Atrium European Real Estate Limited

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EANS-News: Atrium European Real Estate Limited / CREDIT RATING UPGRADE TO INVESTMENT GRADE

Ratings

St Helier Jersey / Channel Islands (euro adhoc) - CREDIT RATING UPGRADE TO INVESTMENT GRADE

Jersey, 8 October 2012. Atrium European Real Estate Limited ("Atrium" or the "Company") (VSE/ Euronext: ATRS), a leading owner, operator and developer of retail real estate and shopping centres in Central and Eastern Europe, is pleased to announce that, to reflect "Atrium's strong operating performance driven by the growth economies of Central Eastern Europe and a more mature rental income stream", Fitch has upgraded the Company's Long-term Issuer Default Rating to the investment grade level of 'BBB-' with a 'stable' outlook.

Rachel Lavine, CEO of Atrium, commenting on the upgrade, said:

"Achieving an investment grade rating for Atrium has been a long standing target of the management team and, together with the upgrade by Standard & Poor's announced last month, today's upgrade from Fitch recognizes several years of hard work in restructuring the Company. The decision by Fitch reflects Atrium's increased financial strength, which provides a firm foundation on which to further build the Company's portfolio of assets and grow profitability."

The press release issued by Fitch is included below:

FITCH UPGRADES ATRIUM TO 'BBB-'; OUTLOOK STABLE

Fitch Ratings-London-08 October 2012: Fitch Ratings has upgraded Atrium European Real Estate Limited's (Atrium) Long-term Issuer Default Rating (IDR) and senior unsecured rating to 'BBB-' from 'BB+'. The Outlook on the IDR is Stable. The agency has also upgraded the Short-term IDR to 'F3' from 'B'.

The upgrade reflects Atrium's strong operating performance driven by the growth economies of Central Eastern Europe and a more mature rental income stream benefiting from improved average lease tenure of 5.5 years and operational efficiencies. Material litigation claims are now largely resolved and following the debt buyback during 2012, the average debt maturity profile at 4.9 years is closely aligned to its lease maturity profile.

Fitch believes Atrium's EBIT NIC should remain comfortable at around 6.0x with an LTV remaining within managements range of 30%-35% over the medium term, even when assuming modest acquisitions. These key financial metrics on a forward-looking trajectory look above average for the investment grade EMEA REIT universe. However, Atrium is only funded on a secured debt basis, which to some extent limits operational flexibility. However, around 40% of Atrium's investment property portfolio is unencumbered and current liquidity is reasonable for the rating. Overall, the stronger than average balance sheet and interest serviceability offset the lack of unsecured funding.

The tenant profile continues to benefit from solid diversification with a focus on food anchor tenants, typically large European-based retail chains that pay rents in euros, mitigating currency risk. Geographical diversification is broad, with the main focus on Poland (47% of investment properties), Czech Republic

(21%) and Russia (16%). Divestments in countries where Atrium lacks a solid market presence would be viewed favourably. Conversely a material refocusing of the portfolio towards Russia could be viewed as increasing operational risk.

Fitch expects future rental income to demonstrate resilient characteristics driven by indexation and modest rent increases upon renewals. Recent rental income performance is solid, with H112 gross rental income increasing 5.6% on a like-for-like basis. Growth relates to indexation stemming from the relatively higher inflation outlook in Central Eastern European countries. Solid demand and supply dynamics are evident from Atrium's high renewal rates, with Fitch expecting the occupancy rate to remain above 95%. Atrium's geographical markets are benefiting from structural growth with strong retail spending allowing for higher retail space density. Until FY14, only 28% of the total rent roll is scheduled for renewal, providing high visibility over future cash flows.

Fitch views Atrium's liquidity position as reasonable for the rating, with unrestricted cash of EUR207m at H112. This is sufficient to cover debt maturities (EUR86m) and committed development costs (EUR74m) until FY14.

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