

Corporate Governance Report

Compulsory disclosures pursuant to section 243b of the Austrian Business Code

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

The Austrian Code of Corporate Governance ("Code") sets out rules and regulations for responsible management and guidance of companies listed in Austria. The Code primarily applies to Austrian stock market-listed companies that voluntarily undertake to adhere to its principles. Atrium has voluntarily submitted to the Code as amended in January 2009. The Code is available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at).

Jersey law does not contain a mandatory code of corporate governance but does impose general fiduciary duties and duties of care, diligence and skill on the Directors who are also under a statutory obligation to act in good faith and in the best interest of the Company. Save to the extent agreed with the Jersey Financial Services Commission ("JFSC"), the Company will remain materially compliant with the UK Combined Code, the corporate governance code adopted by the UK Financial Services Authority.

Where a company is subject to the company law of a country that is not a member of the EU or EEA and is listed on the Vienna Stock Exchange, as is the case with Atrium (a Jersey registered company with its shares listed on the Vienna Stock Exchange), the non-mandatory L-rules of the Code are interpreted as C-rules.

The following explanations are given in respect of deviations from L- and C-rules.

L-rule 1:

Atrium is party to a relationship agreement which grants certain rights to its substantial shareholders, CPI Austria Holdings Limited ("CPI") and Gazit Globe Limited ("Gazit"). For a description of these special rights please refer to part III of the shareholder circular of 17 September 2009 published on Atrium's website www.aere.com.

CPI, Gazit and CPI/Gazit Holdings Limited are granted certain rights under Atrium's articles of association ("Articles"). These rights are set out in Articles 24, 25 and 29 of the Articles, which are published on Atrium's website www.aere.com.

L-rule 3:

Pursuant to an official statement of the Austrian Takeover Commission of 31 March 2009, the Austrian Takeover Act is not applicable to Atrium as of the date of the official statement. Accordingly, and in

particular, the pricing rules regarding a mandatory offer as set forth under section 26 of the Austrian Takeover Act do not apply to Atrium.

There are no mandatory takeover offer provisions under Jersey or Dutch law applicable to Atrium.

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

C-rule 4:

The Articles provide for a notice period of at least 14 clear days regarding all general meetings, as permitted by Jersey law.

L-rule 8:

Atrium is required to comply with Jersey law. Under Jersey law there is no limit on the amount of shares that can be repurchased so long as at least one share remains in issue. Shareholders' approval is required by way of special resolution (66% majority vote) to sanction such repurchases. Where shares are purchased off market, they must be purchased pursuant to a contract approved in advance by an ordinary resolution of shareholders. Where shares are bought on market, authority can be granted by the shareholders to Atrium to permit it to purchase shares for a period of 18 months from the giving of the authority.

C-rule 30:

The Board of Directors has determined, for the purposes of approving the remuneration of the current Chief Executive Officer ("CEO") of the Company (Ms. Rachel Lavine), that given the current status of the Company there is no meaningful performance criteria suitable for use in connection with this role. The Board of Directors consider that the overall challenges faced by the CEO in carrying out her role justify payment of the bonus component of the CEO's compensation package.

C-rule 36:

Atrium notes that the Board of Directors has not to date instituted a formal process for self evaluation. However, proceedings of the Board of Directors and its various committees provide an open forum for discussion of performance, and the active contribution of Board and committee members in this respect is encouraged. Atrium Directors frequently review corporate governance and processes on the basis of best practice.

C-rule 43:

In 2009, the chairman of the Compensation and Nominating Committee was not the same person as the Chairman of the Board of Directors. When Shanti Sen resigned from the Board and as Chairperson of the Compensation and Nominating Committee, Neil Hasson replaced her on the Board and as Chairman of the Compensation and Nominating Committee.

C-rule 51:

Atrium believes that the publication of the compensation of single non-executive Board members does not provide the shareholders with any additional information relevant to the capital market.

L-rule 56:

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

Management structure

The management structure of Atrium is a one-tier Board of Directors. The Rules of the Code applying to the supervisory board will be applied to the Board of Directors, and the Rules therein applying to the management board will be applied to delegates of the Board of Directors.

Composition of the Board of Directors

Currently, the Board of Directors consists of ten Directors:

Function	Name	Date of birth	Mandate start
Chairman	Chaim Katzman	04.11.1949	01.08.2008
Director and CEO	Rachel Lavine	09.12.1965	01.08.2008
Director (non-executive)	Michael Bar Haim	28.09.1954	01.08.2008
Director (non-executive) independent	Noam Ben-Ozer	22.06.1963	24.11.2009
Director (non-executive)	Neil Hasson	12.06.1965	24.11.2009
Director (non-executive)	Dipak Rastogi	14.10.1954	14.10.2008
Director (non-executive) independent	Peter Linneman	24.03.1951	01.08.2008
Director (non-executive) independent	Thomas Wernink	10.12.1945	01.08.2008
Director (non-executive) independent	Andrew Wignall	11.05.1964	06.03.2008
Director (non-executive) independent, delegated by the Company's Administrator	Simon Radford	03.02.1957	06.03.2008

The mandate of each Director ends at the shareholders annual general meeting following the date of appointment. Each Director shall retire at each shareholders annual general meeting. The shareholders may by ordinary resolution fill the office being vacated by a retiring Director by electing thereto the retiring Director (if eligible for re-election). In the absence of such resolution, a retiring Director shall be deemed to have been re-elected, except where (a) a resolution re-electing the

Pursuant to the Articles, at least half of the Directors are required to be independent in accordance with, and as defined in, the rules of the New York Stock Exchange.

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

The Directors may delegate any of their powers to such officers or persons, such as the CEO or the Chief Financial Officer ("CFO"), or to committees consisting of one or more Directors or other persons, as they deem fit. Any such person, or committee so formed, shall in the exercise of the delegated powers conform to any regulations or restrictions that may be imposed on it or them by the Directors from time to time. Currently, the only executive on the Board of Directors of the Company is the CEO, Rachel Lavine.

In the year ended 31 December 2009, the Board of Directors held fourteen meetings.

Director has been put to the general meeting and lost, or it is expressly resolved not to fill the office being vacated, or (b) such Director is ineligible for re-election or has given notice in writing to the Company that he or she is unwilling to be re-elected. The current mandate of each Director ends at the shareholders annual general meeting in 2010.

Chaim Katzman

*Chairman of Atrium European Real Estate Limited
Member, Compensation and Nominating Committee of Atrium European Real Estate Limited
Chairman of Gazit Globe Limited*

Chaim Katzman became chairman of the Board of Atrium European Real Estate Limited in August 2008 and has more than 30 years of experience in the real estate industry. Mr. Katzman has been involved in the purchase, development and management of commercial and residential real estate in the United States since 1980. Having previously been a director since 1994, from 1998 Mr. Katzman has served as the Executive Chairman of Gazit, a publicly-traded real estate investment company listed on the Tel-Aviv Stock Exchange and one of Atrium's principal shareholders. Mr. Katzman has served as the chairman of the board of Equity One Inc., a leading US real estate investment trust. He served as chief executive officer from 1992-2006 and president until 2000. In May 1991, Mr. Katzman purchased a controlling interest in Gazit Inc., a publicly-traded company listed on the Tel-Aviv Stock Exchange and has served as the chairman of its Board and CEO since. Mr. Katzman also serves as the non-executive Chairman of the Board of First Capital Realty Inc., an Ontario real estate company, the ordinary shares of which are listed on the Toronto Stock Exchange. Mr. Katzman received an LLB (Bachelor of Law) from Tel Aviv University Law School in 1973.

Noam Ben-Ozer

*Non-executive director of Atrium European Real Estate Limited
Member, Audit Committee of Atrium European Real Estate Limited*

Noam Ben-Ozer is an independent non-executive director appointed to the Board of Directors 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. Noam Ben-Ozer has extensive experience in financial and business planning, fund raising, deal structuring and project financing. He is a director and member of the executive committee of Equity One Inc., a leading US real estate investment trust. Mr. Ben-Ozer holds an MBA from the Harvard Business School. He has not previously served as a supervisory board member for any Austrian or other listed companies.

Michael Bar Haim

*Non-executive director of Atrium European Real Estate Limited
Member, Audit Committee of Atrium European Real Estate Limited*

Mr. Bar Haim was appointed to the Board of Directors of Atrium European Real Estate Limited in August 2008. Since 2007, he has served as president of Gazit. In the years 2001-2008, he served as the head of Bank Leumi's Commercial Banking Division and was a member of Bank Leumi's management, one of the two largest banks in Israel. He graduated at Hebrew University with a degree in economics. He has not previously served as a supervisory board member for any Austrian or other listed companies.

Rachel Lavine

Chief Executive Officer and director of Atrium European Real Estate Limited

Rachel Lavine took up the position of Chief Executive Officer of Atrium European Real Estate Limited in August 2008 after gaining extensive experience in both international real estate development and construction and the management of publicly quoted companies. Mrs. Lavine is a former president and CEO of Plaza Centres (Europe) BV, a major developer and operator of shopping and entertainment centres in Central and Eastern Europe where she worked in the years 2005-2006 and a former president and CEO of Elscint Ltd., a hotel operator and developer with assets in developed and emerging markets, in the year 1999-2006. She served as an external director of Dor Chemicals Ltd. in the years 2006-2008. She graduated at Tel Aviv University, College of Management with BA (Bachelor of Arts) in accounting, has been a CPA (Certified Public Accountant) since 1995 and completed an MBA at the Kellogg School of Management in 2008.

Peter Linneman

*Non-executive director of Atrium European Real Estate Limited
Chairman, Audit Committee of Atrium European Real Estate Limited
Member, Compensation and Nominating Committee of Atrium European Real Estate Limited
Professor at Wharton School of Business*

Peter Linneman was appointed to the Board of Directors of Atrium European Real Estate Limited in August 2008. He is a financial expert in real estate and corporate finance. Mr. Linneman is a principal of Linneman Associates and the Albert Sussman, 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 New York Stock Exchange listed companies. Peter Linneman has a PhD in Economics. He is also a Director and member of the executive committee of Equity One Inc.

Simon Radford

*Non-executive director of Atrium European Real Estate Limited
Member, Audit Committee of Atrium European Real Estate Limited*

Mr. Radford was appointed an independent director of the Board of Directors of Atrium European Real Estate Limited in March 2008. He is also the Chief Financial Officer of an alternative investment fund administration business, based in Jersey. Mr. Radford has more than 20 years experience of audit, corporate finance and corporate investigation, and has worked with a wide variety of Boards and their audit committees. He also serves as a non-executive director on a number of real estate, private equity and infrastructure funds. Mr. Radford is the former senior partner of Deloitte & Touche in Jersey where he was in charge of the assurance and advisory business. He spent 17 years as a partner with the firm working in both UK and Jersey. Mr. Radford is a Fellow of the Institute of Chartered Accountants in England and Wales. In years 2006 to 2008 he served as a Chairman of the Institute of Directors in Jersey. Mr. Radford has not previously served as a supervisory board member for any Austrian or other listed companies.

Neil Hasson

*Non-executive director of Atrium European Real Estate Limited
Chairman, Compensation and Nominating Committee of Atrium
European Real Estate Limited*

Neil Hasson (appointed in November 2009) is a managing director and Head of European operations for Citi Property Investors ("CPI"). Mr. Hasson joined CPI in February 2005 and is responsible for a EUR 1.2 billion pan European real estate fund. Prior to joining CPI, he was a successful private real estate investor, acquiring in excess of £250 million of commercial real estate in the UK over a three year period. Previously, Mr. Hasson was a founding partner of DLJ Real Estate Capital Partners ("DLJ"), a \$660 million real estate opportunity fund, managed by Donaldson, Lufkin and Jenrette, where he worked for 10 years. From 1989, prior to DLJ, he worked for Goldman, Sachs & Co. in London, Tokyo and New York. He also served as a CFO and director of Regency Affiliates Inc. He holds an MBA from The Wharton School of the University of Pennsylvania and a BS in Electrical Engineering from the University of Cape Town.

Thomas Wernink

*Non-executive director of Atrium European Real Estate Limited
Member, Compensation and Nominating Committee of Atrium
European Real Estate Limited
Chairman of Citycon Oyj*

Thomas Wernink was appointed an independent director of the Board of Directors of Atrium European Real Estate Limited in August 2008. He serves as an executive director to a number of Continental European based property and investment companies including Segro plc. He is also a former Chairman of the European Public Real Estate Association ("EPRA"). He serves as the chairman of the management board of Delta Deelnemingen Fonds NV. He also serves as the Vice-Chairman of the management board of Immobel NV. He served as a supervisory director of Dim Vastgoed from 2006-2009.

Andrew Wignall

*Non-executive director of Atrium European Real Estate Limited
Member, Audit Committee of Atrium European Real Estate Limited*
Andrew Wignall is an independent member of the Board of Directors of Atrium European Real Estate Limited (appointed in March 2008). From 1996 to 2007 Mr. Wignall was a director of Moore Management Limited specialising in the management and administration of alternative investment funds, securitisation vehicles and special purpose entities. Prior to this he worked for eight years with Ernst & Young in Jersey as a manager in both the audit department and the fund administration department. Further, he serves as director of the following companies: Quadriga Capital Ltd (and associated entities); Aureus Capital Partners Ltd; DN Capital Management Ltd; Ocean General Partner Ltd; Quintus European Mezzanine Fund (GP) Ltd; Stirling Square Capital Partners Ltd (and associated entities); Oasis Development Ltd (and associated entities); Hadrian Fund Ltd; Asal Collection Limited; Alden Global Management Ltd (and associated entities); Kedge Capital Omega Fund Management Limited; and Black Sea Property Fund Limited (and associated entities); The Ottoman Fund Limited (and associated entities); Greater Europe Fund Limited; Greater Europe Deep Value Fund Limited and Greater Europe Deep

Value Fund II Limited. Mr. Wignall has a BA in Accounting & Finance and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Dipak Rastogi

*Non-executive director of Atrium European Real Estate Limited
Member, Compensation and Nominating Committee of Atrium
European Real Estate Limited
Head of Citi Venture Capital International ("CVCI")*

Dipak Rastogi was appointed as an independent director of the Board of Directors of Atrium European Real Estate Limited in October 2008. He serves as a Head of CVCI, a global private equity investment business with a focus on emerging markets and is the chairman of CVCI's Growth Fund I and Growth Fund II Investment Committees. Mr. Rastogi joined CVCI in 1982.

He is also a Member of the following Investment Committees: Stirling Square Capital Partners, a third-party managed fund, which primarily invests in middle market companies in Europe; and Citi Property Investors-Europe and Asia Pacific, real estate private equity funds. Prior to heading CVCI, Mr. Rastogi held various senior positions at CVCI, including Group executive head of Central & Eastern Europe, Middle East, India and Africa; Executive Vice President and Co-Head of CVCI's Global Markets business; Head of CVCI's Global Derivatives business; Co-Head of Corporate Finance. He earned his MBA from the Richard Ivey School of Business at the University of Western Ontario in 1982 where he was the Gold Medal Award winner of his graduating class. He is on the European Advisory Board of the Richard Ivey School of Business and IMD Management programme in Lausanne and is a member of the Foundation for CERGE-CI, a PhD programme in Prague, Czech Republic. He also serves as a director of Keane International.

Compensation Report

The compensation as ordinary remuneration payable to the Directors consists of a fixed cash component only. The Board of Directors has limited discretion to set annual Director's ordinary remuneration up to a specified aggregate limit of EUR 2m per annum. If the Board wished to increase this limit it would be subject to shareholder approval by ordinary resolution. The remuneration payable to Directors accrues from day to day.

The Board of Directors may award special pay to any Director who holds any executive post, acts as Chairman or deputy Chairman, serves on any committee of the Directors or performs any other services which the Directors consider to extend beyond the ordinary duties of a Director. Special pay can take the form of salary, commission or other benefits or can be paid in some other way decided by the Board of Directors. Such special pay may either be in addition to or instead of other fees, expenses or other benefits that the Director may be entitled to receive.

Corporate Governance Report

As at and for the financial year ended 31 December 2009 the Chairman of the Board was entitled to a compensation of EUR 0.25m and the other Directors (in their capacity as Directors) were entitled to an aggregate compensation of EUR 0.70m.

Under the adopted compensation scheme of the Company, senior executives are entitled to a cash salary, a performance based annual cash bonus and participation in an employees' share option plan ("ESOP").

Options have been granted to members of the Group's executive team:

Name	Number of options granted	First vesting date (1/3)	Second vesting date (1/3)	Third vesting date (1/3)
Rachel Lavine	1,500,000	01.08.2009	01.08.2010	01.08.2011
Dominique Beghin*	166,668	01.09.2009	-	-
Nils Hakert	250,000	13.10.2009	13.10.2010	13.10.2011
Robert Bolier	250,000	09.03.2010	09.03.2011	09.03.2012
Ewoud van Gellicum	150,000	01.05.2010	01.05.2011	01.05.2012

* Mr. Beghin is no longer employed by the Company.

The Company does not operate a pension scheme. Base salaries include compensation for the waiver of participation in a pension scheme.

Rachel Lavine's compensation as CEO consists of a fixed and variable component. For 2009, the fixed compensation of Mrs. Lavine was EUR 0.63m and her bonus was EUR 0.68m. In case of termination by the Company other than for cause, she is entitled to receive and benefit from the salary, bonuses, vesting of options and other benefits from the effective date of termination of her employment until the expiry of the employment agreement on 31 July 2013. Mrs. Lavine shall receive an additional grant of 1,000,000 share options shortly after publication of the annual results 2009. Subject to the provisions of the ESOP, these share options shall vest in portions of 500,000 each on 1 July 2012 and 1 July 2013 respectively.

The Company has entered into a consultancy agreement with Chaim Katzman, Chairman of the Board, under which Mr. Katzman agrees to provide certain high level services, including (inter alia) advice and review on proposed acquisitions, advice on capital markets strategy, advice on the level and content of development activities of the Atrium group and strategic advice on the future direction of the Atrium group. Pursuant to this arrangement, Mr. Katzman receives a monthly fee of EUR 20,834. The amount of the monthly fee will be reviewed in July 2010 and each subsequent year to determine the fee for the following 12 months (commencing on 1 August in each such year). The consultancy agreement was concluded for an initial term of one year on 1 August 2008 and continues on a rolling year basis, with possible extensions of one year unless terminated by either party.

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

The ESOP provides for the grant of options to employees and executive Directors of the Company and its Subsidiaries. The Directors may amend the ESOP as they consider appropriate but shall not make any amendment that would materially prejudice the interests of existing option holders, except with the consent in writing of the majority of 75% of all such option holders.

Committees of the Board of Directors

As outlined above, the Directors may delegate any of their powers to committees consisting of a Director or Directors or such other persons as they think fit. Currently, two such committees have been established: (i) the Audit Committee, and (ii) the Compensation and Nominating Committee.

Audit Committee

The Audit Committee is comprised of a majority of independent Directors. In 2009, the Company's Audit Committee consisted of Mr. Peter Linneman, Mr. Simon Radford, Mr. Andrew Wignall, Mr. Peter Baguley and Mr. Michael Bar Haim. The Chairman of the Audit Committee is Mr. Peter Linneman. On 24 November 2009, Mr. Noam Ben-Ozer was appointed to the Audit Committee to replace Mr. Peter Baguley (who retired from the Board of Directors on the same date).

The Audit Committee is required to meet at least four times annually before publication of the Company's annual financial statements and the interim reports. In the year ended 31 December 2009, the Audit Committee held four meetings.

Compensation and Nominating Committee

In 2009, the members of the Compensation and Nominating Committee were Ms. Shanti Sen, Mr. Chaim Katzman, Mr. Peter Linneman, Mr. Dipak Rastogi and Mr. Thomas Wernink. Until her resignation 24 November 2009, Ms. Shanti Sen chaired the Compensation and Nominating Committee. On 24 November Mr. Neil Hasson was appointed to the Compensation and Nominating Committee to replace Ms. Shanti Sen (who retired from the Board of Directors on the same date). The majority of the members of the Compensation and Nominating Committee is independent in accordance with C-rule 53 of the Code in connection with Annex I to the Code.



In the year ended 31 December 2009, the Compensation and Nominating Committee held two meetings.

The Compensation and Nominating Committee is authorised to approve the remuneration packages paid by the Atrium Group to its senior executives.

Special Committee and Rights Committee

In addition to the Audit Committee and Compensation and Nominating Committee, two further ad-hoc committees were established in 2009, the Special Committee and the Rights Committee.

The Special Committee was established to consider the Exchange Transaction (as described in the shareholder circular of 17 September 2009 published on Atrium's website www.aere.com), which was completed in December 2009. The Special Committee was subsequently dissolved. The Rights Committee comprised of independent Directors and consisted of Mr. Peter Linneman, Mr. Simon Radford, Mr. Andrew Wignall, Ms. Rachel Lavine, Mr. Peter Baguley and Mr. Thomas Wernink. The Chairman of the Special Committee was Mr. Peter Linneman.

In the year ended 31 December 2009, the Special Committee held 12 meetings.

The Rights Committee was established to consider issues in connection with CPI, Gazit and CPI/Gazit Holdings Limited (together, "Investor Parties") relating to a proposed rights issue. In view of prevailing market conditions and related factors, a decision was made by the Rights Committee not to proceed with the proposed rights issue, and the Company instead completed a private placement of shares to the Investor Parties. The Rights Committee was subsequently dissolved. The Rights Committee comprised of independent Directors and consisted of Mr. Peter Linneman, Mr. Simon Radford, Mr. Andrew Wignall, Ms. Rachel Lavine, Mr. Peter Baguley and Mr. Thomas Wernink. The Chairman of the Rights Committee was Mr. Peter Linneman.

In the year ended 31 December 2009, the Rights Committee held two meetings (in addition to seven meetings held in 2008).

The Board of Directors



CHAIM KATZMAN
Chairman of the Board



MICHAEL BAR HAIM
(Director)



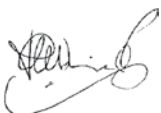
DIPAK RASTOGI
(Director)



NEIL HASSON
(Director)



PETER LINNEMAN
(Director)



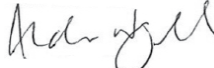
THOMAS WERNINK
(Director)



RACHEL LAVINE
(Director and CEO)



NOAM BEN-OZER
(Director)



ANDREW WIGNALL
(Director)



SIMON RADFORD
(Director)