



CREATING  
GREAT  
PLACES

# COMPANY PRESENTATION

FEBRUARY 2021





**Liad Barzilai**

Group CEO

c.12 years at Atrium, c.4 years CEO Atrium

c.14+ in real estate



**Ryan Lee**

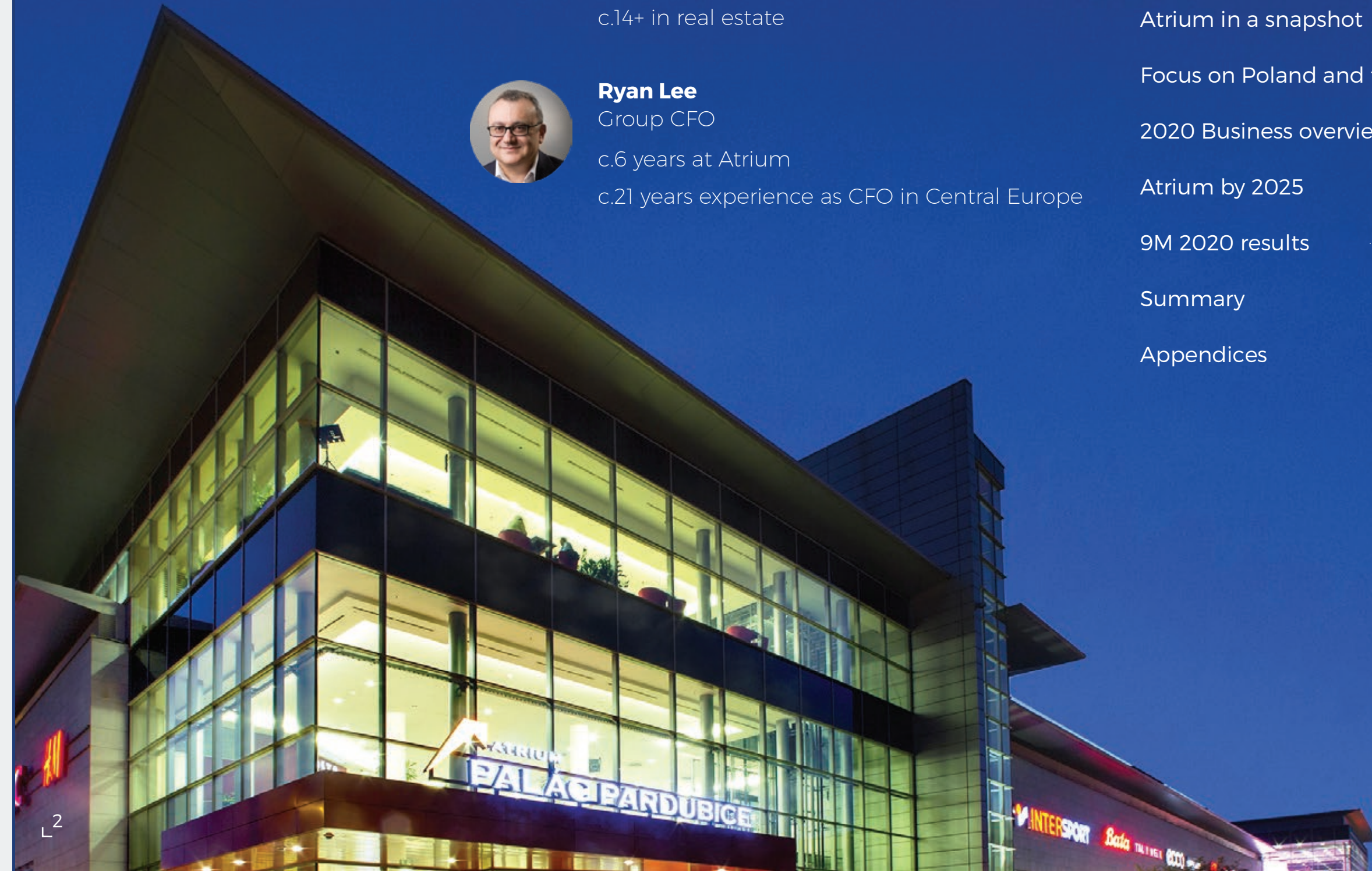
Group CFO

c.6 years at Atrium

c.21 years experience as CFO in Central Europe

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# ATRIUM IN A SNAPSHOT





# ATRIUM IN A SNAPSHOT (30 SEPTEMBER 2020)

CE portfolio focused on quality urban assets in Warsaw and Prague

Committed to ongoing asset rotation strategy since 2015 (€75m in 2020)

- higher quality sustainable cash flow
- from 153 assets to **26**, average asset value from €17m to **€98m**

**2020-2025:** diversification into residential for rent in Poland/Czech

€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

56% of portfolio value

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**

Investment Grade Rating, BBB reaffirmed January 2021 Fitch

**January 2021:** First green bonds issued, €300m maturing in Sep. 2027

37.5%

Net LTV

€269m

Liquidity<sup>1</sup>

€55m cash, €214m unutilised  
credit facility as of 1/2/2021

BBB

Fitch

Baa3

Moody's

72%

Unencumbered  
assets

2.9%

Cost of debt

€4.58

EPRA NAV

<sup>1</sup> Does not include the proceeds from the bonds issued at the end of January



# 2015 TO DATE - A PORTFOLIO FOCUSED ON QUALITY IN POLAND AND THE CZECH REPUBLIC



30.09  
2020

Portfolio Market  
value

€ 2.5  
bn

Number Of  
Assets

26

Number  
Of Countries

4

Average Asset  
Size In GLA

31,000  
sqm

Average  
Asset Value

€ 98  
m

31.12  
2014

€ 2.6  
bn

153

7

8,900  
sqm

€ 17  
m

€0.5bn prime assets  
purchased

€0.8bn secondary  
assets sold

€48m of land plots  
monetised



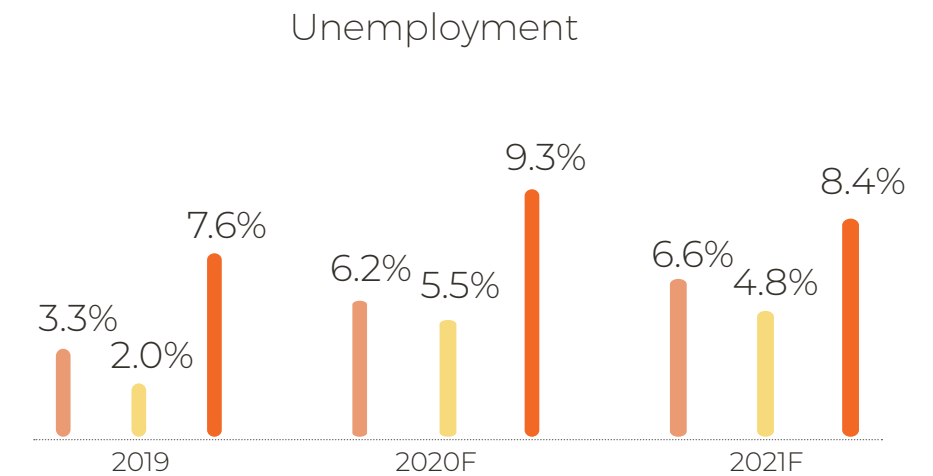
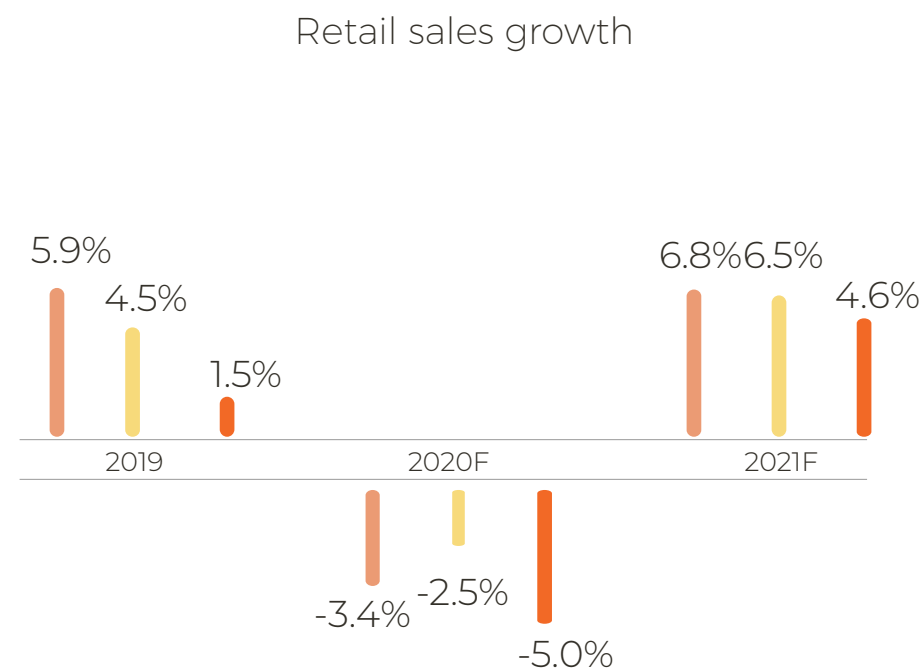
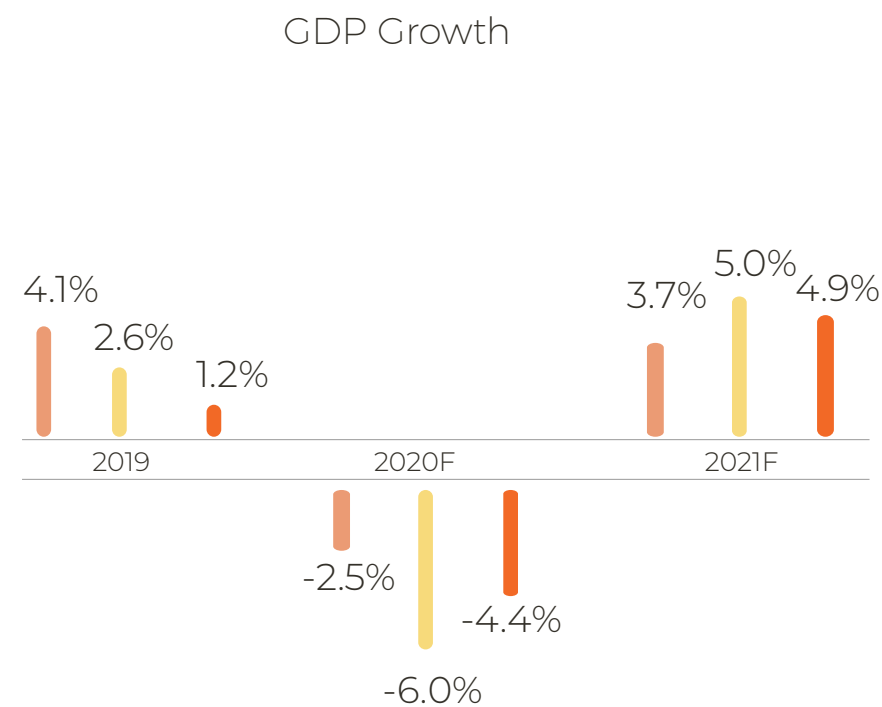
FOCUS ON POLAND  
AND THE CZECH  
REPUBLIC,  
WARSAW AND  
PRAGUE





- | 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 -2.5% and -6.0% respectively in 2020, **rebound expected in 2021 to +3.7% in Poland and +5.0% in Czech**
  - Retail sales growth in 2020 is expected to fall to -3.4% for Poland and -2.5% for Czech in 2020, **rebound expected in 2021 to +6.8% in Poland and +6.5% 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 (based on Wave-1 experience - see appendix 3)

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



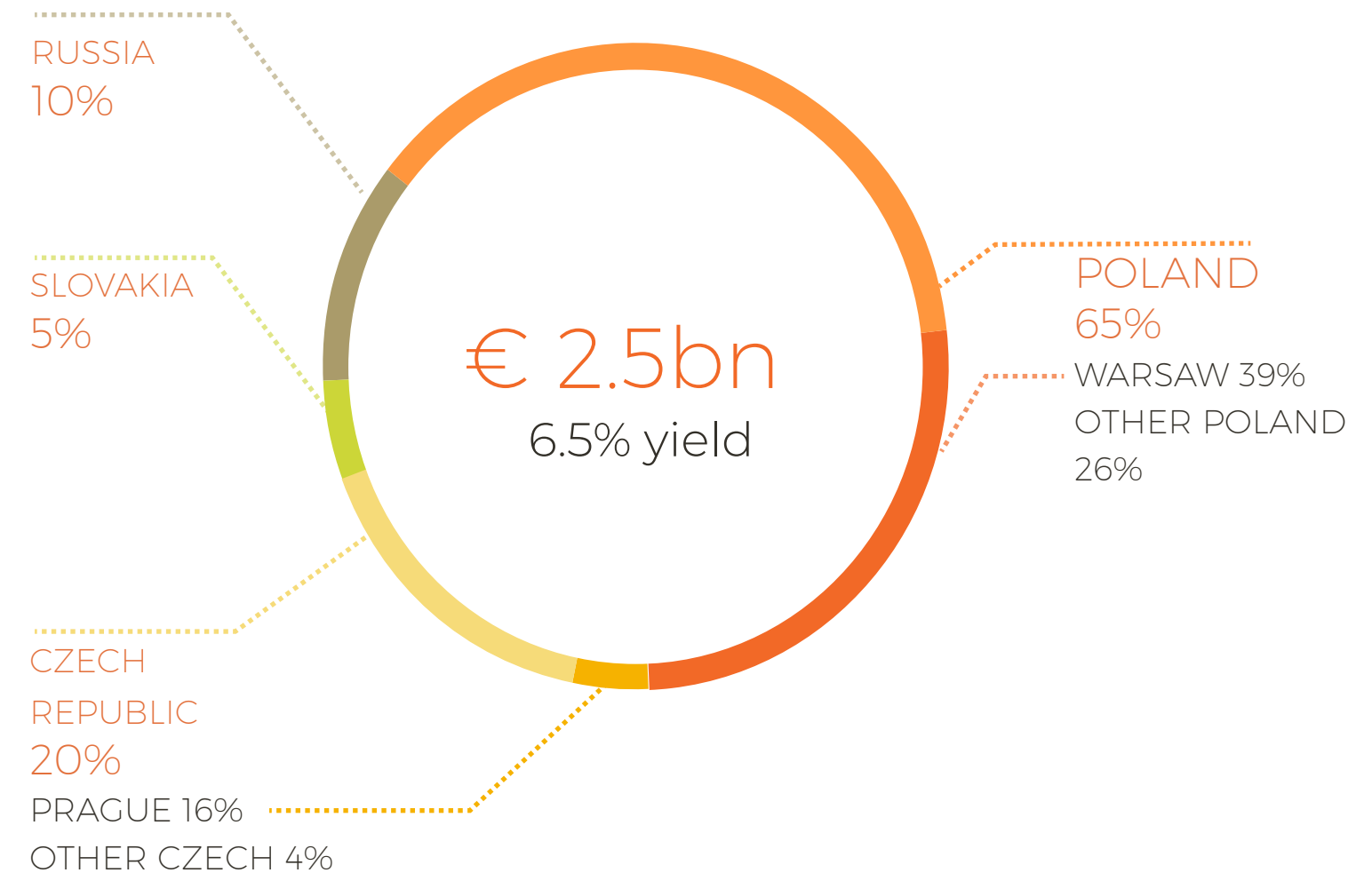
Poland — Czech — EU —



## CENTRALIZED URBAN PORTFOLIO

- | Warsaw and Prague centric asset base
- | 56% of the portfolio located in these two prime cities
- | Focus on Poland and Czech - region's strongest economies
- | Strengthening the portfolio through asset rotation

## PORTFOLIO OVERVIEW (30/9/2020)





# PRIME DOMINANT ASSETS IN WARSAW AND PRAGUE



5 assets in Warsaw, €1bn market value, 39% of portfolio value (30/9/2020)

2 assets in Prague, €0.4bn market value, 16% of portfolio value (30/9/2020)

## WARSAW, POLAND<sup>1</sup>

## WARSAW POLAND

Nr of inhabitants	1.8m	38m
Average monthly salary	€1,478	€1,211

## PRAGUE, CZECH REPUBLIC<sup>1</sup>

## PRAGUE CZECH

Nr of inhabitants	1.3m	10.7m
Average monthly salary	€1,667	€1,301

30/09/20:  
39% in Warsaw

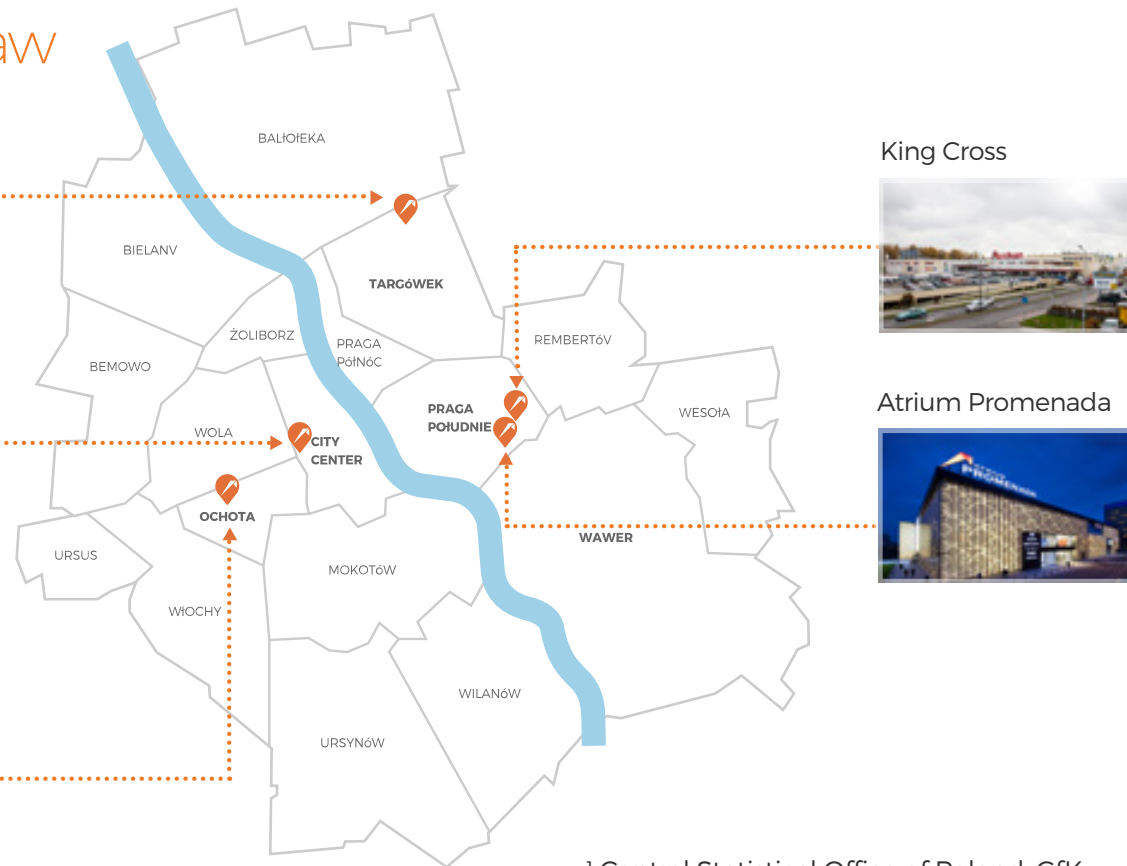
Atrium Targowek



Wars Sawa Junior



Atrium Reduta



King Cross

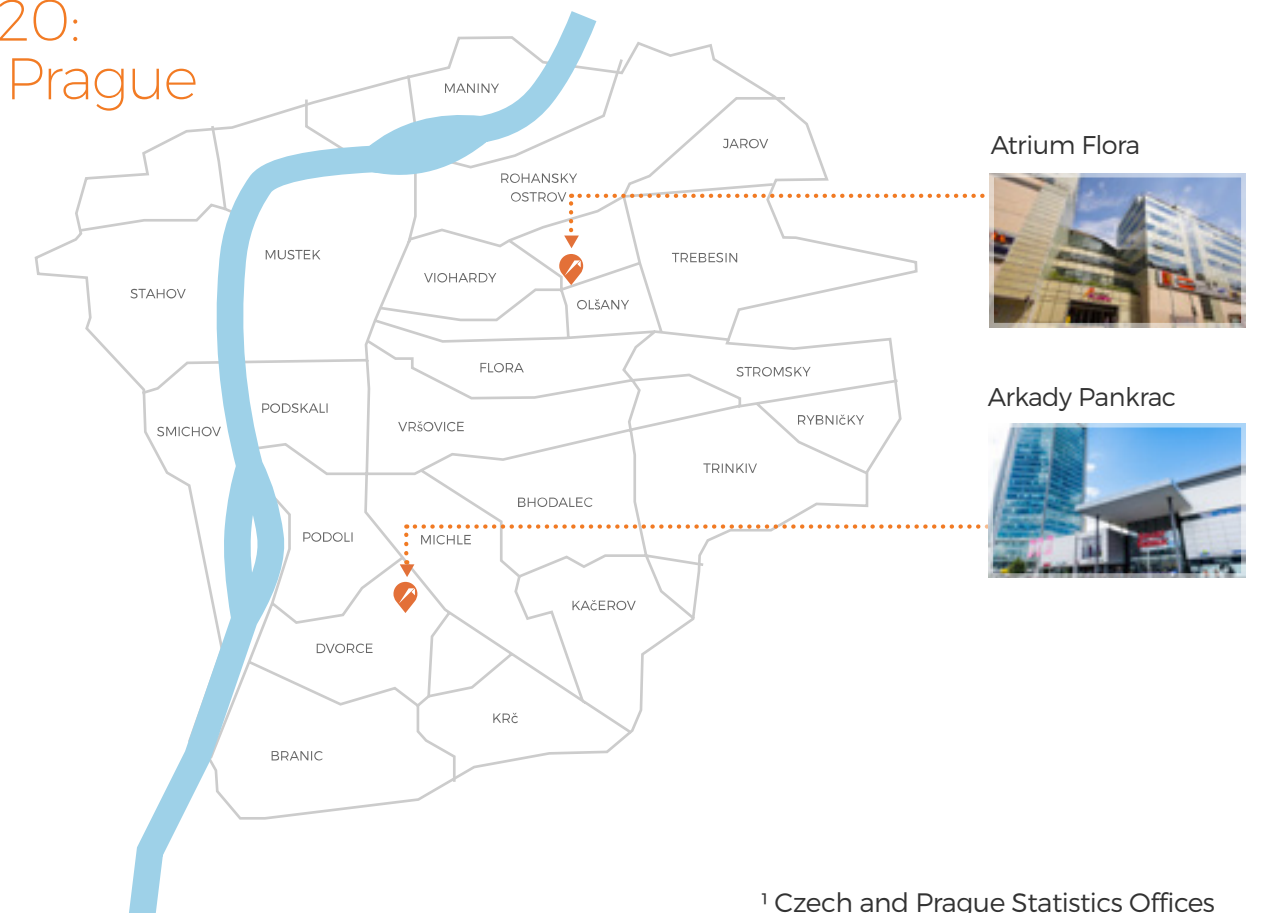


Atrium Promenada



<sup>1</sup> Central Statistical Office of Poland, GfK

30/09/20:  
16% in Prague



Atrium Flora



Arkady Pankrac



<sup>1</sup> Czech and Prague Statistics Offices



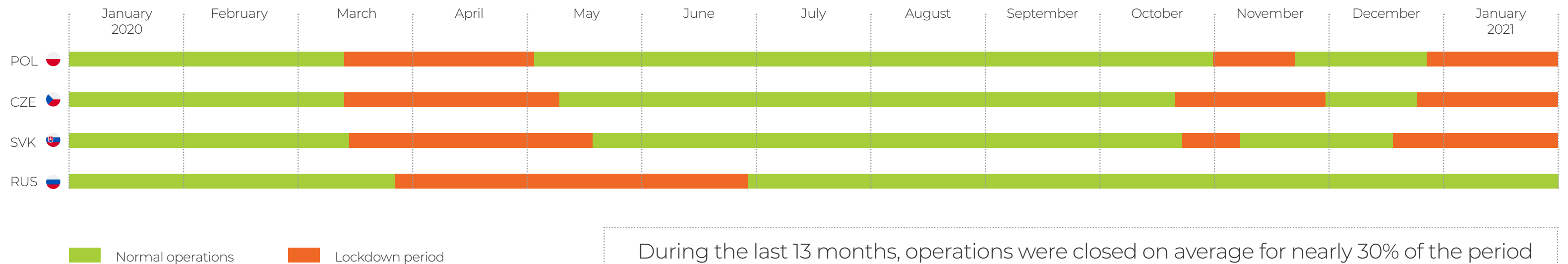
# 2020 BUSINESS OVERVIEW / COVID-19 IMPACT



# STRONG RECOVERY OF TENANTS' SALES AND FOOTFALL AS CENTRES REOPENED

- | Good start of the year pre-covid with strong LFL NRI of +3% in Poland and Czech
- | 3 lockdowns in 2020 led to a significant volatility in tenants' performance
- | Management focus on cash and liquidity conservation alongside the health and safety of the consumers
- | Strong rebound when centres reopened
- | **Poland shopping centres have reopened (1 February 2021)**

## 3 lockdowns in the period March 2020 to January 2021





## MANAGEMENT FOCUS

- | Implementation of health and safety measures
- | Safety and confidence of Employees, Consumers and Customers
- | Maintain high occupancy - tenant support strategy
- | Continue strategy execution of asset rotation, €75m sold in 2020

## CASH CONSERVATION / FINANCING IN 2020

- | €20m capex, opex, admin. cost reductions
- | €60m postponement of redevelopments spend
- | Optional scrip dividend, €32m cash conserved in 2020
- | €200m bond refinancing, 4.8 YR average maturity

**OVER €250M<sup>1</sup> LIQUIDITY:** €55m cash and €214m available revolving facility

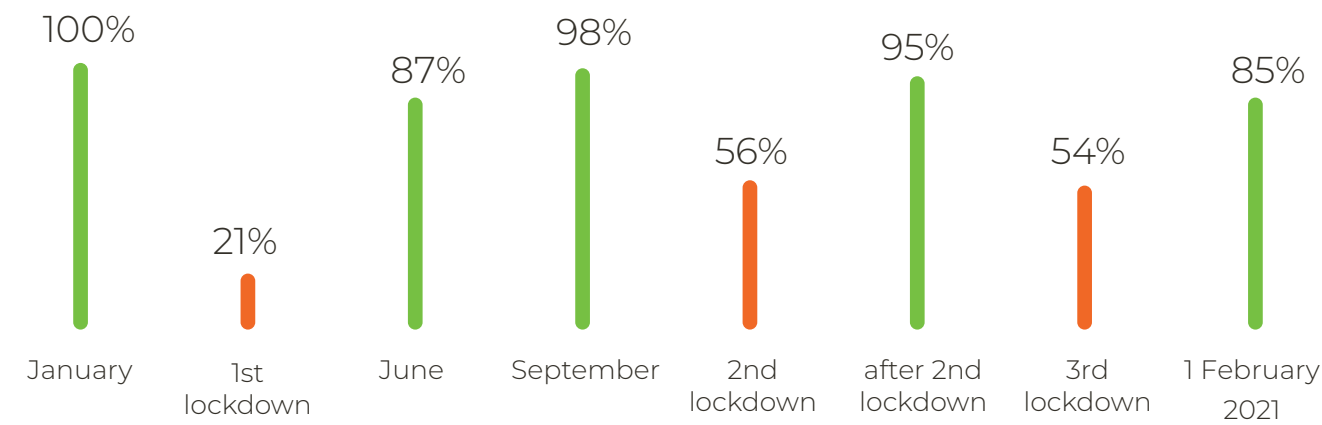
Next debt repayment is not due until October 2022



# STRONG RECOVERY WHEN RESTRICTIONS ARE LIFTED

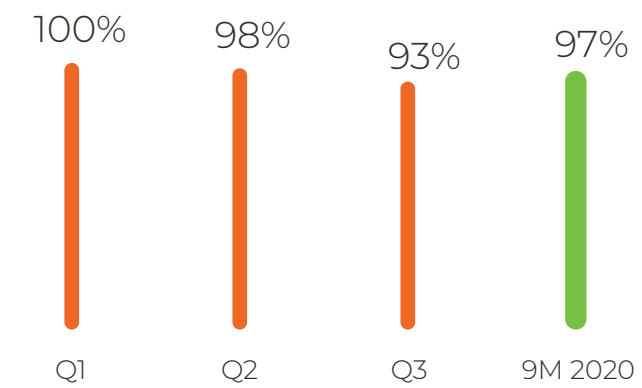
## OPERATING GLA

2020 to Date



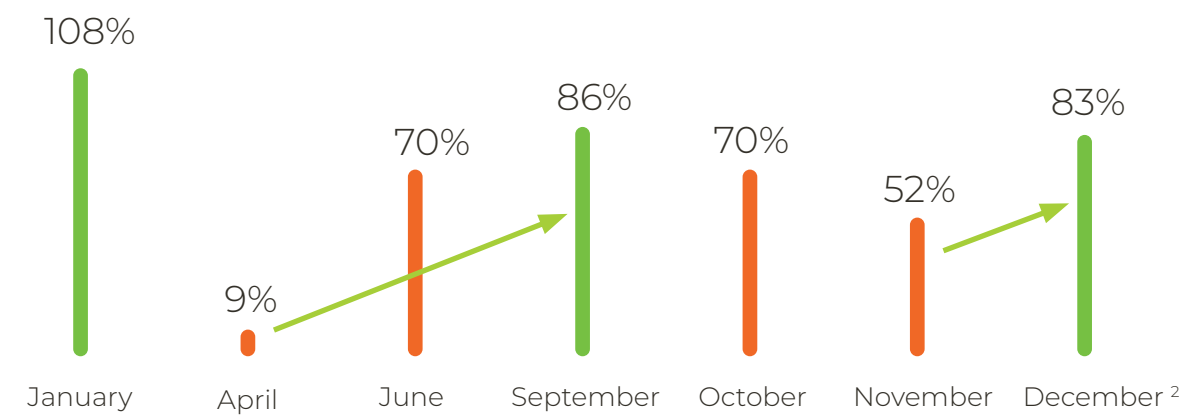
## COLLECTIONS 9M 2020

CREDIT RISK AT 2% - 3%

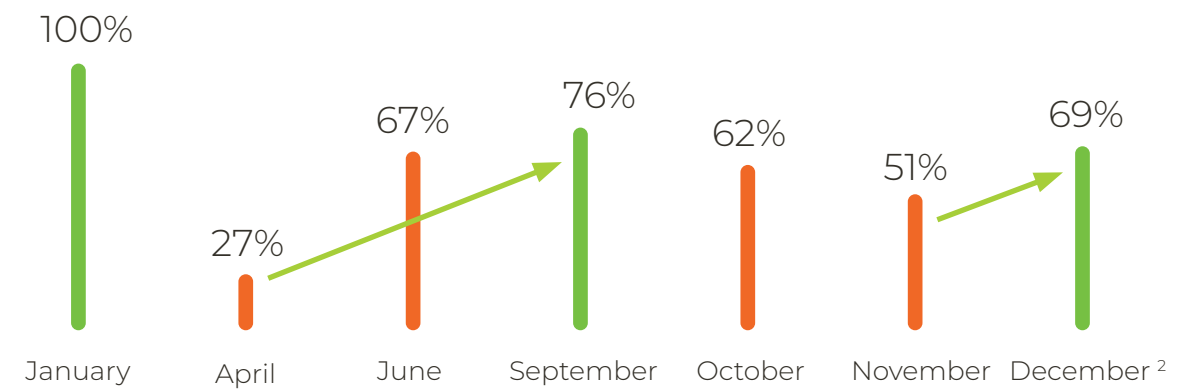


## SALES<sup>1</sup>

STRONG RECOVERY WHEN CENTRES REOPEN



## FOOTFALL<sup>1</sup>



<sup>1</sup> Versus 2019 level

<sup>2</sup> December was not a full trading month



# ATRIUM BY 2025

CORPORATE STRATEGY

Announced on 26/2/2020





# Mission

- 1 Continue the rotation of the retail portfolio into prime dominant assets in major cities
- 2 Reinforcement of dominant retail assets via re-dev. and densification to residential for rent
- 3 Diversification into residential for rent in our core geographies

# Capital structure

- 1 Capital recycling of non core retail assets into residential for rent
- 2 Long term net LTV c. 40%

# Opportunities and plan



# 2025 Portfolio

- 1 Developments: mixed used on our centres, residential buildings on own lands adjacent to our centres
- 2 Acquiring ready residential buildings
- 3 Buying forward purchases (one already bought)

- 1 A unique portfolio of 60% retail / 40% residential for rent
- 2 Cash generating and resilient retail portfolio with a sustainable LFL growth
- 3 First class retail/residential destinations for our retailers, customer and residents





## ATRIUM 2014



## ATRIUM 30/9/2020<sup>1</sup>



## ATRIUM 2025

RETAIL 100%

RETAIL 100%

RESIDENTIAL TO RENT 40%



WARSAW/PRAGUE PRIME SHOPPING CENTRES

60%

CEE PORTFOLIO



30%

WARSAW & PRAGUE

Centralized URBAN PORTFOLIO



55%

WARSAW & PRAGUE

7 COUNTRIES PORTFOLIO

DOMINANT ASSETS WITH DENSIFICATION POTENTIAL

RETAIL STRATEGY  
CREATING VALUE THROUGH A REDEVELOPMENT AND DENSIFICATION PIPELINE

€2.6 bn 8.0% yield

€2.5 bn 6.5% yield

RESIDENTIAL STRATEGY

TARGET 5,000 UNITS

NO. OF ASSETS

AVG. ASSET VALUE

153

€17M

NO. OF ASSETS

AVG. ASSET VALUE

26

€98M

MAJOR CITIES, WARSAW CENTRIC

<sup>1</sup> Excluding assets classified as held for sale



# RESIDENTIAL FOR RENT: CAPITALIZING ON THE EMERGING POLISH RESIDENTIAL RENTAL MARKET



## INVESTMENT THESIS

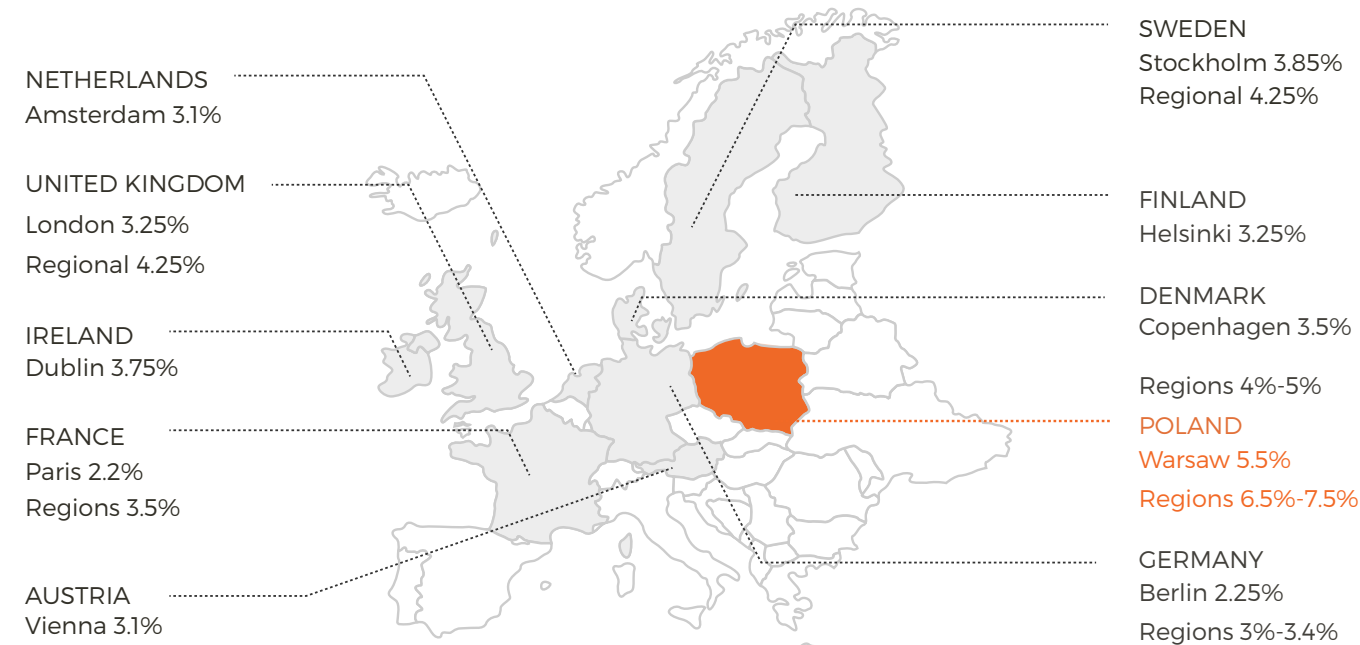
- | Capitalizing on growing residential for rent market
  - Strong demographic fundamentals
  - Largest business service center in CE
- | Diversifying our sources of income
- | Focus on high quality build to rent products
  - size and management efficient
  - client experience
  - on-site amenities
- | Leveraging our local management team skills

## ATTRACTIVE RETURNS

- | Attractive going in yields of 5-5.5% compared with <4% in comparable European cities
- | Robust rental growth creates an opportunity for value uplift
- | Superior return on investment

## ATTRACTIVE GOING IN YIELDS COMPARED WITH OTHER EUROPEAN CITIES

Prime yields in the BtR sector



Source: CBRE, Q2 2020, CBRE Q2 2020, Q3 2019



9M 2020  
RESULTS





# COMPANY OPERATIONAL INDICATORS 9M 2020

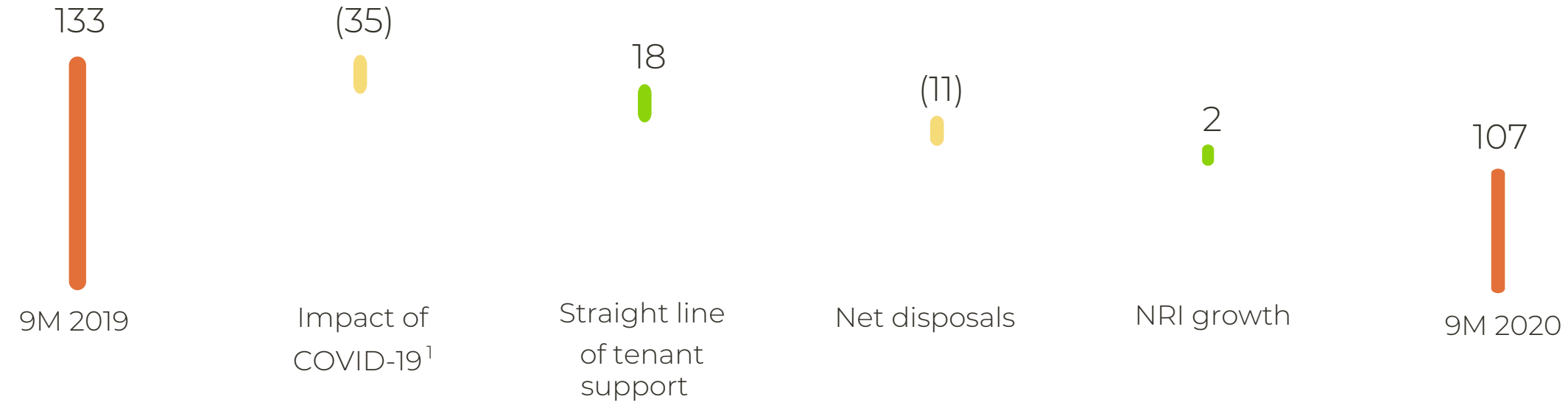


	9M 2020 (in €m)	9M 2019 (in €m)	Change (%/ppt)
Net rental income ("NRI")	106.5	133.4	(20.1)
NRI excl. impact of disposals	117.9	133.4	(11.6)
EPRA Like-for-Like NRI	75.9	87.4	(13.1)
EBITDA	91.9	116.8	(21.3)
EBITDA excl. the impact of disposals	103.3	116.8	(11.6)
Company adjusted EPRA earnings	56.3	80.5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



## NRI decreased 20.1%

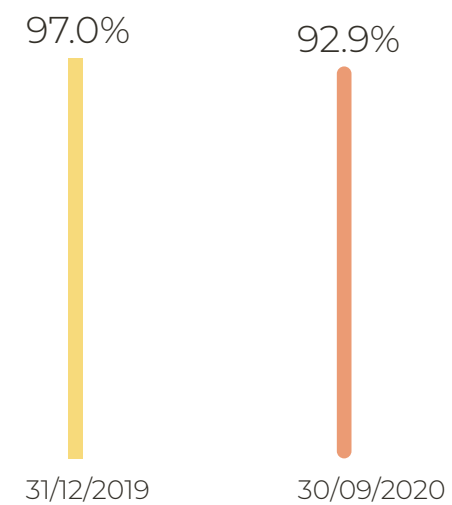
(in million €)



<sup>1</sup> 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

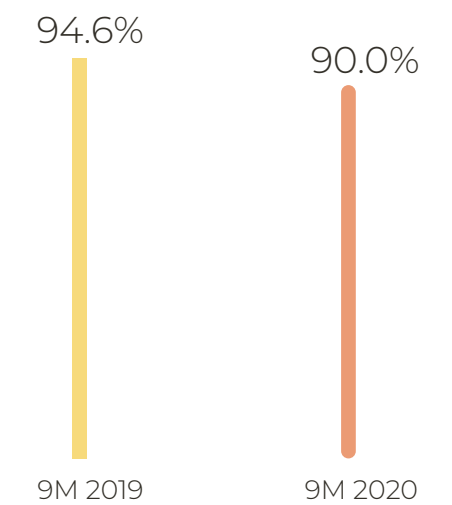
(30/09/2020)



## Operating margin

(9M 2020)

Mainly the impact of Polish service charge relief during lockdown





## The portfolio as at 30 September 2020

	Market value (€m)	Revaluation 30/6/2020 €m	Revaluation 30/6/2020 %	NEY 30/6/2020
Warsaw	981	(26.7)	(2.7%)	5.3%
Other Poland	665	(26.9)	(3.9%)	6.7%
<b>POLAND</b>	<b>1,646</b>	<b>(53.6)</b>	<b>(3.2%)</b>	<b>5.9%</b>
Prague	409	(11.8)	(2.8%)	5.3%
Other Czech	102	(2.4)	(2.3%)	6.0%
<b>CZECH</b>	<b>511</b>	<b>(14.2)</b>	<b>(2.7%)</b>	<b>5.4%</b>
Slovakia	121	-	-	6.7%
<b>SUBTOTAL</b>	<b>2,278</b>	<b>(67.8)</b>	<b>(2.9%)</b>	<b>5.8%</b>
Russia	268	(20.1)	(7.0%)	12.7%
<b>TOTAL</b>	<b>2,546</b>	<b>(87.9)</b>	<b>(3.3%)</b>	<b>6.5%</b>

30/06/2020  
devaluation

-3.3%

-2.0% market effect

-1.3% one time cash flow effect

NEY 30/6/2020

6.5%,

up 10 bps vs 2019

+12 bps on average  
in Warsaw and Prague

+21 bps in other cities

CBRE December industry publication for Poland and Czech:  
+50bps yield for prime shopping centers since Q1 2020,  
indicates a continued valuation risk for the retail sector



# A SOLID FINANCIAL POSITION



€ 269m<sup>1</sup>  
liquidity  
as of 1/2/21

37.5%  
Net LTV 30.9.2020

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

€55m cash

€214m available committed unsecured revolving facility

<sup>1</sup> Does not include the proceeds from the bonds issued at the end of January

4.8 years weighted average maturity (30.9.2020)

2.9% cost of debt (30.9.2020)

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

Jan. 2021: First green bonds of €300m maturing in Sep. 2027, €78m 2022 notes repurchased

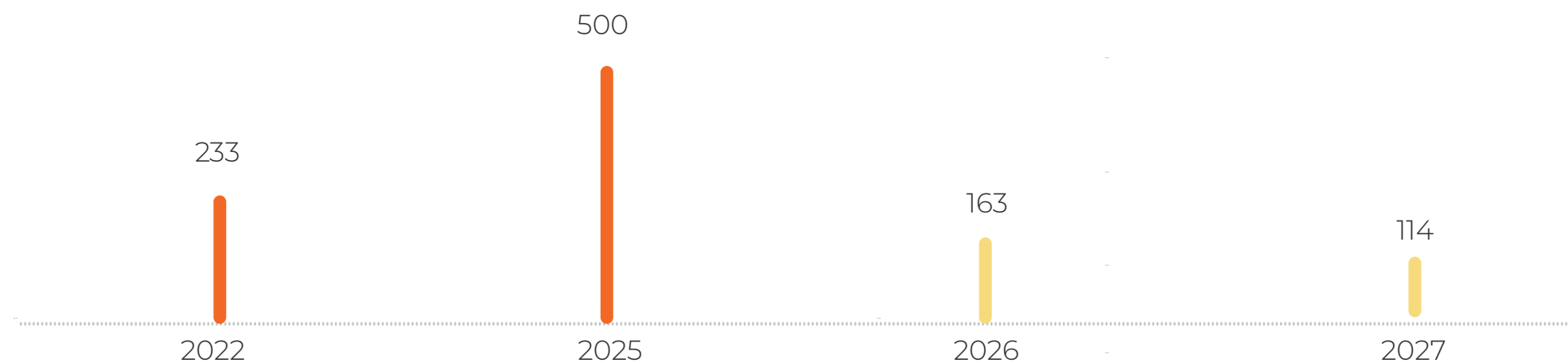
Extended the average maturity to 5.1 years and reduced the average cost of debt to 2.8%

## Bonds and loans maturities<sup>2</sup>

(in million €)

Next bond repayment of €233m is not due until October 2022

Legend:  
Bonds (orange)  
Bank Loans (yellow)




<sup>2</sup> As at 30.9.2020 and excluding utilised revolver credit facility



- | Atrium has focused on sustainability since 2014
- | Including the integration of ESG into our financing activities from 2020 onwards
- | In February 2020, a green financing framework has been endorsed by Sustainalytics and approved by the Board
- | Green financing instruments are a regular part of our financing options
- | Atrium's long-term commitments of >50% of existing portfolio is BREEAM very good or higher certification achieved in 2020
- | **Atrium issued its first green bonds in January 2021, raising €300 million with a September 2027 maturity**



## Reporting

- | Allocation of green financing instruments reported annually
- | External second opinion provided by:  **SUSTAINALYTICS**

## Atrium's ESG efforts are recognised by the industry

- | Gold award for financial reporting Best Practices Recommendations (BPR) series (2019 and 2020)
- | Three green stars from Global Real Estate Sustainability Benchmark (GRESB) (2020), 71 score



## Use of Proceeds

Proceeds allocated to finance/refinance projects in the following categories:

- | Green buildings
- | Energy efficiency
- | Renewable energy
- | Water and waste management



# SUMMARY





## 1 Key player in EU high growth markets

- Capturing long-term growth opportunities with quality assets in Warsaw and Prague
- CE is significantly above European average in terms of growth potential
- Strong recovery forecast in CE economies in 2021

## 4 Balance sheet proactively managed

- Focus on liquidity and financial flexibility
- Strong Track record in the DCM with an IG rating since 2012
- Long term net LTV c. 40%
- EMTN programme with CSSF eligibility

## 2 Repositioning, Redevelopments and diversification

- Scaling up in Warsaw and Prague – over 50% of the portfolio
- Reinforcement of dominant assets via redevelopments and densification
- Diversification into modern, purpose built residential for rent in our core geographies

## 5 Strong financial profile

- 37.5% net LTV (30.9.2020)
- €269m<sup>1</sup> liquidity (1.2.2021)
- €1.8bn unencumbered standing investments: 72% of total assets (30.9.2020)
- Next debt maturity is in October 2022

## 3 Operational excellence

- Well diversified group of well-known global retailers
- Forging strong long term relationships with our tenants

## 6 Strong ESG profile

- Focus on ESG since 2014
- Integration of ESG into financing activities from 2020 onward
- >50% of income producing portfolio is BREEAM very good certified

<sup>1</sup> €55m cash, €214m unutilised credit facility



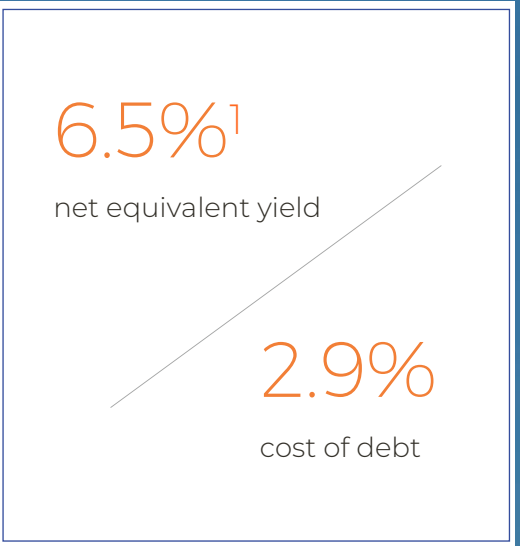
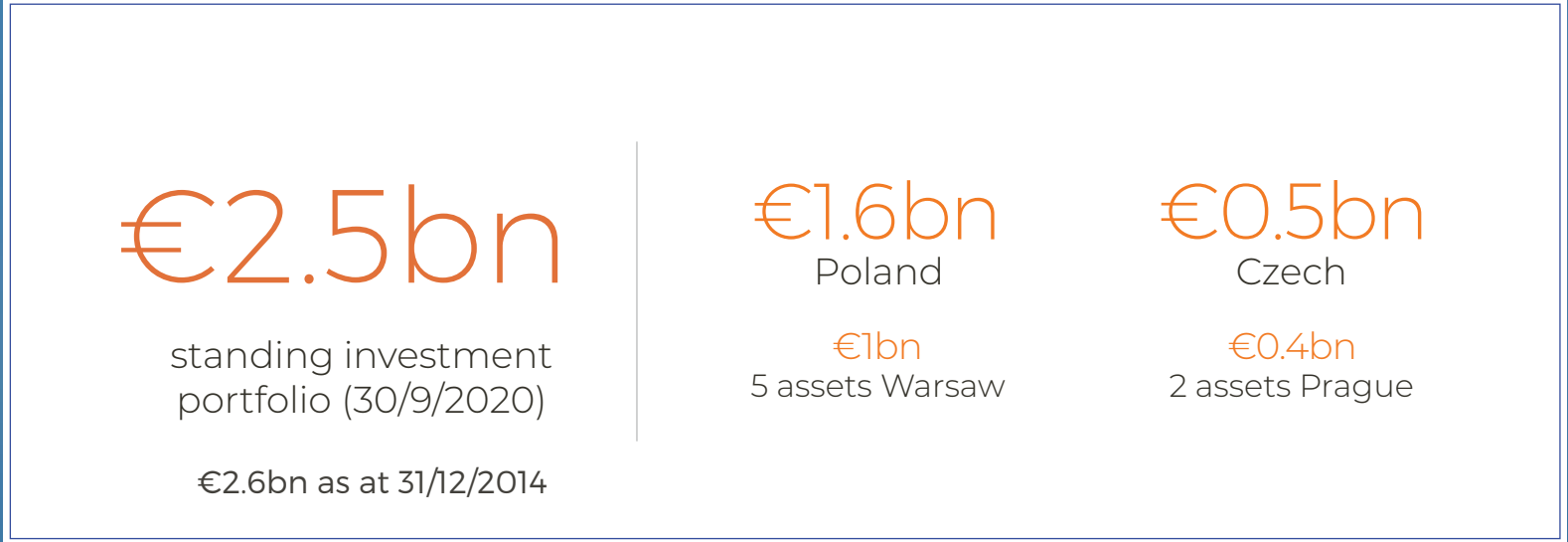
# SUMMARY

A CE portfolio focused on quality urban assets in Warsaw and Prague, representing long-term growth opportunities, both in retail and through diversification into residential for rent

Footfall and sales recovered in the summer, followed by additional lockdowns in the winter

Collections have normalised following conclusion of negotiations

Adequate liquidity and financial flexibility



<sup>1</sup> As at 30/9/2020  
<sup>2</sup> Does not include the proceeds from the bonds issued at the end of January





# APPENDICES





# APPENDIX 1: TOP 15 TENANTS\* - WELL-KNOWN GLOBAL RETAILERS

A healthy diversified tenant mix

% OF ANNUALISED RENTAL INCOME	GROUP NAME	Marionnaud	house	CROPP	M O H I T O
3%	Hennes & Mauritz				
2%	LPP	ROSSMANN	LEROY MERLIN	Auchan	orsay
2%	AFM				
2%	CCC		Carrefour	PULL&BEAR	Massimo Dutti
2%	EM&F Group				
2%	Inditex	SEPHORA	Bershka	eobuwie.pl	MediaMarkt
2%	Carrefour				
2%	A.S. Watson	ZARA HOME	M. Cuggeo	DOUGLAS	T.K. MAXX
2%	Metro Group				
1%	Douglas				
1%	TJX Poland Sp z o.o.	RESERVED	ZARA	CCC	KAISER'S
1%	New Yorker				
1%	Sephora	TENGELMANN	Stradivarius	NEW YORKER	empik
1%	Tengelmann Group				
1%	Amrest				
25%	<b>TOP 15 TENANTS</b>	sinsay	DECATHLON	OYSHO	H&M



# APPENDIX 2: MACRO OVERVIEW OF OUR MARKETS

Macro Indicator	Poland	Czech Republic	Russia	Slovakia	Total / Average <sup>1</sup>	France	Germany
2020 population (million people)	38.0	10.7	146.8	5.5	200.9	65.0	83.2
2019 real GDP growth (%)	4.1%	2.6%	1.3%	2.3%	2.6%	1.3%	0.6%
2020F real GDP growth (%)	-2.5%	-6.0%	-2.8%	-3.0%	-3.6%	-3.8%	-4.6%
2021F real GDP growth (%)	3.7%	5.0%	3.0%	3.5%	3.8%	2.7%	2.5%
2019 unemployment (%)	3.3%	2.0%	4.6%	5.8%	3.9%	8.5%	3.2%
2020F unemployment (%)	6.2%	5.5%	6.2%	8.3%	6.6%	9.5%	5.4%
2021F unemployment (%)	6.6%	4.8%	5.5%	6.8%	5.9%	10.2%	4.2%
2019 inflation (%)	3.4%	3.2%	3.0%	3.2%	3.2%	1.6%	1.5%
2020F inflation (%)	2.7%	2.5%	4.9%	1.4%	2.9%	0.1%	-0.3%
2021F inflation (%)	1.6%	2.2%	3.5%	1.3%	2.2%	1.4%	1.3%
2019 retail sales growth (%)	5.9%	4.5%	7.8%	4.7%	5.7%	2.5%	0.8%
2020F retail sales growth (%)	-3.4%	-2.5%	-3.7%	1.6%	-2.0%	-6.7%	-9.0%
2021F retail sales growth (%)	6.8%	6.5%	11.8%	6.6%	7.9%	5.6%	4.8%
2019 consumer spend growth (%)	3.9%	3.0%	2.5%	2.1%	2.9%	1.2%	1.6%
2020F consumer spend growth (%)	-5.4%	-4.0%	-9.0%	-1.0%	-4.9%	-8.0%	-8.2%
2021F consumer spend growth (%)	4.8%	5.0%	6.5%	4.0%	5.1%	4.3%	5.6%
<b>Country rating / outlook – Moody's</b>	<b>A2 / stable</b>	<b>Aa3 / stable</b>	<b>Baa3 / stable</b>	<b>A2 / stable</b>	<b>n.a.</b>	<b>Aa2 / stable</b>	<b>Aaa / stable</b>
<b>Country rating / outlook – S&amp;P</b>	<b>A- / stable</b>	<b>AA- / stable</b>	<b>BBB- / stable</b>	<b>A+ / negative</b>	<b>n.a.</b>	<b>AA / stable</b>	<b>AAA / stable</b>
<b>Country rating / outlook – Fitch</b>	<b>A- / stable</b>	<b>AA- / stable</b>	<b>BBB / stable</b>	<b>A / negative</b>	<b>n.a.</b>	<b>AA / negative</b>	<b>AAA / stable</b>

Source: IMF, Eurostat, Oxford Economics, PMR, C&W, Capital Economics

<sup>1</sup> Simple arithmetic average for comparison purposes

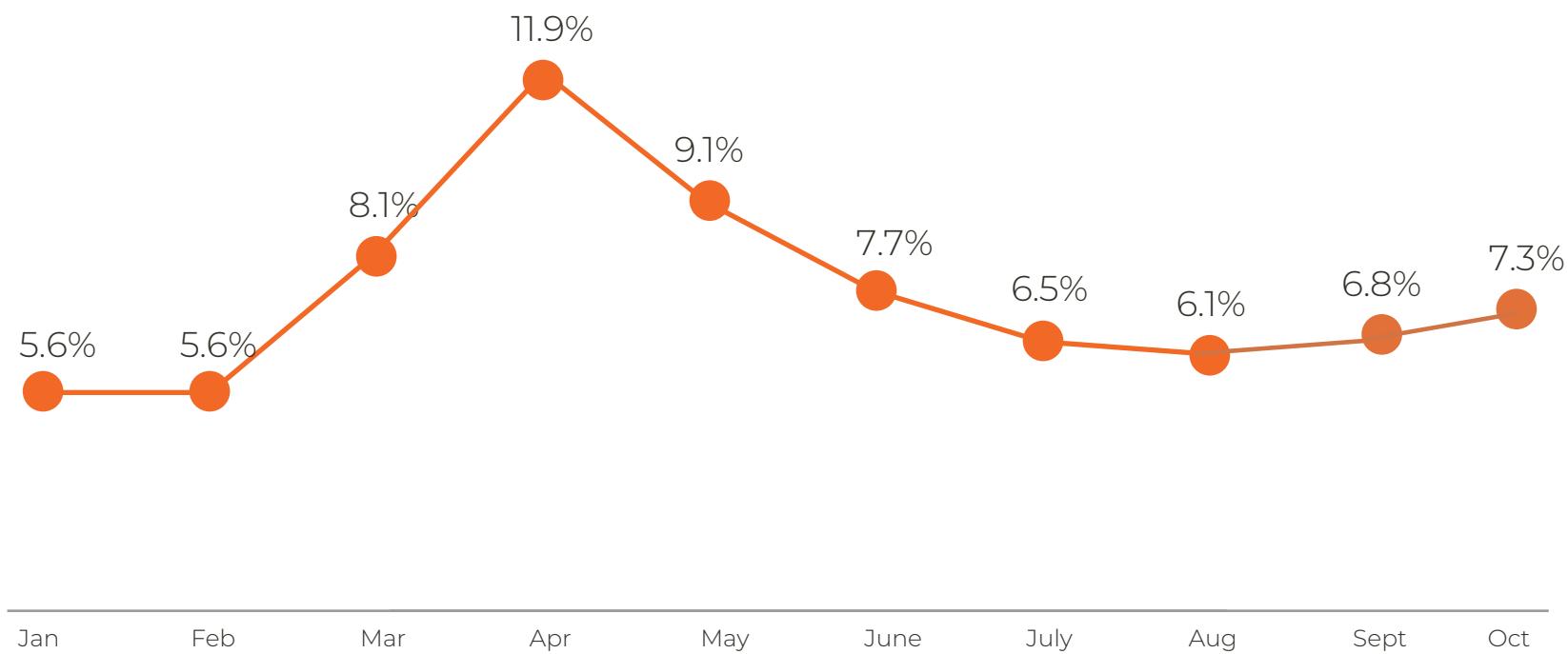


# APPENDIX 3: COVID-19 IMPACT - E-COMMERCE PENETRATION RETURNING TO PRE-COVID-19 LEVELS

## Poland

### Online sales of total retail sales in 2020

Online penetration reached almost 12% in the lockdown period and recovered to 7% in October

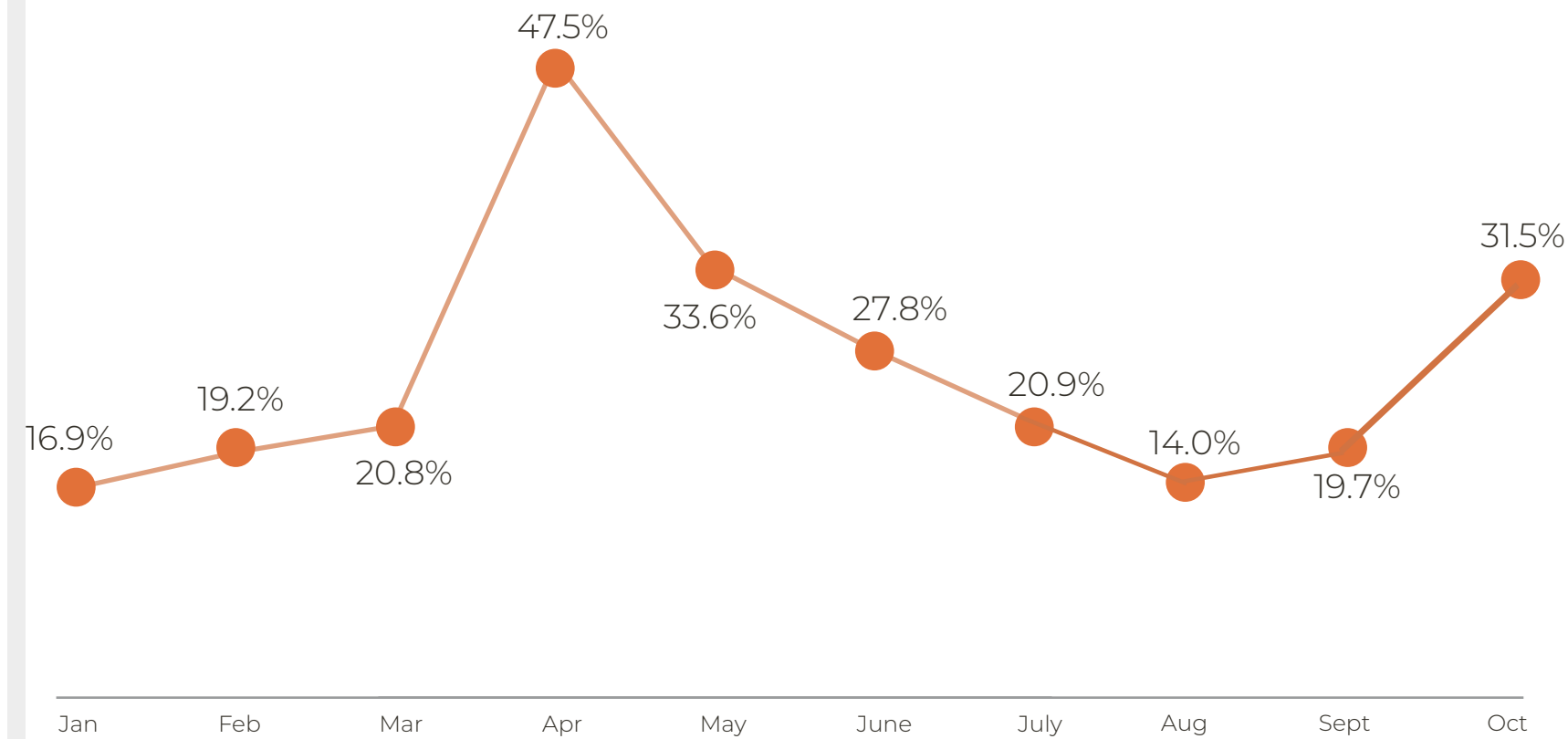


Source: statistic Poland

## Czech

### Online sales change YoY

Same trend in Czech: online growth reached above 47% YoY and reduced to 32% in October



Source: Czech Statistical Bureau





## Atrium's Sustainability governance

- | The Board is responsible for all matters related to sustainability - reviews and endorses the Company's sustainability strategy on an annual basis.
- | The day to day governance and implementation lies with a ESG Committee. The committee is responsible for defining the sustainability strategy, setting long term targets and monitoring company-wide environmental and social performance.
- | Senior management is leading the committee, Atrium is committed to actively manage and lead the ESG agenda.

# APPENDIX 5: EPRA OCCUPANCY AND GLA BY INDUSTRY

EPRA Occupancy	31/12/2019	30/9/2020	Change (ppt)
Poland	97.6%	93.4%	(4.2)
Czech Republic	96.7%	93.5%	(3.2)
Slovakia	100.0%	100.0%	0.0
Russia	94.9%	90.6%	(4.3)
<b>Total</b>	<b>97.0%</b>	<b>92.9%</b>	<b>(4.1)</b>

GLA by industry	30/9/2020
Fashion Apparel	39.0%
Hyper/Supermarket	14.0%
Entertainment	12.0%
Home	10.0%
Speciality goods	9.0%
Health and Beauty	5.0%
Non Retail	5.0%
Restaurants	4.0%
Services	2.0%
<b>Total</b>	<b>100.0%</b>



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