



**ATRIUM EUROPEAN REAL ESTATE LIMITED**

*(incorporated with limited liability under the laws of Jersey, registration number 70371)*

**EUR350,000,000 3.625 per cent. Notes due 17 October 2022**

This prospectus constitutes a prospectus (the “**Prospectus**”) within the meaning of Article 5.3 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”).

The issue price of the EUR350,000,000 3.625 per cent. Notes due 17 October 2022 (the “**Notes**”) of Atrium European Real Estate Limited (“**Atrium**” or the “**Issuer**”) is 99.788 per cent. of their principal amount.

The Notes will bear interest from 16 October 2014 at the rate of 3.625 per cent. per annum payable annually in arrear on 17 October in each year commencing on 17 October 2015. There will be a long first coupon for the period from and including 16 October 2014 to but excluding 17 October 2015. Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia or Jersey to the extent described under “*Terms and Conditions of the Notes—Taxation*”.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 17 October 2022. The Notes are subject to redemption in whole at their principal amount at the option of Atrium at any time in the event of certain changes affecting taxation in the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia or Jersey. The Notes may be redeemed at the option of Atrium in whole, but not in part, at any time at the Relevant Early Redemption Amount. In addition, the holder of a Note may, by the exercise of the relevant option, require Atrium to redeem such Note at its principal amount on a Change of Control Put Date. See “*Terms and Conditions of the Notes—Redemption and Purchase*”.

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), which is the Luxembourg competent authority for the purpose of the Prospectus Directive. Application has been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange’s regulated market. The CSSF gives no undertaking as to the economic and financial opportuneness of the transaction contemplated by this Prospectus or the quality or solvency of Atrium in line with the provisions of Article 7(7) of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended.

The Notes are not regulated or authorised by either the Jersey Financial Services Commission (“**JFSC**”) or the Jersey Company Registry.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers (as defined in “*Subscription and Sale*”) in accordance with Regulation S under the Securities Act (“**Regulation S**”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form and in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000. The Notes will initially be in the form of a temporary global note (the “**Temporary Global Note**”), without interest coupons, which will be deposited on or around 16 October 2014 (the “**Closing Date**”) with a common safekeeper for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the “**Permanent Global Note**”), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000 each and with interest coupons attached. See “*Overview of Provisions Relating to the Notes in Global Form*”.

The Notes are expected to be rated BBB- by Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) and BBB- by Fitch Ratings Limited (“**Fitch**”). Standard & Poor’s and Fitch are established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”), and appear on the latest update of the list of registered credit rating agencies (as at 21 May 2014) on the ESMA website <http://www.esma.europa.eu>. The ESMA website is not incorporated by reference into, nor does it form part of, this Prospectus.

**A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

**DEUTSCHE BANK**

**HSBC**

The date of this Prospectus is 14 October 2014.

## IMPORTANT NOTICES

Atrium accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus to the best of its knowledge is in accordance with the facts and contains no omission likely to affect its import.

Atrium has confirmed to the Managers named under “*Subscription and Sale*” below (the “**Managers**”) that this Prospectus contains all information regarding Atrium and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of Atrium are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

Atrium has not authorised the making or provision of any representation or information regarding Atrium or the Notes other than as contained in this Prospectus or as approved for such purpose by Atrium. Any such representation or information should not be relied upon as having been authorised by Atrium or the Managers.

Neither the Managers nor Deutsche Trustee Company Limited (the “**Trustee**”) nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of Atrium since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by Atrium and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The JFSC has consented to the circulation of the Prospectus by Atrium. Atrium is regulated by the JFSC as a certified fund pursuant to the Collective Investment Funds (Jersey) Law, as amended (“**CIF Law**”). The JFSC is protected by the CIF Law against liability arising from the

discharge of its functions under this law. The Notes are not regulated or authorised by either the JFSC or the Jersey Company Registry.

In this Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area and references to “**EUR**”, “**€**” and “**euro**” are to the lawful currency introduced at the start of the third stage of European economic and monetary union, pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union.

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

**In connection with the issue of the Notes, Deutsche Bank AG, London Branch (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.**

**Atrium is regulated by the JFSC as a certified fund pursuant to the CIF Law. In order to facilitate the internalisation of its management, Atrium was, in 2008, granted permission by the JFSC to be treated as a Listed Fund (as published by the JFSC). Regulatory requirements, which may be deemed necessary for the protection of retail or inexperienced investors, do not apply to Listed Funds. Holding an investment in Atrium is suitable therefore only for professional or experienced investors, or those who have taken appropriate professional advice. Any person holding an investment in Atrium will be deemed to have acknowledged that he or she is a professional or experienced investor, or has taken appropriate professional advice, and has accepted the reduced requirements accordingly.**

**This Prospectus is addressed only to and directed only at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) and (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons in (i), (ii) and (iii) above together being referred to as “relevant persons”). Any investment activity to which this Prospectus relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus or any of its contents.**

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## **RISK FACTORS**

*Atrium believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and Atrium is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which Atrium believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*Atrium believes that the factors described below represent the principal risks inherent in investing in the Notes, but Atrium may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and Atrium does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference in, and forming part of, this Prospectus) and reach their own views prior to making any investment decision.*

### **Factors that may affect Atrium's ability to fulfil its obligations under the Notes**

#### **Risks relating to the Group and its operations**

*Slow or negative economic growth may have an adverse effect on the real estate market and the Group's rental revenue*

The real estate market, demand for premises, rental levels and tenants' ability to pay rent are affected significantly by economic fluctuations and developments. Notwithstanding some positive indicators in 2010, economic sentiment turned negative during the latter part of 2011, in particular due to the sovereign debt crisis in the euro area. Some positive signs were seen during 2012, but the risks to economic growth persisted in 2013. The uncertainty in the financial markets has continued in 2014, affecting the cost and availability of financing. Consequently, the financial markets in several of the countries in the Region continue to experience volatility in both debt and equity capital markets. The continued volatility in the financial markets may increase the cost of borrowing for some of the countries in the Region and there can be no assurance that the affected economies of the Region will recover in the long term.

Economic uncertainty can contribute to a deterioration in the consumer and investment climate, which in turn can adversely affect a range of economic activities across different sectors, including the real estate sector. Private consumption is currently being supported by, amongst other things, low interest rates. Weaknesses in the economies of the Region may further decrease consumer confidence and affect consumption. Should growth in private consumption slow in the Region, this may put pressure on the profits of retailers which may lead to a decreased demand for retail space. This, together with the reduced availability of financing, may prompt certain retailers to scale back or postpone their expansion plans, which may make it more difficult for the Group to find appropriate tenants.

If the general economic conditions in the countries in the Region do not improve or worsen, demand for retail space may fall. As a result the Group may have to let its properties at lower

rents or may not be able to let its properties at all which could lead to a reduction in the Group's rental income. Further, a significant proportion of the Group's lease agreements provide for rents which are linked to various indices and the turnover of the respective tenant. Thus, the development of rental income levels is dependent on the future rate of inflation and other rates and the revenue of the tenant. Rents are adjusted upwards for indexation and a decrease in the various indices will not result in a downward adjustment of the rent levels under the majority of the rental agreements of the Group. The occupancy cost ratio, which reflects a tenant's rental cost as a proportion of its turnover, could be adversely affected by a fall in consumer spending leading a tenant to conclude that its rental costs are unsustainable and prompting requests for discounts or potential defaults. In addition, if tenants experience lower turnover, the rental income from these properties would also decrease. There can be no assurance that the Group will in the future be able to maintain the current high occupancy rates and rental levels of its properties.

Any of these factors, alone or in combination, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The fair value of the Group's properties is inherently uncertain due to fluctuation in economic conditions***

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, such as general and local economic conditions, interest rates, inflation expectations, market rent levels, currency fluctuations, vacancy rates, property investor yield requirements and competition. The most significant macroeconomic factors affecting the general price levels of properties are interest rates, GDP growth, consumer spending and inflation. As a result, valuations are subject to uncertainty and volatility and may change from one valuation period to the next. Because the Group uses the fair valuation model under IFRS in the valuation of its investment properties, this valuation volatility can affect the Group's statement of financial position and income statement. A reduction of the market value of a property based on such a valuation analysis could have an adverse effect, among other things, on the Group's value of its total assets and its profitability. In addition, the Group's existing debt facilities contain certain covenants which could also be adversely affected by a decrease in the market value of its investment properties, such as an obligation to maintain a maximum loan to valuation ratio. As a result, fluctuations in the valuation of the Group's properties could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group is exposed to certain risks relating to real estate investments***

Investing in real estate is generally subject to various risks, including adverse changes in national or international economic conditions, adverse local market conditions, the financial condition of the retail sector (including tenants and buyers and sellers of real estate), changes in the availability of debt financing, changes in interest rates, real estate tax rates and other operating expenses, environmental laws and regulations, planning laws and other governmental rules and fiscal policies, environmental claims arising in respect of properties acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, energy prices, changes in the relative popularity of real estate types and locations leading to an

oversupply of space or a reduction in demand for a particular type of real estate in a given market, and risks and operating problems arising out of the presence of certain construction materials.

These factors could cause fluctuations in rental income or operating expenses, causing a negative effect on the operating returns derived from properties. The value of properties may also be significantly diminished in the event of a downturn in real estate prices or the occurrence of any of the other factors noted above. Such a decrease in rental income, increase in operating expenses or decrease in the value of properties could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***A decreased demand for, or an increased supply of, or a contraction of the market for, properties in the Region could adversely affect the business and financial condition of the Group***

Changes in supply and demand for real estate, or a contraction of the property market in any of the countries in which the Group has its operations or assets, in particular in respect of its Standing Investments, may negatively influence the occupancy rates of the Group's properties, the rental rates, the level of demand and ultimately the value of such properties. Similarly, the demand for rental space at the Group's existing properties may decrease as a result of poor economic conditions, an increase in available space and heightened competition for stronger and better performing tenants. This could result in lower occupancy rates, higher capital expenditure required to contract or retain tenants, lower rental income owing to lower rental rates, as well as, shorter lease periods. All of these risks, if realised, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group's financial performance relies on its ability to attract and retain tenants which may suffer as a result of increased competition from other owners, operators and developers***

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 requirement for capital, there are few other barriers to entry to the property market. Some of the Group's competitors may have properties that are newer, better located or in superior condition to its properties.

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. If there are several centres in the same area, competition is more intense and the Group may experience increased competition for tenants. The competition for tenants may negatively affect the Group's ability to optimise the tenant mix, attract new tenants, retain existing tenants and may also negatively influence the terms of the Group's lease agreements, including the amount of rent that it charges and the incentives that it provides to tenants, thereby adversely affecting the Group's business, financial condition, prospects and results of operations.

***A further increase in internet and mobile shopping could have an adverse effect on shopping centre sales and decrease demand for retail premises***

The Group's focus is on food anchored shopping centres and retail properties that meet the everyday needs of consumers. This strategy makes the Group vulnerable to changes in trends in the behaviour of consumers. The retail industry is undergoing a transformation as e-commerce grows and consumers become increasingly comfortable with internet and mobile shopping. The growth in on-line retail is more pronounced in certain sectors, particularly the sale of books and electronic goods. Shopping centres will need to adapt their services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers in the future. An increase in internet and mobile shopping and an improvement in delivery services may lead to a decrease in footfall in the Group's shopping centres and may cause tenants to increase their online presence and decrease their floor space. If the Group's shopping centres, as well as its tenants, are unable to protect themselves against the increasing influence of on-line retail, a significant increase in internet and mobile shopping could decrease shopping centre sales and affect the Group's occupancy rate and rental income which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may face increased maintenance and redevelopment costs***

As properties age, they generally require greater maintenance, refurbishment and redevelopment costs. Numerous factors, including the age of the relevant building, the material and substances used at the time of its construction or unknown building code violations, could result in substantial unbudgeted costs for refurbishment, modernisation and decontamination required to remove and dispose of hazardous materials such as asbestos. If the Group does not carry out maintenance, refurbishment and redevelopment activities with respect to its properties, these properties may become less attractive to tenants and the Group's rental income may decrease, thereby adversely affecting the Group's business, financial condition, prospects and results of operations.

***The financial performance of the Group is subject to the Group's ability to secure rent renewals or re-lettings and manage lease expiries***

The financial performance of the Group is subject to the Group's ability to secure rent renewals or re-lettings and manage lease expiries which are reflected in the occupancy rates of the Group's properties. As at 30 June 2014, the Group was a party to approximately 3,400 lease agreements. The ability to manage occupancy of the Group's properties depends in large part on the condition of the markets in countries in which the Group has its operations or assets. A negative change in any of the factors affecting the property market and the Group's occupancy rates, including the economic situation, may adversely affect the Group's business, financial condition, prospects and results of operations.

The Group's ability to manage occupancy rates is also dependent upon the remaining term of the Group's lease agreements, the financial position of its current tenants and the attractiveness of properties to current and prospective tenants. The percentage of lease agreements with a remaining contract term, based on lease expiry date, of more than five years was 42.3% as at 30 June 2014. In order to retain current tenants or attract new tenants the Group may be required to offer lease incentives such as reductions in rent, capital expenditure programmes and other terms



in its lease agreements that make such leases less favourable to the Group. Some of the Group's lease agreements with anchor and other tenants provide for break clauses after an initial tenancy period of five to fifteen years. It is possible that some of the tenants may choose to exercise their rights under the respective break clauses and terminate their leases early. The Group may also not be successful in maintaining or increasing occupancy rates or successfully negotiating favourable terms and conditions in relation to its lease agreements. A failure to do so could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group is dependent on the presence of anchor tenants***

The Group relies on the presence of anchor tenants in its retail centres. Anchor tenants play an important part in generating consumer traffic and making a centre a desirable location for other tenants. The failure to renew the lease of an anchor store, the termination of an anchor store's lease, or the bankruptcy or economic decline of an anchor tenant can have a material adverse effect on the economic performance of the centres. There can be no assurance that, if the anchor stores were to close or fail to renew their leases, the Group would be able to replace such anchor tenants in a timely manner or that it could do so without incurring material additional costs and suffering adverse economic effects. The expiration of an anchor lease may make the refinancing of such a centre, if required, difficult. Furthermore, the deterioration of the Group's relationships with any of its anchor tenants may negatively impact on the Group's ability to secure anchor tenants for its future projects. Any of the above risks, if realised, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group is subject to the counterparty risk of its tenants***

The Group is subject to the counterparty risk of its tenants as the net revenue generated from the Group's properties depends on the financial stability of its tenants and the commercial relationships with them. The creditworthiness of a tenant can decline over the short or medium term, leading to a risk that the tenant will become insolvent or be otherwise unable to meet its obligations under the lease. Although the Group receives and holds advance deposits, the amounts payable to it under its lease agreements with tenants that are not secured (by deposits, bank guarantees or corporate guarantees) bear the risk that its tenants may be unable to pay such amounts when due. While the Group has a broad tenant base, it may suffer from a decline in revenues and profitability in the event a number of its significant tenants are unable to pay rent owed when due or seek bankruptcy protection. 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 an order of the relevant bankruptcy court, 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. As at 30 June 2014, the Group was a party to approximately 3,400 lease agreements. If a lease is terminated, the Group may be unable to re-let the property for the rent previously received or at all. The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The ability of the Group to increase rents in line with market fluctuations may be restricted by terms of the Group's lease agreements***

The Group may be restricted in its ability to raise rents in line with market fluctuations owing to certain terms in its lease agreements. Rental levels and market value for properties are generally affected by overall conditions in the economy. Both rental income and property values may also be affected by factors specific to the real estate market, including (i) rent reviews with anchor tenants may not be agreed at the then estimated rental values and rents payable by such anchor tenants may be tied to their turnover—such that, if the turnover of such tenant declines, the rent payable by such tenant also decreases; and (ii) most lease agreements to which the Group is a party include clauses which provide for partial or full indexation of rent, which, in most cases, is indexed in line with a consumer price index and consequently, the increase in the rental proceeds from such leases is dependent not only on general economic developments or market conditions, but also on future rates of inflation. Each of these factors may restrict the Group's ability to increase rents in line with market fluctuations and could therefore have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may be unable to be reimbursed by tenants for increases in operating and administrative expenses***

The Group's operating and administrative expenses, as well as increasing repair and maintenance costs related to the gradual ageing of the Group's properties, could increase without a corresponding increase in turnover or tenant reimbursements, mainly owing to reimbursement caps that may be included in various lease agreements or other legal restrictions. Further, there may be expenses which are not rechargeable to tenants. Factors which could increase operating and administrative expenses include, amongst others, increases relating to the rate of inflation, payroll expenses, legal expenses, property taxes and other statutory charges, energy costs and cost of services provided by third party providers; movements in foreign exchange rates; increases in insurance premium; increases in construction, redevelopment and maintenance costs and increases in capital expenditure which arise as a result of defects relating to the properties needing to be rectified. Any such increases, if not reimbursed by the Group's tenants, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group's claims to title of its properties may be subject to challenge and permits may have been obtained in breach of applicable laws***

As a result of, among other things, the process of registration of title at the relevant real estate and corporate registries, the purchase of property from public authorities, restitution laws and untested law-enforcement procedures, the Group may not in all cases have undisputable title to its properties and/or land on which its properties are located or title to the shares of companies which own the land and properties of the Group in certain countries in which the Group has its operations or assets. In addition, some of the countries in the Region have been subject to extensive privatisation programmes in respect of property which has previously been appropriated by the state. To the extent that the Group contains any such property in its investment property portfolio, any challenge by an interested party to such appropriation by the state could result in restitutionary claims against the Group as the current owner of the affected property. There can be no assurance that all permits necessary to legally own, develop or operate

the properties have been obtained in compliance with all applicable laws. The Group's direct or indirect ownership interests in a property may therefore be challenged by government authorities and third parties in certain countries of the Region. If the Group's ownership interests over its property or permits are successfully challenged, it could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group intends to selectively acquire additional real estate assets in the future, but it may overestimate the potential of such assets, over pay for such assets, not identify all potential liabilities or be unable to obtain relevant clearances to complete the acquisition***

The Group intends to selectively acquire additional real estate assets in the future. The acquisition of real estate requires, among other things, an analysis that is subject to a wide variety of factors, including subjective assessments and assumptions. It is possible that the Group may overestimate the potential of a real estate asset when making acquisition decisions or may base its decision on inaccurate information or assumptions that turn out to be incorrect. For example, the Group may overestimate the attractiveness of a property or its location, or the demand for such premises, in which case it may be difficult to find suitable tenants that are willing to enter into favourable leases. The Group may also underestimate the likelihood that a newly acquired real estate asset will require substantial renovation or capital repairs. Such errors may only become apparent at a later stage and force the Group to recognise fair value losses on its statement of financial position and income statement.

Furthermore, the Group cannot guarantee that its due diligence when acquiring a real estate asset will uncover all the potential liabilities and risks related to the property, such as construction defects, or that it will have recourse to the seller of the property for the non-disclosure of such risks. Official information in the land register of some of the countries in which the Group has its operations or assets may not be accurate and complete. Thus, although the Group may have to rely upon the information contained in land registers, it may not have effective redress against the government of the relevant country if the information upon which the Group relied in deciding whether or not to make an investment was inaccurate, misleading or incomplete.

In addition, as the Group acquires properties and increases its market share, compliance with competition regulations may become more onerous. It is possible that competition authorities may rule that certain future acquisitions are anti-competitive. Adverse proceedings with authorities regarding acquisitions could harm the Group investment and expansion plans.

Any of these factors, alone or in combination, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may be exposed to losses in respect of legacy or inherited liabilities relating to predecessors-in-title***

The Group has acquired a number of its assets from third parties who may have undertaken to carry out certain actions in respect of such assets in particular in case of share/business acquisitions or disposals and through related party transactions, certain transactions which may have exceeded prescribed thresholds, being detrimental to creditors, or otherwise not in compliance with the applicable laws of the relevant jurisdiction in the Region and other corporate matters relating to such properties. If the aforementioned actions of such third parties

are challenged or claimed to be a basis for third party claims against the Group, the Group may not be able to defend such challenges or claims successfully, including because the applicable provisions of the laws in the relevant jurisdiction in the Region may be subject to several different interpretations. Such actions and claims, if successfully pursued, could result in the invalidation of the relevant transactions or the imposition of liabilities on the Group.

In certain cases, third parties from whom the Group has acquired assets may have failed to procure the necessary consents, permits, approvals, clearances or other authorisations required from the relevant regulatory authorities in relation to such assets. As a result of such failure, the Group may face challenges from the applicable regulatory authorities in the relevant jurisdiction and may be subject to administrative fines or other penalties. Any challenges to, or invalidation or termination of, any such transactions or imposition of any such liability could, individually or in the aggregate, have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may not be able to execute disposals of real estate at acceptable prices, on acceptable terms or at all***

The Group has in the past sold properties in part or in full and may continue to do so in the future. The value and price of disposed properties are influenced by several factors, such as general economic conditions, interest rates, inflation expectations, investor yield requirements, and competitive dynamics. Also, in the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the Group could sell such property. The Group is exposed to the risk of accelerated, or forced, sales if, among other things, the Group is an unwilling seller. This may result from the need to comply with divestment requirements of competition authorities particularly as the Group acquires properties and increases its market share. In planned disposals in the ordinary course of business, weakened economic conditions may result in a sale price that is lower than anticipated or in a delay of the sale. In addition, the Group may be subject to restrictions on its ability to sell properties pursuant to covenants and pledges limiting asset disposals in the Group's credit agreements. In addition, the Group may be subject to liability with respect to contractual claims by purchasers in relation to any property sold. The inability of the Group to sell at acceptable prices, or any such shortfall, delay or restriction, or any claim under the sale agreement, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group is exposed to risks regarding development projects***

The Group is active in property development and is exposed to numerous development risks relating to the construction, project design, project management, use of external professionals and other matters associated with development projects. The main development risks are commercial (such as letting risks), financial (such as foreign exchange rate fluctuations), technical (such as design, construction and environmental risks) and procedural (such as project management). The Group's property development projects are subject to the risks usually attributable to construction projects, such as delays in construction work or other unforeseen delays, changes to planning laws, increases in the cost of construction and construction materials, cost overruns, disputes with third parties (including third party contractors and local authorities), the availability of tenants and the failure of tenants to pay rent in accordance with existing lease agreements.

When considering development project investments and development risks, the Group needs to make an estimate of the economic and market conditions that will prevail in the market where the project is located at the time the project is completed and becomes operational, and there is uncertainty at the beginning of a development project about the economic and market conditions at the time of completion of the project. Such estimates are difficult to make since it takes a considerable time before development projects are completed and become operational. During this time, economic conditions can change unfavourably and lower the Group's expected return on the investment. For example, a given market may experience an oversupply of retail properties at the time of a project's completion, leading to lower occupancy rates. As a result, the Group may incorrectly time its development project investments and adopt an inappropriate business strategy. The realisation of any of these development risks could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group is exposed to the risk of defective construction, which could have an adverse effect on its generation of rental income and the fair value of its properties***

The construction of properties is subject to a risk of defective construction, corrective or other works and associated adverse publicity. 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, which could have a material adverse effect on its generation of rental income and, thereby, its business, financial condition, prospects and results of operations.

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, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group is exposed to foreign exchange risk***

In order to prepare its financial statements, Atrium must convert the values of the Group's assets, liabilities, revenues and expenses denominated in currencies other than euro into euro at exchange rates applicable in the relevant time period. For example, a proportion of the rents and service charges payable to the Group under the various lease agreements with tenants are denominated in currencies other than euro (see note 2.39, with respect to "Currency Risk", on pages 92 and 93 of the Audited Consolidated Financial Statements with respect to the 2013 financial statements, which are incorporated by reference in, and form part of, this Prospectus (see "*Documents Incorporated by Reference*")). Accordingly, significant movements in currency rates between the euro and the currency in which rent or service charges are payable may have a material adverse effect on the Group's business, financial condition, prospects and results of operations. In addition, the Group's tenants mostly have their income denominated in the local currency of the relevant country in which they are based, such as the Zloty, Czech Koruna, Ruble or other. The occupancy cost ratio, which reflects the Group's tenants' rental cost as a proportion

of turnover, can be severely affected by fluctuations of 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 such rent becoming unsustainable with respect to the concerned tenant leading to a demand for discounts or even default by the respective tenants. These risks, if realised, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The real estate sector is susceptible to fraud***

Certain activities in the real estate sector have, from time to time, been subject to allegations of embezzlement of cash in connection with arranging large scale real estate transactions. The Group is currently not aware of any such fraud taking place within its business. However, even though it has taken precautionary measures to reduce the risk as much as possible, it may become the target of fraud or other illicit behaviour in any of the markets in which it operates. This may have a material adverse effect on the Group's reputation and may affect the Group's business, financial condition, prospects and results of operations.

***The Group is exposed to the counter-party risk of its partners with respect to certain co-ownership or co-operation arrangements, including joint venture arrangements***

Some of the Group's properties are held and operated, or may be proposed to be developed, through co-ownership or co-operation arrangements (including among others joint venture arrangements) with third parties. In addition, but to a limited extent, title to certain of the Group's properties is shared. The Group has co-ownership agreements with certain of the Group's largest tenants. Such arrangements may result in the Group sharing control of such assets with third parties. As a result, certain decisions relating to those assets within such arrangements may depend upon the consent or notification of the Group's relevant partners. Disputes may arise between the Group and the relevant partners in respect of an arrangement, which could mean that the Group is not able to manage or deal with a particular asset or property as it sees fit. These risks are accentuated where the Group shares title to properties.

Specific risks arising from co-ownership and co-operation arrangements or relating to title sharing, which are not present in relation to projects that are wholly-owned, operated and developed by the Group, include risks that (i) the Group's relevant partners may have different objectives from the Group, including with respect to the appropriate timing and pricing of any sale or refinancing of an investment property held as part of a co-ownership arrangement; (ii) the Group's relevant partners may take action contrary to the Group's instructions or requests, policies or objectives, or frustrate its actions; (iii) the Group's relevant partners might become bankrupt or insolvent; and (iv) with respect to co-title and development projects, the Group may be required to provide additional financing to make up for any shortfall due to the Group's relevant partner(s) failing to provide such finance or to furnish any required collateral to the financing banks. In addition, risks relating to joint venture arrangements may include potential joint and several or secondary liability for transactions and liabilities of the joint venture entity; the difficulty of maintaining uniform standards, controls, procedures and policies; and depending on the specific joint venture terms, the possible termination or commencement of a forced buy or sell procedure in relation to either the investment property or a stake in the joint venture. These

risks, if realised, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Disputes or disagreements with any of the Group's partners may result in significant delays and increased costs associated with the operation, development or redevelopment of the Group's properties. Even where the Group has a controlling interest, certain major decisions (such as whether to sell, refinance or enter into a lease or contractor agreement and the terms on which to do so) may require the partner's or other third party's approval. Failure to reach or maintain agreement with the Group's partners or other third parties on the matters relating to the financing, disposals, development and operation of the relevant properties could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may rely from time to time on third parties to manage certain of its properties***

Whilst the Group has historically managed and operated the properties within its portfolio itself, it may, from time to time, decide to engage third parties to manage certain of its current or future assets. The Group may also acquire properties that are managed by third party management companies. For example, since its acquisition in 2013, Galeria Dominikanska shopping centre in Wroclaw, Poland is managed by a third party management company. Where the Group does engage third parties to manage its properties, it is highly dependent on the performance of the relevant management company with respect to, amongst other activities, day-to-day management of the relevant property, leasing and attracting desired tenants and building and maintaining good relationships with existing tenants. The inability of a third party to comply with its contractual obligations and to carry out these or other significant activities adequately and on time could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may not be able to realise its expected rates of return on its projects if the real estate market in the Region becomes saturated***

Prior to the onset of the global financial crisis beginning in 2007, the real estate market in the Region was characterised by a continued increase in investment activity from both domestic and international investors and in the number of projects that were planned. If the real estate market in the Region recovers fully from the economic downturn and the level of investment activity increases, it may reach saturation if the supply of commercial properties exceeds demand. Saturation or perceived over-supply of lettable commercial space in the real estate market would result in a decrease in occupancy rates and/or a decrease in market rental rates and sale prices. If occupancy rates fall and/or market rental rates decrease, the Group may not be able to realise its expected rates of return on its properties and development projects or may be unable to let its properties at all, which could have a material adverse effect on its business, financial condition, prospects and results of operations.

***The Group's insurance coverage may be inadequate***

The Group's insurance policies may not cover it for all losses and certain types of insurance are not available on commercially reasonable terms or at all in certain countries in which the Group has its operations or assets, owing to the fact that the respective insurance industries in these countries are at a relatively early stage of development. Forms of insurance common in mature

markets may not yet be available in certain countries in which the Group has its operations or assets. As a result, the Group's insurance may not fully compensate it for losses associated with damage to the real estate assets it owns, operates and develops. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or that are not economically insurable. Other factors might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, taxation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses, damage to its assets or business or other liabilities for which it may not be compensated fully or at all, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

In addition, the Group's insurance policies may not cover the current aggregate market value of its portfolio, particularly where the market value of its portfolio increases. As a result, it may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, it could be liable to repair damage caused by uninsured risks. The Group may also remain liable for any debt or other financial obligation related to that damaged property. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. As a result, any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may incur environmental liabilities or compliance costs***

The environmental laws of certain countries in which the Group has its operations or assets impose actual and potential obligations to conduct remedial action on sites contaminated with hazardous or toxic substances. In such circumstances, the owner's liability is generally not limited under such laws and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on, or in, any of the Group's properties, or the liability for failure to remedy property contamination from such substances, could adversely affect the Group's ability to let or sell such property or to borrow funds using such property as collateral, which could have an effect on its generation of rental income or return on investment which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Furthermore, the Group may be required to comply with stricter environmental, health and safety laws or enforcement policies or become involved in claims and lawsuits relating to environmental matters. Meeting stricter compliance standards or defending potential actions, including for any alleged non-compliance with applicable laws and regulations, may have a significant negative impact on its results of operations. If the relevant authorities in a country where the Group has its operations or assets discover violations of applicable environmental laws, the Group may be subject to fines and other penalties. Any of these matters could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.



***The Group is exposed to risks related to the safety of consumers and tenants in shopping centres and other properties, including acts of terrorism and violence***

The Group promotes the security and safety of consumers and tenants in its properties. However, due to high visibility and the presence of large numbers of people, the Group's properties may be targets for terrorism and other forms of violence. Any terror or violent attack on a property of the Group or a similar property may harm the condition of its tenants and may, apart from any direct losses, directly or indirectly, affect the value of its properties and its development land. Moreover, any of these events could lower consumer confidence and, for example, spending in the Group's retail centres or increase volatility and uncertainty in the worldwide financial markets and economy. Adverse economic conditions resulting from these types of events could reduce demand for space in the Group's properties and thereby reduce the value of these properties and rental income, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***Atrium may qualify as an alternative investment fund***

Atrium believes that it does not fall within the scope of the European Commission published Directive 2011/61/EU, the Alternative Investment Fund Managers Directive, which was published on 1 July 2011 ("**AIFM Directive**"). The AIFM Directive was implemented through secondary legislation and became effective in all European jurisdictions in July 2014. The legislation seeks to regulate alternative investment fund managers based in the EU ("**AIFM**") and prohibits such managers from managing any alternative investment fund ("**AIF**") or marketing shares in such funds to EU investors unless they have been granted authorisation. The AIFM Directive imposes additional requirements, among others, relating to risk management, minimum capital requirements, the provision of information, governance and compliance requirements, with consequent increase, potentially a material increase, in governance and administration expenses.

Based upon legal advice, Atrium does not believe that it is an AIF, as defined under the AIFM Directive. It, therefore, does not constitute an AIFM and does not need to comply with the AIFM Directive. However, there is no definitive guidance from national or EU-wide regulators whether real estate companies, like Atrium, are subject to the AIFM Directive or not. As such, there is the possibility that these regulators may, in the future, decide that businesses such as Atrium fall within the scope of the AIFM Directive, in which case Atrium will have to comply with this directive (including the abovementioned requirements). The cost of compliance, including maintaining a minimum level of capital, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group relies on certain key personnel the loss of whom could have an adverse impact on its business***

The success of the Group's property development and operating activities depend, among other things, on the expertise of the Board and the Group's management and other key personnel in identifying appropriate opportunities and managing such activities. Whereas the Board proactively manages the succession of senior roles, the unexpected loss of some or all of these individuals, including potentially to the Group's competitors, or an inability to attract, retain and maintain additional personnel could prevent the Group from implementing its business strategy

and could adversely affect the Group's business, financial condition, prospects and results of operations. The Group does not carry key man insurance with respect to any of these individuals. There can be no assurance that the Group will be able to retain all of its existing senior personnel or to attract additional qualified personnel when needed which in turn could affect adversely the Group's business, financial condition, prospects and results of operations.

***Potential changes in international financial reporting standards may deter tenants from entering into long-term lease agreements***

Changes to IFRS are under consideration that may alter the accounting treatment of lease agreements in the financial condition of the Group's tenants who prepare their consolidated financial statements in accordance with IFRS. The purpose of these amendments is to develop a new approach to lease accounting. These measures would ensure that the statement of financial position (balance sheet) would recognise all assets and liabilities that arise under lease contracts. The distinction between operating and financing leases would thus be removed and lease obligations would be reflected as liabilities on the balance sheet with a corresponding right-to-use asset. The exact content and scope of these changes are not currently known, but it is possible that these changes may lead to a situation where a tenant applying these standards may be deterred from entering into long-term lease agreements in the future and may have other unforeseen consequences which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may be exposed to risks relating to changes in applicable tax laws including those relating to the tax residency of Atrium and other Group Companies***

Atrium and the Group have been structured with a view to being tax efficient. There can be no assurance that Atrium or the Group has been or will continue to be successful in conducting its business or in structuring itself or the management of its affairs in the most tax efficient manner, and that the structure or management of the affairs of Atrium or any other Group Company may result in other adverse tax consequences for Atrium or any other Group Company.

Atrium is incorporated in Jersey and aims to manage its affairs in such a manner that it does not become resident for tax purposes or create other adverse tax consequences for itself in any jurisdiction other than Jersey. There is a risk that Atrium may become resident for tax purposes in one or more other jurisdictions. The same risk applies to the tax residency of any other Group Company. Any such residency of Atrium or a member of the Group, if unintended, may have an adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group's results may be adversely affected by changes in effective tax rates***

The Group's future effective tax rates may be adversely affected by a number of factors, including changes in the valuation of Atrium's deferred tax assets and liabilities, increases in expenses not deductible for tax purposes, changes in share based compensation expense, 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. Any significant increase in the Group's future effective tax rates could adversely impact the net results for such future periods and as a result could have a

material adverse effect on the Group's business, financial condition, prospects and results of operations.

***There are uncertainties in the taxation systems in the countries in which the Group has its operations or assets and "crisis" taxes may be imposed across the Region***

The taxation systems in the countries in which the Group has, or may have, its operations or assets are not as well-established, compared to those in more developed economies. The lack of established jurisprudence and case law may result in unclear or non-existent regulations, decrees and explanations of the taxation laws and/or views on interpretations thereof. Moreover, taxation laws (including case law) in those countries may as a result be more likely to be subject to changes which can result in unusual complexities and more significant tax risks for the relevant Group Company operating in those countries and the business of the Group generally. For example, tax law and regulations or their interpretation or application in relation to tax deductibility of interest expenses, taxable income, tax receivables or liabilities as well as deferred tax assets or liabilities may be subject to change. Any of these matters, alone or in combination, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

In addition, the governments of various countries have resorted to the imposition of higher taxes or the introduction of new taxes in attempts to reduce budgetary deficits adversely affected by the ongoing economic crisis. Further, certain countries in Western Europe and in the Region have attempted to levy "crisis" taxes which range from higher income tax rates for individuals and higher rates of corporation tax to special levies and exceptional taxes based on the annual revenue of a company that is engaged in certain specific industries. Similar "crisis" taxes may be imposed by other countries in which the Group has its operations or assets and could be extended to companies operating in other industries such as the retail and real estate sector. The change in interpretation of current rules and regulations and implementation of "crisis" taxes may have a negative impact on consumer demand and spending and could have an adverse impact on the financial condition of the Group, the Group's tenants, and the demand for the Group's properties, which could in turn have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

**Risks related to the financial condition of the Group**

***The Group may be forced to refinance its debt or may forfeit significant secured assets if it fails to meet the obligations and requirements under its loan agreements or debt securities***

As at 30 June 2014, the Group had total borrowings, including bonds and bank loans, with a nominal value of €731.6 million, of which €350 million was unsecured. As at 30 June 2014, the market value of properties secured in favour of external creditors was €1,012 million.

Atrium's EUR350,000,000 4.00 per cent. Notes due 20 April 2020 contain covenants which require the Group to maintain its solvency ratio at or below 60%, its secured solvency ratio at or below 40%, an interest coverage ratio of at least 1.5:1 and its unsecured assets equal to at least 150% of its total assets. As at 30 June 2014, the Group's solvency ratio was 24.7%, its secured solvency ratio was 11.9%, its interest coverage ratio was 4.97:1 and its unsecured assets were equal to 499% of its total assets. The Group's existing secured debt facilities also contain

covenants, such as an obligation to maintain a maximum loan to valuation ratio and minimum debt service coverage ratio. The Group's compliance with such covenants is dependent on, amongst other things, the fair market value and income yielding capacity of its properties which are subject to fluctuations. A decline in the fair market value or net income of such properties could affect the Group's compliance with these covenants.

A breach of any of the covenants contained in the Group's loan agreements or bonds (including the Notes) could result in the acceleration of its payment obligations, the forfeiture of its secured assets or make future borrowing difficult or impossible. In these circumstances, the Group could also be forced in the long term to sell some of its assets to meet its debt obligations. Any of the events described above could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group may not be able to secure financing in the future***

The Group uses, and has used in the past, debt, together with free cash flow, to finance the Group's acquisition of property. During April 2013, Atrium obtained investment grade credit ratings from Standard & Poor's and Fitch, which facilitates Atrium's issuance of bonds in the international capital markets, thereby diversifying funding sources and reducing refinancing risk. The Group's growth strategy, future investments and maturity schedule of its existing debt will create a need for new funding. The availability of financing and loan margins have not recovered to the same levels as before the financial crisis. Furthermore, overall declines in stock prices in several European countries have negatively affected the share value of many real estate companies, decreasing the attractiveness of equity financing from a company standpoint. The factors that affect the availability of financing and financing costs, including the maintenance of Atrium's investment grade credit ratings, could have a material adverse effect on the execution of the Group's strategy or the inability to refinance on commercially acceptable terms debt falling due in accordance with the maturity schedule of the Group's indebtedness which could in turn have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***A rise in interest levels and credit margins could cause the Group's debt service obligations to increase significantly***

Changes in interest rates have a significant effect on the real estate sector. Market interest rates have fluctuated strongly due to the credit crisis, during which interest rates that were relatively high fell sharply in the autumn of 2008 and have stayed at low levels in historical terms since then. Interest rates are generally expected to increase over time.

Fluctuations in interest rates affect the Group's floating rate loan expenses, which increase with a rise in market interest rates. As at 30 June 2014, the carrying amount of the Group's borrowings bearing variable interest rates was €323.0 million, of which €110.0 million was, at such date, subject to interest rate fluctuations as the remainder was hedged by interest rate swaps. A substantial increase in interest rates may increase the Group's interest expense and ability to refinance at the same rates. In addition, an increase in interest rates may also affect private consumption or the ability of the Group's tenants to pay rents or may lead to a decrease in occupancy rates.

Credit margins charged by the banks increased between 2008 and 2012 due to the financial crisis. Credit margins decreased during 2013, but are still higher than prior to the financial crisis. In the future, tightening regulation of the banking and insurance sector may contribute to higher costs of financing for the banks, which may again result in an increase in the price of the Group's new debt financing and the Group's average interest rate level. Furthermore, over the next few years, the Group will have to refinance loan agreements and bonds and the margins on these loans and bonds or the cost of related derivatives may increase. Such a rise in loan margins is likely to push the Group's average interest rate upwards in the future, even if market interest rates remained largely unchanged.

Any increase in interest rates, the Group's interest expense or credit margins could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

***The Group's financing agreements involve counterparty risk***

International financial institutions are counterparties to the Group's long-term bank loans, derivative contracts and insurance contracts. During the financial crisis, many banks and insurance companies in the United States and Europe experienced financial difficulties resulting in numerous mergers, acquisitions, and bankruptcies among financial institutions, including the government takeover of certain financial institutions. Should one or more of the financial institutions that are the Group's counterparties descend into financial difficulties or bankruptcy, this could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

**Risks relating to the Group structure**

***Atrium is a holding company and its ability to pay interest and/or principal depends upon the receipt of sufficient funds from its subsidiaries***

As a result of conducting its business through Group Companies, Atrium's ability to pay interest and/or principal under the Notes, and on any other of its borrowings, depends on the earnings and cash flow of the Group Companies and their ability to pay dividends to Atrium or to advance or repay loans to it or pay interest thereon. Other contractual and legal restrictions applicable to the Group Companies could also limit Atrium's ability to obtain cash from Group Companies. There can be no assurance that Atrium will receive sufficient funds from its subsidiaries to meet its financial obligations.

In addition, Atrium's right to participate in any distribution of its subsidiaries' assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of the subsidiaries' creditors, including lenders and trade creditors.

## **Risks related to the markets in which the Group operates**

***The markets in the Region are subject to greater risks than more developed markets, including significant legal, economic and political risks that could have a material adverse effect on the Group's business***

Investors in emerging and developing markets such as the countries in which the Group has its operations or assets should be aware that these markets are subject to greater legal, economic and political risks than mature markets and are subject to rapid and sometimes unpredictable change. In general, investing in the securities of issuers with substantial operations in emerging or developing markets like the Region involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of Western Europe or other similar jurisdictions. 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 situation in other emerging or developing market countries.

In addition, the markets in the Region 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. For example, the Group has been exposed to risks arising from recent tensions in Ukraine and the resulting imposition of sanctions on certain Russian persons and entities by the U.S., the EU and certain other nations and, in retaliation, sanctions imposed by Russia. These sanctions could have the effect of damaging the Russian economy, weakening the Ruble against foreign currencies and generally reducing investor and consumer confidence in Russia, from which country the Group derives a significant proportion of its net income (see "*Description of Atrium and the Group—Description of the Portfolio—Standing Investments*"). This in turn could lead to a decrease in consumer spending and consequent pressure on profits and the expansion plans of retailers, which might adversely affect the Group's business in Russia. In addition, an expansion of the existing sanctions or the introduction of new sanctions which directly or indirectly affect the Group, could result in the Group's stakeholders revising their relationship with the Group in Russia for compliance, political, reputational or other reasons, which could also affect the Group's business. The realisation of any of these risks could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's operations in the Region are also exposed to risks common to all regions that have recently undergone, or are undergoing, political, economic and social change, including currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, economic downturns, local market disruptions, labour unrest, changes in disposable income or gross national product, variations in interest rates and taxation policies, expected declines in the birth rate and other similar factors. Political or economic instability resulting from the occurrence of any of these risks may adversely affect the real estate market in the affected country or countries of the Region. The level of risk that the Group faces differs significantly between the different countries where the Group operates. It is generally believed that the risk in Central and Eastern European countries, which are members of the European Union, is lower compared to countries, such as Russia, which are not members of the European Union. However, the Group could be affected by these issues in each of the countries in which it has its operations or assets.

The political systems in some of the countries of the Region such as Russia may be vulnerable to public dissatisfaction and social changes causing political instability which may disrupt day-to-day operations or discourage foreign investment in such countries. Further, large parts of Europe have experienced uncertainty and political unrest in recent years as a result of a backlash against Euro zone policy makers and governments and political parties who advocated greater fiscal austerity measures in relation to their respective national economies.

As a result, the Group's performance could be significantly affected by events in the Region beyond its control, such as a general downturn in the economy of countries in which the Group has its operations or assets, political instability, changes in regulatory requirements and applicable laws (including in relation to taxation), the condition of financial markets and interest and inflation rate fluctuations. Such events and adverse economic or political developments in the markets in which the Group has its operates or assets could reduce the Group's rental income and/or the market value of its properties which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

#### ***Legal regimes in the Region differ from those in Western Europe***

The legal systems of most of the countries in the Region have undergone dramatic changes in recent years. In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in the promulgation of new laws, changes in existing laws, inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations.

Government authorities have a high degree of discretion in several countries in the Region and at times may exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Moreover, governments may have the power in certain circumstances, by regulation or a government act, to place Group Companies in liquidation and more generally interfere with the performance of, nullify or terminate contracts. Unlawful or arbitrary governmental actions may include the withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions.

Additionally, in some circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. Although institutions and legal and regulatory systems characteristic of parliamentary democracies have been developed in most countries of the Region, some of them lack an institutional history, and there may be no generally observed procedural guidelines. As a result, shifts in government policies and regulations tend to be more frequent and less predictable than in the countries of Western Europe. Moreover, a lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

#### ***The Group's assets may be subject to expropriation, nationalisation and confiscation***

The governments of some countries in the Region may expropriate (either permanently or temporarily) part or all of a property at less than its full market value. In the event that the Group's property is expropriated or nationalised, legislation provides for fair compensation to be paid to the Group. However, there can be no certainty that such protections will be enforced.

This uncertainty is due to several factors, including, in some countries, the lack of an independent judicial system, insufficient mechanisms to enforce judgments and corruption among state officials.

The concept of property rights is not well developed in certain countries in the Region and there is a lack of experience in enforcing legislation enacted to protect private property against nationalisation and expropriation. As a result, the Group may not be able to obtain proper redress in the courts and may not receive adequate compensation if, in the future, the governmental authorities decide to nationalise or expropriate some or all of the Group's assets. Expropriation or nationalisation of the companies in which the Group invests, their assets or portions thereof, potentially with little or no compensation, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

### **Risks related to the Notes**

#### ***The Notes may not be a suitable investment for all investors***

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets in which they participate; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### ***Withholding under the EU Savings Directive***

Under EU Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident, or certain limited types of entity established, in that other Member State. However, Luxembourg and Austria could instead elect to operate a withholding system for a transitional period in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements



relating to information exchange with certain other countries). Belgium operated a withholding system but elected to switch to the automatic exchange of information system with effect from 1 January 2010. Luxembourg has announced that from 1 January 2015 it will participate in the automatic exchange of information system. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither Atrium nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Atrium is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

In November 2008, the European Commission proposed certain amendments to the Savings Directive. Following the proposals in 2008, the Council of the European Union adopted Council Directive 2014/48/EU amending the Savings Directive, which, when implemented, will amend or potentially broaden the scope of the requirements described above. The Council of the European Union has requested that the national laws transposing the amending directive are adopted by the Member States by 1 January 2016. It is currently expected that national laws implementing amendments to the Savings Directive to take effect from 1 January 2017.

***There is currently no active trading market for the Notes***

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the Group's results of operations. Although application has been made for the Notes to be listed on the official list and trading on the Luxembourg Stock Exchange's regulated market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

***Integral multiples of less than €100,000***

The denomination of the Notes is €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. Therefore, it is possible that the Notes may be traded in amounts in excess of €100,000 that are not integral multiples of €100,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

***Atrium may redeem the Notes prior to maturity***

The Terms and Conditions of the Notes provide that Atrium may in certain limited circumstances redeem the Notes prior to maturity. Such redemption may take place at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to

reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and/or may forego a capital gain in respect of the Notes that would have otherwise arisen but for such redemption.

***Because the Global Notes are held by or on behalf of Clearstream, Luxembourg and Euroclear investors will have to rely on their procedures for transfer, payment and communication with Atrium***

The Notes will be represented by Global Notes. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Notes, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

Atrium will discharge its payment obligations under the Notes by making payments to the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Notes must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. Atrium has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. In addition, Atrium has no responsibility for the proper performance by Euroclear and Clearstream, Luxembourg or their participants of their obligations under their respective rules and operating procedures.

Further, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

### ***Modifications and waivers***

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, amend the Terms and Conditions insofar as they apply to the Notes to correct a manifest error or where the amendments are of a formal, minor or technical nature.

### ***Change of law***

The Terms and Conditions of the Notes are based on the laws of England in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after the date of this Prospectus.

### ***Exchange rate risks and exchange controls***

Atrium will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the euro would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

### ***Credit ratings***

Credit rating assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

## OVERVIEW

*Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meanings in this overview.*

|                               |  |
|-------------------------------|--|
| <b>The Issuer:</b>            | Atrium European Real Estate Limited, incorporated with limited liability under the laws of Jersey.   |
| <b>Lead Managers:</b>         | Deutsche Bank AG, London Branch and HSBC Bank plc.   |
| <b>Trustee:</b>               | Deutsche Trustee Company Limited.  |
| <b>The Notes:</b>             | EUR350,000,000 3.625 per cent. Notes due 17 October 2022.  |
| <b>Issue Price:</b>           | 99.788 per cent. of the principal amount of the Notes.   |
| <b>Issue Date:</b>            | Expected to be on or around 16 October 2014.   |
| <b>Use of Proceeds:</b>       | See “ <i>Use of Proceeds</i> ”.  |
| <b>Interest:</b>              | The Notes will bear interest from 16 October 2014 at a rate of 3.625 per cent. per annum payable annually in arrear on 17 October in each year commencing on 17 October 2015. There will be a long first coupon for the period from and including 16 October 2014 to but excluding 17 October 2015.  |
| <b>Status:</b>                | The Notes are senior, unsubordinated, unconditional and (subject to Condition 3 ( <i>Negative Pledge</i> )) unsecured obligations of Atrium.   |
| <b>Form and Denomination:</b> | The Notes will be issued in bearer form in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000. The Notes will initially be in the form of a temporary global note (the “ <b>Temporary Global Note</b> ”), without interest coupons, which will be deposited on or around 16 October 2014 with a common safekeeper for Euroclear Bank S.A./N.V. (“ <b>Euroclear</b> ”) and Clearstream Banking, <i>société anonyme</i> (“ <b>Clearstream, Luxembourg</b> ”). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the “ <b>Permanent Global Note</b> ”), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000 each and with interest coupons attached. |

The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.

- Final Redemption:** 17 October 2022.
- Optional Redemption:** The holder of a Note may, by the exercise of the relevant option, require Atrium to redeem such Note at its principal amount on a Change of Control Put Date.
- Tax Redemption:** The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia or Jersey.
- Redemption at the Option of the Issuer:** The Notes may be redeemed at the option of Atrium in whole, but not in part, at any time at the Relevant Early Redemption Amount as described in Condition 6(c) (*Redemption at the Option of the Issuer*).
- Negative Pledge:** The Notes will have the benefit of a negative pledge as described in Condition 3 (*Negative Pledge*).
- Cross Default:** The Notes will have the benefit of a cross default as described in Condition 10 (*Events of Default*).
- Rating:** The Notes are expected to be rated BBB- by Standard & Poor's and BBB- by Fitch.
- In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.
- Withholding Tax:** All payments in respect of the Notes will be made free and clear of withholding taxes imposed by the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia or Jersey as provided in Condition 8 (*Taxation*) unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 8 (*Taxation*)) pay such additional amounts as will result in the Noteholder receiving such amounts as they would have received in respect of such Notes had no such withholding been required, subject to the exclusions set

out in Condition 8 (*Taxation*).

**Governing Law:**

The Notes, the Trust Deed, the Agency Agreement and the Subscription Agreement will be governed by English law.

**Listing and Trading:**

Applications have been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market.

**Clearing Systems:**

Euroclear and Clearstream, Luxembourg

**Selling Restrictions:**

See "*Subscription and Sale*".

**Risk Factors:**

Investing in the Notes involves risks. See "*Risk Factors*".

**Financial Information:**

See "*Selected Financial Information*" and "*Documents Incorporated by Reference*".

## FORWARD-LOOKING STATEMENTS

Certain statements included in this Prospectus may constitute “forward-looking statements”. Forward-looking statements are all statements in this Prospectus that do not relate to historical facts and events and include statements concerning the Group’s plans, objectives, goals, strategies and future operations and performance and the assumptions underlying these forward-looking statements. Atrium uses the words “may”, “will”, “could”, “believes”, “assumes”, “intends”, “estimates”, “expects”, “plans”, “seeks”, “approximately”, “aims”, “projects”, “anticipates” or similar expressions, or the negative thereof, to generally identify forward-looking statements.

Forward-looking statements are set forth in a number of places in this Prospectus, including in “*Risk Factors*”, and “*Description of Atrium and the Group*”. Atrium has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements contained in this Prospectus and from past results, performance or achievements. Although Atrium believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which Atrium has identified in this Prospectus, or if any of Atrium’s underlying assumptions prove to be incomplete or incorrect, the Group’s actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements are made only as at the date of this Prospectus. Except to the extent required by law, Atrium is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to Atrium, or persons acting on Atrium’s behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with (i) the audited consolidated annual financial statements of the Group for the financial years ended 31 December 2013 and 2012 together in each case with the audit report (the “**Audited Consolidated Financial Statements**”) and (ii) the unaudited condensed consolidated financial statements of the Group for the six-month period ended 30 June 2014 together with the review report thereon (the “**Unaudited Interim Consolidated Financial Statements**” and, together with the Audited Consolidated Financial Statements, the “**Financial Statements**”), which have been previously published or are published simultaneously with this Prospectus and which have been filed with the CSSF. Such documents are incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in, and forming part of, this Prospectus may be obtained from the registered offices of Atrium, the website of Atrium ([www.aere.com](http://www.aere.com)) and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The table below sets out the relevant page references for the information incorporated by reference in, and forming part of, this Prospectus as set out in Atrium’s interim financial report for the six-month period ended 30 June 2014 and annual financial reports for 2013 and 2012.

Atrium confirms that it has obtained the approval from its auditors to incorporate by reference in this Prospectus the review report for the six-month period ended 30 June 2014 and the auditor’s reports for the financial years ended 31 December 2013 and 2012.

The information incorporated by reference, that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Commission Regulation (EC) No 809/2004 (“**Prospectus Regulation**”).

### **Atrium Interim Financial Report 30 June 2014**

Condensed consolidated interim financial statements:

|   |             |
|---|-------------|
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| Condensed Consolidated Statement of Comprehensive Income .....        | Page 14     |
| Condensed Consolidated Cash Flow Statement .....                      | Page 15     |
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## **Atrium Annual Financial Report 31 December 2013**

### Consolidated financial statements:

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## **Atrium Annual Financial Report 31 December 2012**

### Consolidated financial statements:

|  |               |
|--|---------------|
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| Independent Auditor's Report .....                   | Pages 100-101 |

## PRESENTATION OF CERTAIN INFORMATION

### Atrium and Group Companies

In this Prospectus, unless expressed otherwise, references to the “**Group**” are to Atrium and its consolidated subsidiaries and references to “**Group Companies**” are to the members of the Group.

### Real Estate Data

In this Prospectus, references to Gross Lettable Area (“**GLA**”) are references to the total area of a property used and occupied by tenants or currently vacant, excluding all common areas such as restrooms, corridors, kiosks etc. References to occupancy by GLA are references to the total GLA that is used and occupied by the tenants compared to the total GLA of the given property (including GLA that is currently vacant) expressed as a percentage. References to EPRA occupancy is calculated by the Group by dividing the period-end estimated rental value of occupied units by the period-end estimated rental value of all units (including vacant ones).

The property data and the lettable sqm totals included in this Prospectus, as well as the sqm figures used as a basis for the calculation of property data, originate from the Group. They are not included in the review of the Unaudited Interim Consolidated Financial Statements or the audit of the Audited Consolidated Financial Statements according to IFRS.

References to market value of the Group’s portfolio are to the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

References to investment properties are to the Group’s standing investments and developments and land. For a description of the Group’s portfolio, comprising standing investments and developments and land, see “*Description of Atrium and the Group—Description of the Portfolio*”.

References to “**sqm**” or to “**m<sup>2</sup>**” are to square metre.

### Certain Jurisdictions

In this Prospectus, all references to:

- “**Central and Eastern Europe**” or “**CEE**” are to Albania, Belarus, Bosnia-Herzegovina, Bulgaria, the Czech Republic, Croatia, Estonia, Hungary, Kosovo, Latvia, Lithuania, Montenegro, Macedonia, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine;
- “**CIS**” are to the Commonwealth of Independent States;
- “**EEA**” are to the European Economic Area and its member states as at the date of this Prospectus;

- “**EU**” are to the European Union and its member states as at the date of this Prospectus;
- the “**Region**” are to the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia and Turkey;
- “**Russia**” are to the Russian Federation;
- “**Slovakia**” are to the Slovak Republic;
- “**U.K.**” are to the United Kingdom;
- “**U.S.**” are to the United States of America; and
- “**Western Europe**” are to Andorra, Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Monaco, the Netherlands, Norway, Portugal, San Marino, Spain, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the Vatican.

## **Currencies**

In this Prospectus, all references to:

- “**CZK**”, “**Koruna**”, or “**Czech Koruna**” are to the lawful currency of the Czech Republic;
- “**EUR**”, “**€**” or “**euro**” are to the lawful currency introduced at the start of the third stage of European economic and monetary union, pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union;
- “**PLN**”, “**Zloty**” or “**Polish Zloty**” are to the lawful currency of the Republic of Poland;
- “**RUR**”, “**Ruble**” or “**Russian Ruble**” and are to the lawful currency of the Russian Federation; and
- “**U.S.\$**”, “**\$**”, “**dollar**” or “**U.S. dollar**” are to the lawful currency of the United States of America.

## **Rounding**

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## SELECTED FINANCIAL INFORMATION

The information below shows certain of the Group's consolidated financial information as at 30 June 2014 and for the six-month periods ended 30 June 2014 and 2013 and as at and for the years ended 31 December 2013 and 2012. The consolidated financial information as at 30 June 2014 and for the six-month periods ended 30 June 2014 and 2013 has been extracted from, and should be read in conjunction with, the Unaudited Interim Consolidated Financial Statements incorporated by reference in, and forming part of, this Prospectus. The consolidated financial information as at and for the years ended 31 December 2013 and 2012 has been extracted from, and should be read in conjunction with, the Audited Consolidated Financial Statements incorporated by reference in, and forming part of, this Prospectus.

The information presented below under the caption "*Other Financial Information*" is derived from the unaudited management accounts of Atrium, which are not prepared in accordance with IFRS.

## Consolidated Income Statement

|   | For the six-months<br>ended 30 June |               | For the year ended<br>31 December |                |
|---|-------------------------------------|---------------|-----------------------------------|----------------|
|   | 2014                                | 2013          | 2013                              | 2012           |
|   | <i>(unaudited)</i>                  |               |                                   |                |
|   | <i>(€ in thousands)</i>             |               |                                   |                |
| Gross rental income .....                                 | 106,895                             | 101,130       | 203,455                           | 193,475        |
| <i>of which</i>   |                                     |               |                                   |                |
| <i>Poland</i> .....                                       | 44,721                              | 38,043        | 78,858                            | 73,851         |
| <i>Czech Republic</i> .....                               | 17,599                              | 19,079        | 37,641                            | 38,629         |
| <i>Slovakia</i> .....                                     | 5,527                               | 5,677         | 11,258                            | 11,248         |
| <i>Russia</i> .....                                       | 31,397                              | 29,835        | 59,297                            | 52,940         |
| <i>Hungary</i> .....                                      | 3,792                               | 3,962         | 7,752                             | 8,567          |
| <i>Romania</i> .....                                      | 3,090                               | 3,827         | 7,248                             | 7,172          |
| <i>Latvia</i> .....                                       | 769                                 | 707           | 1,401                             | 1,068          |
| Service charge income .....                               | 37,789                              | 38,136        | 77,031                            | 73,762         |
| Net property expenses .....                               | (41,626)                            | (42,989)      | (89,653)                          | (85,958)       |
| <b>Net rental income</b> .....                            | <b>103,058</b>                      | <b>96,277</b> | <b>190,833</b>                    | <b>181,279</b> |
| <i>of which</i>   |                                     |               |                                   |                |
| <i>Poland</i> .....                                       | 45,738                              | 38,827        | 79,153                            | 73,577         |
| <i>Czech Republic</i> .....                               | 16,022                              | 17,287        | 34,136                            | 35,017         |
| <i>Slovakia</i> .....                                     | 5,446                               | 5,553         | 11,087                            | 11,148         |
| <i>Russia</i> .....                                       | 28,775                              | 27,406        | 52,978                            | 47,689         |
| <i>Hungary</i> .....                                      | 3,598                               | 3,382         | 6,406                             | 7,050          |
| <i>Romania</i> .....                                      | 3,035                               | 3,462         | 6,431                             | 6,429          |
| <i>Latvia</i> .....                                       | 444                                 | 360           | 642                               | 369            |
| Net result on disposals.....                              | (2,451)                             | 67            | 1,376                             | 793            |
| Costs connected with developments .....                   | (2,119)                             | (2,164)       | (5,146)                           | (6,161)        |
| Revaluation of investment properties.....                 | (34,476)                            | 7,513         | (21,286)                          | (4,961)        |
| Other depreciation, amortisation and<br>impairments ..... | (1,973)                             | (5,552)       | (6,966)                           | (1,835)        |
| Administrative expenses.....                              | (10,632)                            | (12,853)      | (25,286)                          | (29,125)       |
| <b>Net operating profit</b> .....                         | <b>51,407</b>                       | <b>83,288</b> | <b>133,525</b>                    | <b>139,990</b> |
| <i>of which</i>   |                                     |               |                                   |                |
| <i>Poland</i> .....                                       | 41,525                              | 37,833        | 83,141                            | 83,219         |
| <i>Czech Republic</i> .....                               | 11,617                              | 9,459         | 16,895                            | 34,295         |
| <i>Slovakia</i> .....                                     | 4,445                               | 4,031         | 9,015                             | 16,809         |
| <i>Russia</i> .....                                       | 31,590                              | 46,130        | 69,733                            | 41,997         |
| <i>Hungary</i> .....                                      | 2,196                               | (6,925)       | (10,933)                          | (3,724)        |
| <i>Romania</i> .....                                      | 3,530                               | 2,871         | (2,189)                           | (4,680)        |

|   | <b>For the six-months<br/>ended 30 June</b> |               | <b>For the year ended<br/>31 December</b> |                |
|---|---|---------------|---|----------------|
|   | <b>2014</b>                                 | <b>2013</b>   | <b>2013</b>                               | <b>2012</b>    |
|   | <i>(unaudited)</i>                          |               |   |                |
|   | <i>(€ in thousands)</i>                     |               |   |                |
| <i>Latvia</i> .....                               | 352   | (618)         | (3,273)                                   | (317)          |
| <i>Other</i> <sup>(1)</sup> .....                 | (36,498)                                    | (886)         | (12,115)                                  | (9,469)        |
| <i>Unallocated expenses</i> .....                 | (7,350)                                     | (8,607)       | (16,749)                                  | (18,140)       |
| Interest income.....                              | 619   | 1,974         | 2,505                                     | 3,883          |
| Interest expense.....                             | (16,219)                                    | (14,169)      | (31,576)                                  | (23,103)       |
| Other financial expenses .....                    | (347)                                       | (9,384)       | (13,854)                                  | (4,697)        |
| <b>Profit before taxation</b> .....               | <b>35,460</b>                               | <b>61,709</b> | <b>90,600</b>                             | <b>116,073</b> |
| Taxation credit/(charge) for the period .....     | 695   | (9,631)       | (14,722)                                  | (19,898)       |
| <b>Profit after taxation for the period</b> ..... | <b>36,155</b>                               | <b>52,078</b> | <b>75,878</b>                             | <b>96,175</b>  |

(1) Other comprises net operating loss in Turkey, Bulgaria, Ukraine and Georgia.

## Consolidated Statement of Financial Position

|  | <b>As at 30<br/>June 2014</b> | <b>As at 31 December</b> |                  |
|--|-------------------------------|--------------------------|------------------|
|  | <i>(unaudited)</i>            | <b>2013</b>              | <b>2012</b>      |
|  |                               | <i>(€ in thousands)</i>  |                  |
| <b>Assets</b>                                  |                               |                          |                  |
| <b>Non-current assets</b>                      |                               |                          |                  |
| Standing investments .....                     | 2,475,065                     | 2,356,164                | 2,185,336        |
| Developments and land .....                    | 403,144                       | 583,637                  | 538,395          |
| Other non-current assets .....                 | 50,765                        | 55,306                   | 93,386           |
|  | <b>2,928,974</b>              | <b>2,995,107</b>         | <b>2,817,117</b> |
| <b>Current assets</b>                          |                               |                          |                  |
| Cash and cash equivalents .....                | 257,869                       | 305,577                  | 207,843          |
| Other current assets <sup>(1)</sup> .....      | 38,522                        | 43,522                   | 40,562           |
| Assets held for sale .....                     | 6,250                         | -                        | -                |
|  | <b>302,641</b>                | <b>349,099</b>           | <b>248,405</b>   |
| <b>Total assets</b> .....                      | <b>3,231,615</b>              | <b>3,344,206</b>         | <b>3,065,522</b> |
| <b>Equity</b> .....                            | <b>2,254,798</b>              | <b>2,267,289</b>         | <b>2,281,372</b> |
| <b>Liabilities</b>                             |                               |                          |                  |
| <b>Non-current liabilities</b>                 |                               |                          |                  |
| Long term borrowings .....                     | 721,523                       | 798,044                  | 462,075          |
| Other non-current liabilities .....            | 189,811                       | 193,464                  | 184,653          |
|  | <b>911,334</b>                | <b>991,508</b>           | <b>646,728</b>   |
| <b>Current liabilities</b>                     |                               |                          |                  |
| Short term borrowings .....                    | 2,721                         | 5,511                    | 74,986           |
| Other current liabilities <sup>(1)</sup> ..... | 62,762                        | 79,898                   | 62,436           |
|  | <b>65,483</b>                 | <b>85,409</b>            | <b>137,422</b>   |
| <b>Total liabilities</b> .....                 | <b>976,817</b>                | <b>1,076,917</b>         | <b>784,150</b>   |
| <b>Total equity and liabilities</b> .....      | <b>3,231,615</b>              | <b>3,344,206</b>         | <b>3,065,522</b> |

(1) Other current assets and other current liabilities as at 31 December 2012 have been reclassified.

## Other Financial Information<sup>(1)</sup>

|   | <b>For the six-months ended<br/>30 June</b> |             |
|---|---|-------------|
|   | <b>2014</b>                                 | <b>2013</b> |
|   | <i>(unaudited)</i>                          |             |
|   | <i>(€ in thousands)</i>                     |             |
| EPRA like-for-like gross rental income <sup>(2)</sup> ..... | 96,079                                      | 96,097      |
| EPRA like-for-like net rental income <sup>(2)</sup> .....   | 92,587                                      | 92,851      |

|   | <b>For the year ended<br/>31 December</b> |             |
|---|---|-------------|
|   | <b>2013</b>                               | <b>2012</b> |
|   | <i>(unaudited)</i>                        |             |
|   | <i>(€ in thousands)</i>                   |             |
| EPRA like-for-like gross rental income <sup>(2)</sup> ..... | 196,794                                   | 190,585     |
| EPRA like-for-like net rental income <sup>(2)</sup> .....   | 185,282                                   | 178,718     |

|   | <b>For the six-months<br/>ended 30 June</b> |             | <b>For the year ended<br/>31 December</b> |             |
|---|---|-------------|---|-------------|
|   | <b>2014</b>                                 | <b>2013</b> | <b>2013</b>                               | <b>2012</b> |
|   | <i>(unaudited)</i>                          |             |   |             |
|   | <i>(€ in thousands)</i>                     |             |   |             |
| EPRA Earnings <sup>(3)</sup> .....                  | 79,184                                      | 50,891      | 103,512                                   | 114,971     |
| Company adjusted EPRA earnings <sup>(3)</sup> ..... | 72,079                                      | 66,139      | 125,427                                   | 120,904     |
| Adjusted EBITDA <sup>(4)</sup> .....                | 90,307                                      | 81,260      | 160,401                                   | 145,993     |

|  | <b>As at 30<br/>June 2014</b>                   | <b>As at 31 December</b> |             |
|--|---|--------------------------|-------------|
|  |   | <b>2013</b>              | <b>2012</b> |
|  | <i>(unaudited)</i>                              |                          |             |
|  | <i>(€ in thousands, except for percentages)</i> |                          |             |
| Net loan to value ratio <sup>(5)</sup> .....   | 16.2%   | 16.9%                    | 12.1%       |
| Gross loan to value ratio <sup>(6)</sup> ..... | 25.2%   | 27.3%                    | 19.7%       |
| EPRA net asset value <sup>(7)</sup> .....      | 2,447,847                                       | 2,456,903                | 2,434,984   |



- (1) These measures are not measures defined by IFRS. Certain data is recommended by the Best Practice Recommendations, published by the European Public Real Estate Association's or EPRA's Reporting and Accounting Committee ("**EPRA Recommendations**"). However, these measures should not be used instead of or considered as alternatives to the Group's financial results based on IFRS as set out in the Financial Statements. Atrium believes that the presentation of the non-IFRS data enhances an investor's understanding of its financial performance. Management uses non-IFRS data to assess the Group's operating performance and financial condition because it believes these are important supplemental measures of such performance and financial condition. In addition, Atrium believes non-IFRS data is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the real estate industry. The non-IFRS data are not presentations made in accordance with IFRS and the Group's use of such terms may vary from others in the real estate industry. The non-IFRS data have limitations as analytical tools, and should not be considered in isolation, or as substitutes for financial information as reported under IFRS.
- (2) The Group defines "**EPRA like-for-like gross rental income**" and "**EPRA like-for-like net rental income**" as the gross, or net, rental income of the portfolio that has been consistently in operation, and not under development, during a defined period. Like-for-like rental income in the six-month period ended 30 June 2014 and 2013 is the rental income of the portfolio in each such period which has been consistently in operation, and not under development, during both such periods. Similarly, like-for-like rental income in the years ended 31 December 2013 and 2012 is the rental income of the portfolio in each such period which has been consistently in operation, and not under development, during both such periods. Information on the growth in rental income other than from acquisitions and disposals, allows investors to arrive at an estimate of organic growth. To enhance the comparability of gross and net rental income, prior period values for like-for-like properties have been recalculated using the average exchange rates for the subsequent period.
- (3) "**EPRA Earnings**" are recurring earnings from core operational activities and are defined by the Group as earnings attributable to equity holders of the parent company before (i) revaluation of investment properties, (ii) net results on disposals, (iii) goodwill impairment and amortisation of intangible assets, (iv) deferred tax in respect of EPRA adjustments, (v) close-out costs of financial instruments and (vi) non-controlling interest in respect of the foregoing.

"**Company adjusted EPRA Earnings**" include adjustments that management considers appropriate to demonstrate the underlying performance of the Group but which the Best Practices Recommendations require to be shown separately to EPRA Earnings. The adjustments represent adjustments of other non-recurring items which could distort the Group's operating results. Such non-recurring items are disclosed separately in order to provide stakeholders with the most relevant information regarding the performance of the underlying property portfolio. Company adjusted EPRA Earnings is defined by the Group as EPRA Earnings before (i) legacy legal matters (ii) foreign exchange differences, (iii) changes in the value of financial instruments, (iv) deferred tax not related to revaluations and (v) non-controlling interest in respect of the foregoing adjustments.

The following is a reconciliation of earnings attributed to equity holders of the parent company to Company adjusted EPRA Earnings:

|  | <b>For the six-months<br/>ended 30 June</b> |             | <b>For the year ended<br/>31 December</b> |             |
|--|---|-------------|---|-------------|
|  | <b>2014</b>                                 | <b>2013</b> | <b>2013</b>                               | <b>2012</b> |
|  | <i>(unaudited)</i>                          |             |   |             |
|  | <i>(€ in thousands)</i>                     |             |   |             |
| <b>Earnings attributable to equity holders of the parent company</b> ..... | 36,176                                      | 52,106      | 75,936                                    | 98,712      |
| Revaluation of investment properties .....                                 | 34,476                                      | (7,513)     | 21,286                                    | 4,961       |
| Net results on disposals.....  | 2,451                                       | (67)        | (1,376)                                   | (793)       |
| Goodwill impairment and amortisation of intangible assets.....             | 663   | 3,861       | 4,428                                     | 970         |
| Deferred tax in respect of EPRA adjustments.....                           | 3,474                                       | 2,504       | 3,238                                     | 11,476      |

|  |               |               |                |                |
|--|---------------|---------------|----------------|----------------|
| Close-out costs of financial instruments .....                     | 1,944         | -             | -              | 1,909          |
| Non-controlling interest in respect of the above adjustments ..... | -             | -             | -              | (2,264)        |
| <b>EPRA earnings</b> .....   | <u>79,184</u> | <u>50,891</u> | <u>103,512</u> | <u>114,971</u> |
| <b>Company adjustments</b> .....                                   |               |               |                |                |
| Legacy legal matters.....  | 1,398         | 1,714         | 3,274          | 3,255          |
| Other impairments.....   | 790           | 1,158         | 1,483          | -              |
| Foreign exchange differences.....                                  | (4,269)       | 4,746         | 5,811          | (7,860)        |
| Changes in the values of financial instruments .....               | 150           | 1,645         | 1,782          | 5,049          |
| Deferred tax not related to revaluations.....                      | (5,174)       | 5,985         | 9,565          | 5,500          |
| Non-controlling interest in respect of company adjustments .....   | -             | -             | -              | (11)           |
| <b>Company adjusted EPRA earnings</b> .....                        | <u>72,079</u> | <u>66,139</u> | <u>125,427</u> | <u>120,904</u> |

- (4) “**Adjusted EBITDA**” as defined by the Group is the consolidated profit/(loss) for the period before taxes, depreciation, amortisation and impairments and excluding revaluation changes, financial income and financial expenses, net result on disposals and any other exceptional or non-recurring items.

The following is a reconciliation of profit after taxation for the period to Adjusted EBITDA:

|   | For the six-months<br>ended 30 June |                      | For the year ended<br>31 December |                       |
|---|-------------------------------------|----------------------|-----------------------------------|-----------------------|
|   | 2014                                | 2013                 | 2013                              | 2012                  |
|   | <i>(unaudited)</i>                  |                      |                                   |                       |
|   | <i>(€ in thousands)</i>             |                      |                                   |                       |
| <b>Profit after taxation for the period</b> .....     | <b>36,155</b>                       | <b>52,078</b>        | <b>75,878</b>                     | <b>96,175</b>         |
| Interest income.....                                  | (619)                               | (1,974)              | (2,505)                           | (3,883)               |
| Interest expense.....                                 | 16,219                              | 14,169               | 31,576                            | 23,103                |
| Other financial expenses.....                         | 347                                 | 9,384                | 13,854                            | 4,697                 |
| Taxation (credit)/charge for the year .....           | (695)                               | 9,631                | 14,722                            | 19,898                |
| Other depreciation, amortisation and impairments..... | 1,973                               | 5,552                | 6,966                             | 1,835                 |
| Revaluation of investment properties .....            | 34,476                              | (7,513)              | 21,286                            | 4,961                 |
| Net result on disposals.....                          | 2,451                               | (67)                 | (1,376)                           | (793)                 |
| <b>Adjusted EBITDA</b> .....                          | <u><b>90,307</b></u>                | <u><b>81,260</b></u> | <u><b>160,401</b></u>             | <u><b>145,993</b></u> |

- (5) “**Net loan to value ratio**” is calculated as net debt of the Group (being the sum of long and short term borrowings minus cash and cash equivalents of the Group) divided by the market value of the Group’s investment property portfolio.
- (6) “**Gross loan to value ratio**” is calculated as the sum of long and short term borrowings divided by the market value of the Group’s investment property portfolio.
- (7) “**EPRA net asset value**”, or “**EPRA NAV**”, highlights the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of financial instruments and deferred taxes on property valuation surpluses are therefore excluded. The Group defines EPRA NAV in line with EPRA Recommendations as diluted net asset value after the exercise of options and before (i) fair value of financial instruments, (ii) goodwill as a result of deferred tax and (iii) deferred tax in respect of investment properties.

The following is a reconciliation of the net asset value of the Group to its EPRA NAV:

|   | <b>As at 30 June</b> | <b>As at 31 December</b> |                  |
|---|----------------------|--------------------------|------------------|
|   | <b>2014</b>          | <b>2013</b>              | <b>2012</b>      |
|   | <i>(unaudited)</i>   | <i>(€ in thousands)</i>  |                  |
| <b>Net asset value per the financial statements</b> ..... | 2,255,559            | 2,268,029                | 2,284,433        |
| Diluted NAV, after the exercise of options .....          | 2,283,373            | 2,297,075                | 2,299,713        |
| Fair value of financial instruments .....                 | 13,339               | 11,756                   | 17,828           |
| Goodwill as a result of deferred tax.....                 | (7,616)              | (7,616)                  | (11,025)         |
| Deferred tax .....  | 158,751              | 155,688                  | 128,468          |
| <b>EPRA NAV</b> .....                                     | <b>2,447,847</b>     | <b>2,456,903</b>         | <b>2,434,984</b> |

## DESCRIPTION OF ATRIUM AND THE GROUP

### General

Atrium was incorporated in Jersey on 8 December 1997 as a company with limited liability under the Jersey Companies Law and is regulated by the JFSC as a certified fund pursuant to the CIF Law, as amended. In 2008, in order to facilitate the internalisation of its management, Atrium was granted permission by the JFSC to be treated as a Listed Fund.

Atrium's affairs are managed by the Board, with its seat outside the EU. Atrium's registered office is 11-15 Seaton Place, St. Helier, Jersey JE4 0QH, Channel Islands with telephone number: +44 (0)153 483 3000 and its principal office is Lister House Chambers, 35 The Parade, St. Helier, Jersey JE2 3QQ, Channel Islands with telephone number: +44(0) 153 461 7450. Its registered number is 70371. The legal name of Atrium is "Atrium European Real Estate Limited". The current Articles of Association of Atrium (the "**Articles**") were adopted by special resolution of the members of Atrium passed on 23 May 2013.

Atrium was founded in 1997 with the name "Central European Land Limited" and in the same year it acquired a portfolio of 61 commercial retail properties in the Czech Republic and Hungary from Julius Meinl International AG. In February 1998, Atrium was re-registered as a public limited company. In 2002, its name was changed to "Meinl European Land Limited" and in November 2002, there was an initial public offering of Austrian Depository Receipts in respect of 100% of its equity capital on the Vienna Stock Exchange. In 2008, Atrium's name was changed to "Atrium European Real Estate Limited" and several governance changes were introduced to the Group following the strategic investment made by CPI/Gazit Holdings Limited. These changes included the reconstitution of the Board and the appointment of a new internal management team. In 2009, Atrium obtained a dual listing of its ordinary shares (the "**Shares**") on the official market (*Amtlicher Handel*) of the Vienna Stock Exchange and on Euronext Amsterdam by NYSE Euronext ("**Euronext Amsterdam**"), the regulated market of Euronext Amsterdam N.V. ("**Euronext**"). Atrium does not have a separate trading or commercial name and the duration of Atrium is indefinite.

Atrium's authorised stated capital is unlimited with no par value of the Shares. The Shares are governed by the laws of Jersey.

As at the date of this Prospectus, a total number of 375,354,863 Shares was in issue, of which 375,343,787 Shares were registered in the name of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. (trading as "Euroclear"), 11,075 Shares were registered in the name of two individual shareholders, and one ordinary share was registered in the name of Aztec Financial Services (Jersey) Limited, the administrator and company secretary of Atrium. The Shares are listed on the Vienna Stock Exchange and Euronext under ticker: ATRS.

### Corporate Structure

Atrium is the holding company of the Group and, through the Board, its main functions include the overall strategic management of the Group, the determination of the objectives and strategies of the Group, central co-ordination of the activities of the Group Companies and central allocation of resources and monitoring of Group activities.

As at 30 June 2014, Atrium had a total of 156 subsidiaries. The Group Companies comprise real estate holding companies and management companies in all of the countries in which the Group has its operations or assets, and intermediate holding companies established in other jurisdictions. Atrium does not directly hold properties. Generally, the purpose of each real estate holding company within the Group is to hold one or more properties of the Group in the relevant country.

### **Description of the Group's Operational Activities**

The Group is focused on food anchored retail properties and shopping centres in Central and Eastern Europe. The Group acquires, develops and operates retail properties and shopping centres predominantly in Poland, the Czech Republic, Slovakia and Russia. As at 30 June 2014, the Group owned and operated 153 retail properties and shopping centres (one of which is externally managed) ("**Standing Investments**") with a market valuation of €2.5 billion and owned a development and land portfolio ("**Developments and Land**"), with a market valuation of €403.1 million.

The Group's business is divided into two segments: (i) Standing Investments and (ii) Developments and Land. The Standing Investments segment comprises the leasing, operation and management of the Group's income-yielding portfolio. As at 30 June 2014, Standing Investments consisted of 153 properties of various sizes, ranging from shopping centres of 55,000 sqm to single units of 400 sqm. The Developments and Land segment comprises the Group's development activities, including extensions to existing real estate within the Group's portfolio. The Group manages each of the two segments separately and dedicates key personnel to each sector.

Atrium distinguishes the markets in which the Group operates based on three regions "Central CEE Countries" (being Poland, the Czech Republic and Slovakia), "Southern-Eastern CEE Countries" (being Hungary and Romania) and "Eastern CEE Countries" (being Russia and Latvia).

### ***Property management***

Property management teams at the local level are dedicated to the management of properties in a given country, building relationships with incumbent tenants and providing insight into the local requirements and market dynamics at each of the Group's assets. With one exception, all of the Group's Standing Investments are currently managed by the Group's internal property management team. They are also responsible for managing tenants and the creation of the shopping and entertainment environment and monitoring compliance with regulatory requirements. The Group's property management approach is centered around personal and regular contact with tenants, marketing and local community involvement and facility management.

### ***Leasing***

The Group has experienced local leasing professionals within the property management teams in each country in which it operates. The task of the leasing teams includes, amongst others, keeping the occupancy levels of all properties generally close to 100% through renewals and re-

lettings and monitoring the tenant mix to match the needs of the market and consumers. These teams work closely with the Group's current tenants as well as potential new tenants. These relationships enable the Group to involve its tenants in the early stages of development or redevelopment of projects and thus, where appropriate, it actively approaches tenants from its network of existing relationships selected on the basis of analyses conducted in relation to the area in which a property may be situated. These initiatives often help in reducing the Group's leasing risk.

The Group employs a range of strategies to maintain a high occupancy rate. The leasing teams attempt to find the most successful and productive tenants in every segment, and draw on existing commercial relationships to generate market interest in its properties. In addition, the Group looks for those tenants who best complement the product range and mix for consumers in a specific location. The Group is also at times able to match the geographical expansion plans of its tenants with the Group's properties in the relevant areas. The Group's diverse portfolio spanning across various cities in a given country and across various countries in Central and Eastern Europe is a compelling opportunity for certain retailers, especially those attempting to increase their exposure to developing market economies. Unlike single asset owning landlords, the Group is also able to optimise occupancy with regards to the overall portfolio by bundling together leases for properties which attract strong tenant demand with properties which attract relatively weaker demand. It also employs this "packaged" leasing with respect to renewals. Tenants may therefore be compelled to accept these terms in order to maintain their relationships with the Group and to secure renewals for the more attractive leases.

### ***Acquisition process***

Pursuing appropriate investment opportunities in the principal markets of the Region is a key strategy of the Group. Acquisitions of properties are initiated by Group executive management, the Group acquisition department and local management. The Group is able to leverage its wider contacts in the retail and real estate industries in order to identify and pursue potential acquisition opportunities. The Group reviews and analyses all opportunities and where an opportunity reaches suitable investment criteria and following appropriate commercial, financial, tax, legal and technical diligence, approval is sought from the Board. Once such approval has been obtained, the acquisition is typically executed primarily by the Group acquisition team and the appropriate teams located in the relevant countries. Since 30 June 2014, the Group has agreed, subject to contract, to purchase Focus Mall in Bydgoszcz, Poland, comprising 41,000 sqm of retail GLA, and it continues to successfully engage in acquisitions in furtherance of the Group's strategy (see "Use of Proceeds").

### **Description of the Portfolio**

#### ***Standing Investments***

The Group's income producing portfolio comprises 153 operating assets (having a total GLA of 1.3 million sqm) with a market valuation of €2.5 billion as at 30 June 2014.

As at 30 June 2014, 31 of Atrium's assets are retail properties and shopping centres, 17 of which offer over 30,000 sqm of GLA, while the other 14 offer between 10,000 sqm and 30,000 sqm of GLA. The 122 remaining assets are leased to a variety of retailers ranging from food anchors to

do-it-yourself (“DIY”) stores and electronics shops. Substantially all of these 31 retail properties and shopping centres are anchored by supermarkets, hypermarkets or local convenience stores, reflecting the focus of the Group on the daily necessities of the consumer. The Group distinguishes non-retail space, which includes logistics and industrial storage space, as well as office space, from retail space. Retail units attract better pricing than non-retail rental units whose turnover generation is considered by the Group as incremental to retail. Of the total 1.3 million sqm of GLA of the Group’s portfolio of Standing Investments, approximately 241,000 sqm constitutes non-retail space such as office space and storage units within the Group’s shopping centres.

The Group’s focus on the proactive asset management of its Standing Investments underpins its property management strategy. The Group reviews and analyses the existing property portfolio with the aim of identifying assets which require upgrading, refurbishment or extension, or to dispose of properties which do not continue to meet the Group’s strategic investment objectives.

External valuations of Standing Investments are performed on a quarterly basis at each interim reporting date using the desktop approach and are only fully updated if material changes in net annual income occurred during the period or if otherwise deemed necessary by the Group. A full valuation is performed at year-end by external valuation companies in relation to all Standing Investments.

The following table provides a summary of the Group’s portfolio of Standing Investments (including a break down for the countries in which the Group operates namely, Poland, the Czech Republic, Slovakia, Russia, Hungary, Romania and Latvia) as at 30 June 2014, 31 December 2013 and 2012.

|                                    | <b>As at 30 June</b> | <b>As at 31 December</b>   |             |
|------------------------------------|----------------------|----------------------------|-------------|
|                                    | <b>2014</b>          | <b>2013</b>                | <b>2012</b> |
|                                    | <i>(unaudited)</i>   | <i>(No. of properties)</i> |             |
| <b>No. of Standing Investments</b> |                      |                            |             |
| <i>of which</i>                    |                      |                            |             |
| <i>Poland</i> .....                | 23                   | 22                         | 21          |
| <i>Czech Republic</i> .....        | 95                   | 95                         | 98          |
| <i>Slovakia</i> .....              | 3                    | 3                          | 3           |
| <i>Russia</i> .....                | 7                    | 7                          | 7           |
| <i>Hungary</i> .....               | 23                   | 24                         | 25          |
| <i>Romania</i> .....               | 1                    | 1                          | 1           |
| <i>Latvia</i> .....                | 1                    | 1                          | 1           |
| <b>Total</b> .....                 | <b>153</b>           | <b>153</b>                 | <b>156</b>  |
| <b>Market Value</b> <sup>(1)</sup> |                      | <i>(€ in thousands)</i>    |             |
| <i>of which</i>                    |                      |                            |             |
| <i>Poland</i> .....                | 1,316,857            | 1,206,716                  | 1,030,350   |
| <i>Czech Republic</i> .....        | 411,092              | 411,484                    | 445,901     |
| <i>Slovakia</i> .....              | 147,410              | 147,260                    | 145,990     |

|                      | <b>As at 30 June</b> | <b>As at 31 December</b> |                  |
|----------------------|----------------------|--------------------------|------------------|
|                      | <b>2014</b>          | <b>2013</b>              | <b>2012</b>      |
|                      | <i>(unaudited)</i>   |                          |                  |
| <i>Russia</i> .....  | 450,156              | 443,424                  | 394,375          |
| <i>Hungary</i> ..... | 70,120               | 70,670                   | 82,870           |
| <i>Romania</i> ..... | 68,020               | 65,220                   | 70,700           |
| <i>Latvia</i> .....  | 11,410               | 11,390                   | 15,150           |
| <b>Total</b> .....   | <b>2,475,065</b>     | <b>2,356,164</b>         | <b>2,185,336</b> |

**Share of Group Portfolio by Market Value**

*(in %)*

*of which*

|                             |             |             |             |
|-----------------------------|-------------|-------------|-------------|
| <i>Poland</i> .....         | 53.2%       | 51.2%       | 47.1%       |
| <i>Czech Republic</i> ..... | 16.6%       | 17.5%       | 20.4%       |
| <i>Slovakia</i> .....       | 6.0%        | 6.2%        | 6.7%        |
| <i>Russia</i> .....         | 18.2%       | 18.8%       | 18.1%       |
| <i>Hungary</i> .....        | 2.8%        | 3.0%        | 3.8%        |
| <i>Romania</i> .....        | 2.7%        | 2.8%        | 3.2%        |
| <i>Latvia</i> .....         | 0.5%        | 0.5%        | 0.7%        |
| <b>Total</b> .....          | <b>100%</b> | <b>100%</b> | <b>100%</b> |

**GLA**

*(in sqm)*

*of which*

|                             |                  |                  |                  |
|-----------------------------|------------------|------------------|------------------|
| <i>Poland</i> .....         | 475,300          | 423,000          | 390,000          |
| <i>Czech Republic</i> ..... | 355,600          | 355,500          | 374,200          |
| <i>Slovakia</i> .....       | 65,500           | 65,500           | 65,400           |
| <i>Russia</i> .....         | 241,000          | 240,700          | 236,600          |
| <i>Hungary</i> .....        | 100,900          | 102,200          | 104,500          |
| <i>Romania</i> .....        | 54,100           | 53,400           | 53,300           |
| <i>Latvia</i> .....         | 20,400           | 20,400           | 20,400           |
| <b>Total</b> .....          | <b>1,312,800</b> | <b>1,260,700</b> | <b>1,244,400</b> |

**Share of Group Portfolio by GLA**

*(in %)*

*of which*

|                             |             |             |             |
|-----------------------------|-------------|-------------|-------------|
| <i>Poland</i> .....         | 36.2%       | 33.6%       | 31.3%       |
| <i>Czech Republic</i> ..... | 27.1%       | 28.2%       | 30.1%       |
| <i>Slovakia</i> .....       | 5.0%        | 5.2%        | 5.3%        |
| <i>Russia</i> .....         | 18.3%       | 19.1%       | 19.0%       |
| <i>Hungary</i> .....        | 7.7%        | 8.1%        | 8.4%        |
| <i>Romania</i> .....        | 4.1%        | 4.2%        | 4.3%        |
| <i>Latvia</i> .....         | 1.6%        | 1.6%        | 1.6%        |
| <b>Total</b> .....          | <b>100%</b> | <b>100%</b> | <b>100%</b> |



|   | <b>As at 30 June</b> | <b>As at 31 December</b>        |             |
|---|----------------------|---------------------------------|-------------|
|   | <b>2014</b>          | <b>2013</b>                     | <b>2012</b> |
|   | <i>(unaudited)</i>   |                                 |             |
| <b>Net Equivalent Yield</b> (including estimated rental income on vacant space) <sup>(1)(2)</sup> |                      | <i>(weighted average, in %)</i> |             |
| <i>of which</i>   |                      |                                 |             |
| <i>Poland</i> .....   | 6.7%                 | 6.7%                            | 6.9%        |
| <i>Czech Republic</i> .....   | 7.9%                 | 7.9%                            | 8.1%        |
| <i>Slovakia</i> .....   | 7.6%                 | 7.6%                            | 7.7%        |
| <i>Russia</i> .....   | 12.3%                | 12.1%                           | 12.2%       |
| <i>Hungary</i> .....  | 9.8%                 | 9.8%                            | 9.2%        |
| <i>Romania</i> .....  | 9.1%                 | 9.1%                            | 9.1%        |
| <i>Latvia</i> .....   | 10.2%                | 10.2%                           | 13.0%       |
| <b>Portfolio Average</b> .....  | <b>8.1%</b>          | <b>8.2%</b>                     | <b>8.4%</b> |

|   |             |               |             |
|---|-------------|---------------|-------------|
| <b>EPRA Net Initial Yield</b> <sup>(1)(3)</sup> |             | <i>(in %)</i> |             |
| <i>of which</i>                                 |             |               |             |
| <i>Poland</i> .....                             | 6.6%        | 6.7%          | 7.0%        |
| <i>Czech Republic</i> .....                     | 7.6%        | 7.6%          | 7.8%        |
| <i>Slovakia</i> .....                           | 7.3%        | 7.4%          | 7.5%        |
| <i>Russia</i> .....                             | 12.3%       | 12.3%         | 12.6%       |
| <i>Hungary</i> .....                            | 9.0%        | 9.1%          | 8.8%        |
| <i>Romania</i> .....                            | 8.4%        | 8.9%          | 8.8%        |
| <i>Latvia</i> .....                             | 5.8%        | 5.5%          | 2.4%        |
| <b>Portfolio Average</b> .....                  | <b>8.0%</b> | <b>8.1%</b>   | <b>8.3%</b> |

(1) Derived from the unaudited management accounts of Atrium.

(2) Net Equivalent Yield is derived from the external valuation process and takes into consideration the current actual net rental income together with the external appraisers' assessment of potential future net rental income, occupancy and lease expires.

(3) EPRA Net Initial Yield is calculated as the annualised rental income less non-recoverable property operating expenses, divided by the market value of the property.

### *Leases and occupancy*

Leasing activity can be divided into re-lettings, renewals and pre-lettings. Re-lettings relate to the leasing of an existing space—either previously occupied or vacant—to a new tenant, while renewals relate to the conclusion of new leases with existing tenants with respect to the same unit. Pre-lettings relate to the future letting of developments and extensions. The Group monitors the rent level at which the local leasing teams re-let or renew leases. The rent levels for the Group's properties are driven by numerous interacting factors, including the attractiveness of the Group's properties (which the Group considers to comprise the markets in which they are

located, the aesthetics and technical conditions of the property, the competitors in the catchment area and the tenant mix), supply and demand for real estate in the respective locations, legal and tax conditions, general economic trends and economic trends and exchange rate fluctuations in the individual markets in which the property is located. The occupancy cost ratio, which reflects the tenant's rental cost as a proportion of the tenant's turnover, can be affected by external factors—such as fluctuations of the currency on which rent is based against the local currency in which the tenant generates turnover—and internal factors—such as a decrease in turnover as a result of a decrease in customer traffic. The leasing teams dynamically monitor and analyse a range of macro and micro economic factors, including the particular financial and operational circumstances of the property and the tenant, to determine whether rent levels are appropriate and that properties are not unduly over-rented or under-rented.

The Group's lease agreements vary from one market to another as a result of differences in the relevant legal regimes, which affect lease terms, terminations and annual rent increases, as well as market practice. Rent clauses are typically divided into base rent and turnover rent. Base rent, which is typically subject to annual index-linked increases, accounts for substantially most of the Group's revenue. Country and tenant specific deviations exist which at times limit the Group's ability to raise rents to the fullest extent in accordance with the applicable indices. Turnover rent is linked to the turnover of the tenant. Typically this is incremental to the base rent but, with respect to some anchor tenants, the rent may be exclusively linked to turnover (without a minimum rent). Where possible, the leasing teams opportunistically negotiate contractual improvements such as turnover rents in circumstances where a particular lease is not due for renewal. Further, in order to attract certain specific tenants, as part of the negotiation process, some lease incentives which include an initial rent free period or a fit out contribution may be provided to prospective tenants. Conversely, certain tenants in order to secure a particular lease in relation to a property may make a payment of 'key money', which is a one-off fee to secure the tenancy.

The Group focuses on occupancy rate as a key performance indicator of its operations. The Group's target is to maintain the highest possible occupancy rates across its various assets and it achieves these through certain ongoing property management initiatives and building relationships with tenants. The occupancy rate is determined by the Group based on EPRA Recommendations which is a financial occupancy ratio. EPRA occupancy is calculated by dividing the period-end estimated rental value of occupied units by the period-end estimated rental value of all units (including vacant ones). The following tables set out the Group's EPRA occupancy rate.

|                             | <b>As at 30 June</b> | <b>As at 31 December</b> |             |
|-----------------------------|----------------------|--------------------------|-------------|
|                             | <b>2014</b>          | <b>2013</b>              | <b>2012</b> |
| <b>EPRA occupancy rate</b>  |                      |                          |             |
| <i>of which</i>             |                      | <i>(in %)</i>            |             |
| <i>Poland</i> .....         | 96.9%                | 97.9%                    | 97.5%       |
| <i>Czech Republic</i> ..... | 96.8%                | 96.6%                    | 98.3%       |
| <i>Slovakia</i> .....       | 97.0%                | 98.0%                    | 98.2%       |
| <i>Russia</i> .....         | 99.1%                | 99.4%                    | 99.0%       |
| <i>Hungary</i> .....        | 97.4%                | 96.7%                    | 94.7%       |
| <i>Romania</i> .....        | 100.0%               | 100.0%                   | 99.4%       |

|                      | As at 30 June | As at 31 December |              |
|----------------------|---------------|-------------------|--------------|
|                      | 2014          | 2013              | 2012         |
| Latvia .....         | 92.3%         | 91.0%             | 92.0%        |
| <b>Average</b> ..... | <b>97.6%</b>  | <b>98.1%</b>      | <b>98.0%</b> |

#### *Lease expiries*

As at 30 June 2014, the Group was party to approximately 3,400 lease agreements and the percentage of lease agreements with a remaining contract term of more than five years (based on lease expiry date) was 42.3%. As at 30 June 2014, the average portfolio lease length (based on lease expiry date and excluding break clauses) was 5.5 years, as compared to 5.4 years as at 31 December 2013. These percentages are calculated using annualised rental income (“**ARI**”). Additionally, the lease maturities are well spread between the years 2014 and 2018. This provides the Group with a high degree of visibility as to likely future cash flows over the coming years. On the basis of ARI calculated as at 30 June 2014, the expiry schedule of existing lease agreements are as detailed in the following table.

| <b>Lease expiry schedule</b> | <b>% of ARI</b> |
|------------------------------|-----------------|
| 2014.....                    | 6.6%            |
| 2015.....                    | 11.7%           |
| 2016.....                    | 9.6%            |
| 2017.....                    | 14.2%           |
| 2018.....                    | 15.6%           |
| >2018.....                   | 39.9%           |
| Indefinite.....              | 2.4%            |
| <b>Total</b> .....           | <b>100.0%</b>   |

Some of the Group’s lease agreements with anchor and other tenants provide for break clauses after an initial tenancy period of five to fifteen years. The above lease expiry schedule does not factor in any break clauses that may exist in the Group’s lease agreements.

#### *Tenant mix*

The Group continually reviews the various Standing Investments based on a range of factors such as competition and catchment area metrics (including the area’s population demographics and spending patterns), with a view to targeting an optimal tenant mix. The Group defines optimal tenant mix in terms of the type of tenants—such as food retailers, fashion retailers or tenants operating entertainment facilities and restaurants—who would best complement the existing product range on offer at its properties and provide a suitable product mix for consumers in the relevant area. Improvements are implemented at natural points or breaks in the leasing cycle or when an opportunity arises that allows the Group to implement an improvement to the existing tenant mix. While substantially all of the Group’s larger properties are anchored by a number of international hyper/supermarket brands, who together represent the largest category of tenants based on GLA, the Group also aims to partner with well known, fashion and apparel or entertainment anchors in order to optimise the tenant mix. These partnerships drive footfall, whilst meeting the needs of the end-consumer and complementing the other tenants in order to add long term value to an asset. Fashion and apparel retailers, taken together, represent the

largest category of tenants based on ARI, signifying the higher rental income generated by such tenants.

### ***Developments and Land Portfolio***

In addition to new projects, the Group aims to seek to create value by developing extensions to its existing and proven assets. The Group's focus is oriented towards growing and strengthening its portfolio in the largest and strongest cities and domestic economies in which it operates and owns assets. The decision to develop or redevelop a project is dependent on its location, size, the economic situation in the relevant city and country, competition and the overall risk profile. The decision process also involves a number of broad considerations such as the demand and prices realised for land sales achieved to date, the Group's preference to extend or redevelop properties or to acquire income producing properties, together with the Group's reluctance to incur excessive development commitments.

By developing and extending its own properties the Group is able to ensure that its projects are constructed in accordance with its own designs and standards, with a view to maximising operational efficiency and optimising the use of space. The Group continuously evaluates its Developments and Land portfolio, in order to determine the best approach for each of the assets in its pipeline.

The Group continues to actively manage all of its development and land projects in order to build and maximise the value of the portfolio, whilst at the same time progressively reducing the relative proportion of non-income producing assets. The Group's long-term target is for the development pipeline to represent less than 15% of total investment properties.

Approximately 68% and 89% (by value) of Developments and Land were valued externally as at 31 December 2013 and 2012, respectively, and one property, constituting 29% (by value) of the Development and Land portfolio, was externally revalued at 30 June 2014.

The Developments and Land portfolio of the Group is managed by the development team, assisted by local teams based in countries including Poland, Russia, Turkey, and the Czech Republic, with a focus on the careful management of development activities. The Group's in-house expertise and the development team's ability to supervise and undertake the overall project management responsibilities with respect to the initiation of a project, vetting and appointment of contractors and monitoring the progress of a project ensures greater control over such developments. The Group enters into construction agreements with reputable contractors with proven financial and professional capabilities and a strong track record of completing projects of a similar scope on time and within budget. Construction contracts are concluded after a tender process, where bids are judged not only on the basis of the tender price offered but also taking into consideration additional factors such as the ability of the bidders to mobilise quickly, their respective financial resources and stability, experience and professional standards.

In March 2014, the Group completed its first major greenfield development project, Lublin Felicity, a 75,000 sqm GLA shopping centre in Lublin, Poland. Additional works are currently ongoing in order to host a multiplex cinema which the Group currently expects to open in mid-2015.

The Group currently has two active development projects, the redevelopment of the Atrium Copernicus centre in Torun, Poland, and the first stage of a major redevelopment of the Atrium Promenada centre in Warsaw, Poland.

In July 2013, the Group signed agreements with the general contractor for the second phase of the Copernicus redevelopment, with construction works commencing in August 2013. Together with the first phase multi-level car park expansion, the total extension will add an additional 17,300 sqm of GLA and a further 640 parking spaces to the centre. The extension is planned to open in early 2015 in conjunction with the rebranding of the 11,000 sqm Auchan Hypermarket. As at 30 June 2014, the incremental costs to completion of the Copernicus extension were approximately €18.8 million.

In August 2014, the Board approved the first stage of a major redevelopment of the Atrium Promenada centre in Warsaw, Poland. The overall project entails a major extension of 44,000 sqm and a remodeling of the existing shopping centre. The estimated cost of the first stage is €44 million.

Additionally, the Board has issued a preliminary approval for the assessments and advanced feasibility studies to be continued in respect of three other projects. These assessments and feasibility studies are required before the Board can give its final approval. The three identified priority projects are all redevelopment projects and are extensions to existing income producing assets.

The Group is also working on some smaller extensions and refurbishment projects to existing Standing Investments.

### **Legal Proceedings**

Reference is made to note 16 (contingencies) from the Unaudited Interim Consolidated Financial Statements, beginning on page 22, and note 2.41 (*Contingencies*) from the Audited Consolidated Financial Statements with respect to the 2013 financial statements, beginning on page 94, which are incorporated by reference in, and form part of, this Prospectus (see “*Documents Incorporated by Reference*”).

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes, expected to amount to approximately €346.9 million, will be used for acquisitions, refinancing of the Group's existing debt, other investment property activities and general corporate purposes. The total expenses related to the listing of the Notes are estimated by the Group to be €5,415.

## DIRECTORS OF ATRIUM AND GROUP EXECUTIVE MANAGEMENT

### The Board of Atrium

The Board of Atrium (the “**Board**”) consists of ten directors (the “**Directors**”) who are:

| <b>Name</b>                        | <b>Born</b> | <b>Function</b>                     | <b>Position held since</b> |
|------------------------------------|-------------|-------------------------------------|----------------------------|
| Chaim Katzman <sup>(1)</sup> ..... | 1949        | Chairman and Non-Executive Director | August 2008                |
| Rachel Lavine <sup>(2)</sup> ..... | 1965        | CEO and Director                    | August 2008                |
| Joseph Azrack <sup>(3)</sup> ..... | 1947        | Non-Executive Director              | August 2011                |
| Roger Orf <sup>(3)</sup> .....     | 1952        | Non-Executive Director              | November 2013              |
| Aharon Soffer <sup>(1)</sup> ..... | 1971        | Non-Executive Director              | May 2011                   |
| Noam Ben-Ozer .....                | 1963        | Independent Non-Executive Director  | November 2009              |
| Peter Linneman .....               | 1951        | Independent Non-Executive Director  | August 2008                |
| Simon Radford .....                | 1957        | Independent Non-Executive Director  | March 2008                 |
| Thomas Wernink .....               | 1945        | Independent Non-Executive Director  | August 2008                |
| Andrew Wignall .....               | 1964        | Independent Non-Executive Director  | March 2008                 |

(1) Appointed by Gazit-Globe Ltd, or an affiliate thereof.

(2) As of 30 November 2014, Mrs. Lavine will assume the role of Executive Vice Chairman instead of CEO.

(3) Appointed by Apollo Global Real Estate, or an affiliate thereof.

The following are short biographies of the members of the Board:

**Chaim Katzman** is Chairman of the Board. Mr. Katzman is the founder, controlling shareholder and Chairman of Gazit-Globe Limited, a leading international real estate company listed on the Tel Aviv Stock Exchange (TASE:GLOB) and the New York Stock Exchange (NYSE: GZT). Mr. Katzman is also the founder, controlling shareholder and Chairman of Norstar Holdings (formerly Gazit Inc.), the parent company of Gazit-Globe; the founder and Chairman of Equity One (NYSE: EQY); the Chairman of First Capital Realty (TSX: FCR) and Chairman of Citycon (OMX: CTY). Mr. Katzman is a member of the International Council of Shopping Centers (ICSC), the National Association of Real Estate Investment Trusts (NAREIT), the Urban Land Institute (ULI), and the Real Estate Roundtable and the Association of Foreign Investors in Real Estate (AFIRE). He received a LL.B. degree from Tel Aviv University Law School. In 2011, he founded the Gazit-Globe Real Estate Institute at Israel’s Interdisciplinary Center (IDC) Herzliya.

**Rachel Lavine** is the Chief Executive Officer, or CEO, of the Group and was appointed to the Board in August 2008 after gaining extensive experience in international real estate development, construction and operation, and in the management of publicly quoted companies. Mrs. Lavine is a former president and CEO of Plaza Centres (Europe) BV and a former president and CEO of Elscint Ltd. She has also served as an external director of Dor Chemicals Ltd. and other public companies. Mrs. Lavine graduated from Tel Aviv University, College of Management with BA (Bachelor of Business) in accounting, has been a CPA (Certified Public Accountant) since 1995 and completed an Executive MBA at the Kellogg School of Management in 2008. Mrs. Lavine will assume the role of Executive Vice Chairman as of 30 November 2014 and remain a member of the Board.

**Joseph Azrack** is a non-executive director having been re-appointed to the Board in August 2011 after having served an initial term from 1 August 2008 until 14 October 2008. Mr. Azrack is the principal and founder of Azrack & Company, a boutique real estate advisory firm. He is also Senior Advisor to Apollo Global Management. Prior to joining Apollo, Mr. Azrack was President and CEO of Citi Property Investors where he chaired the firm's Management Committee and Investment Committee and guided investment policy and strategy. Mr. Azrack was also a member of the Citigroup Alternative Investments Management Committee and Investment Committee, and a member of Citi Infrastructure Investment Committee. Prior to joining Citi Property Investors, he was Chief Executive and Chairman of AEW Capital Management, L.P., Founder and President of the AEW Partners Funds, a Director of Curzon Global Partners and Founder and Chairman of IXIS AEW Europe. Mr. Azrack holds a MBA from Columbia University and a B.S. from Villanova University. He is a past adjunct professor at Columbia University's Graduate School of Business where he is a member of and for many years chaired the Real Estate Program Advisory Board. Mr. Azrack is a member and past Chairman of the Pension Real Estate Association (PREA). He is also a Trustee and Director of the Urban Land Institute.

**Roger Orf** is a non-executive director appointed to the Board in in November 2013. Mr. Orf is a partner at Apollo Global Management and head of its real estate business in Europe, overseeing all property investments and serves on its European Investment Committee. Prior to joining Apollo in 2010, Mr. Orf spent the majority of his career investing in the European real estate markets. Mr. Orf is a Founder of E-Shelter GmbH, a German based data centre business. Mr. Orf is the current chair of the Urban Land Institute Europe (ULI) and he serves on the board of the ULI globally. He is a member of the University of Chicago Graduate School of Business Global Advisory Board and the Visiting Committee for the University of Chicago Law School. He serves on the Board of Regents for Georgetown University. Mr. Orf holds J.D. and MBA degrees from the University of Chicago, as well as a BA in Economics (*magna cum laude*) and Phi Beta Kappa from Georgetown University.

**Aharon Soffer** is a non-executive director appointed to the Board in May 2011. He has served as President of Gazit-Globe since 2009. Mr. Soffer joined Gazit Globe in 1997 and has held several senior executive roles and leadership positions. During his tenure at Gazit-Globe, Mr. Soffer has attained extensive expertise in both the retail and healthcare real estate sectors and has been actively involved in the Gazit-Globe group's worldwide M&A activity, which has amounted to over \$21 billion across 20 countries. Mr. Soffer also serves as CEO of Gazit Group USA and Executive Chairman of ProMed Properties, both private subsidiaries of Gazit-Globe. Mr. Soffer holds a BA in Economics and a LL.B from the College of Management, Academic Studies, in Israel.

**Noam Ben-Ozer** is an independent non-executive director appointed to the Board in November 2009. He is a founder and managing director of Focal Energy, a company which develops and invests in renewable energy projects. He is also the founder and proprietor of Focal Advisory, a strategic and finance-related advisory firm in Boston. Mr. Ben-Ozer has extensive experience in financial and business planning, fund raising, deal structuring and project financing. Mr. Ben-Ozer holds a MBA from the Harvard Business School.

**Peter Linneman** is an independent non-executive director appointed to the Board in August 2008. Mr. Linneman is a principal of Linneman Associates and the Albert Sussman Emeritus



Professor of Real Estate, Finance and Public Policy at the Wharton School of Business, University of Pennsylvania. He has served as a director of eight NYSE-listed companies. Mr. Linneman has a PhD in Economics. He is also a director and member of the executive committee of Equity One Inc.

**Simon Radford** is an independent non-executive director appointed to the Board in March 2008. He is also the Chief Financial Officer of an alternative investment fund administration business, based in Jersey and serves as a non-executive director on a number of alternative investment strategy funds. Mr. Radford is the former senior partner of Deloitte & Touche in Jersey where he was in charge of the assurance and advisory business. Mr. Radford is a Fellow of the Institute of Chartered Accountants in England and Wales. In the years 2006 to 2008 he served as Chairman of the Institute of Directors in Jersey.

**Thomas Wernink** is an independent non-executive director appointed to the Board in August 2008. He has served as non-executive director of Green Reit PLC in Dublin since July 2013 and previously served as a non-executive director of a number of European based property and investment companies, including stock exchange listed companies Segro plc, Citycon Oyj and European Direct Real Estate Fund (SICAF). Formerly, he was also Chief Executive of Corio and Chairman of the European Public Real Estate Association.

**Andrew Wignall** is an independent non-executive director appointed to the Board in August 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.

Each Director is subject to retirement at each annual general meeting of Atrium unless re-elected or deemed to be re-elected.

The Directors may be reached at Atrium’s principal office at Lister House Chambers, 35 The Parade, St. Helier, Jersey JE2 3QQ, Channel Islands.

## Group Executive Management

The Group Executive Management team includes:

| <u>Name</u>                        | <u>Born</u> | <u>Function</u>   | <u>Mandate starts</u> |
|------------------------------------|-------------|---|-----------------------|
| Rachel Lavine <sup>(1)</sup> ..... | 1965        | Director and CEO  | August 2008           |
| Soňa Hýbnerová.....                | 1977        | CFO   | September 2013        |
| Josip Kardun <sup>(2)</sup> .....  | 1974        | COO and Deputy CEO                                      | February 2014         |
| Rüdiger Dany <sup>(2)</sup> .....  | 1963        | COO   | October 2014          |
| Thomas Schoutens .....             | 1969        | CDO   | February 2010         |
| Geraldine Copeland-Wright.....     | 1971        | General Counsel   | June 2013             |
| Liad Barzilai .....                | 1978        | Head of Acquisitions                                    | September 2013        |
| Ljudmila Popova.....               | 1980        | Head of Business<br>Development & Investor<br>Relations | October 2013          |

(1) As of 30 November 2014, Mrs. Lavine will assume the role of Executive Vice Chairman instead of CEO.

(2) As of 30 November 2014, Mr. Kardun will assume the role of CEO of the Group instead of COO and Deputy CEO and will be replaced as COO by Mr. Dany.

The following are short biographies of the current members of Group Executive Management showing their experience in the industry in which the Group operates and related business areas:

**Rachel Lavine**—see above. Mrs. Lavine will assume the role of Executive Vice Chairman from 30 November 2014. She will be succeeded in the role of CEO of the Group by Mr. Josip Kardun, the Group’s current Chief Operating Officer and Deputy Chief Executive Officer.

**Soňa Hýbnerová** was appointed Chief Financial Officer in September 2013. Soňa has been with the Group for nine years, during which time she has held a number of increasingly significant operational and management positions, most recently as Director of Finance for Strategic Projects, assisting the former CFO with the Group’s financial and financing requirements, as well as having responsibility for all of the financial aspects of the Group’s acquisitions before assuming her current position. Prior to joining the Group, Soňa was with Deloitte in the audit and advisory department in Prague. Soňa holds a Master’s and a Bachelor’s degree in Economics and Business Administration from the University of Economics in Prague, an MBA at Kellogg School of Management at Northwestern University and WHU – Otto Beisheim School of Management and is a Fellow of the Association of Chartered Certified Accountants.

**Josip Kardun** is the Chief Operating Officer and Deputy Chief Executive Officer who joined the Group in February 2014, with responsibility for all operational activities and the generation of net rental income across the Group. He was Chief Investment Officer and Head of Mergers & Acquisitions and Transaction Management Group at European retail property specialists ECE Projektmanagement GmbH & Co KG., where he worked for seven years in a number of senior positions. Prior to joining ECE, Josip was General Manager at Sierra Management Germany GmbH, Düsseldorf, part of the international shopping centre development and management group Sonae Sierra, with responsibility for leasing activities and centre management. Josip has a law degree from the Goethe University Frankfurt and sits on the Executive Board of ICSC

Europe. Mr. Kardun will assume the role of CEO of the Group on 30 November 2014 and will be replaced as COO by Rüdiger Dany.

**Rüdiger Dany** is the Chief Operating Officer who joined the Group in October 2014, succeeding Josip Kardun as he in turn succeeds Mrs. Lavine in his new role as CEO on 30 November 2014. Rüdiger is responsible for all operational activities and the generation of net rental income across the Group. He was previously the Chief Executive Officer at Auxideico Gestión, a member of the European retail property specialists ECE group of companies. He held several senior roles within ECE, including three years as ECE's Managing Director Poland, Czech Republic, Slovakia and Romania and previously Managing Director Czech Republic, Slovakia and Romania. Prior to joining ECE, Rüdiger was Managing Director at Dany Fachhandel GmbH, Germany. Rüdiger studied retail specialised economics at Lehreanstalt des deutschen Textilhandels Nagold, Germany.

**Thomas Schoutens** is the Chief Development Officer who joined the Group in February 2010 with responsibility for overseeing all of the Group's development activity. With over 22 years of experience in the real estate and construction industry in Central & Eastern Europe, Thomas previously held the role of Director at Carrefour, overseeing expansion and assets in Poland and Russia and was responsible for driving the development of Carrefour and its real estate portfolio in the region. Thomas previously spent 11 years at general contractors Besix and CFE (Vinci) with long term assignments in Prague, Budapest, Warsaw, Moscow and St. Petersburg. Thomas holds a degree in Business Administration and Engineering from ICHEC Business School, Brussels.

**Geraldine Copeland-Wright** is the General Counsel who joined Atrium in June 2013. Prior to joining Atrium, Geraldine was Regions Senior Legal Advisor to Qatari Diar, the real estate development arm of the Qatar sovereign wealth fund, specializing in international real estate investment and development of large scale, mixed use assets. Previously Geraldine was European General Counsel and a managing director of Tishman Speyer Properties, a leading global real estate developer, operator and fund manager, where she gained significant experience in European cross-border real estate transactions. Geraldine graduated from the University of Reading with LLB (Hons) and from the College of Law with First Class Honours in 1993. Geraldine was admitted to the Roll of Solicitors of England and Wales in 1995.

**Liad Barzilai**, the Head of Acquisitions, joined Atrium in August 2008 having initially held the position of Vice President of Business Development and was promoted as Atrium's Head of Acquisitions in September 2011, since when he has been responsible for Atrium's pipeline of potential acquisition and divestment opportunities. He oversaw Atrium's acquisition of Galeria Dominikańska in Poland in June 2013 as well as the sale of several investment properties more recently. Liad has a B.A. in Business Economics & Management from Guilford Glazer School of Business & Management, Ben-Gurion University and a MBA from Reccanati Business School, Tel Aviv University.

**Ljudmila Popova**, the Head of Business Development & Investor Relations, joined Atrium in April 2009 as the Group's Financial Analyst working alongside the CEO and CFO and was initially responsible for valuations. Since then she has had a number of additional responsibilities and currently oversees all of the Group's capital markets activity and investor and bondholder relations. Ljudmila also heads the Group's research department. Prior to joining Atrium,

Ljudmila was an equity research analyst at Kempen & Co, a specialist merchant bank in the Netherlands, where she focused on real estate companies with large exposures in Central and Eastern Europe, including Atrium. Ljudmila has a Master's and a Bachelor's degree in Econometrics from the University of Amsterdam.

The Group Executive Management may be reached at Atrium's principal office at Lister House Chambers, 35 The Parade, St. Helier, Jersey JE2 3QQ, Channel Islands.

### **Conflict of Interests**

Save as disclosed in this section and in note 2.40 (*Transactions with Related Parties*) of the Audited Consolidated Financial Statements with respect to the 2013 financial statements, beginning on page 93 thereof, with respect to transactions with MGN Icarus Inc., Atlas Legal Consultancy Services B.V., Aztec Financial Services (Jersey) Limited and Mr. Katzman pursuant to a consultancy agreement with the Group, Atrium is not aware of any potential conflicts of interest between any duties owed by the Directors or Group Executive Management to Atrium and their private interests or other duties.

The Directors appointed by Gazit-Globe Ltd, or an affiliate thereof, and Apollo Global Real Estate, or an affiliate thereof (the "**Investor Parties**") may be conflicted from involvement in decisions by Atrium in relation to matters in which the interests of the Investor Parties may not be aligned with those of Atrium or of its other shareholders. Such decisions may need to be taken by the Directors who are independent of the Investor Parties. Under the Articles, a Director appointed by the Investor Parties shall not be entitled to vote on a resolution to approve:

- a transaction (other than a transaction of a revenue nature in the ordinary course of business) between Atrium and the party who appointed such Director;
- an arrangement pursuant to which Atrium and such appointing party each invests in, or provides finance to, another undertaking or asset; or
- any other similar transaction or arrangement (other than a transaction of a revenue nature in the ordinary course of business) between Atrium and any other person the purpose and effect of which is to benefit such appointing party.

## MAJOR SHAREHOLDERS

The following table sets forth the ownership of Atrium's Shares, as at 13 October 2014 (being the latest practicable date prior to the publication of this Prospectus), in so far as it is known to Atrium based on the latest notification received by Atrium pursuant to the Articles, for each shareholder or group of affiliated shareholders who currently own 5% or more of the shares in Atrium.

| <b>Shareholders</b>                            | <b>Number of Shares</b> | <b>% of stated capital</b> |
|--|-------------------------|----------------------------|
| Gazit-Globe Ltd <sup>(1)</sup> .....           | 149,325,178             | 39.8%                      |
| Apollo Global Real Estate <sup>(2)</sup> ..... | 52,069,621              | 13.9%                      |
| Others .....                                   | 173,960,064             | 46.3%                      |
| <b>Total</b> .....                             | <b>375,354,863</b>      | <b>100%</b>                |

(1) Gazit-Globe Ltd holds shares in Atrium through intermediate holding companies.

(2) Apollo Global Real Estate Management LP (an affiliate of Apollo Global Management LLC) indirectly holds the shares in Atrium through CPI CEE Management LLC, CPI CEE Limited, CPI CEE Co-Invest 1 Limited and CPI CEE Co-Invest 2 Limited, entities controlled by it in favour of a syndicate of investors.

Gazit-Globe Ltd, a company organised in the state of Israel, is controlled by Mr. Chaim Katzman, Chairman of the Board of Atrium. Mr. Aharon Soffer, a Director of Atrium, also owns shares in Atrium through Gazit-Globe Ltd.

Apollo Global Management LLC and its affiliates advise and manage a syndicate of investors in connection with its shareholding in Atrium. Mr. Joseph Azrack, who is a Director of Atrium, is a senior advisor of Apollo Global Management LLC. Mr. Roger Orf, who is a Director of Atrium, is a partner at Apollo Global Management LLC and head of its real estate business in Europe.

None of the shareholders will have voting rights which differ from any other holders of the Shares.

For so long as Gazit-Globe Ltd and Apollo Global Real Estate hold the required minimum combined investment in Atrium, they are entitled to appoint directors representing less than a majority of the Board and have certain consent rights over various business and operational matters of Atrium and information access rights. They are exempt from the requirement in the Articles of Atrium to make an offer for the remaining shares of Atrium notwithstanding that their shareholdings have exceeded respectively 30% and 50%. Otherwise Atrium is not directly or indirectly owned or controlled by another corporation. Atrium does not know of any arrangement that may, at a subsequent date, result in a change of control.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:*

The EUR350,000,000 3.625 per cent. Notes due 17 October 2022 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 16 (*Further issues*) and forming a single series therewith) of Atrium European Real Estate Limited (the “**Issuer**”) are subject to, and have the benefit of, a trust deed to be dated on or around 16 October 2014 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and Deutsche Trustee Company Limited as trustee (the “**Trustee**”, which expression includes all persons from time to time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement to be dated on or around 16 October 2014 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, Deutsche Bank Aktiengesellschaft as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The holders of the Notes (the “**Noteholders**”) and the holders of the related interest coupons (the “**Couponholders**” and the “**Coupons**”, respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. Form, Denomination and Title

The Notes are serially numbered and in bearer form in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000, with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

### 2. Status

The Notes constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

### 3. Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness of the Issuer or a Subsidiary of the Issuer or Guarantee given by the Issuer or a Subsidiary of the Issuer in respect of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders, save that the Issuer shall not be required to provide security in accordance with (a) and (b) as a result of any Security Interest securing the Atrium 2005 Bonds, provided that the principal amount of the Atrium 2005 Bonds as at 16 October 2014 is not subsequently increased.

In these Conditions:

“**Atrium 2005 Bonds**” means the Issuer’s CZK 1,000,000,000 floating rate notes due 2015, EUR70,000,000 4.35 per cent. fixed rate notes due 2015 and EUR130,000,000 floating rate notes due 2017 each as issued under the Issuer’s 2005 MTN Programme;

“**Group**” means the Issuer and its Subsidiaries;

“**Guarantee**” means, in relation to any Relevant Indebtedness of any Person, any obligation of another Person to pay such Relevant Indebtedness including (without limitation):

- (a) any obligation to purchase such Relevant Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services for the express purpose of providing funds for the payment of such Relevant Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Relevant Indebtedness; and
- (d) any other agreement to be responsible for such Relevant Indebtedness;

“**IFRS**” means International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued by the International Accounting Standards Board (as amended, supplemented or re-issued from time to time);

“**Indebtedness**” means, with respect to any Person at any date of determination (without duplication) any debt of such Person, including:

- (a) all indebtedness of such Person for borrowed money in whatever form;
- (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

- (c) all obligations of such Person in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto, except to the extent any such reimbursement obligations relate to trade payables);
- (d) all obligations of such Person to pay the deferred and unpaid purchase price of property, assets or services which purchase price is due more than 90 days after the earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services excluding:
  - (i) any trade payables or other liability to trade creditors; and
  - (ii) any post closing payment adjustments in connection with the purchase by the Issuer or any Subsidiary of any business to which the seller may become entitled, to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing and **provided that** (x) the amount of any such payment is not determinable at the time of closing and, (y) to the extent such payment thereafter becomes fixed and determined, the amount is paid within 90 days thereafter;
- (e) all capitalised lease obligations of such Person, to the extent treated as indebtedness in the financial statements of such Person under IFRS;
- (f) all obligations of the type referred to in paragraphs (a) to (e) of other Persons guaranteed by such Person to the extent such obligation is guaranteed by such Person; and
- (g) all obligations of the type referred to in paragraphs (a) to (f) of other Persons secured by any Security Interest over any asset of such Person (the amount of such obligation being deemed to be the lesser of (i) the book value of such asset as shown in the most recent audited annual or unaudited semi-annual financial statements of such Person and (ii) the amount of the obligation so secured), whether or not such indebtedness is assumed by such Person.

For the purpose of determining the euro-equivalent of Indebtedness denominated in a foreign currency, the euro-equivalent principal amount of such Indebtedness pursuant thereto shall be calculated based on the relevant official central bank currency exchange rate in effect on the date of determination thereof.

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above provided that (i) with respect to contingent obligations as described above, will be the value of the contingency, if any, giving rise to the obligation as reported in that Person's financial statements and (ii) in the case of Indebtedness sold at a discount, the amount of such Indebtedness at any time will be the accreted value thereof at such time;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having



separate legal personality;

“**Relevant Indebtedness**” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, for the time being, or is ordinarily capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

#### **4. Financial Covenants**

So long as any Note remains outstanding (as defined in the Trust Deed):

- (a) the Issuer undertakes that in relation to the Group taken as a whole the Solvency Ratio shall not exceed 0.60;
- (b) the Issuer undertakes that in relation to the Group taken as a whole the Secured Solvency Ratio shall not exceed 0.40; and
- (c) the Issuer undertakes that in relation to the Group taken as a whole the Consolidated Coverage Ratio is at least 1.5:1.

The Issuer shall engage 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 real estate assets being valued, to value at least 90 per cent. (by market valuation) of the Group’s standing investments and developments and land at least once per calendar year.

The Issuer will promptly notify the Trustee in accordance with the Trust Deed in the event that any of the ratios or levels in this Condition 4(a) to (d) are breached at any time.

For so long as the Notes remain outstanding, the Issuer will deliver a certificate to the Trustee on each Reporting Date signed by a duly authorised signatory of the Issuer, certifying that the Issuer is and has been in compliance with the covenants set out in this Condition 4 at all times during the relevant period.

In these Conditions:

“**Adjusted EBITDA**” means the consolidated profit/(loss) of the Issuer before taxes, depreciation, amortisation and impairments and excluding any revaluation changes, financial income and financial expenses, net result on acquisitions and disposals and any other exceptional or non-recurring items, as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated income statement of the Issuer;

“**Consolidated Coverage Ratio**” means, in respect of any Measurement Date, (x) the aggregate amount of Adjusted EBITDA for the period of the most recent two consecutive semi-annual periods ending on such Measurement Date divided by (y) the Consolidated Interest Expense for such two semi-annual periods;

“**Consolidated Interest Expense**” means, for any period, all charges, interest, commission, fees, discounts, premiums and other finance costs in respect of Indebtedness incurred by the Group as shown in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated income statement of the Issuer;

“**Consolidated Total Assets**” means the total assets (excluding intangible assets) of the Group as shown in the most recent audited annual or unaudited semi-annual, as the case may be, consolidated statement of financial position of the Issuer;

“**Consolidated Total Indebtedness**” means the total Indebtedness of the Group as determined by reference to the most recent audited annual or unaudited semi-annual, as the case may be, consolidated statement of financial position of the Issuer;

“**Measurement Date**” means each day which is (i) the last day of the Issuer’s financial year in any year (the “**Annual Measurement Date**”) or (ii) the last day of the first half of the Issuer’s financial year in any year (the “**Semi-Annual Measurement Date**”);

“**Reporting Date**” means a date falling no later than 30 days after (i) the publication of the Issuer’s audited annual consolidated financial statements, with respect to an Annual Measurement Date, or (ii) the publication of the Issuer’s unaudited semi-annual consolidated financial statements, with respect to a Semi-Annual Measurement Date;

“**Secured Consolidated Total Indebtedness**” means such amount of Consolidated Total Indebtedness that is secured by a Security Interest granted by the Issuer or a Subsidiary of the Issuer;

“**Secured Solvency Ratio**” means, in relation to the Issuer and its Subsidiaries and in respect of any Measurement Date, the Secured Consolidated Total Indebtedness divided by Consolidated Total Assets; and

“**Solvency Ratio**” means, in relation to the Issuer and its Subsidiaries and in respect of any Measurement Date, the Consolidated Total Indebtedness divided by Consolidated Total Assets.

## 5. Interest

- (a) **Accrual of interest:** The Notes bear interest from 16 October 2014 (the “**Issue Date**”), at the rate of 3.625 per cent. per annum (the “**Rate of Interest**”), payable in arrear on 17 October in each year commencing on 17 October 2015 (each, an “**Interest Payment Date**”), subject as provided in Condition 7 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable in respect of a Note on each Interest Payment Date shall be EUR36.25 per Calculation Amount, save in respect of the Interest Payment Date falling on 17 October 2015 for which the amount of interest payable shall be EUR36.35 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

“**Calculation Amount**” means EUR1,000;

“**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls (Actual/ Actual (ICMA)); and

“**Regular Period**” means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

(b) **Adjustment of Rate of Interest:**

- (i) Subject to paragraph (vi) below, if at any time prior to the Interest Payment Date immediately preceding 17 October 2022, the rating given by any one Rating Agency for the long-term debt of the Issuer is below Investment Grade (a “**Rate of Interest Step Up Trigger**”) then each Note shall bear interest on its outstanding principal amount at the rate per annum equal to the Rate of Interest plus 1.25 per cent. per annum (the “**Step Up Rate**”). Following any Rate of Interest Step Up Trigger or a Rating Agency Rate of Interest Step Up Trigger as described in paragraph (ii) below, if the rating given by such Rating Agency for the long-term debt of the Issuer is at or above Investment Grade (a “**Rate of Interest Step Down Trigger**”) then each Note shall bear interest on its

outstanding principal amount at the rate per annum (expressed as a percentage) equal to the Rate of Interest only and in accordance with Condition 5(a) (*Accrual of Interest*).

- (ii) The Issuer shall procure that the long-term debt of the Issuer shall at all times be assigned a rating by at least one Rating Agency from the date of issue of the Notes and for so long as any Notes are outstanding. If at any time prior to the Interest Payment Date immediately preceding 17 October 2022 the Issuer fails so to procure (a “**Rating Agency Rate of Interest Step Up Trigger**”), then each Note shall bear interest on its outstanding principal amount at the rate per annum equal to the Rate of Interest plus the Step Up Rate.
- (iii) Any adjustment to the rate of interest under the Notes under this Condition 5(b) shall take effect and accrue in accordance with Condition 5(a) (*Accrual of interest*) from the Interest Payment Date immediately following the Rate of Interest Step Up Trigger, the Rate of Interest Step Down Trigger or the Rating Agency Rate of Interest Step Up Trigger, as the case may be, and shall be applied from such Interest Payment Date. The Issuer will notify Noteholders and the Trustee upon any change in the rate of interest under the Notes upon a Rate of Interest Step Up Trigger, a Rate of Interest Step Down Trigger or a Rating Agency Rate of Interest Step Up Trigger in accordance with Condition 17 (*Notices*) and the Trust Deed respectively and as required by any applicable rules of the Luxembourg Stock Exchange as soon as reasonably practicable after such change becomes effective.
- (iv) If the rating designations employed by any Rating Agency are changed from those which are described in this Condition 5(b), the Issuer shall determine the rating designations of the relevant Rating Agency that are most nearly equivalent to the prior rating designations of the relevant Rating Agency and, accordingly, the resulting Rate of Interest Step Up Trigger, the Rate of Interest Step Down Trigger and the Rate of Interest which would apply to the Notes. The Issuer will notify the Noteholders and the Trustee upon any such change of rating designations of such change.
- (v) There shall be no limit on the number of times that the rate of interest under the Notes may be adjusted during the term of the Notes.
- (vi) After the 2020 Notes Redemption Date (a) a Rate of Interest Step Up Trigger shall only be deemed to occur if the long term debt rating of the Issuer assigned by two Rating Agencies is below Investment Grade and (b) a Rate of Interest Step Down Trigger shall be deemed to occur if the long term debt rating of the Issuer assigned by any one Rating Agency is at or above Investment Grade.
- (vii) Condition 5(b)(*Adjustment of Rate of Interest*) shall not apply after the 2020 Notes Redemption Date if the long term debt rating of the Issuer is assigned a rating of BBB or better by any two Rating Agencies.

In these Conditions:

“**2020 Notes Redemption Date**” shall mean the date on which the EUR350,000,000 4.00 per cent. Notes due 20 April 2020 of the Issuer are no longer outstanding;

“**Investment Grade**” shall mean “BBB-” in the case of Standard and Poor’s Credit Market Services Europe Limited and Fitch Ratings Limited and the most nearly equivalent of BBB- in the case of any other internationally recognised rating agency; and

“**Rating Agency**” shall mean Standard and Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”), Fitch Ratings Limited (“**Fitch**”) or any of their respective successors or any other internationally recognised rating agency (a “**Substitute Rating Agency**”) substituted for any of them by the Issuer from time to time.

## 6. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 17 October 2022, subject as provided in Condition 7 (*Payments*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption if, immediately before giving such notice, the Issuer satisfies the Trustee that:
  - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia or Jersey or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 16 October 2014; and
  - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

**provided, however, that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing

that the conditions precedent to the right of the Issuer so to redeem have occurred; and

- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b).

- (c) ***Redemption at the Option of the Issuer:*** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 17 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), at the Relevant Early Redemption Amount.

In this Condition, “**Relevant Early Redemption Amount**” means:

- (i) in relation to any date fixed for redemption which falls in the period from (and including) the Issue Date up to and including the date falling three months prior to 17 October 2022, such amount as is equal to the greater of the amounts in subparagraph (A) and (B) below together with interest accrued to but excluding the date fixed for redemption:
  - (A) the principal amount outstanding of the Notes; and
  - (B) the price (expressed as a percentage (as reported in writing to the Issuer by the Determination Agent (with a copy to the Trustee))) which is equal to (x) the sum of the present values of the principal amount outstanding of the Notes at the date fixed for redemption and the Remaining Term Interest (exclusive of interest accrued to the date fixed for redemption) discounted to the date fixed for redemption on an annual basis at the Reference Bond Rate, plus (y) 0.49 per cent.
- (ii) in relation to any date fixed for redemption which falls in the period from but excluding the date falling three months prior to 17 October 2022 to but excluding 17 October 2022, such amount as is equal to the principal amount outstanding of the Notes together with interest accrued to but excluding the date fixed for redemption.

In these Conditions:

“**Calculation Date**” means the date which is the second TARGET2 Settlement Day prior to the date fixed for redemption;



“**Determination Agent**” means an investment bank or financial institution of international standing selected by the Issuer;

“**Reference Bond**” means the 2.250 per cent. German government bond due September 2021 with ISIN DE0001135457 (or, where the Determination Agent advises the Issuer that, for reasons of illiquidity or otherwise, such government bond is not appropriate for such purpose, such other government bond as the Determination Agent may recommend);

“**Reference Bond Price**” means, with respect to any date fixed for redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date fixed for redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“**Reference Bond Rate**” means, with respect to any date fixed for redemption, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity on an Actual/Actual (ICMA) basis of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date fixed for redemption;

“**Reference Government Bond Dealer**” means each of the five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“**Reference Government Bond Dealer Quotations**” means, with respect to each Reference Government Bond Dealer and any Calculation Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 3.30 p.m. (Frankfurt time) on the Calculation Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“**Remaining Term Interest**” means the aggregate amount of scheduled payment(s) of interest on the Notes for the remaining term of the Notes determined on the basis of the Rate of Interest from and including the date fixed for redemption.

- (d) ***Redemption at the Option of Noteholders upon a Change of Control:*** If a Change of Control Put Event occurs, Noteholders will have the option (a “**Change of Control Put Option**”) (unless prior to the giving of the relevant Change of Control Put Notice the Issuer has given notice of redemption under Condition 6(b) (*Redemption for tax reasons*) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Change of Control Put Date at its principal amount together with interest accrued to (but excluding) the Change of Control Put Date.

A “**Change of Control Put Event**” will be deemed to occur if:

- (i) any person or any persons acting in concert, other than the Existing Holders or a holding company whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer and/or any direct or indirect holding company of the Issuer, shall acquire a controlling interest in (A) more than 50 per cent. of the issued or allotted ordinary stated capital of the Issuer or (B) shares in the stated capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being, a “**Change of Control**”); and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any):
  - (A) any Notes that have been issued and are outstanding carry an investment grade credit rating (BBB-, or its equivalent, or better) (an “**Investment Grade Rating**”) from any Rating Agency, whether provided by such Rating Agency at the invitation of the Issuer or by its own volition, and such rating is, within the Change of Control Period, downgraded to a non-investment grade credit rating (BB+, or its equivalent, or worse) and such rating is not within the Change of Control Period restored to an Investment Grade Rating by such Rating Agency or replaced by an Investment Grade Rating of another Rating Agency, or any such Rating Agency withdraws its rating of any such Notes and the rating of such Rating Agency is not within the Change of Control Period replaced by an Investment Grade Rating of another Rating Agency; or
  - (B) no such Notes carry an Investment Grade Rating from at least one Rating Agency and the Issuer is unable to acquire and maintain thereafter an Investment Grade Rating during the Change of Control Period from at least one Rating Agency,

**provided that** if at the time of the occurrence of the Change of Control any such Notes carry a credit rating from more than one Rating Agency, at least one of which is an Investment Grade Rating, then only sub-paragraph (A) shall be relevant for this purpose; and
- (iii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraph (ii) above or to decline to confer an Investment Grade Rating, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

Promptly upon but in any case no later than five Business Days after the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall give notice (a “**Change of Control Put Notice**”) to the Noteholders in accordance with Condition 17 (*Notices*) specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.



To exercise the Change of Control Put Option, the holder of a Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Change of Control Put Period**”) of 30 days after a Change of Control Put Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Change of Control Put Notice**”). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the “**Change of Control Put Date**”), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 12 (*Replacement of Notes and Coupons*)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

The Trustee shall be entitled to assume that no Change of Control Put Event has occurred until it has received from the Issuer written notice of the same, and shall incur no liability to any person for so doing.

If the rating designations employed by any of Fitch or Standard & Poor’s are changed from those which are described in paragraph (ii) of the definition of “**Change of Control Put Event**” above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of Fitch or Standard & Poor’s or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Fitch or Standard & Poor’s and this Condition 6(d) shall be construed accordingly.

In these Conditions:

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 180 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 180 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to

exceed 60 days after the public announcement of such consideration);

“**Existing Holders**” means, individually or jointly, any and all of (i) Gazit Globe Ltd, (ii) Apollo Global Real Estate and (iii) any person or persons from time to time controlling, controlled by or under common control with any of the foregoing persons. For the purposes of this definition, control is deemed to be the ownership or ability to direct 30 per cent. or more of the equity share capital of a person; and

“**Relevant Potential Change of Control Announcement**” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

- (e) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled Redemption*) to (d) (*Redemption at the Option of Noteholders upon a Change of Control*) above.
- (f) **Purchase:** The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (g) **Cancellation:** All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 7. Payments

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) **Interest:** Payments of interest shall, subject to Condition 7(g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) **Interpretation:** In these Conditions:

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is open for the settlement of payments in euro; and

“**TARGET System**” means the TARGET2 system.

- (d) **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Deduction for unmatured Coupons:** If a Note is presented without all unmatured Coupons relating thereto, then:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
  - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
    - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this subparagraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
    - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

- (f) **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding

business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, “**business day**” means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

- (g) ***Payments other than in respect of matured Coupons:*** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.
- (h) ***Partial payments:*** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

## 8. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia or Jersey or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Czech Republic, Hungary, Latvia, Poland, Romania, Russia, Slovakia or Jersey other than the mere holding of the Note or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union; or
- (d) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

In these Conditions, “**Relevant Date**” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 8 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 8 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than Jersey, references in these Conditions to Jersey shall be construed as references to Jersey and/or such other jurisdiction.

## 9. Reorganisation and Substitution

The Trust Deed contains provisions under which a legal entity:

- (a) formed by any consolidation or merger of the Issuer with or into any other corporation or corporations (whether or not affiliated with the Issuer), or successive consolidations or mergers into which the Issuer or its successor or successors shall have been merged or consolidated; or
- (b) to which the Issuer has sold, conveyed or leased all or substantially all of the property of the Issuer (whether or not affiliated with the Issuer),

(any such legal entity, a “**Substituted Obligor**”) may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer as principal debtor under the Trust Deed and the Notes provided that certain conditions specified in the Trust Deed are fulfilled, including that the Substituted Obligor takes direct or indirect ownership of at least 80 per cent. of Consolidated Total Assets and that the Substituted Obligor is a legal entity incorporated in a Member State of the European Economic Area or Jersey.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 8 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

## 10. Events of Default

If any of the following events occurs and is continuing then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject in each case to the Trustee having been indemnified and/or provided with security and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at

their principal amount together with accrued interest without further action or formality:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within seven days (in the case of principal) and within 14 days (in the case of interest) of the due date for payment thereof; or
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy and remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or
- (c) **Cross-default/Cross-acceleration of Issuer or Material Subsidiary:** a default under any Indebtedness of the Issuer or any Material Subsidiary, if that default (i) is caused by a failure to make any payment in respect of such Indebtedness and any originally applicable grace period has expired or (ii) results in the acceleration of such Indebtedness prior to its stated maturity; provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above individually or in the aggregate exceeds EUR35,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process, the award or decision in respect of which, in each case, is final and not subject to further appeal, is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer and its Material Subsidiaries in an amount which exceeds 10 per cent. of the Consolidated Total Assets of the Group and is not discharged or stayed within 90 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary in respect of an amount which exceeds 15 per cent. of the Consolidated Total Assets of the Group becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, administrative receiver, administrator manager or other similar person); or
- (f) **Insolvency:** (i) the Issuer is insolvent or any Material Subsidiary is adjudicated as insolvent or (ii) any of the Issuer or any Material Subsidiary is unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any Material Subsidiary except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (x) pursuant to Condition 9 (*Reorganisation and Substitution*), (y) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (z) in



the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another Material Subsidiary (or a Subsidiary of the Issuer which, upon such transfer or vesting, will become a Material Subsidiary); or

- (g) **Winding-up:** an administrator, liquidator, receiver or any other similar officer is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any Material Subsidiary, or the Issuer or any Material Subsidiary shall apply or petition for a winding-up or administration order in respect of itself in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) pursuant to Condition 9 (*Reorganisation and Substitution*), (ii) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or (iii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another Material Subsidiary (or a Subsidiary of the Issuer which, upon such transfer or vesting, will become a Material Subsidiary); or
- (h) **Nationalisation:** the assets of the Group in an amount which exceeds 15 per cent. of the Consolidated Total Assets of the Group are expropriated, seized or nationalised by any person; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, the Trust Deed and the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Trust Deed and the Agency Agreement admissible in evidence in the courts of Jersey is not taken, fulfilled or done; or
- (j) **Illegality:** it is unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes, the Trust Deed or the Agency Agreement; or
- (k) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purposes of this Condition 10, “**Material Subsidiary**” means any Subsidiary of the Issuer whose total assets or gross revenues ((i) each as determined by reference to the relevant Subsidiary’s most recent annual, or unaudited semi-annual, as the case may be, IFRS financial statements and (ii) excluding any intra-Group Indebtedness and related receivables eliminated in the consolidated financial statements of the Issuer) exceed 7.5 per cent. of the Consolidated Total Assets or gross revenues of the Group, as the case may be (each as determined by reference to the Issuer’s most recent audited annual, or unaudited semi-annual, as the case may be, consolidated financial statements). The Issuer will procure that the Auditors (as defined in the Trust Deed) of the Issuer deliver on each Reporting Date a certificate addressed to the Issuer and the Trustee confirming, in their opinion, which

Subsidiaries of the Issuer are Material Subsidiaries of the Issuer as at each Measurement Date and such certificate may be relied on by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

## **11. Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

## **12. Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent and the Paying Agent having its Specified Office in Luxembourg, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **13. Trustee and Paying Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; **provided, however, that** the Issuer shall at all times maintain (a) a principal paying agent, (b) a paying agent in Luxembourg and (c) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC.



Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

#### **14. Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification:** The Trustee may, without the consent of the Noteholders or Couponholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or Couponholders authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will

not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders by the Issuer as soon as practicable thereafter.

## 15. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified and/or provided with security and/or prefunded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

## 16. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

## 17. Notices

Notices to the Noteholders shall be valid if published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

## 18. Governing Law and Jurisdiction

- (a) **Governing law:** The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
- (b) **English courts:** The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that the courts of England are the most appropriate and

convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; and (iii) agreed that the documents which start any proceedings relating to a Dispute (“**Proceedings**”) and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Company Secretary and Senior Partner (London) at Skadden, Arps, Slate, Meagher & Flom (UK) LLP, 40 Bank Street, Canary Wharf, London, E14 5DS, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders.

- (c) ***Rights of the Noteholders to take proceedings outside England:*** The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any Noteholder from taking Proceedings in any other courts with jurisdiction. To the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

## **OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM**

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note (“**NGN**”) form. On 13 June 2006 the European Central Bank (the “**ECB**”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the central banking system for the euro (the “**Eurosystem**”), **provided that** certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility—that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000 each at the request of the bearer of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an “**Exchange Event**”) occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR100,000 and higher integral multiples of EUR1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the

surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

*Payments on business days:* In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note “**business day**” means any day on which the TARGET System is open.

*Exercise of put option:* In order to exercise the option contained in Condition 6(d) (*Redemption at the Option of Noteholders upon a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Change of Control Put Notice (as defined in Condition 6(d) (*Redemption at the Option of Noteholders upon a Change of Control*)), give written notice to the Principal Paying Agent of such exercise specifying the principal amount of Notes in respect of which such option is being exercised in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any depositary for them to the Principal Paying Agent by electronic means as well) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time. Any such notice will be irrevocable and may not be withdrawn.

*Notices:* Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 17 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## TAXATION

*The following summaries do not purport to be a comprehensive description of all tax considerations that could be relevant for Noteholders. These summaries are intended as general information only and each prospective Noteholders should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. These summaries are based on tax legislation and published case law in force as at the date of this Prospectus. They do not take into account any developments or amendments thereof after that date, whether or not such developments or amendments have retroactive effect.*

### **Taxation in Jersey**

Under the Income Tax (Jersey) Law 1961 (the “**Jersey Income Tax Law**”), Atrium is regarded as resident in Jersey but (being neither a financial services company nor a specified utility company under the Jersey Income Tax Law at the date hereof) will (except as noted below) be subject to Jersey income tax at a rate of zero per cent.

If any Jersey company derives any income from the ownership or disposal of land in Jersey, such income will be subject to tax at the rate of 20 per cent. It is not expected that Atrium will derive any such income.

Under the current law, Atrium will be able to make payments in respect of the Notes without any withholding or deduction for or on account of Jersey tax and Noteholders (other than residents of Jersey) will not be subject to any Jersey tax in respect of the holding, sale or other disposition of their Notes.

Noteholders (other than residents of Jersey) are not subject to any tax in Jersey in respect of the holding, sale or other disposition of Notes.

### ***Goods and services tax***

Atrium is an “international services entity” for the purposes of the Goods and Services Tax (Jersey) Law 2007 (the “**GST Law**”). Consequently, Atrium is not required to:

- (a) register as a taxable person pursuant to the GST Law;
- (b) charge goods and services tax in Jersey in respect of any supply made by it; or
- (c) (subject to limited exceptions that are not expected to apply to any Jersey Company) pay goods and services tax in Jersey in respect of any supply made to it.

### ***Stamp duty, inheritance taxes and capital gains taxes***

Under the current Jersey law, there are no death or estate duties, capital gains, gift, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, transfer, acquisition, ownership, redemption, sale or other disposal of Notes. In the event of the death of an individual sole Noteholder, duty at rates of up to 0.75 per cent of the value of the Notes held may be payable on registration of Jersey probate or letters of administration which may be required in order to transfer or otherwise deal with Notes held by the deceased individual sole

Noteholder.

### ***Savings Directive***

Jersey is not subject to the Savings Directive. However, in keeping with Jersey's policy of constructive international engagement and in line with steps taken by other relevant third countries, the States of Jersey introduced with effect from 1 July 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in a Member State by a paying agent established in Jersey (the terms "beneficial owner" and "paying agent" are defined in the Savings Directive).

The retention tax system will apply for a transitional period prior to the implementation of a system of automatic communication to Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in a Member State is entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the Member State in which the beneficial owner is resident.

The retention tax system and the disclosure arrangements are implemented in Jersey by means of bilateral agreements with each of the Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey. The effect of the Jersey provisions is that where a person is not willing to agree to an information exchange between the Jersey tax authorities and the tax authorities of the Member State in which he resides in respect of an interest payment, a Jersey based paying agent will be required to retain, out of any interest payment to that individual, tax at a rate of 35%.

The transitional period will cease and mandatory automatic exchange of information regarding payments to EU resident individuals will be implemented with effect from 1 January 2015. Paying agents may implement automatic exchange of information ahead of 1 January 2015, if they wish to do so. This supports Jersey's commitment to international standards on transparency and is in accord with the signing of agreements for the automatic tax information exchange with the U.S. and the U.K.

Based on these provisions and the current practice of the Jersey tax authorities, distributions to shareholders in respect of shares in a company and income realised by shareholders upon the sale, or redemption of shares in a company do not constitute interest payments for the purposes of the retention tax system and therefore neither a company nor any paying agent appointed by it in Jersey is obliged to levy retention tax or make reports in Jersey under these provisions in respect of such payments. However, the retention tax and reporting system could apply in the event that an individual resident in a Member State, otherwise receives an interest payment in respect of a debt claim (if any) owed by a company to that individual. Accordingly, in so far as is reasonably possible, a company will act in such a way as not to incur debt claims from such individuals that would require the making of interest payments to them.

### **Taxation in the Grand Duchy of Luxembourg**

The comments below do not relate to any form of Luxembourg taxation other than taxation

withheld at source with respect to the Notes.

### ***Withholding tax and self-applied tax***

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders and to certain entities, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders and to certain entities, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

### ***Taxation of non-residents***

Under the Luxembourg laws dated 21 June 2005 implementing the Savings Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU, a Luxembourg-based paying agent (within the meaning of the Savings Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident or a residual entity established in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or, in case of an individual beneficiary, for the tax certificate procedure. “Residual entities” within the meaning of Article 4.2 of the Savings Directive and related international agreements are entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Savings Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and which are not and have not opted to be treated as UCITS recognised in accordance with Council Directive 85/611/EEC as replaced by Directive 2009/65/EC of the European Parliament and of the Council or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands.

The current withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries. The Luxembourg government has announced that Luxembourg will elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015 and a bill of law has been filed with the Luxembourg Parliament.

On 24 March 2014, the Council of the European Union adopted Directive 2014/48/EU amending the Savings Directive (see “—*Savings Directive*” below).

### ***Taxation of residents***

In accordance with the law of 23 December 2005, as amended, on the introduction of a withholding tax on certain interest payments on savings income, interest on Notes paid by Luxembourg paying agents (defined in the same way as in the Savings Directive) to Luxembourg individual residents or to certain residual entities that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with Council Directive 85/611/EEC as replaced by Directive 2009/65/EC of the



European Parliament and of the Council or for the exchange of information regime) are subject to a 10 per cent. withholding tax.

Interest on Notes paid by Luxembourg paying agent to residents of Luxembourg which are not individuals will not be subject to any withholding tax.

Pursuant to the Luxembourg law of 23 December 2005 as amended, Luxembourg resident individuals, acting in the framework of their private wealth, can opt to self-declare and pay a 10 per cent. tax on interest payments made after 31 December 2007 by paying agents (defined in the same way as in the Savings Directive) located in a Member State other than Luxembourg, a Member State of the European Economic Area other than a Member State or in a State or territory which has concluded an international agreement directly related to the Savings Directive. The option for the 10 per cent. self-applied tax must cover all interest payments made by the paying agents to the Luxembourg beneficial owner during the entire calendar year.

### **Savings Directive**

On 3 June 2003, the Council of the European Union adopted the Savings Directive. The Savings Directive is effective as from 1 July 2005.

Under the Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident, or certain limited types of entity established, in that other Member State. However, Luxembourg and Austria could instead elect to operate a withholding system for a transitional period in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). Belgium operated a withholding system but elected to switch to the automatic exchange of information system with effect from 1 January 2010. Luxembourg has announced that from 1 January 2015 it will participate in the automatic exchange of information system. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither Atrium nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

Atrium is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

In November 2008, the European Commission proposed certain amendments to the Savings Directive. Following the proposals in 2008, the Council of the European Union adopted Council Directive 2014/48/EU amending the Savings Directive, which, when implemented, will amend or potentially broaden the scope of the requirements described above. The amending directive broadens the application of the Savings Directive, including, for example, by deeming payments of interest or other similar income made to entities or arrangements that may otherwise be

outside the scope of the Savings Directive to fall potentially within the Savings Directive where the relevant payments are beneficially owned by individuals who are resident in a Member State. The Council of the European Union has requested that the national laws transposing the amending directive are adopted by the Member States by 1 January 2016. It is currently expected that national laws implementing amendments to the Savings Directive to take effect from 1 January 2017.

**Prospective Noteholders who are in any doubt as to their position should consult their own tax advisers.**

## **SUBSCRIPTION AND SALE**

Deutsche Bank AG, London Branch and HSBC Bank plc, (the “**Managers**”) have, in a subscription agreement dated 14 October 2014 (the “**Subscription Agreement**”) and made between Atrium and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 99.788 per cent. of their principal amount plus any accrued interest in respect thereof and less a combined management and underwriting commission of 0.40 per cent. of their principal amount. Atrium has also agreed to reimburse Deutsche Bank AG, London Branch and HSBC Bank plc for certain of their expenses incurred in connection with the management of the issue of the Notes. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### **United Kingdom**

Each Manager has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to Atrium; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **United States of America**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within

the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Jersey**

The Notes are not regulated or authorised by either the JFSC or the Jersey Company Registry.

### **General**

Each Manager has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by Atrium and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

## GENERAL INFORMATION

1. Atrium accepts responsibility for the information contained in this Prospectus. To the best of its knowledge, Atrium (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.
2. Atrium has obtained all necessary consents, approvals and authorisations in Jersey in connection with the issue and performance of the Notes. The JFSC has consented to the circulation of the Prospectus by Atrium. The Notes are not regulated or authorised by either the JFSC or the Jersey Company Registry. The issue of the Notes was authorised by resolutions of the Board of Atrium passed on 16 September 2014 and resolutions of a bond committee delegated by the Board of Atrium for such purpose on 30 September 2014 and 8 October 2014.
3. There has been no significant change in the financial or trading position of Atrium or of the Group since 30 June 2014.
4. There has been no material adverse change in the prospects of Atrium since 31 December 2013.
5. Other than as otherwise referred to in note 16 (contingencies) from the Unaudited Interim Consolidated Financial Statements, beginning on page 22, and in note 2.41 (*Contingencies*) from the Audited Consolidated Financial Statements with respect to the 2013 financial statements, beginning on page 94, which are incorporated by reference in, and form part of, this Prospectus (see “*Documents Incorporated by Reference*” and “*Description of Atrium and the Group—Legal Proceedings*”), Atrium is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Atrium is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of Atrium or the Group.
6. The aggregate principal amount of the Notes to be issued on 16 October 2014 shall be €350,000,000.
7. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 111858624. The International Securities Identification Number (ISIN) for the Notes is XS1118586244. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.
8. There are no material contracts entered into other than in the ordinary course of Atrium’s business, which could result in any member of the Group being under an obligation or entitlement that is material to Atrium’s ability to meet its obligations to Noteholders in respect of the Notes being issued.

9. For the period of 12 months starting on the date on which this Prospectus is made available to the public, copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of Atrium:
- the Trust Deed (which includes the form of the Global Notes);
  - the Articles of Atrium;
  - a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus;
  - any documents incorporated herein by reference; and
  - the Issuer-ICSDs Agreement.

This Prospectus will be published on the website of Atrium ([www.aere.com](http://www.aere.com)) and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

10. KPMG Channel Islands Limited has reviewed, but not audited, the Unaudited Interim Consolidated Financial Statements and has audited, and rendered unqualified audit reports on, the accounts of Atrium for the two years ended 31 December 2013 and 2012. KPMG Channel Islands Limited is a member of the Jersey Society of Chartered and Certified Accountants. The review report and audit reports have been included in this Prospectus, through incorporation by reference, with the consent of KPMG Channel Islands Limited.
11. Application has also been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. References in this Prospectus to the Notes being "listed" (and all related references) shall mean that the Notes have been listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.
12. The Notes are expected to be rated BBB- by Standard & Poor's and BBB- by Fitch at closing. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
13. On the basis of the issue price of the Notes of 99.788 per cent. of their principal amount, the yield of the Notes is 3.656 per cent. on an annual basis.
14. The Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

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