

ATRIUM  
PROMENADA



# COMPANY PRESENTATION

SEPTEMBER 2021

# CONTENT



**Liad Barzilai**  
Group CEO  
c.15+ years in real estate



**Ryan Lee**  
Group CFO  
c.21 years experience as CFO in  
Central and Eastern Europe

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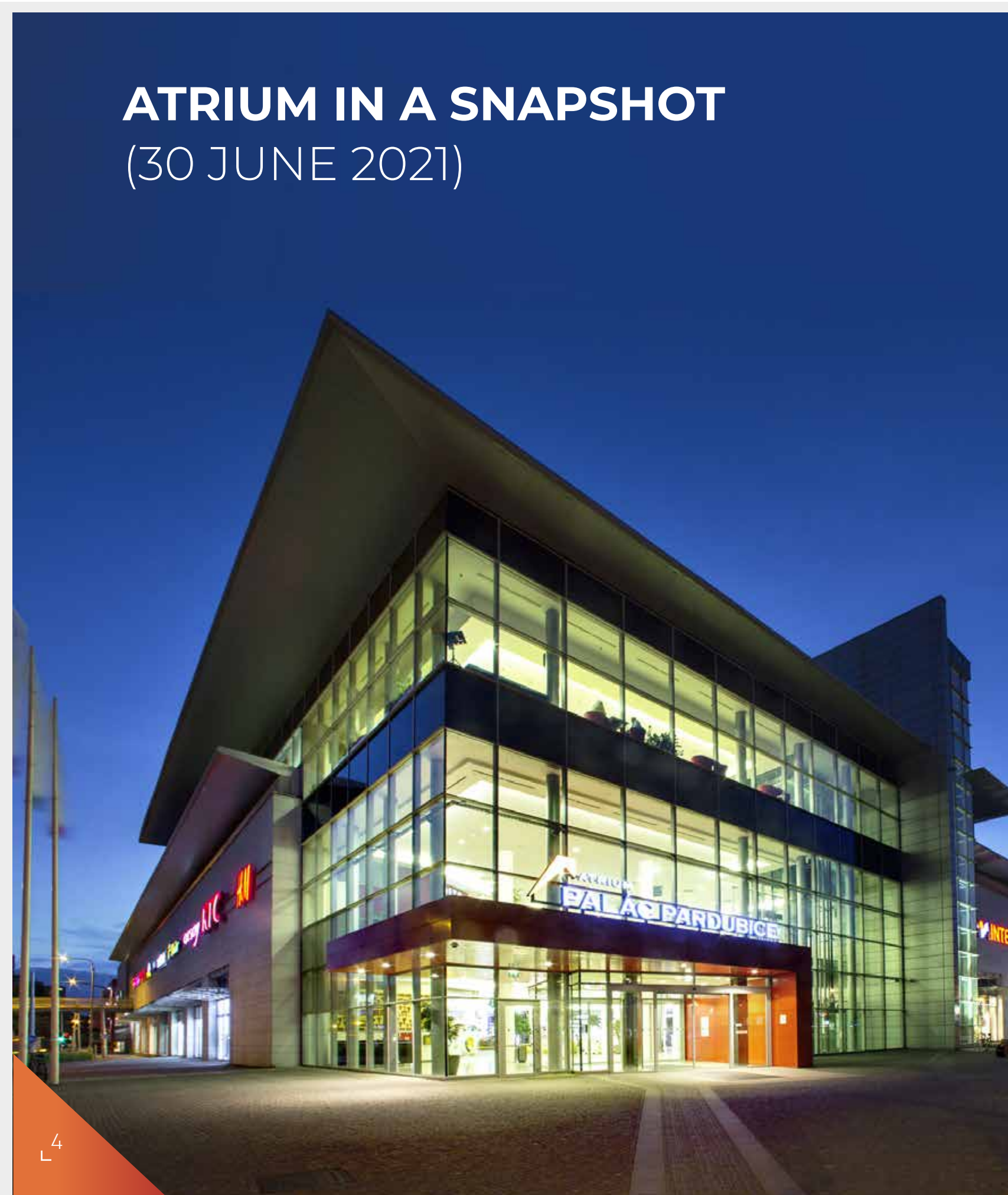
This presentation concerns the business of Atrium.  
For information regarding Gazit Globe's proposal, please read  
the adhoc which was published by Atrium at August 2, 2021:  
[https://aere.com/wp-content/uploads/2021/08/  
20210802\\_Atrium\\_proposal\\_from\\_Gazit\\_ENG.pdf](https://aere.com/wp-content/uploads/2021/08/20210802_Atrium_proposal_from_Gazit_ENG.pdf)

# ATRIUM IN A SNAPSHOT



# ATRIUM IN A SNAPSHOT

(30 JUNE 2021)



**CE retail portfolio** focused on high quality urban assets in Warsaw and Prague (55% of portfolio value)

Focus on dominant assets: **from 153 assets in 2014 to 26 today, average asset value increasing from €17m to €94m**

Committed to deliver ESG strategy - over 70% of the portfolio is BREEAM certified very good or above

## 2021 - 2025:

Diversification into residential for rent in Poland / Czech

Target: > 5,000 residential units and 40% of portfolio value by 2025

Portfolio assembly: over 4,000 residential units in the pipeline

€2.5bn

**Standing Investment Portfolio**

809,000

**sqm GLA**

€1.6bn

**Poland**

€0.9bn  
5 assets Warsaw

92.2%

**Occupancy**

€0.5bn

**Czech**

€0.4bn  
2 assets Prague

6.6%

**Net equivalent yield**

5.1 yr  
**WALT**

# STRONG BALANCE SHEET AND FINANCIAL FLEXIBILITY TO EXECUTE RESIDENTIAL FOR RENT STRATEGY



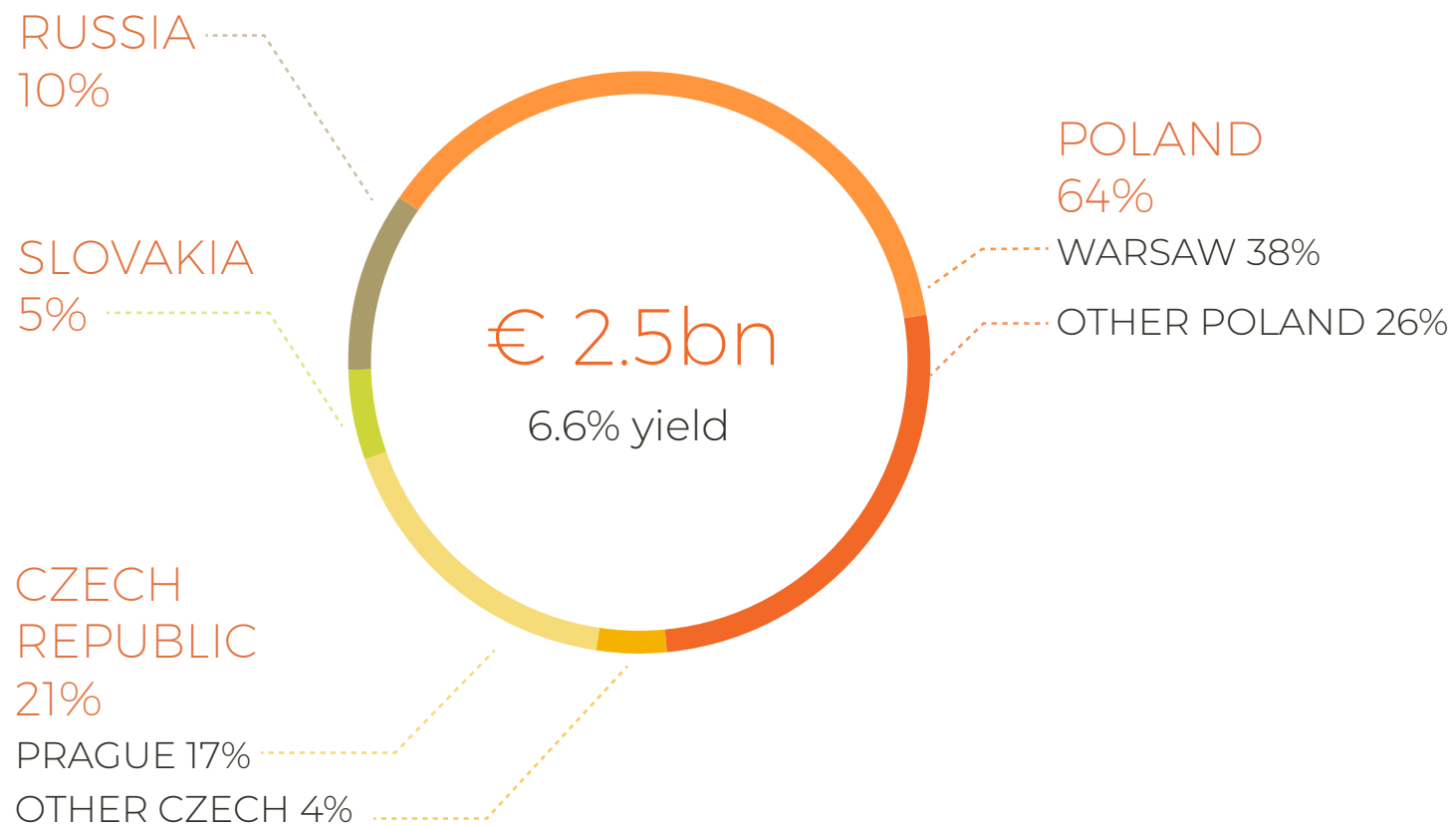
Balance sheet proactively managed with long term target of < 40% net LTV

Q1 2021: First green notes of €300m issued, maturing in Sep. 2027

Q2 2021: First hybrid green notes of €350m issued

26% Net LTV as of 30.06.2021	€520m Cash as of 15.07.2021 €300m unutilised credit facility
BBB Fitch Baa3 Moody's	71% Unencumbered assets (today)
2.8%, 4.7 yr Average cost of debt / maturity 30.06.2021	€4.15 EPRA NRV per share 30.06.2021

## Portfolio Diversification by Country

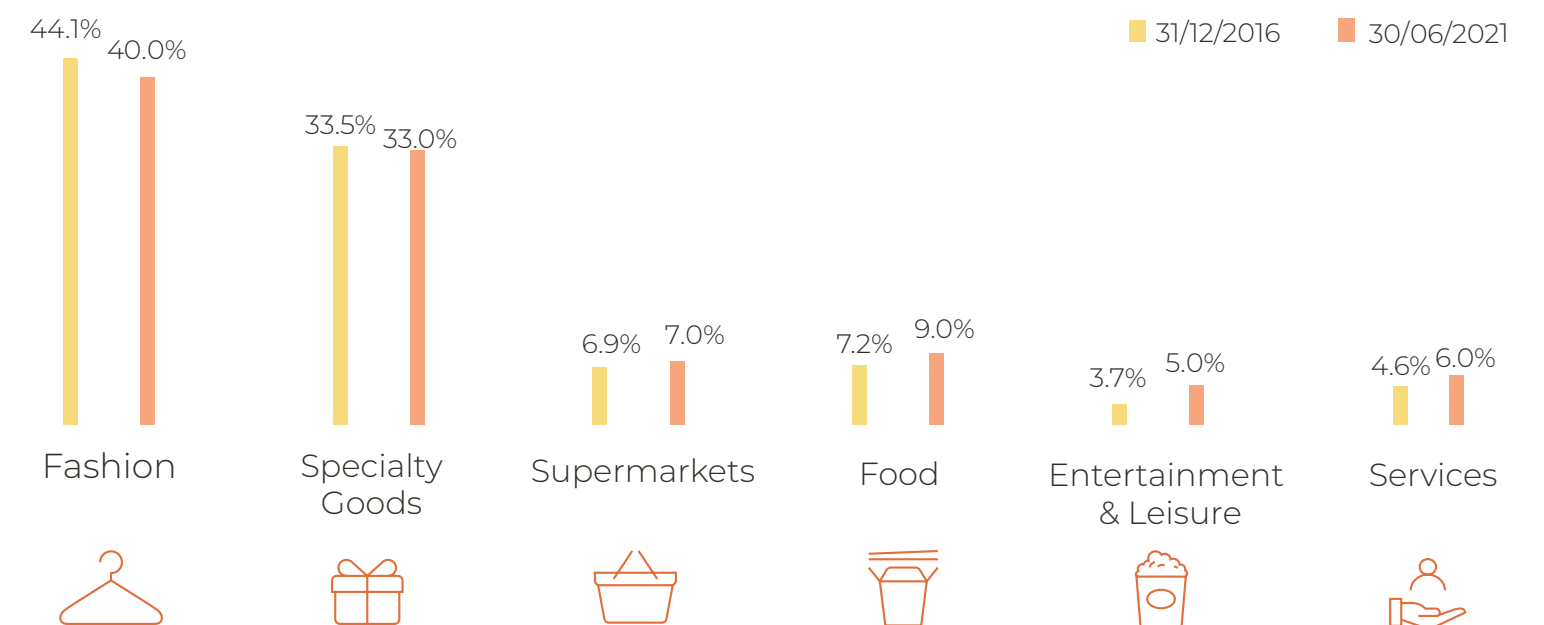


## Centralized Urban Portfolio

- | **85%** of the portfolio is in Poland and Czech - region's strongest economies
- | Warsaw and Prague centric asset base, **55%** of the portfolio
- | 5 assets in Warsaw, **€0.9bn** market value
- | 2 assets in Prague, **€0.4bn** market value

## Evolution of GLA by industry 2017 - 2021

Tenant mix (as a percentage of GLA) by annualised rental income on a like-for-like basis



# DIVERSIFIED PORTFOLIO BY 2025

ATRIUM 2014



ATRIUM 30/6/2021



ATRIUM 2025

RETAIL 100%

RETAIL 100%

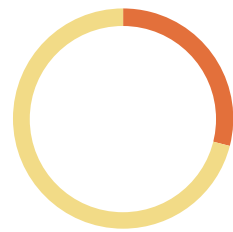
RESIDENTIAL TO RENT 40%



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<sub>BN</sub> 8.0%<sub>YIELD</sub>

€2.5<sub>BN</sub> 6.6%<sub>YIELD</sub>

RESIDENTIAL STRATEGY

TARGET > 5,000 UNITS

NO. OF ASSETS

AVG. ASSET VALUE

153

€17M

NO. OF ASSETS

AVG. ASSET VALUE

26

€94M

MAJOR CITIES, WARSAW CENTRIC

# COVID-19 IMPACT



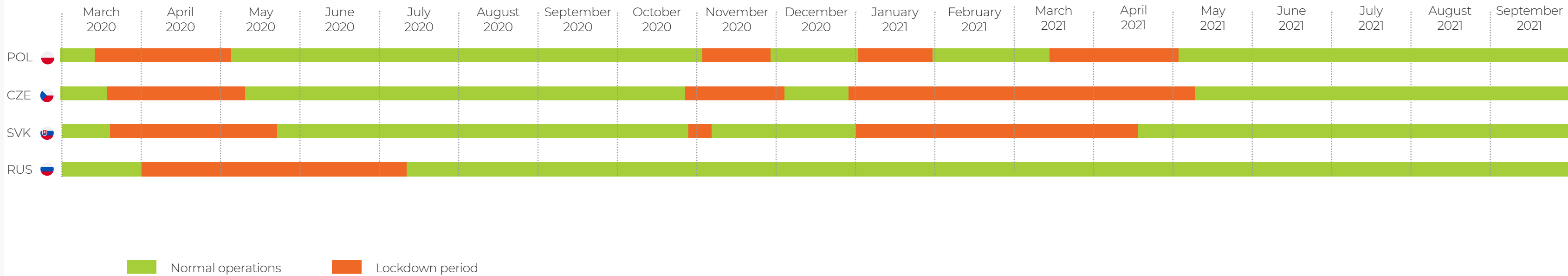
# ALL SHOPPING CENTRES NOW OPERATIONAL



- | All of our centres are now operational (approx. 98% of the Group's GLA)
- | Series of lockdowns from March 2020 to May 2021
- | Significant volatility in tenants' performance with a strong rebound when centres reopened
- | Vaccination rollout: Poland 52%, Czech 56%, Slovakia 44%, Russia 30%, EU 65%

Operations in H1 2021 were closed<sup>1</sup> on average for c. 44% of the period vs. 37% in H1 2020

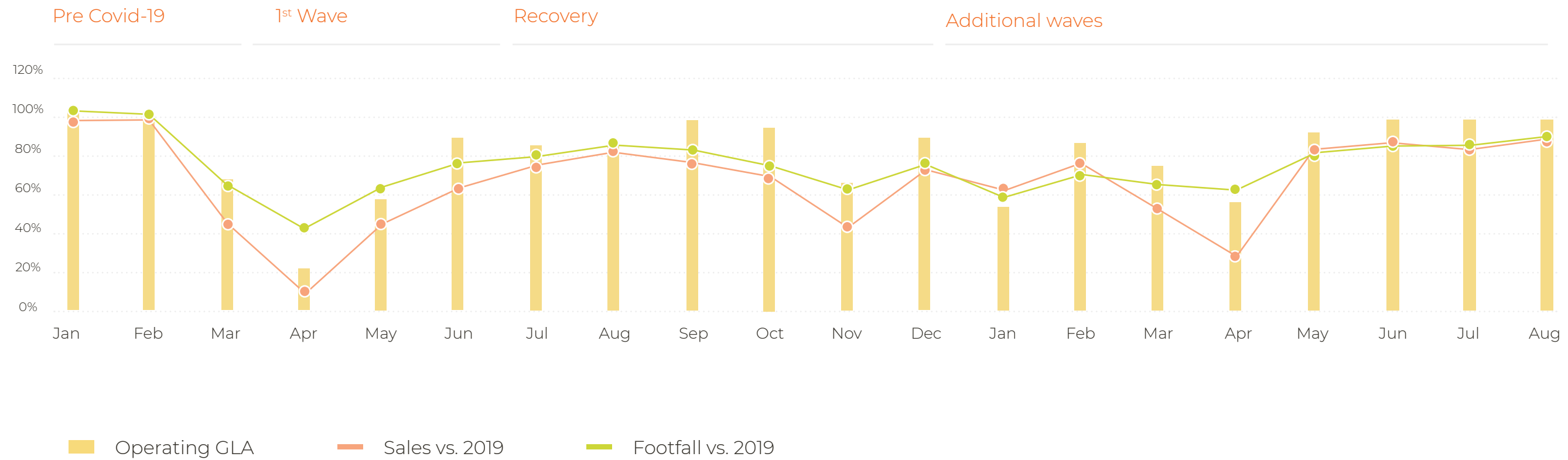
All centres are open today



<sup>1</sup> Only essential stores were open

# STRONG RECOVERY WHEN RESTRICTIONS WERE LIFTED

- Strong recovery of tenants sales and footfall as centres reopened
- June 2021 sales were at 87% vs.2019, footfall at 78%
- Sales outperformed footfall due to suppressed demand



# ATRIUM BY 2025

DIVERSIFICATION INTO  
RESIDENTIAL FOR RENT



## ACTION PLAN

- | **Densification:** build on or adjacent to our existing retail properties
- | **Acquisitions:** purchase already built residential buildings
- | **Forward purchases:** option agreements to acquire residential buildings currently under development by third parties

## 2025 TARGET

- | A prime retail portfolio balanced with a leading residential portfolio
- | Generating high quality and diversified income streams
- | Goal of > 5,000 units in Poland and Czech

## Retail to residential-portfolio split

RESIDENTIAL  
TO RENT  
40%



POLAND/PRAGUE  
PRIME SHOPPING  
CENTRES  
60%

## FUNDING

- | Capital recycling from asset rotation
- | Capital market transactions (Debt / Hybrid / Equity)



## FORWARD PURCHASE

- + Partnering with local developers
- + Minimised planning & development risk
- + Project management monitoring
- + Design input
- + Enables scalability
- + Faster delivery



## DEVELOPMENT & DENSIFICATION

- + Full delivery oversight
- + Superior returns
- + Tailor made BTR
- + Leverage in-house skills
- Higher planning and development risk
- Longer lead-in time



## ACQUISITIONS

- + Shorter lead-in time
- + Asset management value add
- Limited high quality investment opportunities

# CURRENT STAGE - RESIDENTIAL FOR RENT PORTFOLIO GAINING MOMENTUM



**Over 4,000** units in major Polish cities in different stages of assembly: c. **2,000** through densification of Atrium's retail properties and **2,000** of acquisition pipeline

## Densification of the existing portfolio

- Developing properties adjacent or on top of current retail portfolio
- Attractive yields of **6.5% - 7.0%**

## Starting with Promenada in Warsaw

- 9,300 sqm land plot owned adjacent to the Promenada shopping centre
- Development of 5 buildings totaling ca. 800 units with ground floor retail
- Delivery in separate phases starting 2023
- High demand area, with excellent public transport connectivity, including a new metro line
- Apartments will be rented fully furnished

## Phase one in final permitting

- Development of 200 units expected to start Q4 2021 - Q1 2022
- Mixed studio and 1 bedroom units, ca. 30 sqm average size
- Targeting young urban professionals

## Further 1,100 units with valid master plan in different planning stages

This chart includes statements and information which are, or may be deemed to be, “forward looking statements”. The Company’s acquisition pipeline and its development plan are based on the current expectations of the Company at the date of this presentation. The acquisitions and developments are subject to many circumstances and there is no guarantee that any of them will be completed at the estimated timeline or at all. For the disclaimer regarding forward looking information please refer to page 36.



Deals focused in Poland:  
**Warsaw, Krakow, Wroclaw  
& Gdansk**

Over **1,000**  
apartment units  
in **5** potential  
acquisitions

Average  
unit size ca.  
**33 sqm**

Units become operational from **Q1 2022**

This chart includes statements and information which are, or may be deemed to be, “forward looking statements”. The Company’s acquisition pipeline and its development plan are based on the current expectations of the Company at the date of this presentation. The acquisitions and developments are subject to many circumstances and there is no guarantee that any of them will be completed at the estimated timeline or at all. For the disclaimer regarding forward looking information please refer to page 36.





High rise quality residential for rent tower in Wola, the central business district of Warsaw

- | Adjacent to Hilton Warsaw and Warsaw spire (occupied by Goldman Sachs, Samsung, JLL, Mastercard, others)
- | Residential GLA of approx. 35,000 sqm
- | Retail GLA of approx. 3,500 sqm



# LIQUIDITY AND FINANCING



## February 2021 Bond issuance

€300m

First green bonds, Sep. 2027, 2.625% coupon

Notes were placed on the Luxembourg Green Exchange platform

€78m

Repurchase of 2022 notes, 3.625% coupon

5.0 yr

Extended average maturity

2.8%

Lowering the average cost of debt

## May 2021 Hybrid issuance

€350m

First hybrid green issuance

3.625% coupon

Perpetual, 5.5 YR first reset date

Subordinated to senior debt

26% Net LTV - accounted for as an equity (IFRS)

50% equity credit by Moody's and Fitch

Net proceeds will be used for growth opportunities, focus of R4R



€ 0.5bn cash

€300m unutilised credit facility

Strong liquidity to execute our strategy

26%

Net LTV 30.06.2021

Debt profile

4.7 years weighted average maturity

2.8% cost of debt

71% unencumbered standing investments

Investment grade rating

BBB (negative)<sup>1</sup> Fitch

Baa3 (negative)<sup>1</sup> Moody's

<sup>1</sup> Placed on review for downgrade on Aug. 2021 with the announcement that Gazit-Globe intends to acquire the remainder 25% stake

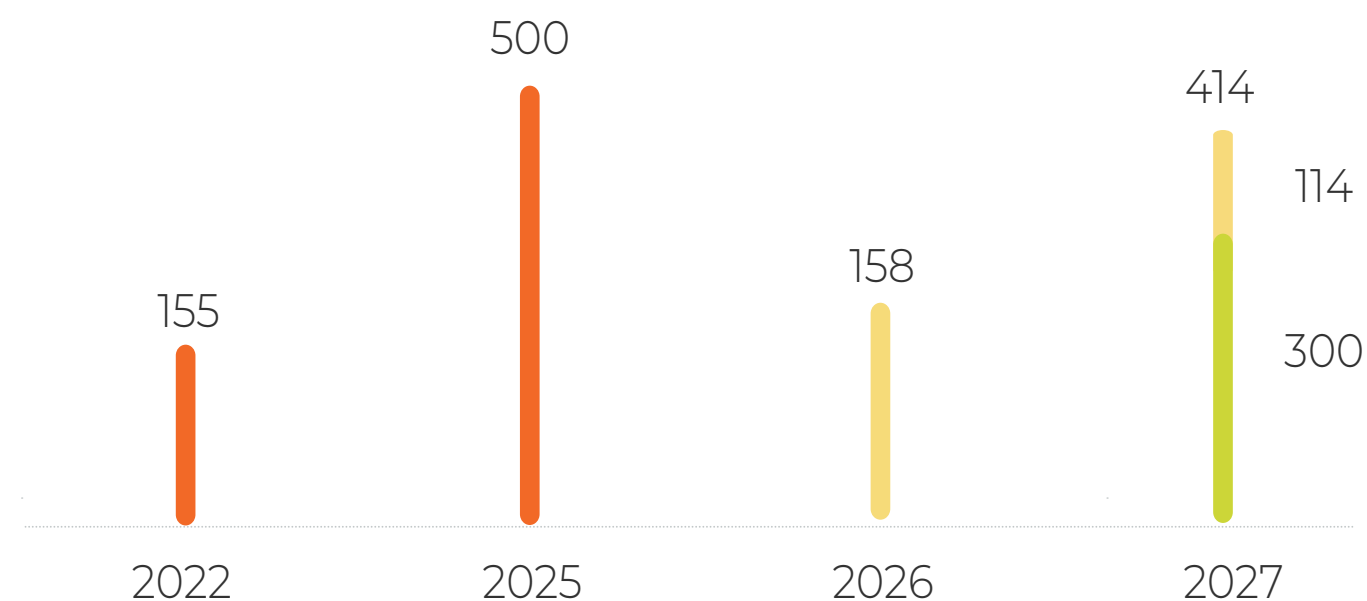
## Debt\* Maturities

(in million €)

Next repayment only due in October 2022

~€1.3bn of debt, c. 80% through unsecured bonds

- Bonds
- Bank Loans
- Green bonds



# ESG AND GREEN FINANCING



## ESG strategy

## 2020 and 2021 key activities



OUR CUSTOMERS

Understand customer behaviour, meet expectations today and in the future

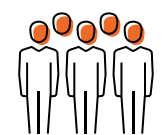
Atrium **Connect App** connecting Atrium and tenants in more than **50%** of the assets



OUR PLACES

Provide safe and healthy spaces, operate efficiently stimulating innovation and optimal design

**72%** of the portfolio is BREEAM **very good or higher** certified



OUR PEOPLE

Develop and engage employees who are proud to work in Atrium and embrace Atrium's values

Employee engagement survey, engagement score above industry average

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

- | A 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



# KEY INVESTMENT HIGHLIGHTS AND 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 macroeconomic fundamentals and growth potential
- Relative economic contraction in CE was lower vs WE during the pandemic and strong recovery forecasted in CE economies in 2021

4

## Balance sheet proactively managed

- Focus on liquidity and financial flexibility
- Strong Track record in the debt capital market with an Investment Grade rating since 2012
- EMTN programme with CSSF eligibility

2

## Diversification to residential for rent through densification of existing retail properties and acquisitions

- Diversification into modern, purpose built residential for rent in our core geographies
- Over 4,000 units in major Polish cities in different stages of assembly:
  - C. 2,000 through densification of existing retail properties
  - 2,000 through acquisition pipeline

5

## Strong financial profile

- 26% net LTV (today)
- Strong liquidity with >€0.5bn cash and unutilised credit facility
- 71% unencumbered standing investments
- Next debt maturity is in October 2022 (€155m)

3

## Operational excellence

- Well diversified tenant base of well-known global retailers
- No single tenant contributing to more than 3% of the rental income
- 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
- 72% of income producing portfolio is BREEAM very good certified
- First green bond issued in February 2021



# H1 2021 RESULTS OVERVIEW



# OPERATIONAL INDICATORS H1 2021:

Significantly Impacted by Government Restrictions and Polish Regulations



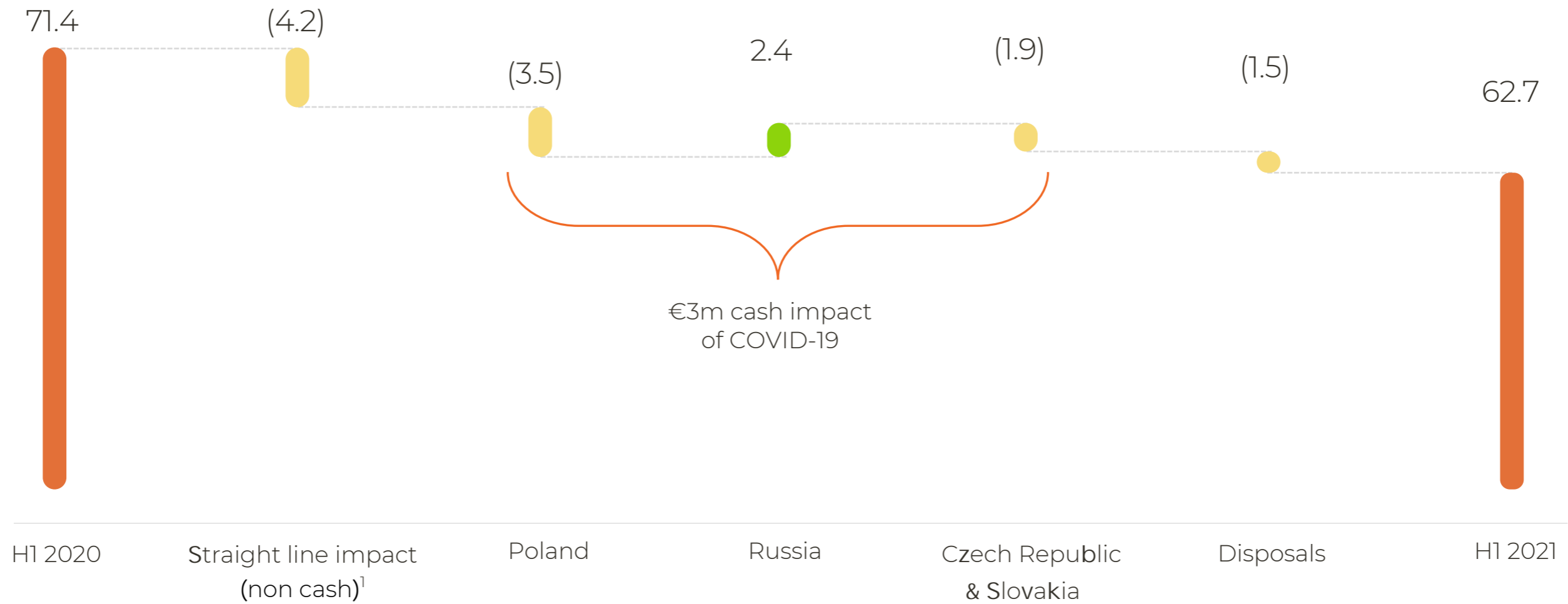
	H1 2021 (in €m)	H1 2020 (in €m)	Change (%)
Net rental income ("NRI")	62.7	71.4	(12.2)
EPRA Like-for-Like NRI	52.6	58.8	(10.6)
EBITDA	51.9	61.6	(15.8)
Company adjusted EPRA earnings	25.7	37.2	(31.0)
Operating margin (%)	90.2	90.0	-
Occupancy rate (%)	92.2	92.3*	-
Collection (%)	90	76	-
EPRA NRV (in €)	4.15	4.25*	(0.10)

\* As at 31/12/2020

No valuation change: stable yields, ERVs and Forex

# NRI DECREASED DUE TO COVID-19 AND DISPOSALS

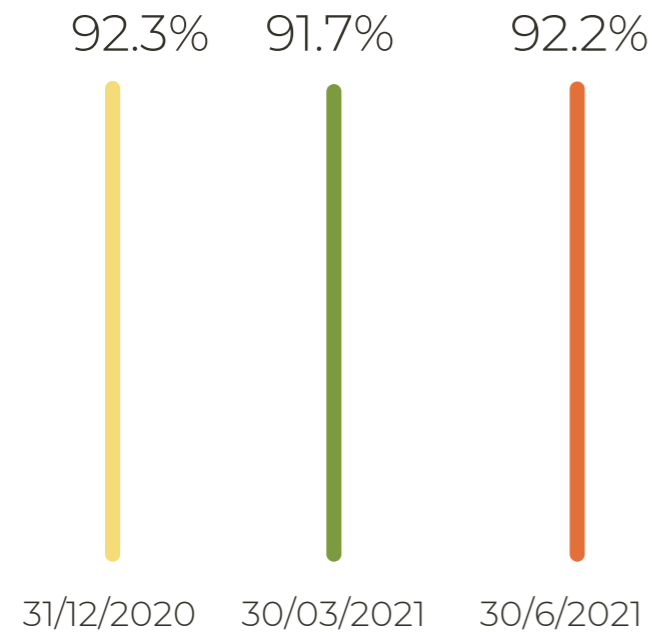
(in million €)



<sup>1</sup> straight line of tenant support amortised over the lease terms, including mandatory tenant relief in Poland

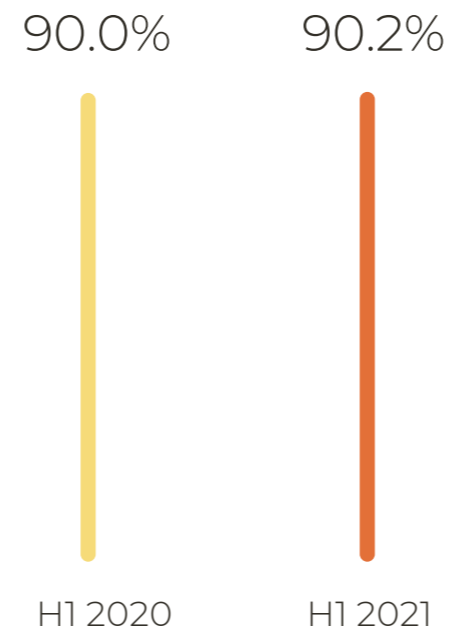
# OPERATIONS DURING H1 2021 AFFECTED BY LOCKDOWN MEASURES

## 92.2% Occupancy (30/6/2021)



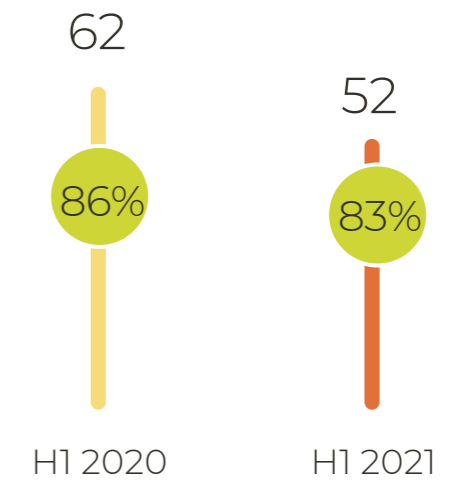
- Stable with YE 2020
- Recovery expected as centres remain open and trade consistently

## Operating margin



- Operating margin stabilised

## EBITDA



● EBITDA as % of NRI

- Decrease in reported NRI mainly due to the lockdown in Poland, government mandated relief
- -€4.5 million straight line impact (non cash)



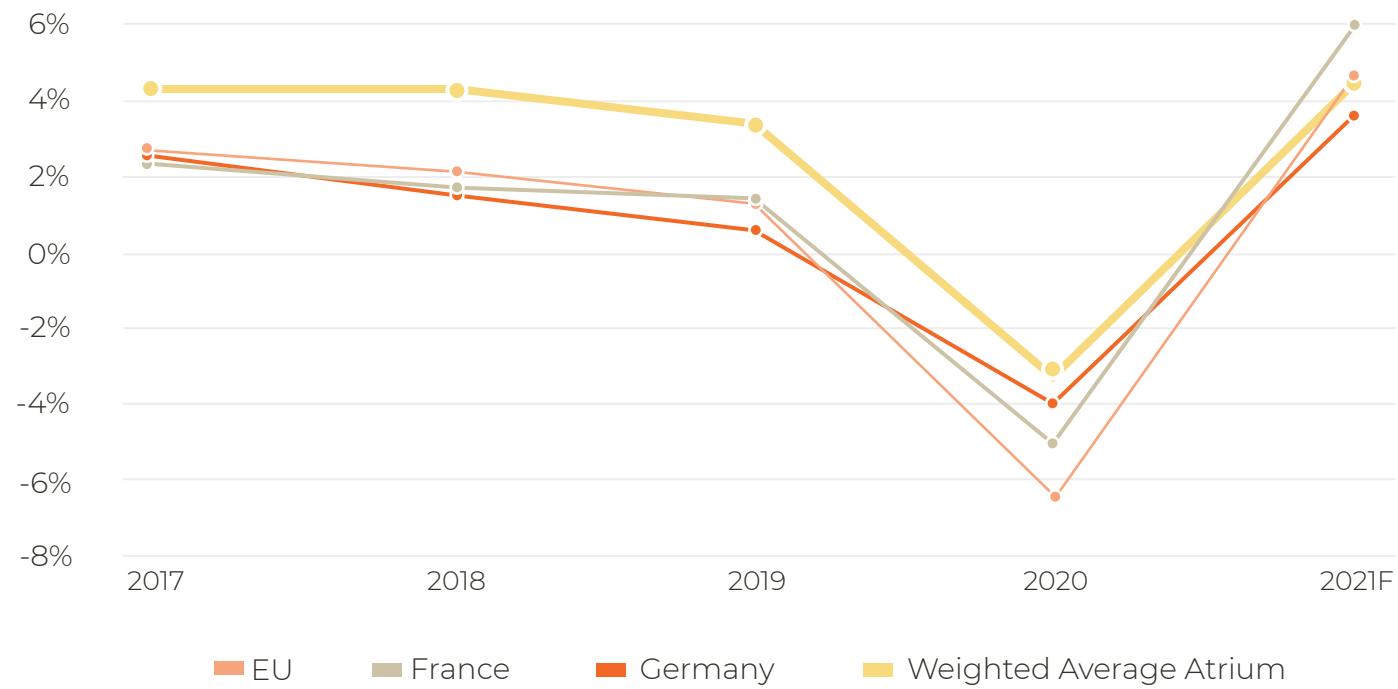
# APPENDICES



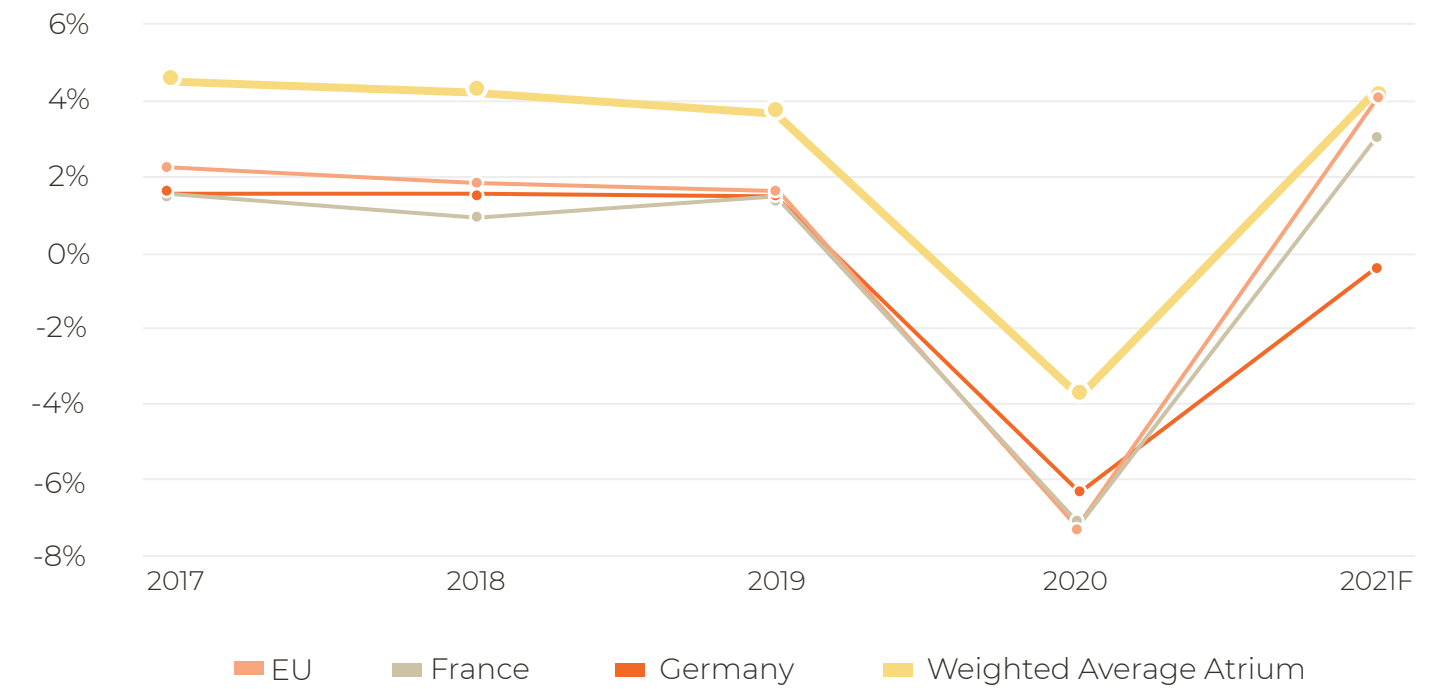
# APPENDIX 1: STRONGER MACRO INDICATORS IN CE COUNTRIES



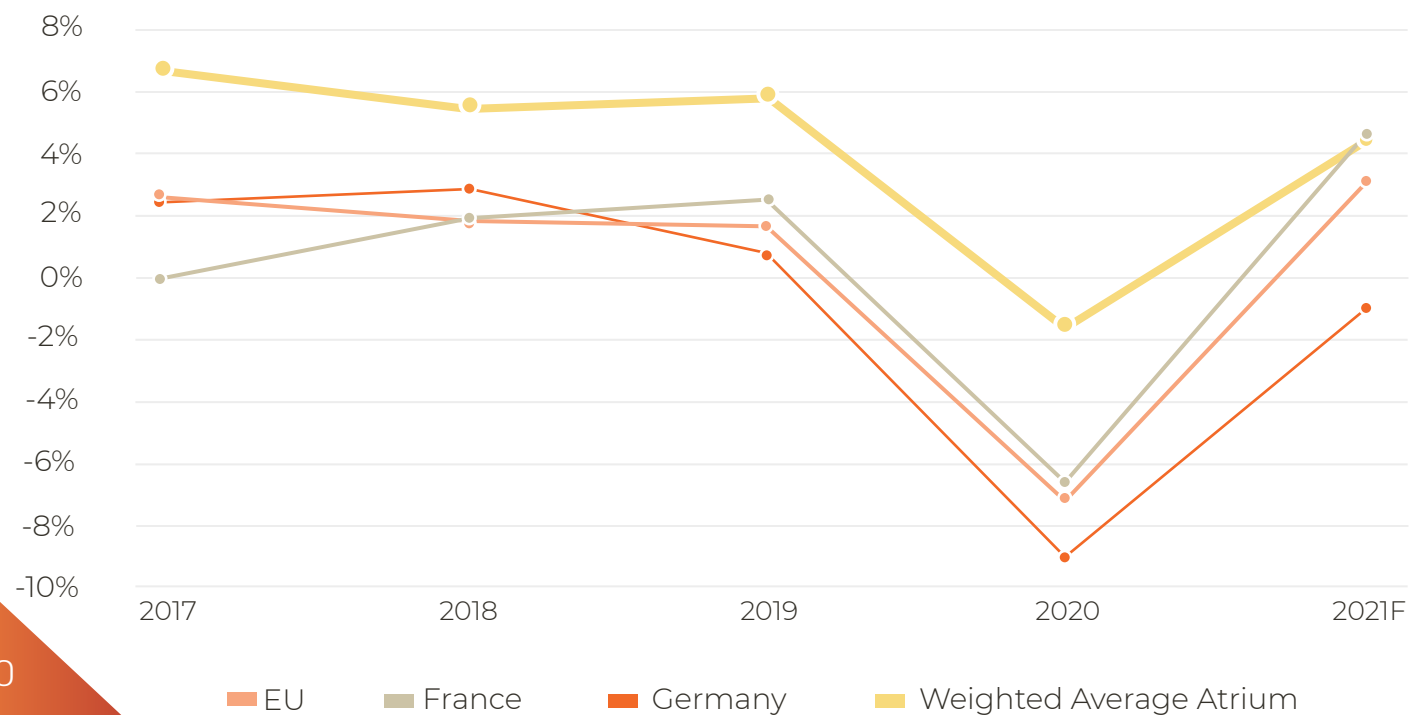
## GDP GROWTH



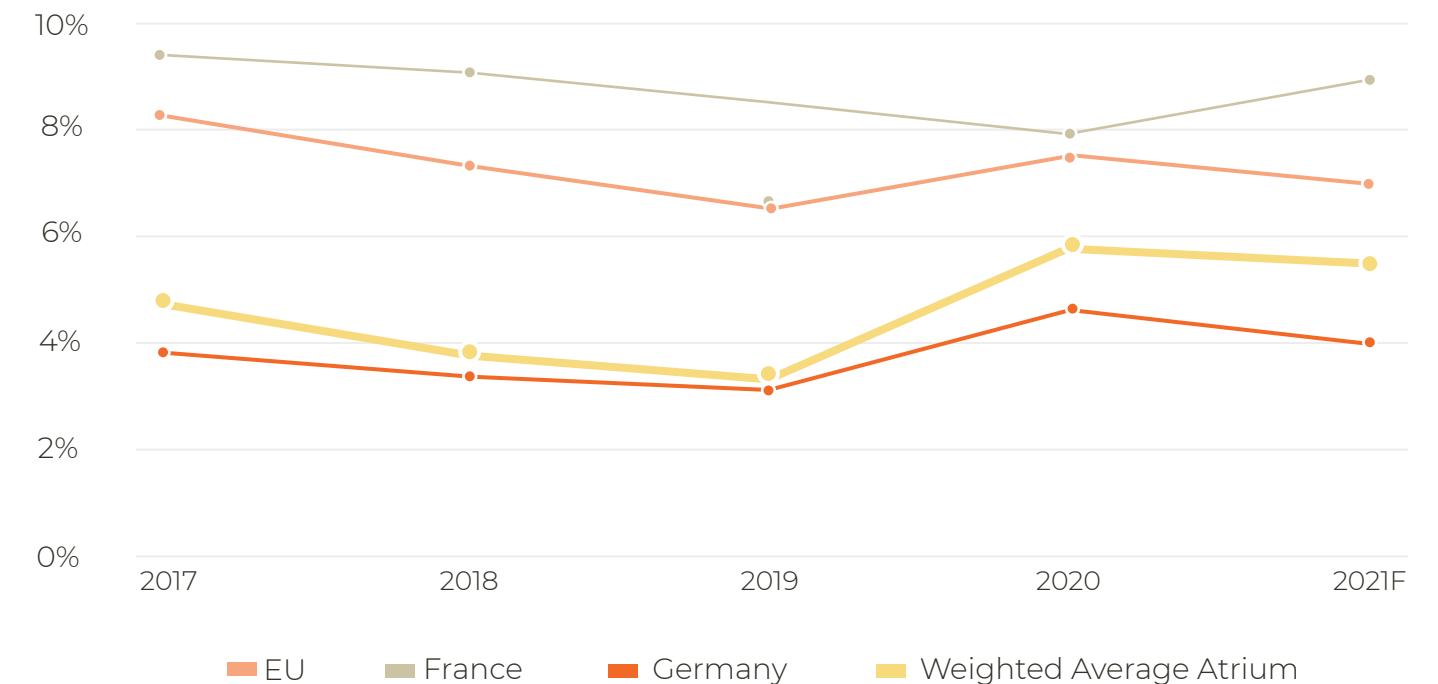
## CONSUMER SPENDING GROWTH



## RETAIL SALES GROWTH



## UNEMPLOYMENT



Source: Capital Economics, European Commission, Focus, IMF, Macrotrends, Trading Economics and World Bank. Weighted average based on portfolio value

# APPENDIX 2: TOP 15 TENANTS\* - STRONG GLOBAL RETAILERS

A healthy diversified tenant mix

% OF ANNUALISED RENTAL INCOME	GROUP NAME	Marionnaud	house	CROPP	M O H I T O
3%	LPP				
3%	CCC	ROSSMANN	Auchan	RTV EURO AGD	orsay
2%	AFM				
2%	Inditex		Carrefour	PULL&BEAR	Massimo Dutti
2%	Hennes & Mauritz				
2%	Carrefour	SEPHORA	Bershka	eobuwie.pl	Media Markt
2%	Metro Group				
1%	A.S. Watson	ZARA HOME		DOUGLAS	T.K.maxx
1%	TJX Poland Sp. z o.o.				
1%	Douglas				
1%	Cineworld	RESERVED	ZARA	CCC	KAISER'S
1%	EM&F Group				
1%	Sephora	TENGELMANN	stradivarius	cineworld	empik
1%	Tengelmann Group				
1%	Amrest				
<b>26%</b>	<b>TOP 15 TENANTS</b>	sinsay	DECATHLON	OYSHO	H&M

## Above 70% of the portfolio is BREEAM certified



## Green financing

- | Green Financing Framework launched in Feb. 2020, with Second Party Opinion from Sustainalytics
- | Inaugural green financing instruments totaling €650m in H1 2021
- | Proceeds to be used for financing and refinancing of existing and new green assets
- | Extended ESG report published with H1 2021 results and is available on the website

## Current BREEAM certified assets



Atrium Flora



Promenada



Reduta



Targówek



Wars Sawa Junior



Dominikanska



King Cross



Pardubice



Copernicus



Biała



Bydgoszcz



## MARKET TRENDS SUPPORT OUR STRATEGY

- | Strong demographic fundamentals of Poland and the Czech Republic
- | Growing residential for rent demand in CE countries
- | Urbanization and blending of work and leisure time

## ESTABLISHED LOCAL PLATFORMS

- | Expert team in place, including development and back office personnel
- | Residential management team to be developed

## FOCUS ON THE LARGE CITIES OF POLAND



Underdeveloped residential for **rent market**



Urbanization: 60% today to **70% by 2050**



**1.5m** dwelling shortage



Low quality of existing **stock** (see appendix 5.2)



**1.2m students**, increasing inflow of international students (see appendix 5.3)



Years of **rising income** and decreasing unemployment



Increasing **renting trend**

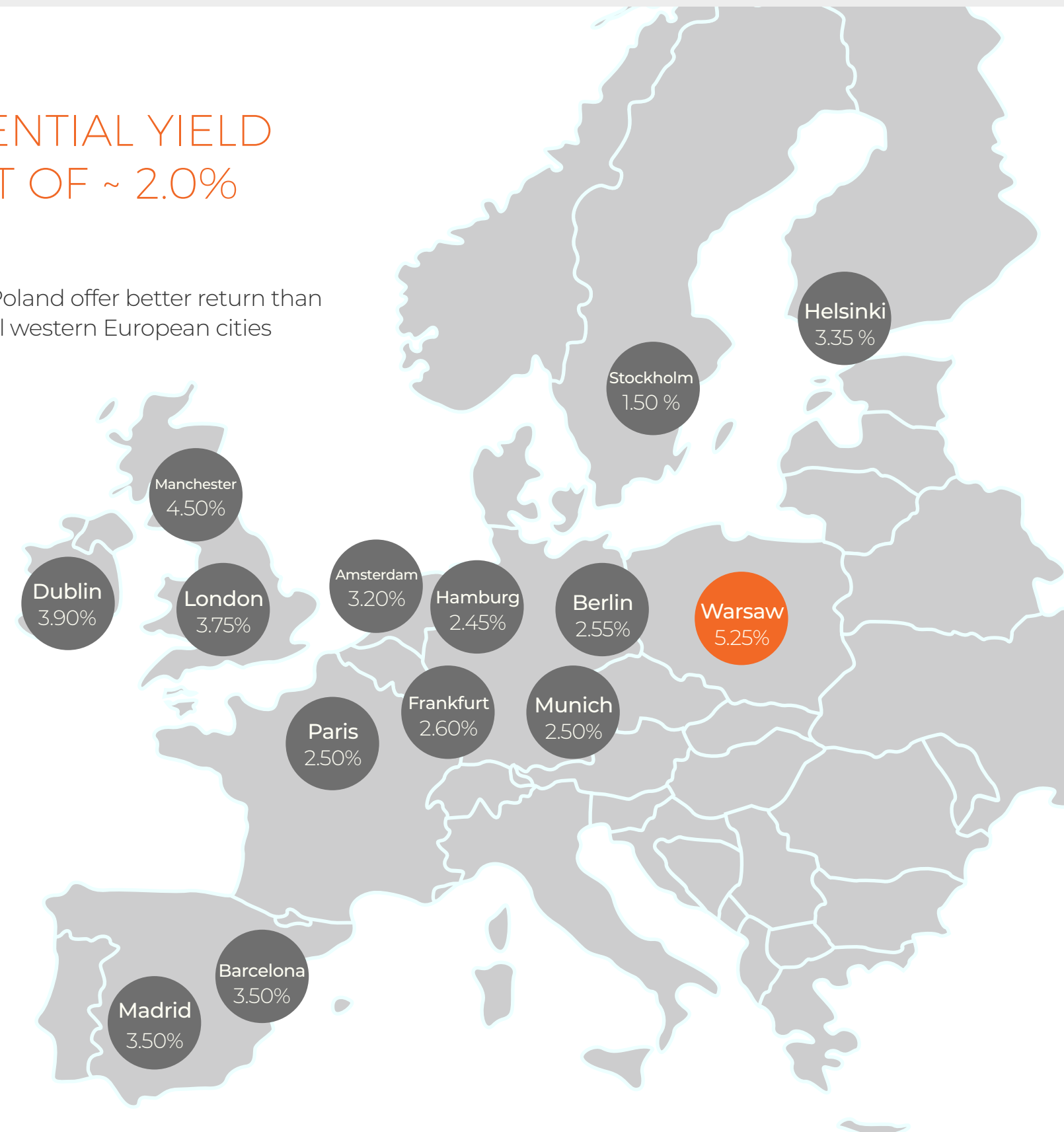
# APPENDIX 4.2: THE POLISH RESIDENTIAL SECTOR IS AN ATTRACTIVE OPPORTUNITY

## OPPORTUNITY TO INVEST IN AN ATTRACTIVE RISK-RETURN PROFILE

- | Attractive yields in the Polish residential for rent market
- | Lack of institutional product
- | Fragmented rental market
- | Yields are significantly higher than in western European cities
- | High potential of rental growth and increase in capital values

## POTENTIAL YIELD SHIFT OF ~ 2.0%

Yields in Poland offer better return than traditional western European cities



Source: JLL - The Polish living sector - March 2021

	31/12/2020	31/3/2021	30/6/2021	Change (ppt) Q1 vs Q2 2021
Poland	92.5%	90.7%	91.2%	0.5
Czech Republic	92.9%	91.5%	91.3%	(0.2)
Slovakia	99.2%	97.6%	98.3%	0.7
Russia	89.4%	93.2%	94.5%	1.4
<b>TOTAL</b>	<b>92.3%</b>	<b>91.7%</b>	<b>92.2%</b>	<b>0.5</b>

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