ATRIUM
European Real Estate

CREATING
GREAT
PLACES

TRADING UPDATE

6 November 2020

CONTENT

For this presentation see:
https://www.aere.com/Files/Presentation/20201106_3Q20_trading_update_presentation.pdf

For the press release see:
https://www.aere.com/Files/PressRelease/20201106_3Q20_trading_update_ENG.pdf

BUSINESS OVERVIEW
30 September 2020

ATRIUM IN A SNAPSHOT - 30 SEPTEMBER 2020

CE portfolio focused on quality urban assets in Warsaw and Prague (56% of portfolio value)

2015 to date capital recycling to higher quality sustainable cash flow
153 assets to **26,** from €17m average asset value to **€98m**

2020-2025: diversification into residential for rent in Warsaw/Prague

€2.5bn
standing investment portfolio

€2.6bn as at 31/12/2014

€1.6bn
Poland
€1bn
5 assets Warsaw

€0.5bn
Czech
€0.4bn
2 assets Prague

808,100
sqm GLA

92.9%
Occupancy

6.5%
Net equivalent yield 30/6/2020
(31/12/2019: 6.4%)

5.3 yr
WALT

Adequate liquidity and financial flexibility 30 September 2020

Balance sheet proactively managed with long term target of **40% net LTV**

June 2020: €200m bond refinancing

September 2020: inaugural green EMTN programme with CSSP eligibility (for details see: https://aere.com/emtn.aspx)

37.5%
Net LTV

€264m
Liquidity

€50m cash, €214m unutilised credit facility as of today

BBB
Fitch

Baa3
Moody's

72%
Unencumbered assets

2.9%
Cost of debt

€4.58
EPRA NAV

MANAGING THE IMPACT OF COVID-19

STRONG RECOVERY FOLLOWING REOPENING

98% Operating GLA end of September	Sales and footfall rebound
Rent collection largely normalised	Tenant support implementation nearly completed

CASH CONSERVATION / FINANCING

- €20m capex, opex, admin. cost reductions
- €60m postponement of redevelopments spend
- Optional scrip dividend, €21m cash conserved to date
- €200m bond refinancing, 4.8 YR average maturity
- 6 income producing assets and 1 land plot sold for €75m

COVID-19 UPDATE Q4 2020 TO DATE
RESTRICTIONS TIGHTENING, SLOWDOWN FROM OCTOBER

ATRIUM European Real Estate

Poland

- Announced a second lockdown 7/11-29/11
- Non-essential shops will be closed
- Selected services stores will be open

Czech Republic

- Partial lockdown 22/10-20/11
- Non-essential shops are closed
- Selected services stores are open

Slovakia

- Partial lockdown 24/10-8/11
- Shops are open, leisure closed, F&B take away only
- Customers restricted to basic shopping necessity [1]

Russia

- All centres are open except one
- Some trading restrictions in different regions

90% [2]
Operating GLA
4/11/2020

Lockdowns and rising infections impacting footfall and sales

[1] Unless they show a negative Covid-19 test result

[2] Operating GLA will be significantly lower when the second lockdown in Poland will become effective

FOOTFALL AND SALES RECOVERED IN Q3 TOWARDS PRE-COVID-19 LEVELS

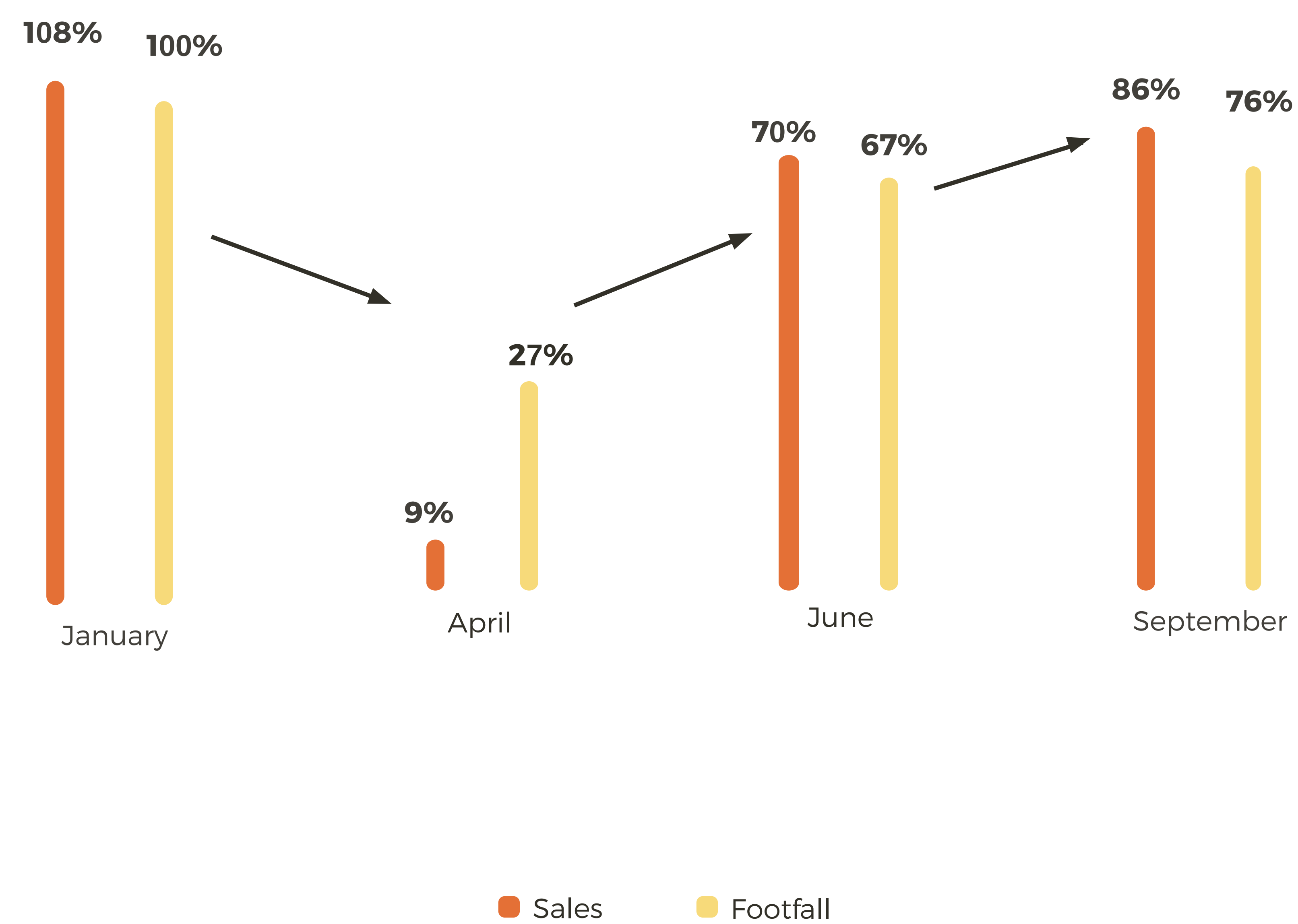
September sales were at **86%** vs last year

Footfall at **76%** in September 2020 vs 2019

Higher **conversion** and average **basket**

Footfall decreased in October - new gov. regulations

Footfall and sales[1] as a % of last year levels



[1] On a like-for-like store basis

COLLECTION RATE IMPROVED TO 94%

94%
9M collection

97% H1 collection

99%	94%	88%
Q1 collection	Q2 collection	Q3 collection

Of the unpaid 6% approx. 50% is expected to be collected and the balance is an expected credit loss

Excl. 75% stake in an asset held in JV

9M 2020 RESULTS OVERVIEW

COMPANY OPERATIONAL INDICATORS 9M 2020

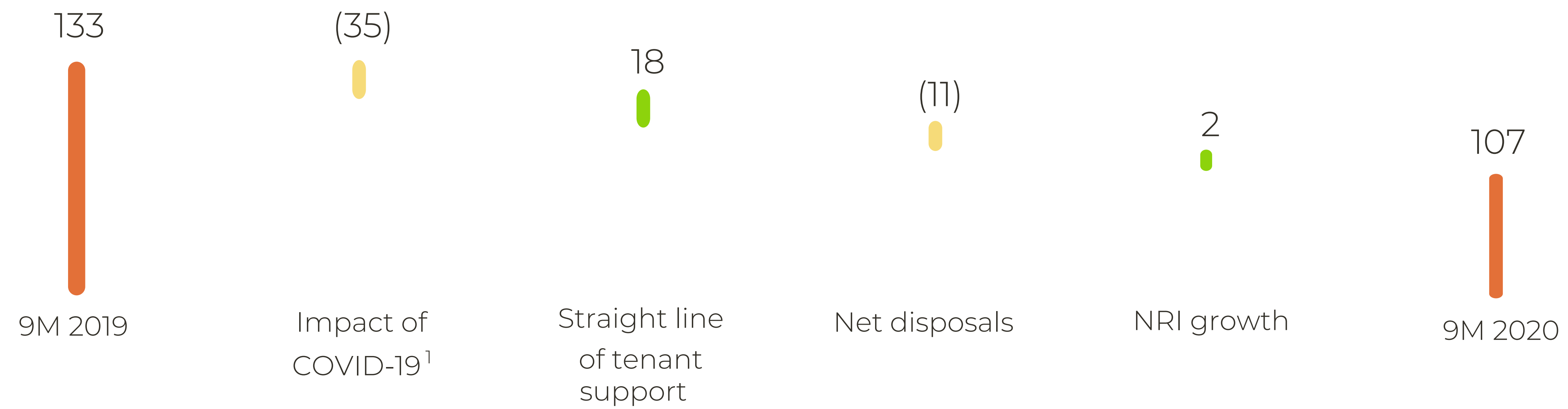
	9M 2020 (in €m)	9M 2019 (in €m)	Change (%/ppt)
Net rental income ("NRI")	106.5	133.4	(20.1)
NRI excl. impact of disposals	117.9	133.4	(11.6)
EPRA Like-for-Like NRI	75.9	87.4	(13.1)
EBITDA	91.9	116.8	(21.3)
EBITDA excl. the impact of disposals	103.3	116.8	(11.6)
Company adjusted EPRA earnings	56.3	80.5	(30.0)
Occupancy rate (%)	92.9	97.0[1]	(4.1)
Operating margin (%)	90.0	94.6	(4.6)

1 As at 31/12/2019.

9M 2020 NRI: IMPACT OF COVID-19 AND DISPOSALS

NRI decreased 20.1%

(in million €)

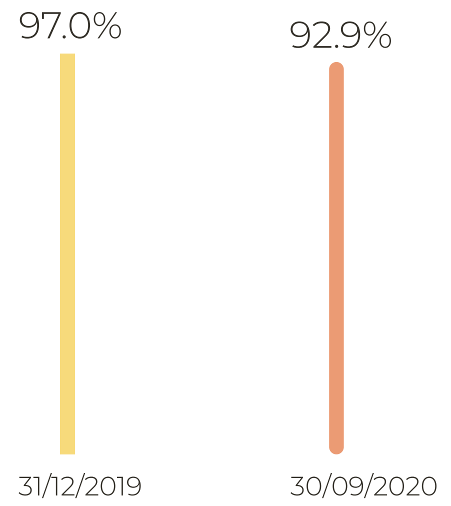


[1] Including €13m impact of the rental/service charge relief imposed by the Polish Government for the lockdown period, €15m tenant support and €8m vacancies, expected credit loss and others.

92.9% Occupancy

(30/09/2020)

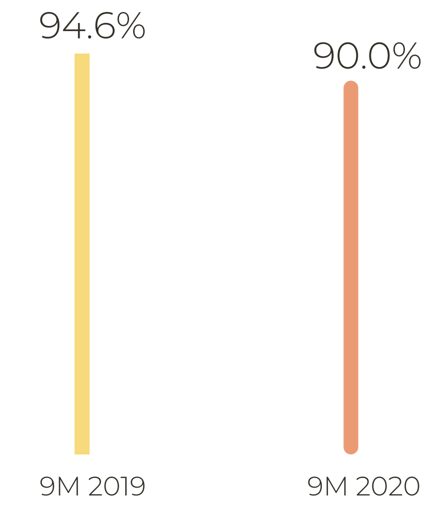
Proactive asset management during COVID-19 supports occupancy



Operating margin

(9M 2020)

Impact of Polish service charge relief during lockdown

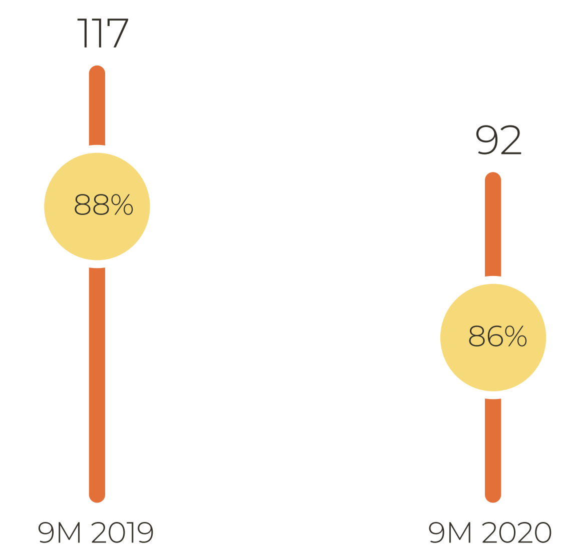


EARNINGS: IMPACT OF COVID-19 AND DISPOSALS

9M 2020 EBITDA

(in million €)

- NRI decrease partially offset by €1.5m reduction in admin in 9M 2020

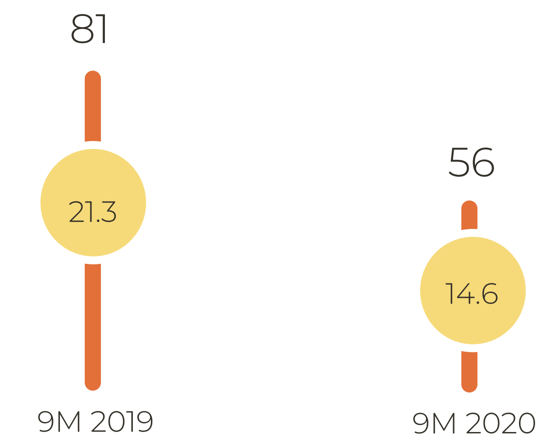


EBITDA as % of NRI

9M 2020 Adj. EPRA Earnings

(in million €)

- NRI decrease partially offset by €1.5m reduction in admin and €0.9m decrease in financing cost



Company adjusted EPRA earning p.s. (€ Cents)

A SOLID FINANCIAL POSITION TO MEET OUR LIQUIDITY NEEDS

€ 264m
liquidity
as of today

37.5%
Net LTV

Investment grade rating
BBB (stable) Fitch
Baa3 (negative) Moody's

€50m cash

€214m available committed unsecured revolving facility

4.8 years weighted average maturity

2.9% cost of debt

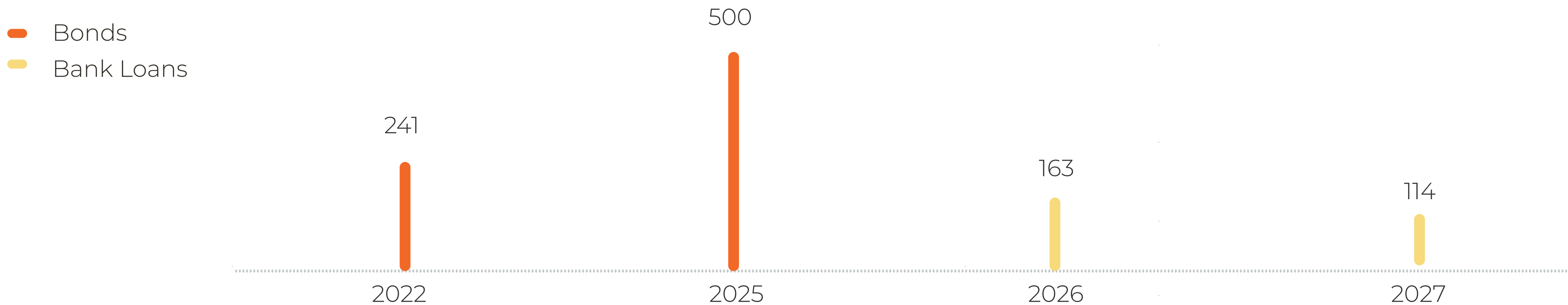
72% unencumbered standing investments

June 2020: €200m bond refinancing
Oct. 2020: €8m bond buy back in the open market

Sep. 2020: Inaugural green EMTN programme with CSSP eligibility

Bonds and loans maturities[1] (30/9/2020)

(in million €)
Next bond repayment is not due until October 2022



[1] Excluding utilised revolver credit facility

SUMMARY 9M 2020

- 9M 2020 operating results affected by COVID-19 and disposals
- Footfall and sales recovered in Q3 2020, slowdown in October
- Collections have normalised following conclusion of negotiations
- Adequate liquidity and financial flexibility
- Strategy execution: 6 secondary income producing assets and 1 land plot sold
- Further COVID-19 headwinds bring uncertainty

Net LTV
37.5%
provides financial flexibility

Stable liquidity
€264m
€50m cash, €214m unutilised credit facility

6.5%
net equivalent yield
2.9%
cost of debt

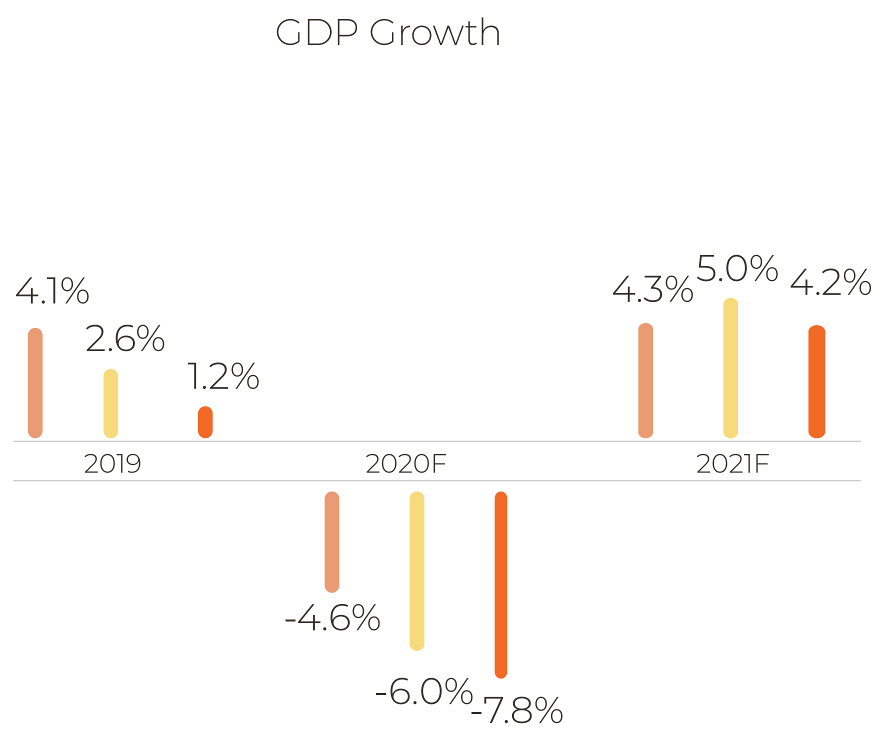
92.9%
EPRA occupancy
94%
collection rate

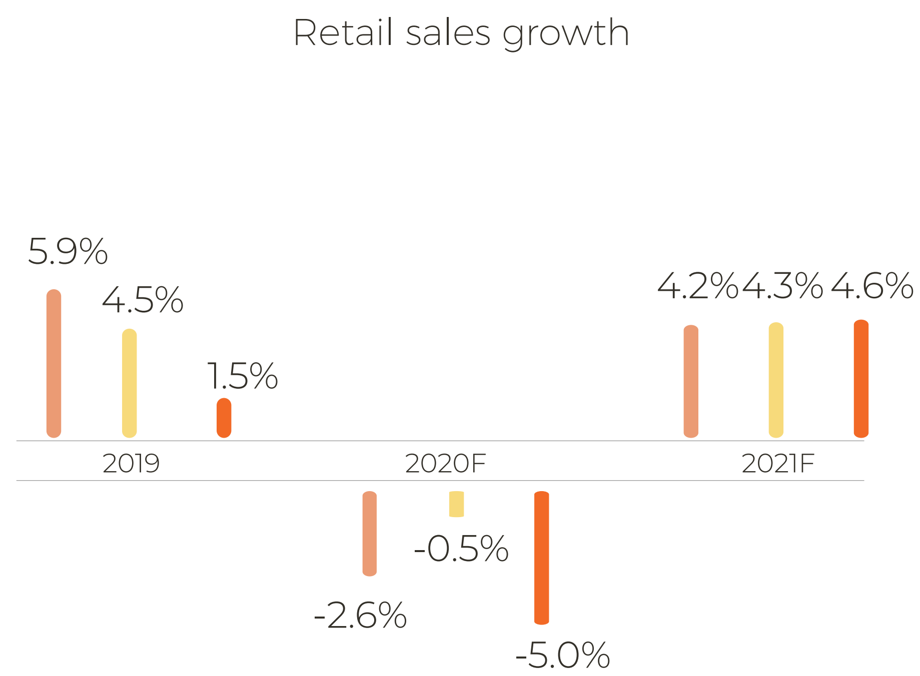
APPENDICES

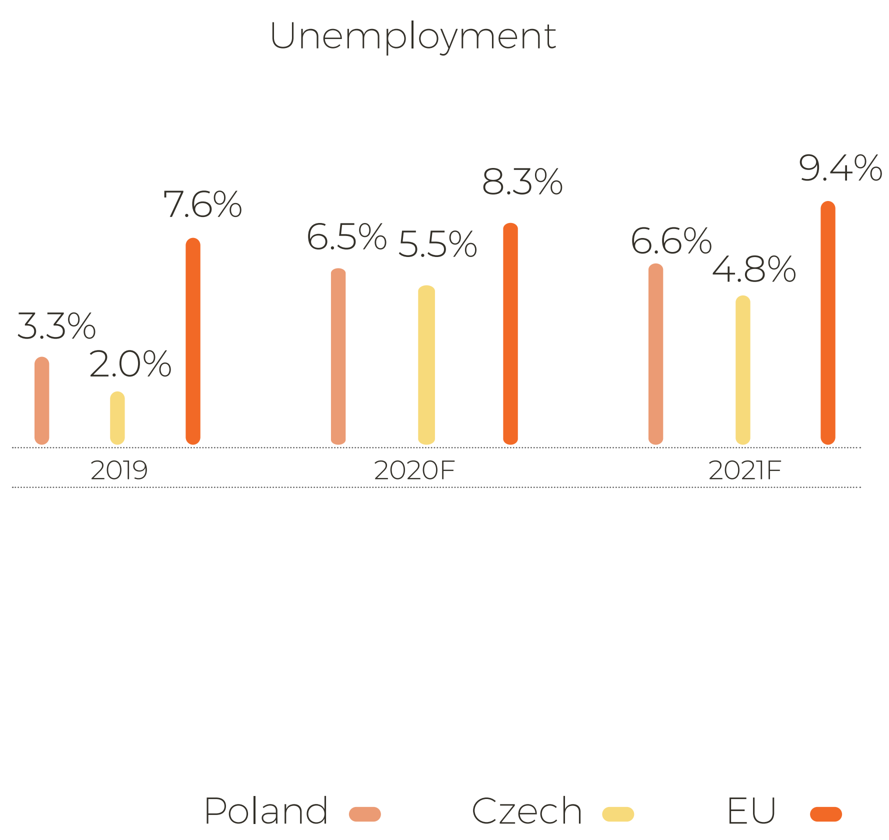
APPENDIX 1: POLAND AND CZECH - STRONG RECOVERY EXPECTED BEYOND 2020

- CE countries went into the crisis in much better shape financially than Western Europe and responded quicker to COVID-19
- Growth contraction and fiscal support packages will see fiscal deficits and debt ratios spike, however Poland and Czech had moderate debt ratios to begin with
- Considerable hit from COVID-19:
  - GDP in Poland and Czech expected to be -4.6% and -6.0% respectively in 2020, **rebound expected in 2021 to +4.3% in Poland and +5.0% in Czech**
  - Retail sales growth in 2020 is expected to fall to -2.6% for Poland and -0.5% for Czech in 2020, **rebound expected in 2021 to +4,2% in Poland and +4.3% in Czech**
  - Unemployment in 2021 is expected to be more resilient in Poland and Czech compared to the EU
  - Online penetration returning to pre-Covid-19 levels (see appendix 3)

Growth in Poland and Czech expected to continue post Covid-19:







Source: European Commission, Focus Economics, IMF and Trading Economics

APPENDIX 2: TOP 15 TENANTS* - WELL-KNOWN GLOBAL RETAILERS

A healthy diversified tenant mix

% OF ANNUALISED RENTAL INCOME	GROUP NAME
3%	Hennes & Mauritz
2%	LPP
2%	AFM
2%	CCC
2%	EM&F Group
2%	Inditex
2%	Carrefour
2%	A.S. Watson
2%	Metro Group
1%	Douglas
1%	TJX Poland Sp z o.o.
1%	New Yorker
1%	Sephora
1%	Tengelmann Group
1%	Amrest
25%	

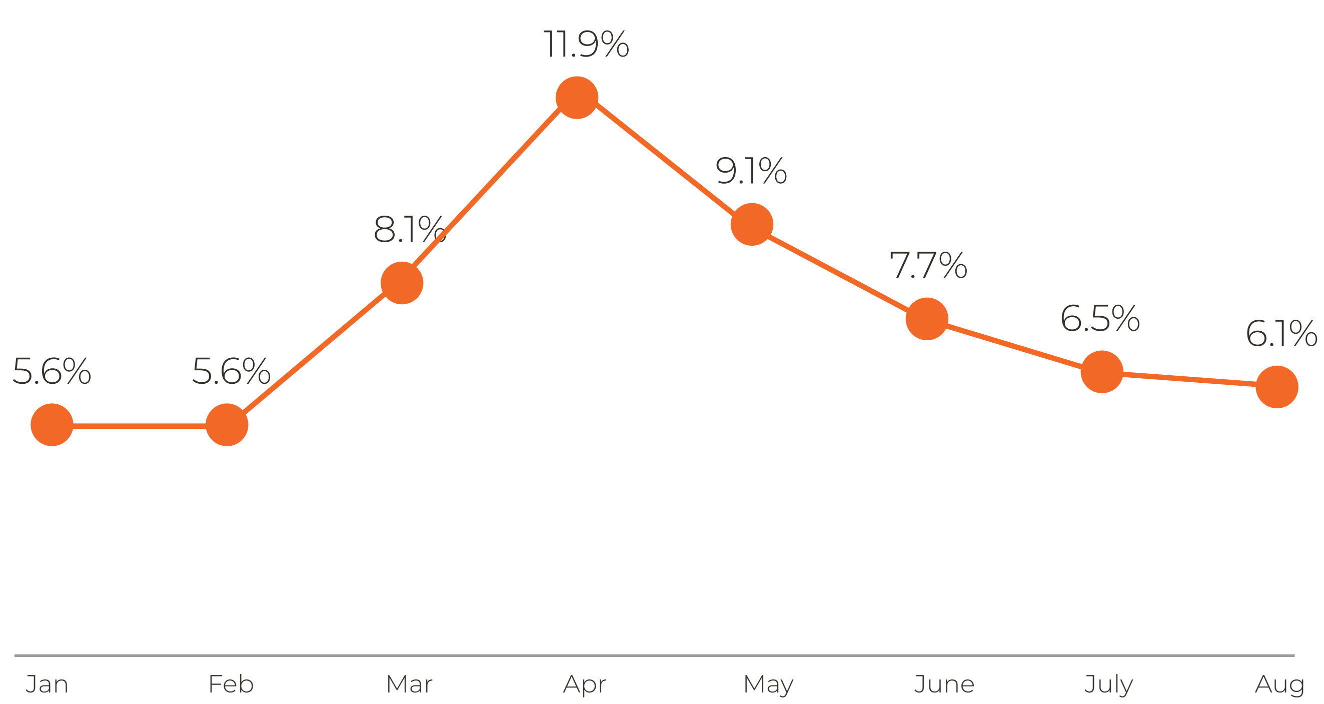
*As at 30/09/2020

APPENDIX 3: E-COMMERCE PENETRATION RETURNING TO PRE-COVID-19 LEVELS IN Q3 2020

Poland

Online sales of total retail sales in 2020

Online penetration reached almost 12% in the lockdown period and recovered to 6% in August

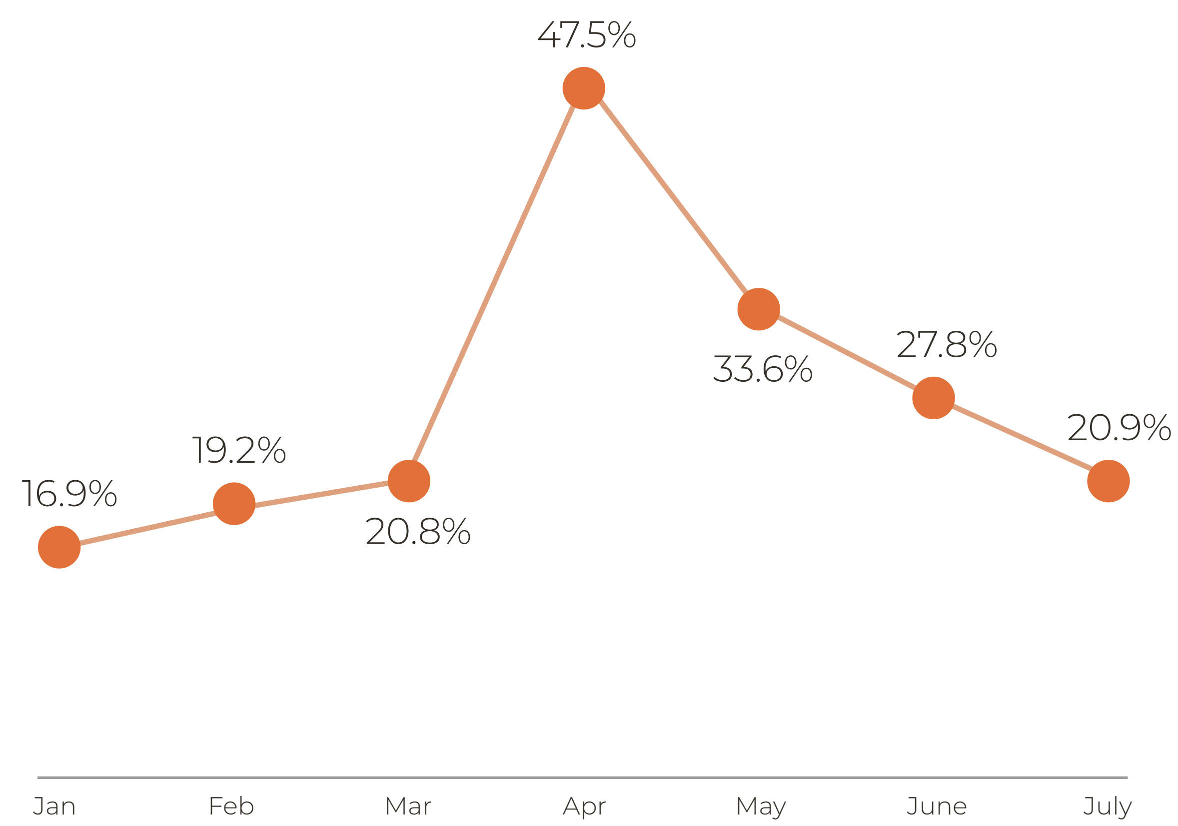


Source: statistic Poland

Czech

Online sales change YoY

Same trend in Czech: online growth reached 47.5% YoY and reduced to 21% in July



Source: Czech Statistical Bureau

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ATRIUM
European Real Estate

Atrium Group Services B.V.
World Trade Center,
I tower, 6th floor
Strawinskylaan 1959 1077XX
Amsterdam