

# Atrium European Real Estate Limited

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## EANS-News: Atrium European Real Estate Limited / CREDIT RATING UPDATE

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### Company Information

St Helier Jersey / Channel Islands (euro adhoc) - CREDIT RATING UPDATE

Jersey, 31 January 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, notes Standard and Poor's ("S&P") announcement placing Company's current 'BB' long-term and 'B' short-term corporate credit ratings on CreditWatch Negative. S&P had previously upgraded the Company's long-term corporate credit rating to 'BB' from 'BB-' with a Stable outlook and affirmed Atrium's Short-term rating as 'B' on 26 November 2010.

The Company notes that the CreditWatch Negative is not a comment of Atrium's underlying real estate business with S&P stating that "Atrium's operating performance has improved over the past 12 months, as a result of higher occupancy rates and a long lease maturity profile (about five years), which have led to improvements in its operating margins" and that "Atrium's capital structure has, in our view, strengthened through the combined effect of deleveraging and operating efficiency, resulting in a ratio of funds from operations to debt of over 11%". The CreditWatch reflects S&P's concerns about the potential effects of the ongoing, complex litigation with Meinel Bank ("Meinel") which S&P believes "could have an adverse bearing on Atrium's credit quality". It is also because the Company did not provide S&P with information regarding a withheld payment of a de minimus amount of interest due on EUR20 million nominal value of its 2008 10.75% Convertible bond (the "Meinel Bond"), a private and unrated bond issued to Meinel.

Atrium did not provide disclosure of this non-payment to S&P as the Company did not consider that such a disclosure was required because of the private nature of the Meinel Bond and because the interest due on the Meinel Bond had been legitimately withheld, reflecting as it does a matter under bona fide commercial dispute, pending the outcome of a EUR2 billion legal action for compensation and damages filed against Julius Meinel, Meinel Bank and other defendants in August 2010, which the Company will pursue vigorously, as well as other disputes.

S&P has stated that it intends to review the CreditWatch placement in 90 days, during which time Atrium will meet with S&P to listen to its concerns in more detail and use its best endeavours to ensure that the CreditWatch Negative is lifted as soon as possible.

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