



2020 Financial results

Jersey, 4 March 2021, Atrium European Real Estate Limited (VSE/Euronext: ATRS), (the “Company” and together with its subsidiaries, the “Atrium Group” or the “Group”), a leading owner, operator and redeveloper of shopping centres and retail real estate in Central Europe, reports its financial results for the year ended 31 December 2020 and an update on the impact of COVID-19 on the Group’s operations.

2020 business overview

- Positive start to 2020, pre-Covid. From March 2020 onwards the business was subject to COVID-19 operational restrictions with our centres closed for approximately 30% of the remainder of the year, except for stores selling essential goods and services
- 86% of the Group's operating GLA is currently open, with most of the stores in our shopping centres in Poland and Russia fully operational, whilst the Czech Republic and Slovakia remain in lockdowns
- Tenant sales and footfall rebounded when lockdowns were partially lifted, reaching 93% and 79% of 2019 levels in August respectively, with the average basket size also rising
- Collection rate at 97% for the full year invoiced rent
- Over €110 million of cash conservation initiatives taken throughout the year in response to the pandemic, including reducing non-essential capital expenditure, postponing planned redevelopments and introducing a voluntary scrip dividend from the second quarter onwards
- Adequate liquidity and financial flexibility to continue to manage COVID-19 headwinds comprising €178 million of cash and a €300 million unutilised credit facility, as of today, with a net LTV ratio of 38.6%
- Inaugural green bonds issued in February 2021, raising €300 million, together with a buyback of €78 million of 2022 notes, thus reducing the average debt cost and extending the maturity to 2.8% and 5.1 years, respectively
- Maintained both investment grade ratings, with Fitch reaffirming BBB stable in early 2021
- Valuations were adversely impacted by two key drivers: yield expansion based on more conservative outlook for market sentiment in Poland and Czech as a result of COVID-19 and the volatility of the Russian Ruble
- Residential for rent strategy progressed with plans to develop 800 apartments at Atrium Promenada in Warsaw, currently in the planning and permitting stage

2020 - Key financial and operational figures

In €m	12M 2020	12M 2019	CHANGE %/ppt
Net rental income ("NRI")	138.9	176.4	(21.3)
NRI excl. impact of disposals	151.4	176.4	(14.2)
EPRA Like-for-Like NRI	98.9	116.9	(15.4)
EBITDA	118.8	153.6	(22.6)
EBITDA margin (%)	86%	87%	(1.0)
Company adjusted EPRA earnings	74.3	106.0	(29.9)
Occupancy rate (%)	92.3%	97.0%	(4.7)
Operating margin (%)	89.9%	94.2%	(4.3)

- Group NRI was €138.9 million for the year, down 21.3% or €37.5 million from 2019 due to:
 - €49 million cash impact of COVID-19 offset by €23 million straight line of tenant support and government imposed reliefs
 - €13 million from disposals as part of the portfolio rotation strategy
 - Offset by €2 million rental growth mainly arising from indexation
- Like-for-like NRI was down 15.4% driven by rent relief, vacancies and provisioning for debtors
- Operating margin decreased by 4.3ppt to nearly 90%, of which 3.0ppt was due to the service charge relief for the lockdown periods imposed by the Polish government
- Atrium's occupancy rate remained solid at 92.3%
- EBITDA and Company adjusted EPRA earnings decreased by 22.6% and 30% respectively. The decrease in rental income was partially offset by €2.6 million reduction in administrative costs, €2 million decrease in finance cost and €1 million decrease in taxes

Valuation update

- CE region's like-for-like assets devalued by 5.9%, with a weighted average of c.30 bps yield expansion
- Russia's like-for-like assets devalued 17.8%, mainly due to the volatility of the Ruble which weakened by over 30% in 2020
- As a whole, the Company recognised a like-for-like devaluation of 7.2% for its income producing assets, with over 90% of the contraction caused by change in yields due to market sentiment and volatility of the Russian Ruble

Portfolio rotation

- The Group continued its portfolio rotation and repositioning strategy throughout 2020 with €78 million of disposals against a back drop of pandemic headwinds, including the sales of the Atrium Duben shopping centre in Slovakia in January, five assets in Poland in July and land plots in Poland and Romania in August and December
- Poland and the Czech Republic now comprise 85% of the total portfolio, with 59% of our Polish assets concentrated in Warsaw, and 80% of the Czech portfolio located in Prague and, with these two capital cities representing just over half of the total portfolio

- Progress made in fulfilling our residential for rent diversification strategy that targets 5,000 units in Poland and the Czech Republic. Plans and permitting for the densification of Atrium Promenada through the phased development of 800 apartments in five residential buildings as well as ground floor retail units

ESG and Green Financing framework

- Launch of Green Financing Framework in February 2020, integrating the Company's sustainability commitments with its financing activities. The framework was endorsed by Sustainalytics
- Green financing proceeds will be used for financing and re-financing eligible projects such as buildings that meet the required BREEAM environmental standards (very good or higher).
- In 2020, the Group' achieved a 'very good' or higher BREEAM certification for over half of its income producing portfolio compared to 4% in 2019
- In February 2021, the Group issued its first green notes, raising €300 million, with a 2.625% coupon and maturing in September 2027. The inaugural green notes attracted high interest from the market (4x oversubscribed) with a very broad and diverse investor base including those investors with a specific focus on ESG/sustainable investment portfolios

Dividend

- The Board decided to maintain the Group's annual dividend, payable as a capital repayment at €Cents 27 per share for 2021, demonstrating its continued confidence in the Group's prospects and its evolving strategy. The dividend will be paid in equal quarterly instalments and will continue to be subject to a quarterly review by the Board.
- The Board has also resolved to offer shareholders the option to receive each of the 2021 quarterly dividend distributions either in cash or in newly issued shares at a 2% discount to the reference share price via a Scrip Dividend Programme, subject to the renewal of the authorisation to issue Scrip shares in the next Annual General Meeting.
- The first quarterly dividend of 6.75 €cents per share is due to be paid as a capital repayment on 31 March 2021 to shareholders on the register as at 12 March 2021, with an ex-dividend date of 11 March 2021. The election date for a scrip dividend will start on 15 March 2021 and end on 26 March 2021.
- A circular setting out further details on the election being offered to shareholders pursuant to the scrip dividend alternative including the election instructions and information on the exchange ratio, will be posted to shareholders before the start of the election period, and will be available on the Company's website.

Liad Barzilai, Chief Executive Officer of Atrium Group, commented:

“The COVID-19 pandemic significantly impacted people’s lives and businesses across the world, with shopping centres and retailers amongst the most affected and this is clearly reflected in the Atrium 2020 financial results.

“However, we were enormously encouraged by the fact that during those periods, when government restrictions were eased, footfall and sales levels rapidly returned to near pre-COVID-19 numbers, while online sales mirrored this pattern in reverse. We believe this underlines the importance people place on the physical retail and leisure environment that high quality prime assets in strong urban locations and capital cities such as ours afford. As the vaccines are rolled out across the globe, there is cause for a renewed confidence as life hopefully begins to return to normal.

“This year, we actioned a number of liquidity initiatives including cash preservation, refinancing, establishment of a new EMTN programme and an issuance of Atrium’s first green note, which together supported Atrium strong financial position and allows us to execute our strategic plan.

“Lastly, we have progressed the densification of our assets with residential for rent to drive diversified and resilient income streams in the future through the creation of self-sufficient and sustainable ‘15 minute’ neighbourhoods.

“I would also like to take this opportunity to thank again all our staff for their hard work over the year in reacting quickly and professionally to a changing situation.”

Further information can be found on the Company’s website www.aere.com or for Analysts:

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About Atrium European Real Estate

Atrium is a leading owner, operator and redeveloper of shopping centres and retail real estate in Central Europe. Atrium specializes in locally dominant food, fashion and entertainment shopping centres in the best urban locations. Atrium owns 26 properties with a total gross leasable area of over 809,000 sqm and with a total market value of approximately €2.5 billion. These properties are located in Poland, the Czech Republic, Slovakia and Russia, and with the exception of one, are all managed by Atrium’s internal team of retail real estate professionals.

In January 2020 Atrium announced a strategy to diversify its portfolio by investing in and managing residential for rent real estate, with a primary focus on Warsaw.

The Company is established as a closed-end investment company incorporated and domiciled in Jersey and regulated by the Jersey Financial Services Commission as a certified Jersey listed fund, and is listed on both the Vienna Stock Exchange and the Euronext Amsterdam Stock Exchange. Appropriate

professional advice should be sought in the case of any uncertainty as to the scope of the regulatory requirements that apply by reason of the above regulation and listings. All investments are subject to risk. Past performance is no guarantee of future returns. The value of investments may fluctuate. Results achieved in the past are no guarantee of future results.

For the 2020 Annual Report see:

https://aere.com/Files/FinancialReports/20210304_ATRIUM_ANNUAL_FINANCIAL_REPORT_2020_ENG.pdf

For the 2020 Results presentation see:

https://aere.com/Files/Presentation/20210304_2020_Atrium_Results_presentation.pdf