ATRIUM
European Real Estate

ANNUAL FINANCIAL REPORT 2020

LEADER IN CENTRAL EUROPEAN SHOPPING CENTRES

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

In last year's annual report, I outlined Atrium's ongoing positive operational and financial performance for 2019 and the extensive work undertaken by the Board and management to ensure that the Company's future strategy continued to deliver long term sustainable income returns for shareholders. To that end, we set out an expanded strategy to grow the business and take further advantage of the wider societal themes that are influencing how we shop, work, live and play by diversifying our portfolio to include the residential for rent sector.

At that point we had no foresight of what 2020 would bring or the impact that the COVID-19 pandemic would have on societies and economies around the globe. The pandemic has meant that the Atrium team's main focus for the last 12 months has been on stabilising our portfolio, supporting our occupiers and ensuring that the balance sheet has maintained its strength.

On behalf of the board, I would like to express my gratitude for all the hard work put in by our colleagues throughout the Company in the face of what has been a very challenging period. By acting quickly and proactively, from both an asset management and corporate perspective, the Company remains in resilient shape and well positioned, as we hopefully emerge from this difficult situation.

Against the unprecedented backdrop of the past year and in light of the closures across our portfolio as a result of government enforced measures, it is no surprise that portfolio income was negatively impacted. However, it is encouraging to see that, on a like-for-like basis, the impact was less severe in our key markets of Poland and the Czech Republic and that EBITDA margin was stable at 86%.

Further progress was also made in rotating non-core assets out of the portfolio, with the sale of five secondary assets, as well as a shopping centre in Duben, Slovakia, and two land plots in Poland and Romania. As a result, 85% of our portfolio exposure now comprises Polish and Czech assets and their capital cities make up just over half of the total portfolio.

The extensive work undertaken over the last number of years on our portfolio repositioning, and of course on the balance sheet, has been a major factor in our resilience over the last 12 months. I have written on many occasions of the importance of staying ahead of trends impacting the retail sector and of changing consumer habits, so that we can continue to deliver on behalf of all our stakeholders and ultimately, ensure that our returns are sustainable over the long term. It was this thinking that formed the strategy we outlined to you this time last year and the pandemic has significantly increased the relevance of our approach and further strengthened our conviction in its merit.

The trends that underpinned our decision to expand the portfolio into residential for rent were the rapidly evolving retail environment, increased penetration of ecommerce, urbanisation and blending of work and leisure time, all of which have been meaningfully accelerated by the pandemic's fallout.

In order to ensure we are best positioned to benefit from these socio-economic trends, we will invest in our assets to densify them with non-retail elements, which will help create self-sufficient and sustainable '15 minute' neighbourhoods that are attractive and interesting places to live, to work and to enjoy down time. Alongside this, we intend to build a portfolio of modern, purpose built residential for rent properties in major cities in our core geographies. Our primary focus for this strategy will be on Warsaw, which offers attractive entry yields for long term value creation and potential rental growth, and where possible, we will look to build on or adjacent to our existing retail properties, providing mutually beneficial densification and creating our own neighbourhood destinations. We have a long, deep rooted experience of operating in Poland and Warsaw, with an expert team on the ground and a commensurate understanding of the demographic trends.

Ultimately, by 2025, we plan to deliver a portfolio that has a 60/40 retail to residential split, resulting in a resilient prime retail portfolio balanced with a first-class residential portfolio which will generate high quality income streams on behalf of shareholders.

The events of the last year have also sharpened focus on the critical importance of good corporate citizenship, which we firmly believe is integral to our ability to deliver a sustainable long term performance. I'm pleased that Atrium has a strong track record in this regard and, in line with that, this year we have announced a refreshed set of ESG targets for the next decade.

It is important to us at all times, but particularly at times of stress, that we are a positive force in the communities in which we operate and make a real contribution to society. Throughout the pandemic we have been active across our localities supporting local hospitals, nursing homes and medical workers with provision of PPE and testing programmes. Over the coming years we will extend these efforts even further with dedicated programmes for our occupiers and communities, building relationships and acting as a force for good.

As we hopefully emerge from the worst of the pandemic, Atrium is well placed, strategically, operationally and financially to benefit from economic recovery. The International Monetary Fund currently expects the EU and Emerging Europe to recover back to pre-pandemic levels in 2021 with growth of 3.7% and 4.2%, respectively. However, the immediate outlook remains uncertain at this point in time, with many countries still in lockdown to varying degrees and little clarity around when these restrictions might be lifted. While vaccination programmes are being rolled out, they are unlikely to generate economic benefits until at least the second half of the year, when a sufficient share of the population have been vaccinated and governments feel confident enough to relax restrictions.

But we are moving much closer toward the end of this difficult time and towards being able to fully refocus on the deployment of our corporate strategy, and the long term future of the Company.

In the meantime, I wish you all the best of health and thank you for your continued support.

Sincerely,

Chaim Katzman

GROUP CHIEF EXECUTIVE'S STATEMENT

"DURING THOSE PERIODS WHEN GOVERNMENT RESTRICTIONS WERE EASED, FOOTFALL AND SALES LEVELS RAPIDLY RETURNED TO NEAR PRE-COVID-19 NUMBERS. I AM THEREFORE CONFIDENT THAT WE REMAIN IN A STRONG POSITION TO BENEFIT FROM A RETURN TO 'NORMALITY' GIVEN OUR FOCUS ON HIGH QUALITY PRIME ASSETS IN STRONG URBAN LOCATIONS AND CAPITAL CITIES. THIS WILL BE FURTHER ENHANCED BY OUR PLANS TO DENSIFY OUR ASSETS WITH RESIDENTIAL FOR RENT TO HELP CREATE SELF-SUFFICIENT AND SUSTAINABLE '15 MINUTE' NEIGHBOURHOODS AND THE IMPORTANCE WE PLACE ON ASPIRING TO BE LEADERS IN CORPORATE CITIZENSHIP, HAVING TAKEN CONSIDERABLE STEPS IN THE LAST NUMBER OF YEARS TO FURTHER IMPROVE OUR SUSTAINABILITY PERFORMANCE"

2020 RESULTS

It goes without saying that, with the exception of the first couple of months of the year, 2020 was shaped by the COVID-19 pandemic and its impact on the global economy and all of our day-to-day lives, with lockdown measures enacted by national governments worldwide to control the spread of the virus and to alleviate pressure on exposed and strained health systems.

In the face of these unprecedented challenges, our focus throughout has been on supporting our customers, our staff and their families. We installed COVID-19 safety measures throughout our centres to build consumer confidence and ensure safe shopping was possible whenever the centres were able to open.

We also responded proactively and quickly from a corporate perspective, putting a clear action plan in place to reduce costs and preserve cash. Cumulatively, this enabled us to save over €110 million of cash through a range of initiatives including reducing non-essential capital expenditure, postponing planned redevelopments and introducing a voluntary scrip dividend from the second quarter onwards. Operationally, we placed a huge emphasis on working with our tenants to help them through the crisis. Through this active asset management we were able to support our retailers and secure lease prolongations while maximising rent collection.

These decisive actions mean that our financial position remains solid and offers flexibility, which is reflected by a net LTV of 38.6% and around €270 million of liquidity at year end. To further enhance this, we successfully completed repurchases of €226 million of the outstanding 2022 bond series during the year, while tapping around €200 million of the 2025 note series, which also allowed us to reduce our cost of debt and extend expiry dates. This activity continued into 2021, with a further €78 million bond buy back and the launch of our first ever green bond, raising €300 million under our EMTN programme. At the same time, we have also maintained both our investment grade ratings, with Fitch reaffirming our BBB status in January 2021, which I believe is a positive endorsement of the strength of the Company's financial position and it's strategy against such an uncertain broader economic backdrop.

Atrium's portfolio comprised 26 standing assets with a total value of €2.5 billion at the year end. As a result of our portfolio repositioning strategy, the average value of

Atrium's assets has grown significantly over the past few years to c. €94 million, reflecting our focus on larger, better quality centres that offer long term sustainable revenue. This is slightly lower than the c. €100 million average value reported last year, due to the €193 million devaluation reflected in this year results.

Our CE region portfolio proved to be more resilient, devaluing by 5.9% compared to 7.2% for the Group. The primary driver for valuations changes in our core markets was yield expansion of approx. 30 basis points and reflecting around 73% of the valuation change. There were no material changes from ERVs or income drivers. The combination of yield expansion based on the external appraisal's view of market sentiment together with Russian Ruble changes accounted for above 93% of the valuation change for the year.

Net rental income for the year was €138.9 million, a reduction of 21.3% compared with the same period last year. Rental income was obviously impacted by the fact that in response to the pandemic our centres were closed for about 3.4 months of the year, other than for necessities. In some countries closures were subject to government enforced rental moratoriums, new rental structures and/or deferrals, as described later in this report.

On a like-for-like NRI basis the decrease was more muted, particularly in our key markets of Poland and the Czech Republic, where the decrease was only 14.3%, versus 15.4% across the whole Group.

This impact flowed through to the Group's EBITDA, which decreased 22.6% to €118.8 million, although the EBITDA margin remained stable, with a minor decrease to 86%, assisted by the cost saving initiatives we put in place.

PORTFOLIO MANAGEMENT

In the face of the pandemic, we shifted the emphasis of our asset management and leasing activity to focus more on immediate short term temporary issues, whilst also keeping in mind our wider goal of providing a compelling mix of tenants, that will appeal to our customers and drive sustainable cash flows over the longer term. After health and safety, the three main priorities were working with our retailers to help them through the lockdowns, maintaining occupancy and preserving cashflow until our centres can be fully operational again. I'm pleased that as a result of these efforts, our occupancy levels were solid at 92% at year end. This required a higher level of leasing activity than in a typical year with 2,080 leases and amendments undertaken – up from 1,022 in 2019 – representing approximately €50.0 million of annualised rental income. Our short term lease expiry outlook is positive with only 25% of units scheduled for renewals in the next 24 months.

Furthermore, after adjusting for deferrals, we have collected around 97% of rent due for the year. Positive tenant engagement has been critical to achieving this.

The pandemic also accelerated take up of the Atrium Connect occupier app that we launched in 2019. Over the year it has been rolled out to 14 of our assets where it is now used by 98% of the tenants on a daily basis. Atrium Connect has enabled us to connect directly to and maintain a regular dialogue with all our occupiers, providing us with an invaluable communication platform.

The pandemic also further progressed the evolution of Atrium's relationships with its retail clients. This was especially focused on changes to leasing structures that allow many of our partners to better embrace changing consumer habits and e-commerce. Our new leases now include click & collect, e-commerce and higher turnover rent components, allowing us, as landlords, to participate in the omnichannel retailing of our customers.

Despite the challenging environment, the Group has made further progress with it's portfolio repositioning strategy through the disposal of non-core assets. In Poland, we sold five secondary assets, as well as a shopping centre in Duben, Slovakia, and two land plots in Poland and Romania respectively. In total, the Group monetised €78 million through sales of non-core assets. Our Polish and Czech exposure now comprises 85% of the total, with 80% of the Czech portfolio located in Prague and 59% of our Polish portfolio concentrated in Warsaw, meaning these two capital cities make up just over half of the total portfolio.

Whilst the outlook for 2021 remains uncertain, with many countries recently reinstating partial lockdowns, vaccine rollouts are underway. We are hopeful that these will begin to generate economic benefits during the course of the year, when a sufficient share of the population has been vaccinated and governments feel confident enough to relax restrictions.

I am confident that we remain in a strong position to benefit from a return to 'normality' as a result of our long term strategy to focus on high quality prime assets in strong urban locations and capital cities, with an emphasis on Warsaw and Prague.

ECOMMERCE

The combination of changing consumer behaviour and the rise of ecommerce remains fundamental considerations in our strategy deployment. The retail industry continues to transform as online retail grows, accelerated by the COVID-19 pandemic, as lockdowns pushed more consumers to shift their shopping habits online, many for the first time. However, we noted that while online sales naturally spiked when COVID-19 restrictions were at their most stringent, they quickly regressed to near normal levels as controls were eased.

Physical retail still has an important role to play and for a number of years we have had a sharp focus on ensuring that our shopping centres are constantly adapting their services and tenant offerings to meet changing consumer demands and continue to attract customers. Dominant centres in prime urban locations with an offering that is tailored to serve their local communities are generally more resilient to internet penetration and are able to maintain stronger footfall levels.

In our own centres we saw first-hand evidence of this during those periods when government restrictions were eased and footfall and sales levels rapidly returned to near pre-COVID-19 numbers.

PORTFOLIO STRATEGY

The key objective underpinning our portfolio strategy is to ensure that we continue to deliver sustainable income growth. To this end, we are continuing to progress with the rotation of our retail portfolio towards prime dominant centres in key urban locations and our diversification into the residential for rent sector.

In order to further increase the resilience of our assets to changes in the retail landscape we will invest to densify them with non-retail elements, in particular residential for rent. Alongside this, we are focused on building a portfolio of modern, purpose built residential for rent properties in major cities in our core geographies, with a primary focus on Warsaw which offers attractive entry yields for long term value creation and potential rental growth.

We have long, deep rooted experience of operating in Poland and the Czech Republic, with an expert team on the ground and a commensurate understanding of the demographic trends. Ultimately, by 2025, we plan to deliver a portfolio that has a 60/40 retail to residential split and it is our conviction that a resilient prime retail portfolio balanced with a first-class residential portfolio will generate high quality income streams on behalf of our shareholders.

ESG

I have already mentioned the launch or our first green bond early in 2021. This forms part of our Green Financing Framework, which integrates our sustainability commitments through achievement of BREEAM certification into our financing activities and is just one of a number of initiatives that reflect the importance we place on aspiring to be leaders in corporate citizenship in the countries where we operate. We have taken considerable steps in the last number of years to further improve our sustainability performance.

Over 60% of our assets and 75% of our core assets that are in scope for green building certification have been BREEAM certified ‘Very Good’ or higher and all our core assets should have received this BREEAM certification by the 2021 year end.

We take our role in our communities very seriously and this year refocused our efforts on helping them deal with the pressing issues related to the pandemic, by supporting local hospitals, nursing homes and medical workers with provision of PPE and testing programmes. We also adapted the more enjoyable elements of our community programme by taking many of our customer events, including language and cooking classes, online.

I would like to conclude by thanking all our colleagues across the Company, who have shown great resilience in the face of significant challenges during the last 12 months. Without their hard work and dedication we would not be in the strong position that we are, ready to emerge from this pandemic and continue with the evolution of our strategy against a recovering market backdrop.

Sincerely,

Liad Barzilai

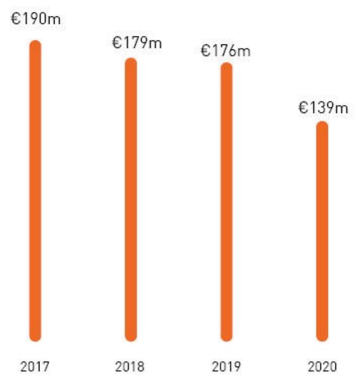
RESULTS HIGHLIGHTS

STANDING INVESTMENTS[1]

BOND AND LOAN MATURITIES[3]

Next bond repayment is not due until October 2022

NET RENTAL INCOME[1]

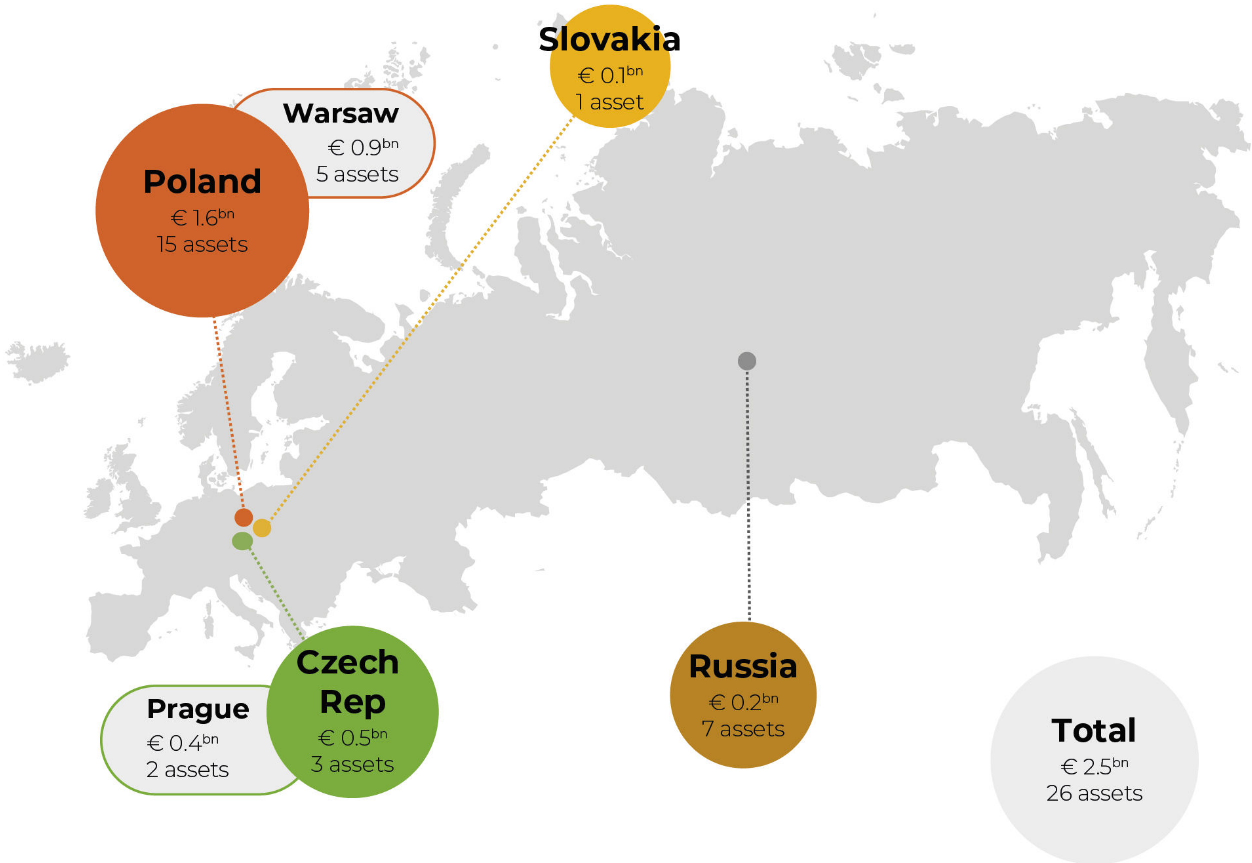


EBITDA AND COMPANY ADJUSTED EPRA EARNINGS

1 Including a 75% stake in assets held in Joint Ventures
2 The Occupancy rate, shown above, is defined as 100% less EPRA vacancy
3 As at 03/03/2021

OUR BUSINESS

STANDING INVESTMENT PORTFOLIO SPREAD



	Portfolio Market Value	Number Of Assets	Number Of Countries	Average Asset Size in GLA	Average Asset Value
31.12.2020	€ 2.5bn	26	4	31,000sqm	€ 94m
31.12.2014	€ 2.6bn	153	7	9,800sqm	€ 17m

KEY PERFORMANCE INDICATORS

KEY FIGURES OF THE GROUP	Unit	2020	2019	Change %/ppt
OPERATIONAL FIGURES				
Net rental income	€'000	138,878	176,448	(21.3%)
EPRA like-for-like net rental income	€'000	98,905	116,922	(15.4%)
Operating margin	%	89.9	94.2	(4.3%)
EBITDA[1]	€'000	118,793	153,572	(22.6%)
Company adjusted EPRA earnings	€'000	74,265	106,016	(29.9%)
EPRA Costs ratio (including direct vacancy costs)	%	25.2	19.5	5.7%
FINANCIAL FIGURES				
Profit (loss) after taxation for the year	€'000	(142,420)	84,426	
Cash and cash equivalents	€'000	55,221	126,851	(56.5%)
Net cash generated from operating activities	€'000	45,984	95,304	(51.8%)
Total assets	€'000	2,872,602	3,204,347	(10.4%)
Equity	€'000	1,545,900	1,766,014	(12.5%)
Borrowings	€'000	1,104,857	1,186,756	(6.9%)
LTV (net)[2]	%	38.6	35.1	3.5%
PORTFOLIO FIGURES				
Number of standing investment assets[2]	Number	26	26	
Standing investments at fair value[2]	€'000	2,450,661	2,625,423	(6.7%)
Net equivalent yield (weighted average)[2]	%	6.6	6.4	0.2%
Occupancy rate[3]	%	92.3	97.0	(4.7%)
Redevelopments at fair value	€'000	87,825	89,180	(1.5%)
Land at fair value	€'000	160,427	176,913	(9.3%)
Revaluation of standing investments[4]	€'000	(188,690)	(1,725)	
Revaluation of redevelopments and land	€'000	(18,994)	(8,058)	
PER SHARE FIGURES				
IFRS Earnings per share	€cents	(37.3)	22.3	(267.3%)
Company adjusted EPRA earnings per share	€cents	19.5	28.0	(29.9%)
Dividend per share	€	0.27	0.27	-
EPRA NRV per share	€	4.25	4.98	(14.7%)
Share price end of year	€	2.51	3.45	(27.2%)

1 Excluding revaluation, disposals, impairments, corporate fees and other costs.
2 Excluding assets held for sale representing 5 assets in Poland and 1 asset in Slovakia as at 31 December 2019
3 The above Occupancy rate is defined as 100% less EPRA vacancy excluding assets held for sale representing 5 assets in Poland and 1 asset in Slovakia as at 31 December 2019
4 Excluding 5 assets in Poland sold in July 2020

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

CONTENTS

1

GROUP MANAGEMENT REPORT


MARCIANO
GUESS
MARCIANO
your rituals

OPERATING ACTIVITIES

OUR MARKETS

Our Markets

	Poland			Czech			EU Average			Western Europe		
												
	2019	2020 (Current)	2021 F	2019	2020 (Current)	2021 F	2019	2020 (Current)	2021 F	2019	2020 (Current)	2021 F
GDP growth	4.1%	(2.8%)	3.7%	2.3%	(5.0%)	5.0%	1.3%	(6.4%)	3.7%	2.7%	(4.9%)	2.9%
Retail spend growth	5.9%	(1.0%)	6.8%	4.5%	(3.0%)	6.5%	1.5%	(5.8%)	4.6%	1.4%	(5.7%)	3.9%
Unemployment	3.3%	6.2%	6.6%	2.0%	4.0%	4.8%	6.5%	7.5%	8.4%	4.7%	6.6%	7.1%
Inflation	3.4%	2.4%	1.6%	3.2%	2.3%	2.2%	1.6%	0.2%	1.5%	1.6%	0.2%	1.4%

Since early 2020 the world has been engulfed by a health crisis of historic proportions as COVID-19 gradually spread around the globe. Governments responded with lockdown measures to control the spread of the pandemic and to alleviate pressure on exposed and strained health systems and these have had a significant knock-on impact on the global economy.

In the beginning of 2020, the International Monetary Fund expected the EU and Emerging Europe to grow 1.2% and 2.8%, respectively. As the year came to an end, these same territories had contracted by 6.4% and 1.7%, respectively, a sharp fall from early expectations.

As 2020 ended and the New Year began, many countries reinstated partial lockdowns to protect their populations from the continuing spread of COVID-19. These restrictions may now have to be tightened or kept in place for longer than anticipated. The outlook for 2021 therefore remains highly uncertain. While vaccine rollouts are underway in numerous countries, they are unlikely to generate economic benefits until the second half of the year, when a sufficient share of the population has been vaccinated and governments feel confident enough to relax restrictions. The European Commission and the International Monetary Fund currently expects the EU and Emerging Europe to recover back to pre-pandemic levels in 2021 with growth of 3.7% and 4.2%, respectively.

Taking a closer look at the markets in which we operate, potential lengthy trading and health restrictions are likely to mean that activity in Central Europe remains depressed for longer than previously anticipated, albeit in gradually lessening stages of severity. COVID-19 vaccination efforts are underway in Poland, the Czech Republic and Russia, with the first batch of doses having been administered during December 2020.

Poland

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

The extension of the restrictions related to COVID-19 will keep economic activity depressed in Q1 2021, but the vaccine rollout, a gradual easing of restrictions, monetary and fiscal support and structural advantages are all expected to help economic activity to rebound from Q2 onwards, with projecting GDP to grow 3.7% in 2021.

Poland benefits from both strong domestic demand and its strategic position between Eastern and Western Europe. Warsaw is Poland's most affluent city, driven by outstanding demographic fundamentals, higher salaries and lower rates of unemployment. The unemployment rate in Poland has been structurally low at around 3%, but, as with most economies, is expected to be impacted by the COVID-19 crisis. Forecasters now predict an increase to over 6% in 2021, still considerably lower than EU average of 8.4%.

There are nearly 570 shopping centres in Poland, totalling 12 million sqm GLA, with a further 305,000 sqm currently under construction. Turnover in shopping centres pre-pandemic reached close to €30 billion in 2019, representing nearly 6% of Poland's GDP.

Due to the lockdowns, footfall and tenant sales between January and October 2020 declined across Poland, reaching 75% and 77% of 2019 levels respectively. Towards the end of December 2020, footfall was around 45% of 2019 levels due to renewed restrictions. At the same time, landlords were heavily impacted, losing around €1 billion, or close to 35%, of their 2019 annual revenue in the first lockdown alone, with figures expected to worsen as the second and third lockdowns are accounted for fully.

Poland is not a major player in the European e-commerce market, though it made headway during 2020, as restrictions closed down most of the bricks and mortar shops for extended periods of time. The share of online retail sales increased from 5.6% in January to 9.1% in December 2020 and fluctuated according to the restrictions in place, before returning rapidly to around 6.5% when the shops reopened. Online spending reached close to €10 billion in 2020, nearly €2 billion, or 20%, more than in 2019. Business to consumer e-commerce is forecast to grow at a CAGR of 10.6% between 2019 and 2023.

Czech Republic

The Czech Republic followed a similar pattern as Poland, with COVID-19 restrictions leading to a contraction in GDP of 5% in 2020.

GDP is projected to grow 5% in 2021, with economic activity expected to rebound from Q2 onwards as an increasing level of the population is vaccinated.

The unemployment rate in the Czech Republic had fallen to a near record low of 2% in 2019, but due to the economic fallout from the pandemic, is now forecast to increase to nearly 5% in 2021. However, Prague, Czech Republic's capital and leading city, which accounts for nearly 25% of GDP, is expected to maintain employment at a higher rate than the rest of the country.

There are 2.5 million sqm of shopping centre GLA in the Czech Republic, with a further 160,300 sqm of GLA under construction. Due to the pandemic restrictions, footfall and tenant sales in 2020 declined, reaching 75% and 80% respectively of 2019 levels.

E-commerce penetration in the Czech Republic was already one of the highest in Europe with the share of online sales increasing further from 16.9% in January to 36.5% in November 2020, as a result of the pandemic. As with Poland, online sales spiked when COVID-19 restrictions were at their most stringent, but quickly regressed close to normal levels as they eased. Online spending rose by 26% year-on-year to €7.5 billion in 2020, and is forecasted to grow at a CAGR of 10.8% between 2019 and 2023.

Russia

The Russian economy contracted in 2020, with GDP declining 3.5% due to the economic fallout of the pandemic. In comparison with other emerging European countries, the restrictions in Russia were less expansive and started later in the year, while other countries went through complete second and third lockdowns, it opted for a strategy consisting of regional restrictions rather national lockdowns.

The Russian rouble depreciated further by c.30% during 2020, mainly due to a combination of the COVID-19 pandemic, constantly expanding anti-Russian sanctions and a plunge in oil prices. As 2021 starts off with higher Brent crude oil prices and a stronger global risk appetite, the local currency may benefit.

Russia is better placed than most emerging markets in terms of access to and distribution of vaccines. Moreover, the structure of the economy and a tight fiscal stance means the boost may be smaller than elsewhere, with GDP projected to grow 3.5% in 2021.

While the unemployment rate was above 4%, but falling prior to the pandemic, it is now forecast to be over 5% in 2021. Furthermore, real wages have fallen over time.

Due to the pandemic restrictions, footfall in Russia reached to approximately 75% of 2019 levels, with sales declined to around 60% in F&B and entertainment and c. 85% in fashion of 2019 levels.

Russia online retail penetration increased throughout the pandemic, rising from 6% of total retail sales in 2019 to around 9% in 2020. Russia was among the five fastest growing online markets in the world in 2020, with online spending increasing by 45% year-on-year to €28 billion. Even though long distances, logistics and poor infrastructure are big challenges for the development of e-commerce in Russia, market research reports forecast the expansion of the local market at a CAGR of 33.2% between 2020 and 2024.

OUTLOOK

The surge in infections and the containment measures led to a softer than expected start to 2021. Uncertainties about the effectiveness and durability of vaccines, as well as the difficulties associated with manufacturing and distribution will dictate how quickly the economy recuperates.

With coronavirus vaccination efforts underway, 2021 promises to be a much better year for both the health of society and a rebound of the economy. Research reports estimate that our markets in CE region will grow, on average, 4.1% and 3% in 2021 and 2022, respectively.

Sources: ***Capital Economics, CBRE, Cushman & Wakefield, Czech Statistical Bureau, Data Insight, Euromonitor International, International Monetary Fund, JP Morgan (E-commerce payments trends), PwC, Reuters, Santander (Trade Markets), Statista, Trading Economics, World Bank Group, European Commission.***

COVID-19 UPDATE - OUR MARKETS

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 16% of the Group's operating GLA and 24% of the Group's base rental income. The Group's NRI decreased by -21.3% or €37.6 million, of which €49.3 million was the COVID-19 cash impact.

The first wave of restrictions was lifted in early May, with our operating GLA increasing from 21% during the first lockdown to 98% at the end of September.

The positive momentum in performance seen in the third quarter following the lifting of restrictions from May 2020 was hindered yet again as governments reinstated restrictions due to the increasing number of COVID-19 cases. A second wave of restrictions began in October 2020, with the Czech Republic announcing a new lockdown from 22 October 2020 and Poland from 7 November 2020. The second lockdown period was shorter than the first, with Poland reopening on 29 November 2020 and the Czech Republic on 3 December 2020.

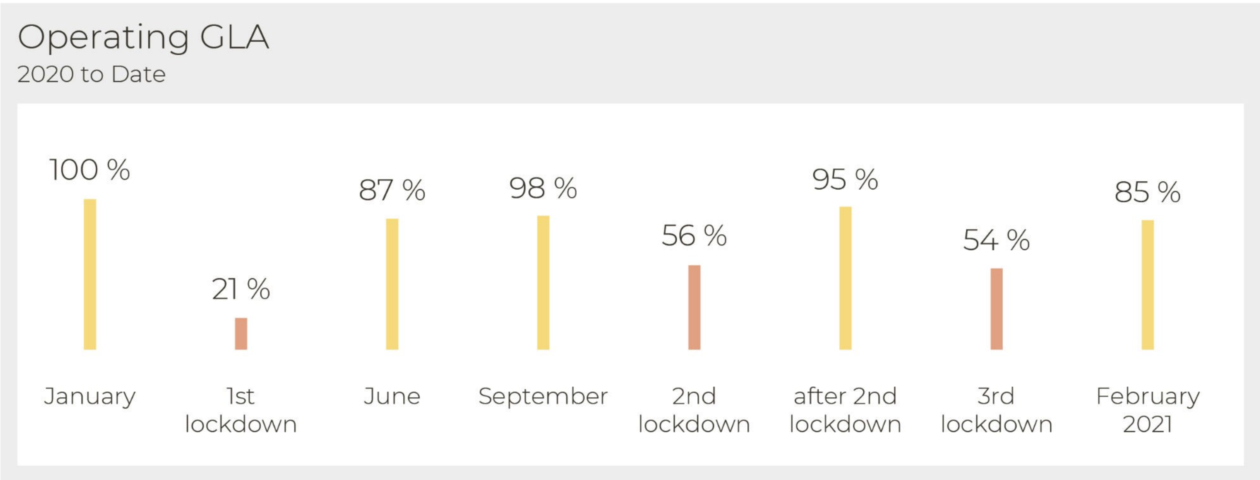
After restrictions of the second lockdown were eased, COVID-19 cases increased, which led the governments of Poland, the Czech Republic and Slovakia to enforce a new set of restrictions from the end of December 2020. These saw shopping centres close again, with the exception of essential services, and ran into the first quarter of 2021.

Coronavirus vaccination efforts are underway in Poland, the Czech Republic, Slovakia and Russia, with the first batch of doses being administered during December 2020.

On 1 February 2021, all our shopping centres in Poland were allowed to reopen. The Czech Republic and Slovakia are still closed due to the 3rd lockdown. **As of today 86% of the Group's operating GLA is open.**

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. 97% of rent due for the year has been collected as of 24 February 2021. The uncollected amount is partially covered by bank guarantees and deposits with an overall credit risk of c. 3%.

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
Ended on	1-Feb	Closed	Closed	N/A



ACTIONS TAKEN BY ATRIUM

The Group responded proactively and quickly to the impact of COVID-19, putting the following action plan in place:

Management focus

- Maintaining all health and social distancing requirements in order to build up consumer confidence and ensure safe shopping;
- Proactive asset management initiatives to maintain stable occupancy - short term tenant support in exchange for lease prolongations, click and collect incorporation amongst others;
- Extension of the Group's average debt maturity to over five years and average cost of debt 2.8% as a result of bond refinancing.

Cash conservation

- 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 €32 million of cash in 2020;
- Significant reduction in non-essential capital expenditure of approximately €15 million for 2020, approximately €3 million reduction in operational costs and €2 million in administrative costs;
- Approximately €60 million of planned investment in redevelopments for 2020 postponed to 2022/2023;
- In June 2020, a successful bonds buy back of €217.8 million of the outstanding 2022 bonds and issuance of €200 million of notes due in 2025; and
- In February 2021, an issuance of Atrium's first green bonds of €300 million maturing in September 2027, carrying a fixed coupon of 2.625% while tendering €78.2 million of the outstanding 2022 bonds.

Atrium has a strong financial position which is presented by:

- A cash balance of €178 million as of 1 March 2021 and credit facilities of €300 million;
- The next bond repayment is not due untill October 2022;
- 71%/€1.7 billion of unencumbered Standing investments; and
- A net LTV of 38.6%.

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. On 4 May 2020 most restrictions were eased and all shopping malls were able to reopen. During 7 November to 29 November and 28 December 2020 to 31 January 2021, similar restrictions and legislation were imposed with rental and service charge relief subject to lease extensions.

The Group estimates that on average approximately 85% of the tenants will apply for the relief options. The average lease term of our Polish portfolio increased from 4.8 years as at 31 December 2019 to 4.9 years as of 31 December 2020.

As of today, the restrictions have been lifted on the majority of the tenants and 90% of the Group's operating GLA in Poland is open.

The Czech Republic

In May 2020, the Czech government approved a rent subsidy programme ('Rent Subsidy I') for businesses that were affected by the pandemic and where relevant restrictions were enforced. The programme aimed to share the burden of the restrictions between all stakeholders, while ensuring that the landlord receives 70% of rent due from impacted units. To achieve this the state paid 50% of the tenants' rent for the period 1 April until 30 June 2020, capped at CZK 10 million per tenant, with the tenant paying the landlord 20% of the rent due while the remaining 30% being in the form of discounted rent granted by the landlord. The first lockdown commenced on 14 March 2020 and restrictions were eased on 11 May 2020 when all shopping malls were able to re-open.

Following the second lockdown which commenced on 22 October, the Czech government introduced an additional subsidy programme ('Rent Subsidy II') for which the state will cover 50% of the rent for the closed period based on Q3 2020 contractual rent, subject to the tenant's obligation to first pay 50% of the rent for the relevant period. This programme did not require the participation of the landlords. On 3 December, the restrictions were eased and all shopping malls were able to re-open, with the exception of food courts which were open for take-away services only. Cinemas and other entertainment have remained closed since early October.

On 27 December 2020, the restrictions were reinstated and as of 3 March 2021 the lockdown is still in force. An associated subsidy ('Rent Subsidy III') was approved, where the state will pay 50% of the rent for the closed period based on Q4 2020 contractual rent, with the tenant paying the balance. The participation of landlords was not required.

Due to the supportive subsidy programmes introduced by the Czech government, GRI for the year decreased by only 3.4%.

As of today, 53% of the Group's operating GLA in the Czech Republic is open.

As of 31 December 2020, the Group estimates that approximately 80% of the tenants will utilise the various rent subsidy programmes.

Slovakia

In June 2020, the Slovakian government 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 benefit from the subsidy scheme. The financial compensation will be equal to the amount of the discount, up to a maximum of 50% of rent for the period affected by the restrictions. In the event that the discount will be lower than 50%, the remaining part of the rent due will be repaid throughout a maximum period of 48 months in 48 equal monthly repayments. Tenants that choose not to participate in the rent subsidy programme were able to defer rental payments for the enforced closed period until December 2020. The restrictions commenced on 15 March and were eased on 20 May, allowing all shopping malls to re-open.

From 24 October 2020, Customers were restricted to basic shopping necessity unless they showed a negative COVID-19 test result. The majority of restrictions were eased on 8 November 2020. Cinemas and entertainment operators have been either fully closed or severely restricted since 15 October 2020.

For the period of limited operation from 15 October 2020 to 15 December 2020, a second rent subsidy program was launched. The period of restricted use differs according to each branch. The framework for the second rent subsidy is in accordance with the first subsidy programme launched earlier this year, where the financial compensation from the Slovakian Government is equal to the amount of the discount granted by the landlord, up to a maximum limit of 50% of rent.

On 19 December 2020, the restrictions were reinstated and as of 3 March 2021 the lockdown is still in force.

As of today, 33% of the Group's opeating GLA in Slovakia is open.

As of 31 December 2020, the Group estimates that the vast majority of the tenants will utilise the rent subsidy programme.

Russia

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

In addition, a new law came into force in Russia in June 2020 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 request 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. As of the reporting period, 8%[1] of the tenants in Russia terminated the lease agreements as a result of the legistlation.

Between 1 June 2020 and 1 August 2020, the restrictions were gradually eased throughout Russia, allowing shopping malls to re-open. No further restrictions were imposed in Russia after 1 August 2020.

As of the date of this report, 98% of the Group's opearting GLA in Russia is open.

INCOME PRODUCING PORTFOLIO

As at 31 December 2020, Atrium's income producing portfolio comprised 26[2] standing investment properties with a market value of €2.5 billion[2]. This portfolio had a total gross lettable area ("GLA") of approximately 0.8 million sqm and in 2020 produced a gross rental income ("GRI") of €154.5 million[2].

As a direct result of our portfolio repositioning strategy, the Polish and Czech portfolios now make up 85% of the total market value of the portfolio. 80% of the Czech portfolio is located in Prague and 59% of the Polish assets are concentrated in Warsaw, meaning these two capital cities make up **38% and 17%** of the total protfolio, respectively.

24 of the Group's assets owned at the year end were shopping centres, 15 of which were large scale centres comprising around 30,000 sqm or more of GLA. The other 9 ranged in size from between 10,000 sqm and 30,000 sqm of GLA. The two other assets are smaller-scale properties leased to a variety of retailers ranging from food to do-it-yourself stores. As a result of the portfolio repositioning strategy the average value of Atrium's assets has grown significantly and was €94 million at the year end compared to €17 million in 2014.

Ensuring that Atrium's centres have a healthy tenant mix anchored by food, fashion as well as leisure and entertainment brands which are tailored to its local environment remains a key element of the Group's asset management strategy. This approach increases the resilience of the portfolio by allowing it to both meet the every-day needs of consumers while at the same time be positioned as an attractive destination. This combination is fundamental to driving footfall and generating additional income and value in a changing retail market.

The 2020 COVID-19 pandemic accelerated Atrium's push to change its relationship with its retailers in order to adapt to and embrace the changing commercial universe. 7% of new leases now include click & collect and e-commerce clauses allowing Atrium to participate in online sales. Further 16% of leases includes higher turnover rent components allowing landlord to participate in omnichannel retailing of our customers in exchange for short term tenant support in 2020. Nevertheless, turnover rent still remains low below 3% of the Group's GRI during the year. In 2021 the focus will continue to drive these initiatives and include ESG and Sustainability in the conversation with our occupiers.

During 2020, Atrium made further progress with its portfolio repositioning strategy of moving towards large, high quality assets, in strong urban locations and capital cities with emphasis on Warsaw and Prague and through the disposal of non core assets. The Group disposed of five secondary assets in Poland, as well as a shopping center in Duben, Slovakia and two land plots in Poland and Romania. In total, the Group monetised €78 million from the sale of non core assets during the year. Given the economic climate that dominated the market in 2020 and lack of liquidity, this continuation of the Group's strategy demonstrates both

1 calcualted as a precentage of Russia's annualised base rental income

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

Atrium's commitment to a resilient and high quality portfolio and the management's ability to tackle the COVID-19 crisis with limited compromise to its asset rotation strategy.

The market value of the Group's standing investments in Russia represented only 9.7% (31 December 2019: 10.9%) of the total market value of standing investments at the year end.

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

Standing investments[1]	No. of properties	Gross lettable area	Market value		Revaluation	Change
	2020	2020	2020	2019	Like for like	2020 Like for like
Country		in thousand sqm	€ million	€ million	€ million	%
Warsaw	5	179	941	1,007	(70)	(7.0%)
Other Poland	10	254	642	689	(51)	(7.4%)
Poland	**15**	**433**	**1,583**	**1,696**	**(121)**	**(7.1%)**
Prague	2	69	409	418	(12)	(2.9%)
Other Czech Republic	1	21	102	104	(3)	(2.4%)
Czech Republic	**3**	**90**	**511**	**522**	**(15)**	**(2.8%)**
Slovakia	1	47	119	121	(2)	(1.4%)
Total CE	**19**	**570**	**2,213**	**2,338**	**(138)**	**(5.9%)**
Russia	7	239	238	287	(51)	(17.8%)
Total	**26**	**809**	**2,451**	**2,625**	**(189)**	**(7.2%)**

1 Including a 75% stake in asset held in Joint Ventures and excluding 5 assets in Poland sold in July 2020

As detailed earlier, across each of the markets in which we operate, we faced numerous government-enforced centre closures. While this created uncertainty, the data between re-openings and lockdowns has been positive with average footfall and sales returning to approximately 80% of previous year levels. This is evidence that the severity of the impact of the closures is short-lived. Looking forward to the stable opening and operating of our centres and a global vaccine roll out, the valuations assume that physical retail will return to "business as usual" without fundamental shopping behaviour shifts. As such, the valuations reflect the immediate COVID-19 impact with scope for continued growth in the future.

The loss from fair value adjustment of Standing Investments for the CE region amounted to €138 million (5.9%) and was driven by the uncertain market conditions due to COVID-19 as changes were detected in investor sentiments despite limited transactional evidence. As a result, yields were softened across most asset sectors, while prime assets performed better than non-prime by an average gap of 15 bps, demonstrating more resilience. The combination of yield shift in Poland and the Czech Republic together with FX volatility in Russia accounted for 93% of the devaluation while rental income changes accounted for only 7% or c. €15 million.

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

Standing investments[1]	Net equivalent yield (weighted average)[2]		EPRA Net initial yield (NIY)[3]	
Country	2020	2019	2020	2019
Warsaw	5.5%	5.2%	4.9%	4.7%
Other Poland	6.9%	6.5%	6.6%	6.3%
Poland	**6.1%**	**5.7%**	**5.6%**	**5.3%**
Prague	5.5%	5.1%	5.3%	5.0%
Oher Czech Republic	6.3%	5.8%	6.4%	6.2%
Czech Republic	**5.7%**	**5.3%**	**5.5%**	**5.3%**
Slovakia	6.8%	6.7%	7.2%	6.9%
Subtotal CE	**6.0%**	**5.7%**	**5.7%**	**5.4%**
Russia	12.6%	12.8%	11.4%	12.3%
Total	**6.6%**	**6.4%**	**6.2%**	**6.2%**

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

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

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

Yield shifts across Europe for prime retail shopping centre assets have been witnessed during 2020 (Poland +75bps, Czech +100bps)[3] with the gap between Western Europe and CE closing, as the discount previously seen for CE retails assets has reduced due to strong macroeconomic fundamentals.

3 Latest CBRE market yields (February 2021)

At 31 December 2020, the net equivalent yield of our assets in Poland and Czech Republic increased by c.30 basis points . The weighted average equivalent yield across the portfolio increased by 20 basis points.

EPRA net initial yield and EPRA "topped up" NIY remained stable at 6.2% and 6.5% respectively.

ACQUISITIONS AND DISPOSALS

During the year, the Group completed the following transactions:

In January 2020, the Group completed the sale of Atrium Duben shopping centre in Zilina, Slovakia with a total lettable area of approximately 47,100 sqm for €37.2 million.

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.

In August 2020, the Group completed the sale of a plot of land in Lublin, Poland for €5.6 million.

In December 2020, the Group completed the sale of a plot of land in Arad, Romania for €3.1 million.

OCCUPANCY

The following table provides the occupancy analysis by country on the basis of both EPRA and GLA:

	Occupancy rate		GLA Occupancy	
Country	2020	2019	2020	2019
Poland	92.5%	97.6%	93.0%	96.8%
Czech Republic	92.9%	96.7%	90.9%	95.4%
Slovakia	99.2%	100.0%	99.5%	100.0%
Russia	89.4%	94.9%	91.7%	96.6%
Total	**92.3%**	**97.0%**	**92.8%**	**96.8%**

Although lower than the 97% seen in 2019, Atrium's occupancy remained solid, despite the unprecedented challenges the Group faced, reflecting Atrium's efforts to support our tenants. Operating GLA recovered significantly post lockdowns in June, September and December while footfall showed an increasing trend in the months following the initial lockdown. Despite COVID-19 and the termination of the lease or departure of portion of our tenants, our leasing team remained committed and filled in 2% of the vacancies arising throughout the year.

LEASING ACTIVITY

Atrium's asset management and leasing activity in 2020 concentrated on a pro-active reaction to the COVID-19 pandemic and lockdown restrictions with the aim of reshaping relationships with tenants, maintaining occupancy and restoring centres to full operations once restrictions are lifted. This required significantly higher leasing activity than in a typical year and included signing 2,080 leases, amendments and COVID-19 driven legislation amendments (2019: 1,022 leases) during the year; 1,001 (2019: 784) of these leases were in previously occupied premises, 93 (2019: 238) leases vacant or newly restructured units and 986 were COVID-19 legislation amendments.

The 2,080 signed agreements represented approximately €50.0 million of annualised rental income at an average rent of €17.6 per sqm per month at passing rent which was 1.6% below previous passing income demonstrating resilience given the location of our portfolio, rather than to drive repositioning with tenant mix changes, which would otherwise have been expected to result in income growth and realising the ERV potential of the portfolio. New lease amendments signed this year mainly reflect short term tenants support not beyond 2020.

Leasing activity[1]	Unit	2020
Previously occupied (comparable units)		
Number of leases	Number	1,001
GLA leased	Sqm	216,719
New contracted monthly rental income per sqm	€	18.0
Prior contracted monthly rental income per sqm	€	18.3
Previously vacant/restructured units		
Number of leases	Number	93
GLA leased	Sqm	18,230
New contracted monthly rental income per sqm	€	12.8
Total New Leases		
Number of leases	Number	1,094
GLA leased	Sqm	234,949
New contracted monthly rental income per sqm	€	17.6

1 Excluding COVID-19 legislation amendments

LEASE EXPIRIES

The average lease length across the portfolio at the end of 2020 was 5.1 years (2019: 5.3 years). The decrease was mainly due to uncertainty following the pandemic with insufficient evidence of long term leasing trends due to current lockdowns in Poland, Czech Republic and Slovakia. This trend is expected to continue into the first half of 2021.

31.3% of lease agreements across the portfolio now have a remaining contract term of more than five years (2019: 30.5%). These percentages are calculated using annualised rental income ("ARI"), which is the contracted base rent, including discounts and turnover rent, as at the end of 2020. Additionally, the lease maturities between 2021 and 2025 are well spread. This provides the Group with a high degree of visibility regarding likely future cash flows over the coming years.

Based on the 2020 ARI, the expiry schedule of existing lease agreements is as follows:

Lease expiry schedule	% of ARI	Number of terminating lease agreements	Area in expiring agreements (in sqm '000)
2021	13.6%	563	68
2022	12.0%	307	68
2023	15.8%	322	91
2024	14.3%	287	66
2025	13.0%	280	64
> 2025	30.0%	329	338
Indefinite	1.3%	113	18
Total	**100%**	**2,201**	**713**

87.0% of the Group's lease agreements by GRI are denominated in Euros, limiting the exposure to local currency fluctuations. Of the remainder, 5.6% is denominated in Polish Zlotys, 2.7% is denominated in Czech Korunas, 4.3% in Rouble and 0.4% in other currencies.

RESHAPING RETAILER RELATIONSHIPS

The wave of lockdowns has limited retail activity in shopping centres and required landlords and tenants to further redefine lease relationships and create an opportunity to accelerate certain changes in lease definitions. Atrium used this period as an opportunity to accelerate changes in the lease agreements to introduce :

- Inclusion of click & collect for e-commerce purchases in turnover of the store
- Transparency of reporting of bricks and mortar and e-commerce sales
- Exclusion of e-commerce returns from being deducted from store turnover
- Increasing turnover percentage levels

CREATING DESTINATIONS

Consumer behaviour continues to shift, with a definitively higher allocation of disposable income directed towards experiential activities such as dining and entertainment. Over the past few years, the Group has increased its focus on creating diversified shopping destinations with a range of retail, leisure, entertainment and community functions that are appealing to consumers. This will be even more important once we emerge form the pandemic and people want to enjoy the freedoms and experiences they once took for granted.

To achieve this Atrium's asset managers keep tenant mix under constant review. We thoroughly assess every opportunity to make improvements, particularly when there are natural points or breaks in the leasing cycle, or at other times when a situation arises which facilitates this process. The Group's larger shopping centres are all anchored by both well-known international fashion brands and/or strong hyper or supermarket operators, which are now complemented by diversified food and leisure options.

In the last few years, fashion and apparel tenants represented the largest percentage of our tenants in terms of both GLA, at 39%, and rental income, at 42%. While anchored by strong international brands, fashion has become more diverse in its offering. We constantly look to bring in fresh concepts and latest new experience offers by bringing in strong local brands which create attention and drive customer interest leading more recurring visits as consumers feel they will be guaranteed to find something new.

Retail supply has tapered somewhat with the focus moving towards rejuvenating existing centres. We continue to ensure we incorporate the latest concepts into our existing centres, including quality dining, entertainment and personalised services. This focus represents our belief in the current tenant mix of fashion with an experience base element. This is reflected in the level of restaurant and entertainment offering in our centres which has increased from 10.9% in 2016 to 13.4% in 2020 (based on ARI for like-for-like assets).

TOP TEN TENANTS

As at the end of 2020, the brands belonging to Hennes & Mauritz, our largest tenant, represented 3.1% of total ARI. The top ten tenants represented 19.6% (2019: 21.0%) of the total by ARI and 28.6% (2019: 29.1%) of the total by GLA, highlighting the high degree of tenant diversification within the portfolio.

The top ten tenants as a percentage of total ARI and of total GLA are presented below:

Top ten tenants	Main brands	Field of operations	As a % of 2020 total ARI	As a % of 2020 total GLA
Hennes & Mauritz	H&M	Fashion	3.1%	4.6%
LPP	Reserved, Cropp, House, Mohito, Sinsay, Re-Kids	Fashion	2.5%	4.9%
AFM	Auchan, Orsay, Decathlon	International hypermarket and sport goods retailer	2.4%	5.9%
Inditex	Zara, Stradivarius, Pull & Bear, Bershka, Massimo Dutti, Zara Men, Oysho	Fashion	2.1%	2.5%
CCC	CCC, eobuwie.pl	Footwear	2.0%	2.6%
TJX Poland Sp z o.o.	TK Maxx	Fashion	1.8%	1.5%
A.S. Watson	Rossmann	Health and Beauty	1.5%	1.0%
Metro Group	Media Markt	Consumer electronics / digital media	1.5%	2.5%
Carrefour	Carrefour, Carrefour Express	International hyper / supermarket	1.4%	2.7%
Douglas	Douglas	Health and Beauty	1.3%	0.4%
Total top ten tenants			**19.6%**	**28.6%**

TOP TEN STANDING INVESTMENTS

The table below gives an overview of the Group's top ten standing investments based on market value as at 31 December 2020. All are located in Poland, the Czech Republic and Slovakia, which are the region's strongest economies, and represent 76.4%[2] (2019: 75.2%) of the total standing investments portfolio by value.

Property name	City	Country	Market value €'000[1]	GLA Sqm	Year of opening	Number of retail tenants	Food anchor tenants	Occupancy rate[2]
Wars Sawa Junior	Warsaw	Poland	297,224	36,800	1969	9	Carrefour	86.0%[3]
Atrium Promenada	Warsaw	Poland	285,382	63,000	1996	142	Carrefour	91.8%
Atrium Targowek	Warsaw	Poland	229,344	40,400	1998	135	Carrefour	94.3%
Atrium Flora	Prague	Czech Republic	229,466	39,800	2003	104	Albert	92.2%
Arkady Pankrac	Prague	Czech Republic	179,976[4]	29,200[4]	2008	115	Albert	90.5%
Galeria Dominikanska	Wroclaw	Poland	178,430	32,600	2001	93	Carrefour Express	95.9%
Atrium Copernicus	Torun	Poland	130,389	48,000	2005	126	Auchan	96.1%
Atrium Optima	Kosice	Slovakia	119,156	47,100	2002	151	BILLA	99.2%
Focus Mall Bydgoszcz	Bydgoszcz	Poland	116,107	42,700	2008	108	Carrefour	92.9%
Atrium Biala	Bialystok	Poland	106,513	38,700	2007	86	Bi1	96.0%
Total top ten standing investments			**1,871,987**	**418,300**				

1 Includes land lease

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

3 Wars Sawa Junior occupancy of 86% is resulting from two non performing tenants vacating space in Junior building, which is to be redeveloped into new units

4 Represents our 75% stake in the centre

REDEVELOPMENTS AND LAND

As at 31 December 2020, Atrium's redevelopments and land portfolio was valued at €248.3 million compared to €266.1 million the previous year. It comprises of €160.4 million of land (2019: €176.9 million), which Atrium continues to seek to monetise, mainly through sales and €87.8 million of redevelopments (2019: €89.2 million). The devaluation of redevolpment projects of €11.6 million was consistent with the sentiment seen in our Standing Investments which comprise of yield expansion due to uncertantiy of COVID-19.

In view of the pandemic, development capex was reduced and postponed in 2020, but remains focused on small extensions and refurbishments of existing core centres. These will now be spread over a longer period and commence when high levels of pre-leasing are secured.

During 2020, Atrium sold a land plot in Lublin, Poland for €5.6 million and in Arad, Romania for €3.1 million. In addition, the value of the Company's land banks decreased by €7.3 million, largely due to FX volatility across Russia, Poland and Turkey.

RENTAL INCOME

The Group's standing investment properties produced €154.5 million of GRI during the period, a 17.5% or €32.7 million decrease compared to the same period last year.

Poland, Russia and Slovakia's GRI were most notably impacted by the effects of the government imposed lockdowns as well as the effects of asset disposals in Poland and Slovakia. The Czech Republic experienced a lower decrease of 3.4% due to the government subsidy programmes described above. In Russia, an additional factor to decrease was the volatility of the RUB against the EUR.

The main driver of the decrease in GRI was the Polish government imposed rental relief given during the first and second lockdown periods, which resulted in €13.1 million decrease compared to 2019. The third lockdown in Poland ran from 28 December 2020 to 1 February 2021 and therefore had limited impact on the fiscal year 2020.

Group NRI followed a similar trend to GRI, with further impact of COVID-19 seen in NRI as a direct result of the loss on service charges relief imposed in Poland of €3.4 million. This decrease was partly offset with operating expenses savings.

Group NRI was €138.9 million for the year, down -21.3% or €37.6 million from 2019 due to:

- €49.3[4] million COVID-19 cash impact offset by straight-lining of €23.0 million of rental relief and tenants' support which are spread over the remaining lease term
- €12.5 million net disposals impact as part of the portfolio rotation strategy
- partially offset by rental growth arising mainly from indexation

As of 31 December 2020, the Group's WALT was 5.1 years (31 December 2019: 5.3 years). The decrease was mainly driven by the option for small and medium tenants in Russia to terminate the lease agreement following the government's COVID-19 related legislation. In Poland, rent relief was granted in exchange for a lease extension of six months plus the length of time the unit was under enforced closure and other tenant support measures given in exchange of lease prolongations are expected to extend the average lease duration.

GROSS RENTAL INCOME

	Number of properties		2020		2019	Change	Change
	2020	2019	€'000	% of GRI	€'000	€'000	%
Poland	15	20	86,795	56.2%	108,354	(21,559)	(19.9%)
Czech Republic[1]	3	3	28,768	18.6%	29,793	(1,025)	(3.4%)
Subtotal	**18**	**23**	**115,563**	**74.8%**	**138,147**	**(22,584)**	**(16.3%)**
Slovakia	1	2	8,210	5.2%	11,166	(2,956)	(26.5%)
Russia	7	7	30,750	19.8%	37,917	(7,167)	(18.9%)
Total gross rental income	**26**	**32**	**154,523**	**100.0%**	**187,230**	**(32,707)**	**(17.5%)**

1 Including investment in Joint ventures (75%)

4 €16.4 million Polish government imposed rental and service charge relief, €19.5 million short term tenant support and €13.4 million vacancies, expected credit loss and others

NET RENTAL INCOME

	Number of properties		2020		2019	Change	Change
	2020	2019	€'000	% of NRI	€'000	€'000	%
Poland	15	20	77,040	55.5%	102,002	(24,962)	(24.5%)
Czech Republic[1]	3	3	25,696	18.5%	27,773	(2,077)	(7.5%)
Subtotal	**18**	**23**	**102,736**	**74.0%**	**129,775**	**(27,039)**	**(20.8%)**
Slovakia	1	2	8,115	5.8%	11,110	(2,995)	(27.0%)
Russia	7	7	28,027	20.1%	35,563	(7,536)	(21.2%)
Total net rental income	**26**	**32**	**138,878**	**100.0%**	**176,448**	**(37,570)**	**(21.3%)**

1 Including investment in Joint ventures (75%)

OPERATING MARGIN

	2020	2019	Change
Country	in %	in %	in %
Poland	88.8%	94.1%	(5.3%)
Czech Republic[1]	89.3%	93.2%	(3.9%)
Slovakia	98.8%	99.5%	(0.7%)
Russia	91.1%	93.8%	(2.7%)
Total operating margin	**89.9%**	**94.2%**	**(4.3%)**

1 Including Investment in Joint Ventures (75%)

Operating margin decreased by 4.3% to 89.9% (31 December 2019: 94.2%) mainly due to the government imposed service charge relief in Poland estimated at 3.0% impact in addition to vacancies and expected credit losses on uncollected rent.

Turnover rent was only 2.4% of total GRI in 2020 (2019: 4.6%). The drop in sales and footfall translated into an approximate €3.5 million decrease in turnover rent during the pandemic.

EPRA LIKE-FOR-LIKE GROSS RENTAL INCOME

	2020		2019	Change	Change
Country	€'000	% Total	€'000	€'000	%
Poland	63,903	41.3%	70,685	(6,782)	(9.6%)
Czech Republic	18,646	12.1%	19,782	(1,136)	(5.7%)
Subtotal	**82,549**	**53.4%**	**90,467**	**(7,918)**	**(8.8%)**
Slovakia	8,210	5.3%	8,346	(136)	(1.6%)
Russia	18,733	12.2%	22,809	(4,076)	(17.9%)
Like-for-like gross rental income	**109,492**	**70.9%**	**121,622**	**(12,130)**	**(10.0%)**
Remaining gross rental income	45,031	29.1%	63,961	(18,930)	(29.6%)
Exchange rate effect[1]	-	-	1,647	(1,647)	(100.0%)
Total gross rental income	**154,523**	**100.0%**	**187,230**	**(32,707)**	**(17.5%)**

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

EPRA LIKE-FOR-LIKE NET RENTAL INCOME

	2020		2019	Change	Change
Country	€'000	% Total	€'000	€'000	%
Poland	56,915	41.0%	67,328	(10,413)	(15.5%)
Czech Republic	17,308	12.4%	19,267	(1,959)	(10.2%)
Subtotal	**74,223**	**53.4%**	**86,595**	**(12,372)**	**(14.3%)**
Slovakia	8,115	5.8%	8,452	(337)	(4.0%)
Russia	16,567	12.0%	21,875	(5,308)	(24.3%)
Like-for-like net rental income	**98,905**	**71.2%**	**116,922**	**(18,017)**	**(15.4%)**
Remaining gross rental income	39,973	28.8%	59,527	(19,554)	(32.8%)
Exchange rate effect[1]	-	-	-	-	-
Total net rental income	**138,878**	**100.0%**	**176,449**	**(37,571)**	**(21.3%)**

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

Throughout the group, life-for-like GRI and NRI were also notably impacted by COVID-19. In Poland and the Czech Republic, the decrease in like-for-like GRI was slightly less at 8.8%, than the 10.0% for the entire Group, indicating the high quality of our assets in the key markets we operate. Again, the key fundamentals in these countries coupled with the Company's performance and the recovery experienced in Q3 2020 following lifting of restrictions are expected to bring like-for-like growth in a post pandemic environment. In Slovakia, like-for-like GRI benefited positively from increases in base rent achieved from renewals of leases following the successful refurbishment of Atrium Optima last year.

Adjusting for government regulated imposed relief and COVID-19 tenant support the Group's like-for-like growth was 2.5% excluding Russia.

EBITDA excluding revaluation, disposals and impairments decreased 22.6% to €118.8 million primarily due to the effects of COVID-19. EBITDA margin remained stable, decreasing slightly to 86%, reflecting the Group's action plan to reduce administrative expenses by €2.6 million and apply cost savings while proactively managing the crisis and creating future value for stakeholders. Similarly, Company adjusted EPRA earnings per share decreased by €cents 8.5 to €cents 19.5 compared to €cents 28.0 in 2019 due to the adverse effects of COVID-19 offset by the reduction in administrative cost described above and a €1.7 million reduction in finance costs.

The Group had a valuation loss of €211.6[5] million on its Investment properties, ultimately generating a loss after tax of €142.4 million compared to a profit after tax of €84.4 million in 2019. The loss was compounded by the cumulative impact of €26.3 million directly and indirectly related to COVID-19. Net cash generated from operating activities was €46.0 million for 2020 compared to €95.3 million for 2019. The decrease was primarily due to the drop in rental income as mentioned above.

The balance sheet remains efficient with a net LTV of 38.6%, in line with our target of below 40%, as well as overall liquidity of €269.2 million consisting of cash and cash equivalent of €55.2 million (2019: €126.9 million) and an unutilised revolving credit facility of €214 million as at 31 December 2020.

Following our successful bonds issuance and bond buy back in February 2021, the Group's liquidity of €478[6] million consisting of cash and cash equivalent of €178[6] million and an unutilised revolving credit facility of €300[6] million.

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

6 As of 1 March 2021

RESIDENTIAL FOR RENT

OUR STRATEGY

On 10 December 2019, Atrium announced that it was considering an evolution in its strategic direction in order to identify further growth opportunities with a focus on:

- continued execution of Atrium's asset rotation programme;
- leveraging the operating platforms in Poland and the Czech Republic;
- densification of core retail assets & diversification into other classes of real estate, including focusing on residential for rent;
- ultimately targeting the portfolio to become 40% residential and 60% retail weighting over time.

A key part of this diversification strategy, is **the densification of the existing portfolio,** including options such as building residential and in certain cases, offices above or adjacent to existing properties. The strategy is underpinned by strong macroeconomic fundamentals and urbanisation trends in major cities in Atrium's core geographies, particularly in Warsaw. There is a lack of good quality modern homes for rent to satisfy the rising levels of demand. On 25 February 2020, the Board of Directors endorsed the outcome of the aforementioned strategic review.

POLISH PRIVATE RENTAL SECTOR

Atrium's targeted locations offer good transport networks and proximity to strong economic centres with increasing employment opportunities. Our main customer demographics are young aspirational professionals, seeking good quality accommodation within a community environment.

The existing Warsaw rental stock accounts for c. 135,000 units, 14% of the total, which is significantly below an EU average of only 30.2% in 2019. The housing stock is of mixed quality with units created after 2004 classed as 'New'. These were built using higher quality materials, design and construction. The market still contains a high proportion of older properties, creating a higher rental premium for new accommodation.

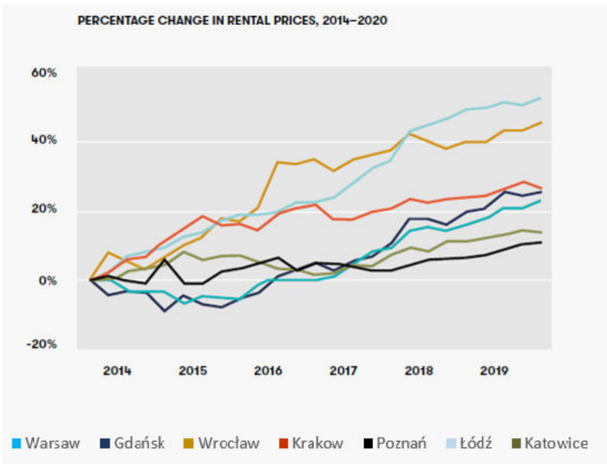
According to JLL research, the average rent for all units has increased over the last 5 years, except some small downward fluctuations between 2017/2018 and between Q2-4 2020 during the pandemic. Rental growth between Q4 2014 and Q4 2020 was 18% in the new housing stock, tracking overall Polish economic and wage growth.

RESIDENTIAL SECTOR – IMPACT OF COVID-19

While the COVID-19 pandemic diverted our attention into managing the crisis, creating a residential for rent portfolio remains a key part of the company's future strategy for growth. The events of 2020 didn't affect the Group's appetite to invest in the residential for rent segment given its relative resilience and the demographic drivers that support it.

The residential sector proved to be highly defensive during and after the previous financial crisis, as well as throughout the various COVID lockdowns. The impact of the pandemic created a small rental price reduction in Warsaw, due to the withdrawal of students and the AirBnb segment migrating to longer term rentals. According to JLL, Warsaw rents have reduced 4% on average in 2020, but demand has remained relatively healthy. Rents are anticipated to recover, as business, universities and tourism improves towards the latter part of 2021.

Residential developments were generally suspended in Q2 2020, due to the pandemic as sales offices closed. The majority of these have recently restarted, as buyer demand remained healthy. With a doubling of purchases during Q3 2020, the long term demand/ supply imbalance for modern property continues to underpin the market. According to CBRE prices for apartments offered for sale increased 9.8% y.o.y by the end Q3 2020 with Q4 2020 residential yields tightened by c. 25 bps.



The current pandemic is likely to lead to increasing demand for coworking and common facilities within developments. We have adapted designs to reflect changing consumer requirments, including improving conditions for working from home. Demand for homes with outdoor private gardens and balconies has also increased.

LIAD BARZILAI, CHIEF EXECUTIVE OFFICER OF ATRIUM GROUP

"The resilience of the residential sector during the COVID crisis has further enhanced our conviction in expanding our investment strategy to diversify into residential for rent. We will look to do this through the acquisition of new sites as well as densifying our existing portfolio with the addition of residential units at our shopping centres."

OTHER EVENTS IN 2020 AND AFTER

FINANCING ACTIVITIES

In February 2020, Atrium launched a green financing framework endorsed by Sustainalytics. The framework aims to attract funding that will be used in financing Atrium's initiatives that lower carbon footprint and further support Atrium's sustainability strategy.

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.

In September 2020, the Group launched inaugural Euro Medium Term Note ('EMTN') programme with a €1.5 billion limit. This programme has been structured to be the platform for future Green financial instruments. The objective of issuing green financing bonds is to assist Atrium's initiatives to lower our carbon footprint and further integrate environmental sustainability in our corporate strategy. The issuance will also enable Atrium to engage with investors who are committed to allocating capital in support of this effort. **In February 2021**, the Group priced €300 million inaugural green bond due 5 September 2027 under the EMTN programme, carrying a fixed 2.625% coupon.

Also in February 2021, The Group tendered and successfully bought back €78.2 million of the outstanding 2022 Notes.

SCRIP DIVIDEND

On 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 referred to as the Scrip Dividend Alternative.

The Directors' offer to Shareholders to elect to receive all of the Q2, Q3 and Q4 2020 dividend of €6.75 cents per ordinary share in the form of new shares instead of cash. The total dividend in the year ended 31 December 2020 amounted to €70.8 million in cash and €32.1 million in new shares.

SHARE BUY BACK

On 17 March 2020, the Company resolved to undertake a share buyback programme up to 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 31 December 2020, a total of 687 thousand shares at an average price of €2.58 per share representing a value of €1.8 million had been bought back and cancelled.

AWARDS

In 2020 Atrium remains committed to provide quality standards across all aspects of the business including financial reporting and transparency, customer service and ESG. We were therefore very pleased to, once again, be granted industry acknowledgement in the form of a number of awards.

In 2020 Atrium retained its EPRA Gold award for the financial reporting, in line with the EPRA Best Practices Recommendations that facilitate the comparability of listed property companies. Atrium also received the gold medal in the EPRA Sustainability Best Practices Recommendations for the 2nd year running.

Our sustainability efforts led to all Atrium assets in Warsaw (Atrium Promenada, Atrium Targówek, Atrium Reduta, Wars Sawa Junior and King Cross Praga), Focus Mall in Bydgoszcz, Atrium Flora in Prague and Atrium Biala being certified BREEAM In-Use VERY GOOD as of today.

In 2020 Atrium has been placed in the top 10 strongest real estate brands in Europe and in the top 3 strongest brands in CEE. This ranking is according to a study conducted by the European Real Estate Brand Institute which undertakes and annual evaluation of the most successful and valuable real estate brands in Europe.

In October 2020, the Polish Council of Shopping Centres awarded Wars Sawa Junior silver prize for the best PR strategy and activity of the year. The competition recognises achievements, best practices and innovative actions.

Having voluntarily participated in the Global Real Estate Sustainability Benchmark (GRESB) for the fifth year, we achieved a 3 Green Star Award.

STRATEGIC AND OPERATIONAL RISK FACTORS

COVID-19

Considerable uncertainty still surrounds the COVID-19 pandemic and its potential effects, as well as the extent and effectiveness of any responses taken on a national and local level together with the roll out of vaccination. The impact of the COVID-19 pandemic on the Group's markets and the global economy is uncertain and is expected to result in a worldwide economic downturn that may lead to corporate bankruptcies in the most affected industries 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. Restrictions began to be lifted in early May 2020 and commenced once again in November 2020.

COVID-19 has changed the global economic outlook for 2020 and 2021 and this will inevitably impact the Group's business. There is no doubt that the short-term implications of these restrictions will bring further commercial and financial challenges in 2021, until there are substantial rollouts of the vaccine. Irrespective of the easing of the strict lockdown measures in some of the Group's regions, there is a risk that some governments which have reduced strict lockdown measures impose new or stricter temporary measures and regulations or prolong imposed quarantines and other government measures and regulations, as seen in the fourth quarter as a result of the second wave in Europe. The increase in e-commerce fuelled by COVID-19 may continue and previous consumer shopping habits may be permanently affected as a result of the pandemic.

Quarantines, states of emergencies and other government measures and regulations taken in response to the evolving COVID-19 situation within the Group's operational jurisdictions may negatively impact the business, additional decrease in 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, to expand 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 future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the various strains of COVID-19 and the actions taken to contain the pandemic or treat its impact, among others.

In addition, a risk exists of further waves of the COVID-19 pandemic in the second and third quarter of 2021 that could result in government restrictions on the Group's ability to trade, or any (future) outbreak of any infectious diseases or any other serious public health concerns in the various countries the Group operates, or in other parts of the world, which could adversely impact the business, financial condition, result of operations including valuations, investment grade ratings and prospects of the Group.

The Group mitgated the risk by establishing an action plan with the main objective to conserve cash and extend its debt maturity. See Operating activities chapter under COVID-19 update.

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. Consequently, less certainty and a higher degree of caution, should be attached to the valuation than would normally be the case.

DEVELOPMENT RISK

Since 2015, Atrium has focused on the redevelopment and extension of the Group's existing properties. The Group has reported €0.4 billion pipeline of scheduled redevelopment projects, although these planned investments have been postponed from 2020 to 2022/2023 as part of the Group's action plan for strengthening its liquidity as a contingency against the impact of COVID-19 on its operations.

The construction and redevelopment of properties is subject to a risk of defective construction, corrective or other works and associated adverse publicity, cost overruns, commercial related risks (lack of demand for new or redeveloped space or tenants wanting to step-out of projects), delays in construction work or other unforeseen delays and planning, permitting, zoning, procedural and compliance risks. Any claim brought against the Group, and the surrounding negative publicity concerning the quality of its properties or projects, irrespective of whether the claim is successful, or an inability to complete the construction of a project on schedule or on budget, could have a material adverse effect on how its business, properties and projects are perceived by target tenants. This could negatively affect the Group's ability to market and lease its properties in the future.

The Group has commissioned the construction of some of the properties that it owns. As the owner and developer, the Group is liable for possible defects found in such properties as well as other direct or indirect damage relating to such properties. Potential damage related to construction and consequent liabilities may affect the profitability of the Group's business and lower the fair value of affected properties owned by the Group. The occurrence of any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, prospects, results of operations and net profits.

E-COMMERCE

The Group has a majority of food and fashion anchored shopping centres and retail properties that meet the everyday needs of consumers. This makes the Group vulnerable to changes in trends in the behaviour of consumers. The retail industry continues to transform as online retail grows and consumers increasingly use online shopping. In particular the continuing spread of the COVID-19 pandemic has pushed more consumers to shift their shopping habits online.

The growth of online sales may affect consumers' behaviour, demand for commercial retail premises, decrease in footfall and may also lead to higher investment needs and higher pressure on margins. Shopping centres are constantly adapting their services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers.

An increase in online retail may lead to a decrease in footfall and tenant's sales, demand for commercial retail premises and the occupancy rate of the Group, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group aims to adapt its operations to the effects of increasing online retail by focusing on prime urban locations, in growing demographics which are more resilient to internet penetration. However, there can be no certainty as to the successful implementation of the strategy nor that the strategy will work which could result in lower cash flows and valuations.

RISK RELATED TO EMERGING AND DEVELOPING MARKETS

The Group operates in emerging and developing markets in CE and Russia. The Group's operations in those markets are exposed to higher risks compared with operations in more developed markets; including legal, economic and political risks to which the operations in these countries are exposed. Our markets are vulnerable to geopolitical risks arising from conflicts between or within states with significant potential consequences for the political, economic and social status quo of the Group's markets. Changes in economic and political situations in one emerging or developing market country may have a negative related or unrelated consequential impact on the economic and political and situation in other emerging or developing market countries.

The Group aims to mitigate the above risks by having experienced local management teams in the different countries in which it operates, making use of external local experts and specialists; adopting a proactive asset management approach and strict due diligence processes prior to the acquisitions of new assets.

IT RISK

The IT risks faced by the Group include cyber security crime, potential loss of relevant and sensitive data and unauthorised access to or manipulation of confidential information. This may also affect the Group's ability to report promptly or accurately, cause interruption in collection and or payments, loss of income and also result in damage to its reputation.

The risk is mitigated by the Group wide IT controls with a strong emphasis on access security, backup and recovery procedures, accompanied by Cyber insurance policy. In addition, the Group proactively manages this risk by way of an active action plan, including enhancing awareness of employees, encouraging responsible behaviour across the organisation and keeping systems and IT knowledge up-to-date.

RETAIL/LETTING RISK

Market consolidation of retailers may pose a risk to the Group as tenants may appeal rental levels or even exit the market thus weakening our profitability. In addition, bankruptcy of retailers could result in the risk of defaults on payment, which in turn could impact the cashflows of the Group.

The Group takes an active approach to managing these risks by detailed analysis of turnover across its tenant base and employing experienced local management teams in the different countries in which the Group operates, while making use of external local experts and specialists. In addition, our strategy of focusing the Group's portfolio on high quality assets in strong, attractive urban locations and investing in improving our assets reduces the risk further.

COMPETITORS

The Group faces competition from other owners, operators and developers of retail real estate. One of the primary areas of focus for the Group is the active management of its Standing Investments through optimising its tenant mix and ensuring asset attractiveness is achieved and improved by finding the right balance between retaining existing tenants and re-letting rental space to new tenants. The Group competes with local real estate developers, private investors, property funds and other retail property owners for tenants. Other than the requirements for capital, there are few other barriers to entry to the property market.

The dominance of a shopping centre in a particular area is an important factor that determines the shopping centre's ability to compete for tenants. Increased competition is a higher risk in small cities. The Group remains focused on prime dominant shopping centres in capital cities, that offer higher quality cash flow growth.

The Group mitigates this risk by employing experienced local management teams in the different countries in which the Group operates; adopting a proactive asset management approach and strict due diligence processes prior to the acquisitions of new assets. In addition, the Group actively manages capital in order to have the financial leverage and ability to take advantage of acquisition opportunities which may offer high profitability potential.

CONCENTRATION

The Group's portfolio is concentrated and consists almost entirely of retail properties of which 85% by fair value are located in Poland and the Czech Republic. The Group's portfolio is exposed to concentration risks due to its focus on retail real estate and on certain countries and cities (e.g. Warsaw in Poland and Prague in the Czech Republic). The performance of the Group's portfolio may be disproportionately impacted by events or market developments occurring in specific portfolio regions or by developments that effect certain types of commercial or residential real estate. The Group's high level of concentration in retail properties and its dependency on the Polish and Czech Republic's markets may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group mitigates this risk by investing in high quality assets in urban locations with a demographic growth located in the strong economies of Poland and the Czech Republic and have favorable labor market and strong GDP growth.

REGULATORY/COMPLIANCE RISK

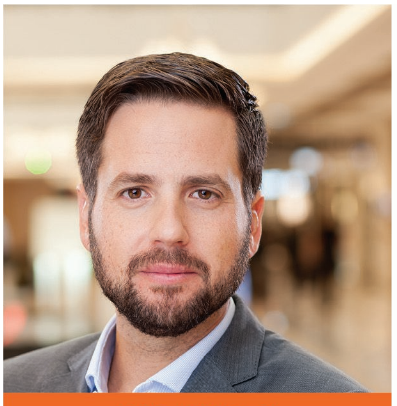
Compliance risk is related to the application of existing legislation and new legislation. Significant changes can affect the business operations and there could be a risk that the Group does not meet one or more of the requirements.

The Group mitigates this risk by internal procedures aimed at keeping knowledge of laws and regulations up-to date.

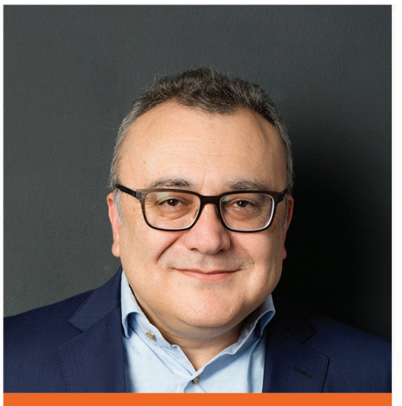
FINANCIAL RISK FACTORS

For Financial risks including credit risk, liquidity risk, market risks and tax risks refer to note 2.39 on Risk Management included in the consolidated financial statements.

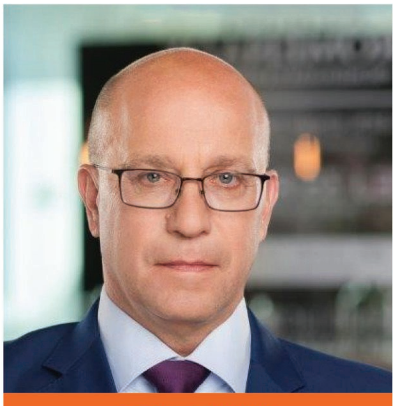
GROUP EXECUTIVE TEAM



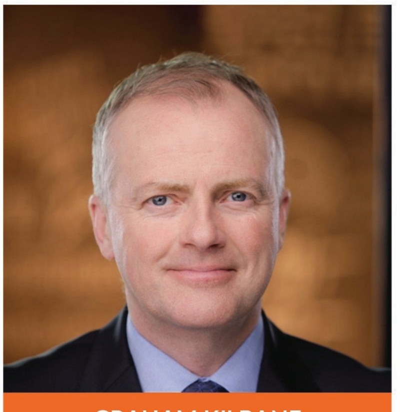
LIAD BARZILAI
GROUP CEO



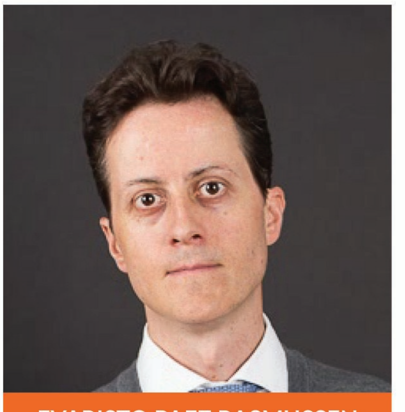
RYAN LEE
GROUP CFO



SCOTT DWYER
GROUP COO



GRAHAM KILBANE
GROUP CDO



EVARISTO PAEZ RASMUSSEN
CIO

STOCK EXCHANGE AND SHARE PRICE INFORMATION

Atrium has a dual listing on the Vienna Stock Exchange and Euronext Amsterdam (“Euronext”).

ISIN:JE00B3DCF752
Bloomberg tickers:
VIENNA: ATRS AV
EURONEXT: ATRS NA

Reuters tickers
VIENNA: ATRS.VI
EURONEXT: ATRS.AS

Total Return in 2020

Over 2020, Atrium’s shareholder return was as follows:

VIENNA STOCK EXCHANGE

Closing price 2019	€ 3.45
Closing price 2020	€ 2.51
Movement in the share price	€ (0.94)
Share return	(27.2%)
Dividend for year 2020	€ 0.27
Dividend return	7.8%
Total return per share invested on 31 December 2019	€(0.67) or (19%)
FTSE EPRA/NAREIT Emerging Europe return	23%

ATRIUM SHARE PRICE[1] RELATIVE TO FTSE EPRA/NAREIT EMERGING EUROPE INDICES

1 Vienna Stock Exchange

Outstanding shares as at 31 December 2020	390,976,608
Market capitalisation as at 31 December 2020	€981 Million
2020 lowest closing share price	€2.04 quoted on 30 October 2020
2020 highest closing share price	€3.60 quoted on 2 Janaury 2020

DIVIDEND

At its meeting on 25 February 2020, the Company’s Board of Directors approved an annual dividend of €27 cents 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 referred to as the Scrip Dividend Alternative.

The Directors' offer to Shareholders to elect to receive all of the Q2, Q3 and Q4 2020 dividend of €6.75 cents per ordinary share in the form of new shares instead of cash. The total dividend in the year ended 31 December 2020 amounted to €70.8 million in cash and €32.1 million in new shares.

The following table summarises the Scrip Dividend Alternative information for Q2, Q3 and Q4:

Period	End of election Period	Dividend Payment date	Exchange ratio[1]	% of Election shareholders	Number of shares issued	Dividend in Cash (€ million)
Q2 2020	02/07/2020	08/07/2020	39.6623	39%	3,706,593	15.6
Q3 2020	22/09/2020	30/09/2020	33.9483	42%	4,724,152	14.9
Q4 2020	21/12/2020	30/12/2020	35.7410	43%	4,684,037	14.8

1 The number of new shares allotted to Shareholders that elect to receive the Scrip Dividend will be one new share for every certain amount of shares held by the electing Shareholder with a 2% discount on the share price.

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 Programme, subject to the renewal of the authorisation to issue Scrip shares in the next Annual General Meeting.

MAJOR SHAREHOLDERS

To the best of the management's knowledge, as at 31 December 2020, the only shareholders of Atrium that held more than 5% of the Company's shares, is Gazit-Globe which held 72.3% as of 3 March 2020 (31 December 2019: 60.1%).

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

	31 December 2020 €'000	31 December 2019 €'000
Earnings attributed to equity holders of the parent company	**(142,420)**	**84,426**
Changes in value of investment properties	208,840	13,495
Net result on disposals of investment properties	2,472	(3,923)
Amortisation of intangible assets	1,692	1,372
Deferred tax in respect of EPRA adjustments	(30,503)	962
Changes in fair value of financial instruments, debt and associated close-out costs	6,347	-
Joint venture interest in respect of the above adjustments	2,814	(3,712)
EPRA Earnings	**49,242**	**92,620**
Weighted average number of shares	381,012,716	377,984,853
EPRA Earnings per share (in €cents)	**12.9**	**24.5**

Company adjustments[1]		
Foreign exchange differences	(1,292)	(1,027)
Deferred tax not related to revaluations	26,315	5,567
Non recurring tax charges	-	2,121
Corporate fees and other costs[2]	-	6,735
Company adjusted EPRA earnings	**74,265**	**106,016**
Company adjusted EPRA earnings per share (in €cents)	**19.5**	**28.0**

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

2 Corporate fees and other costs (includes mainly the transaction costs in relation with the recommended cash acquisition by Gazit Globe Ltd.)

B. EPRA NET ASSET MEASUREMENTS

In October 2019, EPRA published new best practice recommendations (BPR) for financial disclosures by public real estate companies. The Group supports this reporting standardisation approach designed to improve the quality and comparability of information for investors.

The BPR introduced three new measures of net asset value: EPRA net tangible assets (NTA), EPRA net reinvestment value (NRV) and EPRA net disposal value (NDV). 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. The previously reported EPRA measures of net assets are also included below for comparative purposes.

	31 December 2020 Current measures			31 December 2020 Previous measures	
	EPRA NRV	EPRA NTA[1]	EPRA NDV	EPRA NAV	EPRA Triple NAV
	€'000	€'000	€'000	€'000	€'000
NAV per the financial statements	1,545,900	1,545,900	1,545,900	1,545,900	1,545,900
Effect of exercise of options	10,924	10,924	10,924	10,924	10,924
Fair value of financial instruments	22,722	22,722	-	22,722	-
Deferred tax	85,203	85,203	-	85,203	-
Other intangible assets	-	(8,940)	-	-	-
Fair value of fixed interest rate debt	-	-	(19,533)	-	-
Excess of fair value of debt over book value	-	-	-	-	(20,602)
Purchasers' costs	9,399	-	-	-	-
Net assets used in per share calculation	**1,674,148**	**1,655,809**	**1,537,291**	**1,664,749**	**1,536,222**
Number of outstanding shares and options		394,369,915		394,369,915	
Diluted net assets per share	**4.25**	**4.20**	**3.90**	**4.22**	**3.90**

1 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

	31 December 2019 Current measures			31 December 2019 Previous measures	
	EPRA NRV	EPRA NTA[1]	EPRA NDV	EPRA NAV	EPRA Triple NAV
	€'000	€'000	€'000	€'000	€'000
NAV per the financial statements	1,766,014	1,766,014	1,766,014	1,766,014	1,766,014
Effect of exercise of options	7,168	7,168	7,168	7,168	7,168
Fair value of financial instruments	17,753	17,753	-	17,753	-
Deferred tax	93,484	89,963	-	93,484	-
Other intangible assets	-	(10,125)	-	-	-
Fair value of fixed interest rate debt	-	-	(55,444)	-	-
Excess of fair value of debt over book value	-	-	-	-	(55,658)
Purchasers' costs	9,637	-	-	-	-
Net assets used in per share calculation	**1,894,056**	**1,870,773**	**1,717,738**	**1,884,419**	**1,717,524**
Number of outstanding shares and options		380,041,710		380,041,710	
Diluted net assets per share	**4.98**	**4.92**	**4.52**	**4.96**	**4.52**

1 Deferred tax in respect of the NTA calculation, is adjusted in accordance with option (i) as per EPRA guidance. Deferred tax related to assets classified as held for sale as at 31/12/2019 amounted to €3.521

C. EPRA NIY AND "TOPPED UP" NIY

	31 December 2020 €'000	31 December 2019 €'000
Investment property – wholly owned	2,518,937	2,711,373
Investment in Joint Venture (75%)	179,976	180,143
Less redevelopments and land	(248,252)	(266,093)
Completed property portfolio	**2,450,661**	**2,625,423**
Allowance for estimated purchasers' costs	39,711	47,337
Gross up completed property portfolio valuation (B)	**2,490,372**	**2,672,760**
Annualised cash passing rental income	161,793	174,954
Property outgoings	(6,758)	(10,434)
Annualised net rents (A)	**155,035**	**164,520**
Add: notional rent expiration of rent free periods or other lease incentives	7,780	8,070
Topped-up net annualised rent (C)	**162,815**	**172,590**
EPRA NIY A/B	**6.2%**	**6.2%**
EPRA "topped up" NIY C/B	**6.5%**	**6.5%**

D. EPRA VACANCY RATE

	31 December 2020 €'000	31 December 2019 €'000
Estimated rental value of vacant space	12,302	4,147
Estimated rental value of the whole portfolio	158,744	168,051
EPRA vacancy rate	**7.7%**	**2.5%**

E. EPRA COST RATIO

	31 December 2020 €'000	31 December 2019 €'000
Administrative expenses	19,029	28,405
Exclude non-recurring legacy legal and corporate fees and other costs	-	(6,736)
Depreciation and amortisation	3,449	2,982
Costs connected with development	856	986
Net property expenses net of service charge income	13,912	9,289
Share of Joint Venture's expenses	1,733	1,493
EPRA Costs (including direct vacancy costs) (A)	**38,979**	**36,419**
Direct vacancy cost	(3,847)	(3,351)
EPRA Costs (excluding direct vacancy costs) (B)	**35,132**	**33,068**
Share of Joint Venture's income	10,121	9,931
Gross rental income	144,402	177,299
Total income (C)	**154,523**	**187,230**
EPRA Costs ratio (including direct vacancy costs) (A/C)	**25.2%**	**19.5%**
EPRA Costs ratio (excluding direct vacancy costs) (B/C)	**22.7%**	**17.7%**

F. EPRA CAPITAL EXPENDITURES

	31 December 2020			31 December 2019		
	Group	Joint Ventures	Total Group	Group	Joint Ventures	Total Group
Acquistions	**-**	**-**	**-**	**59,551**	**-**	**59,551**
Development	**12,701**	**-**	**12,701**	**17,024**	**-**	**17,024**
Investment Properties:	**9,211**	**2,639**	**11,850**	**29,254**	**2,612**	**31,866**
Incremental lettable space	-	-	-	1,028	63	1,091
No incremental lettable space	5,547	2,639	8,186	19,134	2,070	21,204
Tenant incentives	3,569	-	3,569	7,267	480	7,747
Other material non-allocated types of expenditure	95	-	95	1,825	-	1,825
Total Capex	**21,912**	**2,639**	**24,551**	**105,829**	**2,612**	**108,441**
Conversion from accrual to cash basis	2,695	(103)	2,592	(20,213)	(565)	(20,778)
Total Capex on cash basis	**24,607**	**2,536**	**27,143**	**85,616**	**2,048**	**87,664**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ('ESG')

Atrium is committed to sustainable growth reflecting our long-term approach to investment and our continued efforts to lead in terms of corporate citizenship in the countries where we operate. Accordingly, Atrium's core strategy is to employ sustainable principles and procedures as an underlying foundation of its daily activities.

OUR SUSTAINABILITY PROGRAMME 2015-2020

Atrium has been implementing its sustainability programme across all our operations with actions that are aligned with our business strategy and that we believe will lead to long-term value creation. We have taken considerable steps in the last years to further improve our sustainability performance, with many of our commitments leading to more efficient operations, an improved customer journey and a stronger organisation that is able and prepared to manage the portfolio in a sustainable way in the years ahead.

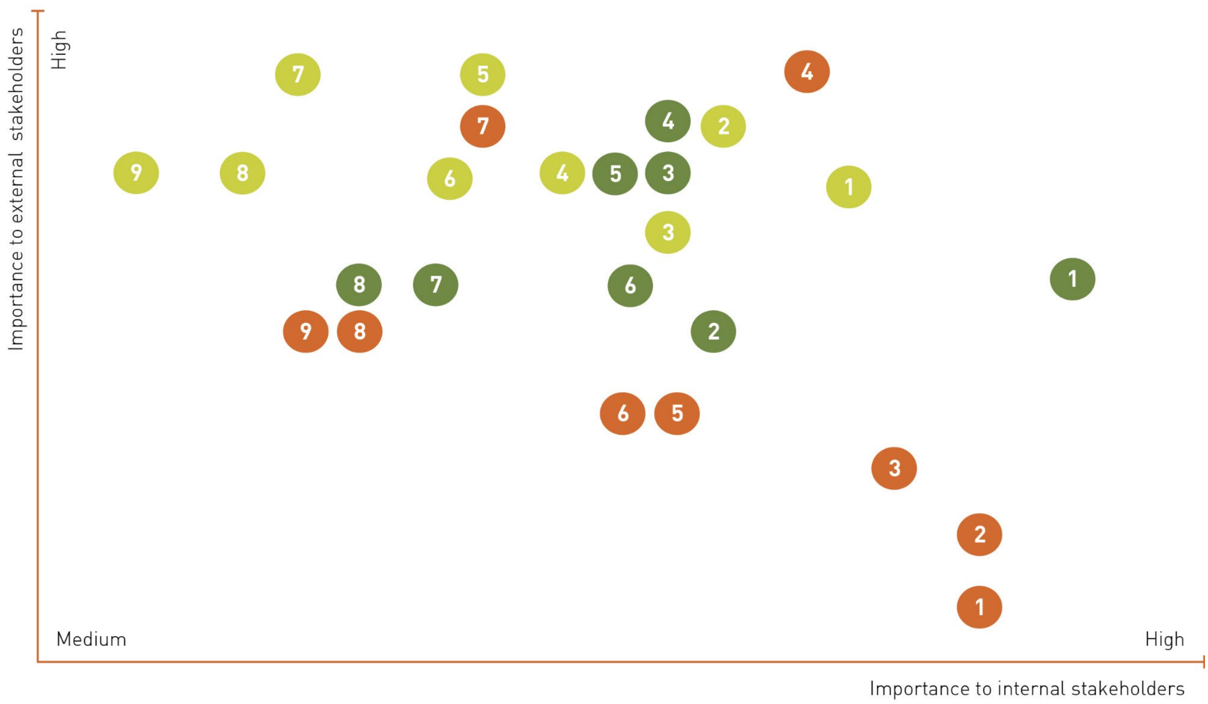
We have introduced regular engagement surveys (customers and employees) to monitor their needs, have introduced new technology to reach out to our tenants and have made considerable actions to reduce our environmental impact. See an overview of our achievements below.

OUR CUSTOMERS	Improve customer experience: undertake a customer satisfaction survey for 80% of our portfolio based on market value by 2018	✓
	Connect with our customers: launch a shopping centre app to connect Atrium's customers with retailers in 2017	✓
	Create more social impact: Organise at least one local community event within our assets for at least 90% of our portfolio market value by 2018	✓
OUR PLACES	Reduce environmental impact: Aim to optimise energy and carbon intensity by 10% between 2016 and 2020, on a like-for-like basis	✓
	Develop sustainable assets: Achieve BREEAM certification or local equivalent for all new large-scale developments and extensions	✓
	Find opportunities to minimise costs: Organise night walks within our assets accounting for at least 50% of our portfolio market value by 2019	✓
OUR PEOPLE	Sound governance: Ensure everyone receives training on the code of conduct	✓
	Create an inspiring place to work: Organise an employee engagement survey	✓

MATERIALITY ASSESSMENT 2020

In 2020, a new materiality assessment has been undertaken to better understand and meet our key stakeholders' priorities and concerns and to assess our ESG risks and opportunities. Through research, interviews with stakeholders and surveys, Atrium prepared a materiality matrix that outlines the importance of different ESG topics to our stakeholders. Based on the outcomes of the materiality assessment, we have updated our ESG strategy governance, which will be presented in our separate ESG report, later this year.

MATERIALITY MATRIX
COMBINED INPUT STAKEHOLDERS



ORGANIZATIONAL ASPECTS

1. Solid financial returns
2. Engagement and satisfaction employees
3. Employee well-being / health and safety
4. Ethics and anti-corruption
5. Board of Directors composition and corporate governance
6. Data security and privacy protection
7. Training and development employees
8. Diversity and inclusion of employees

STAKEHOLDER ENGAGEMENT

1. Provide attractive tenant-mix
2. Enhance customer experience (retail)
3. Engagement and satisfaction users (visitors, tenants)
4. Health and safety of users
5. Green financing (investors)
6. Create social impact in local communities
7. Collaborate with tenants to reduce environmental impact
8. Neighbourhood revitalization
9. Work with responsible suppliers

ASSET LEVEL

1. Achieve BREEAM certificates standing investments
2. Design and construct sustainable properties (BREEAM)
3. Water conservation
4. Waste management
5. Climate change
6. Energy efficiency
7. Renewable energy
8. Promote sustainable transportation
9. Protect living natural resources

UDPATED ESG COMMITMENTS

We have set new and even more ambitious targets for 2020-2030. This includes reducing our carbon footprint in 2030 by 40% from the base year of 2019. Atrium aims to become a carbon neutral organization by 2050. As of today, over 60% of our portfolio value has been BREEAM certified 'very good' or higher and in the coming years we expect to increase this percentage further.

Community engagement programmes will be introduced, and tenant engagement programmes will be rolled out in all our centres by 2025. Green leases have been drafted and will be rolled out in 2021 including an updated responsible procurement policy, which describes how we expect our suppliers to meet our ESG requirements. More detailed information will be disclosed in our separate ESG report, which will be released in Q2 2021.

ESG GOVERNANCE

The Board of Directors is responsible for all matters related to sustainability and reviews and endorses the Company's sustainability strategy, reporting and planned initiatives on an annual basis. The day to day governance and implementation lies with an ESG Committee. This committee is responsible for defining the ESG strategy, setting long term targets and monitoring company-wide environmental and social performance. The CFO, COO, Asset Management and HR are all represented in this committee, sending a clear message about our commitment to actively manage and lead our ESG agenda. The ESG Committee reports to the Group Executive Management on a regular basis.

GREEN FINANCING FRAMEWORK

In early 2020 Atrium launched a Green Financing Framework which integrates the company's sustainability commitments with its financing activities. Under this Green Financing Framework Atrium can issue green financing instruments, such as Green bonds, Green hybrids and Green private placements. The issuance of green financing instruments will be used to refinance our BREEAM certified assets and to further integrate sustainability in our corporate strategy. Our Green Financing Framework is aligned with the Green Bond Principles 2018 and the Green Loan Principles 2018.

Green financing proceeds will be used for financing and re-financing eligible green projects, covered under the Green Financing Framework, such as green buildings that meet BREEAM standards (very good or higher).

Atrium is committed to provide regular updates as long as it has Green Financial Instruments outstanding. The Green Financing Framework has been verified and approved by Sustainalytics, an external second opinion provider. The Green Financing Framework and the second opinion by Sustainalytics are available on Atrium's website.

In 2020, no financing instruments were issued under this framework. In Feburary 2021, Atrium issued a €300 million inaugural green bond under its EMTN Programme (the "New Green Notes"). The net proceeds will be allocated to finance or refinance eligible projects and/or assets as defined in Atrium's Green Financing Framework.

SUSTAINABILITY PERFORMANCE RECOGNIZED IN 2020

Atrium is committed to providing full transparency surrounding our environmental, social and governance performance. We are also proud to have again been acknowledged by the real estate industry for improving transparency towards external stakeholders regarding our sustainability performance. We received a gold EPRA Sustainability award for our sustainability reporting and achieved the 3 "Green Star" status from the Global Real Estate Sustainability Benchmark (GRESB) for our sustainability performance relative to other peers in the sector. Both awards show that Atrium is on the right track in its quest to continually improve its sustainability performance.

ENGAGEMENT WITH RETAILERS

Atrium aims to create partnerships with retailers and to better understand their strategies and needs to ensure optimal performance within our centres. In 2019 we introduced Atrium Connect in two centres, a tool which allows us to better communicate with tenants. In 2020 we have rolled Atrium Connect out to 14 assets. This enables Atrium to receive feedback from retailers, gather responses on marketing events and build a sense of community within the centre. Especially during the COVID-19 crisis, this tool helped us to stay connected to all our tenants, informing them about the latest guidelines to provide a safe and secure shopping environment for our customers. For these centres where Atrium Connect had been introduced, we are connected with 98% of our tenants as all of them registered in the app and are using it on a daily basis.

BEING PART OF THE COMMUNITY

We care about local issues and contribute positively to society by positioning Atrium's shopping centres at the heart of their communities. During the COVID-19 crisis, we supported 14 hospitals within our communities that needed additional material, such as necessary protective equipment like masks, gloves and other protective gear. We also helped medical personnel by providing food for them, while they were coping with the pandemic. In Prague, we supported a program of preventive testing for the presence of coronavirus in nursing homes which was initiated for the elderly.

Our community engagement spaces in our centres changed into online community events through our social media channels. For our customers we organized online English language skills training, 'live' cooking lessons and we advised parents on how to entertain their children at home with games.

We continuously look for ways to support our local communities, both online and offline.

ENVIRONMENTAL IMPACT

Our head of technical management, our technical managers and third-party providers collaborate actively together to both reduce the impact on the environment and lower operational costs for our tenants. We closely monitor energy, water and waste figures and we have set ambitious long-term targets to minimise our environmental footprint. Following the temporary closing of our centres as a result of COVID-19, we actively searched to minimize costs for our tenants and reduce our environmental impact. This resulted in a decrease in electricity usage of almost 18%, a reduction of 16% in gas usage and over 20% less water used in the properties in 2020 compared to 2019, saving costs for our tenants that already had a challenging year with strict regulations and shops that had to be closed temporarily. We will continue to monitor closely the efficiencies of our centres as they re-open and start to operate fully again to ensure we continue in line with our long-term efficiency commitments.

BUILDING CERTIFICATIONS

In the coming years, we expect at least two thirds of our portfolio to receive BREEAM certifications. It is this commitment that will further enable Atrium to develop innovative and sustainable properties that are resilient and efficient to meet the requirements of retailers and customers in the future.

Issues that are addressed during the BREEAM building certification process include biodiversity at and around the property, the use of sustainable building materials, eco-efficient retrofits, pollution prevention and transportation. We integrate sustainability into every aspect of our building designs. For example, creating more attractive spaces that show our attention to detail and dedication to a healthy environment. An overview of our current and expected BREEAM certification can be found under the performance indicators table.

In 2020 and after the reporting period we made substantial progress in the green building certification process. Approximately €1.4 billion of our total portfolio value has a 'very good' or higher BREEAM certification. Following our recent inaugural green bond placement of €300M, this still leaves sufficient headroom to refinance and allocate any future debt issuance within our green financing framework.

ATRIUM PALAC PARDUBICE – BREEAM CERTIFICATION

Our Atrium Palac Pardubice centre management's long term efforts have been recognized by BREEAM In-Use certification. The certificates for asset performance and building management were issued in December 2020 and will be verified annually. The centre achieved an Excellent (71%) score for asset performance.

A particularly high score was reached for waste management (100%). This is due to the modern on-site waste sorting facility allowing for 4 waste streams. Currently, more than 35% of waste is recycled, reused, or composted. The centre benefits from very good accessibility by public transport with a trolleybus stop in front of the building and is also well connected to public cycling routes. We have provided facilities for our customers to securely store their bikes and scooters while enjoying the shopping, dining, and entertainment the mall offers.

A high score was also achieved in the health & wellbeing category. The building provides enough daylight coming through its partially glazed roof, yet the glare control makes it comfortable for the building occupants at all times. The asset provides indoor and outdoor rest spaces for the customers and our tenants´ employees. The mall has a fully inclusive design enabling easy access for less-able bodied persons as well.

In terms of the use of materials and third-party services, we have developed a sustainable procurement policy, working with the supply chain to help reduce the environmental impact of procurements. Environmental impacts of materials are taken into account with targets to reduce negative impacts and we have set targets to reduce CO2 emissions and to limit consumption of hazardous materials to the lowest possible extent. These initiatives helped us to reach over 90% score for materials in the BREEAM assessment.

A biodiversity action plan has been developed to improve the ecological value of the building and its site. This included the installation of birdhouses, insect hotels, and planting more trees and other greenery around the mall.

ATRIUM TARGÓWEK – BREEAM CERTIFICATION

In 2020 six shopping centres in Poland received BREEAM In-Use certification. All centres achieved BREEAM Very Good for Asset Performance and Building Management. Atrium Targówek in Warsaw is one of these green certified centres.

High credits for waste (100%) were achieved for Atrium Targówek due to an eco-friendly approach to waste separation – waste streams are separated at a central location and split into six streams (municipal waste, plastic, glass, cardboard, metal and bio-waste).

Atrium Targówek is easily accessible by all means of transport (+80% score). Two bus stops are located in front of the centre; there are safe and secure pedestrian and bicycle routes, bicycle parking facilities are available to visitors and for electric car users there are vehicle charging stations available.

In terms of water usage, we have reduced water consumption through installation of water-efficient fixtures and fittings such as water sensors in public restrooms. The centre has two sedimentation tanks where all rainwater is stored from the roofs and car parking areas – the water evaporates into the atmosphere and the sediment remains in the tanks. To support local natural habitats, we have introduced four insect boxes and five bee hives.

OUR PEOPLE

2020 started off full of ambitions and plans. By mid-March, however, the outbreak of the COVID-19 virus, resulted in the temporary closing of the majority of our shopping centres, the introduction of rotating staffing schedules for employees and in the interest of employees' health and safety, the temporary closing of our administrative offices. People priorities shifted almost completely to the health, safety and well-being of our employees as work processes, work locations and work priorities changed. Moreover, we had to adapt to new ways of communicating and working together, whilst being at home. We are hopeful that this unprecedented period will come to an end in 2021 with vaccination programs being rolled out, so that we can get back to a new 'normal' life.

HEALTH AND SAFETY

At the start of the COVID-19 crisis, Atrium's business continuity plan came into effect, activating crisis management teams and crisis protocols for all organization levels. To safeguard people's health and safety, all shopping centres and offices were provided with the required hygienic supplies and instructions. Office workspaces were adjusted to comply with the local physical distance regulations. As a result, employees were requested to work in teams in a rotating schedule, creating more workspace for employees and preventing the risk of possible infection of other colleagues and by doing so, safeguarding business continuity.

Furthermore, Atrium is very much aware of the mental effects of working from home for extended periods of time. Besides offering assistance where we can and having implemented structured team and one-on-one meetings throughout the company, we find it very important to also continue to connect socially online and to offer online entertainment for employees and family members. Virtual coffee breaks, online kindergarten, a virtual magician and online get-togethers are some examples of the events we have organized.

HR DEVELOPMENTS

By the end of 2020, we had 377 employees working at Atrium, with a 66%/34% female to male ratio. In management positions, the female to male ratio is 49%/51%. Almost 40% of our workforce has worked with us for more than 5 years. This, together with a strong balance in our female to male ratio's, forms a solid basis for the company's future diversity and depth of expertise.

The COVID-19 crisis did not result in redundancies, pay-cuts or other negative remuneration effects.

EMPLOYEE ENGAGEMENT SURVEY

In June 2020, Atrium's first employee engagement survey was held among all employees in the group.

The survey, performed by Kincentric, consisted of 24 questions related to 3 different engagement dimensions: leadership, agility and talent focus. 94% of all employees participated in the survey. with an overall positive engagement score of 63%. A very solid first result, compared to our peers in the region we operate in. In the months following the survey, the results were shared with all managers and employees. Through focus groups and work sessions, feedback and action plans were collected, leading to concrete improvements for each of the engagement dimensions which are rolled out in 2021.

EMPLOYEE VOLUNTEERING

Due to the COVID-19 crisis, our volunteering activities on location, were postponed. However, several initiatives took place, such as collecting clothing for shelters and donating money to charities. We hope that in 2021 we can resume our volunteering program, as we strongly believe tthat making the world a better place is, besides saving energy and reducing greenhouse emissions, also about making the place we live a little better by giving something back to the communities we live and work in.

TRAINING AND DEVELOPMENT

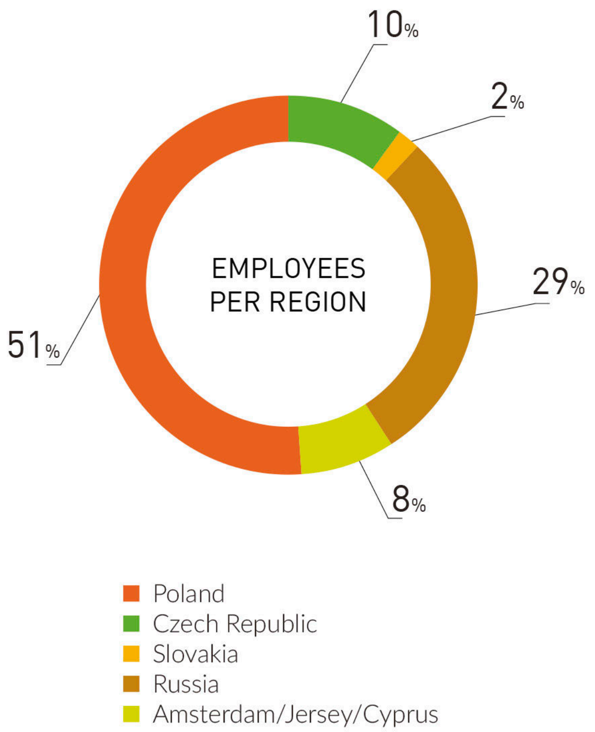
Investing in training and development, especially in the everchanging retail and technological environment, remains a key focus. In 2020, close to 9,000 training hours were provided to develop our employees. There was a clear shift from individual physical training formats to virtual group training. We introduced an online learning and development program, consisting of courses and webinars, mainly focused around the effects of COVID-19 on people's resilience, dealing with working from home, motivation and virtual communication. By the end of 2020, 50% of our employees followed one or more of the online courses and webinars we offered.

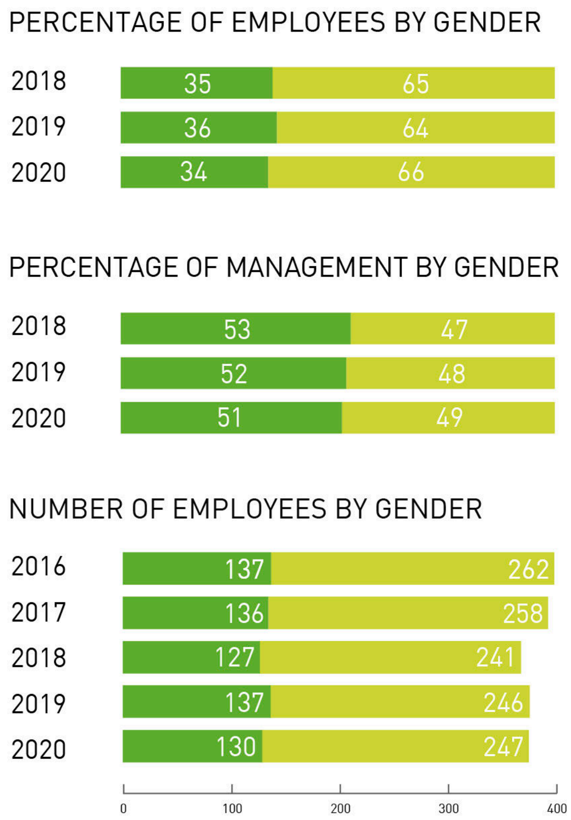
Next to our Atrium specific online training on the company's Code of Conduct, Code of Business Conduct and Ethics, Whistleblower and the Social Media policy, we expanded the training offer this year with several courses on IT Cybersecurity. These trainings are annually held and are mandatory for all employees.

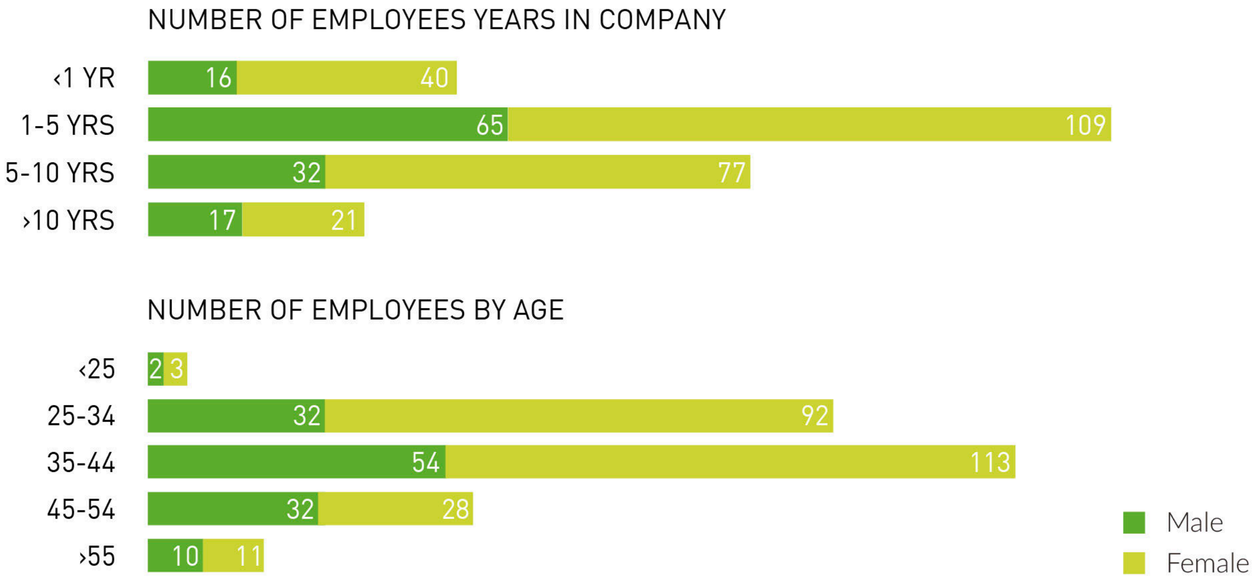
SOUND GOVERNANCE

Our business is built on trust and transparency. Atrium's governance policies and procedures contain essential guidelines and rules on how Atrium wants to do business and how all employees should act with each other and with all our stakeholders. In 2020 all employees again received governance training through the company's online web portal. The online compliance training assessed the knowledge of employees about Atrium's Code of Conduct, Code of Business Ethics and Conduct and the Whistle-blower procedure. Each employee and executive is encouraged to report any (suspected) breaches or violations against the Code of Ethics or other governance policies. In 2020, no breaches against the Code of Conduct were reported. A secure external email address is available for these reporting purposes. Any events will be handled in accordance with the applicable data protection and other regulations.

SOCIAL AND GOVERNANCE PERFORMANCE MEASURES







Employee gender diversity (DIVERSITY-EMP)	2020	2019
Headcount	377	383
FTE's (full time equivalent)	375	345
Male employees	130	137
Female employees	247	246
Indefinite contract	336	317
Definite contract	41	66
Percentage of female managers	49%	48%

Gender pay ratio (DIVERSITY-PAY) Ratio of average base salary (female to male) by department	2020	2019
Administrative and support staff	1.23	1.21
Development team	1.00	0.96
Finance team (controlling and accounting)	0.85	0.82
Operations	0.89	0.89
Senior management	0.98	0.97

Employee training and development (EMP-TRAINING)	2020	2019
Total number of training hours	8,988	9,238
Average training hours per employee	23.80	24.12
Total amount (in EUR) spent on training	106,598	263,014

Employee Performance appraisals (EMP-DEV)	2020	2019
% of employees that have received a performance evaluation	94.4%	93.0%

New hires and turnover in 2020 (EMP-TURNOVER)	Male	Female	Total
Total number of employees that left the company	20	35	55
Total number of employees that joined the company	15	39	54
Turnover percentage	15.2%	14.4%	14.6%

Employee health and safety in 2020 (H&S-EMP)	Male	Female	Total
Total number of illness/absence days (working days)	205	1,538	1,743
Illness percentage (absentee rate)	0.7%	2.9%	2.1%
Number of work related injuries (injury rate)	-	-	-
Number of fatalities	-	-	-

Governance performance measures	
Composition of the highest governance body (Gov-Board)	View the 2020 corporate governance report (page 51-54)
Process for nominating and selecting the highest governance body (Gov-Selec)	View the 2020 corporate governance report (page 51-54)
Process for managing conflicts of interest (Gov-Col)	View the memorandum (page 25) available on our corporate website

Environmental performance indicators EPRA Sustainability performance measures	EPRA indicator	Units	Absolute consumptions 2020	2019
Electricity consumption for common areas	Elec-Abs / Elec-LfL	MWh	88,542	108,796
Electricity exclusively sub-metered to tenants	Elec-Abs / Elec-LfL		80,497	99,026
Total electricity consumption	Elec-Abs / Elec-LfL		169,039	207,822
District heating and cooling for common areas	DH&C-Abs / DH&C-LfL		31,294	32,965
District heating and cooling sub-metered to tenants	DH&C-Abs / DH&C-LfL		45,681	47,573
Total district heating and cooling			76,976	80,538
Fuels consumed in common areas	Fuels-Abs /Fuels-LfL		9,850	12,344
Fuels exclusively sub-metered to tenants	Fuels-Abs /Fuels-LfL		15,503	18,296
Total fuel consumption			25,353	30,640
Total energy consumption from all sources			**271,367**	**319,000**
Total direct GHG emissions GHG Protocol Scope 1	GHG-Dir-Abs	tonnes CO_2e	2,019	2,530
Total indirect GHG emissions GHG Protocol Scope 2	GHG-Indir-Abs		57,123	76,682
Total indirect GHG emissions GHG Protocol Scope 3	GHG-Indir-Abs		56,683	73,327
Total direct and indirect GHG emissions			**115,824**	**152,539**
Water consumption for common areas	Water-Abs / Water-LfL	m^3	247,762	344,211
Water consumption exclusively sub-metered to tenants	Water-Abs / Water-LfL		350,295	459,983
Total water consumption	**Water-Abs / Water-LfL**		**598,057**	**804,194**
Total weight of waste	**Waste-Abs /Waste-LfL**	**Metric tonnes**	**8,174**	**10,278**
Hazardous waste			n/a	n/a
Disposal route	Waste-Abs /Waste-LfL	Proportion by weight (%)		
Recycled			21.8%	19.0%
Landfill facility			57.0%	64.7%
Incineration			4.1%	3.9%
Composting/ anaerobic digestion facility			2.3%	2.3%
Other disposal route			14.7%	9.9%

Environmental intensity indicators EPRA Sustainability intensity measures	EPRA indicator	Units	Absolute consumptions 2020	2019
Building energy intensity	Energy-Int	$kWh/m^2/year$	339.1	398.0
	Energy-Int	kWh/visitor/year	1.8	1.6
Greenhouse gas intensity from building energy	GHG-Int	$kgCO_2e/m^2/year$	144.7	190.3
	GHG-Int	$kgCO_2e$/visitor/year	0.8	0.7
Building water intensity	Water-Int	$m^3/m^2/year$	0.7	1.0
	Water-Int	liter/visitor/year	3.9	3.9

QUALIFYING NOTES

The information in the environmental performance tables points to the broken fiscal year 2019 and 2020 for those properties where Atrium has organizational control. Due to the integration of the sustainability data into the annual report, Atrium has chosen to report a broken fiscal year for both reporting periods to enable the data to be published in a timely manner. 2019 and 2020 data represents a 12 month period including Q4 and the first three quarters of each reporting year. Both reporting periods above include 12 months so data is comparable between these years

Following divestments in 2019-2020, we have not included properties that have not been under management and ownership for both reporting periods. Data is reported using the EPRA Sustainability Best Practices guidelines. The absolute data coverage disclosed for energy, carbon emissions, water and waste for 2019 through 2020 represents 99.1% of the Gross Lettable Area (GLA) or 99.8% of the Gross Asset Value (GAV). The absolute data for energy, GHG emissions, water and waste, represents 25 out of 25 shopping centres: 14 in Poland, seven in Russia and four in the Czech Republic and Slovakia. Data is measured via smart meters and manual readings - landlord-obtained utility consumption data for energy, associated GHG emissions and water consumption are not estimated.

Estimations are made for tracking the waste in tonnes (weight) since actual data is not available for the majority of properties. We estimated the tonnes of waste (weight) by converting the volumes (m3) of waste. Nine assets are excluded from the like-for-like figures due to significant (re)developments that took place and influenced the performance of the property or properties that have been disposed. Like-for-like figures include 19 out of 19 properties that were in full operation and ownership by Atrium in 2019-2020.

Like for Like								
Poland		Czech Republic and Slovakia		Russia		Total		
2020	2019	2020	2019	2020	2019	2020	2019	Change %
35,930	42,567	11,551	14,007	12,691	16,378	60,172	72,953	(17.5%)
19,150	24,461	15,434	17,895	27,418	33,059	62,001	75,415	(17.8%)
55,080	67,029	26,985	31,902	40,109	49,437	122,173	148,368	(17.7%)
13,206	14,018	5,851	6,768	993	1,349	20,049	22,135	(9.4%)
7,483	7,454	9,588	10,421	8,384	11,384	25,455	29,260	(13.0%)
20,689	21,473	15,439	17,189	9,377	12,734	45,504	51,395	(11.5%)
-	-	5,091	6,200	3,145	3,931	8,236	10,130	(18.7%)
586	469	2,614	2,388	12,170	15,229	15,371	18,086	(15.0%)
586	469	7,706	8,588	15,315	19,160	23,607	28,216	(16.3%)
76,355	**88,970**	**50,129**	**57,678**	**64,800**	**81,331**	**191,284**	**227,979**	**(16.1%)**
-	-	1,043	1,271	644	806	1,688	2,076	(18.7%)
28,787	33,741	918	6,591	8,331	10,767	38,036	51,099	(25.6%)
15,562	19,350	2,396	7,320	21,889	26,792	39,847	53,462	(25.5%)
44,349	**53,091**	**4,358**	**15,181**	**30,865**	**38,364**	**79,571**	**106,637**	**(25.4%)**
104,699	138,304	63,420	89,028	26,134	29,521	194,254	256,853	(24.4%)
104,246	134,283	48,321	62,819	103,233	140,618	255,800	337,720	(24.3%)
208,946	**272,587**	**111,742**	**151,846**	**129,366**	**170,140**	**450,054**	**594,573**	**(24.3%)**
3,185	**3,985**	**1,714**	**2,068**	**892**	**1,029**	**5,791**	**7,083**	**(18.2%)**
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
25.7%	22.0%	29.2%	26.4%	2.0%	2.0%	23.1%	20.3%	
49.2%	61.8%	43.4%	45.3%	97.0%	97.0%	54.9%	62.1%	
0.6%	0.0%	18.3%	18.8%	0.0%	0.0%	5.8%	5.5%	
1.5%	2.9%	3.7%	3.6%	1.0%	1.0%	2.0%	2.8%	
22.8%	13.3%	5.4%	5.7%	0.0%	0.0%	14.1%	9.1%	

Like for Like								
Poland		Czech Republic and Slovakia		Russia		Total		
2020	2019	2020	2019	2020	2019	2020	2019	Change %
235.4	274.6	464.9	534.9	444.1	557.2	330.9	394.5	(16.1%)
0.9	0.8	3.1	2.4	3.3	3.3	1.6	1.4	14.0%
136.7	163.8	40.4	140.8	211.5	262.8	137.6	184.5	(25.4%)
0.5	0.5	0.3	0.6	1.6	1.6	0.7	0.7	1.4%
0.6	0.8	1.0	1.4	0.9	1.2	0.8	1.0	(24.3%)
2.5	2.4	6.8	6.3	6.7	6.9	3.8	3.7	2.8%

Atrium reports data which has been purchased and used onsite for common areas or for tenant areas where sub meters are available. Landlord obtained consumption data for energy, water and waste data are based on invoices and manual readings and are not estimated. When separate meters are in place for tenants, consumption is provided separately in the tables above. Consumption of gas, district heating and cooling can be used for larger sections of the shopping centre. Energy consumption of local offices are included in the data and mentioned in the tables above under common areas. Atrium keeps track of the energy consumption in the local offices in 2020: In our Amsterdam office, we consumed 9 MWh and in Warsaw office, 211 MWh.

We continued to use the same definition for like-for-like performance (EPRA BPRs), yet we see a significant decrease of our consumption of natural resources due to covid. Many assets were impacted and were not able to operate fully due to temporary closures. On a like-for-like basis, Atrium has decreased its total energy consumption with 16.1% in 2019-2020. Water consumption decreased with 24.3% on a like-for-like basis and the total amount of waste collected, decreased with 18.2% in the same reporting period.

The numerator of intensity figures is the total landlord-obtained consumption for common areas and sub metered tenant consumption. The total GLA of the centres and the total number of visitors are used as denominators. As proposed by the EPRA Sustainability Best Practices guidelines, Atrium acknowledges that the intensity figures may be affected due to a mismatch between numerator and denominator. Going forward, Atrium will fine-tune intensity figures by measuring more accurately the surface area for which resources are consumed within the shopping centre.

Green building certifications in place (BREEAM in-use)	Name asset	Country
EPRA CERT-Tot: Type and number of sustainably certified assets as of today	Atrium Flora	Czech Republic
	Palac Pardubice	Czech Republic
	Atrium Biala	Poland
	Atrium Copernicus	Poland
	Atrium Promenada	Poland
	Atrium Reduta	Poland
	Atrium Targówek	Poland
	Focus Bydgoszcz	Poland
	Galeria Dominikanska	Poland
	King Cross	Poland
	Wars Sawa Junior	Poland
Coverage: 49.5% of managed shopping centres are certified with BREEAM (based on GLA)		

Health & safety and community engagement	% of GAV[1]	% of GLA
EPRA H&S-asset: Asset health and safety assessments	100.0%	100.0%
EPRA H&S-Comp: Asset health and safety compliance	72.3%	78.5%
EPRA Comty-Eng: Community engagement, impact assessments and development programmes[2]	100.0%	100.0%

1 Performance indicators on health & safety represents 99,8% of managed shopping centres under management (GAV) equivalent to 99,1% of total GLA. Health and safety assessments are taken place through internal reporting. The assessment includes questions like whether emergency/evacuation plans are in place, if fire safety checks performed in the reporting period and the number of incidents occured regarding health and safety.

2 Community engagement programmes refer to local stakeholder engagement activities that have been rolled out in 2020 for all main shopping centres

Emissions factors are based on International Energy Agency data and by local energy suppliers. Different emissions apply, depending on the shopping centre's location. Scope one emissions refer to onsite natural gas consumption used for common areas; scope two emissions, to landlord purchased and consumed energy, heating and cooling for common areas; and scope three emissions, to consumption that is purchased by Atrium and sub metered to tenants. No third party assurance is carried out by an objective and independent assurance provider on any of the reported sustainability data.

Performance indicators on health & safety represents 99.8% of managed shopping centres under management (GAV) equivalent to 99.1% of total GLA. Health and safety assessments are taken place through internal reporting. The assessment includes questions like whether emergency/evacuation plans are in place, if fire safety checks performed in the reporting period and the number of incidents occurred regarding health and safety. Community engagement programmes refer to local stakeholder engagement activities that have been rolled out in 2020 for all main shopping centres.

STATEMENT BY THE BOARD OF DIRECTORS OF ATRIUM EUROPEAN REAL ESTATE LIMITED PURSUANT TO § 124 OF THE AUSTRIAN STOCK EXCHANGE ACT

The members of the Board of Directors of Atrium European Real Estate Limited ("Atrium"; Atrium together with its subsidiaries, the "Group") pursuant to Section 124 of the Austrian Stock Exchange Act (§ 124 BoerseG) hereby confirm:

- that to the best of their knowledge the consolidated annual financial statements and Atrium's standalone financial statements prepared in accordance with applicable accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Atrium, and
- that the Group management report presents the development and performance of the business and the position of the Group and Atrium in such a manner so as to give a true and fair view of the assets, liabilities, financial position and profit or loss, together with a description of the major risks and uncertainties to which the Group and Atrium are exposed.

THE BOARD OF DIRECTORS

CHAIM KATZMAN
Chairman of the Board and Director

David Fox

DAVID FOX
Director

Neil Flanzraich

NEIL FLANZRAICH
Chairman of the Audit Committee and Director

ANDREW WIGNALL
Director

Lucy C. Lilley

LUCY LILLEY
Director

OREN HOD
Director

STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Annual 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 Annual 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 Annual Financial Report is up to date only as of the date of this Annual 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 Annual Financial Report, and particularly the forward looking statements, are qualified by these cautionary statements.

This Annual 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.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH CORPORATE GOVERNANCE CODES

Atrium European Real Estate Limited ("Atrium" or the "Company") was established under the laws of Jersey, Channel Islands, in 1997. Atrium has been listed on the Vienna Stock Exchange ("ATRS") since November 2002 and on the Euronext Amsterdam Stock Exchange since August 2009.

As a certified Jersey Listed Fund, Atrium should comply at all times, and operate in accordance with, the Jersey Listed Fund Guide and the detailed provisions of the Jersey Codes of Practice for Certified Funds (the "Codes"). The Codes are arranged under a number of fundamental principles which include corporate governance, internal systems and controls, AML Procedures and financial reporting. Jersey law also imposes general fiduciary duties and duties of care, diligence and skill on directors, who are also under a statutory obligation to act in good faith and in the best interest of Atrium. In addition and as agreed with the Jersey Financial Services Commission ("JFSC"), Atrium must remain materially in compliance with the Association of Investment Companies (AIC) Code of Corporate Governance in matters pertaining to the independence of directors and the composition of the board.

The Austrian Code of Corporate Governance (as amended in January 2020) (the "Austrian Code") sets out rules and regulations for responsible management and guidance of companies listed in Austria. The Austrian Code applies primarily to Austrian stock market-listed joint stock corporations that undertake to adhere to its principles and obliges those companies that have committed to adhere to it to either comply or explain any deviations from its applicable rules. Atrium currently submits voluntarily to the Austrian Code, which is available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at). Explanations for deviations from the applicable rules are provided on pages 57-59.

BOARD AND MANAGEMENT STRUCTURE

The management structure of Atrium is a one-tier Board of Directors.

As at 31 December 2020, four of the six Directors were independent in accordance with the Guidelines for Independence as set out in Annex 1 of the Austrian Code, being Mr. Wignall, Mr. Flanzraich, Mrs. Lilley and Mr. Fox. The independent Directors do not have shareholdings of more than 10% in Atrium, nor do they represent the interests of a shareholder with an investment of more than 10% in Atrium.

The business of Atrium is managed by the Directors, who may exercise all powers of Atrium that are not required by applicable corporate law or the Articles to be exercised by the shareholders in a general meeting. The power and authority to represent Atrium in all transactions relating to real and personal property and all other legal or judicial transactions, acts and matters before all courts of law is vested in the Directors.

As at 31 December 2020, the Board of Directors consisted of six Directors, as set out below. In May 2020, David Fox was appointed to the Board of Directors as an independent director, and, in November 2020, Oren Hod was appointed to the Board of Directors as a Gazit Nominee. At the Annual General Meeting that took place in April 2020, Simon Radford and Michael Errichetti did not stand for re-election.

Name	Audit Committee	Compensation and Nominating Committee	Executive Committee	Operations Committee	Date of birth	Mandate start
Chaim Katzman		✓	✓		04.11.1949	01.08.2008
Simon Radford[1]	✓			✓	03.02.1957	06.03.2008
Andrew Wignall	✓			✓	11.05.1964	06.03.2008
Michael Errichetti[1]		✓	✓		23.09.1957	01.04.2017
Neil Flanzraich	✓	✓	✓		08.08.1943	01.04.2017
Lucy Lilley	✓	✓		✓	09.08.1972	01.04.2018
David Fox	✓		✓		29.01.1958	14.05.2020
Oren Hod					21.08.1968	10.11.2020

1 Simon Radford's and Michael Errichetti's mandate ended at the AGM which took place on 23 April 2020

The mandate of each Director then in office ends at the shareholders' annual general meeting ("AGM") held following the date of appointment. Provision is made for each Director to retire at each AGM and for the shareholders (by ordinary resolution) to re-elect that retiring Director (if eligible for re-election). In the absence of such resolution, a retiring Director shall be deemed to have been re-elected except where (a) a resolution to re-elect the Director has been put to the AGM but has not been passed or it is expressly resolved not to fill the office being vacated or (b) such Director is ineligible for re-election or has given notice in writing to Atrium that he or she is unwilling to be re-elected. The current mandate of each Director in office ends at the next AGM. .

CHAIM KATZMAN

Non-executive director and Chairman

Chairman, Executive Committee

Chairman, Compensation and Nominating Committee

Chaim Katzman is the founder, controlling shareholder and CEO of Gazit-Globe Ltd (TASE: GZT), a leading international real estate company listed on the Tel Aviv and New York Stock Exchanges. As the CEO Mr. Katzman leads global operations and affiliate and subsidiary activities and oversees approximately $11 billion in assets (over 100 properties in over a dozen countries) in the USA, Canada, Europe, Israel and Brazil.

Mr. Katzman is also the Chairman of both the Company and Citycon Oyj (OMX: CTY), an owner, developer and operator of shopping centres in the Nordic and Baltic and market leader in the Nordic shopping centre sector. He is also the CEO and the Vice Chairman of Norstar Holdings Inc. (TLV: NSTR), the parent company of Gazit-Globe. Mr. Katzman was the Founder and Chairman of Equity One, Inc. (NYSE: EQY), a leading supermarket anchored shopping center REIT focused on urban communities which merged in 2017 with Regency Centers (NYSE: REG) forming a leading shopping center REIT, included in the S&P 500, where Mr. Katzman was the Vice Chairman. Mr. Katzman also previously served as Chairman of First Capital Realty Inc. (TSX: FCR), a leading Canadian real estate company

Mr. Katzman is a well-known civic leader, philanthropist and supporter of numerous organizations. In 2011, he founded the Gazit-Globe Real Estate Institute at Israel's Interdisciplinary Center (IDC) Herzliya, an academic and research programme focused on innovation and entrepreneurship in the real estate sector that offers a master's degree in real estate with concentrations in housing, land use and real estate finance.

A pioneer of the investment and development industry, Mr. Katzman is a member of the International Council of Shopping Centres (ICSC), the National Association of Real Estate Investment Trusts (NAREIT), the Real Estate Roundtable and the Association of Foreign Investors in Real Estate (AFIRE), and a Trustee of the Urban Land Institute (ULI). Mr. Katzman was the recipient and winner of the Ernst & Young Entrepreneur of The Year® 2010 Award in the Real Estate and Construction Services Category in Florida. Mr. Katzman is also the honorary President of the Larger Than Life Foundation.

Mr. Katzman received an LL.B. from Tel Aviv University Law School and serves as a Trustee on the Board of Governors at Tel-Aviv University.

ANDREW WIGNALL

Non-executive director

Chairman, Operations Committee

Member, Audit Committee

Andrew Wignall is an independent non-executive director appointed to the Board in March 2008. Mr. Wignall is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified with Ernst & Young in 1988, where he worked as an auditor primarily with financial services clients. In 1996 he was a founding director of Moore Management Limited ("Moore") and since leaving Moore in 2007, Mr. Wignall has acted as an independent non-executive director of a number of private equity, real estate and other alternative fund structures. Mr. Wignall is authorised by the Jersey Financial Services Commission to act as a director of such structures and from 2004 to 2011 was a committee member of the Jersey Funds Association.

Atrium has agreed remain materially in compliance with the AIC Code of Corporate Governance (the "AIC Code") in matters pertaining to the independence of Directors and the composition of the Board. The AIC Code does require that, where a director has served for more than nine years, the Board state its reasons for believing that the individual remains independent in the annual report.

Andrew Wignall has served as a Director since 2008. Notwithstanding his tenure of service, the Board is of the view he remains independent on the basis that he is a professional director with a number of other interests who only dedicates a limited portion of his time to Atrium. By way of example, Mr. Wignall acts as director of a number of private equity and other alternative fund structures. Mr. Wignall's public company and investment fund directorships include: NAXS Nordic Access Fund AB, Actera Group Limited, Aberdeen Standard Capital (CI) Limited, Alden Global Capital, Medicxi Ventures Management (Jersey) Ltd, Quadriga Capital and Stirling Square Capital Partners. Andrew Wignall is not engaged in the activities of Atrium outside of his role as a Director.

NEIL FLANZRAICH

Non-executive director

Chairman, Audit Committee

Member, Compensation and Nominating Committee and Executive Committee

Neil Flanzraich is an independent non-executive director appointed to the Board in April 2017. Mr. Flanzraich is Executive Chairman of Cantex Pharmaceuticals, Inc., a privately-owned pharmaceutical company developing medicines for cancer. He is also the Executive Chairman of the Board of Directors of Alzheon, Inc., a privately owned biopharmaceutical company developing disease modifying treatments for Alzheimer's Disease. Mr. Flanzraich has significant experience leading both public and private pharmaceutical and biotech companies.He is also the Chairman of the Board and Co-Founder of AgoneX Biopharmaceuticals, Inc., a privately-owned biotech company developing drugs for migraine headaches, and other neurological conditions. Mr. Flanzraich also serves as an Expert-in-Residence for an Entrepreneurship program at Harvard University. He has served as a member of the board of directors of numerous public companies listed on the NYSE or other American stock exchanges. He is the Lead Independent Director of Chipotle Mexican Grill, Inc. (CMG: NYSE), a fast casual restaurant chain, and was also the Lead Independent Director of Equity One Inc., until its acquisition by Regency Centers in April, 2017. Mr. Flanzraich has a BA from Harvard College (Phi Beta Kappa, Magna Cum Laude), and a JD from Harvard Law School (Magna Cum Laude).

LUCY LILLEY

Non-executive director

Member, Audit Committee, Operations Committee and Compensation and Nominating Committee

Lucy Lilley is a chartered surveyor and independent non-executive director appointed to the Board in April 2018. She serves as a non-executive director for a number of real estate companies and funds. Based in Jersey since 2010, Mrs. Lilley was Director and Fund Manager of Schroder Real Estate Managers (Jersey) Limited until September 2015. Prior to that, she was Portfolio Manager with Land Securities. Mrs. Lilley specialised in shopping centres and shopping parks between 2004 and 2015 and has a background in commercial property asset management, portfolio management and fund management. Mrs. Lilley is a Member of the Royal Institution of Chartered Surveyors, the Investment Property Forum, Revo (the British Council of Shopping Centres) and IoD.

DAVID FOX

Non-executive director

Member, Audit Committee and Executive Committee

Mr. Fox was a member of the Global Executive Management Committee of Kirkland & Ellis and a senior partner until 2019. During this time, he played a pivotal role in the leadership, culture and success of the firm. Prior to that, Mr. Fox spent 25 years with Skadden Arps where he was a member of its top governing committee and one of the firm's most senior partners.

Mr. Fox has been the recipient of numerous industry recognitions, including The Deal's inaugural "M&A Lifetime Achievement" award, and has been consistently ranked among the top tier for M&A and corporate governance in all of the major legal directories.

Mr. Fox is a director of Atlas Crest Corporation (which he is expected to leave upon the closing of the merger between Atlas Crest and Archer Aviation), Atlas Crest Corporation II, Gamida Cell Ltd., Israel Discount Bank of New York and MediWound, Ltd. He is also a member of the board of directors at the Park Avenue Armory and an advisory member of the board of New Alternatives for Children. In addition, Mr. Fox is on the executive committee of the board of governors and an honorary fellow of the Hebrew University, Jerusalem.

Mr. Fox holds a degree from Hebrew University of Jerusalem School of Law, LL.B.,

Mr. Fox currently lives in New York with his wife and daughter.

OREN HOD

Non-executive director

Oren Hod was appointed to the Board in November 2020. Mr. Hod has been the Deputy CEO of Gazit-Globe since June 2020. He has over 25 years' experience in the areas of real estate in Israel, including in the fields of urban renewal and rental concessions. In the past nine years Mr. Hod was the CEO of Africa Israel Residential, a leading public real estate company. Prior to that he was VP at Naveh of the IDB Group, and in the 10 years previously a manager in various positions at U. Dori, a well-known Israeli construction company.

COMMITTEES OF THE BOARD OF DIRECTORS

The Directors may delegate any of their powers to committees consisting of a Director/Directors or any officers or persons they deem fit. Any committee so formed, or officer or person to whom powers are delegated, shall in the exercise of such powers conform to any regulations or restrictions that may be imposed on them by the Directors from time to time.

As at 31 December 2020, four permanent committees had been established: (i) the Audit Committee; (ii) the Compensation and Nominating Committee; (iii) the Executive Committee; and (iv) the Operations Committee. The Board of Directors and committees hold meetings and can also pass written resolutions.

In the year ended 31 December 2020, the Board of Directors held thirteen meetings.

AUDIT COMMITTEE

During 2020, the Chairman of the Audit Committee was Neil Flanzraich and the members of the Audit Committee were Simon Radford (until April 2020), David Fox (from 28 May 2020), Andrew Wignall and Lucy Lilley.

The Audit Committee undertakes customary functions, predominantly concerned with the presentation of the annual financial statements, preparations for the audit of the financial statements and compliance therewith, the auditors' activities, audit of the internal control and risk management, and other compliance activities related to the regulatory compliance and business ethics. In addition, the Audit Committees reviews additional information which may influence the process of compilation and numbers contained within the financial statements and reports, such as the corporate structure, controls including IT general controls and the system landscape and other compliance materials.

The Audit Committee is required to meet at least twice annually before the publication of Atrium's annual financial statements and the half-year report. In the year ended 31 December 2020, the Audit Committee held two meetings.

COMPENSATION AND NOMINATING COMMITTEE

During 2020, the Chairman of the Compensation and Nominating Committee was Chaim Katzman and the members of the Compensation and Nominating Committee were Michael Errichetti (until April 2020), Lucy Lilley (from 5 May 2020) and Neil Flanzraich.

The Compensation and Nominating Committee deals with all material aspects of the remuneration of senior executives. The committee is empowered to select, appoint and remove senior executives, other than the Group CEO who is appointed by the Board of Directors, and to take decisions on the award of bonuses, variable compensation components and other such benefits payable to senior executives. Additional duties are further described within the compensation report.

In the year ended 31 December 2020, the Compensation and Nominating Committee held four meetings.

EXECUTIVE COMMITTEE

During 2020, the Chairman of the Executive Committee was Chaim Katzman and the members of the Executive Committee were Michael Errichetti (until 23 April 2020), David Fox (from 28 May 2020), Neil Flanzraich and Liad Barzilai (who does not have a voting right as member of the Committee).

The principal activity of the Executive Committee is to consider and make decisions on behalf of the Board of Directors (within the remit of the Executive Committee's €50 million authority, as delegated to it by the Board of Directors) on certain business proposals for the Group.

The Executive Committee did not hold any meetings in the year ended 31 December 2020.

OPERATIONS COMMITTEE

During 2020, the Chairman of the Operations Committee was Andrew Wignall and the members of the Operations Committee were Simon Radford (until April 2020) and Lucy Lilley.

The principal activity of the Operations Committee during 2020 was to consider and make decisions on behalf of the Board of Directors for the purpose of addressing operational requirements of the Company in Jersey including office and employee matters, treasury functions, day to day sanction of operational needs of the Company and incidental commitments.

In the year ended 31 December 2020, the Operations Committee held seven meetings.

DIVERSITY CONCEPT AND MEASURES FOR THE ADVANCE OF WOMEN

All members of the Board of Directors, and all persons in Group executive positions, have been appointed on the basis of their professional and personal qualifications. The Atrium Group maintains an equal opportunities policy for the purposes of recruitment at all levels. As at 31 December 2020, the ages of the members of the Board of Directors ranged from 48 to 77 and the Directors represented three different national backgrounds. Of the six Directors, one is a woman. Atrium does not take any specific measures to promote women to the Board of Directors, or to top Group executive positions, other than on merit.

GROUP EXECUTIVE TEAM

During 2020, the Group Executive Team, which has day-to-day responsibility for Atrium Group operations, was as set out below. Each member of the Group Executive Team is appointed for, and has a mandate throughout, the duration of his employment agreement. As at 31 December 2020, the Group Executive Team consisted of five members, as set out below. In March 2020, Evaristo Paez Rasmussen was appointed to the Group Executive Team as Chief Investment Officer.

Name	Position	Date of birth	Mandate start
Liad Barzilai	Group Chief Executive Officer	25.11.1978	21.12.2016
Ryan Lee	Group Chief Financial Officer	19.08.1968	01.04.2015
Scott Jonathan Dwyer	Group Chief Operating Officer	10.07.1964	01.10.2017
Graham Kilbane	Group Chief Development Officer	14.12.1965	09.10.2017
Evaristo Paez Rasmussen	Chief Investment Officer	11.07.1974	01.03.2020

LIAD BARZILAI

Group Chief Executive Officer

Liad was appointed as Group Deputy Chief Executive Officer on 21 December 2016 and took over the role of Group Chief Executive Officer on 23 February 2017.

Liad was previously with the Atrium Group from 2008 until November 2015, latterly in the position of Group Chief Investment Officer responsible for the Group's pipeline of acquisitions and divestments, and from November 2015 until his appointment to Atrium held the role of Chief Investment Officer with Gazit-Globe.

Liad has a B.A. in Business Economics & Management from Guilford Glazer School of Business & Management, Ben-Gurion University and an MBA from Reccanati Business School, Tel Aviv University.

RYAN LEE

Group Chief Financial Officer, responsible for Compliance, Corporate Legal, HR, IT and Investor relations

Ryan joined the Group in February 2015 and was appointed as Group Chief Financial Officer in April 2015.

A chartered accountant with 30 years of international financial experience, prior to joining Atrium Group Ryan spent six years in senior roles in CEE based Private Companies. In addition, he previously held various international senior and board level financial roles with Japan Tobacco International and Unilever plc and its group subsidiaries from 1990-2009.

Ryan has a Bachelor's degree in Law and Italian from the University of Wales, Cardiff.

SCOTT JONATHAN DWYER

Group Chief Operating Officer

Scott is responsible for all operational aspects of the business including asset management, leasing, marketing, innovation and sustainability.

He joined Atrium in 2014 initially as CEO of the Polish operations where he initiated Atriums major redevelopment and extension programmes across the Polish portfolio. In October 2017, he was promoted to the Group COO position. Originally from Australia, Scott has more than 20 years' experience in the CEE real estate market having held senior positions at Unibail Rodamco, ING Real Estate and Heitman International.

Scott has a Bachelor of Business from UTS Sydney.

GRAHAM KILBANE

Group Chief Development Officer

Graham has over 30 years of development and refurbishment experience gained throughout the UK and Central and Eastern European markets. He has completed over 300,000 sq. m. of commercial and mixed-use projects and has extensive real estate experience throughout each stage of the development process. Having joined Atrium from Meyer Bergman, Graham previously ran the Polish development companies for GE Golub and Avestus.

Graham has a Bachelor of Science degree in Estate Management from the Trent University of Nottingham and he is a professional associate of the Royal Institution of Chartered Surveyors.

EVARISTO PAEZ RASMUSSEN

Chief Investments Officer from 1 March 2020

Evaristo started working for Atrium in September 2009 as Chief Development Officer for Turkey, Bulgaria, Georgia & Ukraine. After the unwinding of Atrium's activities in these countries, Evaristo was responsible for selling assets, liquidating the legal entities and closing the books. Since 2015, Evaristo is based in Warsaw, coordinating successfully all disposals and acquisitions for the Atrium Group.

Evaristo has a Bachelor's degree in Business Administration & Management from Centro Universitario de Estudios Financieros (CUNEF), Madrid, a Master's degree in Tax Assessment from CEF and an MBA from San Telmo Business School. Evaristo is also a Member of the Royal Institution of Chartered Surveyors (MRICS).

COMPENSATION REPORT

DIRECTORS' COMPENSATION

The Board of Directors has discretion to set annual Director's ordinary remuneration, in their capacity as Directors, up to an aggregate limit of €2 million per annum. If the Board wishes to increase this limit it would require prior shareholder approval by ordinary resolution.

In 2020, non-executive Directors, other than those Directors nominated by Gazit-Globe, were entitled to receive remuneration in two components: a fixed cash remuneration of €50,000 per annum together with meeting attendance fees of €1,000 per meeting and telephonic meeting attendance fees of €750 per meeting; and ordinary shares in the Company in the value of €50,000 per annum, which shares are allocated semi-annually and vest after two years. Dividends on the allocated shares were paid to the directors in cash, or in shares if so elected. During their term in office, Shares issued to non-executive Directors as part of their ordinary remuneration are subject, after vesting, to restrictions on disposal such that following any disposal, the remaining shareholding of the non-executive Director must have an aggregate deemed value of at least €100,000. Any Director, other than those Directors nominated by Gazit-Globe, who acts as Chairman of the Audit Committee, the Compensation and Nominating Committee or the Operations Committee was also entitled to receive additional remuneration of €10,000 per annum. A non-executive Director nominated by Gazit-Globe is not entitled to receive director's ordinary remuneration.

The cash component of ordinary remuneration may, at the election of eligible Directors, be taken as ordinary shares in the Company in lieu of all or part of their ordinary cash remuneration. In addition, the Board of Directors may award special pay to any Director who holds any executive post or performs any other services which the Directors consider to extend beyond the ordinary duties of a Director, such as participation in committees. Special pay can take the form of fees, commission or other benefits or can be paid in some other way decided by the Board of Directors. There are no specific performance criteria in place for the award of such special pay. Such special pay may either be in addition to or instead of other fees, expenses or other benefits that the Director is entitled to receive. No such fees were awarded for 2020.

Under his consultancy agreement, Mr. Katzman provides certain consultancy services, including (inter alia) advice on and review of proposed acquisitions and disposals, advice on capital markets strategy, advice on the level and content of development activities of the Group and strategic advice on the future direction of the Group. The consultancy agreement had an initial term of one year commencing on 1 August 2008 and continues on a rolling basis, with further extensions of one year unless terminated by either party. The annual consultancy fee is €700,000.

The independent Directors (in their capacity as Directors) were entitled to an aggregate remuneration in 2020 of €515,000 (2019: €977,000) .

OVERVIEW OF REMUNERATION OF THE DIRECTORS IN 2020

Name	Directors fixed fees € '000	Directors variable fees € '000	Consultancy fees € '000	2020 total € '000	2019 total[1] € '000
Chaim Katzman[2]	-	-	700	700	700
Simon Radford	16	23	-	39	191
Andrew Wignall	50	77	-	127	203
Michael Errichetti	16	23	-	39	192
Neil Flanzraich	50	74	-	124	200
Lucy Lilley	50	69	-	119	191
David Fox	31	36	-	67	-
Total	**213**	**302**	**700**	**1,215**	**1,677**

1 Includes a special pay of €150.000 for each of the Company's independent Directors

2 Gazit-Globe nominated Directors

The remuneration for 2020 for Mr. Oren Hod, a Gazit nominee, has not yet been agreed

GROUP EXECUTIVE TEAM COMPENSATION

Under the general compensation policy of Atrium, each member of the Group Executive Team is entitled to a base salary, a discretionary performance based annual cash bonus and participation in Atrium's employee share plans.

The annual remuneration paid or payable to each member of the Group Executive Team for the year ended 31 December 2020, including base salary, allowances, benefits and annual target bonus as determined by the Compensation and Nominating Committee is set out below:

Name	Fixed remuneration for 2020 €'000	Variable remuneration for 2020 €'000	Annual remuneration for 2020 €'000	Annual remuneration for 2019 €'000
Liad Barzilai	581	669	1,250	1,154
Ryan Lee	532	409	941	822
Scott Jonathan Dwyer	335	290	625	585
Graham Kilbane	255	140	395	410
Evaristo Paez Rasmussen[1]	297	109	406	-
Total	**2,000**	**1,617**	**3,617**	**2,971**

1 Evaristo Paez Rasmussen was appointed as Chief Investment Officer on 1 March 2020

As part of his remuneration, Liad Barzilai was entitled to an award of shares equal to €240,000, which are issued, free of any lock-up period, in four equal tranches on each of the first, second, third and fourth anniversaries of his appointment. The fourth issue of 19,099 ordinary shares was made in December 2020. In addition, the members of the Group Executive Team received part of their fixed and variable remuneration as ordinary shares.

Atrium has established specific performance criteria applied by the Company for the variable remuneration of the members of the Group Executive Team. The variable remuneration of each member of the Group's Executive Team is determined by the Board of Directors and is based on annually pre-determined Key Performance Indicators (KPI's) and the individual performance of each member. The Corporate KPI's consist of a number of operational and strategic targets. In 2020 the operational targets consisted of Like-for-Like NRI, Adjusted EPRA earnings and progress on re- development projects. The strategic targets consisted of the disposal and acquisition program

The annual variable remuneration ranges between 50% and 125%, at target, of the base salary, depending on the position of the Group Executive Team member and the Corporate and individual performance results. The Corporate KPI results account for 70% of the overall variable remuneration and the individual performance results account for 30% of the overall variable remuneration. However, it is within the discretion of the Board of Directors to set bonuses for Group Executive Team annually as it deems appropriate.

EMPLOYEE SHARE OPTION PLAN AND LONG TERM INCENTIVE PROGRAMMES

A continuous rolling share participation plan for Group Executive Management and other key employees was approved and implemented in March 2018. The plan allows the participants to elect to receive part of their annual bonus as shares as an alternative to cash, with the company issuing matching shares (including payment of dividend on such matching shares) after three years.

In November 2020, the Compensation and Nominating Committee implemented an Employee Share Option Plan for specific employees with the intention of promoting their long term retention. The program operates through the participants being granted a right to the allotment of ordinary shares in the Company, which vest after the first, second and third anniversary of the grant date, subject to specific conditions, including continued employment in the Group. As at 31 December 2020, five grants have been made under the plan.

The Atrium Group does not operate a pension scheme. Unless provided for otherwise, base salaries include compensation in lieu of participation in a pension scheme.

Atrium has arranged Directors' and Officers' Insurance in respect of the members of the Board of Directors and the members of the Group Executive Team, the costs of which are borne by Atrium.

DEVIATIONS FROM THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

Atrium's management structure is a one-tier Board of Directors. The Rules of the Austrian Code otherwise applying to the supervisory board and/or the management board in a typical Austrian joint stock corporation will be applied in each case to the Board of Directors. Consequently, in relation to all Rules where the Austrian Code refers to an interaction or cooperation between the supervisory board and the management board in a typical Austrian joint stock corporation, Atrium deviates from such Rules due to its one-tier Board of Directors structure. This applies in relation to the Rules L-9, C-10, L-11, L-14, L-23, L-24, L-26a, L-29a, L-32, L-33, C-34, L-35, C-37, C-38, C-41, C-43, L-60 and C-82a.

In addition, where a company is subject to the company law of a country that is not a member of the EU or EEA and is listed on the Vienna Stock Exchange, as is the case with Atrium (a Jersey registered company with its shares listed on the Vienna Stock Exchange and on the Euronext Amsterdam Stock Exchange), the Austrian Code provides that the L-rules of the Austrian Code are interpreted as C-rules ("Comply or Explain" Rules). Consequently, the following explanations are given in respect of deviations from L- and C-rules:

L-rule 1: Atrium is party to a relationship agreement which grants certain rights (including rights to appoint Directors) to its substantial shareholders. During 2020 the only substantial shareholder for this purpose was Gazit-Globe.

In addition, Gazit-Globe was granted indirectly via Gazit Midas Limited certain rights under the Articles of Association of the Company. These rights are set out in Articles 24, 25 and 29 of the Articles, which are published on Atrium's website www.aere.com.

L.-rule 3: Pursuant to an official statement of the Austrian Takeover Commission of 31 March 2009, the Austrian Takeover Act is not applicable to Atrium as of the date of the official statement. Accordingly, and in particular, the pricing rules regarding a mandatory offer as set forth under section 26 of the Austrian Takeover Act do not apply to Atrium. There are no mandatory takeover offer provisions under Jersey or Dutch law applicable to Atrium.

As a result of the Company's listing on Euronext Amsterdam, Dutch rules on public tender offers apply, including the provision that a bidder would be required to prepare an offer memorandum (***biedingsbericht***) that must be approved by the Dutch financial regulatory authority (***Stichting Autoriteit Financiële Markten***).

Finally, pursuant to the Articles, a mandatory cash offer is required to be made to all Atrium shareholders if any person other than Gazit-Midas (or any person acting in concert) acquires 30% or more of the voting rights or, if already holding between 30% and 50% of the voting rights, acquires additional voting rights. Any such offer must be conditional only upon the offer or having received such acceptances as will give him 50% of the voting rights. The offer must be in cash (or accompanied by a cash alternative) at not less than the highest price paid by the offer or during the offer period and within 12 months prior to its commencement. See Article 42 of the Articles, which are published on Atrium's website www.aere.com.

L-rule 4: The Articles provide for a notice period of at least 14 days regarding all general meetings, as permitted by Jersey law.

L-rule 8: Atrium is required to comply with Jersey law. Under Jersey law there is no limit on the number of shares that can be repurchased so long as at least one share that is not redeemable or a treasury share remains in issue. Shareholders' approval is required by way of special resolution (66% majority of those voting) to sanction such repurchases. Where shares are purchased off market, they must be purchased pursuant to a contract approved in advance by an ordinary resolution of shareholders (in relation to which the holders of the shares to be purchased do not have the right to vote those shares). Where shares are bought on market, authority can be granted by the shareholders to Atrium to permit it to purchase shares for a period of up to 5 years from the giving of the authority. The Company currently has authority to make market purchases of up to 50 million shares within the limitations imposed by shareholders in the relevant special resolution, which authority is renewed annually at the AGM.

C-rule 12: In 2020, the materials and documents required for the Board of Directors' quarterly meetings were distributed at least 5 days before the respective meeting, which is in compliance with Jersey law and Atrium's internal regulations.

L-rule 13: Atrium's management structure is a one-tier Board of Directors. The Board of Directors bears sole responsibility for managing the Company and as a matter of Jersey law is required to comply with a statutory duty to act honestly, in good faith and in the best interests of the Company which, in the case of solvent companies, is interpreted as the shareholder body as a whole. There is, however, no specific obligation to take into account the interests of the employees and the public good.

C-rule 16: Atrium's management structure is a one-tier Board of Directors. The business of Atrium is managed by the members of the Board of Directors. Other than as disclosed in this Corporate Governance Report and save for the participation in the various committees, there is no specific division of responsibilities among the members of the Board of Directors. The Directors' biographies above include the main positions of each board member as disclosed by the Directors. The Company is also keeping a register of interest for each director, which includes their directorships in other companies, in accordance with Jersey law.

L-rule 25: Atrium requires from its Directors full disclosure regarding their additional professional activities. However, Atrium's Directors are not required to seek Board approval in order to run an enterprise or assume a mandate on the board of a company, which is not part of the Atrium Group. Atrium believes that those individuals appointed to serve as members of the Board of Directors are well equipped (in terms of relevant experience and/or expertise) to contribute to the activities of the Board so that any restrictions under this rule would not be in the best interests of Atrium.

C-rule 26: Atrium's Directors may hold more than four board mandates in stock corporations that are not part of the Atrium Group. Atrium is fully aware of the additional mandates held by its Directors and believes that those individuals appointed to serve on the Board are best equipped (in terms of relevant experience and expertise) to contribute to the activities of the Board, so that any restrictions under this rule would not be in the best interests of Atrium.

L-rule 26b: The Board of Directors has discretion to set the Directors' annual ordinary remuneration, in their capacity as Directors up to an aggregate limit of €2 million per annum. If the Board of Directors wishes to increase this limit, it would require prior shareholder approval by ordinary resolution. Other than in relation to meeting attendance fees, Atrium has not established specific performance criteria applied by Atrium for granting the Directors´ variable remuneration, which is assessed on a case by case basis, which the Board of Directors considers is in the best interests of Atrium. Atrium is required to comply with Jersey law, which does not require that the compensation policy is presented for a vote to the AGM and disclosed to the public.

C-rule 27: With the exception of Mr. Katzman and Mr Hod as the Gazit nominated directors, the compensation payable as ordinary remuneration to the Directors consists of a fixed cash component which, at the election of eligible Directors, may be taken in ordinary shares in the Company in lieu of their ordinary cash remuneration, and a grant of ordinary shares in the Company which vest after two years. In addition, the Board of Directors may award special pay to any Director who holds any executive post or performs any other services which the Directors consider to extend beyond the ordinary duties of a Director, such as participation in committees. Special pay can take the form of fees, commission or other benefits or can be paid in some other way decided by the Board of Directors. Such special pay may either be in addition to or instead of other fees, expenses or other benefits that the Director is entitled to receive. However, there are no specific performance criteria in place for the award of such special pay.

C-rule 28: Non-executive Directors, other than those Directors nominated by Gazit-Globe, received, as part of their ordinary remuneration, ordinary shares in the Company in the value of €50,000 per annum. These shares are allocated semi-annually, in arrears, and vest after two years. Shares issued to non-executive Directors as part of their ordinary remuneration are subject, after vesting, to restrictions on disposal such that following any disposal, the remaining shareholding of the non-executive Director must have an aggregate deemed value of at least €100,000.

L-rule 33: As Atrium's management structure is a one-tier Board of Directors, Directors are appointed by the AGM or its substantial shareholders. The mandate of each Director then in office ends at the AGM following the date of appointment. Provision is made for each Director to retire at each AGM and for the shareholders (by ordinary resolution) to re-elect that retiring Director (if eligible for re-election). In the absence of such resolution, a retiring Director shall be deemed to have been re-elected, except where (a) a resolution to re-elect the Director has been put to the AGM but has not been passed, or it is expressly resolved not to fill the office being vacated, or (b) such Director is ineligible for re-election or has given notice in writing to Atrium that he or she is unwilling to be re-elected.

C-rule 38: As regards the appointment of the Directors we refer to the explanation given in respect of L-rule 33 above.

C-rule 41: The Compensation and Nominating Committee fulfils the function of both a nominating and a remuneration committee.

C-rule 45: We refer to the explanation in respect of L-rule 25 above.

L-rule 52: Specific measures have not been implemented in relation to the aspect of diversity with respect to the representation of both genders, the age structure and the internationality of the members of the Board of Directors as the Company is of the view that any such specific measures would not be in the best interests of Atrium. Atrium believes that those individuals appointed to serve as members of the Board of Directors are best equipped in terms of relevant experience and/or expertise to fulfil their roles and maintains an equal opportunities policy for the purposes of recruitment and promotion at all levels within the Group.

L-rule 56: Atrium applies this rule to its independent Directors only. Atrium believes that non-independent Directors should be allowed to assume more than eight mandates because they may be required by their employers or principals to serve on multiple boards.

C-rule 57: Atrium's Directors may hold more than four board mandates in stock corporations that are not part of the Atrium Group. Atrium is fully aware of the additional mandates held by its Directors and believes that those individuals appointed to serve on the Board are best equipped (in terms of relevant experience and expertise) to contribute to the activities of the Board, so that any restrictions under this rule would not be in the best interests of Atrium.

C-rule 62: Compliance with the provisions of the Austrian Code was, to date, reviewed internally.

THE BOARD OF DIRECTORS

CHAIM KATZMAN
Chairman of the Board and Director

DAVID FOX
Director

NEIL FLANZRAICH
Chairman of the Audit Committee and Director

ANDREW WIGNALL
Director

LUCY LILLEY

Director

OREN HOD

Director

2

ANNUAL FINANCIAL STATEMENTS


Levi's
MODERN
AMERICAN
CLASSICS

DIRECTORS' REPORT

The Directors submit their report and the audited consolidated financial statements of Atrium European Real Estate Limited ("Atrium" or "the Company") and its subsidiaries (together with Atrium, the "Group") for the year ended 31 December 2020.

INCORPORATION

Atrium was incorporated in Jersey, Channel Islands, on 8 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the ownership, management and operation of commercial real estate in the retail sector. The Group operates mainly in Poland, the Czech Republic, Slovakia and Russia with offices in Jersey, Netherlands and Cyprus.

RESULTS

The results for the year ended 31 December 2020 are shown in the consolidated statement of profit or loss on page 65.

DIVIDEND

At its meeting on 25 February 2020, the Company's Board of Directors approved an annual dividend of €cents 27 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 referred to as the Scrip Dividend Alternative.

The Directors' offer to Shareholders to elect to receive all of the Q2, Q3 and Q4 2020 dividend of €6.75 cents per ordinary share in the form of new shares instead of cash. The total dividend paid in the year ended 31 December 2020 amounted to €70.8 million in cash and €32.1 million in new shares.

The following table summaries the Scrip Dividend Alternative information for Q2, Q3 and Q4:

Period	End of election Period	Dividend Payment date	Exchange ratio[1]	% of Election shareholders	Number of shares issued	Dividend in Cash (€ million)
Q2 2020	02/07/2020	08/07/2020	39.6623	39%	3,706,593	15.6
Q3 2020	22/09/2020	30/09/2020	33.9483	42%	4,724,152	14.9
Q4 2020	21/12/2020	30/12/2020	35.7410	43%	4,684,037	14.8

1 The number of new shares allotted to Shareholders that elect to receive the Scrip Dividend will be one new share for every certain amount of shares held by the electing Shareholder with a 2% discount on the share price.

For the year ended 31 December 2019, the Directors approved an annual dividend of €cents 27 per share, which was paid as a capital repayment, in quarterly instalments of €cents 6.75 per share at the end of each calendar quarter, with Q3 and Q4 dividends in a single distribution of €cents 13.5 per share on 30 December 2019. The total dividend paid in the year ended 31 December 2019 amounted to €102.1 million.

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 Programme, subject to the renewal of the authorisation to issue Scrip shares in the next Annual General Meeting.

DIRECTORS

Atrium's Directors who served during the year under review and as of the date of approving these financial statements are listed on pages 52-53 in the Corporate Governance Report.

COMPANY SECRETARY

Aztec Financial Services (Jersey) Limited ("Aztec") is the Company Secretary of Atrium. Atrium has concluded an agreement with Aztec for the provision of company secretarial and administration services. As at 31 December 2020, Aztec held one registered share in Atrium, see note 2.17 of the financial statements.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards. The Directors have decided to use International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union ("EU"). "The Companies (Jersey) Law 1991" requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Atrium and of the profit or loss of Atrium for that year. During the preparation of these financial statements, the Directors are required to:

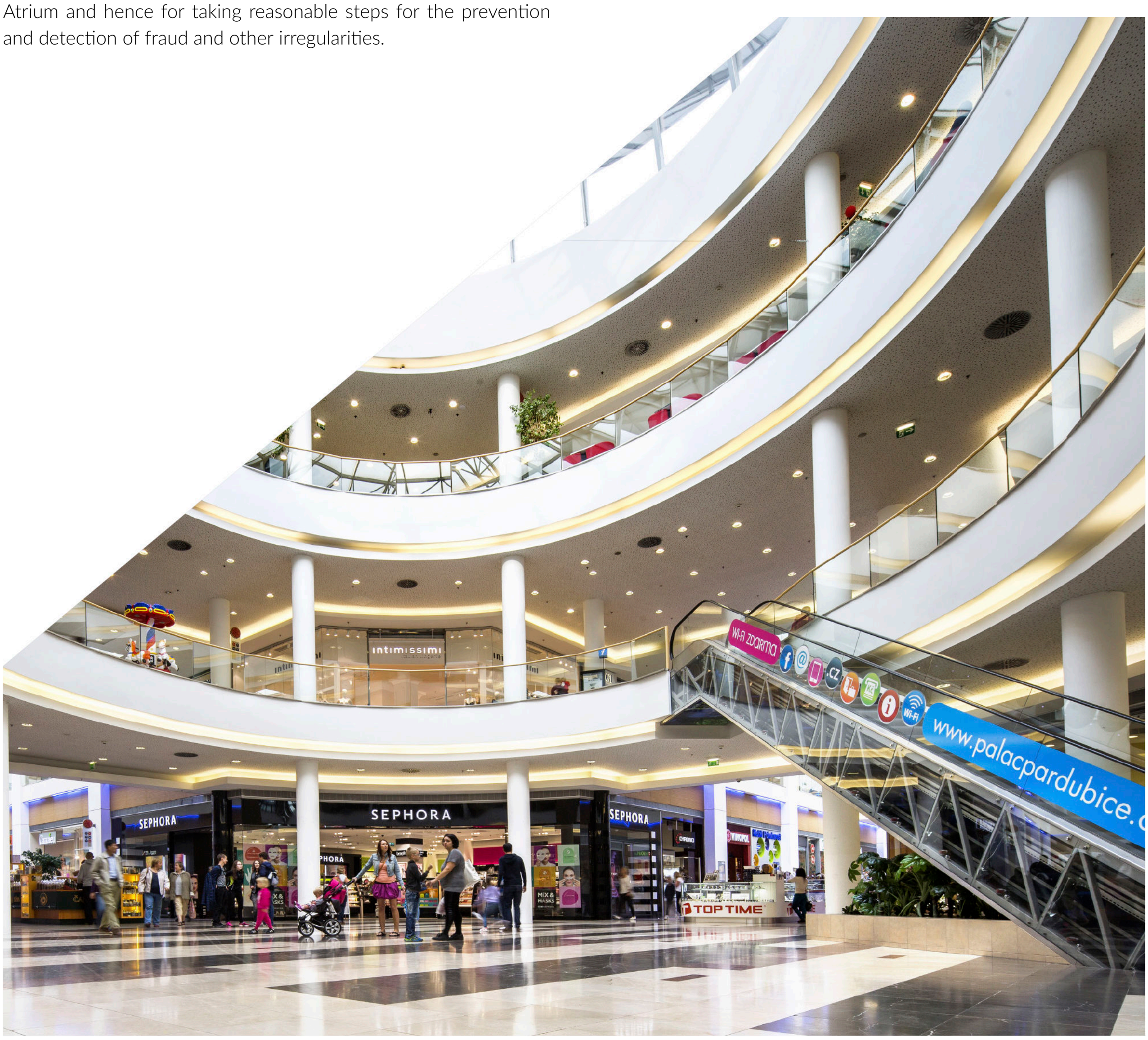
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that Atrium will continue as a going concern.
- The directors confirm, that to the best of their knowledge, they have complied with all the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of Atrium at any time and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of Atrium and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the Board

3 March 2021



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2020		31 December 2019	
	Note	€'000	€'000	€'000	€'000
ASSETS					
Standing investments	2.5	2,270,685		2,445,280	
Redevelopments and land	2.6	248,252		266,093	
Property and equipment	2.7	1,183		1,780	
Intangible assets	2.8	8,940		10,125	
Equity-accounted investment in joint ventures	2.9	186,313		184,501	
Deferred tax assets	2.20	2,931		2,437	
Financial assets at FVPL	2.10	-		18,942	
Financial assets at amortised cost	2.11	20,177		-	
Other long term assets	2.12	35,185		2,883	
Non-current assets			**2,773,666**		**2,932,041**
Receivables from tenants	2.13	22,034		16,425	
Prepayments		2,798		2,708	
Other receivables	2.14	9,654		35,509	
Income tax receivable		306		1,688	
Financial assets at amortised cost	2.11	416		-	
Financial assets at FVOCI	2.15	8,507		13,857	
Cash and cash equivalents		55,221		126,851	
Assets held for sale	2.16	-		75,268	
Current assets			**98,936**		**272,306**
TOTAL ASSETS			**2,872,602**		**3,204,347**
EQUITY AND LIABILITIES					
Stated capital	2.17	1,944,947		2,016,603	
Capital reserves	2.17	(31,578)		(22,145)	
Retained deficit		(294,364)		(151,944)	
Currency translation reserve		(73,105)		(73,509)	
Currency translation reserve for disposal group held for sale	2.17	-		(2,991)	
Equity			**1,545,900**		**1,766,014**
Long term borrowings	2.18	1,015,321		1,052,316	
Derivatives	2.19	22,722		17,753	
Deferred tax liabilities	2.20	77,129		81,448	
Long term liabilities from leases	2.21	41,333		45,006	
Other long term liabilities	2.22	10,843		13,716	
Non-current liabilities			**1,167,347**		**1,210,239**
Trade and other payables	2.23	27,170		33,671	
Accrued expenditure	2.24	33,932		41,994	
Short term borrowings	2.18	89,536		134,440	
Income tax payable		4,386		8,074	
Liabilities held for sale	2.16	-		5,384	
Provisions	2.25	4,331		4,531	
Current liabilities			**159,355**		**228,094**
TOTAL EQUITY AND LIABILITIES			**2,872,602**		**3,204,347**

The financial statements were approved and authorised for issue by the Board of Directors on 3 March 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER

		2020		2019	
	Note	€'000	€'000	€'000	€'000
Gross rental income	2.26	144,402		177,299	
Service charge income	2.27	50,671		65,253	
Property expenses	2.28	(64,584)		(74,542)	
Net rental income			**130,489**		**168,010**
Net result on disposals	2.29	(2,472)		3,923	
Costs connected with developments		(856)		(986)	
Revaluation of standing investments, net	2.5	(189,846)		(5,437)	
Revaluation of redevelopments and land, net	2.6	(18,994)		(8,058)	
Depreciation, amortisation and impairments		(3,449)		(2,982)	
Administrative expenses	2.30	(19,029)		(28,405)	
Share of profit of equity-accounted investment in joint ventures	2.9	5,375		11,930	
Net operating (loss)/profit			**(98,782)**		**137,995**
Interest expense, net	2.31	(36,527)		(38,854)	
Foreign currency differences		1,292		1,027	
Other financial expense, net	2.32	(10,814)		(3,819)	
(Loss)/profit before taxation			**(144,831)**		**96,349**
(Charge)/benefit for the year	2.33	2,411		(11,923)	
(Loss)/profit for the year			**(142,420)**		**84,426**
Basic and diluted earnings (loss) per share in €cents attributable to shareholders	2.34		(37.3)		22.3

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

	2020		2019	
	€'000	€'000	€'000	€'000
(Loss)/profit for the year	**(142,420)**		**84,426**	
Items that will not be reclassified to the statement of profit or loss:				
Movement in financial assets at FVOCI reserve	(5,352)		434	
Items that are or may be reclassified to the statement of profit or loss:				
Exchange differences arising on translation of foreign operations	-		-	
Movements in hedging reserves (net of deferred tax)	(4,342)		(10,925)	
Amounts reclassified to profit or loss in respect of exchange differences on translation of foreign operations disposed during the year	3,395		(285)	
Total comprehensive (expense)/income for the year		**(148,719)**		**73,650**

CONSOLIDATED CASH FLOW STATEMENT

	2020 €'000	2019 €'000
Cash flows from operating activities		
(Loss)/profit before taxation	(144,831)	96,349
Adjustments for:		
Revaluation of standing investments, net	189,846	5,437
Revaluation of redevelopments and land, net	18,994	8,058
Depreciation, amortisation and impairments	3,449	2,982
Dividend from listed equity securities, net	(285)	(818)
Other Income	(800)	-
Foreign exchange (profit)/ loss, net	(1,292)	(1,027)
Change in legal provisions, net of amounts paid	(200)	(1,156)
Share based payment expenses	933	547
Share of profit of equity-accounted investments in joint ventures	(5,375)	(11,930)
Net result on disposals	2,472	(3,923)
Finance lease interest expense	3,333	3,545
Net loss from bonds buy back and early repayments of loans	6,347	-
Interest expense	37,167	38,854
Interest income	(640)	-
Operating cash flows before working capital changes	**109,118**	**136,918**
Increase in trade, other receivables and prepayments, net	(16,924)	(15,432)
(Decrease)/ Increase in trade, other payables and accrued expenditure, net	(7,146)	9,192
Cash generated from operations	**85,048**	**130,678**
Decrease in restricted cash related to legacy legal claims arrangement	-	3,755
Interest paid	(39,447)	(41,589)
Interest received	598	-
Dividend received (mainly dividend from Joint Ventures)	3,861	6,117
Corporate taxes paid, net	(4,076)	(3,657)
Net cash generated from operating activities	**45,984**	**95,304**
Cash flows from investing activities		
Payments related to investment properties and other assets	(25,597)	(116,888)
Proceeds from the disposal of investment properties	96,011	295,049
Change in restricted cash related to investing activity	-	650
Repayment of loans provided	7,339	-
Loans provided to a third party	(28,027)	(18,980)
Net cash generated from/(used in) investing activities	**49,726**	**159,831**
Net cash flow before financing activities	**95,710**	**255,135**
Cash flows from financing activities		
Share buy back	(1,874)	-
Repayment of long term borrowings	(367,743)	(3,193)
Receipt of long term borrowings	191,572	-
Utilisation (repayment) of a revolving credit facility, net	84,987	(61,011)
Repayments of finance leases	(1,102)	(959)
Dividends paid[1]	(71,105)	(102,056)
Net cash generated from (used in) financing activities	**(165,265)**	**(167,219)**
Net increase/(decrease) in cash and cash equivalents	**(69,555)**	**87,916**
Cash and cash equivalents at the beginning of year	**126,851**	**38,493**
Cash and cash equivalents classified as held for sale	-	(538)
Effect of exchange rate fluctuations on cash held	(2,075)	980
Cash and cash equivalents at the end of year	**55,221**	**126,851**

[1] For non-cash movement due to Scrip dividend issuance, see note 2.17

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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 year		-	-	-	-	(142,420)	-	-	(142,420)
Other comprehensive (expense) income		-	-	(4,342)	(5,352)	-	404	2,991	(6,299)
Total comprehensive (expense) income		**-**	**-**	**(4,342)**	**(5,352)**	**(142,420)**	**404**	**2,991**	**(148,719)**
Transaction with owners of the Company									
Share based payment	2.17	-	933	-	-	-	-	-	933
Share buy back	2.17	(1,924)	-	-	-	-	-	-	(1,924)
Issue of shares	2.17	1,306	(672)	-	-	-	-	-	634
Dividends	2.17	(102,877)	-	-	-	-	-	-	(102,877)
Scrip dividend	2.17	31,839	-	-	-	-	-	-	31,839
Balance as at 31 December 2020		**1,944,947**	**1,564**	**(19,721)**	**(13,421)**	**(294,364)**	**(73,105)**	**-**	**1,545,900**

	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 year		-	-	-	-	84,426	-	-	84,426
Other comprehensive income (loss)		-	-	(10,925)	434	-	(285)	-	(10,776)
Total comprehensive income loss)		**-**	**-**	**(10,925)**	**434**	**84,426**	**(285)**	**-**	**73,650**
Transaction with owners of the Company									
Share based payment	2.17	-	547	-	-	-	-	-	547
Issue of no par value shares	2.17	1,279	(455)	-	-	-	-	-	824
Dividends	2.17	(102,056)	-	-	-	-	-	-	(102,056)
Disposal group held for sale	2.17	-	-	-	-	-	2,991	(2,991)	-
Balance as at 31 December 2019		**2,016,603**	**1,303**	**(15,379)**	**(8,069)**	**(151,944)**	**(73,509)**	**(2,991)**	**1,766,014**

NOTES TO THE FINANCIAL STATEMENTS

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 consolidated financial statements of Atrium as at and for the year ended 31 December 2020 comprise Atrium and its subsidiaries, collectively the "Group".

The principal activities of the Group are the ownership, management and operation of commercial real estate in the retail sector.

The Group primarily operates in Poland, the Czech Republic, Slovakia and Russia with offices in Jersey, Netherlands and Cyprus.

2.2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union ("EU").

The consolidated financial statements have been prepared on a historical cost basis, except for standing investments and redevelopments and land ("investment property"), derivative financial instruments, contingent considerations, and financial assets at fair value through Other Comprehensive Income ("OCI") that have been measured at fair value. The consolidated financial statements are prepared on a going concern basis.

These financial statements are presented in Euros ("€"), which is considered by the Board of Directors to be the appropriate presentation currency due to the fact that the majority of the transactions of the Group are denominated in or based on this currency. All financial information is presented in Euros and all values are rounded to the nearest thousand (€'000), unless stated otherwise.

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 IASB 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 an optional '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 consolidated annual financial statements.

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 was endorsed by the EU on 9 October 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7

The IASB has amended some of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs). The amendments impact IFRS 9, IAS 39 and IFRS 7. Phase 1 amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. The amendments came into effect from 1 January 2020. The Group has assessed that the reliefs have the effect that IBOR reform should not cause hedge accounting to terminate and thus, there is no material impact on the financial statements of the Group. (see note 2.19)

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 Annual Report.

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

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- The IASB has made amendments to ***IAS 1 Presentation of Financial Statements*** to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. These amendments should be applied for annual periods beginning on or after 1 January 2023. Earlier application is permitted.
- The IASB issued several minor amendments to IFRS Standards. The package of amendments includes narrow-scope amendments to three Standards as well as the Board's Annual Improvements, which are changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in the Standards. All amendments are effective 1 January 2022.
  - Amendments to ***IFRS 3 Business Combinations*** update a reference in ***IFRS 3*** to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
  - Amendments to ***IAS 16 Property, Plant and Equipment*** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
  - Amendments to ***IAS 37 Provisions, Contingent Liabilities and Contingent Assets*** specify which costs a company includes when assessing whether a contract will be loss-making.
  - Annual Improvements make minor amendments to ***IFRS 1 First-time Adoption of International Financial Reporting Standards***, ***IFRS 9 Financial Instruments, IAS 41 Agriculture*** and the Illustrative Examples accompanying ***IFRS 16 Leases***
- The International Accounting Standards Board ("IASB") published Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7 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 Group is currently assessing the impact of the amendments.

USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis when making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are critical judgements that management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

- **Acquisition of subsidiaries** - The Group acquires subsidiaries that own real estate. At the time of acquisition, a consideration is made whether each acquisition represents an acquisition of a business or an acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired together with the property. More specifically, the following criteria, which indicate an acquisition of a business, are considered: the number of properties acquired, the extent to which strategic management processes and operational processes are acquired and the complexity of the processes acquired. In line with amended IFRS 3 since 1 January 2020 the Group may also apply optional concentration test. When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised. In 2020 there were no significant acquisitions.
- **Joint arrangements** - The Group is part owner of an investment in which it has a 75% ownership interest. The Group has determined that it does not control the investee and the ownership is shared with the other 25% owner. The investment is a joint arrangement. The Group has (after considering the structure and form of the arrangement, the

terms agreed by the parties in the contractual arrangement and the Group's rights and obligations arising from the arrangement) classified its interest as a joint venture. Consequently, it accounts for this investment using the equity method.

- **Determination of functional currency** - The Group determines the Euro as the functional currency of the operating entities within the Group. The Group considered all primary and secondary indicators and, as the indicators varied, the judgement was taken the Euro is acceptable as the functional currency as it most faithfully represents the economic effects of the underlying transactions, events, and conditions.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions and key sources of estimation uncertainty at the end of the reporting period that have a significant effect on the amounts recognised in the financial statements:

- **Fair value measurements and valuation processes - standing investments and redevelopments and land** are presented at fair value in the statement of financial position. Majority of the fair values are determined by independent real estate valuation experts using recognised valuation techniques and the principles of ***IFRS 13 Fair Value Measurement***. The Group categorises the standing investments and redevelopments and land fair value as Level 3 within the fair value hierarchy. Due to limited available market data owing to the consequences of COVID-19, 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.
- **Deferred tax assets** - Deferred tax assets are recognised for unused carry-forward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against losses which can be utilised. Significant estimates are required to determine the amount of deferred tax assets that can be recognised on the basis of the likely timing and level of future taxable profits together with future tax planning strategies.
- **Lease concessions** – 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. As a result of the COVID 19 pandemic the Group is in continuous dialogue with its tenants about lease incentives. In some countries these are mandated by local legislation which can potentially be subject to interpretation. Under IFRS 16, The Group treats rent concessions either as a result from negotiations or mandated by new legislation or regulations as lease modifications and consequently accounts for lease concessions that are either enforced or contractually renegotiated on a straight-line basis over the remaining lease term. The key source of estimation uncertainty includes the level of discounts, effective date of lease modification and remaining lease term at the end of the reporting period.
- **Legal proceedings** - The Group regularly monitors developments in on-going legal proceedings to which it is a party. When developments in legal proceedings are noted and at each reporting date, it assesses and determines the need for possible provisions and disclosures in its financial statements. When assessing whether a specific case requires a provision (including the amount), the main factors considered by the Group are: the Group's potential financial exposure, the assessments and recommendations of the Group's external legal advisers regarding the Group's position, the stage of the proceedings and the anticipated amount of time it will take before a final and binding decision is delivered, as well as the Group's past experience of similar cases. For further information, see also Note 41.
- **Taxes** - Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amount and timing of future taxable income. Given the wide range of international business relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to current tax and/or deferred tax income and expenses already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as the results of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. The Group does not consider the potential for tax authorities to "detect" such potential tax issues, instead the Group assumes the relevant tax authorities will be fully knowledgeable of all relevant facts. For further information, see also Note 41.

2.3 SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

BASIS OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements include the financial statements of the Company as well as the entities that are controlled, directly or indirectly, by the Company ("subsidiaries"). The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from the involvement within the entity and has the ability to affect those returns through its power over the entity. When assessing control, the Group considers its potential voting rights as well as the potential voting rights held by other parties, to determine whether it has power. Those potential voting rights are considered only if the rights are substantive. The Group must have the practical ability to exercise those rights. The consolidation of the financial statements commences on the date on which control is obtained and ends on the date such control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group.

For the purposes of the consolidation, all inter-company transactions, balances, income and expenses are eliminated. The subsidiaries comprising the Group have the same financial reporting period as the Company.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

LOSS OF CONTROL

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date the control is lost. Subsequently, that retained interest is accounted for using the equity method if significant influence is retained.

INVESTMENT PROPERTY ACQUISITIONS AND BUSINESS COMBINATIONS

Where investment property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the acquired identifiable assets and liabilities based on their relative fair values on the acquisition date without attributing any amount to goodwill or to deferred taxes. Non-controlling interests, if any, participate at their relative share of the fair value of the net identifiable assets on the acquisition date if the acquisitions qualifies as a business combination. Directly attributable costs are recognised as part of the acquisition cost of an asset.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Acquisition-related costs are expensed as incurred and included in administrative expenses.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

EQUITY ACCOUNTED INVESTMENT

The Group's current investments in joint ventures are accounted for using the equity method.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control for strategic financial and operating decisions.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

Under the equity method, investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of the net assets of the joint venture since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of the operations of the joint ventures. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the joint ventures, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognises the loss as 'Share of profit (loss) of equity-accounted investments in joint ventures' in the Statement of Profit or Loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

CONSOLIDATION GROUP

The Consolidated financial statements of the Group include the following subsidiaries[1] as at 31 December 2020:

Company name	Country	Ownership
ATRIUM HOLDING 1 LIMITED	Cyprus	100%
ATRIUM FINANCE LIMITED[2]	Cyprus	100%
MD CE HOLDING LIMITED	Cyprus	100%
ATRIUM FLÓRA A.S.	Czech Republic	100%
ATRIUM PALÁC PARDUBICE S.R.O.	Czech Republic	100%
ATRIUM PANKRÁC S.R.O.	Czech Republic	100%
ATRIUM CZECH REAL ESTATE MANAGEMENT S.R.O.	Czech Republic	100%
ATRIUM EUROPE B.V.	Netherlands	100%
ATRIUM GROUP SERVICES B.V.	Netherlands	100%
ATRIUM POLAND HOLDING B.V.	Netherlands	100%
ATRIUM POLAND HOLDING 1 B.V.	Netherlands	100%
ATRIUM RUSSIAN HOLDING 1 B.V.	Netherlands	100%
ATRIUM RUSSIAN HOLDING 2 B.V.	Netherlands	100%
ATRIUM RUSSIAN HOLDING 5 B.V.	Netherlands	100%
ATRIUM RUSSIAN HOLDING 6 B.V.	Netherlands	100%
ATRIUM RUSSIAN HOLDING 7 B.V.	Netherlands	100%
ATRIUM TURKEY GOETZTEPE B.V.	Netherlands	100%
ATRIUM FINANCE B.V.	Netherlands	100%
ATRIUM FINANCE 2 B.V.	Netherlands	100%
ATRIUM FINANCE ISSUER B.V.[3]	Netherlands	100%
ATRIUMAGROMEX DEVELOPMENT SP. Z O.O.	Poland	100%
ATRIUMBIAŁA SP. Z O.O.	Poland	100%
ATRIUM BYDGOSZCZ SP. Z O.O.	Poland	100%
ATRIUM COPERNICUS SP. Z O.O.	Poland	100%
ATRIUMDOMINIKANSKA SP. Z O.O.	Poland	100%
ATRIUM KALISZ SP. Z O.O.	Poland	100%
ATRIUM MOLO SP. Z O.O.	Poland	100%
ATRIUM PASAZ SP. Z O.O.[4]	Poland	100%
ATRIUM PLEJADA SP. Z O.O.	Poland	100%
ATRIUM PROMENADA SP. Z O.O.	Poland	100%
ATRIUM REDUTA SP. Z O.O.	Poland	100%
ATRIUMTARGÓWEK SP. Z O.O.	Poland	100%
ATRIUM GALERIA LUBLIN SP. Z O.O.	Poland	100%
ATRIUM GDAŃSK 1 SP. Z O.O.	Poland	100%
ATRIUM JASTRZĘBIE SP. Z O.O.	Poland	100%
ATRIUM POLAND 1 SP. Z O.O.	Poland	100%
ATRIUM POLAND 3 SP. Z O.O.	Poland	100%
ATRIUM POLAND REAL ESTATE MANAGEMENT SP. Z O.O.	Poland	100%
CENTRUM HANDLOWE NEPTUNCITY SP. Z O.O.	Poland	100%
GALERIA NA WYSPIE SP. Z O.O.	Poland	100%
L.P.H. SP. Z O.O.	Poland	100%
MANHATTAN DEVELOPMENT SP. Z O.O.	Poland	100%
MD POLAND II SP. Z O.O.	Poland	100%
PRIME WARSAW PROPERTIES SP. Z O.O.	Poland	100%
PROJEKT ECHO-35 SP. Z O.O.	Poland	100%
SANDROCK INVESTMENTS SP. Z O.O.	Poland	100%
CL112 SP. Z O.O.	Poland	100%
PROPERTY DEVELOPMENT ONE SRL	Romania	100%
PROPERTY DEVELOPMENT TWO SRL	Romania	100%
OOO BUGRY	Russia	100%
OOO EVEREST	Russia	100%
OOO LAND DEVELOPMENT	Russia	100%

Company name	Country	Ownership
OOO MANHATTAN BRATEEVO	Russia	100%
OOO MANHATTAN DEVELOPMENT	Russia	100%
OOO MANHATTAN REAL ESTATE MANAGEMENT	Russia	100%
OOO MANHATTAN SIGNALNY	Russia	100%
OOO MANHATTAN YEKATERINBURG	Russia	100%
OOO MD TOGLIATTI	Russia	100%
ATRIUM SLOVAKIA REAL ESTATE MANAGEMENT SK S.R.O.	Slovakia	100%
PALM CORP S.R.O.	Slovakia	100%
MANHATTAN GAYRIMENKUL YÖNETIMI LIMITED SIRKETI	Turkey	100%
MEL 1 GAYRIMENKUL GELISTIRME YATIRIM INSAAT VE TICARET A.S.	Turkey	100%

1 Excluding inactive companies
2 Previously Atrium Holding 2 Limited
3 Company incorporated in 2020
4 Company acquired in 2020

FUNCTIONAL AND PRESENTATION CURRENCY

FOREIGN CURRENCY TRANSACTIONS

The Group's consolidated financial statements are presented in Euro, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Various factors are assessed to identify the functional currency of the entities that form the Group. In particular, the currency that influences the price of rent income and services is considered. The significant majority of all lease contracts are denominated in the Euro regardless of the local jurisdiction. In addition to that, other factors that have been considered are the valuation of investment properties that is carried out in Euro and Group wide financing which is in Euro. Therefore the Euro has a significant and pervasive impact on the subsidiaries and the Euro has been assessed as the functional currency of most of the entities that form the Group.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Transactions in foreign currencies are translated to the respective functional currency of Group entities at the foreign exchange rate prevailing as at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into the functional currency at the foreign exchange rate prevailing as at that date. Foreign currency exchange gains and losses resulting from the settlement of foreign currency transactions and balances and from the translation at year-end exchange rates are recognised in the consolidated statement of profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates prevailing as at the dates the fair values are determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively).

FOREIGN OPERATIONS

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average foreign exchange rate. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income.

On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is reclassified to profit or loss. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative foreign currency reserve is attributed to non-controlling interest. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to the consolidated statement of profit or loss. If the foreign operation is a non-wholly owned subsidiary then the relevant proportion of the translation difference is allocated to non-controlling interests. Exchange differences arising on items, which in substance form part of the net investment in a foreign entity, are also presented in the statement of comprehensive income and as a separate component of equity until the disposal of the net investment.

INVESTMENT PROPERTIES

The Group investment properties comprise completed properties ("standing investments") and properties under construction or re-development and land ("redevelopments and land") that are held, or being constructed, to earn rental income or for capital appreciation or both. Property held under a lease is classified as investment property when it is held, or being constructed, to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

All costs directly associated with the development of a property and all subsequent capital expenditure that adds to or replaces part of the property are capitalised. Subsequent capital expenditures are capitalised to the property only if it is probable that the cash outflow will produce future economic benefits and the cost can be measured reliably. The standing investments day-to-day maintenance costs are expensed to the consolidated statement of profit or loss.

The Group capitalises borrowing costs if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use have started and expenditure and borrowing costs are incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. Capitalisation ceases when the project has been completed or abandoned. The capitalisation rate is determined by reference to the actual rate payable on borrowings for the respective development or by the Group's average rate.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any gain or loss arising from a change in the fair value of investment properties is recognised in the Group's consolidated profit or loss under the caption "Revaluation of standing investment, net" or "Revaluation of redevelopments and land, net".

Upon commencement of a re-development project, the unit is transferred from standing investments to development and land. Upon substantive completion of the re-development project, the unit is transferred back to standing investments. The development's cost shall be its fair value at the date of transfer.

The fair values of all standing investments were determined on the basis of independent external valuations received from CBRE and Cushman & Wakefield ("C&W"). The fair values of majority of the redevelopments and land, as at 31 December 2020, were determined on the basis of independent external valuations also received from CBRE or C&W.

CBRE and C&W are both external, independent, international valuation companies and real estate consultants, having an appropriately recognised professional qualification and recent experience in the respective locations and categories of properties being valued. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors Valuation - Global Standards which incorporate the International Valuation Standards published by the Royal Institution of Chartered Surveyors (the "Red Book"). For further details about the investment properties valuation process, see note 2.36.

The commencement of development with a plan or a prior agreement to sell represents a change in use and accordingly the project is transferred from developments and land to inventories. The development's deemed cost shall be its fair value at the date of change in use.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. For further information of the net results on disposal, see note 2.29.

PROPERTY AND EQUIPMENT

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the expected useful life of the assets, which is usually between five and ten years, taking into account the expected residual value at the end of the useful life.

Depreciation is charged on the asset from the date that it is available for use, for the entire useful life of the asset or until the date of its disposal.

RIGHT-OF-USE ASSETS

Where the Group is subject to a lease as the lessee, it recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The right-of-use asset is depreciated in accordance with the depreciation requirements of ***IAS 16 Property, Plant and Equipment*** or subsequently measured in accordance with ***IAS 40 Investment Property***. On the case where IAS 16 is applied, the assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The Group applies the fair value model to any right-of-use assets that are investment properties. The Group accretes the lease liability to reflect interest and reduces the liability to reflect lease payments made. The Group remeasures the lease liability upon the occurrence of certain events (e.g., change in the lease term, change in variable rents based on an index or rate), which is generally recognised as an adjustment to the right-of-use asset.

Right-of-use assets are subject to impairment testing under ***IAS 36***.

INTANGIBLE ASSETS

Intangible assets are defined as identifiable, non-monetary assets without physical substance, which are expected to generate future economic benefits. Intangible assets include assets with an estimated useful life greater than one year and, for the Group, primarily comprise computer software.

Intangible assets that are acquired by the Group are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation of intangible assets is recorded on a straight line basis over their estimated useful lives. The useful lives of the assets are usually between four and ten years.

Amortisation is charged on an asset from the date it is available for use to the date of its disposal.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

A non-current asset or a group of assets (disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the assets must be available for immediate sale in their present condition, the Group must be committed to sell, there must be a plan to locate a buyer and it is highly probable that a sale will be completed within one year from the date of classification.

Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sale. On re-classification as held for sale, Investment properties that are measured at fair value continue to be measured in this way.

A non-current asset or disposal group classified as held for sale is presented separately within current assets or liabilities in the statement of financial position as assets or liabilities classified as held for sale.

FINANCIAL INSTRUMENTS

RECOGNITION AND INITIAL MEASUREMENT

Trade receivables, lease receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

On initial recognition, a financial asset is classified as measured at: amortised cost or at fair value through other comprehensive income (FVOCI) – debt investment; (FVOCI) - equity investment; or at fair value through profit or loss (FVPL). .

The Group financial assets are classified as at amortised cost or as at FVPL and as at FVOCI – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses
Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVPL

These assets are subsequently measured at fair value. Any gain or loss on these financial assets are recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Accrued interest is presented in accrued expenditure in the consolidated financial statements.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

DERECOGNITION

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

OFFSETTING

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in Other Comprehensive Income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in the hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until the period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

EXPECTED CREDIT LOSSES ("ECL")

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as the expected 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and lease receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor, borrower or issuer;
- a breach of contract such as a default or when the receivables are past due;
- collection rate;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor or borrower will enter bankruptcy or other financial reorganisation;

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand, short term deposits with a maturity of three months or less, and other short term highly liquid assets that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

STATED CAPITAL

The stated capital account consists of the proceeds received and receivable by Atrium from the issue of its ordinary shares, net of direct issue costs.

Scrip dividends are accounted for on the date of payment. The Group recognises the value of the announced dividend and scrip dividend issuance on a gross basis in equity movement.

Shares bought back are cancelled upon purchase and recognized as a reduction in stated capital.

DIVIDENDS

Dividends on ordinary shares are recognised as a liability in the period in which they are declared. Dividends declared during the period are presented as a reduction in the stated capital of the Group.

SHARE BASED PAYMENT ARRANGEMENTS

The grant date fair value of equity-settled share based payment arrangements granted to employees, executives and Directors is generally recognised as an expense, with a corresponding increase in equity, over the period in which the service conditions are satisfied, ending on the date on which the relevant employees, executives and Directors become fully entitled to the award (the "vesting period"). The cumulative expense, recognised for share based payment arrangements at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately be vested.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

PROVISIONS

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

LIABILITIES FROM LEASES

Leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use by the Group.

Lease liabilities are measured at the commencement of the lease at the present value of the lease payments. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of profit or loss.

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor and it has pricing latitude.

RENTAL INCOME

The Group is the lessor in operating leases on standing investments. Rental income from operating leases is recognised on a straight-line basis over the lease term.

SERVICE CHARGES AND EXPENSES RECOVERABLE FROM TENANTS

The Group recognises revenue from service charges over time as performance obligations are satisfied by the Group, and as the tenants simultaneously receive and consume the benefits provided. The Group recognises as revenue the amount of the transaction price that is allocated to these performance obligations. As the Group has a right to consideration from tenants that corresponds directly with the value of the Group's performance to date, the amount of revenue to which the Group has a right to invoice is recognised.

Service charges and other such receipts are included gross of the related costs in revenue, as the Group acts as principal in this respect.

NET RESULT ON DISPOSAL OF PROPERTIES

The net result on disposal of properties is determined as the difference between the sale proceeds and the carrying value of the property and is recognised in the statement of profit or loss when the control of ownership has beens transferred to the buyer.

INTEREST INCOME, INTEREST EXPENSE AND OTHER FINANCIAL INCOME AND EXPENSES

Interest income and expense are accounted for using the effective interest method.

Other financial income and expense comprise mainly finance lease interest, net profit or loss from bond buybacks or early repayments of loans and impairment of financial instruments.

TAXATION

GENERAL

The Group is subject to income tax, capital gains tax and withholding tax in numerous jurisdictions. The Group recognises liabilities for current taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax liabilities in the period in which the determination is made.

CURRENT INCOME TAX

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The taxable profit differs from the net loss or profit as reported in the consolidated statement of profit or loss due to the inclusion or exclusion of income or expense items that are taxable or deductible in different reporting periods or which are not taxable or deductible.

DEFERRED INCOME TAX

Deferred income tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward unused tax credits or unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. In determining the expected manner of realisation of an investment property measured at fair value a rebuttable presumption exists that its carrying amount will be recovered through sale.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the earnings attributed to the owners of the Company by a weighted average of the number of regular shares in circulation throughout the reported period.

In order to calculate diluted earnings per share, the earnings attributed to the regular Company shareholders and the weighted average of the number of shares in circulation are adjusted on the basis of the influence of all potential regular shares originating from employees' options, so long as they lead to dilution relative to the basic profit per share.

SEGMENT REPORTING

An operating segment is a component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed in order to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

The Group is a leading owner and manager of high quality retail and leisure shopping centres. The retail operations are split into two reportable segments:

- the standing investment segment includes all commercial real estate held to generate rental income for the Group; and
- the development segment includes all development activities and activities related to land plots.

In 2020 Atrium announced its strategy to enter into residential for rent segment.

The reconciling items mainly include holding activities and other items that relate to activities other than the standing investment segment and the development segment.

The Group's reportable segments are strategic business sectors which carry out different business activities and are managed separately. These reportable segments have different risk profiles and generate revenue/income from different sources.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reliable basis. The Group evaluates performance of the standing investment segment on the basis of profit or loss from operations before tax excluding foreign exchange gains and losses. The Group identifies, develops, monitors and sells land and projects. The performance of the development segment is evaluated on the basis of expected yield on cost.

Geographical information is based on the geographical locations of the investment properties. The Group operates in the following countries: Poland, the Czech Republic, Slovakia, Russia , Romania and Turkey. In addition, the Group has its holding, management or other companies in Cyprus, the Netherlands and Jersey.

The Chief Operating Decision Maker (CODM) represents the Board of Directors.

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, which comprised 16% of the Group's operating GLA and 24% of the Group's base rental income.

The first wave of restrictions was lifted in early May, with operating GLA increasing from 21% during the first lockdown to 98% at the end of September.

A second wave of restrictions begun in October 2020, with the Czech Republic announcing a new lockdown from 22 October 2020 and Poland from 7 November 2020. The second lockdown period was shorter than the first lockdown period, with Poland reopening on 29 November 2020 and the Czech Republic on 3 December 2020.

On 17, 27 and 28 December, the third lockdown was imposed upon shopping centers in Slovakia, the Czech Republic and Poland respectively. Once again, the shopping centres were required to close with the exception of essential services.

On 1 February 2021, all our shopping centres in Poland were allowed to reopen. The Czech Republic and Slovakia are still closed due to the 3rd lockdown. As of today 86% of the Group's operating 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 some tenants and inability to meet their lease obligations towards the Group. However, after the first lockdown, footfall and tenant sales presented an encouraging recovery in August 2020, reaching 77% and 93%, respectively, of 2019 levels.

The Group has a strong balance sheet with low leverage, 5.1[7] 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 31 December 2020, the Group was in compliance with all of its financial covenants.

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. On 4 May 2020 the restrictions were eased and all shopping malls were able to reopen. During 7 November to 20 November and 28 December 2020 to 31 January 2021, similar restrictions and legislation were imposed with rental and service charge relief subject to lease extensions.

The Group estimates that approximately 85% of the tenants will apply for the relief options, considering that the notification required by the tenants should be submitted for the 2nd and 3rd lockdown by May 2021 at the latest.

As of today, the restrictions have been lifted on the majority of the tenants and 90% of the Group's operating GLA in Poland is open.

7 As of 3 March 2021

The Czech Republic

In May 2020, the Czech government approved a rent subsidy program ('Rent Subsidy I') for businesses that were affected by the pandemic and where relevant, restrictions were enforced. The state paid 50% of their rent for the period 1 April until 30 June 2020, capped at 10 million CZK per tenant. The tenant would pay to the landlord 20% of their rent and the remaining 30% would represent discounts granted by the landlord. The first lockdown commenced on 14 March 2020 and restriction were eased on 11 May 2020 and all shopping malls were able to re-open.

Following the second lockdown which commenced on 22 October, the Czech government introduced an additional subsidy program ('Rent Subsidy II') for which the state will cover 50% of the rent for the closed period based on Q3 2020 contractual rent, subject to the tenant's obligation to first pay 50% of the rent for the relevant period. This program did not require the participation of the landlords. On 3 December, the restrictions were eased and all shopping malls were able to re-open with the exception of food courts that were open for take-away services only. Cinemas and other entertainment remain closed since early October.

On 27 December 2020, the restrictions were reinstated and as of 3 March the lockdown is still in force. An associated subsidy ('Rent Subsidy III') was approved, where the state will pay 50% of the rent for the closed period based on Q4 2020 contractual rent, subject to the tenant's obligation to first pay 50% of the rent for the relevant period. The participation of landlords will not be required.

As of today, 53% of the Group's operating GLA in the Czech Republic is open.

Slovakia

In June 2020, the Slovakian government 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 benefit from the subsidy scheme. The financial compensation will be equal to the amount of the discount, up to a maximum of 50% of rent for the rent period affected by the restrictions. In the event that the discount will be lower than 50%, the remaining part of the rent due will be repaid throughout a maximum period 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. The restrictions commenced on 15 March and were eased on 20 May, allowing all shopping malls to re-open.

From 24 October 2020, customers were restricted to basic shopping necessity unless they showed a negative COVID-19 test result. The majority of restrictions were eased on 8 November 2020. Cinemas and entertainment operators have been either fully closed or severally restricted since 15 October 2020.

For the period of limited operation from 15 October 2020 to 15 December 2020, a second rent subsidy program was launched. The framework for the second rent subsidy is similar with the first subsidy programme launched earlier this year, where the financial compensation from the Slovakian Government is equal to the amount of the discount granted by the landlord, up to a maximum limit of 50% of rent.

On 19 December 2020, the restrictions were reinstated and as of 3 March 2021 the lockdown is still in force, with 33% of the Group's opeating GLA in Slovakia is currently open.

Russia

The government announced that rents for the closed period and 50% of the rent from the period of re-opening 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 request 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. As of the reporting period, 8%[8] of the tenants in Russia terminated the lease agreements as a result of the legistlation.

Between 1 June 2020 and 1 August 2020, the restrictions were gradually eased throughout Russia, allowing shopping malls to re-open. No further restrictions were imposed in Russia after 1 August 2020.

As of the date of this report 98% of the Group's operating GLA in Russia is open.

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 legislation as described above.

In preparing these financial statements, the additional key assumptions and key sources of estimation uncertainty applied include the level of discounts, effective date of lease modification and remaining lease term at the end of the reporting period.

8 calcualted as a precentage of Russia's annualised base rental income

These have had a significant effect on the amounts recognised in the financial statements.

Under IFRS 16, lease modifications occur when discounts are provided that did not form part of the original lease agreement. If these discounts were to be based on the original lease agreement, then the discount costs would be fully recognised in the income statement in the period when they become effective.

The Group performed a detailed lease analysis and concluded that rent concessions, either as a result from negotiations or mandated by new legislation or regulation, should be treated as lease modifications by straight-lining the concessions enforced or provided over the remaining lease term. In most instances, the effective date of the lease modifications for the first lockdown was determined to be 1 April 2020. In Poland, rent relief imposed by law qualifies as lease modification as this is conditional upon the tenant offering to extend the lease by the closure period plus 6 months on the passing terms.

During 2020, the Group recognised COVID-19 related lease concessions of €18.1 million and rent relief of €13.1 million, of which €22.2 million was straight lined over the remaining lease term estimated at 3.65 years. No material discounts were granted beyond 2020 for the lockdowns which occurred in 2020.

The net impact of COVID-19 related Lease concessions on the Group's Gross rental income was €9.0 million.

Receivables from tenants

Following the first lockdown and reopening of the shopping centres, the Group has been engaged in close relationship with its tenants, supporting them to help them weather the impact of restrictions. While we have substantially completed the renegotiation of rental agreements with tenants, the collection for the year is 97%. The uncollected amount is partially covered by bank guarantees and deposits with an overall credit risk of c. 3%.

The Group carried out a detailed review of its largest tenants accounting for 52% of the Group's annualised rental income base and the provision for doubtful debtors was estimated in accordance with IFRS 9 ***Financial instruments.***

The following rules applied to estimate the provision during the year:

- Departed tenants and/or tenants under bankruptcy are fully impaired;
- Estimated default rate based on a forward looking approach which contains expectations on further lockdowns or closures of units ;
- bank guarantees and deposits as well as estimation of discounts or reliefs were excluded from the outstanding amount;
- Whether the tenant's segment is impacted or not by COVID-19 restrictions;
- Historical collection rate of the tenants
- Deferred rents mandated by legislation

The loss from doubtful debtors reduced the Group's NRI in 2020 by €5.6 million.

2.5 STANDING INVESTMENTS

The current portfolio of standing investments consists of 25 properties (2019: 25) which comprises 15 properties in Poland, 2 properties in the Czech Republic, 1 property in Slovakia, 7 properties in Russia.

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

Standing investments	31 December 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	9,211	29,254
Movement in leases	(185)	1,067
Transfers from redevelopments and land	2,251	8,406
Transfer to redevelopments and land	-	(408)
Transfer to assets held for sale	-	(74,164)
Revaluation of standing investments	(185,872)	(5,437)
Disposals	-	(296,372)
Balance as at 31 December	**2,270,685**	**2,445,280**

The uncertainty related to the COVID-19 pandemic has led to a significant reduction in the number of real estate transactions during 2020 and has impacted the availability of reliable market data relating to conditions as at 31 December 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 31 December 2020 have used all available information from reliable sources in developing appropriate assumptions to determine the fair value of investment properties. The pandemic and the measures taken by governments continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date, property markets are functioning more today then at the beginning of the pandemic, with transaction volumes and other relevant evidence at levels where enough market evidence exists upon which to base opinions of value. Accordingly and compared to the last interim valuation done in June 2020, the valuation reports are not reported as being subject to 'material valuation uncertainty', as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The loss from fair value adjustment of Standing Investments for the CE region amounted to €135 million (6.2%) and was driven by the uncertain market conditions due to COVID-19 as changes were detected in investor sentiments despite limited transactional evidence. As a result, yields were softened across most asset sectors, while prime assets performed better than non-prime by an average gap of 15 bps, demonstrating more resilience. The combination of yields and FX volatility in Russia accounted for 84% of the Group's devaluation.

SIGNIFICANT EVENTS AND TRANSACTIONS

In January 2020, the Group completed the sale of Atrium Duben shopping centre in Zilina, Slovakia with a total lettable area of approximately 47,100 sqm for €37.2 million.

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.

The total value of land leases was €38.9 million as at 31 December 2020 (31 December 2019: €41.8 million).

The yield diversification across the Group's income producing portfolio is stated in the table below:

NET EQUIVALENT YIELD (WEIGHTED AVERAGE)

Standing investments	2020	2019
Poland	6.1%	5.7%
Czech Republic	5.8%	5.4%
Slovakia	6.8%	6.7%
Russia	12.6%	12.8%
Weighted average	**6.8%**	**6.6%**

For information about the fair value of standing investments, see note 2.36.

FAIR VALUE OF COLLATERAL

Two assets have been provided as collateral against Atrium's two bank loans, see note 2.18. The analysis of assets pledged as collateral is as follows:

2020	Book value of bank loans €'000	No. of assets pledged as collateral	Fair value of collateral €'000
Collateralised bank loans	298,070	2	526,690
Total	**298,070**	**2**	**526,690**

2019	Book value of bank loans €'000	No. of assets pledged as collateral	Fair value of collateral €'000
Collateralised bank loans	299,778	2	556,814
Total	**299,778**	**2**	**556,814**

2.6 REDEVELOPMENTS AND LAND

The current portfolio of redevelopments and land comprises €87.8 million (2019: €89.2 million) redevelopments and €160.4 million (2019: €176.9 million) land.

Redevelopments and land	31 December 2020 €'000	31 December 2019 €'000
Balance as at 1 January	266,093	255,429
Additions - cost of land and construction	12,701	25,679
Movement in leases	-	1,041
Transfer from standing investments	-	408
Transfer to standing investments	(2,251)	(8,406)
Disposals	(9,297)	-
Devaluation of redevelopments and land	(18,994)	(8,058)
Balance as at 31 December	**248,252**	**266,093**

€11.6m devaluation was on redevelopments of standing investments and corresponds with the yield expansion of the standing investment portfolio. Land values were stable across the local markets, with the remaining devaluation of €7.4m attributed mainly to FX volatility across Poland, Russia and Turkey. For information about the fair value of redevelopments and land, see note 2.36.

In August 2020, the Group sold a land plot in Lublin for a consideration of €5.6 million.

In December 2020, the Group sold a land plot in Romania for a consideration of €3.1 million.

The total value of land leases was €7.2 million as at 31 December 2020 (31 December 2019: €7.6 million).

2.7 PROPERTY AND EQUIPMENT

Property and equipment	31 December 2020 €'000	31 December 2019 €'000
Office equipment	369	454
Other property and equipment	814	1,326
Total	**1,183**	**1,780**

2.8 INTANGIBLE ASSETS

Intangible assets[1]	31 December 2020 €'000	31 December 2019 €'000
Cost	16,879	17,028
Accumulated amortisation	(7,939)	(6,903)
Net book amount	**8,940**	**10,125**

1 Intangible assets mainly consists of software and licenses

2.9 EQUITY-ACCOUNTED INVESTMENT IN JOINT VENTURES

The Company owns indirectly 75% in each of the following joint ventures:

Name of the joint venture	Country of incorporation	Stake in equity of joint venture 31 December 2020 and 2019	Investment in joint venture 31 December 2020 €'000	Investment in joint venture 31 December 2019 €'000
Pankrac Shopping Centre k.s	Czech Republic	75%	183,813	182,523
EKZ 11 k.s.	Czech Republic	75%	2,500	1,978
Total			**186,313**	**184,501**

Summarised financial information of the joint ventures, Pankrac Shopping Centre k.s and EKZ 11 k.s., based on their IFRS unaudited financial statements updated for adjustments at acquisition and reconciliation with the carrying amount of the investment in the consolidated financial statements, is presented below:

	31 December 2020 €'000	31 December 2019 €'000
Standing investment	239,968	240,190
Other long term assets	926	-
Cash and cash equivalents	9,415	9,537
Other current assets	2,723	1,265
Non-current liabilities	(1,195)	(1,376)
Current liabilities	(3,420)	(3,614)
Net assets (100%)	**248,417**	**246,002**
Group share of net assets (75%)	**186,313**	**184,501**
Carrying amount of interest in joint ventures	**186,313**	**184,501**

	31 December 2020 €'000	31 December 2019 €'000
Net rental income	11,185	11,250
Other items, mainly revaluation	(4,018)	4,656
Profit of the Joint Ventures (100%)	**7,167**	**15,906**
Share of profit of equity-accounted investment in joint ventures (75%)	**5,375**	**11,930**
Dividends received by the Group	**3,563**	**5,299**

The Group has not incurred any contingent liabilities in relation to its interest in the joint ventures, nor do the joint ventures themselves have any contingent liabilities for which the Group is contingently liable.

2.10 FINANCIAL ASSETS AT FVPL

The Group's financial assets at FVPL pertains to a loan granted in October 2019 to a third party with the option to acquire the controlling stake in a future joint venture. The financial assets at FVPL are carried at fair value. The fair value is determined using a discounted cash flow, adjusting for the convertible option determined based on Blackscholes model. The fair value is mainly derived from unobservable inputs and therefore classified at level 3 within the fair value hierarchy.

As of 31 December 2020, financial assets at FVPL amounted to zero (2019: €18.9 million) as the Group notified the future JV partner of its intention to convert. The conversion is in process but has not yet been finalised. The outstanding amount of €17.8 million at the balance sheet date is presented as a long term advance, see note 2.12 .

The credit exposure of the Group arising from the financial asset, as disclosed in note 2.37, represents the maximum credit exposure. The credit risk related to the loan is in line with the Group's market risks, as disclosed in 2.39 Risk Management. The Group obtained a collateral mortgage in exchange of the borrower's rights as a security for the performance of the obligations under the loan agreement.

2.11 FINANCIAL ASSETS AT AMORTISED COST

Loans	31 December 2020 €'000	31 December 2019 €'000
Loans to third parties	20,593	-
Total	**20,593**	**-**
Amount due within 12 months (included under current assets)	416	-
Amount due after more than 12 months	20,177	-

The Group's financial assets at amortised cost as at 31 December 2020 pertains to a secured vendor loan, amounting to €20.6 million, granted to the purchaser of the portfolio of 5 assets in Poland which was completed in July 2020. The term of the loan is 4 years and the principal bears interest at 4.5% per annum in the first year, and 4.8% in subsequent years. The loan is measured at amortised cost which is not significantly different from its fair value

The credit exposure of the Group arising from the financial asset, as disclosed in note 2.37, represents the maximum credit exposure. The credit risk related to the loan is in line with the Group's market risks, as disclosed in 2.39 Risk Management. The Group obtained a mortgage as collateral and a pledge over ownership in exchange of the borrower's rights as a security for the performance of the obligations under the loan agreement. The value of collateral exceeds the outstanding amount of the loan.

2.12 OTHER LONG TERM ASSETS

Other assets	31 December 2020 €'000	31 December 2019 €'000
Long term advance[1]	17,791	-
Straight line of lease incentives to tenants	14,798	-
Other	2,596	2,883
Total	**35,185**	**2,883**

1 Refer to note 2.10 for more information

Straight lining of lease incentives to tenants include the long term portion of discounts spread on the remaining lease term in accordance with IFRS 16. The short term portion is disclosed under note 2.13 receivable from tenants. Discounts mainly arise as a result of COVID-19 support to tenants (see note 2.4).

2.13 RECEIVABLES FROM TENANTS

Receivables from tenants 2020 Receivables aging:	Gross €'000	Allowances for impaired balances €'000	Net €'000	%
Due within term	5,433	(154)	5,279	36.0%
Overdue 0-30 days	4,821	(529)	4,292	29.3%
Overdue 31-90 days	4,017	(940)	3,077	21.0%
Overdue 91-180 days	3,937	(2,488)	1,449	9.9%
Overdue 181-360 days	2,180	(1,677)	503	3.4%
Overdue 361 days and more	3,466	(3,404)	62	0.4%
Sub-total	**23,854**	**(9,192)**	**14,662**	**100%**
Straight lining[1]	7,372	-	7,372	
Total	**31,226**	**(9,192)**	**22,034**	

1 See note 2.4

Receivables from tenants 2019 Receivables aging:	Gross €'000	Allowances for impaired balances €'000	Net €'000	%
Due within term	10,654	(82)	10,572	64.5%
Overdue 0-30 days	4,313	(100)	4,213	25.6%
Overdue 31-90 days	1,227	(102)	1,125	6.8%
Overdue 91-180 days	664	(286)	378	2.3%
Overdue 181-360 days	526	(409)	117	0.7%
Overdue 361 days and more	4,340	(4,320)	20	0.1%
Total	**21,724**	**(5,299)**	**16,425**	**100.0%**

Payment terms normally do not exceed 30 days and are consistent with the industry trends.

The description of collateral held as security in relation to tenants is provided in note 2.39 under credit risk.

The table below provides a reconciliation of changes in allowances for bad debts during the year:

Allowances for bad debts	31 December 2020 €'000	31 December 2019 €'000
At 1 January	**(5,299)**	**(7,756)**
Release	1,706	3,149
Addition, net	(5,599)	(692)
At 31 December	**(9,192)**	**(5,299)**

2.14 OTHER RECEIVABLES

Other receivables	31 December 2020 €'000	31 December 2019 €'000
VAT receivables	3,491	3,876
Restricted cash in banks	386	276
Alternative minimum tax	2,339	4,149
Deferred purchase price on disposed assets	1,100	24,313
Others	2,338	2,895
Total	**9,654**	**35,509**

2.15 FINANCIAL ASSETS AT FVOCI

The Group's financial assets at FVOCI as at 31 December 2020 and 31 December 2019, include investments in two listed equity securities with less than 1% total holding in each individual investment. The financial assets at FVOCI are carried at fair value. The fair value is based on quoted prices (unadjusted) in active markets (Level 1 within the fair value hierarchy). As of 31 December 2020, financial assets at FVOCI amounted to: €8.5 million (2019: €13.9 million).

2.16 ASSETS AND LIABLITIES HELD FOR SALE

As at 31 December 2020, there are no assets presented as held for sale.

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. It also consisted of five assets in Poland for a value of €36 million, which were sold in July 2020 for €32.7 million.

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

	31 December 2020 €'000	31 December 2019 €'000
Non-current assets		
Standing investments	-	74,164
Redevelopments and land	-	-
Current assets	**-**	**1,104**
Assets held for sale	**-**	**75,268**
Non-current liabilities	-	4,924
Current liabilities	**-**	**460**
Liabilities held for sale	**-**	**5,384**
Net assets directly associated with the disposal groups	**-**	**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)**

2.17 STATED CAPITAL AND RESERVES

STATED CAPITAL

As at 31 December 2020, Atrium's authorised and issued ordinary shares were unlimited with no par value.

As at 31 December 2020, the total number of ordinary shares issued was 390,976,608 (2019: 378,163,861 shares), of which 390,966,607 ordinary shares were registered in the name of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (trading as "Euroclear"), 10,000 ordinary shares were registered in the name of individual shareholders and one ordinary share in the name of Aztec Financial Services (Jersey) Limited.

Changes in the stated capital account during the year 2020 were as follows:

- Issue of shares to satisfy the exercise of options and shares issued as part of the share participation plan €0.7 million (2019: 0.9 million)
- Issue of shares as part of the Group Executive Management's and directors' remuneration €0.6 million (2019: €0.4 million)
- Dividend payments of €70.8 million in cash and €32.1 million in new shares. (2019: €102.1 million in cash).

DIVIDEND

For the year 2020, the Company's Board of Directors approved an annual dividend of €cents 27 per share for 2020 (to be paid as a capital repayment) which has been 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, referred to as the Scrip Dividend Alternative.

The Directors offered Shareholders an option to receive all of the Q2, Q3 and Q4 2020 dividend of €6.75 cents per ordinary share in the form of new shares, instead of cash.

The following table summarise the Scrip Divdend Alternative information for Q2,Q3 and Q4:

Period	End of election Period	Dividend Payment date	Exchange ratio[1]	% of Election shareholders	Number of shares issued	Dividend in Cash (€ million)
Q2 2020	02/07/2020	08/07/2020	39.6623	39%	3,706,593	15.6
Q3 2020	22/09/2020	30/09/2020	33.9483	42%	4,724,152	14.9
Q4 2020	21/12/2020	30/12/2020	35.7410	43%	4,684,037	14.8

1 The number of new shares allotted to Shareholders that elect to receive the Scrip Dividend will be one new share for every certain amount of shares held by the electing Shareholder with a 2% discount on the share price.

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 Programme, subject to the renewal of the authorisation to issue Scrip shares in the next Annual General Meeting.

SHARE BUYBACK

On 17 March 2020, the Company resolved to undertake a share buyback programme up to 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 31 December 2020, a total of 687 thousand shares at an average price of €2.58 per share representing a value of €1.8 million had been bought back and cancelled.

DIRECTORS SHARE PLAN

The Board adopted a Restricted Share Plan on 16 May 2011 (the "Plan") following the approval of the shareholders on 18 May 2010 to allow the Directors to elect to take ordinary shares in lieu of directors' remuneration. Directors are given the opportunity to opt in semi-annual option periods, being the four-week free-dealing periods following the announcement of each of the Company's half year and full year results. The strike price for the ordinary shares to be issued pursuant to any option notice (being the average market price over the 30 preceding dealing days) is notified to Directors at the start of each option period. Atrium retains the discretion (subject to the approval of the Board) to refuse to satisfy an option notice in certain circumstances. In 2020 none of the Directors elected to receive shares instead of cash remuneration (2019: €50,000).

SHARE BASED PAYMENT RESERVE

A. DETAILS OF THE COMPANY'S EMPLOYEE SHARE BASED COMPENSATION

- On 23 May 2013, the shareholders approved and Atrium established an Employee Share Option Plan ("ESOP 2013"), under which the Board of Directors or Compensation and Nominating Committee can grant share options to key employees, executive directors or consultants. The exercise price on grant of options was the average market value over the 30 dealing days immediately preceding the date of grant unless otherwise determined by the Board of Directors. Unexercised options carry rights for special dividend only and do not carry voting rights. As from 14 November 2016, no further grants may be made under ESOP 2013. As at 31 December 2020 there are 1,166,663 options under this plan which were all vested.
- In accordance with his employment contract, Liad Barzilai, Group CEO, was entitled to an award of shares equal to €240,000, all of which were issued over 4 years and ended in December 2020.
- The Compensation and Nominating Committee approved an annual remuneration plan to the Group CEO and Group CFO in March 2018 and to the Group COO in August 2018. The plan entitles the participants to receive ordinary shares of the Company to the value of €60,000, €30,000 and €25,000 per annum, respectively. In 2020, 37,143 ordinary shares were issued (2019: 33,089 ordinary shares).
- In March 2018, the Compensation and Nominating Committee designed a continuous rolling annual Employee Share Plan within which members of the Group Executive Team and key employees may elect to receive part of their annual bonus as shares as an alternative to cash, with the Company issuing matching shares after three years. The participants are also entitled for a cash payment equal in value to the amount of dividends that would have been paid in respect to the issued matching shares. The Group bears the liability for any wage tax, participant's social security contributions or similar liabilities arising at the time of vesting of shares. In March 2020 211,431 rights of matching shares were granted to the participants in relation of 2019 annual bonus. In March 2019 and August 2019, 81,945 and 178,575 rights of matching shares were granted to the participants in relation of 2018 annual bonuses, respectively.
- In November 2020, the Compensation and Nominating Committee implemented an Employee Share Option Plan ("ESOP 2020") for some members of the Group Executive Team and other key senior executives, promoting the long term retention of such executives. The program operates through the participants being granted a right to the allotment of ordinary shares in the Company, which vest after the first, second and third anniversary of the grant date, subject to specific conditions, including continued employment in the Group. The exercise price of the options granted was based on

the average market value over the 30 days immediately preceding the date of grant otherwise determined by the Board of Directors.

The following table shows the movement in options granted under ESOP 2013:

	2020		2019	
	Number of share options	Weighted average exercise price €	Number of share options	Weighted average exercise price €
As at 1 January	1,233,329	4.37	1,860,492	4.37
Expired	(66,666)	4.38	(627,163)	4.35
As at 31 December	**1,166,663**	**4.38**	**1,233,329**	**4.37**

As of 31 December 2020 and 31 December 2019 all outstanding options under ESOP 2013 were vested and are exercisable.

The following table shows the movement in options granted under ESOP 2020:

	2020		2019	
	Number of share options	Weighted average exercise price €	Number of share options	Weighted average exercise price €
As at 1 January	-	-	-	-
Granted	**1,525,000**	**2.26**	-	-
As at 31 December	**1,525,000**	**2.26**	-	-

The following table shows the movement in the allotment of shares granted to the CEO:

	2020	2019
	Number of allotted shares	Number of allotted shares
As at 1 January	15,748	31,496
Issued and forfeited	(15,748)	(15,748)
As at 31 December	**-**	**15,748**

The following table shows the combined movement in rights for the shares granted under the rolling annual Employee Share Plans for 2018, 2019 and 2020, respectively :

Rights granted in:	2020	2019	2018
As at 1 January	348,745	88,225	-
Granted	211,429	260,520	88,225
Issued	(5,478)	-	-
Forfeited	(3,078)	-	-
As at 31 December	**551,618**	**348,745**	**88,225**

B. DETAILS OF THE COMPANY'S DIRECTORS SHARE BASED COMPENSATION

- In April 2017, the Compensation and Nominating Committee approved revisions to the remuneration of the non-executive Directors, effective as of 1 April 2017, which changed their entitlement to receive an allocation of ordinary shares in the Company to a value of €50,000 per annum. Shares issued to a non-executive Director as part of their remuneration will be subject after vesting to restrictions on their disposal such that following any disposal, the remaining shareholding of such Director must have an aggregate value of at least €100,000. The total cost recognised in the consolidated statement of profit or loss in 2020 and 2019 amounted to €0.3 million and €0.5 million respectively for share based compensations.

The following table shows the movement in rights for the allotment of shares granted under the Directors share plan:

	2020	2019
	Number of rights	Number of rights
As at 1 January	125,562	91,264
Granted	75,200	72,460
Issued and forfeited	(111,577)	(38,162)
As at 31 December	**89,185**	**125,562**

RESERVES

HEDGE RESERVE

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. See also note 2.19.

FINANCIAL ASSETS AT FVOCI RESERVE

The financial assets at FVOCI reserve comprises the cumulative net change in the fair value of financial assets at FVOCI until the assets are derecognised. See also note 2.15.

CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises the cumulative amounts of the exchange differences on translation of foreign operations.

Currency translation reserve	2020 €'000	2019 €'000
Poland	(6,955)	(6,955)
Czech Republic	2,929	2,929
Slovakia	(7,355)	(7,355)
Russia	(57,331)	(57,331)
Romania	(907)	(1,311)
Turkey	(3,486)	(3,486)
Total	**(73,105)**	**(73,509)**

€0.4 million exchange differences on translation of foreign operations disposed of during the period were reclassified in 2020 (€0.3 million in 2019) from the currency translation reserve to net results on disposals in the profit or loss statement. In addition €2.9 million classified as translation reserve held for sale were also reclassified in 2020 to net results on disposals in the profit or loss statement

2.18 BORROWINGS

Borrowings	31 December 2020 €'000	31 December 2019 €'000
Bonds	720,787	753,986
Bank loans	294,534	298,330
Long-term liabilities	**1,015,321**	**1,052,316**
Bonds	-	132,992
Bank loans	3,536	1,448
Utilised revolving credit facility	86,000	-
Short term liabilities	**89,536**	**134,440**
Total	**1,104,857**	**1,186,756**

The borrowings are repayable as follows:

Borrowings total	31 December 2020 €'000	31 December 2019 €'000
Due within one year	89,536	134,440
Due in second year	235,326	1,984
Due within third to fifth year inclusive	498,475	467,619
Due after five years	281,520	582,713
Total	**1,104,857**	**1,186,756**

BONDS

The Group repaid the remaining €133 million of the 2020 notes in April 2020.

In June 2020, the Group 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 and 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 €6.3 million tender premium loss under finance expenses.

In October 2020, the Group repurchased €7.8 million of outstanding 2022 notes in the open market.

The bonds maturing in 2022 and 2025 are subject to the following financial covenants: the solvency ratio shall not exceed 60%; the secured solvency ratio shall not exceed 40%; the consolidated coverage ratio shall not be less than 1.5. All covenants were met as at 31 December 2020.

In September 2020, the Group launched its inaugural Euro Medium Term Note ('EMTN') programme with a €1.5 billion limit. After the reporting period, the Group announced it has priced €300 million inaugural green bond offering due 5 September 2027 under its EMTN Programme (the "**New Green Notes**"). See note 2.42 Subsequent events for further information.

BONDS 2020

Bond/Due year	Currency	Interest rate	Average time to maturity	Maturity	Book value €'000	Fair value €'000	Effective interest rate
Atrium European Real Estate Limited 2022	EUR	3.625%	1.8	2022	233,364	237,626	3.5%
Atrium European Real Estate Limited 2025	EUR	3.0%	4.7	2025	487,423	502,694	3.4%
Total/Weighted average		**3.2%**	**3.8**		**720,787**	**740,320**	**3.4%**

BONDS 2019

Bond/Due year	Currency	Interest rate	Average time to maturity	Maturity	Book value €'000	Fair value €'000	Effective interest rate
Atrium European Real Estate Limited 2020	EUR	4.0%	0.3	2020	132,992	135,278	4.2%
Atrium European Real Estate Limited 2022	EUR	3.625%	2.8	2022	459,815	492,586	3.5%
Atrium European Real Estate Limited 2025	EUR	3.0%	5.7	2025	294,171	314,558	3.4%
Total/Weighted average		**3.5%**	**3.4**		**886,978**	**942,422**	**3.6%**

BANK LOANS

In November 2018, Atrium took an 8 year €170.0 million secured corporate loan at 2.3% interest with Landesbank Hessen-Thüringen Girozentrale. The loan is subject to the following financial covenants: Loan to Value and Interest Service Cover Ratio. Both conditions were met as at 31 December 2020.

The loan with Berlin-Hannoversche Hypothekenbank AG is subject to the following financial covenants: Loan to Value and minimum equity, both of which were met as at 31 December 2020.

BANK LOANS 2020

Lender	Currency	Interest rate	Average time to maturity	Maturity	Book value €'000	Fair value €'000	Effective interest rate
Landesbank Hessen-Thüringen Girozentrale	EUR	2.3%[1]	5.9	2026	167,158	167,911	2.5%
Berlin-Hannoversche Hypothekenbank AG	EUR	1.9%[1]	6.9	2027	130,912	131,227	2.0%
Total/Weighted average		**2.1%**	**6.4**		**298,070**	**299,138**	**2.3%**

[1] Hedged interest rate

BANK LOANS 2019

Lender	Currency	Interest rate	Average time to maturity	Maturity	Book value €'000	Fair value €'000	Effective interest rate
Landesbank Hessen-Thüringen Girozentrale	EUR	2.3%[1]	6.9	2026	167,417	167,526	2.4%
Berlin-Hannoversche Hypothekenbank AG	EUR	1.9%[1]	7.9	2027	132,361	132,447	2.0%
Total/Weighted average		**2.1%**	**7.4**		**299,778**	**299,973**	**2.2%**

[1] Hedged interest rate

Collateral	Fair value of pledged investment properties 31 December 2020 €'000	Fair value of pledged investment properties 31 December 2019 €'000
Landesbank Hessen-Thüringen Girozentrale	297,224	319,117
Berlin-Hannoversche Hypothekenbank AG	229,466	237,697
Total	**526,690**	**556,814**

REVOLVING CREDIT FACILITY

The total amount of the revolving credit facility is €300 million with an expiry date in 2023, including an option to extend up to May 2024. As at 31 December 2020, €86 million of the revolving credit facility was utilised (2019: nil). The effective interest rate of the utilised facility was 1.35% during 2020.

The revolving credit facility is subject to the same financial covenants as of the bonds maturing in 2022 and 2025 (see above).

For information about the fair value of loans and bonds, see note 2.36.

Accrued interest is not included in the borrowings balance and presented separately in Accrued expenditure. See note 2.24.

2.19 DERIVATIVES

The Group entered into two interest rate swap contracts ("IRSs") in connection with secured bank loans (see note 2.18). 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 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 offset 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.

For information about the fair value of the derivatives, see note 2.36.

Interest rate swaps	31 December 2020 €'000	31 December 2019 €'000
Carrying amount (liability)	22,722	17,753
Notional amount	299,710	301,240
Change in fair value of outstanding hedging instruments since 1 January	4,969	12,656

2.20 DEFERRED TAX

Deferred tax liabilities 2020	Balance as at 1 January 2020 €'000	Deferred tax credit/(charge) to the statement of profit or loss €'000	Balance as at 31 December 2020 €'000
Deferred tax liabilities arise from the following temporary differences:			
Investment properties	(92,213)	4,304	(88,024)
Other assets	(257)	(1,120)	(1,377)
Liabilities and provisions	6,472	223	6,741
Tax losses carried forward	4,557	363	4,920
Other	(7)	618	611
Total deferred tax liabilities	**(81,448)**	**4,188**	**(77,129)**

The main drivers for the decrease in deferred tax liabilities charged to the statement of profit and loss is the change in fair value of the investment properties and FX fluctuations on the tax base denominated in local currencies PLN, RUB and CZK.

The Group recognised a deferred tax asset of €2.9 million as at 31 December 2020 (2019: €2.5 million). The main movement during the year was €0.6 million related to the deferred tax charge on hedging instruments that is recognised through other comprehensive income ("OCI").

Deferred tax liabilities 2019	Balance as at 1 January 2019 €'000	Deferred tax credit/(charge) to the statement of profit or loss €'000	Deferred tax credit/(charge) to on items sold €'000	Deferred tax liabilities classified as held for sale €'000	Balance as at 31 December 2019 €'000
Deferred tax liabilities arise from the following temporary differences:					
Investment properties	(105,171)	(7,114)	16,503	3,569	**(92,213)**
Other assets	839	(1,149)	55	(2)	**(257)**
Liabilities and provisions	5,682	1,035	(245)	-	**6,472**
Tax losses carried forward	4,947	524	(914)	-	**4,557**
Other	24	16	-	(47)	**(7)**
Total deferred tax liabilities	**(93,679)**	**(6,688)**	**15,399**	**3,520**	**(81,448)**

2.21 LEASE LIABILITIES

The liabilities from leases as at 31 December 2020 predominantly consisted of liabilities related to long term land leases in Poland and Russia. The short term portion of lease liabilities was disclosed as Trade and other payables (see note 2.24).

Lease payments are due as follows:

Liabilities from leases	31 December 2020 Net present value €'000	31 December 2020 Undiscounted lease payments €'000	31 December 2019 Net present value €'000	31 December 2019 Undiscounted lease payments €'000
Due within one year	4,633	5,054	3,036	3,039
Due within two to five years	10,686	12,959	11,721	14,208
Due after five years	30,647	190,386	33,285	211,408
Total	**45,966**	**208,399**	**48,042**	**228,655**
Amount due within 12 months	4,633	5,054	3,036	3,560
Amount due after more than 12 months	41,333	203,345	45,006	225,095

The lease obligations are mainly denominated in the local currencies of the respective countries. The Group has two material lease arrangements in Poland; Atrium Promenada, with a net present value ("NPV") of €19.7 million (2019: €20.6 million) and Wars Sawa Junior, with a NPV of €9.8 million (2019: €9.7 million).

2.22 OTHER LONG TERM LIABILITIES

Other long term liabilities of €10.8 million (2019: €13.7 million) principally comprise of long term deposits from tenants amounting to €9.7 million (2019: €12.0 million).

2.23 TRADE AND OTHER PAYABLES

Trade and other payables	31 December 2020 €'000	31 December 2019 €'000
Short term deposits from tenants	5,540	6,383
Deferred revenue	4,417	7,731
Payables connected with development/construction	2,007	2,149
Short term liabilities from leasing	5,497	4,118
VAT	1,630	2,818
Payables to tenants	2,072	-
Other taxes and fees	1,939	1,308
Other	4,068	9,164
Total	**27,170**	**33,671**

2.24 ACCRUED EXPENDITURE

Accrued expenditure	31 December 2020 €'000	31 December 2019 €'000
Utilities	1,379	1,964
Consultancy and audit services	1,515	2,025
Construction services	3,926	7,954
Interest	6,379	9,966
Employee compensation	4,435	5,197
Taxes	73	224
Maintenance, security, cleaning and marketing	2,446	3,017
Other	13,779	11,647
Total	**33,932**	**41,994**

Other accrued expenditures includes €5.6 million (2019, nil) for amounts that are to be settled and billed to tenants as part of service charge revenues and turnover rent.

2.25 PROVISIONS

Provisions	Legacy legal provision €'000	Other legal provision €'000	Total €'000
Balance as at 1 January 2020	3,892	639	4,531
Movement in provision during the period	-	-	-
Amounts paid during the period	-	(200)	(200)
Balance as at 31 December 2020	**3,892**	**439**	**4,331**
Of which:			
Current portion	3,892	439	4,331
Non-current portion	-	-	-
Total provisions	**3,892**	**439**	**4,331**

For more information, see note 2.41.

2.26 GROSS RENTAL INCOME

Gross rental income ("GRI") includes rental income from the lease of investment properties, and from advertising areas, communication equipment and other sources.

GRI by country is as follows:

Country	Year ended 31 December 2020		Year ended 31 December 2019	
	€'000	% of total GRI	€'000	% of total GRI
Poland	86,795	60.1%	108,354	61.1%
Czech Republic	18,647	12.9%	19,862	11.2%
Slovakia	8,210	5.7%	11,166	6.3%
Russia	30,750	21.3%	37,917	21.4%
Total	**144,402**	**100%**	**177,299**	**100%**

Undiscounted gross rental income expected from rental contracts:

Expected undiscounted cash flows from rental contracts 2020	Total €'000
Received within 1 year	142,058
Received between 1 and 2 years	119,719
Received between 2 and 3 years	102,874
Received between 3 and 4 years	80,763
Received between 4 and 5 years	59,990
Received later than 5 years	202,264
Total	**707,668**

Expected undiscounted cash flows from rental contracts 2019	Total €'000
Received within 1 year	152,563
Received between 1 and 2 years	125,609
Received between 2 and 3 years	106,195
Received between 3 and 4 years	90,008
Received between 4 and 5 years	61,057
Received later than 5 years	223,682
Total	**759,114**

The undiscounted cash flows assume the following assumptions:

- rental income is based on contractual base rent only
- indexation and turnover rent have been ignored
- includes occupied GLA as of 31 December.

2.27 SERVICE CHARGE INCOME

Service charge income of €50.7 million (2019: €65.3 million) represents income from services re-invoiced to tenants and results mainly from re-invoiced utilities, marketing, repairs and maintenance and is recorded on a gross basis. Expenses to be re-invoiced to tenants are presented under net property expenses together with other operating costs that are not re-invoiced to tenants.

During 2020, the Polish government imposed rental and service charge relief as an option for tenants for the periods of closures. The loss in Poland from service charge relief amounted to €3.4 million. For further information refer to note 2.4 COVID-19.

2.28 PROPERTY EXPENSES

Net property expenses	Year ended 31 December 2020 €'000	2019 €'000
Utilities	(17,111)	(24,504)
Security, cleaning and other facility related costs	(11,643)	(13,222)
Real estate tax	(7,761)	(8,260)
Repairs and maintenance	(6,960)	(9,391)
Direct employment costs	(7,680)	(8,665)
Marketing and other consulting	(5,862)	(7,471)
Office related expenses	(179)	(272)
Creation of allowances for bad debts of receivables from tenants	(5,599)	(692)
Other	(1,789)	(2,065)
Total	**(64,584)**	**(74,542)**

2.29 NET RESULT ON DISPOSALS

Net result on disposals	Year ended 31 December 2020 €'000	2019 €'000
Atrium Duben	(40)	-
Five assets in Poland	(1,155)	-
Atrium Felicity and Atrium Koszalin, Poland	(300)	5,049
Land plot in Gdansk, Poland	-	(595)
Land plot in Romania	(714)	-
Others	(263)	(531)
(Loss)/gain on disposals	**(2,472)**	**3,923**

€0.4 million non-cash currency translation reserve loss arising from past fluctuation of foreign currencies was reclassified in 2020 to net results on disposals (€0.3 million loss in 2019).

2.30 ADMINISTRATIVE EXPENSES

Administrative expenses	Year ended 31 December 2020 €'000	2019 €'000
Employee costs	(10,781)	(10,957)
Consultancy and other advisory fees	(2,145)	(2,728)
Legal costs	(1,406)	(1,360)
Audit, audit related and review fees	(942)	(1,084)
Expenses related to directors	(1,555)	(1,840)
Communication and IT	(1,246)	(1,183)
Office costs	(248)	(372)
Marketing costs	(605)	(822)
Travel expenses	(101)	(399)
Other corporate fees, net[1]	-	(7,660)
Total	**(19,029)**	**(28,405)**

1 Other corporate fees in 2019 include €6.2 million transaction costs in relation with the recommended cash acquisition by Gazit Globe Ltd

The Group does not have any significant defined benefit pension plans.

2.31 INTEREST EXPENSE, NET

Interest expense, net	Year ended 31 December 2020 €'000	2019 €'000
Interest income	640	-
Interest expense	(37,167)	(38,854)
Total	**(36,527)**	**(38,854)**

The Group's interest expense of €36.5 million (2019: €38.9 million) consists of finance expense on bank loans of €6.7 million (2019: €6.7 million), on bonds of €27.6 million (2019: €31.7 million) and on the utilised credit facility and bank deposits of €2.0 million (2019: €0.4 million).

Interest income in 2020 of €0.6 million pertains to interest on the loan provided to a third party.

2.32 OTHER FINANCIAL EXPENSE, NET

Other financial income and expense	Year ended 31 December 2020 €'000	2019 €'000
Net loss from bond buy back	(6,347)	106
Dividend income from financial assets	285	818
Interest on financial leases	(3,333)	(3,545)
RCF commitment fees	(653)	(1,011)
Bank costs	(249)	(217)
Other financial (expense)/ income, net	(517)	30
Total	**(10,814)**	**(3,819)**

2.33 TAXATION CHARGE FOR THE YEAR

Taxation charge for the year	Year ended 31 December 2020 €'000	2019 €'000
Corporate income tax current year	(4,001)	(4,927)
Deferred tax credit/(charge)	4,188	(6,529)
Adjustments to corporate income tax previous years	2,224	(467)
Income tax charged to the statement of profit or loss	**2,411**	**(11,923)**
Income tax on hedging instrument charged to comprehensive income	**628**	**1,657**

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

POLISH CORPORATE INCOME TAX LAW AMENDMENTS

From 2021 the tax liability resulting from the capital gain upon a share deal was transferred from the seller to the asset holding company being sold (with the asset holding company acting as a rule as a tax remitter).

Effective tax rate

A reconciliation between the current year income tax charge and the accounting profit before tax is shown below:

	2020 €'000	2020 %	2019 €'000	2019 %
Profit (loss) before taxation	(144,831)		96,349	
Income tax (charge)/credit using the weighted average applicable tax rates	25,892	17.9%	(6,531)	6.8%
Tax effect of non-taxable income/(non-deductible expenses)	1,668		(9,567)	
Tax effect of losses previously not recognised	1,032		3,797	
Deferred tax asset not recognised	(2,287)		(4,456)	
Tax adjustment of previous years	2,224		(467)	
FX impact on non financial tax base	(26,962)		5,516	
Others	843		(216)	
Tax charge	**2,411**		**(11,924)**	
Effective tax rate		**1.7%**		**12.4%**

Unrecognised deferred tax assets and liabilities:

As at 31 December 2020, deferred tax liabilities of €92.2 million (2019: €91.4 million) on temporary differences at the time of initial recognition arising from investment property transactions treated as an asset acquisition had not been recognised in accordance with the initial recognition exemption in IAS 12, *Income taxes*.

The Group has not recognised deferred tax assets of €72.1 million (2019: €81.7 million) as it is not probable that future taxable profit will be available against which the Group can utilise these benefits. These unrecognised deferred tax assets arose primarily from the negative revaluation of investment properties and carry-forward tax losses. The tax losses expire over a number of years, in accordance with local tax legislation.

Unrecognised deferred tax assets

Country	31 December 2020 €'000	31 December 2019 €'000
Poland	39,227	37,739
Czech Republic	565	770
Russia	20,115	26,961
Romania	3,433	3,187
Turkey	4,976	8,719
Others	3,830	4,304
Total	**72,146**	**81,680**

The Group is liable for taxation on taxable profits in the following jurisdictions at the rates below:

Corporate income tax rates	31 December 2020 €'000	31 December 2019 €'000
Poland	19.0%[1]	19.0%[1]
Czech Republic	19.0%	19.0%
Slovakia	21.0%	21.0%
Russia	20.0%	20.0%
Romania	16.0%	16.0%
Turkey	22.0%	22.0%
Cyprus	12.5%	12.5%
Denmark	22.0%	22.0%
Jersey	0.0%	0.0%
Netherlands	25.0%	25.0%

[1] In Poland, reduced rate of 9% may be applied to small taxpayers and companies commencing business activities

2.34 EARNINGS PER SHARE

The following table sets forth the computation of earnings per share:

Earnings per share	Year ended 31 December 2020	2019
Profit (loss) for the year attributable to the owners of the Company for basic and diluted earnings per share in (€'000)	(142,420)	84,426
Weighted average number of ordinary shares used in the calculation of basic earnings per share	381,012,716	377,984,853
Adjustments		
Dilutive options	448,092	268,454
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	381,460,808	378,253,307
Basic and diluted earnings per share in €cents	**(37.3)**	**22.3**

The following securities were not included in the diluted earnings per share calculation as the effect would have been anti-dilutive:

Number of shares if exercised	Year ended 31 December	
	2020	2019
Options	2,691,663	1,233,329

2.35 SEGMENT REPORTING

Reportable segments For the year ended 31 December 2020	Standing investment segment €'000	Redevelopments and land segment €'000	Reconciling item €'000	Total €'000
Gross rental income	154,523	-	(10,121)	144,402
Service charge income	52,732	-	(2,061)	50,671
Net property expenses	(68,300)	-	3,716	(64,584)
Net rental income	**138,955**	**-**	**(8,466)**	**130,489**
Net result on disposals	(1,508)	(964)	-	(2,472)
Costs connected with developments	-	(856)	-	(856)
Revaluation of investment properties	(187,033)	(18,993)	(2,814)	(208,840)
Depreciation, amortisation and impairments	(2,054)	-	(1,395)	(3,449)
Administrative expenses	(10,549)	(319)	(8,161)	(19,029)
Share of profit of equity-accounted investment in joint ventures	-	-	5,375	5,375
Net operating (loss)/profit	**(62,189)**	**(21,132)**	**(15,461)**	**(98,782)**
Interest expense, net	(30,903)	(3,486)	(2,138)	(36,527)
Foreign currency differences	2,128	(10)	(826)	1,292
Other financial expenses	(3,243)	(130)	(7,441)	(10,814)
(Loss) before taxation for the year	**(94,207)**	**(24,758)**	**(25,866)**	**(144,831)**
Taxation credit/(charge) for the year	3,827	(40)	(1,376)	2,411
(Loss)/profit after taxation for the year	**(90,380)**	**(24,798)**	**(27,242)**	**(142,420)**
Investment properties	2,450,661	248,252	(179,976)[1]	2,518,937
Additions to investment properties	11,850	12,701	(2,639)	21,912
Segment assets	2,529,548	250,215	92,839[2]	2,872,602
Segment liabilities	1,127,940	75,401	123,361	1,326,702

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

2 The amount mainly relates to cash and cash equivalent and financial assets at FVOCI

Reportable segments For the year ended 31 December 2019	Standing investment segment €'000	Redevelopments and land segment €'000	Reconciling item €'000	Total €'000
Gross rental income	187,230	-	(9,931)	177,299
Service charge income	67,482	-	(2,229)	65,253
Net property expenses	(78,264)	-	3,722	(74,542)
Net rental income	**176,448**	**-**	**(8,438)**	**168,010**
Net result on disposals	4,501	97	(675)	3,923
Costs connected with developments	-	(986)	-	(986)
Revaluation of investment properties	(1,725)	(8,058)	(3,712)	(13,495)
Depreciation, amortisation and impairments	(1,988)	-	(994)	(2,982)
Administrative expenses	(11,352)	(354)	(16,699)	(28,405)
Share of profit of equity-accounted investment in joint ventures	-	-	11,930	11,930
Net operating profit/(loss)	**165,884**	**(9,301)**	**(18,588)**	**137,995**
Interest expense, net	(34,610)	(3,703)	(541)	(38,854)
Foreign currency differences	887	(403)	543	1,027
Other financial expenses	(3,409)	(112)	(298)	(3,819)
Profit/(loss) before taxation for the year	**128,752**	**(13,519)**	**(18,884)**	**96,349**
Taxation credit/(charge) for the year	(10,648)	72	(1,347)	(11,923)
Profit/(loss) after taxation for the year	**118,104**	**(13,447)**	**(20,231)**	**84,426**
Investment properties	2,625,423[1]	266,093	(180,143)[2]	2,711,373
Additions to investment properties	81,216	26,720	-	107,936
Segment assets	2,753,847	266,544	183,956[3]	3,204,347
Segment liabilities	1,349,324	70,350	18,659	1,438,333

1 Excluding €74.2 million classified as held for sale as at 31 December 2019

2 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

GEOGRAPHICAL SEGMENTS BY BUSINESS SECTOR IN 2020

For the year ended 31 December 2020	POLAND				CZECH REPUBLIC			
	Standing investment segment	Redevelopments and land segment	Reconciling item	Total	Standing investment segment	Redevelopments and land segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	86,795	-	-	86,795	28,768	-	(10,121)	18,647
Service charge income	26,705	-	-	26,705	8,889	-	(2,061)	6,828
Net property expenses	(36,458)	-	-	(36,458)	(11,884)	-	3,716	(8,168)
Net rental income	**77,042**	**-**	**-**	**77,042**	**25,773**	**-**	**(8,466)**	**17,307**
Net result on disposals	(1,468)	(250)	-	(1,718)	-	-	-	-
Costs connected with developments	-	(259)	-	(259)	-	-	-	-
Revaluation of investment properties, net	(125,162)	(14,810)	-	(139,972)	(9,077)	-	(2,814)	(11,891)
Depreciation, amortisation and impairments	(1,369)	-	-	(1,369)	(199)	-	-	(199)
Administrative expenses	(6,134)	(198)	-	(6,332)	(2,431)	-	41	(2,390)
Share of profit of equity-accounted investment in joint ventures	-	-	-	-	-	-	5,375	5,375
Net operating profit/(loss)	**(57,091)**	**(15,517)**	**-**	**(72,608)**	**14,066**	**-**	**(5,864)**	**8,202**
Interest expense, net	(19,725)	(2,280)	(19)	(22,024)	(10,707)	-	1	(10,706)
Foreign currency differences	1,697	-	-	1,697	211	-	46	257
Other financial income/ (expenses)	(2,726)	(124)	(5)	(2,855)	(27)	-	2	(25)
Profit/(loss) before taxation	**(77,845)**	**(17,921)**	**(24)**	**(95,790)**	**3,543**	**-**	**(5,815)**	**(2,272)**
Taxation credit/ (charge) for the year	1,284	-	-	1,284	406	-	(42)	364
Profit/(loss) after taxation for the year	**(76,561)**	**(17,921)**	**(24)**	**(94,506)**	**3,949**	**-**	**(5,857)**	**(1,908)**
Investment properties	1,582,471	131,650	-	1,714,121	511,387	9,757	(179,976)[1]	341,168
Additions to investment properties	5,917	11,124	-	17,041	4,238	1,577	(2,639)	3,176
Segment assets	1,627,767	132,376	5,152	1,765,295	528,829	9,758	(884)	537,703
Segment liabilities	693,347	50,467	31	743,845	356,158	-	(2,717)	353,441

1 Adjusted for our 75% share of investment property held by a joint venture

For the year ended 31 December 2020	SLOVAKIA				RUSSIA			
	Standing investment segment	Redevelopments and land segment	Reconciling item	Total	Standing investment segment	Redevelopments and land segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	8,210	-	-	8,210	30,750	-	-	30,750
Service charge income	4,350	-	-	4,350	12,788	-	-	12,788
Net property expenses	(4,446)	-	-	(4,446)	(15,512)	-	-	(15,512)
Net rental income	**8,114**	**-**	**-**	**8,114**	**28,026**	**-**	**-**	**28,026**
Net result on disposals	(40)	-	-	(40)	-	-	-	-
Costs connected with developments	-	-	-	-	-	(393)	-	(393)
Revaluation of investment properties, net	(1,745)	-	-	(1,745)	(51,049)	(3,216)	-	(54,265)
Depreciation, amortisation and impairments	-	-	-	-	(486)	-	-	(486)
Administrative expenses	(1,615)	-	-	(1,615)	(369)	-	-	(369)
Share of profit of equity-accounted investment in joint ventures	-	-	-	-	-	-	-	-
Net operating profit/(loss)	**4,714**	**-**	**-**	**4,714**	**(23,878)**	**(3,609)**	**-**	**(27,487)**
Interest expense, net	(111)	-	-	(111)	(360)	(252)	-	(612)
Foreign currency differences	8	-	-	8	212	-	-	212
Other financial income/(expenses)	(2)	-	-	(2)	(488)	(1)	(81)	(570)
Profit/(loss) before taxation	**4,609**	**-**	**-**	**4,609**	**(24,514)**	**(3,862)**	**(81)**	**(28,457)**
Taxation credit/(charge) for the year	(856)	-	-	(856)	2,993	(40)	-	2,953
Profit/(loss) after taxation for the year	**3,753**	**-**	**-**	**3,753**	**(21,521)**	**(3,902)**	**(81)**	**(25,504)**
Investment properties	119,156	-	-	119,156	237,647	23,373	-	261,020
Additions to investment properties	197	-	-	197	1,498	-	-	1,498
Segment assets	123,315	-	-	123,315	249,637	23,383	1,126	274,146
Segment liabilities	23,754	-	-	23,754	54,681	5,334	-	60,015

For the year ended 31 December 2020	OTHER COUNTRIES[1]				RECONCILING			
	Standing investment segment €'000	Redevelopments and land segment €'000	Reconciling item €'000	Total €'000	Standing investment segment €'000	Redevelopments and land segment €'000	Reconciling item €'000	Total €'000
Gross rental income	-	-	-	-	-	-	-	-
Service charge income	-	-	-	-	-	-	-	-
Net property expenses	-	-	-	-	-	-	-	-
Net rental income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net result on disposals	-	(714)	-	(714)	-	-	-	-
Costs connected with developments	-	(204)	-	(204)	-	-	-	-
Revaluation of investment properties, net	-	(967)	-	(967)	-	-	-	-
Depreciation, amortisation and impairments	-	-	-	-	-	-	(1,395)	(1,395)
Administrative expenses	-	(121)	(1,310)	(1,431)	-	-	(6,892)	(6,892)
Share of profit of equity-accounted investment in joint ventures	-	-	-	-	-	-	-	-
Net operating profit/(loss)	**-**	**(2,006)**	**(1,310)**	**(3,316)**	**-**	**-**	**(8,287)**	**(8,287)**
Interest expense, net	-	(954)	585	(369)	-	-	(2,705)	(2,705)
Foreign currency differences	-	(10)	(15)	(25)	-	-	(857)	(857)
Other financial income/(expenses)	-	(5)	(2,918)	(2,923)	-	-	(4,439)	(4,439)
Profit/(loss) before taxation	**-**	**(2,975)**	**(3,658)**	**(6,633)**	**-**	**-**	**(16,288)**	**(16,288)**
Taxation credit/(charge) for the year	-	-	-	-	-	-	(1,334)	(1,334)
Profit/(loss) after taxation for the year	**-**	**(2,975)**	**(3,658)**	**(6,633)**	**-**	**-**	**(17,622)**	**(17,622)**
Investment properties	-	83,472	-	83,472	-	-	-	-
Additions to investment properties	-	-	-	-	-	-	-	-
Segment assets	-	84,698	28,449	113,147	-	-	58,996	58,996
Segment liabilities	-	19,600	1,706	21,306	-	-	124,341	124,341

[1] For the year ended 31 December 2020, other countries include Turkey and Romania

GEOGRAPHICAL SEGMENTS BY BUSINESS SECTOR IN 2019

For the year ended 31 December 2019	POLAND				CZECH REPUBLIC			
	Standing investment segment	Redevelopments and land segment	Reconciling item	Total	Standing investment segment	Redevelopments and land segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	108,354	-	-	108,354	29,793	-	(9,931)	19,862
Service charge income	35,030	-	-	35,030	10,400	-	(2,229)	8,171
Net property expenses	(41,382)	-	-	(41,382)	(12,420)	-	3,722	(8,698)
Net rental income	**102,002**	**-**	**-**	**102,002**	**27,773**	**-**	**(8,438)**	**19,335**
Net result on disposals	4,501	97	-	4,598	-	-	-	-
Costs connected with developments	-	(173)	-	(173)	-	-	-	-
Revaluation of investment properties, net	(3,377)	(4,217)	-	(7,594)	5,297	-	(3,712)	1,585
Depreciation, amortisation and impairments	(1,271)	-	-	(1,271)	(212)	-	-	(212)
Administrative expenses	(6,381)	(81)	(3,166)	(9,628)	(344)	-	(2,236)	(2,580)
Share of profit of equity-accounted investment in joint ventures	-	-	-	-	-	-	11,930	11,930
Net operating profit/(loss)	**95,474**	**(4,374)**	**(3,166)**	**87,934**	**32,514**	**-**	**(2,456)**	**30,058**
Interest expense, net	(22,045)	(2,381)	(7)	(24,433)	(11,794)	-	1	(11,793)
Foreign currency differences	(65)	(119)	(151)	(335)	(3)	-	8	5
Other financial income/(expenses)	(2,803)	(109)	(27)	(2,939)	(33)	-	3	(30)
Profit/(loss) before taxation	**70,561**	**(6,983)**	**(3,351)**	**60,227**	**20,684**	**-**	**(2,444)**	**18,240**
Taxation credit/(charge) for the year	(5,117)	61	-	(5,056)	(1,943)	-	6	(1,937)
Profit/(loss) after taxation for the year	**65,444**	**(6,922)**	**(3,351)**	**55,171**	**18,741**	**-**	**(2,438)**	**16,303**
Investment properties	1,695,548[1]	143,603	-	1,839,151	521,845	8,181	(180,143)[2]	349,883
Additions to investment properties	67,657	18,539	-	86,196	3,557	8,181	-	11,738
Segment assets	1,762,542	143,809	6,683	1,913,034	533,968	8,181	(1,043)	541,106
Segment liabilities	825,643	45,320	34	870,997	420,723	-	(2,703)	418,020

1 Excluding €37 million classified as held for sale as at 31 December 2019

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

For the year ended 31 December 2019	SLOVAKIA Standing investment segment €'000	SLOVAKIA Redevelopments and land segment €'000	SLOVAKIA Reconciling item €'000	SLOVAKIA Total €'000	RUSSIA Standing investment segment €'000	RUSSIA Redevelopments and land segment €'000	RUSSIA Reconciling item €'000	RUSSIA Total €'000
Gross rental income	11,166	-	-	11,166	37,917	-	-	37,917
Service charge income	6,050	-	-	6,050	16,002	-	-	16,002
Net property expenses	(6,106)	-	-	(6,106)	(18,356)	-	-	(18,356)
Net rental income	**11,110**	**-**	**-**	**11,110**	**35,563**	**-**	**-**	**35,563**
Net result on disposals	-	-	-	-	-	-	-	-
Costs connected with developments	-	-	-	-	-	(470)	-	(470)
Revaluation of investment properties, net	(3,600)	-	-	(3,600)	(45)	(439)	-	(484)
Depreciation, amortisation and impairments	(8)	-	-	(8)	(497)	-	-	(497)
Administrative expenses	(2,476)	-	-	(2,476)	(2,151)	(16)	(317)	(2,484)
Share of profit of equity-accounted investment in joint ventures	-	-	-	-	-	-	-	-
Net operating profit/(loss)	**5,026**	**-**	**-**	**5,026**	**32,870**	**(925)**	**(317)**	**31,628**
Interest expense, net	(359)	-	-	(359)	(412)	(276)	-	(688)
Foreign currency differences	(3)	-	3	-	958	(196)	212	974
Other financial income/(expenses)	(2)	-	-	(2)	(571)	-	(134)	(705)
Profit/(loss) before taxation	**4,662**	**-**	**3**	**4,665**	**32,845**	**(1,397)**	**(239)**	**31,209**
Taxation credit/(charge) for the year	(738)	-	65	(673)	(2,850)	11	-	(2,839)
Profit/(loss) after taxation for the year	**3,924**	**-**	**68**	**3,992**	**29,995**	**(1,386)**	**(239)**	**28,370**
Investment properties	120,704[1]	-	-	120,704	287,326	26,589	-	313,915
Additions to investment properties	994	-	-	994	9,008	-	-	9,008
Segment assets	160,637	-	391	161,028	296,700	26,643	1,795	325,138
Segment liabilities	36,334	-	-	36,334	66,624	5,335	-	71,959

1 Excluding €37 million classified as held for sale as at 31 December 2019

For the year ended 31 December 2019	OTHER COUNTRIES				RECONCILING			
	Standing investment segment	Redevelopments and land segment	Reconciling item	Total	Standing investment segment	Redevelopments and land segment	Reconciling item	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Gross rental income	-	-	-	-	-	-	-	-
Service charge income	-	-	-	-	-	-	-	-
Net property expenses	-	-	-	-	-	-	-	-
Net rental income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net result on disposals	-	-	(675)	(675)	-	-	-	-
Costs connected with developments	-	(343)	-	(343)	-	-	-	-
Revaluation of investment properties, net	-	(3,402)	-	(3,402)	-	-	-	-
Depreciation, amortisation and impairments	-	-	(1)	(1)	-	-	(993)	(993)
Administrative expenses	-	(257)	(486)	(743)	-	-	(10,494)	(10,494)
Share of profit of equity-accounted investment in joint ventures	-	-	-	-	-	-	-	-
Net operating profit/(loss)	**-**	**(4,002)**	**(1,162)**	**(5,164)**	**-**	**-**	**(11,487)**	**(11,487)**
Interest expense, net	-	(1,046)	(6)	(1,052)	-	-	(529)	(529)
Foreign currency differences	-	(88)	(229)	(317)	-	-	700	700
Other financial income/(expenses)	-	(3)	136	133	-	-	(276)	(276)
Profit/(loss) before taxation	**-**	**(5,139)**	**(1,261)**	**(6,400)**	**-**	**-**	**(11,592)**	**(11,592)**
Taxation credit/(charge) for the year	-	-	(49)	(49)	-	-	(1,369)	(1,369)
Profit/(loss) after taxation for the year	**-**	**(5,139)**	**(1,310)**	**(6,449)**	**-**	**-**	**(12,961)**	**(12,961)**
Investment properties	-	87,720	-	87,720	-	-	-	-
Additions to investment properties	-	-	-	-	-	-	-	-
Segment assets	-	87,911	660	88,571	-	-	175,470	175,470
Segment liabilities	-	19,695	1,885	21,580	-	-	19,443	19,443

2.36 FAIR VALUE

Fair value measurements recognised in the consolidated statement of financial position are categorised using the fair value hierarchy that reflects the significance of the inputs used in determining the fair values:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

The following table shows the assets and liabilities of the Group which are presented at fair value in the statement of financial position as at 31 December 2020, including their levels in the fair value hierarchy:

	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Fair value as at 31 December 2020 €'000
Standing investments	2.5				
Poland		-	-	1,582,471	1,582,471
Czech Republic		-	-	331,411	331,411
Slovakia		-	-	119,156	119,156
Russia		-	-	237,647	237,647
Total standing investments		**-**	**-**	**2,270,685**	**2,270,685**
Redevelopments and land	2.6				
Poland		-	-	131,650	131,650
Russia		-	-	23,373	23,373
Turkey		-	-	76,454	76,454
Others		-	-	16,775	16,775
Total redevelopments and land		**-**	**-**	**248,252**	**248,252**
Assets and liabilities, net of disposal group held for sale	2.16	**-**	**-**	**-**	**-**
Financial assets at FVOCI	2.15	**8,507**	**-**	**-**	**8,507**
Financial liabilities measured at fair value Interest rate swaps used for hedging	2.19	**-**	**22,722**	**-**	**22,722**

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during 2020.

The following table shows the assets and liabilities of the Group which are presented at fair value in the statement of financial position as at 31 December 2019, including their levels in the fair value hierarchy:

	Note	Level 1 €'000	Level 2 €'000	Level 3 €'000	Fair value as at 31 December 2019 €'000
Standing investments	2.5				
Poland		-	-	1,695,547	1,695,547
Czech Republic		-	-	341,703	341,703
Slovakia		-	-	120,704	120,704
Russia		-	-	287,326	287,326
Total standing investments		**-**	**-**	**2,445,280**	**2,445,280**
Redevelopments and land	2.6				
Poland		-	-	143,563	143,563
Russia		-	-	26,589	26,589
Turkey		-	-	77,364	77,364
Others		-	-	18,577	18,577
Total redevelopments and land		**-**	**-**	**266,093**	**266,093**
Assets and liabilities, net of disposal group held for sale	2.16	**-**	**69,884**	**-**	**69,884**
Financial assets at FVOCI	2.15	**13,857**	**-**	**-**	**13,857**
Financial assets at FVPL		**-**	**-**	**18,942**	**18,942**
Financial liabilities measured at fair value Interest rate swaps used for hedging	2.19	**-**	**17,753**	**-**	**17,753**

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during 2019.

Investment properties measured at level 3 fair value:

	2020		2019	
	Standing investments €'000	Redevelopments and land €'000	Standing investments €'000	Redevelopments and land €'000
Balance as at 1 January	**2,445,280**	**266,093**	**2,732,038**	**255,429**
Profit (loss) included in the Statement of profit or loss Revaluation of investment properties	(185,872)	(18,994)	(5,437)	(8,058)
Additions and Disposals				
New Properties	-	-	50,896	-
Construction, technical improvements and extensions	9,211	12,701	29,254	25,679
Disposals	-	(9,297)	(296,372)	-
Other movements				
Movements in financial leases	(185)	-	1,067	1,041
Interest capitalised	-	-	-	-
Transfers from redevelopments and land to standing Investments	2,251	(2,251)	8,406	(8,406)
Transfers to redevelopments and land from standing Investments	-	-	(408)	408
Transfer (to)/ from assets held for sale	-	-	(74,164)	-
Balance as at 31 December	**2,270,685**	**248,252**	**2,445,280**	**266,093**

A description of the Investment Properties' valuation process:

The policies and procedures for standing investments and redevelopments and land valuations are approved by the Audit Committee of the Board of Directors.

The criteria for selecting the valuation companies includes recognised professional qualifications, reputation and recent experience in the respective locations and categories of the properties being valued.

Full external valuations of all the assets within the Group's standing investment properties are performed on an annual basis at year end. An interim update valuation is performed only if material changes in net annual rental income occurred during the period or when deemed necessary by management. The last valuation date was 30 June 2020, where 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.

For interim reporting purposes, the valuations of redevelopments and land properties are examined internally by the Company's internal valuation team in order to verify that there have been no significant changes to the underlying assumptions. When considered necessary, external valuations are obtained to validate and support the carrying values of redevelopments and land.

The fair values of all standing investments were determined on the basis of independent external valuations received from CBRE and Cushman & Wakefield. The fair values of most of the redevelopments and land, as at 31 December 2020, were determined on the basis of independent external valuations received from CBRE and Cushman & Wakefield. Approximately 77% (2019: 81%) of the land properties were valued externally. CBRE & Cushman & Wakefield are both external, independent, international valuation companies and real estate consultants, having an appropriately recognised professional qualification and recent experience in the respective locations and categories of properties being valued. The valuations were prepared in accordance with the Royal Institution of Chartered Surveyors Valuation Standards published by the Royal Institution of Chartered Surveyors (the "Red Book").

The majority of the significant unobservable inputs are provided by the Company's external, independent, international valuers and reflect current market assessments, while taking into account each property's unique characteristics.

The valuation results of the investment properties are presented to the Audit Committee of the Board of Directors. This includes a discussion of any changes to the significant assumptions used in the valuations, significant changes (or, lack of changes if such are expected) in the valuations and the current economic situation of the market where the properties are located.

For the yields diversification across the Group's income producing portfolio see note 2.5.

The valuation techniques used in measuring the fair value of the Group's assets and liabilities which are presented at fair values in the statement of financial position as at 31 December 2020:
Standing investments:

The fair value of standing investments is determined using a Discounted Cash Flow model. The Discounted Cash Flow model considers the present value of the net cash flow to be generated from the properties, taking into account the aggregate of the net annual rental income. The expected net cash flows are capitalised using a net yield which reflects the risks inherent in the net cash flows. The yield estimation is derived from the market and considers, among other factors, the country in which the property is located and the risk assessment of the asset. The Group categorises the standing investments fair value as Level 3 within the fair value hierarchy.

The following table shows the significant unobservable inputs used in the fair value measurement of standing investments for the Discounted Cash Flow method:

Significant unobservable inputs 2020	Range	Weighted average
Estimated rental value ("ERV")	€1-€230 per sqm per month	€16 per sqm, per month
Equivalent yield	4.6%-13.8%	6.7%

Inter-relationship between key unobservable inputs and fair value measurements:

2020	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV[1]	111.6	2,382.3
Decrease of 5% in ERV[1]	(111.6)	2,159.1
Increase of 25bp in equivalent yield[2]	(83.8)	2,186.9
Decrease of 25bp in equivalent yield[3]	90.8	2,361.5

1 The effect of the increase (decrease) in ERV on the estimated fair value of each country is approximately pro rata their fair value.

2 The distribution of the estimated decrease (in € millions): Poland -61.2, Czech Republic -13.8, Slovakia -4.2, Russia -4.6

3 The distribution of the estimated increase (in € millions): Poland 66.4, Czech Republic 15.1, Slovakia 4.5, Russia 4.7

Significant unobservable inputs 2019	Range	Weighted average
Estimated rental value ("ERV")	€1-€205 per sqm per month	€16 per sqm, per month
Equivalent yield	4.3%-14.1%	6.6%

Inter-relationship between key unobservable inputs and fair value measurements:

2019	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV[1]	122.0	2,604.3
Decrease of 5% in ERV[1]	(122.0)	2,360.2
Increase of 25bp in equivalent yield[2]	(94.7)	2,387.6
Decrease of 25bp in equivalent yield[3]	102.9	2,585.2

1 The effect of the increase (decrease) in ERV on the estimated fair value of each country is approximately pro rata their fair value

2 The distribution of the estimated decrease (in € millions): Poland -69.8, Czech Republic -15, Slovakia -4.3, Russia -5.4

3 The distribution of the estimated increase (in € millions): Poland 76.1, Czech Republic 16.5, Slovakia 4.7, Russia 5.7

Redevelopments and land:

The fair value of 19% of redevelopments and land (31 December 2019: 23%) was determined using the Comparable method. The Comparable valuation method is based on the sales (offering and listing) prices of similar properties that have recently been transacted in the open market. Sales prices are analysed by applying appropriate units of comparison and are adjusted for differences with the valued property on the basis of elements of comparison, such as location, land ownership risk, size of the plot and zoning etc. Such adjustments are not considered to be observable market inputs.

The following table shows the significant unobservable input used in the fair value measurement of redevelopments and land for the Comparable method:

Significant unobservable inputs 2020	Range	Weighted average
Price[1]	€12-€60 per sqm	€52 per sqm

1 One outlying value of €542/m² of land is excluded from the range.

Inter-relationship between key unobservable inputs and fair value measurements:

2020	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in price[1]	2.2	50.2
Decrease of 5% in price[1]	(2.2)	45.7

1 The effect of the increase (decrease) in price on the estimated fair value of each country is approximately pro rata their fair value

Significant unobservable inputs 2019	Range	Weighted average
Price[1]	€14-€65 per sqm	€51 per sqm

1 One outlying value of €579/m² of land is excluded from the range.

Inter-relationship between key unobservable inputs and fair value measurements:

2019	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in price[1]	3.1	68.8
Decrease of 5% in price[1]	(3.1)	62.5

1 The effect of the increase (decrease) in price on the estimated fair value of each country is approximately pro rata their fair value

The fair value of the remaining 81% of redevelopments and land (31 December 2018: 77%) was determined using the Residual value method. The Residual value method uses the present value of the market value expected to be achieved in the future from the standing investment once it is developed less estimated cost to completion on the basis that the development is compliant with zoning regulations. The rental levels are set at the current market levels capitalised at the net yield which reflects the risks inherent in the net cash flows.

The following table shows the significant unobservable inputs used in the fair value measurement of redevelopments and land for the Residual valuation method:

Significant unobservable inputs 2020	Range	Weighted average
ERV	€13.6-€14.3 per sqm, per month	€14.08 per sqm, per month
Equivalent yield	7.75%-8.0%	7.9%
Construction costs	€549-€1,320 per sqm GLA	€710 per sqm GLA
Development Time Frame	2 - 6.25 years	5.35 years

Inter-relationship between key unobservable inputs and fair value measurements:

2020	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV[1]	4.2	204.5
Decrease of 5% in ERV[1]	(4.2)	196.1
Increase of 25bp in equivalent yield[2]	(2.5)	197.8
Decrease of 25bp in equivalent yield[3]	2.6	202.9
Increase of 5% in expected construction costs[4]	(9.6)	190.7
Decrease of 5% in expected construction costs[5]	9.6	209.9
Increase of +1 year in development timeframe[6]	4.9	195.4
Decrease of - 1 year in development timeframe[7]	5.0	205.3

1 The effect of the increase (decrease) in ERV on the estimated fair value of each country is approximately pro rata their fair value
2 The distribution of the estimated decrease (in € million): Poland -2.5
3 The distribution of the estimated increase (in € million): Poland 2.6
4 The distribution of the estimated decrease (in € million): Poland -5.8, Turkey -3.8
5 The distribution of the estimated increase (in € million): Poland 5.8, Turkey 3.8
6 The distribution of the estimated decrease (in € million): Poland -3.3, Turkey -1.6
7 The distribution of the estimated increase (in € million): Poland 3.4, Turkey 1.6

Significant unobservable inputs 2019	Range	Weighted average
ERV	€13.6-€14.3 per sqm, per month	€14.08 per sqm, per month
Equivalent yield	7.5%-8.0%	7.9%
Construction costs	€689-€1,329 per sqm GLA	€788 per sqm GLA
Development Time Frame	1 - 7.25 years	5.32 years

Inter-relationship between key unobservable inputs and fair value measurements:

2019	Estimated change € in millions	Estimated total fair value following the change € in millions
Increase of 5% in ERV[1]	4.3	204.7
Decrease of 5% in ERV[1]	(4.3)	196.1
Increase of 25bp in equivalent yield[2]	(2.6)	197.9
Decrease of 25bp in equivalent yield[3]	2.7	203.1
Increase of 5% in expected construction costs[4]	(12.1)	188.3
Decrease of 5% in expected construction costs[5]	8.0	208.5
Increase of +1 year in development timeframe[6]	(2.8)	197.7
Decrease of - 1 year in development timeframe[7]	2.8	203.3

1 The effect of the increase (decrease) in ERV on the estimated fair value of each country is approximately pro rata their fair value
2 The distribution of the estimated decrease (in € million): Poland -2.6
3 The distribution of the estimated increase (in € million): Poland 2.7
4 The distribution of the estimated decrease (in € million): Poland -7.3, Turkey -4.8
5 The distribution of the estimated increase (in € million): Poland 3.2, Turkey 4.8
6 6. The distribution of the estimated decrease (in € million): Poland -0.9, Turkey -1.9
7 The distribution of the estimated increase (in € million): Poland 0.9, Turkey 1.9

Assets and liabilities, net of disposal group held for sale

As at 31 December 2020 , disposal group held for sale was nil. At 31 December 2019, the disposal group was stated at fair value less costs to sell. The Group categorises the fair value of the assets and liabilities held for sale as Level 2 within the fair value hierarchy based on the sale agreements signed by the Group and third parties. For additional information see note 2.16.

Financial assets at FVPL

Zero for 31 December 2020. For additional details on the financial assets at FVPL as of 31 December 2019 see note 2.10.

Financial assets at FVOCI

For additional details on the available for sale financial assets see note 2.15.

Interest rate swaps used for hedging

The swaps are cash flow hedges designed to reduce the Group's cash flow exposure to variable interest rates on certain borrowings. The swaps are presented at fair value. The Group categorises fair value swaps as Level 2 within the fair value hierarchy. The inputs used to determine the future cash flows are the 3 month Euribor forward curve and an appropriate discount rate. The inputs used are derived either directly (i.e. as prices) or indirectly (i.e. from prices).

The following table shows the assets and liabilities of the Group which are not presented at fair value in the statement of financial position as at 31 December 2020, including their levels in the fair value hierarchy:

	Level	2020		2019	
		Net book value €'000	Fair value €'000	Net book value €'000	Fair value €'000
Financial liabilities					
Bonds	2	720,787	740,320	886,978	942,422
Bank loans	2	294,534	299,138	298,330	299,973
Total		**1,015,321**	**1,039,458**	**1,185,308**	**1,242,395**

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.

2.37 CATEGORIES OF FINANCIAL INSTRUMENTS

The Group distinguishes the following categories of financial instruments:

2020	Carrying amount €'000	Financial assets at amortised cost €'000	Financial assets at FVPL €'000	Financial assets at FVOCI €'000	Financial liabilities at amortised cost €'000	Financial liabilities at fair value €'000
Financial assets						
Other assets	17,394	17,394	-	-	-	-
Receivables from tenants	22,034	22,034	-	-	-	-
Other receivables	3,754	3,754	-	-	-	-
Cash and cash equivalents	55,221	55,221	-	-	-	-
Financial Assets at amortised cost	20,593	20,593	-	-	-	-
Financial assets at FVOCI	8,507	-	-	8,507	-	-
Total financial assets	**127,503**	**118,996**	**-**	**8,507**	**-**	**-**
Financial liabilities						
Long term borrowings	1,015,321	-	-	-	1,015,321	-
Derivatives	22,722	-	-	-	-	22,722
Long term liabilities from leases	41,333	-	-	-	41,333	-
Other long term liabilities	10,843	-	-	-	10,843	-
Trade and other payables	17,174	-	-	-	17,174	-
Accrued expenditure	33,932	-	-	-	33,932	-
Short term borrowings	89,536	-	-	-	89,536	-
Total financial liabilities	**1,230,861**	**-**	**-**	**-**	**1,208,139**	**22,722**

2019	Carrying amount €'000	Financial assets at amortised cost €'000	Financial assets at FVPL €'000	Financial assets at FVOCI €'000	Financial liabilities at amortised cost €'000	Financial liabilities at fair value €'000
Financial assets						
Other assets	67	67	-	-	-	-
Receivables from tenants	16,425	16,425	-	-	-	-
Other receivables	27,129	27,129	-	-	-	-
Cash and cash equivalents	126,851	126,851	-	-	-	-
Financial assets at FVPL	18,942	-	18,942	-	-	-
Financial assets at FVOCI	13,857	-	-	13,857	-	-
Total financial assets	**203,271**	**170,472**	**18,942**	**13,857**	**-**	**-**
Financial liabilities						
Long term borrowings	1,052,316	-	-	-	1,052,316	-
Derivatives	17,753	-	-	-	-	17,753
Long term liabilities from leases	45,006	-	-	-	45,006	-
Other long term liabilities	13,716	-	-	-	13,716	-
Trade and other payables	15,472	-	-	-	15,472	-
Accrued expenditure	41,994	-	-	-	41,994	-
Short term borrowings	134,440	-	-	-	134,440	-
Total financial liabilities	**1,320,697**	**-**	**-**	**-**	**1,315,600**	**17,753**

The fair values of bonds and loans presented under long term financial liabilities are disclosed in note 2.18 and 2.36. The remaining financial liabilities are stated at amortised cost which is deemed not to be significantly different from fair value. The fair values of the financial assets are deemed to equal their book values.

2.38 CAPITAL MANAGEMENT

The Group manages its capital to provide stability and reduce risk while generating a solid return over the long term to shareholders through improving the capital structure and efficiency of the Group's balance sheet. The Group responded to the COVID-19 pandemic proactively and quickly, and introducted an action plan with a primary focus on cash conservation. The action plan included:

- 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 were postponed to 2022/2023;
- Successful bond buy back in June 2020 of €217.8 million of the outstanding 2022 bonds and issuance of €200 million of notes due in 2025;
- Additional bond buy back of €8.3 million in the open market in October 2020;
- A voluntary Scrip Dividend Alternative for each of Q2, Q3 and Q4 2020 dividend distributions. As a result, the Group conserved cash of €32 million.
- Incorporation of Inaugural green EMTN programme with CSSP eligibility to identify and secure further funding.
- In January 2021, the Group has priced €300 million inaugural green bond offering due 5 September 2027 under its EMTN Programme (the "New Green Notes") carying a fixed 2.625% coupon and bought back €78.2 miilion of the outstanding 2022 bonds.

The capital structure of the Group consists of borrowings (as detailed in note 2.18), cash and cash equivalents and equity.

The capital structure of the Group is reviewed regularly. As part of this review, the cost of capital and the risks associated with each class of capital are considered. Based on the Board of Directors' decision, the Group manages its capital structure mainly by dividend distributions and Scrip Dividend, debt raising and debt repayments. The balance sheet is proactively managed with a long term target of 40% net LTV.

Atrium's corporate credit rating by Fitch is BBB with a stable outlook and Baa3 with negative outlook by Moody's.

For information about loans and bond covenants see note 2.18 and for information about the capital structure of the Group see note 2.17.

2.39 RISK MANAGEMENT

The objective of the Group is to manage, invest and operate commercial real estate in Central Europe and Russia in order to increase their intrinsic value. The Group has always applied a prudent funding strategy.

The risk exposures of the Group are periodically assessed and reported to the Board of Directors.

CREDIT RISK

Credit risk is defined as unforeseen losses on financial assets if counterparties should default.

The creditworthiness of tenants is closely monitored by a regular review of accounts receivable. Rents from tenants are generally payable in advance.

Atrium attempts to minimise the concentration of credit risk by spreading the exposure over a large number of counterparties.

The creditworthiness of a tenant can decline over the short or medium term, for example as a result of change in the economic environment or the COVID-19 pandemic, leading to a risk that the tenant will become insolvent or be otherwise unable to meet its obligations under the lease. In particular, the government-imposed trading restrictions in response to the evolving COVID-19 pandemic in the Group's areas of operations, which have been introduced at all shopping centres with only grocery stores/supermarkets, pharmacies/drugstores and other necessity services allowed to operate have a negative impact on the Group's tenants and their profitability which could have a direct impact on the earning of the Group, as some tenants' rent is based on the turnover generated. Although the Group receives and holds advance deposits, such deposits may be insufficient and the amounts payable to the Group under its lease agreements with tenants that are not secured (by deposits, bank guarantees or corporate guarantees) bear the risk that these tenants may be unable to pay such amounts when due. The Group is not insured against this credit risk. If a tenant seeks bankruptcy protection, the Group may be subject to delays in receipt of rental and other contractual payments, if it is able to collect such payments at all, and the Group may not be able to secure vacant possession of the property without a court order, thus preventing the Group from re-letting that property to a new tenant. The Group may not be able to limit its potential loss of revenues from tenants who are unable to make their lease payments. The Group's credit losses may increase in the future. Any significant credit losses could have a material adverse effect on the Group's business, financial condition, cash flows, prospects and results of operations. For the impact of COVID-19 on the Group's assessment of expected credit lossess, refer to note 2.4.

As described above, the Group holds collateral from tenants which would reduce the financial impact on the Group in the event of default. The collateral is represented by deposits from tenants and covers rents of one to three months. In 2020, the Group had secured long term deposits from tenants amounting to €9.7 million (2019: €11.9 million) and short term deposits amounting to €5.5 million (2019: €6.4 million) and secured bank guarantees.

The table in note 2.13 provides an ageing analysis of receivables from tenants and an overview of the allowances made for doubtful balances.

The credit exposure of the Group arising from the financial assets, as disclosed in note 2.37, represents the maximum credit exposure due to financial assets.

To spread the risk connected to the potential insolvency of financial institutions, the Group deposits cash balances at various international banking institutions. Before a deposit is made, a review of the credit ratings of the banking institutions is undertaken and only banks with credit ratings of an investment grade or better are selected by the Board of Directors.

LIQUIDITY RISK

Liquidity within the Group is managed by appropriate liquidity planning and through an adequate financing structure, which is linked to our capital management objectives.

The Group's liquidity requirements arise primarily from the need to fund its redevelopment projects, property acquisitions and other capital expenditures, debt servicing and debt service costs, property management services and operating expenses. To date, these have been funded through a combination of equity funding, bonds, proceeds from disposal of assets and bank borrowings, and, to a lesser extent, from cash flow from operations (including rental income and service charges). In addition, the Group has a €300 million revolving credit facility, of which €214 million is undrawn as of 31 December 2020 (2019: €300 million).

Liquid funds, comprising cash and cash equivalents amounted to €55.2 million as at 31 December 2020 (2019: €126.9 million). The short term borrowings amounted to €89.5 million (2019: €134.4 million). The next bond repayment is only due in October 2022.

The following tables analyse the Group's financial liabilities, including interest payments, based on maturity:

2020	Carrying amount €'000	Total contractual cash flows €'000	One year or less €'000	One to two years €'000	Two to five years €'000	More than five years €'000
Borrowings and derivatives[1]	1,133,957	1,250,993	119,877	265,071	576,220	289,825
Other liabilities[2]	96,904	263,186	49,781	5,540	15,476	192,389
Total	**1,230,861**	**1,514,179**	**169,658**	**270,611**	**591,696**	**482,214**

1 Borrowings include accrued interest.

2 Other liabilities comprise long term liabilities from finance leases, other long term liabilities, trade and other payables and accrued expenditure.

2019	Carrying amount €'000	Total contractual cash flows €'000	One year or less €'000	One to two years €'000	Two to five years €'000	More than five years €'000
Borrowings and derivatives[1]	1,214,475	1,348,500	172,102	34,169	530,064	612,165
Other liabilities[2]	106,222	284,439	46,026	6,559	17,829	214,025
Total	**1,320,697**	**1,632,939**	**218,128**	**40,728**	**547,893**	**826,190**

1 Borrowings include accrued interest.

2 Other liabilities comprise long term liabilities from finance leases, other long term liabilities, trade and other payables and accrued expenditure.

The amounts disclosed in the table are the contractual undiscounted cash flows.

MARKET RISK

Market risk embodies the potential for both losses and gains and includes price risk, currency risk and interest rate risk.

The Group's strategy for managing market risk is driven by the Group's investment objective which is managing and administering the existing property portfolio and identifying potentially attractive new investments in the market, conducting due diligence for acquisitions and managing all the stages of the acquisition process. The Group's market risk is managed on a daily basis in accordance with the policies and procedures in place.

The Group's overall market performance is monitored on a monthly basis.

Information about the key unobservable inputs used in fair value measurement is disclosed in note 2.36.

Price risk

The Group's investment properties are valued at fair value. These fair values are influenced by the turbulence in the global markets as evident by the COVID-19 pandemic as well as the limited amount of publicly available and up to date data relating to the real estate markets in the countries in which the Group operates. The Group is therefore exposed to price risks resulting from movements in the Group's asset values that could change significantly during subsequent periods, see also notes 2.4 and 2.36.

There can be no guarantee that the Group will be able to execute future disposals at acceptable prices or at prices that are similar or higher than the fair market valuation of a particular property, in particular in the current economic environment driven by the impact of the COVID-19 pandemic on the Group's markets and world economies. The inability of the Group to sell at acceptable prices, or any such shortfall, delay or restriction, or any claim under the sale agreement, or any failure by a buyer to repay vendor loans could have an unfavourable impact of the Group's balance sheet and may have a material adverse effect on the Group's business, financial condition, prospects and results of operations and execution of its strategy.

At present, it is not possible to assess with accuracy the extent of such changes.

Currency risk

The Group is exposed to a currency risk on cash balances that are denominated in foreign currencies.

To eliminate the risk of transactions in foreign currencies, the Group attempts to match its income with its expense in the same currency, thus reducing the currency risk.

The Group is mainly financed in Euro. The rents payable to the Group under the various lease agreements with tenants are mainly denominated in Euro. However, the income of most tenants is denominated in the local currency of the relevant country in which they are based. The occupancy cost ratio, which reflects the tenants' rental cost as a proportion of turnover, can be affected by fluctuations in the Euro, the currency in which rent is based or payable, against the relevant local currency in which the tenant generates turnover. Accordingly, a weakening of the local currency against the Euro could result in the Group's properties becoming less attractive, or over-rented. Such fluctuations could also result in these rents becoming unsustainable for the tenants concerned, leading to the respective tenants demanding discounts or even defaulting. This could consequently lead to a decrease in current and estimated rental income and a devaluation of the relevant properties.

The following tables set out the exposure to foreign currency risk and net exposure to foreign currencies of the Group's financial assets and liabilities:

2020	Financial assets €'000	Financial liabilities €'000	Net exposure €'000
CZK	2,042	(2,440)	(397)
PLN	33,198	(52,273)	(19,075)
RON	2,005	(20)	1,985
RUB	6,980	(11,617)	(4,637)
Other	37	-	37

2019	Financial assets €'000	Financial liabilities €'000	Net exposure €'000
CZK	2,071	(4,165)	(2,094)
HUF	346	-	346
PLN	30,309	(67,321)	(37,012)
RON	67	(36)	31
RUB	5,576	(15,845)	(10,269)
Other	12	(5)	(7)

Sensitivity Analysis

The table below indicates how a 10 percentage point strengthening of the currencies stated below against the Euro as at 31 December 2020 and 31 December 2019 would have increased/(decreased) the profit in the statement of profit or loss. This analysis assumes that all other variables, including base rent and lease incentives, remain constant. The recording and measurement of foreign currency results is undertaken in accordance with the principles outlined in standard IAS 21.

The table below does not take into account potential gains and losses on investment properties measured at fair value which are sensitive to foreign exchange fluctuations nor does it take into account the impact on any other non-financial assets or liabilities.

	2020 Gain/(Loss) €'000	2019 Gain/(Loss) €'000
CZK	(40)	(209)
PLN	(1,908)	(3,701)
RUB	(464)	(1,027)
Other	4	(1)

Interest rate risk

The majority of financial instruments bear interest on a fixed interest basis. The interest rate risks associated with the Group's financial instruments bearing variable interest rates are mainly hedged by making use of financial derivatives (interest rate swaps), see also note 2.19. As all the financial instruments, other than the derivatives, were measured at amortised cost in 2020, there were no fair value movements due to interest rate risk fluctuations in 2020. The interest rate risk was, therefore, reduced to the impact on the statement of profit or loss of the interest paid on borrowings bearing variable interest rates. The carrying amount of the borrowings bearing variable interest rates not hedged was €86 million as at 31 December 2020 (2019: nil). The maximum exposure of drawn dawn amount of the revolving credit facility as of the balance sheet date does not exceed €1.0 million.

Interest rate exposure arising from long term borrowings is analysed on a regular basis. As at 31 December 2020, all of the Group's borrowings with the exception of the revolving credit facilities were effectively at a fixed interest rate. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing through bonds.

Numerous general economic factors cause interest rates to fluctuate. In addition, interest rates are highly sensitive to a government's monetary policy, domestic and international economic and political conditions, the situation in the financial markets and inflation rates. Interest rates on real estate loans are also affected by other factors specific to real estate finance and equity markets, such as changes in real estate values and overall liquidity in the real estate debt and equity markets.

Increases in interest rates could adversely affect the Group's ability to finance or refinance additional borrowings, as the availability of financing and refinancing proceeds may be reduced to the extent that income from properties fails to increase sufficiently to maintain debt service coverage.

Sensitivity Analysis

The Group seeks to safeguard its results and cash flow against interest rate fluctuations by using financial derivatives (interest rate swaps) to hedge financial instruments bearing variable interest rates.

UNCERTAINTY AS REGARDS TO TAX BURDEN

The Group has been exposed to possible changes in the tax burden including the passing of new tax laws, changes in existing laws, inconsistent application of existing laws and regulations and uncertainty as to the application and effect of laws and regulations. In some cases, laws were enacted with retrospective effects and the application of international legal frameworks and treaties reinterpreted. In addition, the taxation and fiscal systems in emerging and developing markets are less well-established, compared to those in more developed economies. The lack of established jurisprudence and case law may result in unclear, inconsistent regulations, decrees and explanations of the taxation laws and/or views on interpretation.

There is a global move towards reassessing existing tax systems and tax payers obligations with the aim of curbing tax base erosion and securing a suitable distribution of tax burden for multinational organizations. Initiatives have been taken in this respect by multi-jurisdictional institutions like the OECD, the UN and the EU, as well as by individual countries. Various supra-national initiatives which impact national tax systems intend to counter certain tax structures such as Base Erosion and Profit Shifting projects ("**BEPS**"), EU Directive on mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements ("**DAC6**") and European Union legislation aimed at counteracting aggressive tax planning such as Anti-Tax Avoidance Directive I and Anti-Tax Avoidance Directive II and the enactment of local legislations in the countries, e.g. imposing economic substance requirements and tests to assess the purpose and motives behind taxpayers actions.

Any of the above matters, alone or in combination, could have a material and adverse effect on the Group's financial position and results from operations.

For instance, the Group's future effective tax rates may be adversely affected by a number of factors, including unilateral changes to double taxation treaties or changes in the value of Atrium's deferred tax assets and liabilities, increases in expenses not deductible for tax purposes, the outcome of any potential discussions with the relevant tax authorities, changes in relation to taxation laws or tax rates or the interpretation of such taxation laws and changes in generally accepted accounting principles.

The Company monitors the implications of these initiatives on the various jurisdictions in which it operates and does not expect material adverse consequences currently. The Company cannot preclude that this may change going forward.

The Group aims to mitigate the above risks by having experienced central and local management teams in the different countries in which the Group operates that are making use of external local experts and specialists.

2.40 TRANSACTIONS WITH RELATED PARTIES

- During and after the reporting period, Gazit-Globe Ltd ("Gazit-Globe") directly or indirectly purchased a total of 43,454,546 additional ordinary shares and elected to receive 12,120,065 shares as Scrip dividend, together accounting for 12.28% of the entire issued share capital and voting rights of the Company . Consequently, Gazit-Globe directly or indirectly holds a total of 282,790,773 ordinary shares in Atrium, comprising 72.33% as of the date of this report (31 December 2020: 69.31%, 31 December 2019: 60.1%) of the issued and outstanding shares and voting rights. Gazit-Globe is the parent company of Atrium and to the best of the management's knowledge Norstar Holdings Inc. is the ultimate parent company. The ultimate controlling party is Mr. Chaim Katzman, Chairman of the Board of Directors, who is controlling shareholder of Norstar Holding Inc. Transactions between Atrium and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

- Except as described in the following paragraphs, the directors have not entered into any transactions with Atrium and its subsidiaries, do not own shares in Atrium and have not invested in any debt issued by the Group.

A. Based on a consultancy agreement with the Group, Mr. Katzman is entitled to €700,000 annual consultancy fee as from 1 April 2017, payable in four equal quarterly instalments and subject to an annual review.

   Atrium has paid flight and travel expenses of €0.2 million (2019: €0.3 million) to MGN Icarus Inc, a subsidiary of Gazit-Globe. Such travel expenses were at arm's length and were incurred by the Chairman of the Board and other executives for property tours and other business activities.

B. 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.

C. 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 Group issued the remaining entitlment of 65,838 shares for both of them.

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

E. In July 2020, the Group issued 15,813 shares to its directors, Andrew Wignall (6,325 shares), Neil Flanzraich (6,325 shares) and Lucy Lilley (3,163 shares) as part of their annual remuneration. Also in July 2020, the Group issued 1,610 shares to to its directors, Andrew Wignall (990 shares) and Lucy Lilley (620 shares) as Scrip dividend.

F. In September 2020, the Group issued 2,712 shares to its directors, Andrew Wignall (904 shares), Neil Flanzraich (904 shares) and Lucy Lilley (904 shares) as part of their annual remuneration. Also in September 2020, the Group issued 1,945 shares to to its directors, Andrew Wignall (1,372 shares), Neil Flanzraich (462 shares) and Lucy Lilley (111 shares) as Scrip dividend.

G. In December 2020, the Group issued 2,574 shares to its directors, Andrew Wignall (858 shares), Neil Flanzraich (858 shares) and Lucy Lilley (858 shares) as part of their annual remuneration. Also in December 2020, the Group issued 1,978 shares to to its directors, Andrew Wignall (1,367 shares), Neil Flanzraich (477 shares) and Lucy Lilley (134 shares) as Scrip dividend.

H. Mr Oren Hod was nominated to the Board of Directors with effect from November 2020, as a non-executive director.

- Except as described in the following paragraphs, the Group Executive team have not entered into any transactions with Atrium and its subsidiaries

A. 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.

B. 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.

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

D. In July 2020, the Group issued 14,442 shares to Group Executive Management as Scrip dividend.

E. In September 2020, the Group issued 10,522 shares to its Group COO as part of his annual remuneration. Also in September 2020 the Group issued 13,924 shares to Group Executive Management as Scrip dividend.

F. In December 2020, the Group issued 19,099 and 1,567 shares to its Group CEO and Group CFO, respectively, as part of their annual remuneration. Also in December 2020 the Group issued 758 shares to Group Executive Management as Scrip dividend.

G. Gazit-Globe reimbursed Atrium for i-SOX expenses of €0.2 million which were paid by Atrium (2019: €0.2 million).

2.41 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 31 December 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 2.33.

Certain Polish and Russian subsidiaries within the Atrium Group are, or have been, like other companies operating in the retail 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.

2.42 SUBSEQUENT EVENTS

After the reporting period, Gazit-Globe directly or indirectly purchased a total of 11,817,706 additional ordinary shares in the Company. Consequently, Gazit-Globe directly or indirectly holds a total of 282,790,773 ordinary shares in Atrium, comprising 72.33% of the issued and outstanding shares and voting rights.

On 1 February 2021, the restrictions in Poland were eased and all shopping malls were able to reopen with the exception of food courts that were open for takeaway services only. Cinemas and other entertainment remain partly restricted.

In January 2021, the Group has priced €300 million inaugural green bond offering due 5 September 2027 under its EMTN Programme (the "**New Green Notes**") carying a fixed 2.625% coupon. The New Green Notes are issued by Atrium Finance Issuer B.V. and are guarnteed 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

In February 2021, The Group tendered and successfully bought back €78.2 million of the outstanding 2022 Notes.

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 Programme, subject to the renewal of the authorisation to issue Scrip shares in the next Annual General Meeting.

3

ATRIUM'S STANDALONE FINANCIAL REPORT


Jedź ostrożnie
i uważaj na innych.
LEKSUS
APART

ATRIUM'S STANDALONE FINANCIAL REPORT

3.1 BASIS OF ATRIUM'S STANDALONE FINANCIAL REPORT

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Companies Law (Jersey) 1991. The financial information has been prepared on a historical cost basis, except for financial investments in subsidiaries and financial assets at fair value through other comprehensive income that have been measured at fair value.

The significant accounting policies of Atrium are the same as those of the Group as described in note 2.3 except for that mentioned below.

The financial assets and liabilities of Atrium are classified into the following categories:

- Financial assets measured at amortised cost including; loans and receivables and cash and cash equivalent balances
- Financial assets at fair value through other comprehensive income (“FVOCI”) including; listed equity securities
- Financial assets at fair value through profit and loss (“FVPL”) including financial investments in subsidiaries
- Financial liabilities measured at amortised cost including bonds.

Financial investments in subsidiaries represent Atrium’s investment in subsidiaries and are therefore eliminated in the consolidated financial statements. These financial investments are classified at FVPL under IFRS 9, the net asset value of the subsidiaries represents the best estimate of fair value, as they are not quoted in an active market. Gains and losses arising from fair value changes of the financial investment in subsidiaries are presented in the statement of profit and loss.

The financial investments in subsidiaries are recognised and derecognised on the date of the transaction with any resulting gain or loss recognised in the statement of profit or loss.

Statement of Financial Position of Atrium European Real Estate Limited

		31 December 2020		31 December 2019	
	Note	€'000	€'000	€'000	€'000
ASSETS					
Non-current assets					
Fixed assets		10		17	
Financial investments in subsidiaries	3.2	727,531		796,028	
Loans and receivables	3.3	1,551,030		1,703,712	
Derivative Swap	3.4	9,256		18,597	
Financial assets at FVPL	3.5	-		18,942	
Other long term assets		18,393		991	
			2,306,220		**2,538,287**
Current assets					
Other receivables	3.6	14,385		9,756	
Financial assets at FVOCI	3.7	8,507		13,857	
Cash and cash equivalents		16,001		93,264	
			38,893		**116,877**
TOTAL ASSETS			**2,345,113**		**2,655,164**
EQUITY AND LIABILITIES					
Equity					
Stated capital		1,944,947		2,016,603	
Other reserves		(11,858)		(6,766)	
Retained Earnings		(410,106)		(260,260)	
			1,522,983		**1,749,577**
Non-current liabilities					
Bonds	3.8	720,786		753,986	
			720,786		**753,986**
Current liabilities					
Short term borrowings	3.8	86,000		132,992	
Other payables		424		670	
Accrued expenditure	3.9	11,028		14,047	
Provisions	3.10	3,892		3,892	
			101,344		**151,601**
Total liabilities			**822,130**		**905,587**
TOTAL EQUITY AND LIABILITIES			**2,345,113**		**2,655,164**

Statement of Profit or Loss of Atrium European Real Estate Limited

		2020		2019	
	Note	€'000	€'000	€'000	€'000
Administrative expenses	3.11	(6,378)		(11,199)	
Reversal impairment of loans and receivables	3.12	172,194		274,023	
Fair value changes of financial asset at FVTPL	3.13	(271,684)		(362,268)	
Net operating loss			**(105,868)**		**(99,444)**
Interest income	3.14	93,175		175,496	
Interest expense	3.14	(30,389)		(32,319)	
Other financial (expense) / income, net	3.15	(106,764)		45,939	
Total net financial income / (loss)			**(43,978)**		**189,116**
Profit / (loss) before and after taxation for the year			**(149,846)**		**89,672**

Statement of Other Comprehensive Income of Atrium European Real Estate Limited

		2020		2019	
	Note	€'000	€'000	€'000	€'000
Profit / (loss) for the year			(149,846)		89,672
Items that will not be reclassified to the statement of profit or loss:					
Movements in financial assets at FVOCI	3.7	(5,355)		434	
Total comprehensive profit / (loss) for the year			**(155,201)**		**90,106**

Cash Flow Statement of Atrium European Real Estate Limited

	2020 €'000	2019 €'000
Cash flows from operating activities		
Profit / (loss) before taxation	(149,846)	89,672
Adjustments for:		
Dividend from listed equity securities, net	(285)	(743)
Change in fair value of derivative	6,437	(18,597)
Foreign exchange (profit)/ loss, net	87,975	(26,242)
Change in legal provision, net of amounts paid	-	(1,561)
Share based payments expenses	933	547
Reversal impairment of loans and receivables	(172,194)	(274,023)
Fair value changes of financial assets as FVTPL	271,684	362,268
Net loss from bonds buy back	6,347	-
Net results of intra-group disposals	6,291	-
Interest expense	30,389	32,319
Interest income	(93,175)	(175,496)
Operating cash flows before working capital changes	**(5,444)**	**(11,856)**
Decrease/ (increase) in trade, other receivables and prepayments, net	(797)	1,426
Increase/ (decrease) in trade, other payables and accrued expenditure, net	323	(583)
Cash used in operations	**(5,918)**	**(11,013)**
Decrease in restricted cash related to legacy legal claims arrangement	-	3,753
Interest paid	(32,449)	(30,946)
Interest received	83,014	112,294
Dividend received	285	743
Net cash generated from operating activities	**44,932**	**74,831**
Cash flows from investing activities		
Payments related to financial investments in subsidiaries	(30,144)	(1,070,932)
Repayment of long term borrowings from subsidiaries, net	69,728	1,253,001
Loans repaid from / (provided to) a third party	1,156	(18,980)
Net cash generated from investing activities	**40,740**	**163,089**
Net cash flow before financing activities	**85,672**	**237,920**
Cash flows from financing activities		
Share buy back	(1,874)	-
Utilisation / (repayment) of a revolving credit facility, net	84,987	(61,011)
Repayment of long term borrowings	(365,841)	-
Receipt of long term borrowings	191,572	-
Dividends paid	(71,105)	(102,056)
Net cash used in financing activities	**(162,261)**	**(163,067)**
Net (decrease) / increase in cash and cash equivalents	**(76,589)**	**74,853**
Cash and cash equivalents at the beginning of year	**93,264**	**18,220**
Effect of exchange rate fluctuations on cash held	(674)	191
Cash and cash equivalents at the end of year	**16,001**	**93,264**

Statement of Changes in Equity of Atrium European Real Estate Limited

	Stated capital €'000	Share based payment reserve €'000	Financial assets at FVOCI reserve €'000	Retained earnings/ (deficit) €'000	Total equity €'000
Balance as at 1 January 2020	**2,016,603**	**1,303**	**(8,069)**	**(260,260)**	**1,749,577**
Profit / (loss) for the year	-	-	-	(149,846)	(149,846)
Other comprehensive expense	-	-	(5,355)	-	(5,355)
Total comprehensive income/(expense)	**-**	**-**	**(5,355)**	**(149,846)**	**(155,201)**
Transaction with owners of the Company					
Share based payment	-	933	-	-	933
Share buy back	(1,924)				(1,924)
Issuance of no par value shares	1,306	(670)	-	-	636
Dividends	(102,877)	-	-	-	(102,877)
Scrip dividend	31,839				31,839
Balance as at 31 December 2020	**1,944,947**	**1,566**	**(13,424)**	**(410,106)**	**1,522,983**

	Stated capital €'000	Share based payment reserve €'000	Financial assets at FVOCI reserve €'000	Retained earnings/ (deficit) €'000	Total equity €'000
Balance as at 1 January 2019	**2,117,380**	**1,211**	**(8,503)**	**(349,932)**	**1,760,156**
Profit / (loss) for the year	-	-	-	89,672	89,672
Other comprehensive expense	-	-	434	-	434
Total comprehensive income/(expense)	**-**	**-**	**434**	**89,672**	**90,106**
Transaction with owners of the Company					
Share based payment	-	547	-	-	547
Issuance of no par value shares	1,279	(455)	-	-	824
Dividends	(102,056)	-	-	-	(102,056)
Balance as at 31 December 2019	**2,016,603**	**1,303**	**(8,069)**	**(260,260)**	**1,749,577**

3.2 FINANCIAL INVESTMENTS IN SUBSIDIARIES

Name of subsidiary	Place of incorporation and operation	Principal activity	Ownership		Carrying amount	
			2020	2019	2020	2019
			%	%	€'000	€'000
Broadvale Holdings Limited	Cyprus	Holding company	0%	100%	-	-
Mall Gallery I Limited	Cyprus	Holding company	0%	63%	-	-
Atrium Czech Real Estate Management, s.r.o.	Czech Republic	Management company	0%	100%	-	5,433
Manhattan Real Estate Management Kft.	Hungary	Management company	0%	100%	-	47
Atrium Treasury Services Ltd.	Jersey	Holding company	0%	100%	-	-
Atrium Poland Real Estate Management Sp. z o.o.	Poland	Management company	0%	100%	-	-
OOO Manhattan Real Estate Management	Russia	Management company	0%	100%	-	-
Atrium Slovakia Real Estate Management SK s.r.o	Slovakia	Management company	1%	100%	-	161
Manhattan Gayrimenkul Yönetimi Limited Sirketi	Turkey	Management company	0%	100%	-	-
Atrium Holding 1 Limited	Cyprus	Holding Company	100%	100%	727,531	666,281
Atrium Finance Limited	Cyprus	Holding Company	0%	100%	-	124,106
Total net value					**727,531**	**796,028**

- The shares of Atrium Czech Real Estate Management s.r.o. were contributed by the Company to a subsidiary.
- 99% of the shares of Atrium Slovakia Real Estate Management SK s.r.o were contributed by the Company to a subsidiary.
- The shares of Manhattan Real Estate Management LLC were sold to an indirect subsidiary.
- The shares of Manhattan Gayrimenkul Yönetimi Limited Sirketi were sold to an indirect subsidiary of the company.
- The shares of Atrium Poland Real Estate Management Sp. z o.o. were contributed by the Company to a subsidiary.
- The shares of Atrium Finance Limited were contributed by the Company to a subsidiary.

3.3 LOANS AND RECEIVABLES

	2020 €'000	2019 €'000
Amounts due from subsidiary undertakings	1,567,123	1,892,005
Accumulated impairment of amounts due from subsidiary undertakings	(16,093)	(188,293)
Total	**1,551,030**	**1,703,712**

The Company recognizes impairment for expected credit loss on amount due from subsidiary undertakings measured at amortized cost. The Company measures impairment allowance based on the assumption that repayment of the amounts due from subsidiary undertakings is demanded at the reporting date.

The average effective interest rate is 5.5% p.a (2019: 6.9%). The maturity dates range from 2021 to 2028.

In 2020, the Company reversed an impairment of €171.9 million following a repayment of a loan by a subsidiary (2019: reversal of impairment of €302.5 million; additional impairment of €28.5 million) to the statement of profit or loss related to amounts due from subsidiary undertakings.

Movements in the gross carrying on loans and receivable for the years 2020 and 2019 are presented below:

	2020 €'000	2019 €'000
Gross carrying balances at 1 January	**1,892,005**	**2,719,658**
Interest accrued	8,116	54,854
Write offs	(177)	(5,994)
Waivers	-	(79,415)
Loan redemption / (repayment)	(175,912)	(1,392,339)
Loans given to Atrium Finance Limited	39,602	1,422,000
Loans given to Atrium Holding 1	-	400,000
Foreign exchange differences	(87,181)	26,242
Repaid	(109,330)	(1,253,001)
Gross carrying balances at 31 December	**1,567,123**	**1,892,005**

3.4 DERIVATIVE SWAP

In September and December 2019, the Company entered into foreign currency swap agreements with two of its subsidaries to hedge the risk on the PLN, CZK and RUB denominated debt, the hedged item (the swap transaction) is subject to the recognition and measurement principles of IFRS 9.

As at 31 December 2020, the Company's financial assets are valued at €9.3 million.

The fair value of the swap is measured in accordance with ***IFRS 13, Fair Value Measurement.*** The valuation is done under the assumption there existed an active market for such transactions (similar to the market for IRSs or currency forwards) and as if the transaction had been entered into by independent parties with an ability to trade at quoted market rates (FX rates and interest rates).

The swap is measured by an independent external appraiser using the DCF method. The valuation method uses level 2 inputs as classified by IFRS 13.

The foreign exchange swap is measured at fair value through profit and loss in accordance with IFRS 9.

3.5 FINANCIAL ASSETS AT FVPL

The Group's financial assets at FVPL pertain to a loan granted in October 2019 to a third party with the option to acquire the controlling stake in a future joint venture. The financial assets at FVPL are carried at fair value. The fair value is determined using a discounted cash flow, adjusting for the convertible option determined based on Blackscholes model. The fair value is mainly derived from unobservable inputs and therefore classified at level 3 within the fair value hierarchy.

As of 31 December 2020, financial assets at FVPL amounted to €Nil (2019: €18.9 million) as the Group notified the future JV partner of its intention to convert. The conversion is in process but has not yet been finalised. The outstanding amount of €17.8 million at the balance sheet date is included as part of Other long term assets.

The credit exposure of the Company arising from the financial asset, as disclosed in note 3.18, represents the maximum credit exposure. The credit risk related to the loan is in line with the Group's market risks, as disclosed in 2.39 Risk Management of the consolidated financial statements. The Group obtained a collateral mortgage in exchange of the borrower's rights as a security for the performance of the obligations under the loan agreement.

3.6 OTHER RECEIVABLES

	2020 €'000	2019 €'000
Prepayments	1,143	1,026
Accrued interest	12,114	8,540
Other receivables	1,128	190
Total	**14,385**	**9,756**

3.7 FINANCIAL ASSETS AT FVOCI

The Company's financial assets at FVOCI as at 31 December 2020 and 31 December 2019, include an investment in two listed equity securities with less than 1% total holding in each individual investment. The financial assets at FVOCI are carried at fair value. The fair value is based on quoted prices (unadjusted) in active markets (Level 1 within the fair value hierarchy). As of 31 December 2020, financial assets at FVOCI amounted to €8.5 million.

3.8 BONDS AND BORROWINGS

2020 Bond/Due year	Currency	Interest rate	Average time to maturity	Maturity	Book value €'000	Fair value €'000	Effective interest rate
Atrium European Real Estate Limited 2022	EUR	3.625%	1.8	2022	233,363	237,626	3.5%
Atrium European Real Estate Limited 2025	EUR	3.0%	4.7	2025	487,423	502,694	3.4%
Total/Average		**3.2%**	**3.8**		**720,786**	**740,320**	**3.4%**

2019 Bond/Due year	Currency	Interest rate	Average time to maturity	Maturity	Book value €'000	Fair value €'000	Effective interest rate
Atrium European Real Estate Limited 2020	EUR	4.0%	0.3	2020	132,992	135,278	4.2%
Atrium European Real Estate Limited 2022	EUR	3.625%	2.8	2022	459,815	492,586	3.5%
Atrium European Real Estate Limited 2025	EUR	3.0%	5.7	2025	294,171	314,558	3.4%
Total/Average		**3.5%**	**3.4**		**886,978**	**942,422**	**3.6%**

For information about the fair value of bonds, see note 2.18 for the Group's consolidated financial statements.

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

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 and 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 Company recorded €6.3 million tender premium loss under finance expenses. In October 2020, the Company repurchased €7.8 million of outstanding 2022 notes in the open market.

In September 2020, the Group launched its inaugural Euro Medium Term Note ('EMTN') programme with a €1.5 billion limit. After the reporting period, an indirect subsidiary of the Company has priced €300 million green bond offering due 5 September 2027 under its EMTN Programme (the "**New Green Notes**"). The notes are guaranteed by the Company. See note 2.42 Subsequent events for further information.

The bonds due 2022 and 2025 are subject to the following financial covenants: the solvency ratio shall not exceed 60%; the secured solvency ratio shall not exceed 40%; the consolidated coverage ratio shall not be less than 1.5. All covenants were met as of 31 December 2020.

Accrued interest is not included in the bonds and borrowings balance and presented separately in note 3.9 Accrued expenditure.

Revolving credit facility

The total amount of the revolving credit facility is €300 million with an expiry date in 2023, including an option to extend up to May 2024. As at 31 December 2020, €86 million of the revolving credit facility was utilised (2019: €nil million utilised). The effective interest rate of the utilised facility was 1.35% during 2020. The revolving credit facility is subject to the same financial covenants as of the bonds maturing in 2022 and 2025 (see above).

3.9 ACCRUED EXPENDITURE

	2020 €'000	2019 €'000
Accrued interest	6,379	9,966
Accrued consultancy and audit fees	4,594	4,023
Other accrued expenditure	55	58
Total	**11,028**	**14,047**

3.10 PROVISIONS

Legacy legal provision	2020 €'000	2019 €'000
Balance as at 1 January	**3,892**	**5,453**
Movements in provisions during the period	-	(228)
Amounts paid during the period	-	(1,333)
Balance as at 31 December	**3,892**	**3,892**
Of which current portion	3,892	3,892
Non-current portion	-	-
Total provisions	**3,892**	**3,892**

For additional details see note 2.39 for the Group's consolidated financial statements.

3.11 ADMINISTRATIVE EXPENSES

	2020 €'000	2019 €'000
Consultancy and other fees	(3,161)	(1,665)
Employee costs	(599)	(379)
Directors' fees and expenses	(1,477)	(1,746)
Legal fees	(251)	(130)
Legacy legal matters	(207)	(254)
Audit fees	(683)	(781)
Other corporate fees	-	(6,244)
Total	**(6,378)**	**(11,199)**

Other corproate fees in 2019 included transaction costs in relation to the recommended cash acquisition by Gazit Globe Ltd.

3.12 IMPAIRMENT OF LOANS AND RECEIVABLES

The Company reversed a net €172.2 million of impairment on loans to subsidiaries, the majority (€171.1 million) relating to a reversal of impairment provision following a loan repayment by its subsidiary (2019: net €274.0 million of impairment; €302.5 million reversal of impairment provision, €28.5 million additional impairment provision).

3.13 FAIR VALUE CHANGES OF FINANCIAL ASSETS AT FVPL

€271.1 million loss arising from the fair value changes of the investment in subsidiaries are recorded to the statement of profit or loss. This drives mainly from a capital contribution to subsidiaries which was subsequently impaired, with the remainder due to the decrease in Net Asset Value of Atrium Holding 1 Limited.

3.14 INTEREST INCOME AND INTEREST EXPENSE

	2020 €'000	2019 €'000
Interest income		
From loans to subsidiary undertakings	93,175	175,496
Total	**93,175**	**175,496**
Interest expense		
Interest on bonds	(27,624)	(31,727)
Other interest expense	(2,765)	(592)
Total	**(30,389)**	**(32,319)**

Interest income decreased in 2020 due to repayment in December 2019 of €1.2 billion of loans to subsidiaries (see note 3.3).

3.15 OTHER FINANCIAL (EXPENSE)/ INCOME, NET

	2020 €'000	2019 €'000
Net loss from bond buy back	(6,347)	-
Dividend income	285	818
Derivative swap	(6,437)	18,597
Foreign exchange gains, net	(87,975)	26,243
Other financial expenses, net	(6,290)	281
Total	**(106,764)**	**45,939**

Foreign currency exchange gains and losses arise primarily from foreign currency loans provided to subsidiaries. The foreign exchange loss in 2020 is primarily derived from the loans to subsidiaries denominated in Polish Zloty €57.0 million (2019: foreign exchange gain €6.0 million), Russian Roubles €23.9 million (2019: gain €10.2 million) and Czech Korona €7.0 million (2019: gain €4.2 million). For a breakdown of the Company financial assets and liabilities per currency (see note 3.18).

3.16 CATEGORIES OF FINANCIAL INSTRUMENTS

Atrium distinguishes the following categories of financial instruments

2020	Carrying amount €'000	Loans and receivables €'000	Financial assets at FVPL €'000	Financial assets at FVOCI €'000	Financial liabilities at amortized cost €'000
Financial assets					
Financial investments in subsidiaries	727,531	-	727,531	-	-
Loans and receivables	1,551,030	1,551,030	-	-	-
Derivative Swap	9,256	-	9,256	-	-
Financial assets at FVOCI	8,507	-	-	8,507	-
Other receivables	12,114	12,114	-	-	-
Cash and cash equivalents	16,001	16,001	-	-	-
Total financial assets	**2,324,439**	**1,579,145**	**736,787**	**8,507**	**-**
Financial liabilities					
Long/short term borrowings	806,786	-	-	-	806,786
Other payables	424	-	-	-	424
Accrued expenditure	11,028	-	-	-	11,028
Total financial liabilities	**818,238**	**-**	**-**	**-**	**818,238**

2019	Carrying amount €'000	Loans and receivables €'000	Financial assets at FVPL €'000	Financial assets at FVOCI €'000	Financial liabilities at amortized cost €'000
Financial assets					
Financial investments in subsidiaries	796,028	-	796,028	-	-
Loans and receivables	1,703,712	1,703,712	-	-	-
Financial assets at FVPL	18,942	-	18,942	-	
Derivative Swap	18,597	-	18,597	-	
Financial assets at FVOCI	13,857	-	-	13,857	-
Other receivables	8,540	8,540	-	-	-
Cash and cash equivalents	93,264	93,264	-	-	-
Total financial assets	**2,652,940**	**1,805,516**	**833,567**	**13,857**	**-**
Financial liabilities					
Long/short term borrowings	886,978	-	-	-	886,978
Other payables	670	-	-	-	670
Accrued expenditure	14,047	-	-	-	14,047
Total financial liabilities	**901,695**	**-**	**-**	**-**	**901,695**

The financial investments in subsidiaries are financial assets carried at fair value at level 3 of the fair value hierarchy. The subsidiaries are companies which are not listed on any Stock Exchange (their shares are not being traded in an active market) therefore the inputs used to determine the net asset values of these subsidiaries are not based on observable market data. The subsidiary companies, predominately own real estate properties, which have been valued by independent reputable professional valuators. The fair values of the subsidiaries have been estimated by management based on the net asset value of the investments, after taking into consideration the fair values of the real estate properties and the carrying amounts of the remaining assets and liabilities of the subsidiaries. The relevant information concerning the fair value measurement of investment properties is disclosed in note 2.34 for the Group's consolidated financial statements.

The fair values of bonds presented under long term and short term borrowings are stated in note 3.8. The fair values of financial assets and remaining financial liabilities approximate their book values. Financial liabilities are stated at amortised cost.

Impairment losses in relation to financial assets

The Company recognizes impairment for loans and receivables measured at amortized cost. The Company measures impairment based on the assumption that repayment of the amounts due from subsidiary undertakings is demanded at the reporting date.

The financial assets classified at amortised cost are subject to impairment and are presented below.

	2020 €'000	2019 €'000
Gross carrying amount	**1,595,238**	**1,993,809**
Loans and receivables	1,567,123	1,892,005
Other Receivables	12,114	8,540
Cash and cash equivalents	16,001	93,264
Impairment	**(16,093)**	**(188,293)**
Loans and receivables	(16,093)	(188,293)
Carrying amount	**1,579,145**	**1,805,516**

Movements in the provision for impairment of loans and receivables for the years 2020 and 2019 is presented as follows:

	2020 €'000	2019 €'000
Opening impairment at 1 January	**(188,293)**	**(462,316)**
Additions	(210)	(28,505)
Reversals	172,410	302,528
Closing impairment at 31 December	**(16,093)**	**(188,293)**

The loans and receivables are classified as stage 2 for impairment.

3.17 TAXATION

With effect from 1 January 2009, Jersey implemented a tax regime which imposes a general corporate income tax rate of 0%, while applying a 10% rate to certain regulated financial services companies and a 20% rate to utilities and income from Jersey land (i.e. rents and development profits). Jersey registered companies are treated as resident for tax purposes and are subject to a 0% or 10% standard income tax rate, as applicable. Atrium is not a regulated financial services company and therefore has a tax status as liable to Jersey income tax at 0%.

3.18 RISK MANAGEMENT

The risk management processes of the Company are the same as those of the Group, described in note 2.39 for the Group's consolidated financial statements except as stated below.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company`s principal financial assets are cash and cash equivalents, other receivables, loans and receivables, the maximum exposure of the Company concerning credit risk is the carrying amount of each class of financial assets. See also note 3.16.

Financial assets subject to credit risk are represented principally by cash balances, loans and receivables which mainly comprise the amounts due from subsidiary undertakings within the Group.

In order to diversify the risk with connected to the potential insolvency of financial institutions, the Company deposits cash balances at various international banking institutions. Before a deposit is made, a review of the credit ratings of the banking institutions is undertaken and only banks with credit ratings of an investment grade or better are selected.

The amounts due from subsidiary undertakings were impaired as disclosed in note 3.12. As intercompany transactions and balances are eliminated in the consolidated financial statements, they only represent a credit risk exposure on the Company's level. To mitigate the other credit risk arising from financial instruments - loans to third parties, historical data of counterparties from the business relationship are used, in particular data in relation to payment behaviour. Allowances for receivables are recorded in respect of the level of recognised risks, are individually tailored to each borrower and are calculated on the basis of management knowledge of the business and the market.

The credit risk exposure is comprised of normal course of business transactions with third parties, associates and its subsidiaries.

Liquidity risk

The amounts disclosed in the table are the contractual undiscounted cash flows.

2020	Carrying amount €'000	Total contractual cash flows €'000	One year or less €'000	One to two years €'000	Two to five years €'000	More than five years €'000
Borrowings and accrued interest	813,165	911,253	109,444	256,809	545,000	-
Other liabilities	5,072	5,072	5,072			
Total	**818,237**	**916,325**	**114,516**	**256,809**	**545,000**	**-**

2019	Carrying amount €'000	Total contractual cash flows €'000	One year or less €'000	One to two years €'000	Two to five years €'000	More than five years €'000
Borrowings and accrued interest	896,944	1,000,849	164,013	25,624	502,212	309,000
Other liabilities	4,752	4,752	4,752	-	-	-
Total	**901,696**	**1,005,601**	**168,765**	**25,624**	**502,212**	**309,000**

The table above analyses Atrium's financial liabilities including accrued interest payments based on maturity.

Other liabilities comprise accrued expenditures and other payables but exclude provisions and accrued interest on bonds.

The Company's liquid financial instruments comprise of cash and cash equivalents at the amount of €16.0 million (2019: €93.3 million) and the listed equity securities at the amount of €8.5 million (2019: 13.9 million).

Currency risk

The Company is financed in Euros. Atrium's main exposure to currency risk arises from financial instruments representing intercompany transactions within the Group.

The following table sets out Atrium's total exposure to foreign currency risk and the net exposure to foreign currencies of its financial assets and liabilities:

2020	Financial assets €'000	Financial liabilities €'000	Net exposure €'000
CZK	214,846	-	214,846
PLN	783,257	-	783,257
RUB	78,032	-	78,032

2019	Financial assets €'000	Financial liabilities €'000	Net exposure €'000
CZK	219,967	-	219,967
PLN	869,904	-	869,904
RUB	103,039	-	103,039

Sensitivity analysis

A 10 percentage point strengthening of the Euro against the following currencies at 31 December 2020 and 31 December 2019 would have decreased the profit in the statement of profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Atrium's sensitivity analysis of strengthening Euro against foreign currency

	2020 (Loss) €'000	2019 (Loss) €'000
CZK	(21,485)	(21,997)
PLN	(78,326)	(86,990)
RUB	(7,803)	(10,304)

A 10 percentage point weakening of the Euro against the above currencies at 31 December 2020 and 31 December 2019 would increase the profit by approximately the same amounts.

3.19 TRANSACTIONS WITH RELATED PARTIES

The key management personnel of the Group and the Company are the same. The relevant information is disclosed in Note 2.40 of the consolidated financial statements. Details of the financial investments in subsidiaries and related undertakings and interest income are disclosed in notes 3.2, 3.3 and 3.12.

3.20 CONTINGENCIES

Contingencies are the same as those of the Group and are disclosed in note 2.41 of the consolidated financial statements.

4

INDEPENDENT AUDITOR'S REPORT


Auchan
MediaMarkt
H&M
FABRYKA FORMY
centrum fitness
BEZ VAT
BEZ VAT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATRIUM EUROPEAN REAL ESTATE LIMITED

OUR OPINION

In our opinion, the parent company financial statements and the consolidated financial statements (together "the financial statements") give a true and fair view of the financial position of Atrium European Real Estate Limited ("the Company") and of the Company and its subsidiaries (together "the Group") as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

WHAT WE HAVE AUDITED

The financial statements comprise:

- the Company and Consolidated Statement of Financial Position as at 31 December 2020;
- the Company and Consolidated Statement of Profit or Loss for the year then ended;
- the Company and Consolidated Statement of Other Comprehensive Income for the year then ended;
- the Company and the Consolidated Cash Flow Statement for the year then ended;
- the Company and Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements of the Company and the Group, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements.

OUR AUDIT APPROACH

CONTEXT

The Company is incorporated in Jersey, Channel Islands and has securities listed on the Vienna Stock Exchange and the Euronext Amsterdam Stock Exchange. It is structured as a group and therefore key aspects of our audit approach have been framed by our role as the lead engagement team using auditors from other PwC network firms. As at 31 December 2020, the Group owned a €2.5 billion portfolio of investment properties, which generated €144.4 million of rental income for the year then ended. These properties are located throughout Central and Eastern Europe, predominantly Poland, the Czech Republic, Slovakia and Russia. During 2020 the Group continued to execute its long-term portfolio repositioning strategy, focusing on prime assets in prime locations. The most significant transactional activity was the disposal of Atrium Duben in Slovakia and a portfolio of five shopping centres in Poland.

Audit scope

- The Company is incorporated in Jersey, Channel Islands and the consolidated financial statements are a consolidation of the Company and a number of subsidiaries located primarily in Central and Eastern Europe.
- In establishing the overall approach to the audit, we determined the type of work that needed to be performed by us, as the lead engagement team, or by auditors from other PwC network firms. Where the work was performed by auditors from other PwC network firms, we determined the level of involvement we needed to have in directing, supervising and challenging their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.
- We tailored the scope of our audit taking into account the types of investments within the Group, its structure, the accounting processes and controls, and the industry in which the Group operates.
- Material components and operations were identified primarily on the basis of contribution to total assets of the Group and secondly on the basis of other significant balances. Our scoping resulted in a coverage of 99% of total assets.
- We conducted the majority of our work in Jersey, the Netherlands, Poland, the Czech Republic, Slovakia and Russia. These locations were selected based on their profile, significant balances and pro rata share of the total assets of the Group.

Key audit matters

- Valuation of investment property (Group)
- Recognition of revenue relating to the straight-lining treatment of tenant incentives (Group)
- The consideration by the Board of Directors of the Company of the impact of Covid-19 (Company and Group)

Materiality

- Overall Group materiality: €14.3 million (2019: €16.0 million) based on 0.5% of total assets.
- Overall Company materiality: €14.3 million (2019: €16.0 million) based on 1% of total assets.
- Performance materiality: €10.7 million (Group) and €10.7 million (Company).

THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investment property (Group) ***Refer to Note 2.2 (Key sources of estimation uncertainty), Note 2.3 (Significant accounting policies), Note 2.5, Note 2.6, and Note 2.36 to the financial statements.*** The Group's investment property portfolio is split between standing investments, redevelopments and land. The valuation of the Group's investment property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and future income and returns expected by investors from the property. For redevelopments and land, factors include projected future investment to completion as well as costs and timing of completion.	We engaged PwC valuation experts in relevant jurisdictions to review all internal and external valuation reports for all standing investments, redevelopments and land. We assessed whether the valuation approach used was in accordance with RICS standards and was suitable for use in determining the fair value for the purpose of the financial statements. For external valuations we assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered other engagements which might exist between the Group and the external valuers. We found no evidence to suggest that the objectivity of any external valuers in their performance of the valuations was compromised.

The valuations for all standing investments and the majority of the redevelopments and land portfolio were carried out by external third party valuers, CBRE and Cushman & Wakefield (the "external valuers"). The external valuers were engaged by the directors and performed their work in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards which incorporate the International Valuation Standards 2017. Management consider that external valuers used by the Group have relevant experience of the markets in which the Group operates.

5% of investment properties were valued by the Group's internal valuation team. The results of the external and internal valuations were reviewed and approved by the directors.

In determining standing investments valuations the external valuers take into account property specific information such as the current tenancy agreements and rental income. They apply estimated market rent to vacant space and for periods after lease expiries. To arrive at the final value of the property they apply relevant assumptions for yields resulting from comparable market transactions, investor sentiment and forecasted capital expenditure. For redevelopments and land, the residual appraisal and comparable transaction methods are used. The residual appraisal method is an estimation of the fair value of the completed project using a capitalisation method less estimated costs to completion and a risk premium. The comparable transaction method estimates fair value on the basis of recent transactions for comparable assets in the market, adjusted to reflect the characteristics of the valued property.

The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warrants specific audit focus in this area.

We attended meetings with management, our internal PwC valuation experts and the external valuers, at which the valuations and the key assumptions therein were discussed. Our work covered the valuation of every property in the Group, but the discussions with management and the external valuers focused on the largest properties in the portfolio, properties under development or where the valuation basis had changed in the year, and those where the yields used and/or year on year capital value movement suggested a possible outlier versus externally published market data for the relevant sector.

We performed testing on the standing data in the Group's information systems concerning the valuation process and carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information used by management in the internal valuation process and supplied to the external valuers. For developments during the year, capitalised expenditure was tested on a sample basis to invoices. For redevelopments and land held at the year end, we also assessed budgeted costs to redevelop for reasonableness, taking into account the type and scale of the planned redevelopment.

We compared the investment yields used by management and the external valuers with the range of expected yields and the year on year capital movement to our expected range. We also considered the reasonableness of other assumptions that are not so readily comparable with published benchmarks, such as Estimated Rental Value based on our internal sources.

Where assumptions were outside the expected range or otherwise appeared unusual, and/or valuations showed unexpected movements, we undertook further investigations and, when necessary, held further discussions with management and the external valuers and obtained evidence to support explanations received. The valuation commentaries provided by management and the external valuers and the supporting evidence received, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate.

We received evidence that alternative assumptions had been considered and evaluated by management and the external valuers, before determining the final valuations. We considered whether the assumptions used in the valuations were supportable in light of available and comparable market evidence.

Recognition of revenue relating to the straight-lining treatment of tenant incentives (Group)

Refer to Note 2.2 (Key sources of estimation uncertainty), Note 2.3 (Significant accounting policies), and Note 2.26 to the financial statements.

As a result of tenant relief legislation put in place by governments in Poland, the Czech Republic, Slovakia and Russia to mitigate the impact of the Covid-19 pandemic on companies, a large number of the Group's leases with tenants were negotiated during the year. This included lease concessions, for example discounts on rent for a fixed period of time, and extensions to leases.

We obtained an understanding and tested the operating effectiveness of revenue controls performed by in-country management and at a Group level. Controls are performed to ensure the completeness and accuracy of lease information, verify the impact of accounting for lease incentives, and review and approve any changes made during the year.

The cash impact of rent relief and discounts granted has, in most cases, been limited to the year ended 31 December 2020. The Company assessed that concessions granted to lessees meet the definition of lease modifications. Lease modification accounting requires that tenant incentives are recognised on a straight-line basis over the whole period of the lease.

We identified an increased risk of misstatement in revenue recognition compared to previous years as a result of the large number of leases negotiated/renegotiated during the year against the number that are usually negotiated in a given year. The increased assessment of risk, the estimation involved, the impact on the revenue of the Group and the increased level of work performed in this area led us to conclude that revenue recognition relating to the straight-lining treatment of tenant incentives is a key audit matter.

For a sample of leases in Poland, the Czech Republic, Slovakia and Russia, we agreed key revenue information in management's calculation to underlying lease contracts and amendments. This includes the Gross Lettable Area ("GLA"), base rent, the period of the lease and turnover rent clauses or tenant incentives granted, where applicable. Where terms were changed during the year we assessed whether treating the change as a lease modification complies with the requirements of accounting standards. We also obtained confirmation of contract terms from counterparties for a sample of leases.

We obtained management's calculation of the total revenue to be received and discounts granted for newly negotiated or amended leases and reperformed the calculation of recognising the revenue over the period of the leases on a straight-line basis. Where leases were still under negotiation as at the year-end, we reviewed management's expectations for the discount to be provided and the extended lease period, and obtained supporting information for these assumptions.

The consideration by the Board of Directors of the Company of the impact of Covid-19 (Company and Group)
Refer to Note 2.4 to the financial statements

The Board, in conjunction with Group and country-level management, has considered the impact of events that have been caused by the Covid-19 pandemic on the current and future operations of the Company and the Group. In doing so, the Board has made estimates and judgements relating to the outcomes of these considerations, including on the Company's and Group's ability to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

Restrictions put in place by governments around Europe in order to mitigate the impact of the Covid-19 pandemic have had a direct impact on the Company and the Group. As a result of these restrictions, management has considered and taken actions in the area of going concern and liquidity, investment property valuation, the recognition of revenue, and for the Company, the value of investments in and loans to subsidiary entities.

Management has taken actions during the pandemic in order to mitigate the impact to the Company and the Group. This includes a programme of cost reduction and cash conservation during the initial phases of the pandemic, debt refinancing, deferring capital expenditure projects and negotiating lease extensions and discounts with tenants to maintain high levels of occupancy. As a result of lease concessions, management noted a €31 million cash impact. Of that amount, €9 million was recognised as a decrease against net rental income in 2020 and €22 million will impact future rental income. A further €5.6 million impact on net rental income resulted from an increase in bad debt provisioning.

In relation to the Board's consideration of the impact of the Covid-19 pandemic, we have undertaken the following audit procedures:

We obtained the latest financial reports from management regarding solvency, liquidity risk, estimated cash flow forecasts and the impact on the income of the Group. We inspected the financial reports to assess their consistency with our understanding of the operations of the Group, the investment property portfolio and the commentary already made by the Company.

We reperformed management's calculations of financial covenants attached to the bonds and bank loans of the Group to confirm whether there were any breaches as at the date of the Statement of Financial Position.

We considered the appropriateness of the disclosures made in the financial statements in respect to the impact of the pandemic during the year and the current and potential impact of the pandemic on the Company and the Group.

We reviewed relevant items in the information presented in the Annual Financial Report but outside of the financial statements for any inconsistencies with the information included in the financial statements.

Management has concluded that the Company and the Group will continue in operation for a period of at least 12 months from the approval of the financial statements and have therefore prepared the financial statements on the going concern basis. In arriving at this conclusion management noted a strong balance sheet, low levels of leverage, a high average debt maturity and access to unutilised credit facilities. As a result of the impact of Covid-19 on property markets, the income of the Group and the Company's share price, we have determined the Board's consideration of the impact of Covid-19 (including their associated estimates and judgements) to be a key audit matter.	In discussing and evaluating the estimates and judgements made by management, we noted and obtained evidence to support the loan to value ratio, average maturity of external debt and Group access to revolving credit facility, that were considered by management to be fundamental in their consideration of the impact of the pandemic on the current and future operations of the Company and the Group, and which support the use of the going concern basis of preparation.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements - Company
Overall materiality	€14.3 million (2019: €16.0 million)	€14.3 million (2019: €16.0 million)
How we determined it	0.5% of total assets	1% of total assets
Rationale for benchmark applied	In arriving at this judgement, we have had regard to the carrying value of the Group's assets acknowledging that the primary measurement attribute of the Group is the carrying value of investment property. We have also had regard to the Group's major shareholder and the materiality set by their auditors, which approximates to 0.5% of total assets. We believe this to be an acceptable value for performing the audit of the Group.	In arriving at this judgement, we have had regard to the carrying value of the Company's assets acknowledging that the primary measurement attribute of the Company is the carrying value of its investments in and loans to subsidiaries. Parent company overall materiality calculated based on the total assets benchmark exceeds the group overall materiality level. Therefore, parent company overall materiality is restricted to equal the group overall materiality of €14.3 million.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between €10.0 million and €14.3 million.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €10.7 million for the Group financial statements and €10.7 million for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €710,000 (2019: €800,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

REPORTING ON OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises all the information included in the Annual Financial Report 2020 (the "Annual Report") but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

As explained more fully in the directors' responsibilities section of the directors' report, the Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, the requirements of Jersey law and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

USE OF THIS REPORT

This report, including the opinions, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving these opinions, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIRMENTS

Company Law exception reporting

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

GROUP MANAGEMENT REPORT AND DECLARATION OF THE COMPANY'S MANAGEMENT IN ACCORDANCE WITH §124 BÖRSEGESETZ 2018

We have a statutory responsibility to state in our audit report whether in our opinion the information given in the group management report for the financial year for which the financial statements are prepared is consistent with those financial statements and to confirm whether the directors have made a statement in accordance with section 124 par.1 sub para.3 of the Austrian Stock Exchange Act 2018.

In our opinion, the information given in the group management report is consistent with the financial statements and the Annual Financial Report 2020 contains the statement by Directors in accordance with section 124 par.1 sub para.3 of the Austrian Stock Exchange Act 2018.

Karl Hairon
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
3 March 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.

5

DIRECTORS, PROFESSIONAL ADVISORS AND PRINCIPAL LOCATIONS


ДРАГОЦЕНТР

DIRECTORS

Chaim Katzman
Neil Flanzraich
David Fox
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
JE4 XA

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

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
NEVER STOP EXPLORING