



# COMPANY PRESENTATION AUGUST 2018



# ATRIUM – A UNIQUE INVESTMENT OPPORTUNITY

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- Continued focus on owning high quality large assets in well-connected strong urban locations within Central Europe
- Concentrated in Poland and the Czech Republic, the region's largest and strongest economies
- Focus on the capitals - Warsaw and Prague in Poland and the Czech Republic
- Strong management team with a proven track record
- Balance sheet 30/06/2018 well placed to support growth initiatives:
  - 33.5% net LTV, financial policy 40% leverage
  - €45m cash & marketable securities
- Investment grade rating by Fitch, S&P and Moody's, positive outlook Fitch and Moody's
- Balance between solid income producing platform & opportunities for future growth from redevelopment pipeline and portfolio rotation



# FOCUS: DOMINANT ASSETS IN POLAND AND CZECH

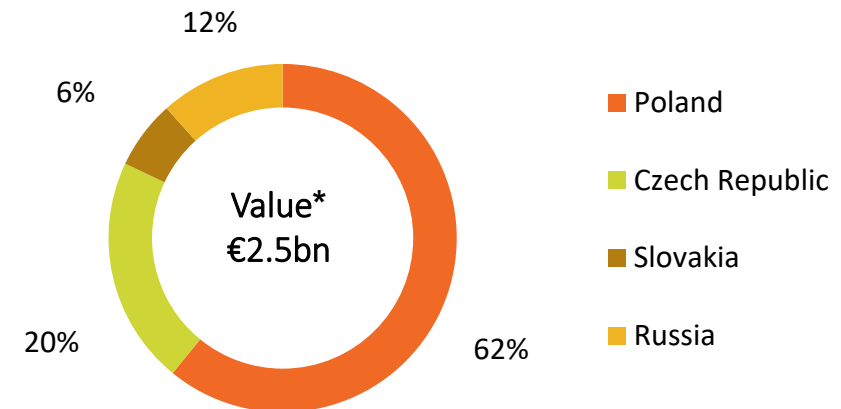
## STANDING INVESTMENT PORTFOLIO SPREAD\*



- Atrium owns 34\* properties, over 900,000 sqm GLA with a market value of €2.5bn\*
- 82%\* of the portfolio is located in Poland and the Czech Republic, 37% in Warsaw and Prague
- Focus on high quality assets in strong urban locations at the heart of their communities
- The top 10 assets are 68% of total portfolio value and 48% of the GLA
- High quality and convenient locations coupled with healthy retail, leisure and necessity anchor tenants provides resilience to evolving retail climate
- Further growth from redevelopment programme of €300m, creating 60,000 sqm GLA in Warsaw
- 33.5% net LTV supports further growth

## GEOGRAPHIC MIX OF THE PORTFOLIO\*

46 (1/1/18) → 34\* assets as of today



\* Excl. a €95m asset in Romania (sold in July 2018) and 4 assets in Hungary with a total value of €12m (for which sale agreements were signed in July 2018)



# STRATEGY EXECUTION SNAPSHOT

31.12.2014

30.06.2018\*

€2.6bn	PORTFOLIO MARKET VALUE	€2.5bn
153	NUMBER OF ASSETS	34
7	NUMBER OF COUNTRIES	4
8,900 sqm	AVERAGE ASSET SIZE IN GLA	27,600 sqm
€17m	AVERAGE ASSET VALUE	€73m
97.4%	OCCUPANCY RATE	97.0%
95.1%	OPERATING MARGIN	97.3%
8.0%	NET EQUIVALENT YIELD	6.8%
€36m	REDEVELOPMENT PROJECTS	€143m
€329m	LAND PORFOLIO	€229m

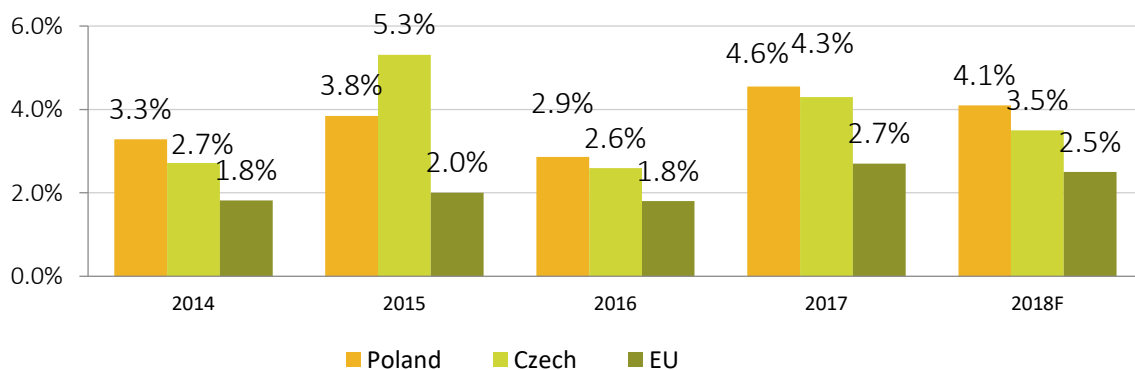
Portfolio repositioning strategy executed through 120 assets sales with an average value of €3.4m since 2015 and the acquisition of Arkady Pankrac shopping centre in Prague now valued at €173m

\* Excl. a €95m asset in Romania (sold in July 2018) and 4 assets in Hungary with a total value of €12m (for which sale agreements were signed in July 2018)

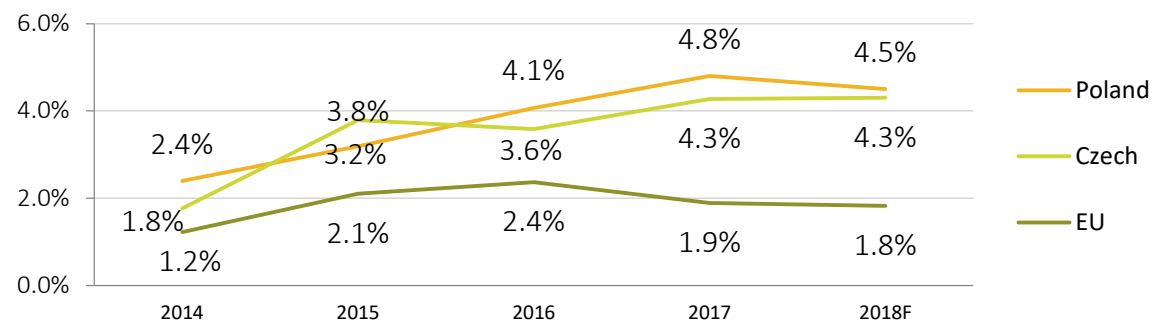
# OUR MARKETS: 82% OF THE PORTFOLIO BY MARKET VALUE IS LOCATED IN POLAND AND THE CZECH REPUBLIC

- 4.1% and 3.5% 2018 forecast for GDP growth for Poland and the Czech Republic respectively
- 4.5% and 4.3% increase in consumer spending forecast for 2018 for Poland and the Czech Republic respectively

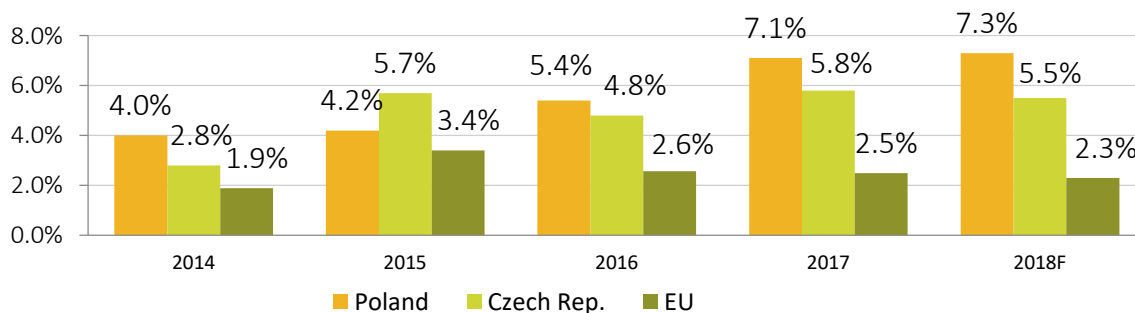
GDP growth (2014-2018F)



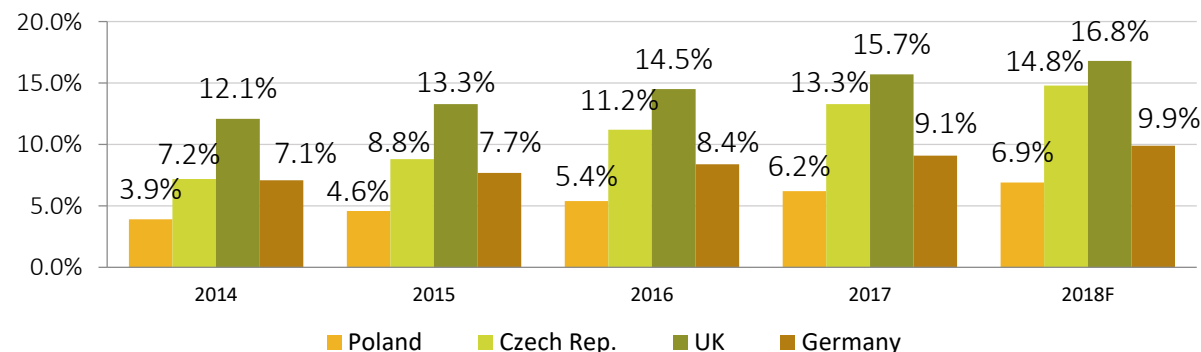
Consumer spending growth (2014-2018F)



Retail sales y/y (2014-2018F)



E-commerce penetration (2014-2018F)



# 37% OF THE PORTFOLIO BY MARKET VALUE IS LOCATED IN WARSAW AND PRAGUE



Polish agglomerations accounts for more than 30% of the population

	Warsaw	Silesia	Krakow	Tri City	Wroclaw	Poznan	Lodz	Szczecin	Total
Population (M people)	3.1	2.6	1.4	1.1	0.9	1.0	0.9	0.5	11.5
Monthly Retail per capita (sqm/1000 population)	477	466	526	593	724	722	549	451	6,139

Macro indicators – Poland and the Czech Republic

	Warsaw	Poland	Prague	Czech Republic	Euro Area	France	Germany
Population (M people)	1.8	38.0	1.3	10.6	512.6	64.8	82.7
Unemployment (%)	2.0%	4.9%	1.7%	2.9%	7.6%	9.4%	3.8%
Monthly Retail per capita (sqm/1000 population)	477	281	677	220	n.a.	286	177



# OUR STRATEGY AT THE HEART OF THE LOCAL COMMUNITY

## HIGH QUALITY ASSETS

Improving the portfolio through a selective rotation of assets towards high quality assets in strong urban locations at the heart of their communities

## STRENGTHENING THE PORTFOLIO

Further grow to come from the ongoing redevelopment and extension programme

## FOCUS ON PLACEMAKING

Providing a variety of leisure, dining and other entertainment experience elements as well as a tenant mix tailored to the centres' local environments

## INNOVATION

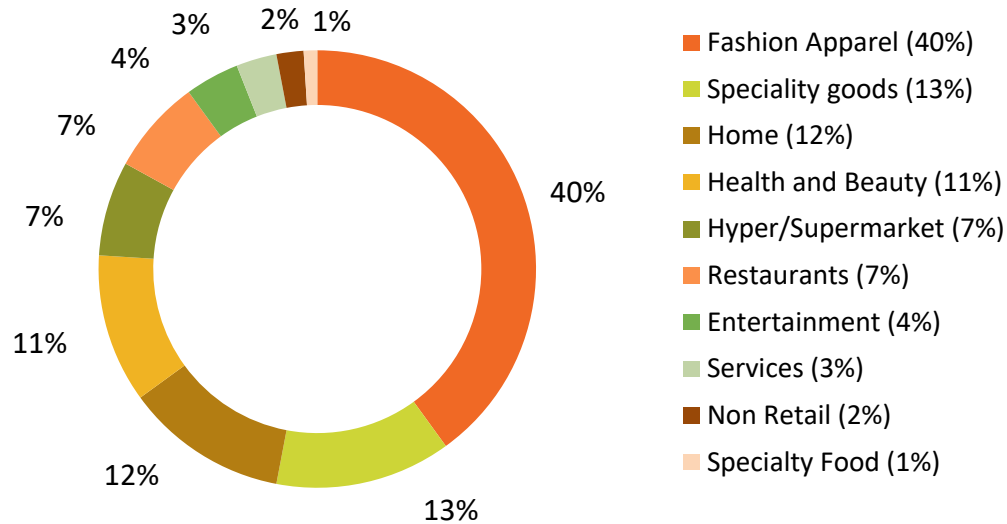
To meet the challenges of ever-growing ecommerce and changes in consumer spending habits

# RESILIENT INCOME: STRONG TENANTS, LONG LEASE DURATION AT AN AVERAGE OF 4.7 YEARS\*



## TENANT MIX BY ANNUALISED RENTAL INCOME

7,400 sqm of leisure and entertainment will be added from the projects in re-development over the next 9 months



Group name	Main brands	% of Annualised Rental Income	International presence	Sales 2017 € Bn, worldwide
AFM	DECATHLON	5%	1,923 stores/ 17 countries	52.8
LPP	RESERVED  MOHITO PROSSER  CROPP	4%	1,700 stores/ 20 countries	1.6
Hennes & Mauritz		3%	4,800 stores/ 69 countries	23
Metro Group		2%	2,200 stores/ 33 countries	58.4
Kingfisher		2%	1,280 stores/ 10 countries	11.2
CCC		1%	934 stores/ 17 countries	3.5
Carrefour		1%	12,000 stores/ 30 countries	88.2
New Yorker		1%	1,000 stores/ 40 countries	n/a
Cineworld		1%	232 sites/ 9 countries	0.6
A.S. Watson		1%	14,300 stores / 24 countries	55.4
<b>Top 10 tenants</b>		<b>22%</b>		

\*till lease expiry, as at 30.06.2018



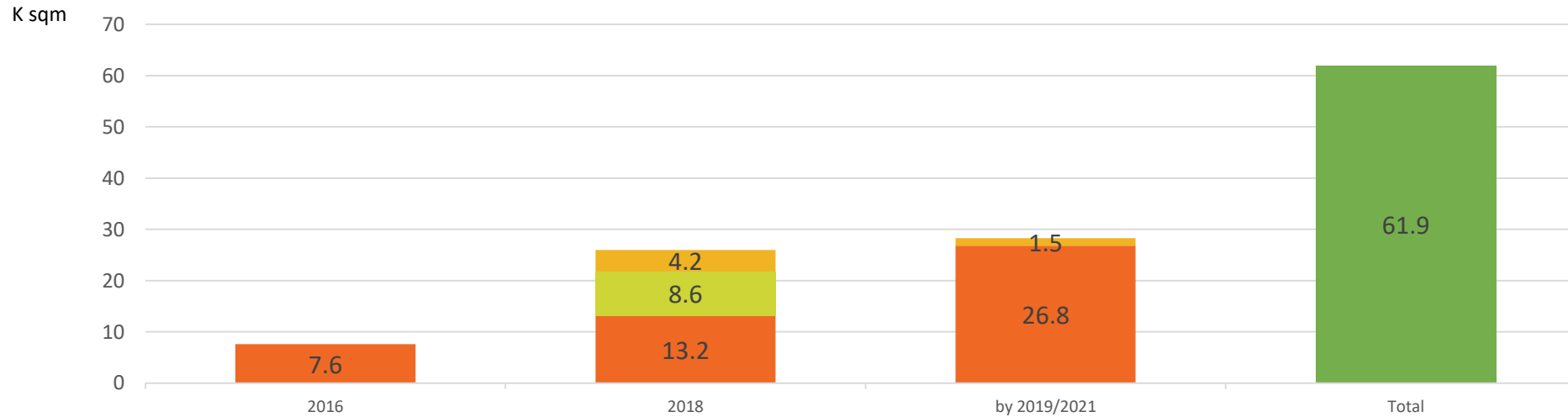
# €300M REDEVELOPMENT AND EXTENSION PROGRAMME IN WARSAW



- Further growth and improvement in quality to come from the ongoing €300m redevelopment and extension programme
- Creating over 60,000 sqm GLA to our 3 centres in Warsaw
- €115m invested by the end of June 2018
- Creating dominant and convenient centres with focus on place making and a wider offer of leisure, dining and other entertainment experiences, tailored to the centres' local communities and catchment areas
- High levels of tenant demand for extensions with key tenant leases secured prior to and during construction
- Current phases of the redevelopments are virtually fully leased

# CREATING 26,000 sqm in 2018

## INCREMENTAL GLA



### Atrium Promenada

47,600 sqm

- A large scale extension that creates a unique, modern, interactive shopping centre
- 13,200 sqm are scheduled to open in Q4 2018, including double shop fronts, a refurbished fountain alley and new food court units
- The total project is expected to complete in 2021



### Atrium Targowek

8,600 sqm

- Increase the number and size of dominant fashion anchor tenants
- Refurbish the mall area within the existing scheme
- Expected completion at the end of 2018



### Atrium Reduta

5,700 sqm

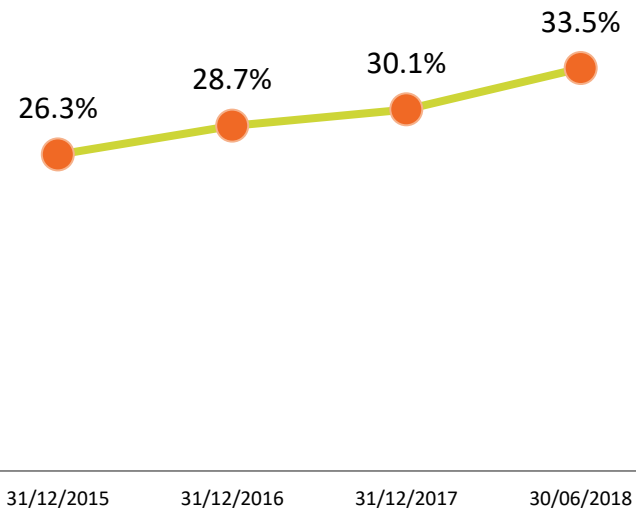
- 2,700 sqm cinema, being the first CINEMA3D in Warsaw and a modern 1,500 sqm fitness centre will open in Q4 2018
- The overall refurbishment of the centre and new food court units will be completed in 2019

# ADEQUATE LIQUIDITY WITH A €300 MILLION REVOLVER CREDIT FACILITY AND A 33.5% NET LTV

- Cash and marketable securities of €45m as at the end of June 2018, €95m from the disposal of Militari was received in July
- €75m increase in revolving credit facility to €300m with an expiry in 2023
- ↓€2m in financial expenses compared to H1 2017- bank refinancing in 2017 and impact of foreign currency differences

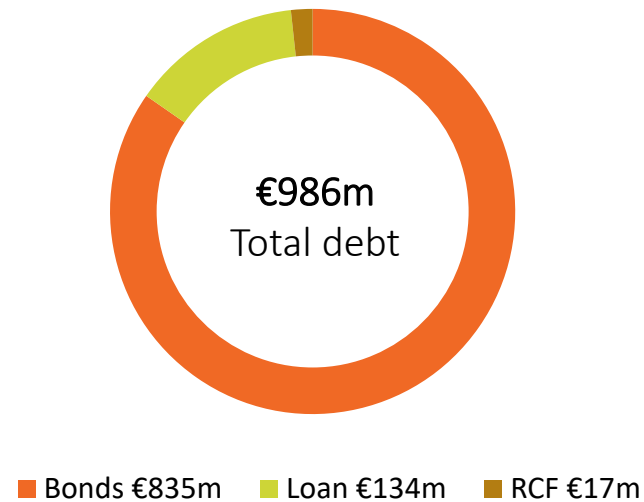
LTV (net)

Long term target at around 40%



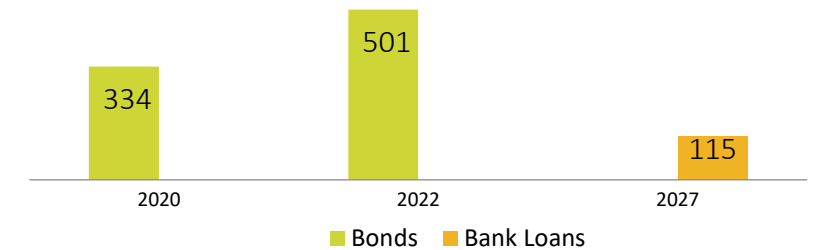
Borrowings  
(as at 30/06/2018)

3.4% cost of debt  
84% unencumbered standing investments



Debt maturities  
(in million €)

4.2 years average maturity



# STRATEGIC FOCUS & FUTURE GROWTH

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## PORTFOLIO REPOSITIONING

- High quality assets in strong urban locations at the heart of their communities
- Focus on Poland and the Czech Republic



## REDEVELOPMENTS AND EXTENSIONS

- Fueling Further quality growth
- Focus on placemaking



## LIQUIDITY

- Significant liquidity available for investments
- Finance flexibility



## DIVIDEND DISTRIBUTION

- +19% dividend CAGR 2010-2017
- €cents 14 per share special dividend paid in March 2018
- €cents 27<sup>1</sup> annual dividend approved for 2018, to be paid in quarterly instalments of €cents 6.75 per share at the end of each calendar quarter

<sup>1</sup> Subject to any legal and regulatory requirements and restrictions of commercial viability



# H1 2018 RESULTS



## KPIs PERFORMANCE H1 2018

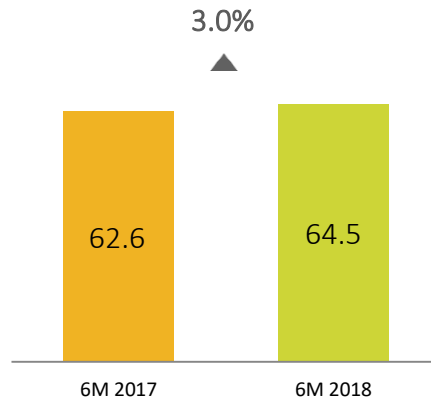
	6M 2018 €M	6M 2017 €M	CHANGE %
<b>NET RENTAL INCOME</b>			
NRI excl. disposed of assets/redevelopments	64.5	62.2	3.7%
NRI from disposed of assets/redevelopments	<u>27.3</u>	<u>33.3</u>	
Net rental income	91.8	95.5	(3.8%)
EPRA Like-for-Like net rental income	64.5	62.6	3.0%
<b>OPERATIONAL KPIs</b>			
Occupancy rate <sup>1</sup> (in %)	97.0	96.2	0.8%
Operating margin (in %)	97.3	96.6	0.7%
EBITDA	80.9	80.0	1.1%
EBITDA margin (in %)	88.1	83.8	4.3%
<b>EPRA PERFORMANCE</b>			
Company adj. EPRA earnings per share (in €cents)	15.6	16.4	(4.9%)
EPRA cost ratio (incl. direct vacancy cost) (in %)	15.7	16.3	0.6%

<sup>1</sup> The occupancy rate is defined as 100% less EPRA vacancy

# LFL GROWTH FROM HIGH QUALITY PORTFOLIO

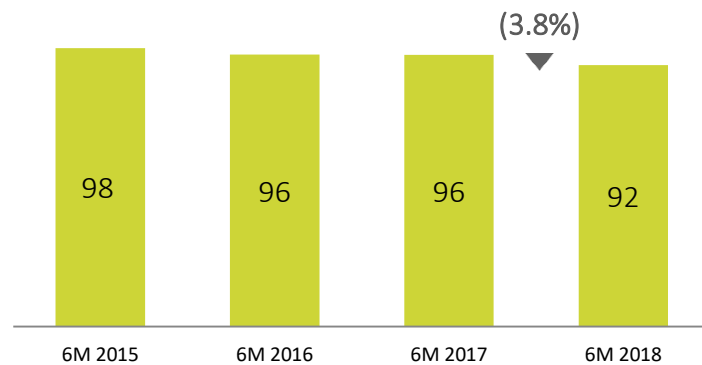
EPRA like-for-like NRI  
(in million €)

2.4% LFL growth excl. Russia

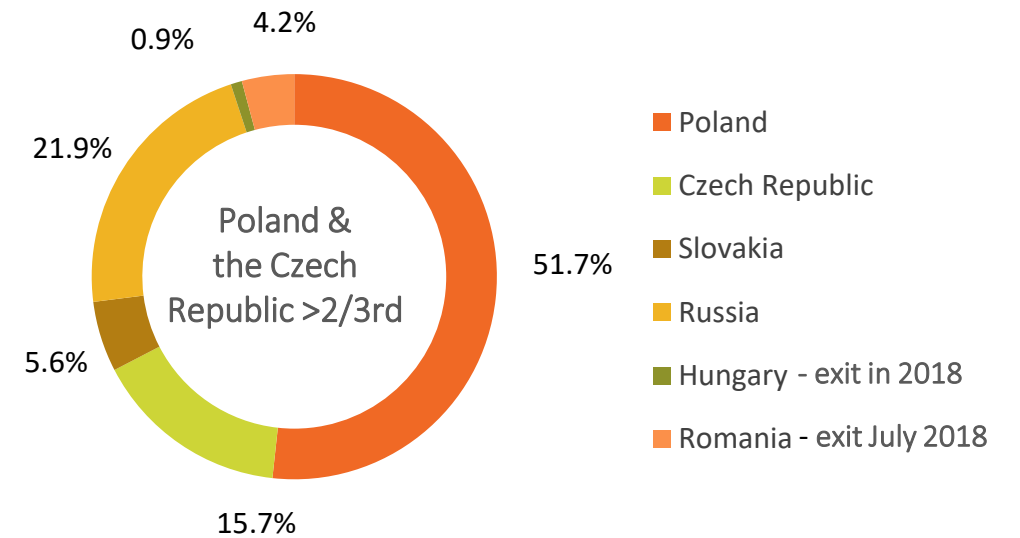


Net rental income  
(in million €)

3.7% increase in NRI excluding disposals and redevelopments



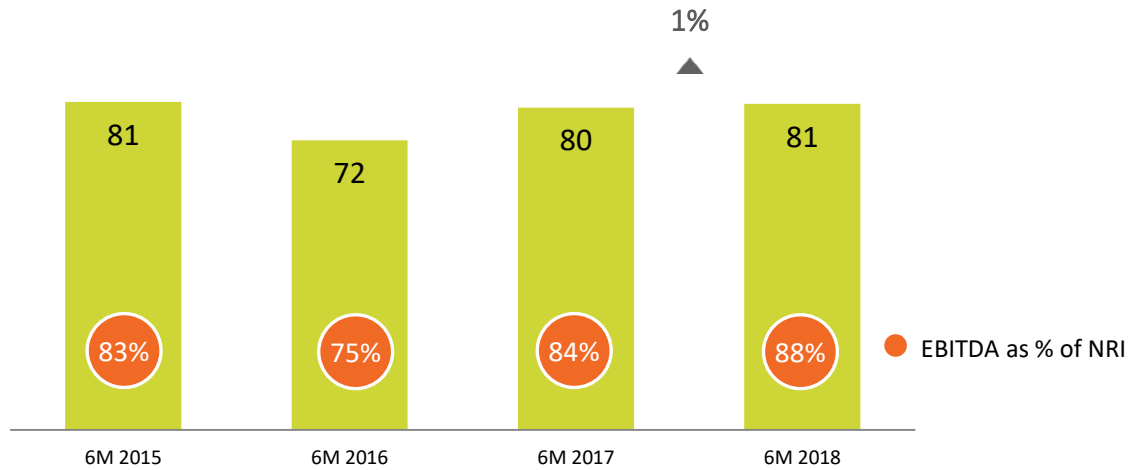
NRI H1 2018 per country



# EBITDA MARGIN IMPROVES 4pp

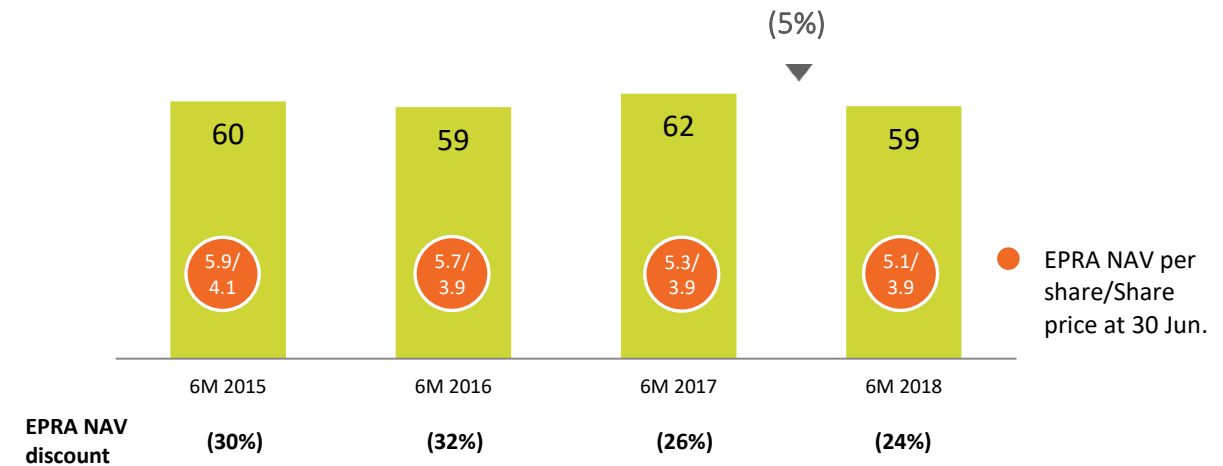
EBITDA margin @ 88%  
(in million €)

↑4pp EBITDA margin following the cost saving programme



Company Adjusted EPRA Earnings  
(in million €)

LFL NRI +3.0% offset by €6m impact of disposals and redevelopments







## APPENDIX 1 – MACRO OVERVIEW

# MACRO OVERVIEW OF OUR MARKETS

Macro Indicator	Poland	Czech Republic	Russia	Slovakia	Total / Average*	France	Germany
2017 population (M people)	38.0	10.6	144.0	5.4	198.0	64.8	82.7
2017 GDP in PPP (\$ Bn)	1,121.0	375.7	4,007.8	179.4	5,683.9	2,835.7	4,170.8
2017 GDP per capita PPP (\$)	29,521	35,512	27,834	33,025	31,473	43,761	50,425
2018f GDP per capita PPP (\$)	31,430	37,546	28,958	35,095	33,257	45,474	52,801
2021f GDP per capita PPP (\$)	36,633	43,007	32,215	41,675	38,383	50,263	58,829
2017 real GDP growth (%)	4.6%	4.3%	1.5%	3.4%	3.4%	1.8%	2.5%
2018f real GDP growth (%)	4.1%	3.5%	1.7%	4.0%	3.3%	2.1%	2.5%
2021f real GDP growth (%)	2.8%	2.5%	1.5%	3.7%	2.6%	1.7%	1.4%
2017 unemployment (%)	4.9%	2.9%	5.2%	8.3%	5.3%	9.4%	3.8%
2018f unemployment (%)	4.1%	3.0%	5.5%	7.5%	5.0%	8.8%	3.6%
2021f unemployment (%)	3.9%	3.5%	5.5%	6.2%	4.8%	7.8%	3.5%
2017 inflation (%)	2.1%	2.4%	2.5%	2.0%	2.2%	1.2%	1.6%
2018 inflation (%)	2.9%	2.2%	3.5%	1.9%	2.6%	1.4%	1.6%
2021f inflation (%)	2.5%	2.0%	4.0%	2.0%	2.6%	1.9%	2.5%
<b>Country rating/ outlook - Moody's</b>	<b>A2/ stable</b>	<b>A1/ positive</b>	<b>Ba1/ positive</b>	<b>A2/ positive</b>	<b>n.a.</b>	<b>Aa2/ positive</b>	<b>Aaa/ stable</b>
<b>Country rating/ outlook - S &amp; P</b>	<b>BBB+/ positive</b>	<b>AA-/ stable</b>	<b>BBB-/ stable</b>	<b>A+/ stable</b>	<b>n.a.</b>	<b>AA/ stable</b>	<b>AAA/ stable</b>
<b>Country rating/ outlook - Fitch</b>	<b>A-/ stable</b>	<b>A+/ positive</b>	<b>BBB-/ positive</b>	<b>A+/ stable</b>	<b>n.a.</b>	<b>AA/ stable</b>	<b>AAA/ stable</b>
Atrium country exposure by MV at 30/06/18	62%	20%	12%	6%	100%		

\* Simple arithmetic average for comparison purposes  
Sources: IMF, Eurostat, Oxford Economics, PMR

# MACRO OVERVIEW OF OUR MARKETS (CONTINUED)

Macro Indicator	Poland	Czech Republic	Russia	Slovakia	Average	France	Germany
2017 Avg. gross monthly wage (€)	1,064	1,120	594	954	933	n.a.	n.a.
2018f Avg. gross monthly wage (€)	1,144	1,250	606	1,004	1,001	n.a.	n.a.
2017 Monthly retail sales per capita (€)	264	304	175	290	258	n.a.	n.a.
2018f Monthly retail sales per capita (€)	280	314	175	301	267	n.a.	n.a.
2020f Monthly retail sales per capita (€)	309	316	191	320	284	n.a.	n.a.
2017 Retail sales growth (%)	5.7%	7.2%	5.1%	4.1%	2.5%	1.8%	2.5%
2018f Retail sales growth (%)	5.2%	5.7%	6.1%	3.6%	3.4%	2.0%	2.7%
2020f Retail sales growth (%)	4.3%	3.7%	6.1%	3.1%	2.9%	2.7%	1.8%
2017 Consumer spending growth (%)	2.0%	2.5%	3.7%	1.3%	1.6%	1.1%	2.0%
2018f Consumer spending growth (%)	2.1%	2.0%	3.3%	2.3%	1.6%	1.1%	1.6%
2020f Consumer spending growth (%)	2.7%	1.9%	4.0%	2.2%	1.8%	1.8%	1.2%
Mar '18 Retail trade volume change y-o-y * (%)	8.8%	3.9%	2.2%	5.0%	3.3%	4.5%	1.3%
Apr '18 Retail trade volume change y-o-y * (%)	4.0%	5.6%	2.7%	2.8%	2.5%	2.1%	1.2%
May '18 Retail trade volume change y-o-y * (%)	6.1%	5.0%	2.4%	3.5%	2.8%	2.9%	1.6%
Consumer confidence indicator**, Mar '18	-0.2	11.1	n.a.	-5.5	1.8%	-5.9	6.1
Consumer confidence indicator**, Apr '18	1.7	10.9	n.a.	-7.1	1.8%	-6.7	6.1
Consumer confidence indicator**, May '18	2.0	1.9	n.a.	-3.0	0.3%	-5.3	5.9
Retail confidence indicator**, Mar '18	7.5	23.7	n.a.	22.0	17.7%	-5.1	-6.0
Retail confidence indicator**, Apr '18	2.6	23.9	n.a.	26.5	17.7%	-4.1	-6.4
Retail confidence indicator**, May '18	2.7	23.1	n.a.	27.2	17.7%	-4.7	-2.3

\* Adjusted for inflation & seasonal effects

\*\* Households' & retailers' near-future expectations

Sources: Eurostat, C&W, Capital Economics, PMR

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