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Atrium progresses divestment strategy

14 August 2014 | By Andrew Don

Atrium European Real Estate has reported "solid progress" in its strategy of opportunistically divesting itself of non-core development properties during the first half.

Atrium, owner, operator and developer of retail real estate and shopping centres in central and Eastern Europe posted EPRA net asset value/share down from €6.43m (£5.15m) at the time of the last full-year results to €6.40 at the end of June this year.

It said it had sold three sites for a total of €65m since the start of the year. These included the €47m sale in Turkey of one of its largest land plots, land in Sofia, Bulgaria, for €12.1m and most recently, in July, the €6.3m sale of the group's only land plot in Georgia.

Atrium reported the value of its 153 standing investments grew by 5% to €2.5bn, since the end of last December.

These included the group's first major development, the 807,320 sq ft Atrium Felicity shopping centre in Lublin, Poland, which opened in March this year. The centre is almost fully occupied.

Atrium reported €35.5m pre-tax profit compared with €61.7m for the first half of 2013. Gross rental income (GRI) climbed 5.7% to €106.9m compared with €101.1m in the same six-month period in 2013.

EPRA like-for-like GRI remained stable at €96.1m while net rental income increased 7.0% to €103.1m compared with €96.3m in the same period last year. EPRA like-for-like net rental income fell 0.3% to €92.6m compared with €92.9m in the same period the previous year.

Operating margin climbed from 95.2% to 96.4% year on year, which was higher than the company's expected full-year target.

EPRA occupancy rates at the end of June fell from 98.1% as of the end of December to 97.6%.

EBITDA, excluding the revaluation result, disposals and impairments, increased by 11.1% to €90.3m from €81.3m in the same period last year.

Atrium's board has approved the first stage of a major redevelopment of the Atrium Promenada centre in Warsaw, Poland, at an estimated cost of €44m.

Group chief executive Rachel Levine will become executive vice-chairman at the end of November while remaining a director. Josip Kardun, Atrium's chief operating officer and deputy chief executive, will become the group chief executive.

Lavine said Atrium continued to monitor the situation in Russia "closely and cautiously." She said Atrium was seeing further positive momentum, across the economies of its other core markets and with improvements in growth forecasts, consumer sentiment and domestic demand.

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