employees in accordance with an Employee Share Participation Plan.

In April 2018, Group CEO and Group CFO received a grant of shares in a total value of €90 thousand.

In April 2018 Atrium issued 10,000 ordinary shares to Mr. Chaim Katzman, Chairman of the Board, following the exercise of options granted to him under ESOP 2009.

Lucy Lilley was nominated to the Board of Directors with effect from April 2018, as an independent non-executive director.

2.17 CONTINGENCIES

The circumstances of the acquisition of 88,815,500 Austrian Depositary Certificate ("ADCs") representing shares of Atrium announced in August 2007 (the "ADC Purchases"), security issuances and associated events have been subject to regulatory investigations and other proceedings that continue in Austria. In 2012, following an investigation, the Jersey Financial Services Commission reconfirmed its conclusions that the ADC Purchases involved no breach of the Companies (Jersey) Law 1991 and that its investigation had concluded without any finding of wrong doing.

With regard to the Austrian proceedings and investigations, Atrium continues to be subject to certain claims submitted by ADC holders alleging losses derived from price fluctuations in 2007 and associated potential claims. As at 30 June 2018 the aggregate amount claimed in 247 separate proceedings to which Atrium was then a party in this regard was approximately €11.9 million. The number of claims and amounts claimed are expected to fluctuate over time as proceedings develop, are dismissed, withdrawn, settled 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 submissions by individuals to join pending criminal proceedings referred to below. The period for participation in the arrangement expired on 15 October 2016. Approximately €1 million (of which the Company bears 50%) in submissions are still being processed.

Because the Company believes it is important to support reasonable efforts to help bring final resolution to these longstanding issues, in addition to the 2016 arrangement, the Company has continued to explore other possible settlements as a means to put legacy issues behind it and so address a source of significant demands on management time and associated legal fees and costs, which are detrimental to its shareholders. To that end, 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 referred to below 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, of which the Company has paid approximately €39.7 million as at 30 June 2018. The actual level of participation and compensation will be determined over time. For those who choose to push forward with litigation against the Company tied to these legacy issues, the Company has confirmed that it rejects the claims against it and that it will continue to defend itself vigorously in all proceedings.

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 in 2016, and with AdvoFin and Salburg in March 2017, the expected cost and implications of implementing those arrangements, a total provision of €8.0 million has been estimated by the Company. Certain further information ordinarily required by IAS 37, 'Provisions, contingent liabilities and contingent assets', has not been disclosed on the grounds that to do so could be expected to seriously prejudice the resolution of these issues, in particular certain details of the calculation of the total provision and the related assumptions. The criminal investigations pending against Mr. Julius Meinl and others relating to events that occurred in 2007 and earlier remain ongoing. In connection with this, law firms representing various Atrium investors, who had invested at the time of these events, have alleged that Atrium is liable for various instances of fraud, breach of trust and infringements of the Austrian Stock Corporation Act and Austrian Capital Market Act arising from the same events. The public prosecutor directed Atrium to reply to the allegations and started criminal investigation proceedings against Atrium based on the Austrian Corporate Criminal Liability Act. It is uncertain whether this legislation, which came into force in 2006, is applicable to Atrium. In any event, Atrium believes a finding of liability on its part would be inappropriate and, accordingly, intends to actively defend itself.

There is continuing uncertainty in the various economies and jurisdictions in which the Group has its operations and assets. 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 onwards, 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 an industry specific retail tax and changes in the interpretation of rules around sales and transfer taxes applicable on the purchase and sale of assets. For more information on the amendment to the Polish corporate income tax law refer to note 2.14.

Certain Russian and Polish subsidiaries within the Atrium Group are, or have been, involved in legal and/or administrative proceedings involving the tax authorities. These past and present proceedings create uncertainty around tax policies in matters previously regarded as established but which are now subject to revised interpretation by the tax authorities. The Company can currently not reliably estimate the potential amount of any additional taxation and associated costs, but the impact may be significant.

2.18 OTHER EVENTS DURING AND AFTER THE PERIOD

On 2 May 2018, at the Annual General Meeting, PricewaterhouseCoopers CI LLP were appointed as the auditors of Atrium for the year ending 31 December 2018, replacing KPMG Channel Islands Limited.

In July 2018, Atrium issued 62,071 shares to Group CFO and Group COO.

INDEPENDENT REVIEW REPORT TO ATRIUM EUROPEAN REAL ESTATE LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed consolidated statement of financial position of Atrium European Real Estate Limited and its subsidiaries (the 'Group') as of 30 June 2018 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, '***Interim Financial Reporting***', as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the terms of our engagement and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, '***Review of interim financial information performed by the independent auditor of the entity***'. A review of interim financial information consists of making inquiries, 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 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 accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, '***Interim Financial Reporting***' as adopted by the European Union.

OTHER MATTERS – STATEMENT ON THE GROUP MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 AND ON THE DIRECTOR'S STATEMENT IN ACCORDANCE WITH §125 BÖRSEGESETZ 2018

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 review, the Group management report does not contain any apparent inconsistencies with the condensed consolidated interim financial statements.

The Interim Financial Report contains the statement by directors in accordance with section 125 par. 1 subpar. 3 of the Austrian Stock Exchange Act 2018.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Jersey, Channel Islands

7 August 2018

- The maintenance and integrity of the Atrium European Real Estate Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Cover photo: Atrium Promenada in Warsaw, Poland
Source: Visualisation


SIGNAGE