INTERIM FINANCIAL REPORT 30 JUNE 2021

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 lettable area of around 809,000[1] 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 February 2020, Atrium announced its five year strategic plan to diversify its portfolio by investing in and managing residential for rent real estate, with a focus on major cities initially in Poland. In May 2021, Atrium raised €350 million Green Hybrid notes to mainly support its residential for rent investment programme. The strategy targets a portfolio with a 60/40 retail to residential split by 2025, with more than 5,000 apartments. Atrium has identified over 4,000 units to date.

OUR FOCUS FOR 2021

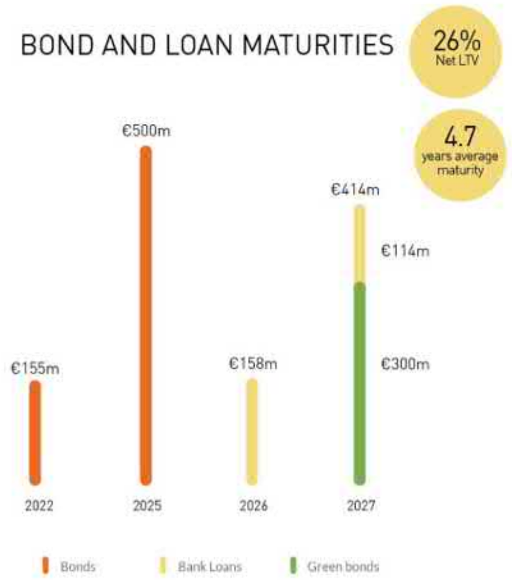
- As COVID-19 continues to affect the global economic outlook for 2021, the Group has pro-actively responded to the challenges throughout the pandemic by adapting its business plan to changing conditions and operating within the 'new normal' environment.
- Activate our investment strategy into the residential for rent asset class.
- Continue the Group's retail asset rotation programme with the goal of concentrating further on high quality assets in the capital cities of Warsaw and Prague.
- Progress asset improvement and extension programme.
- Execute our commitment to Environmental, Social and Governance (ESG) performance

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

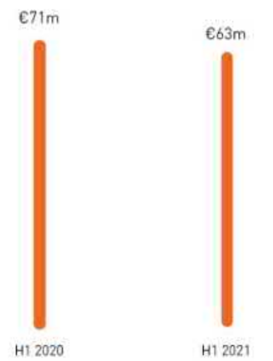
KEY HIGHLIGHTS

STANDING INVESTMENTS[1]

BOND AND LOAN MATURITIES



NET RENTAL INCOME[1]



EBITDA AND COMPANY ADJUSTED EPRA EARNINGS

1 Including a 75% stake in assets held in Joint Ventures
2 The Occupancy rate, shown above, is defined as 100% less EPRA vacancy

KEY PERFORMANCE INDICATORS

KEY FIGURES OF THE GROUP	Unit	6M 2021	6M 2020	Change %
OPERATIONAL FIGURES				
Net rental income	€'000	62,708	71,381	(12.2%)
EPRA like-for-like net rental income	€'000	52,583	58,837	(10.6%)
Operating margin	%	90.2%	90.0%	0.2%
EBITDA[1]	€'000	51,907	61,642	(15.8%)
Profit (loss) after taxation	€'000	20,303	(62,845)	
IFRS Earnings (loss) per share	€cents	4.6	(16.6)	
Company adjusted EPRA earnings	€'000	25,652	37,194	(31.0%)
Net cash generated from operating activities	€'000	30,423	13,765	121.0%

1 Excluding revaluation, disposals and impairment

FINANCIAL POSITION	Unit	30-6-2021	31-12-2020	Change %
FINANCIAL FIGURES				
Cash and cash equivalents	€'000	513,781	55,221	
Equity	€'000	1,888,120	1,545,900	22.1%
Borrowings	€'000	1,232,214	1,104,857	11.5%
LTV (net)	%	26.1	38.6	(12.4%)
EPRA NRV per share	€	4.15	4.25	(2.4%)
PORTFOLIO FIGURES				
Standing investments at fair value	€'000	2,456,511	2,450,661	0.2%
Redevelopments and land at fair value	€'000	249,684	248,252	0.6%
Net equivalent yield ("NEY")	%	6.6	6.6	-
Occupancy rate[1]	%	92.2	92.3	(0.1%)

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

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

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GROUP MANAGEMENT REPORT


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GROUP MANAGEMENT REPORT

OUR MARKETS

Our Markets

	Poland				Czech				Western Europe				Russia			
	2020	2021 F (Previous)	2021 F (Current)	2022 F	2020	2021 F (Previous)	2021 F (Current)	2022 F	2020	2021 F (Previous)	2021 F (Current)	2022 F	2020	2021 F (Previous)	2021 F (Current)	2022 F
GDP growth	(2.7%)	3.7%	4.8%	5.2%	(5.6%)	5.0%	3.9%	4.5%	(4.7%)	2.9%	5.6%	5.6%	(1.8%)	3.2%	3.8%	3.8%
Retail spend growth	(2.0%)	6.8%	4.1%	3.5%	(4.8%)	6.5%	3.5%	3.5%	(5.8%)	3.9%	2.7%	6.0%	(3.3%)	7.9%	7.8%	7.9%
Unemployment	6.2%	6.6%	6.1%	5.5%	4.0%	4.8%	3.9%	3.5%	5.2%	7.1%	6.1%	5.8%	5.9%	5.5%	5.0%	4.6%
Inflation	3.7%	1.6%	4.2%	3.1%	3.3%	2.2%	2.7%	2.3%	0.5%	1.4%	1.9%	1.6%	4.9%	4.0%	3.0%	4.0%

Against the backdrop of the pandemic the outlook for the first half of 2021 was always uncertain but the surge in infections and the associated containment measures led to a softer start to the year.

Taking a closer look at the markets in which we operate, lengthy trading and health restrictions in CE depressed local economies. Russia on the other hand, took a region by region approach, which meant that most retail and shopping centres remained open once restrictions were lifted after the initial lockdown in the first half of 2020.

In spite of initial setbacks in administering the coronavirus vaccination in the EU, vaccine take-up rates gained speed across the region, with nearly 50% of the population having received at least one dose and 32% fully vaccinated by the end of June. The numbers in Poland (44% / 33%) and the Czech Republic (47% / 28%) are very much on par with the wider EU. Russia has lagged behind much of the world in vaccination rates - even though it was the first country to authorize a vaccine and among the first to start administering it. By the end of June, 15% of the population had received one dose and 10% were fully vaccinated.

Poland

Poland is the tenth-largest economy in the EU and during 2014 to 2019, GDP grew at an average rate of above 3% per annum, driven mainly by private consumption. With the spread of COVID-19 and the restrictions that followed, GDP decreased nearly 3% in 2020, which is in line with Emerging Europe and favourable relative to the EU.

The economic activity in the first half of 2021 was better than expected in comparison to the projections given at the end of 2020, with private investment and consumption driving demand and GDP posting growth after the contraction seen last year. The recovery is expected to gain further momentum in the second half of the year, when most of the restrictions on the economic activity have been gradually lifted.

Rising consumer confidence and higher than average consumer savings are expected to drive consumption, while private investment is also expected to increase due to improved business sentiment, development programmes and low borrowing costs. Overall, GDP is projected to growth by 4.8% in 2021 and 5.2% in 2022.

There are nearly 540 retail and shopping centres in Poland, totalling 12 million sqm GLA, with approximately 300,000 sqm currently under construction, exceeding levels of development in both 2019 and 2020. The continued expansion in retail facilities is supported by the forecasted growth in retail sales in the coming years. According to Oxford Economics, retail sales are projected to grow by around 5% per annum until 2023, placing Poland in the forefront of European countries.

The pandemic brought many unprecedented changes including to the way people shop. Poland is not a major player in the European e-commerce market, though the restrictions that were imposed on traditional shopping led to overnight changes in consumer behaviour, and during that short period, e-commerce increased substantially. The share of online retail sales grew from 5.6% in January 2020 (pre-pandemic) to 9.1% in December 2020, fluctuating according to the restrictions in place before returning rapidly to around 6.5% when the shops reopened. The first half of 2021, showed a continuance of this trend, with the share of online retail sales reaching its peak of 10.8% in April, before decreasing to 9.1% in May. As bricks and mortar shops are allowed to operate as normal, online sales are expected to continue to retract to near pre-pandemic levels in the short term.

With substantial progress in vaccination and a limited daily number of new COVID-19 cases, most of the lockdown restrictions across Poland were lifted in the beginning of May. Upon reopening, footfall across shopping centres in May 2021 was at 83% of 2019 levels and already 133% of 2020 levels. Retail sales are also steadily increasing, with May 2021 figures up by nearly 14% year-on-year against an 8% decrease in May 2020.

Czech Republic

COVID-19 containment measures in the Czech Republic led to a 5% contraction in GDP in 2020, with the first half of 2021 following suit. The strong second wave of the pandemic and related restrictions brought further disruptions to the economy, leading to a decline in GDP in the first quarter of the year.

As restrictions began to be lifted in late April, the economy started to recover, with retail sales increasing by around 8% year on year in May, as both consumer and business confidence increased as the health situation improved. Private consumption – due to a stable labour market, suppressed demand and excess savings – together with both private and public investment (supported by the country's recovery and resilience plan and the new EU funding cycle) will be the drivers of the economic recovery. Consequently, GDP in the Czech Republic is forecasted to grow by 3.9% in 2021 and by 4.5% in 2022.

The Czech retail market is approaching maturity and is currently served by nearly 2.5 million sqm of shopping centre GLA, with a further 160,000 sqm of GLA under construction. Developers are currently focused on the construction of retail parks in smaller towns of up to 40,000 inhabitants, as opposed to building new shopping centres, as these proved to be more resilient than regional centres amidst the pandemic crisis.

With the increase in restrictions to brick and mortar retail operations during the first quarter of the year, the share of online sales increased from 14% in August 2020 – when shops were last allowed to operate without any restrictions – to a record 41.7% in February 2021. With the relaxation of the measures to halt the spread of coronavirus, shopping and retail centres were allowed to reopen and online sales levels decreased to 15.6% in May 2021. E-commerce penetration in the Czech Republic is one of the highest in Europe and is expected to continue expanding in the coming years, reaching around 20% of retail sales by 2025.

Russia

The economic fallout of the pandemic in Russia has been milder in comparison to other European countries. After posting a GDP decline of 3% in 2020, the economic activity is currently back on track, with the first half of 2021 posting figures just shy of pre-pandemic levels, partly explained by Russia's strategy in dealing with COVID-19, as it has not adopted any further national lockdowns since the first wave of the pandemic in 2020. The stage is set for a recovery in the second half of 2021, with GDP expected to grow by around 3.8% for the full year. However, the latest COVID-19 wave and potential restrictions pose a real threat, particularly as vaccination take up rates lag in comparison to other European countries.

After depreciating 30% during 2020, the Russian rouble climbed back 4% during the first half of 2021, driven by rising oil prices, a more hawkish monetary policy by the central bank, stronger global risk appetite and fading threats of additional sanctions. Although the momentum has been positive, potential geopolitical tensions and a decrease in Brent crude oil prices could lead to a reversal in the positive momentum seen thus far this year.

The consumer market continued to shrink in the first half of the year. Retail turnover decreased by 4.1% in 2020 and has yet to recover to pre-crisis levels, as the continued pandemic threats and limited financial resources have held back average spending per visitor, which is currently expected to improve towards the end of 2021 only. Footfall in Moscow also lags behind pre-pandemic levels but is expected to be back up to 90% of 2019 levels by year's end. On a positive note, higher conversion rates have been registered in many retail schemes, with consumers visiting shopping centres for targeted purchases more often. Research reports indicate that the full recovery of the consumer market to the levels of 2019 may take another two to three years.

Russia's online retail penetration increased to almost 12% of retail sales when bricks and mortar shops were closed during the first wave of the pandemic back in 2020, and regressed to around 8% after reopening, compared to 6% pre pandemic. It is currently expected to reach close to 11% by year's end. In the medium to long-term, online sales penetration is expected to continue below 20% of total retail sales, as long distances, logistics and poor infrastructure are big challenges for the development of e-commerce in Russia.

OUTLOOK

As vaccination take-up rates continue to increase, the outlook for the second half of 2021 is far more promising for both the health of society and the rebound of the economy. Economic sentiment continues to improve in Emerging Europe, with services firms and retailers expected to benefit strongly from an acceleration in the economic activity driven by household consumption in the second half of the year. Research reports currently estimate that the markets in which we operate will grow above 4% during both 2021 and 2022.

Despite the positive outlook, global prospects remain uncertain. COVID-19 virus mutations could potentially lead to another surge in infections and therefore, result in new restrictions or lockdowns to control the spread of the pandemic and alleviate pressure on health systems. The reinstatement of strict containment measures could have a significant impact on the global economic recovery.

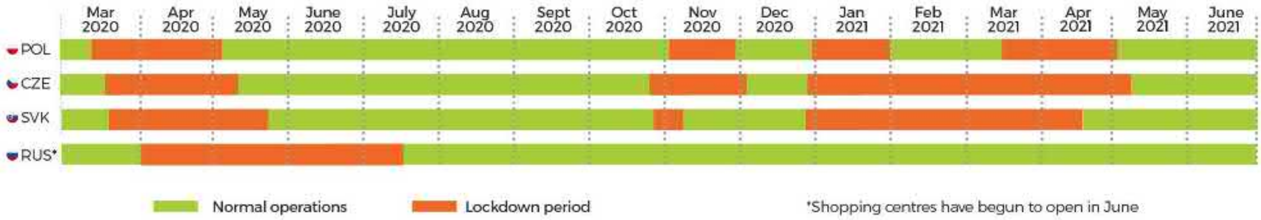
Sources: ***Capital Economics, CBRE, Cushman & Wakefield, Czech Statistical Bureau, Data Insight, European Central Bank, European Commission, Euromonitor International, International Monetary Fund, Jones Lang LaSalle, Oxford Economics, Statista, Trading Economics, World Bank Group.***

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.

Having been lifted and then reinstated at the end of 2020, they were in place again for the first quarter of 2021 in most of the Group's shopping centres. The exception being Russia where centres have been open and operational since mid July 2020. A gradual lifting of the restrictions began in April 2021, following the vaccination roll out and declining infection rates. During the first six months of 2021 our centres were closed for about 2.7 months of the year, other than necessities (H1 2020: 2.2 months). **As of 30 June 2021 all our shopping centres are open[2].**



Lockdowns	PL	CZ	SK	RU
1st lock down				
Started	14-Mar	15-Mar	16-Mar	28-Mar
Ended	4-May	11-May	20-May	1-Jun
2nd lock down				
Started	7-Nov	22-Oct	24-Oct	N/A
Ended	29-Nov	3-Dec	8-Nov	N/A
3rd lock down				
Started	28-Dec	27-Dec	19-Dec	N/A
Ènded on	1-Feb	9-May	19-Apr	N/A
4rd lock down				
Started	20-Mar	N/A	N/A	N/A
Ènded on	3-May	N/A	N/A	N/A

Vaccination rollouts commenced in our countries of operations at the end of 2020, however the benefits of the vaccination were most notable in the latter part of Q2 2021 as lockdowns eased and businesses returned to the "new normal". Footfalls and sales level data throughout the various waves of closures point to a strong physical retail recovery upon reopening, with June 2021 tenant sales and footfall reaching 87% and 78% respectively of 2019 levels.

Since the onset of the first lockdown and throughout the whole pandemic, the Group has focused on close relationship management with its tenants, supporting and helping them weather the impact of restrictions. This is reflected with the strong collection rate of 99% for 2020. The collection rate for Q1 2021 is at 93% of invoices and for Q2 2021 at 87%. The uncollected amount is partially covered by bank guarantees and deposits.

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

- High demand for the Group's green financing activities, evidenced by the €650 million raised during 2021;
- A cash balance of €513.8 million as of 30 June 2021 and €300 million of unutilised credit facilities;
- Net LTV of 26.1%;
- 4.7 years weighted average maturity;
- Low cost of debt of 2.8%;
- Next bond repayment of €155 million only due in October 2022;
- 71%/€1.7 billion unencumbered standing investments;
- Investment grade corporate credit rating: Fitch BBB, Moody's Baa3, upgraded to stable outlook.

The Group's strong financial position together with the resilience of the residential sector during the COVID-19 crisis gives us full confidence in our ability to implement our ongoing strategy to enter the residential for rent markets in Poland and the Czech Republic and its prospects.

2 Excluding limited restrictions around F&B and entertainment

OPERATIONAL AND FINANCIAL PERFORMANCE

During the first half of 2021, the Group proactively continued to respond to the impact of the COVID-19 pandemic. Government imposed trading restrictions were applied to shopping centres in all our countries of operations, except Russia.

The Group NRI decreased by €8.7 million to €62.7 million in the first half of 2021 as longer restrictions were in place when operations were closed for around 44% compared to 37% in the same period last year. The NRI shortfall in the first half of 2021 compared to the same period last year excluding the effect of straight lining and disposals in both periods was €3.0 million.

Group like-for-like NRI decreased by 10.6% due to the notable impact of COVID-19. Excluding the impact of accounting for straight-line, the cash impact on Group like-for-like NRI decreased by just 3.3% over the first half.

In our key markets of Poland and the Czech Republic the Group produced €45.5 million of NRI, a 10.4% decrease compared to the same period last year. This was largely driven by the disposal of a portfolio of five small assets in August 2020, an increase in temporary vacancies, a lower volume of leasing activity attributable to the COVID-19 pandemic and the net impact of tenants relief. In Russia, NRI excluding the effect of straight lining, increased by €2.4 million compared to the first half of 2020 as no COVID-19 restrictions have been in place since July 2020.

The Group EPRA occupancy rate remains stable at 92.2% and is expected to gradually recover in due course.

EBITDA decreased by 15.8% to €51.9 million in the first six months of 2021, mainly due to the decrease in NRI. Company adjusted EPRA earnings per share decreased to €cents 6.5, compared to €cents 9.8 to in the first six months of 2020.

The Group generated €20.3 million of profit after tax during the period, compared to a loss of €62.8 million in the first six months of 2020. The Loss in 2020 reflected a €91.9 million valuation loss. The value of our investment properties remains stable in 2021.

Net cash generated from operating activities was €30.4 million compared to €13.8 million for the first six months of 2020. The increase comes as with the gradual lifting of COVID-19 related restrictions and a better collection rate than the first half of 2020.

DIVIDEND

At its meeting on 3 March 2021, the Company's Board of Directors decided to maintain the Group's annual dividend, payable as a capital repayment at €Cents 27 per share for 2021. The dividend will be paid in equal quarterly instalments commencing at the end of March 2021 (subject to any legal and regulatory requirements and restrictions of commercial viability). The Board has also resolved to offer shareholders the option to receive each of the quarterly dividend distributions either in cash or in newly issued shares at a 2% discount to the reference share price via a Scrip Dividend Alternative.

During the six-month period ended 30 June 2021, Atrium announced a dividend of €cents 13.5 (6M 2020: €cents 13.5) per share as a capital repayment, which amounted to a total of €27.7 million in cash and €25.4 million in new shares (6M 2020: €41.1 million in cash and €9.9 million in new shares[3]). 46.4% and 49.4% of shareholders elected the Scrip Dividend Alternative for the first and second quarter of 2021, respectively.

GREEN BOND ISSUANCE AND 2022 NOTES BUY BACK

In January 2021, the Group priced a €300 million inaugural green bond offering under its EMTN Programme. The "New Green Notes" are due 5 September 2027 and carry a fixed 2.625% coupon at an issuance price of 98.167%. The New Green Notes were issued by Atrium Finance Issuer B.V., an indirect subsidiary of the Company, and are guaranteed by the Company. An amount equal to the net proceeds of the offering will be allocated to finance or refinance eligible projects and/or assets as defined in Atrium's Green Financing Framework. Simultaneously, the Group bought back €78.2 million of the outstanding 2022 Notes.

In May 2021, the Company priced €350 million inaugural green hybrid bonds under its EMTN Programme (the"Hybrid Notes"). The Hybrid Notes carry a coupon of 3.625% until 4 November 2026 ('First Reset Date[4]'). An amount equal to the net proceeds of the offering will be allocated to finance or refinance eligible projects and/or assets including residential for rent as defined in Atrium's Green Financing Framework. The Hybrid Notes are classified as equity in accordance with IFRS, while rating agencies treat them 50% as equity and 50% as borrowings.

These transactions allowed us to further reduce Group Net LTV, to 26.1%, as well as the average cost of debt to 2.8%. Furthermore the next bond repayment of €155 million is not due until October 2022.

3 In 2020 the Scrip Dividend Alternative was offered from the second quarter onwards

4 Under certain conditions as defined in the draw down Prospectus, the Group has an option to make a whole call of the principal amount until 3 months prior to the First Reset Date

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG') UPDATE

During 2020 and 2021, the Group accelerated its commitment to enhance its ESG performance. Atrium performed a new materiality assessment, updated our ESG governance and developed a clear roadmap that outlines our ambitions moving forward. This includes reducing our carbon footprint, increasing green building certifications and rolling out tenant, community and employee engagement programmes.

To support financing the transition of our assets to becoming more environmental-friendly, in February 2020 Atrium launched its Green Financing Framework. In the first half of 2021, €650 million was raised under our Green Finance Framework to refinance existing debt and finance assets that are BREEAM certified. Currently over 70% of our portfolio value is BREEAM In-use "Very good" or higher certified, which equals the amount of approximately €1.8 billion. The Group aims to have all currently owned assets and future acquisitions to be BREEAM In-Use 'Excellent' certified by 2030.

In 2021, our focus remained on managing the implications of the COVID-19 pandemic on Atrium. To reduce transmission and protect employees' and customers' health and safety, we put in place COVID-19 safety measures throughout our centres to ensure safe shopping whenever the centres were able to open. Since our centres are in urban areas and close to the communities, we supported the local vaccination programmes and report that over 40,000 people received their vaccinations from inside seven of our shopping centres.

In July 2021, we published an extended ESG report, including a roadmap that outlines Atrium's ESG ambitions moving forward, which is available on the Company's website.

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		
	6M 2021	6M 2020	Change	6M 2021	6M 2020	Change
Country	€'000	€'000	%	€'000	€'000	%
Poland	38,729	43,545	(11.1%)	33,535	37,679	(11.0%)
Czech Republic[1]	12,843	14,388	(10.7%)	11,977	13,100	(8.6%)
Subtotal	**51,572**	**57,933**	**(11.0%)**	**45,512**	**50,779**	**(10.4%)**
Slovakia	3,895	4,030	(3.3%)	3,539	4,081	(13.3%)
Russia	14,046	17,348	(19.0%)	13,657	16,521	(17.3%)
Total rental income	**69,513**	**79,311**	**(12.4%)**	**62,708**	**71,381**	**(12.2%)**

1 Including Investment in Joint Ventures (75%)

	EPRA like-for-like gross rental income			EPRA like-for-like net rental income		
	6M 2021	6M 2020	Change	6M 2021	6M 2020	Change
Country	€'000	€'000	%	€'000	€'000	%
Poland	30,605	33,301	(8.1%)	27,473	29,392	(6.5%)
Czech Republic[1]	8,408	9,390	(10.5%)	7,914	8,817	(10.2%)
Subtotal	**39,013**	**42,691**	**(8.6%)**	**35,387**	**38,209**	**(7.4%)**
Slovakia	3,895	4,030	(3.3%)	3,539	4,081	(13.3%)
Russia	14,046	16,791	(16.3%)	13,657	16,547	(17.5%)
Like-for-like rental income	**56,954**	**63,512**	**(10.3%)**	**52,583**	**58,837**	**(10.6%)**
Remaining rental income	12,559	15,164	(17.2%)	10,125	12,622	(19.8%)
Exchange rate effect[2]	-	635	-	-	(78)	-
Total rental income	**69,513**	**79,311**	**(12.4%)**	**62,708**	**71,381**	**(12.2%)**

1 Including Investment in Joint Ventures (75%)

2 To enhance comparability of GRI/NRI, prior period values for like-for-like properties have been recalculated using the 2021 exchange rates as per EPRA best practice recommendations

The Group's portfolio produced €69.5 million of GRI during the first six months ending 30 June 2021, a 12.4% decrease in comparison to the same period last year. Unsurprisingly, the COVID-19 pandemic was the main driver for lower GRI, as longer restrictions were in place when operations were closed for around 44% (2.7 months) compared to 37% (2.2 months) in the same period last year.

GRI in Poland decreased from €43.5 million to €38.7 million, with €2.0 million of the decrease attributable to the disposal of a portfolio of five small assets in August 2020 and €2.5 million due to temporary vacancies and the net impact of tenants relief. The Czech Republic contributed €12.8 million of GRI, which was 10.7% lower than 2020, mainly due to longer lockdowns and lack of government subsidy in 2021, however, showing signs of recovery with increases in base rent from renewed contracts when compared to the same period last year. Russia has also experienced a drop in GRI from €17.3 million to €14.0 million - mainly due to the straight lining of 2020 discounts in accordance with accounting rules. Excluding straight lining, Russia demonstrated a cash increase of €1.9 million in GRI as there were no further lockdowns since July 2020.

Mandatory relief provided to tenants in the first half of the year amounted €14.4 million (H1 2020: €13.9 million) and discounts provided for the year amounted €14.4 million (H1 2020: €17 million).

Group NRI continues to follow a similiar trend to GRI, with the effects of COVID-19 lasting for longer periods than initially anticipated. Service charge income continued to decrease as a direct result of Polish relief legislation. Despite this, the Group continued to reduce operating expenses which partly offset the effects of service charge loss. Furthermore, rental collection also improved in the first half, which is reflected by bad debts recognition being €0.9 million lower compared to last year.

Group NRI reduced by €8.7 million, €4.5 million being the cash loss and €4.2 million being the negative net effect of the accounting straight-lining.

Group like-for-like NRI decreased by 10.6% notably impacted by COVID-19. Excluding the impact of accounting straight-line, the cash impact of the Group on like-for-like NRI decreased by solely 3.3%, largly due to the positive uplift in Russia.

THE COUNTRY DIVERSIFICATION OF THE GROUP'S INCOME PRODUCING PORTFOLIO AS AT 30 JUNE 2021 IS PRESENTED BELOW:

Standing investments	No. of properties	Gross lettable area	Portfolio	Market value	Portfolio
Country		sqm	%	€ million	%
Warsaw	5	179	22.1%	942.6	38.4%
Other Poland	10	254	31.4%	644.1	26.2%
Poland	**15**	**433**	**53.5%**	**1,586.7**	**64.6%**
Prague[1]	2	69	8.6%	410.3	16.7%
Other Czech Republic	1	21	2.6%	102.0	4.2%
Czech Republic	**3**	**90**	**11.2%**	**512.3**	**20.9%**
Slovakia	1	47	5.8%	119.2	4.8%
Toal CE	**19**	**570**	**70.5%**	**2,218.2**	**90.3%**
Russia	7	239	29.5%	238.3	9.7%
Total	**26**	**809**	**100.0%**	**2,456.5**	**100.0%**

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

During the first half of 2021 no external valuations were performed**.** The Group actively consulted with its external, independent valuation experts who advise on the market dynamics. Based on external market reports[5] no transactions of retail assets comparable to those within the Group's portfolio in H1 2021 occurred, with no evidence of yield changes from 31 December 2020. This is considered in conjunction with their independent views that there have been no material changes in estimated rental levels (ERVs).

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

Standing investments	Net equivalent yield[1] (weighted average)	EPRA Net initial yield (NIY)[2]
Country	%	%
Warsaw	5.5%	4.7%
Other Poland	6.9%	6.4%
Poland	**6.1%**	**5.4%**
Prague[3]	5.5%	4.8%
Other Czech Republic	6.3%	5.9%
Czech Republic	**5.7%**	**5.0%**
Slovakia	6.8%	6.3%
Total CE	**6.0%**	**5.4%**
Russia	12.6%	11.6%
Total	**6.6%**	**6.0%**

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

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

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

At 30 June 2021, the net equivalent yield of our assets within the Group remained stable at 6.6%.

5 CBRE June 2021 European Property Investment Yields overview for Poland, the Czech Republic and Slovakia

EPRA net initial yield decreased by 20 basis points to 6.0% (31 December 2020: 6.2%) mainly due to temporarily vacancies. Alternative EPRA "topped up" NIY remained stable at 6.5% (31 December 2020: 6.5%).

OCCUPANCY

Standing investments[1]	Occupancy rate[2]	GLA Occupancy
Country	%	%
Poland	91.2%	91.7%
Czech Republic	91.3%	89.7%
Slovakia	98.3%	98.8%
Russia	94.5%	93.7%
Total	**92.2%**	**92.5%**

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

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

As at 30 June 2021, EPRA[6] occupancy was 92.2% compared to 92.3% at 31 December 2020. Despite COVID-19 leading to a number of lease terminations or reductions as well as tenant departures, the Group is confident that part of the vacancies are temporary and that there will be an increase in demand for retail floor space during the second half of 2021. This is supported by strong metrics in Russia where operating GLA recovered significantly post lockdown in July 2020 and currently holds strong at 94.5% occupancy.

REDEVELOPMENTS AND LAND PORTFOLIO

A major strategic focus for the Group is to upgrade and extend proven assets that are already cash generating and where there is retailer and consumer demand and therefore lower execution risk. As part of the Group's strategy to enter into the residential for rent market, core retail assets including adjacent lands are being reviewed to assess their potential for zoning and building permits for apartments, in addition to the densification of the existing portfolio.

As at 30 June 2021, Atrium's redevelopments and land portfolio were valued at €249.7 million compared to €248.3 million as at 31 December 2020. Of this, €141.1 million is land (31 December 2020: €146.3 million), which Atrium continues to seek to monetise mainly through sales, and €93.9 million is incurred costs year-to date for redevelopments (31 December 2020: €87.8 million). In June 2021, the Group completed the sale of a land plot in Romania for €3.7 million at approximately its book value.

6 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

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 28 to 30 of the Annual Report and Financial Statements for the year ended 31 December 2020 (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.

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 2021 €'000	6M 2020 €'000
Earnings (loss) attributed to equity holders of the parent company	**20,303**	**(62,845)**
Changes in value of investment properties	1,477	85,440
Net result on disposals of investment properties	154	90
Amortisation of intangible assets	862	863
Deferred tax in respect of EPRA adjustments	-	(11,449)
Close-out costs of financial instruments	3,401	6,173
Joint venture interest in respect of the above adjustments	-	6,463
EPRA Earnings	**26,197**	**24,735**
Weighted average number of shares	393,492,086	378,119,914
EPRA Earnings per share (in €cents)	**6.7**	**6.5**

Company adjustments[1]		
Foreign exchange differences	195	(1,502)
Deferred tax not related to revaluations	1,479	13,961
Hybrid interest	(2,219)	-
Company adjusted EPRA earnings	**25,652**	**37,194**
Company adjusted EPRA earnings per share (in €cents)	**6.5**	**9.8**

1 The "Company adjustments" mainly 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 MEASUREMENTS

EPRA NRV is considered to be the most relevant measure for our business and therefore now acts as our primary measure of net asset value.

	30 June 2021			31 December 2020		
	EPRA NRV	EPRA NTA[1]	EPRA NDV	EPRA NRV	EPRA NTA[2]	EPRA NDV
		€'000			€'000	
Equity per the financial statements	**1,888,120**	**1,888,120**	**1,888,120**	**1,545,900**	**1,545,900**	**1,545,900**
Effect of exercise of options	8,507	8,507	8,507	10,924	10,924	10,924
Fair value of financial instruments	17,237	17,237	-	22,722	22,722	-
Deferred tax	89,232	89,232	-	85,203	85,203	-
Other intangible assets	-	(8,154)	-	-	(8,940)	-
Fair value of fixed interest rate debt	-	-	(93,205)	-	-	(19,533)
Hybrid instrument	(340,858)	(340,858)	(340,858)	-	-	-
Purchasers' costs	9,472	-	-	9,399	-	-
EPRA benchmark	**1,671,710**	**1,654,084**	**1,462,564**	**1,674,148**	**1,655,809**	**1,537,291**
Number of outstanding shares and options		403,213,701			394,369,915	
Diluted net assets per share	**4.15**	**4.10**	**3.63**	**4.25**	**4.20**	**3.90**

1 No assets were classified as held for sale as at 30/06/2021

2 Deferred tax in respect of the NTA calculation, is adjusted in accordance with option (i) as per EPRA guidance. No assets were classified as held for sale as at 31/12/2020

C. EPRA NIY AND "TOPPED UP" NIY

	30 June 2021	31 December 2020
	€'000	€'000
Investment property – wholly owned	2,526,104	2,518,937
Investment in Joint Venture (75%)	180,091	179,976
Less redevelopments and land	(249,684)	(248,252)
Completed property portfolio	**2,456,511**	**2,450,661**
Allowance for estimated purchasers' costs	39,808	39,711
Gross up completed property portfolio valuation (B)	**2,496,319**	**2,490,372**
Annualised cash passing rental income	155,117	161,793
Property outgoings	(6,239)	(6,758)
Annualised net rents (A)	**148,879**	**155,035**
Add: notional rent expiration of rent free periods or other lease incentives	12,097	7,780
Topped-up net annualised rent (C)	**160,976**	**162,815**
EPRA NIY A/B	**6.0%**	**6.2%**
EPRA "topped up" NIY C/B	**6.5%**	**6.5%**

D. EPRA VACANCY RATE

	30 June 2021	31 December 2020
	€'000	€'000
Estimated rental value of vacant space	12,117	12,302
Estimated rental value of the whole portfolio	155,347	158,744
EPRA vacancy rate	**7.8%**	**7.7%**

E. EPRA COST RATIO

	6M 2021 €'000	6M 2020 €'000
Administrative expenses	10,417	9,150
Other depreciation and amortisation	1,673	1,757
Costs connected with development	335	468
Net property expenses net of service charge income	6,433	7,202
Share of Joint Venture's expenses	372	728
EPRA Costs (including direct vacancy costs) (A)	**19,230**	**19,305**
Direct vacancy cost	(1,819)	(1,289)
EPRA Costs (excluding direct vacancy costs) (B)	**17,411**	**18,016**
Share of Joint Venture's income	4,435	5,020
Gross rental income	65,078	74,291
Total income (C)	**69,513**	**79,311**
EPRA Costs ratio (including direct vacancy costs) (A/C)	**27.7%**	**24.3%**
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	**25.0%**	**22.7%**

F. EPRA CAPITAL EXPENDITURES

	30 June 2021			31 December 2020		
	Group	Joint Ventures	Total Group	Group	Joint Ventures	Total Group
Acquistions	-	-	-	-	-	-
Development	6,579	-	6,579	12,701		12,701
Investment properties:	4,654	103	4,757	9,211	2,639	11,850
Incremental lettable space	-	-	-	-	-	-
No incremental lettable space	3,039	103	3,142	5,547	2,639	8,186
Tenant incentives	701	-	701	3,569	-	3,569
Other material non-allocated types of expenditure	914	-	914	95	-	95
Total Capex	**11,233**	**103**	**11,336**	**21,912**	**2,639**	**24,551**
Conversion from accrual to cash basis	(925)	-	(925)	2,695	(103)	2,592
Total Capex on cash basis	**10,308**	**103**	**10,411**	**24,607**	**2,536**	**27,143**

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 and Director

DAVID FOX
Director

NEIL FLANZRAICH
Chairman of the Audit Committee and Director

ZVI HEIFETZ
Director

ANDREW WIGNALL
Director

LUCY LILLEY
Director

OREN HOD
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.

2

INTERIM FINANCIAL STATEMENTS


Auchan
MediaMarkt
H&M
FABRYKA FORMY
BEZ VAT
BEZ VAT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2021		31 December 2020	
		€'000	€'000	€'000	€'000
		Unaudited	Unaudited	Audited	Audited
ASSETS					
Non-current assets					
Standing investments	2.5	2,276,420		2,270,685	
Redevelopments and land	2.6	249,684		248,252	
Equity-accounted investment in joint ventures		190,372		186,313	
Other non-current assets	2.7	71,943		68,416	
			2,788,419		**2,773,666**
Current assets					
Cash and cash equivalents		513,781		55,221	
Other current assets	2.8	36,699		35,208	
Financial assets at FVOCI		11,219		8,507	
			561,699		**98,936**
TOTAL ASSETS			**3,350,118**		**2,872,602**
EQUITY AND LIABILITIES					
Equity	2.9		**1,888,120**		**1,545,900**
Non-current liabilities					
Long term borrowings	2.10	1,228,556		1,015,321	
Derivatives	2.11	17,237		22,722	
Other non-current liabilities	2.12	132,707		129,304	
			1,378,500		**1,167,347**
Current liabilities					
Short term borrowings	2.10	3,658		89,536	
Other current liabilities	2.13	75,736		65,488	
Provisions		4,104		4,331	
			83,498		**159,355**
TOTAL EQUITY AND LIABILITIES			**3,350,118**		**2,872,602**

The Group management report and the condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 28 July 2021 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

		Six months ended 30 June 2021		Six months ended 30 June 2020	
(Unaudited)	Note	€'000	€'000	€'000	€'000
Gross rental income		65,078		74,291	
Service charge income		21,047		23,429	
Net property expenses		(27,480)		(30,631)	
Net rental income			**58,645**		**67,089**
Net result on disposals		(154)		(90)	
Costs connected with developments		(335)		(468)	
Revaluation of standing investments, net		-		(85,440)	
Revaluation of redevelopments and land, net		(1,477)		-	
Depreciation, amortisation and impairments		(1,673)		(1,757)	
Administrative expenses		(10,417)		(9,150)	
Share of profit of equity-accounted investment in joint ventures		4,014		(2,292)	
Net operating profit (loss)			**48,603**		**(32,108)**
Interest expenses, net		(18,788)		(19,721)	
Foreign currency differences		(195)		1,502	
Other financial expenses, net		(5,742)		(8,297)	
Profit (loss) before taxation			**23,878**		**(58,624)**
Taxation charge for the period	2.14	(3,575)		(4,221)	
Profit (loss) after taxation for the period			**20,303**		**(62,845)**
Basic and diluted earnings (loss) per share in €cents attributable to shareholders			4.6		(16.6)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Six months ended 30 June 2021		Six months ended 30 June 2020	
Unaudited	€'000	€'000	€'000	€'000
Profit (loss) for the period	**20,303**		**(62,845)**	
Items that will not be reclassified to the statement of profit or loss:				
Movement in financial assets at FVOCI reserve	2,712		(5,972)	
Items that are or may be reclassified to the statement of profit or loss:				
Exchange differences arising on translation of foreign operations	-		2,991	
Movements in hedging reserves (net of deferred tax)	4,787		(4,493)	
Total comprehensive income (loss) for the period		**27,802**		**(70,319)**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000
Cash flows from operating activities		
Profit (loss) before taxation	23,878	(58,624)
Adjustments for:		
Other depreciation, amortisation and impairments	1,673	1,757
Dividend from listed equity securities, net	(264)	(285)
Revaluation of standing investments, net	-	85,440
Revaluation of redevelopments and land, net	1,477	-
Foreign exchange differences	195	(1,502)
Other income	-	(519)
Change in legal provisions, net of amounts paid	(227)	-
Share based payment expenses	835	463
Share of profit of equity-accounted investments in joint ventures	(4,014)	2,292
Net result on disposals	154	90
Net loss from bonds buy back	3,402	6,170
Finance lease interest expense	1,626	1,704
Interest expense	19,255	19,721
Interest income	(466)	-
Operating cash flows before working capital changes	**47,524**	**56,707**
Increase in trade, other receivables and prepayments	(5,575)	(23,101)
Increase (decrease) in trade, other payables and accrued expenditure, net	344	(3,395)
Net Cash generated from operations	**42,293**	**30,211**
Interest paid	(8,297)	(15,588)
Interest received	458	-
Dividend received	264	285
Corporation taxes paid, net	(4,295)	(1,143)
Net cash generated from operating activities	**30,423**	**13,765**
Cash flows from investing activities		
Payments related to investment properties and other assets	(10,569)	(11,475)
Proceeds from the disposal of investment properties	3,700	57,260
Repayment of loans provided	165	-
Net cash generated from/(used in) investing activities	**(6,704)**	**45,785**
Net cash flow before financing activities	**23,719**	**59,550**
Cash flows from financing activities		
Share buy back	-	(1,654)
Repayment of long term borrowings	(83,630)	(357,569)
Receipt of long term borrowings	292,416	196,810
Proceeds from Hybrid issuance	340,858	-
(Repayment)/Utilisation of a revolving credit facility	(86,501)	250,000
Repayments of lease liabilities	(637)	(276)
Dividends paid	(27,699)	(25,542)
Net cash generated from financing activities	**434,807**	**61,769**
Net increase in cash and cash equivalents	**458,526**	**121,319**
Cash and cash equivalents at the beginning of period	**55,221**	**126,851**
Effect of exchange rate fluctuations on cash held	34	(1,265)
Cash and cash equivalents at the end of period	**513,781**	**246,905**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

		Stated capital	Share based payment reserve	Hedging reserve	Financial assets at FVOCI reserve	Retained deficit	Currency translation reserve	Equity attributable to the owners of the Company	Hybrid Reserve	Total Shareholders Equity
Unaudited	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Balance as at 1 January 2021		**1,944,947**	**1,564**	**(19,721)**	**(13,421)**	**(294,364)**	**(73,105)**	**1,545,900**	**-**	**1,545,900**
Profit for the period		-	-	-	-	20,303	-	20,303	-	20,303
Other comprehensive income		-	-	4,787	2,712	-	-	7,499	-	7,499
Total comprehensive income		**-**	**-**	**4,787**	**2,712**	**20,303**	**-**	**27,802**	**-**	**27,802**
Transaction with owners of the Company										
Share based payment		-	835	-	-	-	-	835	-	835
Issue of shares		1,023	(629)	-	-	-	-	394	-	394
Net proceeds from issuance of Hybrid instrument	2.9	-	-	-	-	-	-	-	340,858	340,858
Dividends	2.9	(53,112)	-	-	-	-	-	(53,112)	-	(53,112)
Scrip dividend	2.9	25,443						25,443		25,443
Balance as at 30 June 2021		**1,918,301**	**1,770**	**(14,934)**	**(10,709)**	**(274,061)**	**(73,105)**	**1,547,262**	**340,858**	**1,888,120**

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

		Stated capital	Share based payment reserve	Hedging reserve	Financial assets at FVOCI reserve	Retained deficit	Currency translation reserve	Currency translation reserve for disposal group held for sale	Total Shareholders Equity
Unaudited	Note	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'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**
Profit 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		(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**

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 2020. 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. Actual results may differ from such estimates.

The evaluations and discretion used by management to apply the accounting policies and prepare the unaudited condensed consolidated interim financial statements were identical to those used in the preparation of the Financial Statements as of 31 December 2020, with the exception of:

- Hybrid equity reserve- Perpetual debt instruments is classified as equity if the Group has unconditional right to avoid delivering cash or another financial asset in settlement of that obligation (***IAS 32***). A perpetual debt instrument bears a discretionary interest and is recognised as equity distribution from the Group's stated capital, similar to discretionary dividends. Any interest including compounded interest should be recorded as an equity distribution when this payment becomes non-discretionary or when interest is paid in cash. Otherwise, this represents an off-balance sheet arrangement. In regards to the Hybrid Notes issued in 2021, additional information is disclosed in note 2.9.

2.3 CHANGES IN ACCOUNTING POLICIES

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE, AND ENDORSED BY THE EU, AS OF 1 JANUARY 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase II

The International Accounting Standards Board ("IASB") published Interest Rate Benchmark Reform Amendments representing the finalisation of Phase II of the project on 27 August 2020 to address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. The Phase II amendments apply to all entities and are effective for annual periods beginning on or after 1 January 2021. The application of the standard has no material effect on the Group's condensed consolidated interim financial statements. The Group will include the required disclosures in year-end financial statements.

Amendment to IFRS 16 Leases Covid 19-Related Rent Concessions beyond 30 June 2021 (issued on 20 March 2021)

In May 2020 the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) ('the Amendment'), which was initially issued as an Exposure Draft ED/2020/2 in April 2020. The Amendment was effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in 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.

In March 2021 the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the availability of the practical expedient by one year.

As the Group predominantly acts as the lessor, the Amendment does not have a material impact on the Group.

Other new standards, interpretations and amendments effective, and endorsed by the EU, as of 1 January 2021, 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

TRADING RESTRICTIONS

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.

The first quarter of 2021 commenced with trading restrictions in most of the Group's Shopping centres, with the exception of Russia where centres have been open since mid July 2020. The restrictions began to be gradually lifted in April 2021, following the vaccination roll out and the decline in infection rates. **As of 30 June 2021 all shopping centres within the countries we operate are 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 as well as in tenant sales, financial and liquidity difficulties of some tenants and inability to meet their lease obligations towards the Group. However, a strong rebound was seen after each lockdown with June 2021 tenant sales and footfall reaching 87% and 78% respectively of 2019 levels.

LEASE CONCESSIONS IN THE FIRST SIX MONTHS OF 2021

During the first half of 2021, the Group granted cash basis discounts of €8.5 million (H1 2020: €10.6 million) and mandatory rent relief in Poland of €11.3 million (H1 2020: 11.3 million).

The net impact of lease concessions after straight-lining reduced the Group's Gross rental income by €9.5 million (H1 2020: €7.1 million). The balance of the straight line asset is disclosed in notes 2.7 and 2.8.

LEGISLATION CHANGES IN POLAND IN RESPECT OF LEASE CONCESSIONS

In June 2021, the Polish government approved supplementary COVID-19 legislation ('New 15ze legislation') which allows tenants to renege on any lease extensions offered in exchange to rent relief for the lockdowns revoked on 30 September 2020 or later under certain conditions. The law came into force on 23 July 2021 and is considered to be substantially enacted as of 30 June 2021.

The Group has applied judgement by adjusting its estimation for the remaining lease term with applying the lease modification guidance and shortening the period for all tenants eligible under the New 15ze legislation by approximately 14 months. The new 15ze legislation also includes a roadmap for any future lockdowns, with landlords may be required to provide discounts of 80% during a lockdown and a discount of 50% for the three months thereafter. The law could significantly impact the Group's revenue in case of any potential lockdowns.

RECEIVABLES FROM TENANTS

The Group has been engaged in close relationship with its tenants, supporting them to help them weather the impact of restrictions. The collection rate for Q1 2021 invoices is at 93% and for Q2 2021 at 87%. The uncollected amount is partially covered by bank guarantees and deposits.

The Group carried out a detailed review of its largest tenants accounting for 51% of the Group's annualised rental income base and the remaining tenant provision for doubtful debtors was estimated in accordance with IFRS 9 ***Financial instruments.***

The loss from doubtful debtors reduced the Group's NRI in the first half of 2021 by €1.5 million (H1 2020: €2.5 million) .

VALUATIONS OF INVESTMENT PROPERTIES

During the first half of 2021 no external valuations were performed**.** The Group actively consulted with its external, independent valuation experts who advise on the market dynamics. Based on external market reports[7] no transactions of

7 CBRE June 2021 European Property Investment Yields overview for Poland, the Czech Republic and Slovakia

retail assets comparable to those within the Group's portfolio occurred in the first half of 2021, with no evidence of yield changes from 31 December 2020 and stable FX in Russia. This is considered in conjunction with their independent views that there are no material changes in estimated rental levels (ERVs). In addition, market data between opening and lockdowns has been positive with average tenant sales and footfall returning to approximately 80% of the pre-pandemic level.

LIQUIDITY AND BALANCE SHEET

The Group has a strong balance sheet with a net LTV of 26.1%, €513.8 million cash as at 30 June 2021 and 4.7 years until maturity of its debt on average. As at 30 June 2021, the Group was in compliance with all its financial covenants. **This provides us the capability to pursue the implementation of our ongoing strategy to enter the residential for rent markets initally in Poland.**

2.5 STANDING INVESTMENTS

The current portfolio of standing investments of the Group consists of 25 properties (31 December 2020: 25).

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

Standing investments	30 June 2021 €'000	31 December 2020 €'000
Balance as at 1 January	2,270,685	2,445,280
Additions - technical improvements, extensions	4,654	9,211
Movement in leases	1,081	(185)
Transfers from redevelopments and land	-	2,251
Revaluation of standing investments	-	(185,872)
Balance at the end of the period	**2,276,420**	**2,270,685**

2.6 REDEVELOPMENTS AND LAND

The current portfolio of redevelopments and land of the Group comprises €93.9 million (31 December 2020: €87.8 million) redevelopments and €155.8 million land (31 December 2020: €160.4 million) .

Redevelopments and land	30 June 2021 €'000	31 December 2020 €'000
Balance as at 1 January	248,252	266,093
Additions - cost of land and construction	6,579	12,701
Transfer to standing investments	-	(2,251)
Disposals	(3,670)	(9,297)
Revaluation of redevelopments and land	(1,477)	(18,994)
Balance at the end of the period	**249,684**	**248,252**

In June 2021, the Group completed the sale of a land plot in Pitesti, Romania for €3.7 million at approximately its book value.

2.7 OTHER NON-CURRENT ASSETS

Other non-current assets	30 June 2021 €'000	31 December 2020 €'000
Financial assets at amortised cost	19,969	20,177
Long term advance	17,857	17,791
Straight line of lease incentives to tenants	20,561	14,798
Intangible assets	8,154	8,940
Deferred tax assets	2,233	2,931
Other	3,169	3,779
Balance at the end of the period	**71,943**	**68,416**

Financial assets at amortised cost represent a third party loan granted in July 2020 .

During the period ended 31 December 2020 the Group notified a future JV partner of its intention to exercise an option to acquire the controlling stake in a future joint venture. The conversion is in process but has not yet been finalised. The outstanding amount of €17.9 million at 30 June 2021 (31 December 2020: €17.8 million) is presented as a long term advance.

2.8 OTHER CURRENT ASSETS

Other current assets	30 June 2021 €'000	31 December 2020 €'000
Receivables from tenants[1]	25,700	22,034
Prepayments	3,163	2,798
VAT receivables	2,750	3,491
Income tax receivable	349	306
Alternative minimum tax	676	2,339
Deferred purchase price on disposed assets	1,100	1,100
Other receivables	2,961	3,140
Balance at the end of the period	**36,699**	**35,208**

1 Includes Straight-line asset of lease incentives €11.9 million (31 December 2020: €7.4 million)

2.9 EQUITY

As at 30 June 2021, the total number of shares issued was 400,251,369 (31 December 2020: 390,976,608 shares).

At its meeting on 3 March 2021, the Company's Board of Directors decided to maintain the Group's annual dividend, payable as a capital repayment at €Cents 27 per share for 2021. The dividend will be paid in equal quarterly instalments commencing at the end of March 2021 (subject to any legal and regulatory requirements and restrictions of commercial viability). The Board has also resolved to offer shareholders the option to receive each of the quarterly dividend distributions either in cash or in newly issued shares at a 2% discount to the reference share price via a Scrip Dividend Alternative.

During the six-month period ended 30 June 2021, Atrium announced a dividend of €cents 13.5 (6M 2020: €cents 13.5) per share as a capital repayment, which amounted to a total of €27.7 million in cash and €25.4 million in new shares (6M 2020: €41.1 million in cash and €9.9 million in new shares[8]). 46.4% and 49.4% of shareholders elected the Scrip Dividend Alternative for the first and second quarter of 2021, respectively.

HYBRID RESERVE

In April 2021, the Company priced €350 million inaugural green hybrid bonds under its EMTN Programme (the "Hybrid Notes") with an issuance price at 98.197%. The Hybrid Notes carry a coupon of 3.625% until 4 November 2026 ('First Reset Date ') and are callable for the first time on 4 August 2026. An amount equal to the net proceeds of the offering will be allocated to finance or refinance Eligible Projects and/or Assets including residential for rent as defined in Atrium's Green Financing Framework.

Hybrid Notes are treated as part of shareholder's equity in the Company's financial statements. A holder of Hybrid Notes has no shareholder rights. The hybrid bond coupon is fixed at 3.625% per year until 4 November 2026 and is reset every five years. The Group has a right to postpone interest payment if it does not distribute dividends or any other form of equity distribution to its shareholders. The Hybrid Notes do not have a set maturity date. The Group has the right to redeem the Hybrid Notes at its sole discretion five years from the date of issue and on every yearly interest payment date thereafter. The Hybrid Notes are unsecured, subordinated to all debt and senior only to ordinary share capital.

The overall Hybrid Notes net position recognised in equity as a separate reserve is net of transaction costs and amounted to €340.9 million.

Interest paid on the Hybrid Notes is deducted from the stated capital of the Company, whilst any principal repayments are considered as capital reduction and are deducted from the Hybrid reserve in the equity statement. Earnings per share are adjusted for the Hybrid Notes coupon.

The Hybrid Note has an off-balance sheet accrued interest of €2.0 million as of 30 June 2021.

2.10 BORROWINGS

Borrowings	30 June 2021		31 December 2020	
	Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Bonds	935,991	1,027,410	720,787	740,320
Bank loans	296,223	298,010	298,070	299,138
Utilised revolving credit facility	-	-	86,000	86,000
Total	**1,232,214**	**1,325,419**	**1,104,857**	**1,125,458**
Of which:				
Long term borrowings	1,228,556		1,015,321	
Utilised revolving credit facility and current maturities of bank loans	3,658		89,536	
	1,232,214		**1,104,857**	

The borrowings are repayable as follows:

Borrowings total	30 June 2021 Net book value €'000	31 December 2020 Net book value €'000
Utilised revolving credit facility	-	86,000
Current maturities of bank loans	3,658	3,536
Due within one year	3,658	89,536
Due in second year	158,442	235,326
Due within third to fifth year inclusive	501,637	498,475
Due after five years	568,477	281,520
Total	**1,232,214**	**1,104,857**

BONDS

In January 2021, the Group has priced €300 million inaugural green bonds offering due 5 September 2027 under its EMTN Programme (the "New Green Notes") carrying a fixed 2.625% coupon at an issuance price of 98.167%. The New Green Notes were issued by Atrium Finance Issuer B.V., an indirect subsidiary of the Company, and are guaranteed by the Company. An amount equal to the net proceeds of the offering will be allocated to finance or refinance Eligible Projects and/or Assets as defined in Atrium Green Financing Framework. Simultaneously, the Group bought back €78.2 million of the outstanding 2022 Notes.

8 In 2020 the Scrip Dividend Alternative was offered from the second quarter onwards

BORROWINGS FAIR VALUE

The fair values of loans and bonds were determined by an external appraiser using discounted cash flow models and 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; and
- Fair values of effected market transactions.

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

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 2021, the facility was not utilised (31 December 2020: €86.0 million 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 2021 €'000	31 December 2020 €'000
Carrying amount (liability)	17,237	22,722
Notional amount	297,840	299,710
(Gain) loss in fair value of outstanding hedging instruments since 1 January	(5,485)	4,969

The fair value gain during the six month period ended 30 June 2021 is mainly due to an increase in forward interest rates of the Euribor.

2.12 OTHER NON-CURRENT LIABILITIES

	30 June 2021 €'000	31 December 2020 €'000
Deferred tax liabilities	78,608	77,129
Long term lease liabilities	41,913	41,333
Other long term liabilities	12,186	10,842
Total	**132,707**	**129,304**

The liabilities from leases predominantly consisted of liabilities related to long term land leases in Poland and Russia.

2.13 OTHER CURRENT LIABILITIES

	30 June 2021 €'000	31 December 2020 €'000
Trade and other payables	23,910	20,907
Accrued expenditure	43,592	33,932
Short term lease liabilities	3,660	4,633
Income tax payable	2,208	4,386
VAT payables	2,366	1,630
Total	**75,736**	**65,488**

Accrued expenditure includes interest of €19.2 million (31 December 2020: €6.4 million).

2.14 TAXATION CHARGE FOR THE PERIOD

Taxation charge for the period	Six months ended 30 June 2021 €'000	2020 €'000
Current period corporate income tax expense	(2,096)	(2,158)
Deferred tax charge	(1,479)	(2,512)
Adjustments to corporate income tax prior periods	-	449
Tax charge	**(3,575)**	**(4,221)**

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 2021	Standing investment segment €'000	Redevelopments and land segment €'000	Reconciling item €'000	Total €'000
Gross rental income	69,513	-	(4,435)	65,078
Service charge income	21,981	-	(934)	21,047
Net property expenses	(28,786)	-	1,306	(27,480)
Net rental income	**62,708**	**-**	**(4,063)**	**58,645**
Net result on disposals	-	(154)	-	(154)
Costs connected with developments	-	(335)	-	(335)
Revaluation of investment properties	-	(1,477)	-	(1,477)
Depreciation, amortisation and impairments	(980)	(0)	(693)	(1,673)
Administrative expenses	(5,733)	(55)	(4,629)	(10,417)
Share of profit of equity-accounted investment in joint ventures	-	-	4,014	4,014
Net operating (loss)/profit	**55,995**	**(2,021)**	**(5,371)**	**48,603**
Interest expense, net	-	-	-	(18,788)
Foreign currency differences	-	-	-	(195)
Other financial expenses	-	-	-	(5,742)
Profit before taxation for the period	**-**	**-**	**-**	**23,878**
Taxation charge for the period	-	-	-	(3,575)
Profit after taxation for the period	**-**	**-**	**-**	**20,303**
Investment properties	**2,456,511**	**249,684**	**(180,091)**[1]	**2,526,104**
Additions to investment properties	**4,757**	**6,579**	**(103)**	**11,233**

1 Our 75% share of investment property held in a joint venture

Reportable segments For the period ended 30 June 2020	Standing investment segment €'000	Redevelopments and land 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)
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 expense, net	-	-	-	(19,721)
Foreign currency differences	-	-	-	1,502
Other financial expenses	-	-	-	(8,297)
Profit/(loss) before taxation for the period	**-**	**-**	**-**	**(58,624)**
Taxation credit/(charge) for the period	-	-	-	(4,221)
Profit/(loss) after taxation for the period	**-**	**-**	**-**	**(62,845)**
Investment properties	**2,542,820**	**265,487**	**(175,783)**[1]	**2,632,524**
Additions to investment properties	**5,277**	**5,309**	**(2,103)**	**8,483**

1 Our 75% share of investment property held in a joint venture

The corresponding reporting is based on the internal reporting to the Board of Directors, as the chief operating decision-maker ('CoDM'), which was adjusted in 2021 and reflects the change with regard to the relevance of Segments Assets, Segment liabilities and results below operating profit / (loss) from a corporate management perspective. The corresponding prior-year figures have been adjusted to reflect the relevant reporting results. The Board of Directors as chief decision-makers of the Group monitor the contribution made by the segments to the company's performance on the basis of the segment operating profit/(loss). Total Asset and liabilities items are not reported separately to the CoDM.

2.16 TRANSACTIONS WITH RELATED PARTIES

During and after the reporting period, Gazit-Globe Ltd ("Gazit-Globe") directly or indirectly purchased a total of 20,353,191 additional ordinary shares and elected to receive 8,417,611 shares as Scrip dividend, together accounting for 7.2% of the entire issued share capital of Atrium. Consequently, Gazit-Globe directly or indirectly holds a total of 299,743,869 ordinary shares in Atrium, comprising 74.89% of the issued and outstanding shares and voting rights in Atrium.

In January 2021, the Group issued 21,003 shares to its directors, Andrew Wignall (7,001 shares), Neil Flanzraich (7,001 shares) and Lucy Lilley (7,001 shares) as part of their annual remuneration.

In March 2021 the Group issued 2,889 shares to its directors Andrew Wignall (856 shares), Neil Flanzraich (856 shares), Lucy Lilley (856 shares) and David Fox (321 shares) as Scrip dividend.

In March 2021 the Group issued 87,851 matching shares in relation to the 2018 annual Employee Share Participation Plan to Group Executive Management and other Key Employees.

Also in March 2021, the Group issued 180,162 shares in relation to the 2020 annual bonus to Group Executive Management and other Key Employees who acquired these shares in accordance with the annual recurring Employee Share Participation Plan.

In March 2021 Group Executive Management elected 1,564 shares as Scrip dividend.

In April 2021, the Group issued 17,712 and 7,195 shares to its Group CEO and Group CFO, respectively, in accordance with their annual remuneration.

In June 2021 the Group issued 2,582 shares to its directors, Andrew Wignall (765 shares), Neil Flanzraich (765 shares), Lucy Lilley (765 shares) and David Fox (287 shares) as Scrip dividend.

In June 2021 Group Executive Management elected 5,751 shares 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 2021, 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 €3.6 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. Additional uncertainty is triggered by the worldwide tax landscape changes, including potential landmark tax reform aimed at introduction of a global minimum tax. Depending on the scope of the corresponding changes implemented in the countries where the Group operates, they may have impact on Group's tax position in the next years.

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.

Certain Polish and Russian 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

Mr Zvi Heifetz was nominated to the Board of Directors with effect from July 2021, as an independent non-executive director.

INDEPENDENT REVIEW REPORT TO ATRIUM EUROPEAN REAL ESTATE LIMITED

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 2021. 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.

WHAT WE HAVE REVIEWED

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 June 2021;
- 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 2021 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 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
28 July 2021

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

DIRECTORS, PROFESSIONAL ADVISORS AND PRINCIPAL LOCATIONS

DIRECTORS

Chaim Katzman
Neil Flanzraich
David Fox
Zvi Heifetz
Oren Hod
Lucy Lilley
Andrew Wignall

ADMINISTRATOR AND REGISTRAR

Aztec Financial Services (Jersey) Limited
11-15 Seaton Place
St Helier
Jersey
JE4 0QH

INDEPENDENT AUDITORS

PricewaterhouseCoopers CI LLP
Chartered Accountants
37 Esplanade
St Helier
Jersey
JE1 4XA

MEDIA RELATIONS ADVISOR

FTI Consulting
200 Aldersgate, Aldersgate Street
London, EC1A 4HD, UK

REGISTERED OFFICE

11-15 Seaton Place
St Helier
Jersey
JE4 0QH

BUSINESS ADDRESS

4th Floor, Channel House
Green Street
St Helier
Jersey

PRINCIPAL LOCATIONS

Poland
Atrium Poland Real Estate Management Sp. z o.o.
Ostrobramska 75C, Staircase no 2, 4th floor, 04-175
Warsaw

Czech Republic
Atrium Czech Real Estate Management s.r.o.
Vinohradská 2828/151, 130 00
Praha 3- Žižkov
Prague

The Netherlands
Atrium Group Services B.V.
World Trade Center, I tower, Strawinskylaan 1959
1077 XX Amsterdam

Cyprus
Atrium Holding 1 Limited
1, Christaki Kranou, Germasogeia 4047
Limassol

Russia
OOO Manhattan Real Estate Management
JAVAD Business Centre, The Triumph Palace
Chapaevskiy pereulok, Building 3, RU-125057
Moscow

HOW TO CONTACT US

Website: www.aere.com
Analysts & Investors : ir@aere.com
Media: atrium@fticonsulting.com
General enquiries: atrium@aere.com

Cover photo: Atrium Promenada, Warsaw, Poland


SPORT