

Credit Rating



Credit Rating Upgrade

Jersey, 17 October 2011. Atrium European Real Estate Limited (“Atrium” or the “Company”) (VSE/ Euronext: ATRS), one of the leading real estate companies focused on shopping centre investment, management and development in Central and Eastern Europe, is pleased to announce that, ‘based on stronger fundamentals’ Standard and Poor’s has upgraded the Company’s long-term corporate credit rating to ‘BB+’ from ‘BB’, with a ‘Stable’ outlook. Atrium’s Short-term rating was affirmed as ‘B’.

The press release issued by Standard and Poor’s is included below:

Jersey's Atrium European Real Estate Long-Term Rating Raised To 'BB+' From 'BB' On Stronger Fundamentals; Outlook Stable

- We believe the business fundamentals of Jersey-based Atrium European Real Estate Ltd. <ATRS.VI> have strengthened as cash flow adequacy and profitability have improved.
- We are raising our long-term rating on Atrium to 'BB+' from 'BB', and are affirming the 'B' short-term rating.
- The stable outlook reflects our view that Atrium is likely to maintain its historically moderate financial and dividend policy.

PARIS (Standard & Poor's) Oct. 14, 2011 -- Standard & Poor's Ratings Services said today it raised its long-term corporate credit rating on Jersey-based real estate company Atrium European Real Estate Ltd. (Atrium) to 'BB+' from 'BB'. The short-term corporate credit rating on Atrium is unchanged at 'B'. The outlook is stable.

The upgrade follows Atrium’s continuing improvement in operating performance, especially compared to that of the real estate market in Europe. Over the first six months of 2011, occupancy rates rose to 96.7%, rent turnover improved, and rent incentives fell substantially, especially in Russia, which represents 26.53% of the company's total gross rental income.

We also believe Atrium's profitability has stabilized thanks to local efficiency improvements and better rent collection overall, which compensated for most of the first half of 2011's gross revenue decline in

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markets like Romania. We believe profitability should gradually improve further as Atrium's assets mature. We also expect the share of development activities in the group's combined portfolio to remain below 30% over the medium term, thus limiting risk associated with new development.

We continue to regard Atrium's geographic diversity as relatively modest. We categorize Atrium's business risk profile as "fair," because of this and our concerns about the risks of operating in the developing retail markets of Central and Eastern Europe.

Atrium's financial risk profile has improved to "intermediate" from "significant", in our view. This reflects our assessment of the company's improving operating cash flows and its relatively low-leveraged capital structure.

The stable outlook reflects Standard & Poor's view of Atrium's improving operating fundamentals and relatively low leveraged capital structure, which support the current ratings.

We believe Atrium should be able to pursue its growth strategy in key markets, while maintaining ratios of EBITDA interest coverage and LTV above 3X and below 30%, respectively.

In addition, we anticipate that its internal liquidity cushion will remain sufficient to meet any unexpected shortfalls in income or cost overruns in its development projects.

We could raise the ratings if we see Atrium's business risk profile improving, specifically if the share of recurring income from more mature real estate assets in its total revenues continues to grow. At this point, we believe this level of change in the cash flow generation profile would take more than two years to come through.

We could lower the ratings if we see unexpected changes in discretionary spending or corporate governance that could hamper investors' confidence in the company. We would consider a rise in the share of development activities in Atrium's total asset value to above 30% a significant increase in the business risk of the group. This might trigger a rating review. Consumer confidence in Central and Eastern Europe, and specifically retail sector performance in Atrium's main markets, remain the principal operating risks which could affect Atrium's interest cover and other debt metrics.

RELATED CRITERIA AND RESEARCH

Key Credit Factors: Global Criteria For Rating Real Estate Companies, June 21, 2011

Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011

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Criteria Corporate General: 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

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