THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a duly authorised and regulated independent financial adviser.

If you have sold or otherwise transferred all of your shares in Atrium European Real Estate Limited (the **Company**) please send this circular (this **Circular**) and the accompanying documents at once to the purchaser or transferee or to the stockbroker, banker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The shares of the Company are admitted to trading and are listed on Euronext Amsterdam and on Vienna Stock Exchange.

ATRIUM EUROPEAN REAL ESTATE LIMITED

(*a company incorporated with limited liability under the Companies (Jersey) Law 1991, as amended, with registration number 70371)*

SCRIP DIVIDEND CIRCULAR

This Circular contains the terms and conditions of the scrip dividend programme which apply to the quarterly dividend payable on 8 July 2020. The expected timetable in relation to the Scrip Dividend Alternative (as defined below) is set out in paragraph 13 of Appendix I of this Circular.

LETTER FROM THE CHAIRMAN OF THE COMPANY

ATRIUM EUROPEAN REAL ESTATE LIMITED

(*a company incorporated with limited liability under the Companies (Jersey) Law 1991, as amended, with registration number 70371*)

Directors:	*Registered office:*
Chaim Katzman (Chairman)	11-15 Seaton Place
David Fox	St Helier
Neil Flanzraich	Jersey JE4 0QH
Lucy Lilley	Channel Islands
Andrew Wignall	

15 June 2020

Dear sirs,

SCRIP DIVIDEND

Introduction

At the extraordinary general meeting of the Company held on 15 June 2020, the Company's shareholders granted their approval to the Directors to offer Shareholders (as defined below) the opportunity to take dividends in the form of newly issued, fully paid-up ordinary shares in the capital of the Company (the **New Shares**) rather than cash.

Accordingly, I am writing to you to provide details of the Directors' offer to Shareholders to elect to receive all of the second quarterly 2020 dividend (the **Dividend**) of 6.75€cents per ordinary share (a **Share**) in the form of New Shares instead of cash (the **Scrip Dividend Alternative**).

If you wish to receive dividends in cash in the usual way you need take no further action and should disregard this Circular.

The purpose of this document is to explain the details of: (i) the Scrip Dividend Alternative; (ii) how Shareholders may elect to receive New Shares rather than cash dividends; and (iii) the factors you may wish to consider in reaching your decision.

Rational for the scrip dividend alternative

Shareholders who elect to take New Shares rather than cash in respect of the Dividend will increase their number of shares. To the extent that Shareholders elect to take New Shares, the Company will preserve liquidity from retaining the cash that would otherwise have been paid out as a dividend.

Dilution

Shareholders should note that New Shares may be issued under the Scrip Dividend Alternative. Accordingly, the issue of those New Shares may have a dilutive effect to the shareholdings of Shareholders who elect to receive the dividend in cash.

The Scrip Dividend Alternative

On 29 May 2020, the Directors announced that the dividend in respect of the quarter ended 30 June 2020 remains 6.75€cents per Share. The Dividend is expected to be paid to Shareholders on the Company's register of members at the close of business on 17 June 2020 (the **Record Date**).

The number of New Shares allotted to Shareholders that elect to receive the Scrip Dividend Alternative will be one New Share for every 39.6623 Shares held by the electing Shareholder. This exchange ratio has been calculated based on the volume weighted average price of Atrium shares on Euronext Amsterdam and the Vienna Stock Exchange during the reference period from 8 June 2020 until 12 June 2020, minus the dividend of 6.75€cents and a 2% discount set by the Directors, which amounts to €2.6772.

No fraction of a New Share will be allotted. Any entitlement which results in a fractional New Share will be rounded down to the nearest whole number, with a cash payment to be made to the relevant Shareholder in respect of the fraction.

Applications will be made for the New Shares to be issued under the Scrip Dividend Alternative to be admitted to listing and trading on the Euronext Amsterdam and the Vienna Stock Exchange on or about 8 July 2020 (the **Admission**).

The Directors reserve the right at any time prior to Admission, and at their discretion, to withdraw the Scrip Dividend Alternative and pay the Dividend entirely in cash.

The terms and conditions of the Scrip Dividend Alternative are set out in Appendix 1 of this Circular.

Registered Shareholders (the **Registered Shareholders**) are requested to make their election known by completing a form of election in the form as enclosed in Appendix 2 of this Circular (a **Form of Election**).

Participants who hold their interest in any Shares through the Euroclear Book-Entry System (the **Euroclear Participants** and together with the Registered Shareholders, the **Shareholders**) are requested to make their election known through their account holding bank or broker.

Should you wish to make an election for the Scrip Dividend Alternative, please consider the terms and conditions, and in particular the associated risks as set out in paragraph 14 of Appendix I of this Circular carefully.

Receiving cash or New Shares as dividend under the Dividend Alternative shall both be deemed a repayment of capital. The precise tax consequences for a Shareholder receiving a cash dividend or electing to receive New Shares in lieu of a cash dividend will depend upon the Shareholder's own individual circumstances. If you are in any doubt about your tax position, you should consult your professional adviser before taking any action.

The attention of Shareholders resident in any territory other than the Netherlands, Austria or Jersey (**Foreign Shareholders**) is drawn to paragraph 8 of Appendix I of this Circular.

Action to be taken to make an election for the Scrip Dividend Alternative

For Registered Shareholders:
If you wish to elect to receive the Dividend in the form of New Shares rather than cash, you must complete the Form of Election in accordance with the instructions printed on it and return it to Aztec Financial Services (Jersey) Limited by e-mail to atrium@aztecgroup.co.uk or by fax to +44 (0) 1534 833033 so that it is received by no later than 5.30 p.m. (CEST) on 2 July 2020.

For Euroclear Participants:
If you are a Euroclear Participant you must make your election known through your account holding bank or broker (an **Instruction**) so that it is received by Van Lanschot Kempen Wealth Management N.V. no later than 5.30 p.m. (CEST) on 2 July 2020. Neither the Company nor Van Lanschot Kempen Wealth Management

N.V. shall be liable for any loss arising out of a failure of the instruction to be received by Van Lanschot Kempen Wealth Management N.V. before aforementioned deadline.

You should be aware that the price of shares can go down as well as up. If you are in any doubt about what course of action to take in relation to your shareholding, you should seek advice from a stockbroker, bank manager, solicitor, accountant or other independent professional adviser.

Yours faithfully

APPENDIX 1

TERMS AND CONDITIONS OF THE SCRIP DIVIDEND ALTERNATIVE

1. TERMS OF ELECTION

Terms of election for the Scrip Dividend Alternative

All Shareholders on the register of members of the Company at the close of business on the Record Date may elect to receive New Shares, credited as fully paid, instead of the cash dividend of 6.75€cents per Share otherwise payable on 8 July 2020 (the **Dividend**). All elections will be subject to fulfilment of the conditions specified in this Circular. An election by a Shareholder for the Scrip Dividend Alternative, once received, cannot be revoked or withdrawn. However, the Directors reserve the right at any time prior to Admission, and at their discretion, to withdraw the Scrip Dividend Alternative and pay the Dividend entirely in cash.

Upon execution of (i) a Form of Election or (ii) an Instruction, either personally or on behalf of the relevant Shareholder, that Shareholder is deemed (in respect of himself, his heirs, successors and assigns) to agree to participate in the Scrip Dividend Alternative pursuant to these terms and conditions.

2. BASIS OF ALLOTMENT OF NEW SHARES

The number of New Shares allotted to Shareholders that elect to receive the Scrip Dividend Alternative will be one New Share for every 39.6623 Shares held by the electing Shareholder. The exchange ratio has been calculated based on the volume weighted average price of Atrium shares on Euronext Amsterdam and the Vienna Stock Exchange during the reference period from 8 June 2020 until 12 June 2020, minus the dividend of 6.75€cents and a 2% discount set by the Directors, which amounts to €2.6772.

3. FRACTIONAL ENTITLEMENTS

No fraction of a New Share will be allotted. Any entitlement which results in a fractional New Share will be rounded down to the nearest whole number, with a cash payment to be made to the relevant Shareholder in respect of the fraction.

4. TAXATION

Receiving cash or New Shares as dividend under the Dividend Alternative shall both be deemed a repayment of capital. The precise tax consequences for a Shareholder receiving a cash dividend or electing to receive New Shares in lieu of a cash dividend will depend upon the Shareholder's own individual circumstances. If you are in any doubt about your tax position, you should consult your professional adviser before taking any action.

5. HOW TO MAKE AN ELECTION

For Registered Shareholders:

If you are a Registered Shareholder (other than Euroclear Nederland B.V.) and wish to elect to receive the Dividend in the form of New Shares rather than cash, you must complete the Form of Election in accordance with the instructions printed on it and return it to Aztec Financial Services (Jersey) Limited at by e-mail to atrium@aztecgroup.co.uk or by fax to +44 (0) 1534 833033 so that it is received by no later than 5.30 p.m.(CEST) on 2 July 2020.

For Euroclear Participants:

If you are a Euroclear Participant you must make your election known through your account holding bank or broker so that it is received by Van Lanschot Kempen Wealth Management N.V. no later than 5.30 p.m. (CEST) on 2 July 2020. Neither the Company nor Van Lanschot Kempen Wealth Management N.V. shall not be liable for any loss arising out of a failure of the instruction to be received by Van Lanschot Kempen Wealth Management N.V. before aforementioned deadline.

Nederlands Centraal Instituut Voor Giraal Effectenverkeer B.V. (trading as Euroclear) (the **Euroclear Nominee**), as a Registered Shareholder, will submit a form of election in form and substance acceptable to the Company on behalf of all valid elections received by Euroclear Participants.

6. MULTIPLE AND JOINT SHAREHOLDINGS

If a Shareholder's Shares are registered in more than one holding, then unless such multiple shareholdings are consolidated before the date for final receipt of the Forms of Election they will be treated as separate. As a result, separate Forms of Election will need to be completed for each holding.

In respect of shareholdings held in joint names all joint shareholders must sign the Form of Election.

7. PARTIAL ELECTIONS

Forms of Election and Instructions will only be accepted from Shareholders in respect of their entire holding of Shares.

This notwithstanding, the Euroclear Nominee, as a Registered Shareholder, may make an election in respect of all or part of the Shares registered in its name to reflect the Instructions given by Euroclear Participants.

8. FOREIGN SHAREHOLDERS

It is the responsibility of any Shareholder wishing to elect to receive New Shares under the Scrip Dividend Alternative to satisfy himself as to full observance of the laws of any relevant territory in connection with such election, including obtaining any requisite governmental or other consent or approval, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory.

Shareholders who are in any doubt as to their position should consult a professional adviser. No person receiving this Circular and/or the Form of Election in any territory other than The Netherlands, Austria or Jersey may treat it as constituting an invitation or offer to elect to receive any shares, nor should he in any event use such Form of Election unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Form of Election could lawfully be used by him without contravention of any registration or other regulatory or legal requirement. In such circumstances, this Circular and/or the Form of Election are sent for information only, are confidential and should not be copied or distributed.

The Company (acting in its absolute discretion) reserves the right to reject any election made for the Scrip Dividend Alternative which is made by or on behalf of a person outside The Netherlands, Austria or Jersey if it appears that the election may constitute a breach of any relevant securities legislation.

Notwithstanding any other statement in this Circular, the Company reserves the right to permit a Shareholder to take up New Shares if the Company is satisfied (acting in its absolute discretion) that such action would not result in contravention of any applicable legal or regulatory requirements.

This Circular does not constitute an offer to sell, or the solicitation of an offer to buy New Shares in any jurisdiction where such offer or solicitation is unlawful. The distribution of this Circular and the offering, sale and delivery of the New Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Circular comes are required to inform themselves about and observe any such restrictions.

In particular, the New Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States; subject to certain exceptions, the New Shares may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act).

This Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

9. IF YOU HAVE RECEIVED MORE THAN ONE FORM OF ELECTION

If, for any reason, your holding is registered in more than one way and as a result you have received more than one Form of Election, then, unless you are able on or before 2 July 2020 to make arrangements with Aztec Financial Services (Jersey) Limited to have your holdings consolidated, those holdings will be treated for all purposes as separate and you should complete separate Forms of Election. In order to consolidate your holdings you should write as soon as possible to Aztec Financial Services (Jersey) Limited by e-mail to atrium@aztecgroup.co.uk or by fax to +44 (0) 1534 833033 stating that you wish them to effect the same and enclosing all Forms of Election, which should be completed if you wish to elect for the Scrip Dividend Alternative.

10. IF YOU HAVE RECENTLY SOLD OR TRANSFERRED ALL OR SOME OF YOUR SHARES OR PURCHASED SHARES

If, on or before 16 June 2020 (the ex-dividend date in respect of the Dividend), you have sold or transferred all or some of your holding of Shares or you have purchased Shares, you should contact, as soon as possible, your stockbroker, your bank or other person who arranged the sale or transfer. They will then advise you as to how to deal with the Form of Election (as Registered Shareholder) and accompanying documents or the Instruction (as Euroclear Participant).

11. DELIVERY AND ADMISSION OF THE NEW SHARES

Applications will be made for the New Shares to be issued to Euroclear Participants pursuant to the Scrip Dividend Alternative to be admitted to listing and trading on the Euronext Amsterdam and the Vienna Stock Exchange on or about 8 July 2020. The New Shares will be credited as fully paid up and will rank equally in all respects with the existing issued Shares (including the same voting rights).

After Admission, dealings in the New Shares are expected to begin on or about 8 July 2020.

The New Shares will be issued to Registered Shareholders in registered and certificated form and it is expected that certificates for the New Shares will be posted to the Registered Shareholders, at the risk of the persons entitled thereto, on or about 8 July 2020.

12. RIGHTS ATTACHED TO NEW SHARES

The New Shares are fully paid-up ordinary shares in the capital of the Company, a company incorporated with limited liability under the Companies (Jersey) Law 1991, and carries in particular the following rights provided by the Articles of Association and the Companies (Jersey) Law 1991.

Voting Rights

Voting rights are regulated by Article 18 of the Company´s Articles of Association which provide inter alia that all New Shares have the same voting rights attached to them. Each New Share grants one vote.

Dividend Rights

Dividends are regulated by Article 34 of the Company´s Articles of Association which provides inter alia that the Company may, subject to the provisions of Jersey company law, by ordinary resolution declare dividends, provided that no dividend shall exceed the amount recommended by the Directors.

Liquidation Proceeds

The winding up of the Company is regulated by Article 38 of the Articles of Association. If the Company is wound up the assets available for distribution among the Shareholders shall be applied (i) first in repaying to the Shareholders the amount paid up on their New Shares respectively; and (ii) secondly, if such assets shall be more than sufficient to repay to the Shareholders the whole amount paid up on their New Shares the balance shall be distributed among the Shareholders in proportion to the amount which at the time of the commencement of the winding up had been actually paid up on their New Shares respectively.

Pre-emption Rights

None of the New Shares are subject to any pre-emption right pursuant to the Company's articles of association or Jersey company law.

13. EXPECTED TIMETABLE OF EVENTS FOR THE SCRIP DIVIDEND ALTERNATIVE

15 June 2020	Publication of this Circular (including Forms of Election)
16 June 2020	Shares quoted ex-dividend
17 June 2020	Record Date for the Dividend
18 June 2020 (9:00 a.m.)(CEST)	Commencement election period for the Scrip Dividend Alternative
2 July 2020 (5.30 p.m.)(CEST)	Final date for receipt of Forms of Election and Instructions in respect of the Scrip Dividend Alternative
8 July 2020	Dividend payment date and first day of dealings in New Shares

14. RISK FACTORS

Shareholder who elect to take New Shares rather than cash in respect of the Dividend should carefully consider all the information in this Circular, including the specific risk factors. The Company considers the following risks to be the most significant, but the risks described do not necessarily comprise all those associated with an investment in the New Shares. Additional risks and uncertainties not currently known to the Company or that it currently believes to be immaterial may also adversely affect the business of the Company and its subsidiaries (the **Group**). In the following risk factors, a risk factor for a company of the Group (a **Group Company**) will be also relevant for the Company on the basis that the Company is the holding company of the Group and, to an extent, depends on the Group Companies to service its obligations. If any of the specific risks described below, or any additional risks of which the Company is currently not aware or which it does not consider significant at present, were to materialise, the market price of the New Shares could fall and/or investors could lose all or part of their investment.

Before making an decision to elect New Shares rather than cash in respect of the Dividend, Shareholder should consult their own stockbroker, bank manager, lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the New Shares and consider such an investment decision in the light of the prospective investor's personal circumstances.

14.1 RISKS RELATED TO THE COMPANY

Risks related to the business sector and operating environment

The continuing spread of a new strain of COVID-19 pandemic, which causes the viral disease known as COVID-19 and any (future) outbreak of an infectious disease, European or global pandemic event or any other serious public health concerns, may adversely affect the business and financial condition of the Group

Since its discovery in December 2019, a new strain of coronavirus, which causes COVID-19, has spread from China to many other countries, including the Group´s core markets in the Czech Republic and Poland.

Considerable uncertainty still surrounds the COVID-19 pandemic and its potential effects, and the extent of and effectiveness of any responses taken on a national and local level. The impact of the COVID-19 pandemic on the Group´s markets and world economies is uncertain and is expected to result in a world-wide economic downturn that will lead to corporate bankruptcies in the most affected industries and has already led to a substantial increase in unemployment.

Since March 2020, government-imposed trading restrictions in the Group´s areas of operations were introduced at all shopping centres with only grocery stores/supermarkets, pharmacies/drugstores and other necessity services allowed to operate. As a result, the COVID-19 pandemic will impact the Group´s business and operating results.

COVID-19 has changed the global economic outlook for at least this year and this will inevitably impact the Group´s business. There is no doubt that the short-term implications of these restrictions will bring commercial and financial challenges at least for 2020. Irrespective of first signs of easement of the strict lockdown measures in some of the Group´s regions, there is a risk that some governments which have reduced strict lockdown measures impose new or stricter temporary measures and regulations or prolong imposed quarantines and other government measures and regulations.

Quarantines, states of emergencies and other government measures and regulations taken in response to the evolving COVID-19 situation within the Company's operational jurisdictions may negatively impact the business, the value of the Group's assets, financial condition, access to debt capital markets/loans, the ability to further execute the Group´s asset rotation strategy, to expand Group´s investment strategy into the residential for rent asset class, the result of operations and prospects of the Group.

The extent to which the COVID-19 pandemic impacts the Group´s operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the COVID-19 pandemic and the actions taken to contain the COVID-19 pandemic or treat its impact, among others.

In addition, any (future) outbreak of any infectious disease or any other serious public health concerns in the various countries the Groups operates, or in other parts of the world, could adversely impact the business, financial condition, result of operations and prospects of the Group.

The Group is exposed to certain risks relating to real estate investments

Investing in real estate is generally subject to various risks, including adverse changes in national or international economic conditions, political instability, sanctions, weaker demographics (including aging) and changes in urbanisation trends, declining flow of capital due to global changes and reduced available liquidity, adverse local market conditions, the financial condition of the retail sector, changes in the availability of debt financing, changes in interest rates and foreign exchange rates, real estate tax rates and other operating expenses, environmental and operational laws and regulations (for example, opening hour restrictions), planning laws and other governmental rules and fiscal policies, changes in technology and online retailing, changes in the relative popularity of real estate types and locations and risks and operating problems arising out of the presence of certain construction materials.

These factors could cause fluctuations in rental income, operating expenses, occupancy rate[1] and/or the value of the properties, causing a negative effect on the operating returns derived from properties. The value of properties may also be significantly diminished in the event of a downturn in real estate prices or the occurrence of any of the other factors noted above. Such a decrease in rental income, increase in operating expenses and

[1] Approximately 97.0% at 31 December 2019 and 96.6% at 31 December 2018.

decrease in the occupancy rate or in the value of the properties could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The fair value of the Group's properties may fluctuate

The fair value of the Group's investment properties is inherently uncertain due to the individual nature of each property and the characteristics of the local, regional and national real estate markets. The fair value is influenced by several factors, such as general and local economic conditions, interest rates, inflation expectations, current and future market rent levels, currency fluctuations, vacancy rates, property investors' yield requirements and competition. In particular, the continuing spread of the COVID-19 pandemic and the related government-imposed trading restrictions in response to the pandemic could have a negative impact on the fair value of the Group's investment properties.

The valuation of investment property is inherently subjective due to, among other factors, the individual nature of each property, its location, the expected future rental revenues from that particular property, the expected expenses, subsidies, capital expenditures and, in the case of development land, the expectations as to the cost and timing of that development and its ability to attract tenants.

As a result, the valuations of investment property, which account for the vast majority of the Group's assets, will be subject to a degree of uncertainty and will be made on the basis of assumptions, which may not prove to be accurate, particularly in periods of volatility or low transaction volume in the real estate property market.

A reduction of the market value of a property based on such a valuation analysis could have an adverse effect, among other things, on the Group's value of its total assets and its profitability. In addition, the Group's existing debt facilities contain certain covenants, such as an obligation to maintain a maximum loan to valuation ratio, which could also be adversely affected by a decrease in the market value of its investment properties. As a result, fluctuations in the valuation of the Group's properties could have a material adverse effect on the Group's business, financial condition, prospects, results of operations and execution of its strategy.

A decreased demand for, or an increased supply of, or a contraction of the market for, properties in the Czech Republic, Poland, Russia, Slovakia and Turkey (the Region) could adversely affect the business and financial condition of the Group

Changes in supply and demand for real estate, or a contraction of the property market in any of the countries in which the Group has its operations or assets, in particular in respect of its standing investments, may negatively influence the occupancy rates of the Group's properties, the rental rates, the level of demand and ultimately the value of such properties. Similarly, the demand for rental space at the Group's existing properties may decrease as a result of poor economic conditions, an increase in available space, new or renewed adjacent competitive schemes and heightened competition for stronger and better performing tenants. This could result in lower occupancy rates, higher capital expenditure required to contract or retain tenants, lower rental income owing to lower rental rates, as well as, shorter lease periods.

The execution of Atrium's first pillar of its strategy to focus on core markets continues to be realised through the planned dispositions of high yielding secondary assets to improve the quality of the portfolio and the security of current and future cash flows. Atrium's dominant assets in strong locations remain the focus of the portfolio, further supported by redevelopments and the expansion of Group´s investment strategy into the residential for rent asset class. There can be no guarantee that Atrium will be able in the future to execute disposals or execute them at acceptable prices or at prices that are higher than the fair market valuation of a particular property, in particular in the current economic environment driven by the impact of the COVID-19 pandemic on the Group´s markets and world economies.

All of these risks, if realised, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Increasing competition in the real estate market

The Group faces competition from other owners, operators and developers of retail real estate. One of the primary areas of focus for the Group is the active management of its standing investments through optimising its tenant mix and ensuring asset attractiveness is achieved and improved by finding the right balance between retaining existing tenants and re-letting rental space to new tenants. The Group competes with local real estate developers, private investors, property funds and other retail property owners for tenants. Other than the requirements for capital, there are few other barriers to entry to the property market. Some of the Group's competitors may have properties that are newer, better located or in superior condition to its properties.

The dominance of a shopping centre in a particular area is an important factor that determines the shopping centre's ability to compete for tenants. If there are several centres in the same area, competition is more intense and the Group may experience increased competition for tenants. The competition for tenants may negatively affect the Group's ability to optimise the tenant mix, attract new tenants, retain existing tenants and may also negatively influence the terms of the Group's lease agreements, including the amount of rent that it charges and the incentives that it provides to tenants, thereby adversely affecting the Group's business, financial condition, prospects and results of operations.

A further increase in online sales could have an adverse effect on shopping centre sales and decrease demand for retail premises

The Group has a majority of food and fashion anchored shopping centres and retail properties that meet the everyday needs of consumers. This makes the Group vulnerable to changes in trends in the behaviour of consumers. The retail industry continues to transform as online retail grows and consumers increasingly use online shopping. In particular the continuing spread of the COVID-19 pandemic has pushed more consumers to shift their shopping habits online.

The growth of online sales may affect consumers' behaviour, demand for commercial retail premises, decrease in footfall and may also lead to higher investment needs and higher pressure on margins. Shopping centres are constantly adapting their services and tenant offerings to meet changing consumer behaviour and demand to continue to attract customers. The Group aims to adapt its operations to the effects of increasing online retail by focusing on prime urban locations, in growing demographics which are more resilient to internet penetration. However, there can be no certainty as to the successful implementation of the strategy nor that the strategy will work which could result in lower cash flows and valuations.

An increase in online retail may lead to a decrease in footfall and tenant's sales, demand for commercial retail premises and the occupancy rate of the Group, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is subject to the counterparty risk of its tenants

The creditworthiness of a tenant can decline over the short or medium term, for example as a result of change in the economic environment or the COVID-19 pandemic, leading to a risk that the tenant will become insolvent or be otherwise unable to meet its obligations under the lease. In particular, the government-imposed trading restrictions in response to the evolving COVID-19 pandemic in the Group´s areas of operations, which have been introduced at all shopping centres with only grocery stores/supermarkets, pharmacies/drugstores and other necessity services allowed to operate have a negative impact on the Group's tenants and their profitability which could have a direct impact on the earning of the Group, as some tenants' rent is based on the turnover generated.

Although the Group receives and holds advance deposits, such deposits may be insufficient and the amounts payable to the Group under its lease agreements with tenants that are not secured (by deposits, bank guarantees or corporate guarantees) bear the risk that these tenants may be unable to pay such amounts when due. The Group is not insured against this credit risk. If a tenant seeks bankruptcy protection, the Group may be subject to delays in receipt of rental and other contractual payments, if it is able to collect such payments at all, and the Group may not be able to secure vacant possession of the property without a court order, thus preventing the Group from re-letting that property to a new tenant. The Group may not be able to limit its potential loss of revenues from tenants who are unable to make their lease payments. The Group's credit losses may increase in the future. Any significant credit losses could have a material adverse effect on the Group's business, financial condition, cash flows, prospects and results of operations.

Risk related to climate change

The Group is exposed to the potential impacts of future climate change and climate change-related risks. In particular, the Group is exposed to unpredictable physical risks from possible future changes in climate and rare catastrophic weather events. Over 40% of the Group's income derives from tenants who are active in the fashion industry. Such tenants may be unable to plan products based on seasonality which means that winter or summer collections may fail, which could result in tenants encountering financial difficulties, which could in turn impact their ability to pay rent. Climate change could ultimately have a material adverse effect on the Group's business, financial condition, cash flows, prospects and results of operations.

Risks related to Group's operations

Risks related to change in strategy following a strategic review

On 10 December 2019, Atrium announced that it is considering a change in its strategic review in order to identify further growth opportunities with a focus on, amongst other things, densification of core retail assets and diversification into other classes of real estate, including focussing on residential for rent. On 25 February 2020, the Directors endorsed the outcome of the aforementioned strategic review. Following the implementation of the strategic review, Atrium will invest in a new asset class, residential for rent, which might expose Atrium to new and additional industry and other risks to which it is currently not subject and are currently not known to the Company and may be identified during the implementation phase. The change of strategy as a result of the implementation of the strategic review or the strategy not being properly implemented could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The performance of the portfolio of the Group is exposed to concentration risks

The Group's real estate portfolio is concentrated and consists almost entirely retail properties of which 85% by fair value as at 31 December 2019 are located in Poland and the Czech Republic and more than half thereof in Warsaw and Prague. The performance of the real estate portfolio of the Group may be disproportionately impacted by events or market developments occurring in specific regions of the portfolio or by developments that affect certain types of commercial or residential real estate. The Group's high level of concentration in retail properties and its dependency on the Polish and Czech Republic's markets may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group may not be able to execute disposals of real estate at acceptable prices, on acceptable terms or at all

In accordance with its asset rotation programme, the Group has in the past sold properties in part or in full and may continue to divest properties that are not considered to be part of its core portfolio in the future. The Group intends to continue to improve the quality of its portfolio through additional divestments in the coming years.

The value and price of disposed properties are influenced by several factors, such as general economic conditions, investor base, asset class and quality, interest rates, inflation expectations, investor yield requirements, available financing and competitive dynamics. There can be no guarantee that the Group will be able to execute future disposals at acceptable prices or at prices that are similar or higher than the fair market valuation of a particular property, in particular in the current economic environment driven by the impact of the COVID-19 pandemic on the Group´s markets and world economies. The inability of the Group to sell at acceptable prices, or any such shortfall, delay or restriction, or any claim under the sale agreement, could have an unfavourable impact of the Group's balance sheet and may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The ability to identify and successfully execute new acquisitions is essential for meeting the Group's growth targets

In accordance with its asset rotation strategy and in addition to the redevelopments projects, the Group intends to grow through selective acquisitions. However, there can be no guarantee that the Group will find new targets that will fit its strategy at acceptable commercial terms or that it will succeed to negotiate and complete new acquisitions.

Moreover, those investments require, among other things, an analysis of a wide variety of factors, including subjective assessments and assumptions. It is possible that the Group may overestimate the potential of those investments, when making investments decisions or may base its decision on inaccurate information or assumptions that turn out to be incorrect. For example, the Group may overestimate the attractiveness of a property or its location, or the demand for such premises, in which case it may be difficult to find suitable tenants that are willing to enter into favourable leases. The Group may also underestimate the likelihood that a newly acquired real estate asset will require substantial renovation, capital repairs or an environmental action. Such errors may only become apparent at a later stage and force the Group to recognise fair value losses on its statement of financial position and income statement.

Furthermore, the Group cannot guarantee that its due diligence when acquiring a real estate asset will uncover all the potential liabilities and risks related to the property, such as construction defects, or that it will have recourse to the seller of the property for the non-disclosure of such risks. Official information in the land register of some of the countries in which the Group has its operations or assets may not be accurate and complete. Thus, although the Group may have to rely upon the information contained in land registers, it may not have effective redress against the government of the relevant country if the information upon which the Group relied in deciding whether or not to make an investment was inaccurate, misleading or incomplete.

In addition, as the Group acquires properties and increases its market share, compliance with competition regulations may become more onerous. It is possible that competition authorities may rule that certain future acquisitions are anti-competitive. Adverse proceedings with authorities regarding acquisitions could harm the Group investment and expansion plans.

Any of these factors, alone or in combination, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The financial performance of the Group is subject to the Group's ability to secure initial tenants, rent renewals or re-lettings and manage lease expiries

The financial performance of the Group is subject to the Group's ability to secure initial tenants, rent renewals or re-lettings and manage lease expiries which are reflected in the occupancy rates of the Group's properties. The Group's ability to manage occupancy rates is also dependent upon its ability to attract tenants, the remaining term of the Group's lease agreements, the financial position of its current tenants and the attractiveness of properties to current and prospective tenants. As such the evolving COVID-19 situation could have a negative impact on ability to attract tenants, the remaining term of the Group's lease agreements, the financial position of its current tenants and the attractiveness of properties to current and prospective tenants.

In order to retain current tenants or attract new tenants the Group may be required to offer lease incentives such as reductions in rent, capital expenditure programmes, rent clauses based on turnover rent, gross rentals and other terms in its lease agreements that make such leases less favourable to the Group.

Some of the Group's lease agreements with anchor and other tenants provide for break clauses after an initial tenancy period of five to fifteen years. It is possible that some of the tenants may choose to exercise their rights under the respective break clauses and terminate their leases early. In response to the outbreak of COVID-19, Russia has adopted rules allowing to re-negotiate or even terminate lease agreements and postpone rent payments in certain cases.

The weighted average lease terms of the Group might decrease as food anchors and consumer electronics which typically have longer leases are reducing their footprint. In addition, the Group may not be successful in maintaining or increasing occupancy rates or successfully negotiating favourable terms and conditions in relation to its lease agreements. A failure to do so could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is dependent on the presence of anchor tenants

The Group relies on the presence of anchor tenants in its retail centres. Anchor tenants play an important part in generating consumer traffic and making a centre a desirable location for other tenants. The failure to renew the lease of an anchor store, the termination of an anchor store's lease, restrictions imposed on the business of the anchor tenants (e.g. COVID-19 measures) or the bankruptcy or economic decline of an anchor tenant can have a material adverse effect on the economic performance of the centres. There can be no assurance that, if the anchor stores were to close or fail to renew their leases, the Group would be able to replace such anchor tenants in a timely manner or that it could do so without incurring material additional costs and suffering adverse economic effects. The presence of an alternative anchor tenant with similar retail strength and the ability to maintain similar or better lease terms is highly correlated to the size of the relevant market, competitive environment, market conditions and asset position; the expiration of an anchor lease may make a secured loan financing of such a centre, if required, difficult. Furthermore, the deterioration of the Group's relationships with any of its anchor tenants may negatively impact on the Group's ability to secure anchor tenants for its future projects. Any of the above risks, if realised, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Risks related to the evolution of rent levels, in particular upon renewal of an existing lease, and increases in operating and administrative expenses

The average length of the leases in the portfolio at the end of 2019 was 5.3 years (31 December 2018: 5.3 years). Upon expiry of an existing lease, the Group is subject to the risk of a downward negotiation of the rent by the tenant depending notably on the rental levels in the market which are affected by overall conditions in the economy. Both rental income and property values may also be affected by factors specific to the real estate market, including (i) rent reviews with tenants, particularly anchor tenants, may not be agreed at the current rental values and rents payable by such tenants may be tied to their turnover – such that, if the turnover of such tenant declines, the rent payable by such tenant also decreases; and (ii) most lease agreements to which the Group is a party include clauses which provide for partial or full indexation of rent, which, in most cases, is indexed in line with a consumer price index. Consequently, the increase in the rental proceeds from such leases is dependent not only on general economic developments or market conditions, but largely on future rates of inflation which can be subject to governmental or European monetary policy adoptions such as quantitative easing. Each of these factors may restrict the Group's ability to increase rents and could therefore have a material adverse effect on the Group's business, growth opportunities (both organic and by means of acquisitions), financial condition, prospects and results of operations. Besides these factors, governments in the Group´s markets have implemented legislation in response to the COVID-19 crisis which provides the tenants inter alia with the option to reduce the rent, defer rent payments, and in some cases the right to terminate unfavourable long-term leases. Given the uncertain nature of the current COVID-19 situation, the Group is unable at this stage to quantify the duration and the extent that the impact of this legislation will have on its operations and Group earnings.

In addition, the Group's operating and administrative expenses, as well as increasing repair and maintenance costs related to the gradual ageing of the Group's properties, could increase without a corresponding increase in turnover or tenant reimbursements, mainly owing to reimbursement caps that may be included in various lease agreements or other legal restrictions. Further, there may be expenses which are not rechargeable to tenants. Factors which could increase operating and administrative expenses include, amongst others, increases relating to the rate of inflation, payroll expenses, legal expenses, property taxes and other statutory charges, energy costs and cost of services provided by third party providers; movements in foreign exchange rates; increases in insurance premium; increases in construction, redevelopment and maintenance costs and increases in capital expenditure which arise as a result of defects relating to the properties needing to be rectified. Any such increases, if not reimbursed by the Group's tenants, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is exposed to risks related to capex, maintenance, repositioning and repair of properties. Those initiatives may take more time, be more expensive or ultimately generate a lower yield than originally anticipated

The Group is required to maintain the properties in the portfolio of the Group in good condition, based not only on the requirements of law and its obligations under the relevant lease agreements, but also based on the quality of similar properties in the relevant regions of the portfolio. The Group performs maintenance and repairs, as well as invests capex, in its properties for many reasons, including among others to increase value or in order to avoid loss of value and to maintain demand for its properties. Modernisation, refurbishment and capex for the Group's properties may also be necessary in order to increase their appeal or to meet changing legal requirements, such as provisions relating to modernisation and energy savings and health requirements/social distancing under COVID-19 legislation. In some cases, the amount invested in a property by the Group may be significant.

The properties in the portfolio of the Group may from time to time require investment for targeted modernisation and repositioning. Although the Group takes steps to predict the expenses associated with its properties, there is no guarantee that the Group has predicted, or will correctly predict in the future, the amount of time and money that it must spend on maintenance, repairs, modernisation, repositioning, fit-out or capex and development of its properties. These costs may increase substantially as a result of many factors, such as increased costs of materials, increased labour costs, increased energy costs, bad weather conditions, unexpected safety requirements or unforeseen complexities and developments at the building site. The Group may be unable to undertake work on its properties in a timely fashion or at all for many reasons, including lack of a skilled labour force, bad weather conditions or the failure of contractors or subcontractors to adhere to agreed-upon time schedules or continue as going concerns during the course of necessary work. Further, necessary building or other permits may be delayed or denied, or only issued subject to further restrictions or with fewer rights than anticipated by the Group. The occurrence of any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations and net profits.

The Group is exposed to risks related to its redevelopment projects

Since 2015, the Company has focused on the redevelopment and extension of the Group's existing properties. The Group has reported a pipeline of €0.4 billion scheduled for ongoing investment in redevelopment projects. The Company has postponed planned investments in redevelopments for 2020 to 2022/2023 as part of its action plan for strengthening the liquidity due to the impact of COVID-19 on its operations.

The construction and redevelopment of properties is subject to a risk of defective construction, corrective or other works and associated adverse publicity, cost overruns, commercial related risks (lack of demand for new or redeveloped space), delays in construction work or other unforeseen delays and planning, permitting, zoning, procedural and compliance risks.

Any claim brought against the Group, and the surrounding negative publicity concerning the quality of its properties or projects, irrespective of whether the claim is successful, or an inability to complete the construction of a project on schedule or on budget, could have a material adverse effect on how its business, properties and projects are perceived by target tenants. This could negatively affect the Group's ability to market and lease its properties in the future.

The Group has commissioned the construction of some of the properties that it owns. As the owner and developer, the Group is liable for possible defects found in such properties as well as other direct or indirect damage relating to such properties. Potential damage related to construction and consequent liabilities may affect the profitability of the Group's business and lower the fair value of affected properties owned by the Group. The occurrence of any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, prospects, results of operations and net profits.

The Group is exposed to the counter-party risk of its partners with respect to certain co-ownership or co-operation arrangements, including joint venture arrangements

Some of the Group's properties are held and operated, or may be proposed to be developed, through co-ownership or co-operation arrangements (including among others joint venture arrangements) with third parties.

Specific risks arising from co-ownership and co-operation arrangements or relating to title sharing, which are not present in relation to projects that are wholly-owned, operated and developed by the Group, include risks that (i) the Group's relevant partners may have different objectives from the Group, including with respect to the appropriate timing and pricing of any sale or refinancing of an investment property held as part of a co-ownership arrangement; (ii) the Group's relevant partners may take action contrary to the Group's instructions or requests, policies or objectives, or frustrate its actions; (iii) the Group's relevant partners might become bankrupt or insolvent; and (iv) with respect to co-title and development projects, the Group may be required to provide additional financing to make up for any shortfall due to the Group's relevant partner(s) failing to provide such finance or to furnish any required collateral to any financing banks. In addition, risks relating to joint venture arrangements may include potential joint and several or secondary liability for transactions and liabilities of the joint venture entity; the difficulty of maintaining uniform standards, controls, procedures and policies; and depending on the specific joint venture terms, the possible termination or commencement of a forced buy or sell procedure in relation to either the investment property or a stake in the joint venture. These risks, if realised, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's insurance coverage may be inadequate

The Group's insurance policies may not cover it for all losses and certain types of insurance are not available on commercially reasonable terms or at all in certain countries in which the Group has its operations or assets, owing to the fact that the respective insurance industries in these countries are at a relatively early stage of development. Forms of insurance common in mature markets may not yet be available in certain countries in which the Group has its operations or assets. As a result, the Group's insurance may not fully compensate it for losses associated with damage to the real estate assets it owns, operates and develops. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or that are not economically insurable. Other factors might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed, such as inflation, taxation, changes in building codes and ordinances and environmental considerations. The Group may incur significant losses, damage to its assets or business or other liabilities for which it may not be compensated fully or at all, which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

In addition, the Group's insurance policies may not cover the current aggregate market value of its portfolio, particularly where the market value of its portfolio increases. As a result, it may not have sufficient coverage against all losses that it may experience. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, it could be liable to repair damage caused by uninsured risks. The Group may also remain liable for any debt or other financial obligation related to that damaged property. No assurance can be given that material losses in excess of insurance coverage limits will not occur in the future. As a result, any uninsured losses or losses in excess of insured limits could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group may incur environmental liabilities or compliance costs

The environmental laws of certain countries in which the Group has its operations or assets impose actual and potential obligations to conduct remedial action on sites contaminated with hazardous or toxic substances. In such circumstances, the owner's liability is generally not limited under such laws and the costs of any required removal, investigation or remediation can be substantial. The presence of such substances on, or in, any of the Group's properties, or the liability for failure to remedy property contamination from such substances, could adversely affect the Group's ability to let or sell such property or to borrow funds using such property as collateral, which could have an effect on its generation of rental income or return on investment which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Furthermore, the Group may be required to comply with stricter environmental, health, fire and safety laws or enforcement policies or become involved in claims and lawsuits relating to environmental matters. Meeting stricter compliance standards or defending potential actions, including for any alleged non-compliance with applicable laws and regulations, may have a significant negative impact on its results of operations. Since the outbreak of COVID-19 the Group has to comply with stricter health and safety policies and the Company is unable at this stage to quantify the duration and the extent that the impact of these stricter health and safety policies will have on its operations and Group earnings.

If the relevant authorities in a country where the Group has its operations or assets discover violations of applicable environmental laws, the Group may be subject to fines and other penalties. Any of these matters could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Entities of the Group may be subject to litigation, administrative proceedings and similar claims

Entities of the Group have been and will likely continue to be subject to various administrative and legal proceedings. These proceedings, even for routine matters, can be lengthy and expensive and involve substantial resources at the Group. In addition, larger or unexpected proceedings may distract or delay management from implementing the Group's business strategy. The Group may also be subject to litigation involving tax authorities or in connection with agreements entered into by the Company or members of the Group relating to the purchase and/or sale of property, interests in companies or other assets, or other activities of the Group. It is impossible for the Group to predict if and when significant litigation or administrative or legal proceedings may occur. The occurrence of any of these factors may have a material adverse effect on the business, cash flows, financial condition, results of operations, net profits and prospects of the Group.

The Company is subject to certain obligations and restrictions due to the stock listings of the Company

Presently, the Company's shares are admitted to trading on the Vienna Stock Exchange and Euronext in Amsterdam under ticker: ATRS. Consequently, the Company is exposed to the restrictions and obligations arising from the applicable laws and regulations in Austria and the Netherlands. These stock listings impose obligations and restrictions on the Company, under the applicable capital markets provisions, such as the European Market Abuse Regulation, including prohibitions of insider trading, insider lists, disclosure of inside information as well as under the applicable rules of the relevant stock exchange. In addition, the Company is subject to applicable capital markets laws and regulations, such as certain notification obligations on shareholding, public takeover regulations and squeeze-out provisions. These laws and regulations are constantly evolving, and the diversity and complexity of these laws and regulations create a risk that, in some instances, the Company may be deemed liable for violations of such laws and regulations, in particular, in connection with a failure to comply with those laws and regulations. Any violation or breach of these laws and regulations could affect the overall reputation of the Company and, depending on the case, expose the Company to administrative or judicial proceedings, which could result in adverse judgments. The occurrence of any of these factors may have a material adverse effect on the Group's business, financial condition, cash flows, results of operations, net profits and prospects.

The Group relies on certain professional management and key personnel

The success of the Group depends, among other things, on the professional skills of the Directors and the Group’s management and other key personnel as well as on the ability to retain its current management and to be able to recruit new skilled personnel when needed. Whereas the Directors pro-actively manage the succession of senior roles, the unexpected loss of some or all of these individuals, including potentially to the Group’s competitors, or an inability to attract, retain and maintain additional personnel could prevent the Group from implementing its business strategy and could adversely affect the Group’s business, financial condition, prospects and results of operations. The Group does not carry key man insurance with respect to any of these individuals. There can be no assurance that the Group will be able to retain all of its existing senior personnel or to attract additional qualified personnel when needed which in turn could affect adversely the Group’s business, financial condition, prospects and results of operations.

The Group is exposed to disruption and other damages of its information technology and other networks and operations and breaches in data security

The Group is dependent on the proper functioning of its information technology systems and processes. The Group's systems and the services of external system providers on which it relies are vulnerable to damage or interruption from various factors, including but not limited to, power loss, telecommunication failures, data corruption, network failure, computer viruses, security breaches, natural disasters, theft, vandalism or other acts or events. Increased frequency and sophistication of cyber threats, could lead to installation of malicious software, unauthorised access to data and other electronic security breaches that could lead to disruptions in systems, unauthorised disclosure of confidential or otherwise protected information and the corruption of data. A disruption in the infrastructure that supports the Group's businesses could have a material adverse effect on its ability to continue to operate the Group's business which in turn could lead to loss of business and the incurrence of significant costs related to information retrieval and verification and the restoration of normal service.

The Group also accumulates stores and uses in its operations data for marketing purposes, in particular, and such data may be protected by data protection laws. Although the Group takes precautions to protect customer data in accordance with the applicable laws, the Group cannot discount the possibility of future data leakages. The Group works with third-party service providers, such as certain software companies, which may not fully comply with the relevant contractual terms and all data protection obligations imposed on them. The Group’s insurance also covers disruption of its information technology systems, but there is no guarantee that such insurance is adequate to cover all potential losses. Unanticipated information technology problems, system failures, computer viruses, intentional/unintentional misuses, hacker attacks or unauthorized access to the Group's network or other failures could result in a failure to maintain and protect customer data in accordance with applicable regulations and requirements and could affect the quality of the Group's services, compromise the confidentiality of its customer data or cause service interruptions, and may result in the imposition of fines, claims for damages, prosecution of relevant employees and managers, reputational damage and customer churn and may have a material adverse effect on the Group’s business, prospects, results of operation and financial condition.

Atrium may qualify as an alternative investment fund

Atrium believes that it does not fall within the scope of the European Commission published Directive 2011/61/EU, the Alternative Investment Fund Managers Directive, which was published on 1 July 2011 (the **AIFM Directive**). The AIFM Directive was implemented through secondary legislation and became effective in all European jurisdictions in July 2014. The legislation seeks to regulate alternative investment fund managers based in the EU (**AIFM**) and prohibits such managers from managing any alternative investment fund (**AIF**) or marketing shares in such funds to EU investors unless they have been granted authorisation. The

AIFM Directive imposes additional requirements, among others, relating to risk management, minimum capital requirements, the provision of information, governance and compliance requirements, with consequent increase, potentially a material increase, in governance and administration expenses.

Based upon legal advice, Atrium does not believe that it is an AIF, as defined under the AIFM Directive. It, therefore, does not constitute an AIFM and does not need to comply with the AIFM Directive. However, there is no definitive guidance from national or EU-wide regulators whether real estate companies, like Atrium, are subject to the AIFM Directive or not. As such, there is the possibility that these regulators may, in the future, decide that businesses such as Atrium fall within the scope of the AIFM Directive, in which case Atrium will have to comply with this directive (including the abovementioned requirements). The cost of compliance, including maintaining a minimum level of capital, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The risk management and compliance systems of the Group may prove to be partially or completely insufficient or fail, and unknown, unrecognised, underestimated or unexpected risks may materialise, any of which could lead to government investigations and significant reputation, financial or other consequences. The Group may fail to adequately account for potential liabilities or risk exposures

The Group has put in place risk management and compliance systems that it believes are suitable to its business, and the Group continues to develop and update its risk management and compliance systems in order to monitor market risk, liquidity and financial risk, operational risk, organisational risk and the risk of reputational damage. There is no guarantee, however, that the Group's risk management or compliance systems are in fact sufficient to manage the risks faced by the Group. The Group may be faced with risks that were previously unknown, unrecognized, underestimated or unconsidered, and its risk management or compliance systems may function incorrectly or fail. Inappropriate risk management or compliance measures may cause irregularities leading to among other things cash losses or delays in development of the Group, or to official investigations or third-party claims against the Group, which in turn could have significant financial, reputational and other consequences. The Group books provisions for potential liabilities such as tax liabilities, litigation exposure and bad debt. These provisions are based on management's assumptions, estimates and judgments, and there is no guarantee that the provisions taken by the Group adequately account for the Group's potential or actual liabilities or risk exposures. Failure to take adequate provisions against potential liabilities could have significant financial, reputational and other consequences for the Company or the Group.

The occurrence of any of these risks could have a material adverse effect on the Group's business, net assets, financial condition, cash flows, results of operations, net profits, reputation and prospects.

A loss of reputation or harm to the brand name of the Group may reduce the demand for the Group's properties, shares or debt, reduce the ability of the Group to raise capital or debt on attractive terms and to retain key personnel

The Group's ability to attract and retain tenants, raise capital, issue debt or gain access to bank financing, as well as retain personnel in its employment may suffer if the Group's reputation is damaged or harm to the brand name of the Group is done. Matters affecting the Group's reputation may include, amongst other things, the quality and safety of the Group's assets, compliance with legislation and regulations.

Any damage to the Group's reputation may result in a material decline in the share price of the Company or the trading prices of its securities, and may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of the Group.

Risks related to the financial condition of the Group

The Group may be forced to refinance its debt or may forfeit significant secured assets if it fails to meet the obligations and requirements under its loan agreements or debt securities

As at 31 December 2019, the Group had total borrowings, including bonds and bank loans, with a carrying value of €1,187 million, of which €887 million was unsecured. As at 31 December 2019, the market value of properties secured in favour of external creditors was €557 million. In 2020, the Group fully utilized its revolving credit facilities in an amount of €300 million and repaid €133 million bonds that matured in April 2020.

Atrium's EUR460,000,000 3.625 per cent. Notes due 17 October 2022 and EUR300,000,000 3.000 per cent. Notes due 11 September 2025 contain covenants which require the Group to maintain its solvency ratio at or below 60%, its secured solvency ratio at or below 40%, an interest coverage ratio of at least 1.5:1. As at 31 December 2019, the Group's solvency ratio was 39.6%, its secured solvency ratio was 9.4% and its interest coverage ratio was 3.53:1.The Group's existing secured debt facilities also contain covenants, such as an obligation to maintain a maximum loan to valuation ratio, income to interest coverage ratio and minimum equity. The Group's compliance with such covenants is dependent on, amongst other things, the fair market value and income yielding capacity of its properties which are subject to fluctuations and which in addition might be adversely affected by the COVID-19 pandemic. A decline in the fair market value or net income of such properties could affect the Group's compliance with these covenants.

A breach of any of the covenants contained in the Group's loan agreements or bonds could result in the acceleration of its payment obligations, the locking of cure accounts, the forfeiture of its secured assets or make future borrowing difficult or impossible. In these circumstances, the Group could also be forced in the long term to sell some of its assets to meet its debt obligations. Any of the events described above could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group may not be able to secure financing in the future

The Group operates in a sector that requires high level of capital investment for growth. The Group uses, and has used in the past, debt, together with free cash flow, to finance the Group's acquisitions. The Group's growth strategy, future investments and maturity schedule of its existing debt will create a need for new funding. The availability of financing in line with the financial covenants of the Group and loan margins may fluctuate over time. Furthermore, overall declines in stock prices in several European countries have negatively affected the share value of many real estate companies, decreasing the attractiveness of equity financing from a company standpoint. The factors that affect the availability of financing and financing costs, including the maintenance of Atrium's investment grade credit ratings, could have a material adverse effect on the execution of the Group's strategy or the inability to refinance on commercially acceptable terms debt falling due in accordance with the maturity schedule of the Group's indebtedness which could in turn have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

A rise in interest levels and credit margins might increase the Group's financing costs

Changes in interest rates have a significant effect on the real estate sector. Market interest rates have fluctuated strongly due to the credit crisis, during which interest rates that were relatively high fell sharply in the autumn of 2008 and have stayed at low levels in historical terms since then. In 2019, interest rates for the Euro reached all times lows and this trend continued in 2020, however, interest rates are generally expected to increase over time. In addition, the spread for financing has increased due to the changed market conditions as a result of COVID-19. The Group has no unhedged interest rate variable indebtedness as at 31 December 2019. Fluctuations in interest rates affect the value of the Group's interest swap facility. As at 31 December 2019, there were two interest swap facilities amounting to €17.8 million. An increase in interest rates may negatively affect private consumption or the ability of the Group's tenants to pay rents or may lead to a decrease in occupancy rates.

Tightening regulation of the banking sector (Basel III) and insurance sector may contribute to higher costs of financing for the banks, which may again result in an increase in the price of the Group’s new debt financing and the Group’s average interest rate level. Furthermore, over the next few years, the Group will have to refinance bonds or loans and the margins on these loans and bonds or the cost of related derivatives may increase. Such a rise in loan margins is likely to push the Group’s average interest rate upwards in the future. Any increase in interest rates, the Group’s interest expense or credit margins could have a material adverse effect on the Group’s business, financial condition, prospects and results of operations.

The Group’s financing agreements involve counterparty risk

International financial institutions are counterparties to the Group’s long-term bank loans, derivative contracts and insurance contracts. During the financial crisis, many banks and insurance companies in the United States and Europe experienced financial difficulties resulting in numerous mergers, acquisitions, and bankruptcies among financial institutions, including the government takeover of certain financial institutions. Should one or more of the financial institutions that are the Group’s counterparties descend into financial difficulties or bankruptcy, this could have a material adverse effect on the Group’s business, financial condition, prospects and results of operations.

Atrium is a holding company and its ability to pay interest and/or principal depends upon the receipt of sufficient funds from its subsidiaries

As a result of conducting its business through its Group Companies, Atrium's ability to pay interest and/or principal under debt instruments, and on any other of its financial obligations, depends on the earnings and cash flow of the Group Companies and their ability to pay dividends to Atrium or to advance or repay loans to it or pay interest thereon. Other contractual and legal restrictions applicable to the Group Companies could also limit Atrium's ability to obtain cash from Group Companies. There can be no assurance that Atrium will receive sufficient funds from its subsidiaries to meet its financial obligations. In addition, Atrium's right to participate in any distribution of its subsidiaries’ assets upon their liquidation, reorganisation or insolvency would generally be subject to prior claims of the subsidiaries’ creditors, including lenders and trade creditors.

Changes in accounting standards may impact the financial situation and results presented in the financial statements of the Group

The Group's accounting policies and methods are fundamental to how it records and reports its financial condition and results of operations. From time to time amendments are adopted to the applicable financial accounting and reporting standards that govern the preparation of the Group's financial statements. The new standards and interpretations which are already endorsed by the European Union and which apply to the Group’s financial reporting from 1 January 2019, consist of, in particular, IFRS 16: Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The new standard IFRS 16 has been implemented as per 1 January 2019, with no significant impact on the results for the year ended 31 December 2019. Any amendment to the IFRS which, in future, is adopted by the European Union and which concerns the valuation of the balance sheet, off-balance sheet items, disclosures or creating write-downs and provisions, may have a negative impact on the presentation of the financial and economic situation of the Group.

<u>Risks related to the markets in which the Group operates</u>

The markets in the Region are subject to greater risks than more developed markets, including significant legal, economic and political risks and the imposition of sanctions, that could have a material adverse effect on the Group’s business

Investors in emerging and developing markets such as the countries in which the Group has its operations or assets, particularly Russia, should be aware that these markets are subject to greater legal, economic, fiscal and political risks than mature markets and are subject to rapid and sometimes unpredictable change. In general, investing in the securities of issuers with substantial operations in emerging or developing markets like the

Region involves a higher degree of risk than investing in the securities of issuers with substantial operations in the United States, the countries of Western Europe or other similar jurisdictions. Changes in economic and political situations in one emerging or developing market country may consequently have a negative related or unrelated impact on the economic and political situation in other emerging or developing market countries. In addition, the markets in the Region are vulnerable to geopolitical risks arising from conflicts between or within states with significant potential consequences for the political, economic, and social status quo of the Group's markets.

The Group may be exposed to the imposition of sanctions on certain Russian persons and entities by the U.S., the EU and certain other nations and, in retaliation, sanctions imposed by Russia.

The Group's operations in the Region are also exposed to risks common to all regions that have recently undergone, or are undergoing, political, economic and social change, including currency fluctuations, exchange control restrictions, an evolving regulatory environment, inflation, economic downturns, local market disruptions, labour unrest, changes in disposable income or gross national product, variations in interest rates and taxation policies, expected declines in the birth rate and other similar factors. Political or economic instability resulting from the occurrence of any of these risks may adversely affect the real estate market in the affected country or countries of the Region. The level of risk that the Group faces differs significantly between the different countries where the Group operates. It is generally believed that the risk in Central and Eastern European countries, which are members of the European Union, is lower compared to countries, such as Russia, which are not members of the European Union. However, the Group could be affected by these issues in each of the countries in which it has its operations or assets.

The political systems in some of the countries of the Region such as Russia may be vulnerable to public dissatisfaction and social changes causing political instability which may disrupt day-to-day operations or discourage foreign investment in such countries. Further, large parts of Europe have experienced uncertainty and political unrest in recent years as a result of a backlash against Euro zone policy makers and governments and political parties who advocated greater fiscal austerity measures in relation to their respective national economies. New legislations on the back of certain political changes can in some cases put significant burden on the fiscal budget and can have severe impact on the economy.

As a result, the Group's performance could be significantly affected by events in the Region beyond its control, such as a general downturn in the economy of countries in which the Group has its operations or assets, political instability, changes in regulatory requirements and applicable laws (including in relation to taxation), the condition of financial markets and interest and inflation rate fluctuations. Such events and adverse economic or political developments in the markets in which the Group has its operates or assets could reduce the Group's rental income and/or the market value of its properties which could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group is exposed to foreign exchange risk

The Group's tenants mostly have their income denominated in the local currency of the relevant country in which they are based, such as the Polish Zloty, Czech Koruna, Russian Ruble or others. The occupancy cost ratio, which reflects the tenants' rental cost as a proportion of their turnover, can be severely affected by fluctuations of the euro, the currency in which the rent is based or payable, against the relevant local currency in which the tenant generates turnover. Accordingly, a weakening of the local currency against the euro could result in the Group's properties becoming less attractive, or over-rented. Such fluctuations could also result in such rent becoming unsustainable with respect to the concerned tenant leading to a demand for discounts or even default by the respective tenants. If realised, these risks could adversely affect the Group's business, financial condition, prospects and results of operations.

In addition, in order to prepare its financial statements, Atrium must convert the values of the Group's assets liabilities, revenues and expenses denominated in currencies other than euro into euro at exchange rates applicable in the relevant time period. For example, a proportion of the rents and service charges payable to the Group under the various lease agreements with tenants are denominated in currencies other than euro. Accordingly, significant movements in currency rates between the euro and the currency in which rental or service charges are payable may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

Different legal and regulatory systems may create an uncertain environment for investment and business activities

The Group's operations are subject to a range of laws and regulations and require the maintenance and renewal of commercial licenses and permits. In many countries, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in the promulgation of new laws, changes in existing laws, inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations.

Government authorities have a high degree of discretion in several countries in the Region and at times may exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Moreover, governments may have the power in certain circumstances, by regulation or a government act, to place Group Companies in liquidation and more generally interfere with the performance of, nullify or terminate contracts. Unlawful or arbitrary governmental actions may include the withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions.

Additionally, in some circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. Although institutions and legal and regulatory systems characteristic of parliamentary democracies have been developed in most countries of the Region, some of them lack an institutional history, and there may be no generally observed procedural guidelines. Moreover, a lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

The Group's assets may be subject to expropriation, nationalisation and confiscation

The governments of some countries in the Czech Republic, Poland, Russia, Slovakia and Turkey may expropriate (either permanently or temporarily) part or all of a property at less than its full market value. In the event that the Group's property is expropriated or nationalised, legislation provides for compensation to be paid to the Group. However, there can be no certainty that such protections will be enforced or adequate. This uncertainty is due to several factors, including, in some countries, the lack of an independent judicial system, insufficient mechanisms to enforce judgments and corruption among state officials.

Expropriation or nationalisation of the companies in which the Group invests, their assets or portions thereof, potentially with little or no compensation could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

There are uncertainties in the taxation and fiscal systems in the countries in which the Group has its operations or assets

The taxation and fiscal systems in the countries in which the Group has, or may have, its operations or assets are not as well-established, compared to those in more developed economies. The lack of established jurisprudence and case law may result in unclear, inconsistent or non-existent regulations, decrees and explanations of the taxation laws and/or views on interpretations thereof. In some cases, laws may be enacted with retrospective effect and the application of international legal frameworks and treaties reinterpreted. Moreover, taxation laws (including case law) in those countries may as a result be more likely to be subject to changes which can result in unusual complexities and more significant tax risks for the relevant Group Company operating in those countries and the business of the Group generally. For example, tax law and regulations or their interpretation or application in relation to tax deductibility of interest expenses, taxable income, tax receivables or liabilities as well as deferred tax assets or liabilities may be subject to change. In addition, there are various supra-national initiatives to counter certain tax structures such as Base Erosion and Profit Shifting (**BEPS**) and the enactment of legislation imposing economic substance requirements on certain Jersey companies. As currently in force, the economic substance requirements in Jersey do not affect Atrium as the requirements do not apply to regulated collective investment funds. However, guidance has been issued suggested a change of law may be implemented this year that has the potential to bring the Company within the scope of the economic substance requirements. To date it is not clear how this will affect the Group. Any of these matters, alone or in combination, could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

In addition, the Group's future effective tax rates may be adversely affected by a number of factors, including changes in the value of Atrium's deferred tax assets and liabilities, increases in expenses not deductible for tax purposes, the outcome of any potential discussions with the relevant tax authorities, changes in relation to taxation laws or tax rates or the interpretation of such taxation laws and changes in generally accepted accounting principles. Any significant increase in the Group's future effective tax rates could adversely impact the net results for such future periods and as a result could have a material adverse effect on the Group's business, financial condition, prospects and results of operations.

14.2 RISKS RELATED TO THE SCRIP DIVIDEND ALTERNATIVE AND THE NEW SHARES

Risk of high transaction costs and expenses

With respect to the election for the Scrip Dividend Alternative as well as the subsequent sale or custody of New Shares, commissions, fees, expenses and other transaction costs may apply which lead to a cost burden and which can be, in particular in case of a small number of New Shares allocated, above average and disproportionately high. In particular, those Shareholders who hold only a small number of Shares must bear in mind that respective depositary banks often charge high minimum fees and minimum transaction costs for which reason the election for the Scrip Dividend Alternative becomes much more expensive and reaches a considerable level. Shareholders are requested to inform themselves on the specific cost burden and further details before electing the Scrip Dividend Alternative.

Risk of an incorrect investment decision

The decision of a Shareholder to elect the Scrip Dividend Alternative should be based on the respective circumstances, financial situation and income levels and should consider its investment expectations and the long-term retention of the invested capital. Shareholders are exposed to the risk that they do not understand the nature and basic principles of New Shares and the risks associated with them. For this reason, Shareholders should seek professional advice before electing the Scrip Dividend Alternative.

Risk that the Company may change its dividend policy

The potential yield on equity investments results from dividend payments and capital gains (price increases of listed shares), both of which are among other things dependent on the corporate success of the Company and thus not be reliably predicted. The payment and amount of any future dividends will depend on the Directors' assessment of factors such as long-term growth and earnings trends, the need for sufficient liquidity, the need for investment in the Group's asset base, the existence of alternative profitable investment opportunities and the Group's financial position in general. However, there can be no assurance that the Company will maintain its current dividend policy.

Risk of fluctuating market price of the Company's shares

The historical share price is not indicative of the future performance of this stock. It is impossible to predict in which direction the market price of the New Shares offered will develop. The price risk can result in causing a total loss or partial loss of the investment. This may have an adverse effect on Shareholders.

The price of the New Shares, and the income from these, may fluctuate and may fall

The future success of the Company and the price of its securities, including the New Shares, will depend on many considerations outside the control of the Company, such as market conditions and sentiment regarding the real estate sector generally and the geographical locations in which the Group operates in particular. The trading price of the New Shares may be subject to fluctuations in response to many factors, including stock market fluctuations and demand. This may be accentuated by market volatility, the level of which may be unusual or excessive, and which may also be caused by restrictions in the availability of equity or debt finance. These fluctuations can also be caused by general economic conditions or changes in political sentiment that may adversely affect the market price of the New Shares, regardless of the Group's actual performance or conditions in its key markets. Furthermore, the price of the New Shares is dependent on the current and future development of the international capital markets. Accordingly, the performance of the New Shares may correlate with developments on the international capital markets, potentially independently of the underlying performance of the Group's property portfolio. Factors which may affect the price of the New Shares also include, but are not limited to, the Group's expected and actual performance and the performance of the markets in which the Group operates, the current rating and future prospects of the Company and interest rate developments. To optimise returns Shareholders may need to hold the New Shares on a long-term basis and they may not be suitable for short term investment. Shareholders should be aware that past performance of the shares is not necessarily indicative of likely future performance. The price of the New Shares may decrease in the future. The market value of the New Shares may vary considerably from its underlying net asset value. No guarantee is given of a specific price or performance of the New Shares or of the underlying properties. Furthermore, the price of the New Shares may fall in response to the market's view of the Group's current strategy or if the Group's operating results and prospects from time to time are below the expectations of market analysts and investors, or if market sentiment is adversely affected by third party commentary concerning the activities of the Directors or the Group. For example, in the event of the occurrence of several negative developments on the property and/or securities markets, there is a risk of partial or complete loss of the capital originally invested in the New Shares.

Risk of dilution due to the New Shares

If a Shareholder does not elect the Scrip Dividend Alternative, its percentage shareholding in the Company will decline and its voting rights will be diluted. This dilution will be proportional to the percentage rate by which the total number of New Shares issued by the Company is increased.

Attention is drawn to the fact that Shareholders who do not hold at least 40 Atrium shares will not be able to elect the Scrip Dividend Alternative.

Shareholders should note that the New Shares shall be issued under the Scrip Dividend Alternative at a discount. Accordingly, the issue of those New Shares may have a marginally dilutive effect to the shareholdings of Shareholders who elect to receive the dividend in cash.

Risk of future dilution

The Company may conduct capital increases or similar capital measures in subsequent public offerings or private placements. The Company is not required under Jersey law to offer subscription rights to any securities issued by the Company in a capital increase or certain similar capital measures to existing Shareholders. Further, due to restrictions in other jurisdictions, certain Shareholders may be excluded from participation in future capital increases or similar capital measures by means of a rights offering or otherwise unless such rights offering is registered or qualified for sale under the relevant legislation or regulatory framework. Therefore, it may not be possible for existing Shareholders to participate in such future capital increases or similar capital measures, which may dilute the existing interests of such Shareholder.

Risk of suspension of trading

The Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten* – **AFM**) may oblige Euronext Amsterdam, by issuing an instruction, to suspend, interrupt or cancel trading in a particular financial instrument within a reasonable term to be specified by the AFM, if this is required with a view to protecting the interests of the investors in the financial instrument or the orderly trade in the financial instrument. In certain circumstances, Euronext Amsterdam, at its own discretion, may also suspend trading in a particular financial instrument.

The Vienna Stock Exchange is authorised to suspend and the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde* – **FMA**) is authorised to request from the Vienna Stock Exchange to suspend securities from trading, if, in their opinion, the relevant issuer's situation is such that continued trading would be detrimental to the interests of investors. The FMA is further authorised to instruct the Vienna Stock Exchange to suspend trading in an issuer's securities in connection with measures taken against market manipulation and insider trading. Any suspension, interruption or cancellation of trading in the New Shares could adversely affect their quoted price.

15. ADDITIONAL INFORMATION ABOUT ATRIUM

The latest published annual financial report and reports on interim periods (interim financial reports) of the Company are at any time available free of charge on the Company's website: https://aere.com/financialresults.aspx.

Moreover, also the publications of the Company that have been made in fulfilment of the obligation to disclose regulated information (like ad hoc announcements) within the last 12 months are at any time available free of charge on the Company's website https://aere.com/pressreleases.aspx.

In addition, further information about the shares of the Company, the corporate calendar, corporate governance and the Articles of Association of the Company are available under the menu item "Investor Relations".

16. LEGAL BASIS OF THIS CIRCULAR

This Circular has been created to fulfil the requirements of Art 1 (4) (h) and Art 1 (5) (g) of Regulation (EU) 2017/1129, which states that there is no obligation to publish a prospectus for the public offering of dividends paid out to shareholders in the form of shares and the admission of such shares to trading on a regulated market provided that a prospectus substituting document is made available containing information on the number and nature of the shares and the reasons for and details of the offer.

This Circular constitutes such a prospectus substituting document considering the statutory minimum content set forth in Section 4 of the Austrian Regulation on the Minimum Content of Prospectus Substituting Documents (*Mindestinhalts-, Veröffentlichungs- und Sprachenverordnung 2019 – MVSV 2019*).

17. CONTACTS

For general enquiries about the Scrip Dividend Alternative please contact FTI Consulting Inc. (Richard Sunderland/Claire Turvey/Ellie Sweeney/Andrew Davis) on +44 (0)20 3727 1000 or atrium@fticonsulting.com. The helpline cannot provide advice on the merits of the Scrip Dividend Alternative nor give any personal financial, legal or tax advice.

ATRIUM EUROPEAN REAL ESTATE LIMITED

(*a company incorporated with limited liability under the Companies (Jersey) Law 1991, as amended, with registration number 70371)*

SCRIP DIVIDEND ALTERNATIVE

FORM OF ELECTION FOR REGISTERED SHAREHOLDERS

To: Atrium European Real Estate Limited and Aztec Financial Services (Jersey) Limited

I/We the undersigned confirm that I/we have read and understood the Atrium European Real Estate Limited Scrip Dividend Circular (the **Circular**). Terms used herein and not otherwise defined shall have the meanings given in the Circular.

I/we wish to participate in the Scrip Dividend Alternative in relation to all of my Shares.

By completing, signing, dating and returning this form I/we irrevocably elect to receive an allotment of New Shares, credited as fully paid, in respect of the Dividend for all on my shareholding, on the terms of the Circular and the constitutional documents of the Company.

Box A	**Name(s) and Addresses of Registered Shareholder**

Signature of Registered Shareholder	**Date**

In the case of a corporation, this Form of Election must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised, stating their capacity (e.g. director, secretary.

THIS FORM OF ELECTION IS FOR USE FOR REGISTERED HOLDERS OF SHARES ONLY. IF YOU ARE A EUROCLEAR PARTICIPANT AND HOLD YOUR INTEREST IN ANY SHARES THROUGH THE EUROCLEAR BOOK-ENTRY SYSTEM YOU MUST NOT USE THIS FORM AND INSTEAD SUBMIT YOUR ELECTION THROUGH YOUR ACCOUNT HOLDING BANK OR BROKER AS SET OUT IN THE CIRCULAR.

ANY FORM OF ELECTION RECEIVED IN RESPECT OF SHARES HELD BY A EUROCLEAR PARTICIPANT WILL BE DISREGARDED.

If this Form of Election is not completed correctly and/or not received by Aztec Financial Services (Jersey) Limited (by email to atrium@aztecgroup.co.uk or by fax to +44 (0) 1534 833033) at or before 5.30 p.m. (CEST) on 2 July 2020, all of the Dividend in respect of your shareholding will be paid in cash only. For the avoidance of doubt, any special instructions given in the Form of Election will not be accepted. The Company's decision in any dispute relating to the Scrip Dividend Alternative shall be conclusive and binding.

The completion and return of this Form of Election shall be at the sole risk of the registered Shareholder first-named above, and neither the Company nor any other person shall be liable for any loss arising out of any delay or failure of the Form of Election to arrive by the due date and time.