INTERIM FINANCIAL REPORT 30 JUNE 2020

LEADER IN CENTRAL EUROPEAN SHOPPING CENTRES

ABOUT ATRIUM

Atrium is a leading owner, operator and redeveloper of shopping centres and retail real estate in Central Europe, with plans to diversify into the residential for rent sector. Atrium currently specialises in dominant food, fashion and entertainment shopping centres in prime urban locations, with a focus on Warsaw and Prague.

Our retail portfolio will continue to be focused on prime dominant shopping centres that offer higher quality cash flow growth in the capital cities of Warsaw and Prague. Organic growth will be driven by pro-active, hands-on asset management, ensuring we uphold our "retail is detail" approach.

Our balance sheet will continue to be proactively managed to remain efficient and optimally leveraged.

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

OUR PROFILE

Atrium owns 26[1] properties with a total gross letable area of around 809,000 sqm and with a total market value of approximately €2.5 billion[1]. These properties are located in Poland, the Czech Republic, Slovakia and Russia, and with the exception of one, are all managed by Atrium's internal team of retail real estate professionals.

In January 2020 Atrium announced its 5 year strategic plan to diversify its portfolio by investing in and managing residential for rent real estate, with a focus on Warsaw. The strategy also includes densification of our portfolio which could include building residential and/or, in certain cases, offices above or adjacent to existing properties.

OUR FOCUS FOR 2020

- COVID-19 has changed the global economic outlook for the near future. The Group has made significant progress in pro-actively adapting its business plan to changing conditions. Atrium's actions were built around the following pillars:
  - Cost reduction and cash conservation ;
  - Proactive asset management initiatives - short term tenant support in exchange for lease prolongations, click and collect incorporation amongst others ;
  - Maintaining all health and social distancing requirements under COVID-19 legislation and ensuring the safety of our clients and customers.
- Continue the Group's asset rotation programme with the goal of concentrating further on high quality assets in the capital cities of Warsaw and Prague.
- Activate our investment strategy into the residential for rent asset class.
- Maintain financing flexibility and appropriate liquidity to proactively manage Atrium's capital structure.

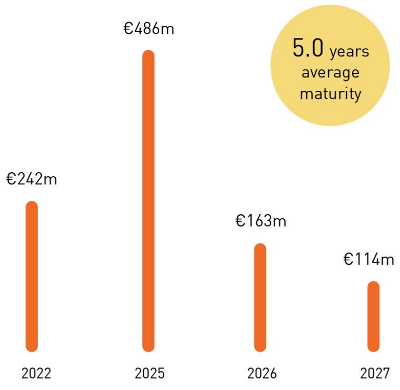
1 Including a 75% stake in assets held in Joint Ventures and excluding 5 assets in Poland classified as held for sale

KEY HIGHLIGHTS

STANDING INVESTMENTS[1]

BOND AND LOAN MATURITIES[3]

Next bond repayment is not due until October 2022



NET RENTAL INCOME[4]

COMPANY ADJUSTED EPRA EARNINGS AND REGULAR DIVIDEND PER SHARE

All data in € cents

1. Including a 75% stake in assets held in Joint Ventures and excluding €33.0 million and €74.2 million classified as held for sale as at 30 June 2020 and 31 December 2019 respectively
2. The Occupancy rate, shown above, is defined as 100% less EPRA vacancy
3. Excluding utilized revolving credit facility
4. Including a 75% stake in assets held in Joint Ventures
5. Including Q2 dividend paid in July 2020
6. Net of acquisitions

KEY PERFORMANCE INDICATORS

KEY FIGURES OF THE GROUP	Unit	6M 2020	6M 2019	Change %
OPERATIONAL FIGURES				
Net rental income	€'000	71,381	92,412	(22.8%)
EPRA like-for-like net rental income	€'000	52,247	60,893	(14.2%)
Operating margin	%	90.0%	95.8%	(5.8%)
EBITDA[1]	€'000	61,642	81,517	(24.4%)
Revaluation of standing investments[2]	€'000	(87,881)	7,265	
Profit (loss) after taxation	€'000	(62,845)	56,910	
IFRS Earnings (loss) per share	€cents	(16.6)	15.1	
Company adjusted EPRA earnings	€'000	37,194	58,159	(36.4%)
Company adjusted EPRA earnings per share	€cents	9.8	15.4	(36.4%)
Regular dividend pay-out ratio[3]	%	137.2	87.7	56.4%
Net cash generated from operating activities	€'000	13,765	42,533	(67.6%)

1 Excluding revaluation, disposals and impairment, corporate fees and other costs
2 Excluding 5 assets held for sale in Poland as at 30 June 2020
3 Including Q2 dividend paid in July 2020, cash dividend ratio at 110.9% following Scrip dividend

FINANCIAL POSITION	Unit	30-06-2020	31-12-2019	Change %
FINANCIAL FIGURES				
Cash and cash equivalents	€'000	246,905	126,851	94.6%
Equity	€'000	1,643,895	1,766,014	(6.9%)
Borrowings	€'000	1,276,759	1,186,756	7.6%
LTV (net)[1]	%	36.1	35.1	1.0%
EPRA NAV per share	€	4.65	4.96	(6.2%)
PORTFOLIO FIGURES				
Standing investments at fair value[2]	€'000	2,542,820	2,625,423	(3.1%)
Redevelopments and land at fair value	€'000	265,487	266,093	(0.2%)
Net equivalent yield ("NEY")	%	6.5	6.4	0.1%

1 Excluding 5 assets held for sale in Poland as at 30 June 2020
2 Excluding assets held for sale representing 5 assets in Poland as at 30 June 2020 and 5 assets in Poland and 1 asset in Slovakia as at 31 December 2019

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

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01

GROUP MANAGEMENT REPORT


MENADA
CINEMA CITY
Pizza Hut
KFC
CINEMA CITY
W KINACH
OTWARTE W NIEDZIELE

GROUP MANAGEMENT REPORT

OUR MARKETS

Our Markets - CE as an Opportunity

	Poland 				Czech				Western Europe 				EU Average 			
	2019	2020 F (Pre Covid-19)	2020 F (Current)	2021 F	2019	2020 F (Pre Covid-19)	2020 F (Current)	2021 F	2019	2020 F (Pre Covid-19)	2020 F (Current)	2021 F	2019	2020 F (Pre Covid-19)	2020 F (Current)	2021 F
GDP growth	4.1%	3.1%	(5.3%)	5.0%	2.6%	2.6%	(6.0%)	5.5%	2.7%	1.4%	(5.5%)	5.8%	1.3%	1.2%	(5.9%)	4.9%
Retail spend growth	5.9%	4.2%	(5.0%)	6.0%	4.5%	3.6%	(6.3%)	5.3%	1.4%	1.9%	(11.8%)	6.5%	1.5%	2.0%	(11.0%)	6.4%
Unemployment	3.3%	3.8%	11.4%	10.6%	2.0%	2.3%	7.5%	5.5%	4.7%	4.6%	6.3%	5.7%	6.5%	6.1%	10.5%	9.8%
Inflation	3.4%	3.5%	1.2%	3.6%	3.2%	2.0%	2.2%	2.2%	1.6%	1.6%	1.1%	1.5%	1.6%	1.3%	1.4%	1.4%

The COVID-19 pandemic had a significant negative impact on the retail property market in H1 2020. The scale and application of synchronised quarantines around the world has effectively brought a large fraction of global economic activity to an unprecedented standstill. Consumers stayed home, businesses lost revenue and laid off workers, and unemployment levels have risen sharply. Although the peak of the pandemic seems to be passing and restrictions are gradually being lifted, the economic consequences of the coronavirus pandemic mean GDP and household consumption are likely to remain well below their pre-crisis level for the rest of the year and into 2021.

Euro-zone inflation fell again in May, to 0.1% and weak aggregate demand will probably drag core inflation lower in the coming months. Additionally, the Euro-zone unemployment rate is forecast to rise to 10.5% by the end of the year, in part driven by the phasing out of governmental support.

In both Poland and the Czech Republic, governments acted quickly to implement early and effective lockdowns, much faster than elsewhere in Europe. As restrictions are now beginning to ease, Poland should experience the smallest contraction in GDP across Europe this year, provided the virus is contained. A large policy stimulus and Poland's sectoral make-up mean that the economy is likely to be one of the few where output is larger by the end of 2022 than it was prior to the crisis. GDP contraction and fiscal support packages will see a spike in fiscal deficits and debt ratios, however this is likely to be less of an issue for Poland and the Czech Republic, given their moderate debt ratios to begin with.

In Poland there are signs that activity is recovering quickly following the easing of lockdown measures from May onwards. Footfall in Polish shopping centres is starting to pick up again. Retail sales rose in May by 17.4% over the poor April results, reversing the year-on-year contraction of 22.9% in April to 7.7% in May. Between February and April, retail sales volumes fell by 15% and industrial production plunged by 25%. This is broadly in line with the experience of Germany and the Czech Republic. The Polish Zloty reached its weakest level in eleven years, depreciating by 5% against the Euro for 2020 YTD, as of the end of June.

The Czech Republic looks set to experience a significant contraction in GDP of 6.0% in 2020. However, because the Czech Republic entered the crisis with a low level of government debt, its state budget policy can therefore be more expansive than in many other states, meaning its recovery is expected to be quicker, on the back of strong fundamentals. In April, retail sales fell by 11.2% and industrial production by 33% compared to last year. The Czech Koruna fell against the Euro by 5% as of the end of June 2020, amid the Czech Central Bank's aggressive policy easing and sharp risk-off sentiment.

Slovakia saw a similar pattern as the Czech Republic with differing figures, the current growth forecast was cut to negative 2% for 2020 and growth of 6% in 2021.

In Russia, the collapse in oil prices and effects of containment measures are expected to result in the deepest downturn in Russia's economy since the global financial crisis. The current number of infections would suggest that it could take slightly longer for the economy to recover. The coronavirus has already had a dramatic effect on activity with Russia's economy struggled to gain momentum in May even as lockdown measures were lifted. The contraction in retail sales has eased from 23.2% y/y in April to 19.2% y/y in May. The Ruble also depreciated from a rate of 69 against the euro at the beginning of the year to 80 at half year.

The outlook for Russia's consumer sector in 2021 is more optimistic; with the expectation that it will gain back the losses experienced in 2020, however a full recovery is only expected in 2022.

The European e-commerce industry has benefited from the enforced lockdowns, with people having no choice but to start shopping online, even if they had never done it before. 70% of shoppers reported that they are buying online more than they usually do. Although the economy was shrinking and buyers' purchasing power was lower, e-commerce still saw a boost with a 40% increase up to 7 June 2020.

OUTLOOK

Globally, the economic impact of COVID-19 is severe. GDP looks set to contract significantly in most major economies in 2020, and recovery is expected to begin only in 2021. Large-scale quarantines, travel restrictions, and social-distancing measures have driven a sharp fall in consumer and business spending since mid-March. Discretionary spending is anticipated to pull back as consumers worry about the pandemic's long lasting effect on their personal routines and finances, however this spending will be restored once the fear subsides and confidence returns.

Besides the direct impact from closures of shopping centres lasting at least six weeks in CE, it is expected that two opposing factors will play a role: 1) anticipated and actual sales recovery in subsequent months; and 2) increased threat to brick-and-mortar concepts that are unable to adapt to an environment of greater e-commerce penetration and acceleration of omnichannel business models.

Furthermore, the risk remains that another wave could lead to restrictions being re-imposed although early signs of a vaccine are encouraging.

As we return to a more normal situation, our markets, which are concentrated on Poland and the Czech Republic, are expected to perform well in terms of speed and extent of recovery. Our long-term strategy of focusing on prime sites, diversifying into experience-based activities, attracting e-commerce tenants to brick and mortar stores and expanding into other classes of retail real estate including residential for rent, should guard against e-commerce erosion of the shopping-centres' relevance.

Sources: PMR, Capital Economics, Trading Economics, Raiffeisen Centrobank, SearchNode, CBRE, PRCH

BUSINESS REVIEW

COVID-19

From the onset of the COVID-19 pandemic in the first quarter of 2020, shopping centres within Poland, the Czech Republic, Slovakia and Russia faced government-imposed trading restrictions. In each of these countries the restrictions excluded grocery stores/supermarkets, pharmacists/drugstores and other necessity services, which comprised 21% of the Group's GLA and 16% of the Group's base rental income.

Restrictions began to be lifted in early May and as of today, 92% of the Group's GLA and base rental income for Poland, Czech Republic and Slovakia is open. Including our re-opened shopping centres in Russia, 87% of the Group GLA is open.

As of today, the collection[2] rate of the Group is at 76% of H1 2020 non-deferred invoices issued, with 97% attributable to Q1 2020 invoices and 53% to Q2 2020 invoices. In monetary terms, this represents €10 million of unpaid rent, with the most signficiant portion being 60% tied to contracts under negotiations which are expected to be collected in the second half of the year. 20% were recognised as credit losses and the remainder is expected to be collected in due course.

Poland

In March 2020, the Polish government imposed rental and service charge relief as an option for tenants during the period of closure, subject to a mandatory lease extension of six months plus the length of time the unit was under enforced closure. The decision in this respect is to be taken by each tenant by 4 August 2020. On 4 May 2020 the restrictions were eased and all shopping malls were able to reopen. Since then, the restrictions have been lifted on the majority of the tenants and 91% of the Group's GLA in Poland is open as of today.

As of 30 June 2020, the Group estimates that the vast majority of the tenants will apply for the relief option. The actual pickup of the relief by the tenants will be certain around mid-August 2020 following the receipt of all tenants' applications.

The Czech Republic

In May 2020, the Czech government approved a rent subsidy programme for businesses that were affected by the pandemic and where relevant restrictions were enforced. The state will pay 50% of their rent for the time period from 1 April until 30 June 2020, capped up to 10 million CZK per tenant. The tenant would pay to the landlord 20% of its rent and the remaining 30% would be discounts granted by the landlord. Tenants that choose not to participate in the rent subsidy programme can defer rental payments for the enforced closed period until December 2020. On 11 May 2020 the restrictions were eased and all shopping malls were able to reopen. As such, 95% of the Group's GLA in the Czech Republic is open as of today.

2 On a cash basis, excl. VAT and 75% stake in an asset held in Joint Ventures

As of 30 June 2020, the Group estimates that approximately 70% of the tenants will utilise the rent subsidy program.

Slovakia

In June 2020 the Slovakian government also approved a rent subsidy programme for businesses that were affected by the pandemic and where relevant restrictions were enforced. The landlords are expected to provide rent discounts in order to be able to benefit from the subsidy scheme. The financial compensation will be equal to the amount of the discount up to the maximum of 50% of rent for the rent period affected by the restrictions. In case the discount will be lower than 50%, the remaining part of the rent due will be repaid throughout the period of maximum of 48 months in 48 equal monthly repayments. Tenants that choose not to participate in the rent subsidy programme can defer rental payments for the enforced closed period until December 2020.

Following the easing of restrictions on 20 May, allowing all shopping malls to reopen, 100% of the Group's GLA in Slovakia is operational as of today.

As of 30 June 2020, the Group estimates that the vast majority of the tenants will utilise the rent subsidy programme.

Russia

The government has announced that rents for the closed period and 50% of the rent from the period of reopening until October 2020 can be deferred to 2021-2023.

In addition, a new law came into force in Russia in June for tenants from small and medium size business who are operating in sectors of the Russian economy that have been most affected by the COVID-19 pandemic (less than 25% of Atrium's tenants). It allows them to ask for rent discounts for up to one year under a lease agreement concluded before the adoption by the government of a high-alert regime. Based on the new law, if within fourteen days from the tenant's request the tenant and landlord do not reach an agreement about rent reduction, the tenant has the right until 1 October 2020 to terminate the contract. In this case, there will be no penalty for termination and the landlord is entitled to keep the deposit.

Between 1 June 2020 and 1 August 2020 the restrictions were gradually eased throughout Russia, allowing shopping malls to reopen. As of the date of this report, six of Atrium's centres in Russia (76% of GLA) are open and one centre remains closed.

Actions taken by Atrium

In response to the COVID-19 pandemic, the Group responded proactively and quickly, putting the following action plan in place:

- Significant reduction in non-essential capital expenditure of approximately €15 million for 2020, €3m reduction in operational costs and €2 million in administrative costs;
- Approximately €60 million of planned investment in redevelopments for 2020 postponed to 2022/2023;
- Proactive asset management initiatives - short term tenant support in exchange for lease prolongations, click and collect incorporation amongst others
- Successful bond buy back of €217.8 million of the outstanding 2022 bonds and issuance of €200 million of notes due in 2025, resulting in an extension of the Group's average debt maturity to five years and average cost of debt 2.9%;
- A voluntary Scrip Dividend Alternative for each of Q2, Q3 and Q4 2020 dividend distributions was announced on 29 May 2020 and approved in an extraordinary general meeting on 15 June 2020. As a result, the Group conserved cash of €9.9 million for Q2 dividend;
- Maintaining all health and social distancing requirements in order to build up consumer confidence and ensure safe shopping.

Atrium has strong liquidity and financial flexibility which is reflected by:

- A cash balance of €247 million as of 30 June 2020 and credit facilities of €250 million are utilised (€150 million repaid in July 2020);
- €133 million bonds having matured and been repaid by April 2020;
- The next bond repayment is due in October 2022;
- 72%/€1.8bn of unencumbered Standing investments;
- A low net LTV of 36.1%

OPERATIONAL AND FINANCIAL PERFORMANCE

During the first half of 2020, the Group proactively responded to the impact of the COVID-19 pandemic. Government imposed trading restrictions were applied to shopping centres in all our countries of operations.

The Group's focus remained consistent during the first half of 2020 with continuance of its strategy of repositioning the portfolio towards large, high quality assets, in strong urban locations and capital cities, with emphasis on Warsaw and Prague. Although there was less liquidity in the market, the repositioning continued with the sale of the Atrium Duben shopping centre in Zilina, Slovakia for €37.2 million completed in January 2020 and the sale of five assets in Poland with a lettable area of 41,200 sqm for €32.0 million in July 2020. In addition, the Group also signed an agreement in March 2020 for the sale of a land plot in Lublin for €5.7 million. Following these disposals, 39% of the portfolio by value is located in Warsaw and 16% in Prague.

The Group NRI decreased to €71.4 million compared to €92.4 million in the first half of 2019. On a pro-forma basis, excluding the effect of COVID-19 and disposals, Group NRI would have remained stable at €93.1 million. In our key markets of Poland and Czech Republic the Group produced €57.9 million of GRI, a 19.6% decrease compared to the same period last year, largely driven by the disposal of Felicity and Koszalin in July 2019 and by the absence of income in Poland during the lock down period mandated by government decree. In Russia and Slovakia, the decrease in GRI of €3.0 million was largely driven by discounts granted to support our tenants during and after the lock down period. The Group occupancy remains high at 95.4%, demonstrating our efforts to weather the crisis together with our tenants. Our ground team continues to actively manage our assets and the wider occupier relationships.

EBITDA margin remained relatively stable with only a 1.9% decrease at 86%, reflecting the Group's action plan to reduce administrative expenses and apply cost savings while proactively managing the crisis and creating future value for stakeholders. EBITDA decreased by 24.4% to €61.6 million while EBITDA excluding the impact of COVID-19 and disposals increased by 1.5% to €82.8 million. Company adjusted EPRA earnings per share was €cents 9.8, compared to €cents 15.4 in the first six months of 2019.

The Group had a loss after tax of €62.8[3] million as a result of the direct decrease in NRI as mentioned above, accompanied by €91.8 million valuation loss which represents a 3.5% decrease in the value of our standing investments, due to a yield increase across the portfolio reflecting the uncertainty COVID-19 presents and a one off capital deduction of short term lease concessions in 2020.

Net cash generated from operating activities was €13.8 million compared to €42.5 million for the first six months of 2019. Again, the decrease was primarily due government legislated rent holidays as a result of COVID-19 and disposals in 2019.

The balance sheet remains efficient with a net LTV of 36.1% as at 30 June 2020, in line with our target of around 40%.

DIVIDEND

At its meeting on 25 February 2020, the Company's Board of Directors approved an annual dividend of €27cents per share for 2020 (to be paid as a capital repayment) which will be paid in equal quarterly instalments commencing at the end of March 2020 (subject to any legal and regulatory requirements and restrictions of commercial viability).

At the extraordinary general meeting of the Company held on 15 June 2020, the Company's shareholders granted their approval to the Directors to offer Shareholders the opportunity to take dividends in the form of newly issued, fully paid-up ordinary shares in the capital of the Company rather than cash.

The Directors' offer to Shareholders to elect to receive all of the second quarterly 2020 dividend of €6.75 cents per ordinary share in the form of new shares instead of cash is referred to as the Scrip Dividend Alternative.

The number of new shares allotted to Shareholders that elected to receive the Scrip Dividend Alternative was one new share for every 39.6623 shares held by the electing Shareholder (including a 2% discount on the volume weighted average share price).

On 2 July 2020 38.9% of shareholders elected the Scrip Dividend Alternative. As a result, on 8 July 2020 the Group issued 3,706,593 of new shares and distributed €15.6 million in cash.

SHARE BUYBACK

On 17 March 2020, the Company resolved to undertake a share buyback programme of 25 million shares (the "Programme"). The Programme commenced on 17 March 2020 and will expire on 31 July 2021, unless prior to such time the Company's general meeting adopts a special resolution to vary, revoke or renew the Programme. As of 30 June 2020, a total of 630 thousand shares at an average price of €2.62 per share representing a value of €1.6 million had been bought back and cancelled.

BOND ISSUANCE AND BUY BACK

In June 2020, the Company issued €200 million of notes tapped to form a single consolidated benchmark series with Atrium's €300 million unsecured 5 year Eurobond maturing in September 2025, carrying a fixed 3.0% coupon while simultaneously refinancing existing indebtedness by repurchasing €217.8 million of outstanding 2022 notes carrying a fixed 3.625% coupon.

3 Including 5 assets held for sale as at 30 June 2020.

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:

	Gross rental income			Net rental income		
Country	6M 2020 €'000	6M 2019 €'000	Change %	6M 2020 €'000	6M 2019 €'000	Change %
Poland	51,050	57,414	(11.1%)	47,684	55,166	(13.6%)
Czech Republic[1]	15,075	14,639	3.0%	14,388	13,913	3.4%
Subtotal	**66,125**	**72,053**	**(8.2%)**	**62,072**	**69,079**	**(10.1%)**
Slovakia	4,332	5,597	(22.6%)	4,405	5,505	(20.0%)
Russia	17,966	18,804	(4.5%)	16,921	17,828	(5.1%)
Total rental income excl. COVID-19 impact	**88,423**	**96,454**	**(8.3%)**	**83,398**	**92,412**	**(9.8%)**
COVID-19 impact	(9,112)	-	-	(12,017)	-	-
Total rental income	**79,311**	**96,454**	**(17.8%)**	**71,381**	**92,412**	**(22.8%)**

1 Including Investment in Joint Ventures (75%)

	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
Country	6M 2020 €'000	6M 2019 €'000	Change %	6M 2020 €'000	6M 2019 €'000	Change %
Poland	39,113	37,307	4.8%	36,853	36,068	2.2%
Czech Republic	9,979	9,761	2.2%	9,963	9,699	2.7%
Subtotal	**49,092**	**47,068**	**4.3%**	**46,816**	**45,767**	**2.3%**
Slovakia	4,332	4,092	5.9%	4,405	4,094	7.6%
Russia	11,160	11,697	(4.6%)	10,292	11,032	(6.7%)
Like-for-like rental income excl. COVID-19 impact	**64,584**	**62,857**	**2.7%**	**61,513**	**60,893**	**1.0%**
COVID-19 impact	(6,973)	**-**	**-**	(9,266)	**-**	**-**
Like-for-like rental income	**57,611**	**62,857**	**(8.3%)**	**52,247**	**60,893**	**(14.2%)**
Remaining rental income	21,700	33,171	(34.6%)	19,134	31,414	(39.1%)
Exchange rate effect[1]	-	426	-	-	105	-
Total rental income	**79,311**	**96,454**	**(17.8%)**	**71,381**	**92,412**	**(22.8%)**

1 To enhance comparability of GRI/NRI, prior period values for like-for-like properties have been recalculated using the 2020 exchange rates as per EPRA best practice recommendations

The Group's portfolio produced €79.3 million of GRI during the period, a 17.8% decrease from the same period last year. The COVID-19 related impact of the decrease was €9.1 million, mainly driven by the Polish government imposed rental and service charge relief from the period of 12 March 2020 until 3 May 2020. Excluding COVID-19, Poland experienced a decrease in GRI from €57.4 million to €51.1 million as a result of asset rotation following the strategic disposal of Atrium Felicity and Atrium Koszalin. The Czech Republic delivered a positive increase of 3.0% excluding COVID-19 as a result of a higher base rent from renewed contracts.

Slovakia also experienced a decrease in GRI as a result of the disposal of Atrium Duben completed in January 2020, while GRI in Russia excluding COVID-19 has been impacted with a 4.5% decrease to €18.0 million due to required retenanting following the departure of two tenants from the Russian market, which has now been successfully completed.

Group NRI followed a similar trend to GRI, with further effects of COVID-19 seen in NRI as a direct result of the loss on service charges imposed in Poland. This decrease was partly offset with operating expenses savings. The total related direct and indirect COVID-19 impact on NRI amounted to €12.0 million, of which €8.3[4] million was due to the Polish government imposed rental and service charge relief for the lock down period.

On a like-for-like basis and excluding the effect of COVID-19, Poland, the Czech Republic and Slovakia continued to experience growth in GRI and NRI, demonstrating the resilience of the high quality assets within the respective regions and the benefits derived from the Group's efforts to focus on high quality assets and long term cash flow. Excluding COVID-19, our primary markets, Poland and the Czech Republic experienced a 4.3% and 2.3% increase in like-for-like GRI and NRI respectively, while in Slovakia both rental metrics benefitted positively from increases in base rent achieved from renewals of leases following the successful refurbishment of Atrium Optima.

As of 30 June 2020, the Group's WALT was 5.3 years (31 December 2019: 5.3 years). In Poland, rent relief in exchange for 6 months plus the length of time the unit was under enforced closure and tenants support given in exchange of lease prolongations are expected to extend the average lease duration.

As at 30 June 2020, EPRA[5] occupancy was 95.4% compared to 95.2% at 30 June 2019, underlining Atrium's commitment to its tenants in these unprecedented times.

THE COUNTRY DIVERSIFICATION OF THE GROUP'S INCOME PRODUCING PORTFOLIO AS AT 30 JUNE 2020 IS PRESENTED BELOW:

Standing investments[1]	No. of properties	Gross lettable area	Portfolio	Market value	Portfolio	Revaluation	
Country		sqm	%	€'000	%	€'000	%
Warsaw	5	179,000	22.2%	980,904	38.6%	(26,677)	(2.7%)
Other Poland	10	253,400	31.4%	663,366	26.1%	(26,882)	(3.9%)
Poland	**15**	**432,400**	**53.5%**	**1,644,270**	**64.7%**	**(53,559)**	**(3.2%)**
Prague[2]	2	69,100	8.6%	408,219	16.1%	(11,843)	(2.8%)
Other Czech Republic	1	20,800	2.6%	101,735	4.0%	(2,333)	(2.2%)
Czech Republic	**3**	**89,900**	**11.1%**	**509,954**	**20.1%**	**(14,176)**	**(2.7%)**
Slovakia	1	47,100	5.8%	120,705	4.7%	(68)	(0.1%)
Subtotal	**19**	**569,400**	**70.5%**	**2,274,929**	**89.5%**	**(67,803)**	**(2.9%)**
Russia	7	238,700	29.5%	267,891	10.5%	(20,078)	(7.0%)
Total	**26**	**808,100**	**100.0%**	**2,542,820**	**100.0%**	**(87,881)**	**(3.3%)**

1 Excluding assets held for sale representing 5 assets in Poland as at 30 June 2020

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

The overall market value of the Group's standing investments decreased by 3.3% compared to 2019 year end. This decrease was driven by the adverse effect of COVID-19 which consisted of yield increase across the portfolio, a short term rent reduction and longer void periods reflecting the uncertainty COVID-19 presents. Within our key markets, Warsaw and Prague, a more marginal decrease of 2.7% was reflected, demonstrating the more positive macroeconomic fundamentals and longevity over the non-core assets.

Approximately 48% of the Standing Investments were valued externally across all asset sizes, prime and secondary cities. The remaining Standing investments portfolio was valued internally in line with yield changes and similar assumptions derived from the external valuation.

Details of the key transactions completed by the Group during and after the period are listed below:

DISPOSALS

In January 2020, the Group completed the sale of Atrium Duben shopping centre in Zilina, Slovakia for €37.2 million at book value.

In July 2020, the Group completed the sale of five assets in Poland with a lettable area of 41,200 sqm for €32.0 million.

4 Net impact after straight-line of lease concessions from 1 April 2020, see note 2.4 in the condensed consolidated interim financial statements

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

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	5.9%	4.8%	95.4%
Czech Republic	5.4%	4.0%	94.7%
Slovakia	6.7%	4.3%	99.4%
Russia	12.7%	7.9%	95.3%
Average	**6.5%**	**5.0%**	**95.4%**

1 The table excludes five assets in Poland classified as held for sale as at 30 June 2020

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

At 30 June 2020, the net equivalent yield of our assets in Poland increased by 15 basis points and 13 basis points in the Czech Republic. The weighted average equivalent yield across the portfolio increased by 10 basis points.

EPRA net initial yield decreased by 120 basis points to 5.0% due to the discounts granted to the tenants as a result of COVID-19. Alternative EPRA "topped up" NIY remained stable at 6.5% (31 December 2019: 6.5%).

CAPITAL EXPENDITURE

Below, we reflect the major components of our capital expenditures during the year based on EPRA guidelines. This expenditure can be divided into three main categories: Acquisition of both Standing investments and Redevelopment and land, capital expenditure incurred on the redevelopment of our Standing Investments, and capital expenditure on our like-for-like portfolio. All remaining expenditure relates to other non like-for-like properties and land.

	30 June 2020 €'000	31 December 2019 €'000
Acquistions[1]	-	59,551
Development[2]	5,309	16,754
Like-for-Like Portfolio[3]	2,765	14,289
Other[4]	682	15,237
Total	**8,756**	**105,831**
Joint Venture	2,103	2,612

1 Being €50.9 million for Standing Investments and €8.7 million for future Developments in 2019

2 Being €5.3 million for development of Standing Investments (2019: €16.8 million)

3 Relates only to Standing Investments that had no major changes throughout the year

4 Includes remaining Non LfL assets + Land not marked for active development

STRATEGIC AND OPERATIONAL RISK FACTORS

The process which the Group follows in order to identify and mitigate its key risks is set out on pages 27 to 28 of the Annual Report and Financial Statements for the year ended 31 December 2019 (the "Annual Report"). The Directors have reviewed the key risks and have confirmed that the list as set out in the Annual Report remains appropriate, however in light of the developments of 2020, the Company would like to highlight the following additional risks:

COVID-19

There is still considerable uncertainty surrounding the COVID-19 pandemic and its potential effects, as well as the extent of and effectiveness of any responses taken on a national and local level. Its impact on the Group´s markets and world economies is also uncertain and is expected to result in a world-wide economic downturn and has already led to a substantial increase in unemployment.

Since March 2020, government-imposed trading restrictions in the Group´s areas of operations were introduced at all shopping centres with only grocery stores/supermarkets, pharmacies/drugstores and other necessity services allowed to operate. As a result, the COVID-19 pandemic has and will impact the Group´s business and operating results.

Quarantines and other government measures and regulations taken in response to the evolving COVID-19 situation within the Company's operational jurisdictions are continuously subject to change and may negatively impact the business, the value of the Group's assets, financial condition, access to debt capital markets/loans, the ability to further execute the Group´s asset rotation strategy and the Group´s investment strategy into the residential for rent asset class, the result of operations and prospects of the Group.

The extent to which the COVID-19 pandemic impacts the Group's operations will depend on how the situation evolves and future developments, which are highly uncertain and cannot be predicted with confidence. These might include the duration of the outbreak, new information that may emerge concerning the severity of the COVID-19 pandemic and the actions taken to contain the COVID-19 pandemic or treat its impact, among others.

In addition, a risk of a second wave of the pandemic that could also reinstate former government restrictions that could adversely impact the business, financial condition, result of operations including valuations, investment grade ratings and prospects of the Group.

Fair value of properties

The fair value of the Group's Investment properties is inherently uncertain due to the individual nature of each property and the characteristics of the local, regional and national real estate markets. The fair value is influenced by several factors, in particular the continuing spread of the COVID-19 pandemic and the related government-imposed trading restrictions in response to the pandemic could have a negative impact on the fair value of the Group's Investment properties. As at the valuation date, there is a shortage of market evidence for comparison purposes, to inform opinions of value. The valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution, should be attached to the valuation than would normally be the case.

EPRA PERFORMANCE MEASURES

EPRA (European Public Real Estate Association) is a common interest group for listed real estate companies in Europe. EPRA's objective is to encourage greater investment in European listed real estate companies and to strive for 'best practices' in accounting and financial reporting in order to provide high-quality information to investors and increase the comparability of different companies. The best practices also create a framework for discussion and decision-making on the issues that determine the future of the sector. The Group applies the best practices policy recommendations of EPRA for financial reporting and also for sustainability reporting.

A. EPRA EARNINGS

	6M 2020 €'000	6M 2019 €'000
Earnings attributed to equity holders of the parent company	**(62,845)**	**56,910**
Changes in value of investment properties	85,440	(2,362)
Net result on disposals of investment properties	90	523
Amortisation of intangible assets	863	618
Deferred tax in respect of EPRA adjustments	(11,449)	509
Close-out costs of financial instruments	6,173	-
Joint venture interest in respect of the above adjustments	6,463	-
EPRA Earnings	**24,735**	**56,198**
Weighted average number of shares	378,119,914	377,865,774
EPRA Earnings per share (in €cents)	**6.5**	**14.9**
Company adjustments[1]		
Foreign exchange differences	(1,502)	108
Deferred tax not related to revaluations	13,961	1,323
Corporate fees and other costs	-	530
Company adjusted EPRA earnings	**37,194**	**58,159**
Company adjusted EPRA earnings per share (in €cents)	**9.8**	**15.4**

[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 2020		31 December 2019	
	€'000	in € per ordinary share	€'000	in € per ordinary share
NAV per the financial statements	**1,643,895**	**4.35**	**1,766,014**	**4.67**
Effect of exercise of options	7,828		7,168	
Diluted NAV, after the exercise of options	**1,651,723**	**4.35**	**1,773,182**	**4.67**
Fair value of financial instruments	22,894		17,753	
Deferred tax	93,096		93,484	
EPRA NAV	**1,767,713**	**4.65**	**1,884,419**	**4.96**

C. EPRA TRIPLE NAV ("NNNAV")

	30 June 2020		31 December 2019	
	€'000	in € per ordinary share	€'000	in € per ordinary share
EPRA NAV	**1,767,713**		**1,884,419**	
Fair value of financial instruments	(22,894)		(17,753)	
Impact of debt fair value	(4,295)		(55,658)	
Deferred tax	(93,096)		(93,484)	
EPRA NNNAV	**1,647,428**	**4.34**	**1,717,524**	**4.52**
Number of outstanding shares	377,860,475		378,163,861	
Number of outstanding shares and options	379,790,252		380,041,710	

D. EPRA NIY AND "TOPPED UP" NIY

	30 June 2020 €'000	31 December 2019 €'000
Investment property – wholly owned	2,632,524	2,711,373
Investment in Joint Venture (75%)	175,783	180,143
Less redevelopments and land	(265,487)	(266,093)
Completed property portfolio	**2,542,820**	**2,625,423**
Allowance for estimated purchasers' costs	45,854	47,337
Gross up completed property portfolio valuation (B)	**2,588,674**	**2,672,760**
Annualised cash passing rental income	136,463	174,954
Property outgoings	(7,929)	(10,434)
Annualised net rents (A)	**128,534**	**164,520**
Add: notional rent expiration of rent free periods or other lease incentives	40,209	8,070
Topped-up net annualised rent (C)	**168,743**	**172,590**
EPRA NIY A/B	**5.0%**	**6.2%**
EPRA "topped up" NIY C/B	**6.5%**	**6.5%**

E. EPRA VACANCY RATE

	30 June 2020 €'000	31 December 2019 €'000
Estimated rental value of vacant space	7,259	4,147
Estimated rental value of the whole portfolio	159,470	168,051
EPRA vacancy rate	**4.6%**	**2.5%**

F. EPRA COST RATIO

	6M 2020 €'000	6M 2019 €'000
Administrative expenses	9,150	10,835
Exclude non-recurring legacy legal and business restructuring costs	-	(530)
Other depreciation and amortisation	1,757	1,423
Costs connected with development	468	394
Net property expenses net of service charge income	7,202[1]	3,380
Share of Joint Venture's expenses	728	662
EPRA Costs (including direct vacancy costs) (A)	**19,305**	**16,164**
Direct vacancy cost	(1,289)	(2,026)
EPRA Costs (excluding direct vacancy costs) (B)	**18,016**	**14,138**
Share of Joint Venture's income	5,020	4,845
Gross rental income	74,291	91,609
Total income (C)	**79,311**	**96,454**
EPRA Costs ratio (including direct vacancy costs) (A/C)	**24.3%**	**16.8%**
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	**22.7%**	**14.7%**

1 Increase is due to service charge holiday in Poland mandated by government legistlation

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 including important events and performance of the business and the position of the Group during the first six months of the financial year and their 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 to be disclosed.

THE BOARD OF DIRECTORS

CHAIM KATZMAN
Chairman of the Board

DAVID FOX
Director

ANDREW WIGNALL
Director

NEIL FLANZRAICH
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.


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INTERIM FINANCIAL STATEMENTS


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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2020 €'000 (Unaudited)	30 June 2020 €'000 (Unaudited)	31 December 2019 €'000 (Audited)	31 December 2019 €'000 (Audited)
ASSETS					
Non-current assets					
Standing investments	2.5	2,367,037		2,445,280	
Redevelopments and land	2.6	265,487		266,093	
Equity-accounted investment in joint ventures		182,206		184,501	
Other non-current assets		44,824		36,167	
			2,859,554		**2,932,041**
Current assets					
Cash and cash equivalents		246,905		126,851	
Other current assets	2.7	45,047		56,330	
Financial assets at FVOCI		7,899		13,857	
Assets held for sale	2.8	38,916		75,268	
			338,767		**272,306**
TOTAL ASSETS			**3,198,321**		**3,204,347**
EQUITY AND LIABILITIES					
Equity	2.9		**1,643,895**		**1,766,014**
Non-current liabilities					
Long term borrowings	2.10	1,024,971		1,052,316	
Derivatives	2.11	22,894		17,753	
Other non-current liabilities	2.12	137,305		140,170	
			1,185,170		**1,210,239**
Current liabilities					
Short term borrowings	2.10	251,788		134,440	
Other current liabilities	2.13	111,701		83,739	
Liabilities held for sale	2.8	1,236		5,384	
Provisions		4,531		4,531	
			369,256		**228,094**
TOTAL EQUITY AND LIABILITIES			**3,198,321**		**3,204,347**

The Group management report and the condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 4 August 2020 and were duly signed on the Board's behalf by Chaim Katzman, 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

(Unaudited)	Note	Six months ended 30 June 2020 €'000	€'000	Six months ended 30 June 2019 €'000	€'000
Gross rental income		74,291		91,609	
Service charge income		23,429		33,267	
Net property expenses		(30,631)		(36,647)	
Net rental income			**67,089**		**88,229**
Net result on disposals		(90)		(523)	
Costs connected with developments		(468)		(394)	
Revaluation of standing investments, net		(85,440)		7,265	
Revaluation of redevelopments and land, net		-		(4,903)	
Depreciation, amortisation and impairments		(1,757)		(1,423)	
Administrative expenses		(9,150)		(10,835)	
Share of profit of equity-accounted investment in joint ventures		(2,292)		3,987	
Net operating profit (loss)			**(32,108)**		**81,403**
Interest expenses, net		(19,721)		(19,304)	
Foreign currency differences		1,502		(108)	
Other financial expenses, net		(8,297)		(2,006)	
Profit (loss) before taxation			**(58,624)**		**59,985**
Taxation charge for the period	2.14	(4,221)		(3,075)	
Profit (loss) after taxation for the period			**(62,845)**		**56,910**
Basic and diluted earnings (loss) per share in €cents attributable to shareholders			(16.6)		15.1

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(Unaudited)	Six months ended 30 June 2020 €'000	€'000	Six months ended 30 June 2019 €'000	€'000
Profit (loss) for the period	**(62,845)**		**56,910**	
Items that will not be reclassified to the statement of profit or loss:				
Movement in financial assets at FVOCI reserve	(5,972)		(449)	
Items that are or may be reclassified to the statement of profit or loss:				
Exchange differences arising on translation of foreign operations	2,991		5	
Movements in hedging reserves (net of deferred tax)	(4,493)		(12,667)	
Total comprehensive income (loss) for the period		**(70,319)**		**43,799**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)	Six months ended 30 June 2020 €'000	Six months ended 30 June 2019 €'000
Cash flows from operating activities		
Profit (loss) before taxation	(58,624)	59,985
Adjustments for:		
Other depreciation, amortisation and impairments	1,757	1,423
Dividend from listed equity securities, net	(285)	(547)
Revaluation of standing investments, net	85,440	(7,265)
Revaluation of redevelopments and land, net	-	4,903
Foreign exchange differences	(1,502)	108
Other income	(519)	-
Change in legal provisions, net of amounts paid	-	(278)
Share based payment expenses	463	163
Share of profit of equity-accounted investments in joint ventures	2,292	(3,987)
Net result on disposals	90	523
Net loss from bonds buy back	6,170	-
Finance lease interest expense	1,704	1,772
Interest expense	19,721	19,355
Interest income	-	(51)
Operating cash flows before working capital changes	**56,707**	**76,104**
Increase in trade, other receivables and prepayments	(23,101)	(19,869)
Decrease in trade, other payables and accrued expenditure, net	(3,395)	(7,040)
Cash generated from operations	**30,211**	**49,195**
Decrease in restricted cash related to legacy legal claims arrangement	-	3,755
Interest paid	(15,588)	(11,987)
Interest received	-	52
Dividend received	285	3,710[1]
Corporation taxes paid, net	(1,143)	(2,192)
Net cash generated from operating activities	**13,765**	**42,533**
Cash flows from investing activities		
Payments related to investment properties and other assets	(11,475)	(76,137)
Proceeds from the disposal of investment properties	57,260	27,303
Net cash generated from/(used in) investing activities	**45,785**	**(48,834)**
Net cash flow before financing activities	**59,550**	**(6,301)**
Cash flows from financing activities		
Share buy back	(1,654)	-
Repayment of long term borrowings	(357,569)	(2,088)
Receipt of long term borrowings	196,810	-
Utilisation of a revolving credit facility	250,000	51,000
Repayments of lease liabilities	(276)	(435)
Dividends paid	(25,542)	(51,000)
Net cash used in financing activities	**61,769**	**(2,523)**
Net increase (decrease) in cash and cash equivalents	**121,319**	**(8,824)**
Cash and cash equivalents at the beginning of period	**126,851**	**38,493**
Cash and cash equivalents classified as held for sale	-	(2,583)
Effect of exchange rate fluctuations on cash held	(1,265)	477
Cash and cash equivalents at the end of period	**246,905**	**27,563**

[1] mainly dividend from Joint Ventures

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

(Unaudited)	Note	Stated capital €'000	Share based payment reserve €'000	Hedging reserve €'000	Financial assets at FVOCI reserve €'000	Retained 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 2020		**2,016,603**	**1,303**	**(15,379)**	**(8,069)**	**(151,944)**	**(73,509)**	**(2,991)**	**1,766,014**
Loss for the period		-	-	-	-	(62,845)	-	-	(62,845)
Other comprehensive income (expense)		-	-	(4,493)	(5,972)	-	-	2,991	(7,474)
Total comprehensive income (expense)		**-**	**-**	**(4,493)**	**(5,972)**	**(62,845)**	**-**	**2,991**	**(70,319)**
Transaction with owners of the Company									
Share based payment		-	463	-	-	-	-	-	463
Issue of no par value shares		1,146	(488)	-	-	-	-	-	658
Share buy back	2.9	(1,773)	-	-	-	-	-	-	(1,773)
Dividends	2.9	(51,148)	-	-	-	-	-	-	(51,148)
Balance as at 30 June 2020		**1,964,828**	**1,278**	**(19,872)**	**(14,041)**	**(214,789)**	**(73,509)**	**-**	**1,643,895**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

(Unaudited)	Note	Stated capital €'000	Share based payment reserve €'000	Hedging reserve €'000	Financial assets at FVOCI reserve €'000	Retained 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 2019		**2,117,380**	**1,211**	**(4,454)**	**(8,503)**	**(236,370)**	**(76,215)**	**-**	**1,793,049**
Profit for the period		-	-	-	-	56,910	-	-	56,910
Other comprehensive income (expense)		-	-	(12,667)	(449)	-	5		(13,111)
Total comprehensive income (expense)		**-**	**-**	**(12,667)**	**(449)**	**56,910**	**5**	**-**	**43,799**
Transaction with owners of the Company									
Share based payment			163	-	-	-	-	-	163
Issue of no par value shares		412	(138)	-	-	-	-	-	274
Dividends	2.9	(51,000)	-	-	-	-	-	-	(51,000)
Disposal group held for sale		-	-	-	-	-	(282)	282	-
Balance as at 30 June 2019		**2,066,792**	**1,236**	**(17,121)**	**(8,952)**	**(179,460)**	**(76,492)**	**282**	**1,786,285**

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 with offices in Jersey, Netherlands and Cyprus.

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 2019. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

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 the preparation of the condensed financial statements in accordance with IFRS as endorsed by the EU (IFRS-EU), the Group's management is required to use discretion, evaluations, estimates and assumptions which affect the application of the policy and the amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results may differ from such estimates.

The evaluations and discretion used by management to apply the accounting policy and prepare the unaudited condensed consolidated interim financial statements were identical to those used in the preparation of the Financial Statements as of December 31, 2019.

For an assestment of the value of the Company's assets and lease concessions following the ramifications of COVID-19, see Note 2.4.

2.3 CHANGES IN ACCOUNTING POLICIES

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE, AND ENDORSED BY THE EU, AS OF 1 JANUARY 2020

Amendment IFRS 3 "Business Combinations"

In October 2018 the IAS B issued narrow-scope amendments to ***IFRS 3 Business Combinations*** to improve the definition of a business. The amendment prescribes that in order to be deemed a "business", the acquired assets and activities must include, at the very least, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment removes the need to assess whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, and removes from the definition of a "business" and "outputs" reduced costs or other economic benefits, and focuses on goods and services provided to customers.

In addition, the amendment adds a 'fair value concentration' test whereby it is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The amendment will be applied with respect to business combinations and asset acquisitions, the date of whose acquisition is from 1 January 2020.

The application of the standard has no material effect on the Group's condensed consolidated interim financial statements.

NEW STANDARDS, AMENDMENTS TO AND INTERPRETATIONS OF EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED BY THE GROUP EARLY.

Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions

In May 2020 the IASB issued Covid-19-Related Rent Concessions (Amendment to **IFRS 16 Leases**) ('the Amendment'). The Amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including financial statements not yet authorised for issue at 28 May 2020. The Amendment provides a practical expedient that permits lessees not to assess whether rent concessions that occur as a direct consequence of the Covid-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. As the Group predominantly acts as the Lessor, the Amendment does not have a material impact on the Group. The Amendment has not yet been endorsed by the EU.

Other new standards, interpretations and amendments effective, and endorsed by the EU, as of 1 January 2020, 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 is not yet effective.

2.4 COVID-19

From the onset of the COVID-19 pandemic in the first quarter of 2020, shopping centres within Poland, the Czech Republic, Slovakia and Russia faced government-imposed trading restrictions. In each of these countries the restrictions excluded grocery stores/supermarkets, pharmacists/drugstores and other necessity services.

As of date of this report, 92% of the Group's GLA and base rental income for Poland, Czech Republic and Slovakia is open. Including Atrium's re-opened shopping centres in Russia, 87% of the Group GLA is open.

The duration of restrictions, the spread of the pandemic and the measures taken by the governments have had a significant negative impact on the Group, with a decrease in footfall, decrease in demand, financial and liquidity difficulties of tenants and inability to meet their lease obligations towards the Group.

The Group has a strong balance sheet with low leverage, 5 years average debt maturity and access to credit facilities and remains of the view that it has sufficient resources to manage its liquidity needs in light of governmental trading restrictions during the COVID-19 crisis. As at 30 June 2020, the Group was in compliance with all of its financial covenants.

Based on the circumstances described above, the interim financial statements of the Group are prepared on the assumption of going concern.

Poland

In March 2020, the Polish government imposed rental and service charge relief as an option for tenants during the period of closure commenced on 14 March, subject to a mandatory lease extension of six months plus the length of time the unit was under enforced closure. On 4 May 2020 the restrictions were eased and all shopping malls were able to reopen.

The Czech Republic

In May 2020 the Czech government approved a rent subsidy programme for businesses that were affected by the pandemic and relevant restrictions were enforced. The state will pay 50 % of their rent for the time period from 1 April until 30 June 2020, capped up to 10 million CZK per tenant. The tenant would pay to the landlord 20% of its rent and the remaining 30% would be discounts granted by the landlord. Tenants that choose not to participate in the rent subsidy programme can defer rental payments for the enforced closed period until December 2020. On 11 May 2020 the restrictions were eased and all shopping malls were able to reopen.

Slovakia

In June 2020 the Slovakian government also approved a rent subsidy programme for businesses that were affected by the pandemic and where relevant restrictions were enforced. Landlords are expected to provide rent discounts in order to be able to benefit from the subsidy scheme. The financial compensation will be equal to the amount of the discount up to the maximum of 50% of rent for the rent period affected by the restrictions. In case the discount will be lower than 50%, the remaining part of the rent due will be repaid throughout the period of maximum of 48 months in 48 equal monthly repayments. Tenants that choose not to participate in the rent subsidy programme can defer rental payments for the enforced closed period until December 2020.

On 20 May 2020 the restrictions were eased and all shopping malls were able to reopen .

Russia

In April 2020 the government announced that rents for the closed period and 50% of the rent until October 2020 can be deferred to 2021-2023.

On 9 June 2020 a new law came into force in Russia according to which tenants from small and medium size business who are operating in sectors of the Russian economy that have been most affected by the COVID-19 pandemic (less than 25% of Atrium's tenants) are entitled to ask for rent discounts for up to one year under a lease agreement concluded before the adoption by the government of a high-alert regime. Based on the new law, if within fourteen days from the tenant's request the tenant and landlord do not reach an agreement about rent reduction, the tenant has the right until 1 October 2020 to terminate the contract. In this case, there will be no penalty for termination and the landlord is entitled to keep the deposit.

Between 1 June 2020 and 1 August 2020 the restrictions were gradually eased throughout Russia, allowing shopping malls to reopen. As of the date of this report, six of Atrium's centres in Russia are open and one centre remains closed.

Lease concessions

Atrium accounts for its leases in accordance with the lessor provisions of ***IFRS 16 Leases*** (hereafter 'IFRS 16') and classifies all leases as operating leases. Lease payments are recognised as income on a straight line basis over the lease term.

As a result of the COVID 19 pandemic the Group is in continuous dialogue with its tenants about lease incentives to support them with the challenges that the pandemic is presenting. In some countries these are mandated by local legislations as described above.

Under IFRS 16, The Group treats rent concessions either as a result from negotiations or mandated by new legislations or regulation as lease modifications and consequently straight-line the concessions enforced or provided over the remaining lease term.

In preparing these condensed interim financial statements, the additional key assumptions and key sources of estimation uncertainty applied in comparison to those applied to the consolidated financial statements as at and for the year ended 31 December 2019 include the level of discounts, effective date of lease modification and remaining lease term at the end of the reporting period. These have had a significant effect on the amounts recognised in the interim report.

During the six months period ended 30 June 2020, the Group recognised approximately €7.1 million rent concessions net, reducing the Group's Gross rental income.

Valuations of Investment properties

As described above, the uncertainty related to the COVID-19 pandemic has led to a significant reduction in the number of real estate transactions since February 2020 and has impacted the availability of reliable market data relating to conditions as at 30 June 2020. Due to limited available market data, a high degree of judgment has been applied in determining the estimated cash flows used in the assessment of the fair value of investment properties. Consequently, a higher level of uncertainty exists in the valuations than would normally be the case. The fair values as determined by external, independent real estate valuation experts as at 30 June 2020 have used all available information from reliable sources in developing appropriate assumptions to determine the fair value of investment properties. The valuations are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution were attached to the valuation. Approximately 48% of the Standing Investments were valued externally across all asset sizes, prime and secondary cities. The remaining standing investments portfolio was valued internally in line with yield changes and similar assumptions derived from the external valuation.

The loss from fair value adjustment of Investment properties excluding assets held for sale amounted to €81.4 million during the reporting period was driven by the adverse effect of COVID-19 which consisted of a yield expansion across the portfolio, a short term rent reduction and longer void periods reflecting the uncertainty COVID-19 presents. In Poland and the Czech Republic the yield increased by a weighted average of 14 basis points. The weighted average equivalent yield across the portfolio increased by 10 basis points.

Excluding Russia and assets held for sale, the loss from fair value adjustments amounted to €61.3 million, reflecting a 2.8% devaluation of the portfolio. For more information, see also Note 2.5 Standing investments.

2.5 STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 25 properties (31 December 2019: 25).

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

Standing investments	30 June 2020 €'000	31 December 2019 €'000
Balance as at 1 January	2,445,280	2,732,038
Additions - new properties	-	50,896
Additions - technical improvements, extensions	3,447	29,254
Movement in leases	(273)	1,067
Transfers from redevelopments and land	-	8,406
Transfer to redevelopments and land	-	(408)
Transfer to assets held for sale	-	(74,164)
Revaluation of standing investments	(81,417)	(5,437)
Disposals	-	(296,372)
Balance at the end of the period	**2,367,037**	**2,445,280**

DISPOSALS DURING THE PERIOD

In January 2020, the Group completed the sale of Atrium Duben shopping centre in Zilina, Slovakia for approximately €37.2 million.

2.6 REDEVELOPMENTS AND LAND

The current portfolio of redevelopments and land of the Group comprises €94.5 million (31 December 2019: €89.2 million) redevelopments and €171.0 million land (31 December 2019: €176.9 million) .

Redevelopments and land	30 June 2020 €'000	31 December 2019 €'000
Balance as at 1 January	266,093	255,429
Additions - cost of land and construction	5,309	25,679
Movements - financial leases	-	1,041
Transfer from standing investments	-	408
Transfer to standing investments	-	(8,406)
Transfer (to)/from assets held for sale	(5,915)	-
Revaluation of redevelopments and land	-	(8,058)
Balance at the end of the period	**265,487**	**266,093**

2.7 OTHER CURRENT ASSETS

Other current assets	30 June 2020 €'000	31 December 2019 €'000
Receivables from tenants	32,368	16,425
Prepayments	3,470	2,708
VAT receivables	1,564	3,876
Income tax receivable	88	1,688
Alternative minimum tax	4,430	4,149
Deferred purchase price on disposed assets	224	24,313
Other receivables	2,903	3,171
Balance at the end of the period	**45,047**	**56,330**

The increase in receivables from tenants is mainly due to contracts under negotiations on rental support.

2.8 ASSETS AND LIABILITIES HELD FOR SALE

As at 30 June 2020, the assets and liabilities held for sale included five assets in Poland with a lettable area of 41,200 sqm for a value of €33 million, sold in July 2020, and a land plot in Lublin of €5.9 million.

As at 31 December 2019, the assets and liabilities held for sale included Atrium Duben in Zlina, Slovakia with a total value of €37.2 million which was sold in January 2020 and five assets in Poland for a value of €36 million, which were subsequently sold in July 2020 for €32.0 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 2020 €'000	31 December 2019 €'000
Non-current assets		
Standing investments	33,000	74,164
Redevelopments and land	5,916	-
Current assets	**-**	**1,104**
Assets held for sale	**38,916**	**75,268**
Non-current liabilities	-	4,924
Current liabilities	**1,236**	**460**
Liabilities held for sale	**1,236**	**5,384**
Net assets directly associated with disposal groups	**37,680**	**69,884**
Amounts included in accumulated other comprehensive income:		
Foreign currency translation reserve	-	(285)
Reserve of disposal groups classified as held for sale	**-**	**(2,991)**

2.9 EQUITY

As at 30 June 2020, the total number of shares issued was 377,860,475 (31 December 2019: 378,163,861 shares).

On 17 March 2020, the Board of Directors has resolved to utilise the authorisation which was renewed at Atrium's Annual General Meeting on 24 July 2019, to buy-back Shares of the Company of up to 25 million shares. During the reporting period, the Group purchased 630 thousand shares for €1.6 million.

In May 2020, the Group announced a voluntary Scrip Dividend Alternative for each of Q2, Q3 and Q4 2020 dividend distributions. At the extraordinary general meeting of the Company held on 15 June 2020, the Company's shareholders granted their approval to the Directors to offer Shareholders the opportunity to take dividends in the form of newly issued, fully paid-up ordinary shares in the capital of the Company rather than cash. The Directors' offer to Shareholders to elect to receive all of the second quarterly 2020 dividend of €6.75 cents per ordinary share in the form of new shares instead of cash is referred to as the Scrip Dividend Programme.

On 2 July 2020 the Group announced that 38.9% of shareholders elected the Scrip Dividend Alternative for the second quarter of 2020. As a result, on 8 July 2020 the Group issued 3,706,593 of new shares and distributed €15.6 million in cash.

During the six-month period ended 30 June 2020, Atrium announced a dividend of €cents 13.5 (6M 2019: €cents 13.5) per share as a capital repayment, which amounted to a total of €41.1 million in cash and €9.9 million in new shares (6M 2019: €51.0 million in cash). As of 30 June 2020 the Group paid in cash €25.5 million of the announced dividend, with the reminder payables paid in cash or issued shares in July 2020.

2.10 BORROWINGS

Borrowings	30 June 2020		31 December 2019	
	Net book value	Fair value	Net book value	Fair value
	€'000	€'000	€'000	€'000
Bonds	727,568	731,778	886,978	942,422
Bank loan	299,191	299,279	299,778	299,973
Short term credit	250,000	250,000	-	-
Total	**1,276,759**	**1,281,057**	**1,186,756**	**1,242,395**

The borrowings are repayable as follows:

Borrowings total	30 June 2020	31 December 2019
	Net book value	Net book value
	€'000	€'000
Short term credit	250,000	-
Current maturities of long term borrowings	1,788	134,440
Due within one year	251,788	134,440
Due in second year	1,961	1,984
Due within third to fifth year inclusive	250,863	467,619
Due after five years	772,147	582,713
Total	**1,276,759**	**1,186,756**

BONDS

The group repaid the 2020 notes in an amount of €133 million by April 2020.

In June 2020, the group issued a €200 million of notes tapped to form a single consolidated benchmark series with Atrium's €300 million unsecured 5 year Eurobond maturing in September 2025, carrying a fixed 3.0% coupon at an issue price of 96.582% while simultaneously refinancing existing indebtedness by repurchasing €217.8 million of outstanding 2022 notes carrying a fixed 3.625% coupon.

The net cash outflow following the bond tap and repurchase amounted to €32.3 million. The Group recorded €6.2 million tender premium loss under finance expenses.

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.

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;

- 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.

REVOLVING CREDIT FACILITY

The total value of the revolving credit facilities is €300 million with an expiry date in 2023 including an option to extend up to May 2024. As at 30 June 2020, €250 million of the facility was utilised.

2.11 DERIVATIVES

The Group entered into two interest rate swap contracts ("IRSs") in connection with secured bank loans (see note 2.10). These swaps replaced floating interest rates with fixed interest rates. The floating rate on the IRSs is the three month Euribor and the fixed rate is 0.826% on the loan obtained in November 2017 and 0.701% on the loan obtained in November 2018. The swaps have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount and are included in cash flow hedges to reduce the Group's cash flow volatility due to variable interest rates on the bank loans. An economic relationship between the hedging instrument and the hedged item exists; the hedging instrument and the hedged item have values that move in the opposite direction and offsets each other. The interest rate risk associated with the floating debt instruments are hedged entirely with having 1:1 hedge ratio. The IRSs are measured at fair value using the discounted future cash flow method.

The fair value measurement of the IRSs are 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 or indirectly. Therefore, these IRSs are classified as a Level 2 fair value measurement under IFRS 13.

Interest rate swaps	30 June 2020	31 December 2019
	€'000	€'000
Carrying amount (liability)	22,894	17,753
Notional amount	300,560	301,240
Change in fair value of outstanding hedging instruments since 1 January	5,141	12,656

The fair value loss during the six month period ended 30 June 2020 is mainly due to a decrease in forward interest rates of the Euribor.

2.12 OTHER NON-CURRENT LIABILITIES

	30 June 2020 €'000	31 December 2019 €'000
Deferred tax liabilities	83,883	81,448
Long term lease liabilities	42,725	46,321
Other long term liabilities	10,697	12,401
Total	**137,305**	**140,170**

2.13 OTHER CURRENT LIABILITIES

	30 June 2020 €'000	31 December 2019 €'000
Dividend payable	25,504	-
Trade and other payables	21,435	26,735
Accrued expenditure	46,103	41,994
Short term lease liabilities	5,705	4,118
Income tax payable	6,982	8,074
VAT payables	5,972	2,818
Total	**111,701**	**83,739**

2.14 TAXATION CHARGE FOR THE PERIOD

Taxation charge for the year	Six months ended 30 June	
	2020 €'000	2019 €'000
Current period corporate income tax expense	(2,158)	(3,031)
Deferred tax credit/ (charge)	(2,512)	(1,832)
Adjustments to corporate income tax prior periods	449	1,788
Tax credit/(charge)	**(4,221)**	**(3,075)**

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

2.15 SEGMENT REPORTING

Reportable segments For the period ended 30 June 2020	Standing investment segment €'000	Development segment €'000	Reconciling item €'000	Total €'000
Gross rental income	79,311	-	(5,020)	74,291
Service charge income	24,447	-	(1,018)	23,429
Net property expenses	(32,377)	-	1,746	(30,631)
Net rental income	**71,381**	**-**	**(4,292)**	**67,089**
Net result on disposals	(90)	-	-	(90)
Costs connected with developments	-	(468)	-	(468)
Revaluation of investment properties	(91,903)	-	6,463	(85,440)
Other depreciation, amortisation and impairments	(1,044)	-	(713)	(1,757)
Administrative expenses	(5,739)	(89)	(3,322)	(9,150)
Share of profit of equity-accounted investment in joint ventures	-	-	(2,292)	(2,292)
Net operating profit/(loss)	**(27,395)**	**(557)**	**(4,156)**	**(32,108)**
Interest expenses, net	(16,076)	(1,806)	(1,839)	(19,721)
Foreign currency differences	1,802	80	(380)	1,502
Other financial expenses	(1,643)	(62)	(6,592)	(8,297)
Profit/(loss) before taxation for the period	**(43,312)**	**(2,345)**	**(12,967)**	**(58,624)**
Taxation credit/(charge) for the period	(3,267)	-	(954)	(4,221)
Profit/(loss) after taxation for the period	**(46,579)**	**(2,345)**	**(13,921)**	**(62,845)**
Investment properties	2,542,820[1]	265,487	(175,783)[2]	2,632,524
Additions to investment properties	5,277	5,309	(2,103)	8,483
Segment assets	2,662,108	272,007	264,206[3]	3,198,321
Segment liabilities	1,167,629	73,484	313,313[4]	1,554,426

1 Excluding €38,9 million classified as held for sale as at 30 June 2020 - €33 million Standing investments and €5.9 million Redevelopments and Land

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

3 The amount mainly relates to cash and cash equivalent and financial assets at FVOCI & FVPL

4 The amount mainly relates to short term credit facility

Reportable segments For the period ended 30 June 2019	Standing investment segment €'000	Development segment €'000	Reconciling item €'000	Total €'000
Gross rental income	96,454	-	(4,845)	91,609
Service charge income	34,353	-	(1,086)	33,267
Net property expenses	(38,395)	-	1,748	(36,647)
Net rental income	**92,412**	**-**	**(4,183)**	**88,229**
Net result on disposals	-	(523)	-	(523)
Costs connected with developments	-	(394)	-	(394)
Revaluation of investment properties	7,265	(4,903)	-	2,362
Other depreciation, amortisation and impairments	(914)	-	(509)	(1,423)
Administrative expenses	(6,735)	(301)	(3,799)	(10,835)
Share of profit of equity-accounted investment in joint ventures	-	-	3,987	3,987
Net operating profit/(loss)	**92,028**	**(6,121)**	**(4,504)**	**81,403**
Interest expenses, net	(17,984)	(1,013)	(307)	(19,304)
Foreign currency differences	(274)	(106)	272	(108)
Other financial expenses	(1,732)	(52)	(222)	(2,006)
Profit/(loss) before taxation for the period	**72,038**	**(7,292)**	**(4,761)**	**59,985**
Taxation credit/(charge) for the period	(1,793)	11	(1,293)	(3,075)
Profit/(loss) after taxation for the period	**70,245**	**(7,281)**	**(6,054)**	**56,910**
Investment properties	2,976,696[1]	258,059	(174,086)[2]	3,060,669
Additions to investment properties	62,906	7,391	-	70,297
Segment assets	3,048,669	258,284	44,670	3,351,623
Segment liabilities	1,405,174	68,479	91,685	1,565,338

1 Including €295.8 million classified as held for sale as at 30 June 2019

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

2.16 TRANSACTIONS WITH RELATED PARTIES

During and after the reporting period, Gazit-Globe Ltd ("Gazit-Globe") directly or indirectly purchased a total of 26,392,481 additional ordinary shares and elected to recieve 3,367,164 shares as Scrip divdend, together accounting for 7.3% of the entire issued share capital of Atrium. Consequently, Gazit-Globe directly or indirectly holds a total of 256,975,807 ordinary shares in Atrium, comprising 67.34% of the issued and outstanding shares and voting rights in Atrium.

In January 2020, the Group issued 24,640 shares to its directors, Andrew Wignall (6,160 shares), Simon Radford (6,160 shares), Michael Errichetti (6,160 shares) and Neil Flanzraich (6,160 shares) as part of their annual remuneration.

In March 2020, the Group issued 211,431 shares to Group Executive Management and other Key Employees in accordance with the annual recurring Employee Share Participation Plan.

The Board of Directors appointed Evaristo Paez Rasmussen as Chief Investment Officer and a member of the Group Executive Management Team effective from 1 March 2020.

In April 2020, the Company issued 20,003 and 5,051 shares to its Group CEO and Group CFO, respectively, as part of their annual remuneration.

In the Annual General Meeting which took place in April 2020, Michael Errichetti and Simon Radford did not stand for re-election and retired from the Board of Directors. The company issued the remaining entitlment of 65,838 shares for both of them.

Mr David Fox was nominated to the Board of Directors with effect from May 2020, as an independent non-executive director.

In July 2020, the Group issued 16,433 shares to its directors, Andrew Wignall (6,325 shares), Neil Flanzraich (6,325 shares) and Lucy Lilley (3,783 shares) as part of their annual remuneration.

Also in July 2020, the Group issued 14,442 shares to Group Executive Management and 990 shares to Directors as Scrip dividend.

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.

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 2020, Atrium was not a party in any material 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 previous compensation arrangements, the expected cost and implications of implementing those arrangements, a total provision of €3.9 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.

The Polish Ministry of Finance and Polish regulatory authorities have published several draft bills and have implemented several legislative changes that signify the government's intent to realize 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 and introduction of changes to the withholding tax regime. For more information on the amendment to the Polish corporate income tax law refer to note 2.31 in the consolidated annual financial statements of the Group as at 31 December 2019.

Certain subsidiaries within the Atrium Group are, or have been, like other companies operating in the real estate market, 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 EVENTS AFTER THE PERIOD

On 2 July 2020 the Company announced that 38.9% of shareholders elected the Scrip Dividend Alternative for the second quarter of 2020. As a result, on 8 July 2020 the Company issued 3,706,593 of new shares and distributed €15.6 million in cash.

On 16 July 2020, 27 July 2020 and 1 August 2020 the restrictions were eased in Kazan, Saint Petersburg and Yekaterinburg , Russia allowing the shopping malls to reopen. As of the date of report, 6 of the 7 centres that Atrium owns in Russia are open and the opening date for the remaining centre is yet to be announced.

On 27 July 2020, the Group repaid €150 million of the revolving credit facilities.

Also in July 2020, the Group completed the sale of a portfolio of five shopping centres in Poland with a total lettable area of approximately 41,200 sqm for €32.0 million.

INDEPENDENT REVIEW REPORT TO ATRIUM EUROPEAN REAL ESTATE LIMITED

OUR CONCLUSION

We have reviewed Atrium European Real Estate Limited's condensed consolidated interim financial statements (the "interim financial statements") in the interim financial report of Atrium European Real Estate Limited for the 6-month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

EMPHASIS OF MATTER – SIGNIFICANT ESTIMATION UNCERTAINTY IN INVESTMENT PROPERTIES' VALUATION

In forming our conclusion on the interim financial statements, which is not modified, we have considered the adequacy of the disclosures made in notes 2.4 (COVID-19) to the interim financial statements. This note explains that there is significant estimation uncertainty in relation to the valuation of standing investments of €2.5bn included in the condensed consolidated statement of financial position as at 30 June 2020. The third party valuers engaged by management have included a material valuation uncertainty clause in their report. This clause highlights that less certainty, and consequently a higher degree of caution, should be attached to the valuation as a result of the COVID-19 pandemic.

WHAT WE HAVE REVIEWED

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 June 2020;
- the condensed consolidated statement of profit or loss for the period then ended;
- the condensed consolidated statement of other comprehensive income for the period then ended;
- the condensed consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

As disclosed in note 2.2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is the Companies (Jersey) Law 1991 and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

The interim financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility is to express a conclusion on the interim financial statements in the interim financial report 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.

WHAT A REVIEW OF INTERIM FINANCIAL STATEMENTS INVOLVES

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' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

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

OTHER MATTERS – STATEMENT ON THE GROUP MANAGEMENT REPORT FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2020 AND ON THE DIRECTORS' STATEMENT IN ACCORDANCE WITH §125 BÖRSEGESETZ 2018

We have read the Group management report and evaluated whether it contains any apparent inconsistencies with the condensed consolidated interim financial statements. Based on our review, we have nothing to report.

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
4 August 2020

- 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 interim 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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