



CREATING  
GREAT  
PLACES

# COMPANY PRESENTATION

SEPTEMBER 2020

# CONTENT



## **Liad Barzilai**

Group CEO

c.12 years at Atrium, c.14+ in real estate  
Prior experience as CIO of Gazit-Globe



## **Ryan Lee**

Group CFO

c.5 years at Atrium  
c.20 years experience as CFO in Central Europe

Atrium in a snapshot

H1 2020 summary

Focus on Poland and the Czech Republic

Business overview / COVID-19 impact

H1 2020 results

Changing retail environment

Value creation - Redevelopment projects

Atrium by 2024

Summary

Appendix 1: Top tenants

Appendix 2: Macro overview of our markets

Appendix 3: E-commerce and SC space data

3

4

9

13

19

24

27

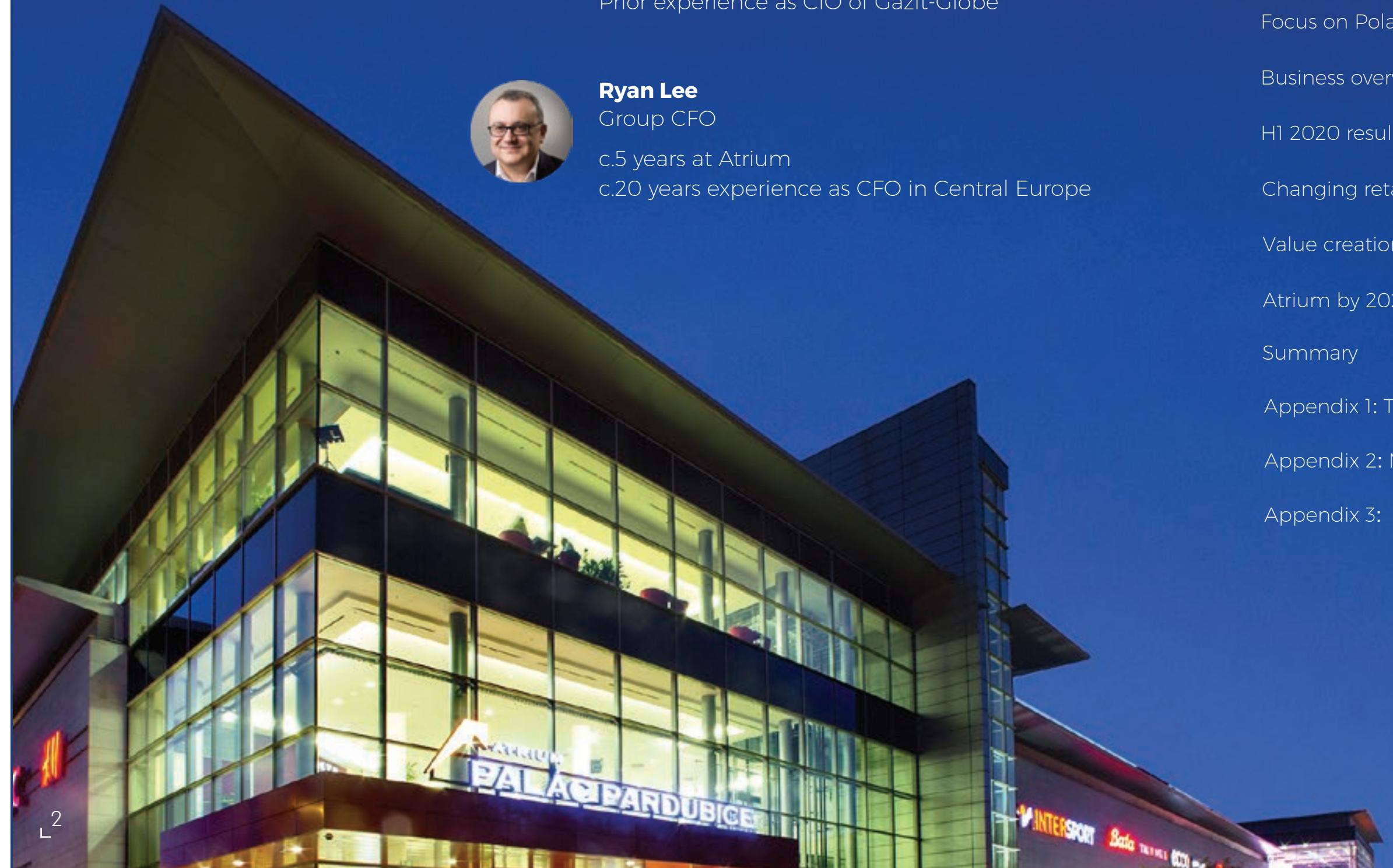
29

34

37

38

39



# atrium in a snapshot - 30 JUNE 2020

CE portfolio focused on quality urban assets in Warsaw and Prague

Strong liquidity and financial flexibility, Investment Grade Rating

Strategy in place to diversify portfolio into residential for rent

€2.5bn

standing  
investment portfolio

€1.6bn  
Poland

€1.0bn  
5 assets Warsaw

€0.5bn  
Czech

€0.4bn  
2 assets Prague

36.1%

net LTV

5.0 yr

average maturity

6.5%

net equivalent yield  
(31/12/2019: 6.4%)

2.9%

cost of debt

95.4%

EPRA occupancy

5.3 yr

WALT

4.65

EPRA / NAV per share (€)



The portfolio figures exclude 5 assets classified as held for sale, which were sold in July 2020

# H1 2020 SUMMARY



# PRE COVID-19 THE COMPANY CONTINUED TO PERFORM WELL

- | Strong LFL NRI of +3% in Poland and Czech<sup>1</sup>
- | Tenant sales +8% January / February
- | Footfall stable in January / February YoY
- | Q1 collection rate 98%
- | Portfolio Strategy execution continued with the sale of Atrium Duben in Slovakia for €37m

<sup>1</sup> Q1 2020 excl impact of COVID-19



# LOCKDOWN PERIOD (MID MARCH TO MAY / JUNE)

- | Shopping centres are closed
- | Company action plan
  - Implementation of health and safety measures
  - Dialogue with tenants on a joint solution
  - Capital expenditures reduction
  - Operational and administrative cost reduction
  - Postponement of Redevelopment investments
  - Extending liquidity: Bond refinancing
  - A voluntary scrip dividend programme



## | Operational performance

- 89% GLA reopen (92% excl. Russia)
- Tenant discussions extend into Q3 2020
- Footfall and sales gradually recovering to pre- COVID-19 levels
- Focus on collections, H1 2020 87%

## | Liquidity and financial strength

- €53m cash, €234m unutilised credit facility as of today
- Next bond repayment of €242m in October 2022
- Net LTV 30/6/2020 36.1%, 5 YR maturity
- Completed the sale of 5 assets in Poland for €32m
- A voluntary scrip dividend programme for Q2-Q4 dividends



# COMPANY OPERATIONAL INDICATORS H1 2020



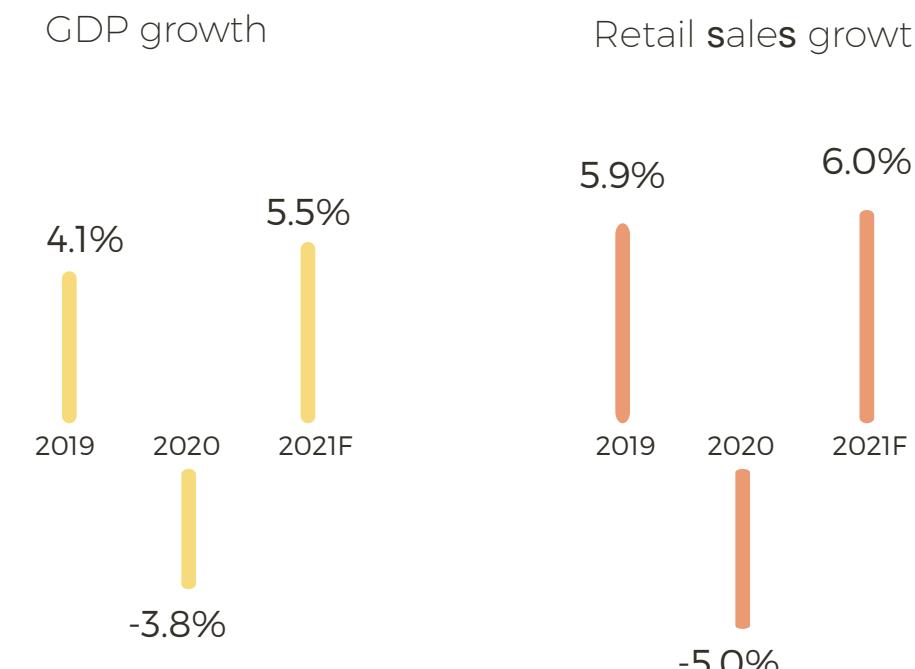
	H1 2020 (in €m)	H1 2019 (in €m)	Change (%/ppt)
Net rental income ("NRI")	71.4	92.4	(22.8)
NRI excl. impact of COVID-19 and disposals	93.1	92.4	0.7
EPRA Like-for-Like NRI	52.2	60.9	(14.2)
EBITDA	61.6	81.5	(24.4)
EBITDA excl. impact of COVID-19 and disposals	82.8	81.5	1.5
Company adjusted EPRA earnings per share (€ cents)	9.8	15.4	(36.4)
Occupancy rate (%)	95.4	97.0 <sup>1</sup>	(1.6)
Operating margin (%)	90.0	95.8	(5.8)

# FOCUS ON POLAND AND THE CZECH REPUBLIC



- CE countries go into the crisis in much better shape financially than Western Europe and responded quicker to COVID-19
- Poland and Czech implemented early and effective lockdowns and as a result have already been able to ease restrictions
- 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 -3.8% and -6.3% respectively in 2020, **rebound expected in 2021 to +5.5% in Poland and +6.3% in Czech**
  - Retail sales growth in 2020 is expected to fall to -5.0% for Poland and -6.3% for Czech in 2020, **rebound expected in 2021 to +6.0% in Poland and +5.3% in Czech**

## Poland



Source: IMF, Capital Economics

## Czech Republic



Source: IMF, Capital Economics

# CONTINUED ASSET ROTATION INTO PRIME DOMINANT ASSETS IN MAJOR CITIES

| **2014 to date:** €0.5bn prime assets purchased, €0.8bn secondary assets sold

| **2020:** 6 assets sold → Slovakia (one asset sold) for €37.2m in Q1 2020, Poland (five assets sold) for €32m in July 2020

## WARSAW THE HEART OF POLAND <sup>1</sup>

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

30/06/20:  
39% in Warsaw

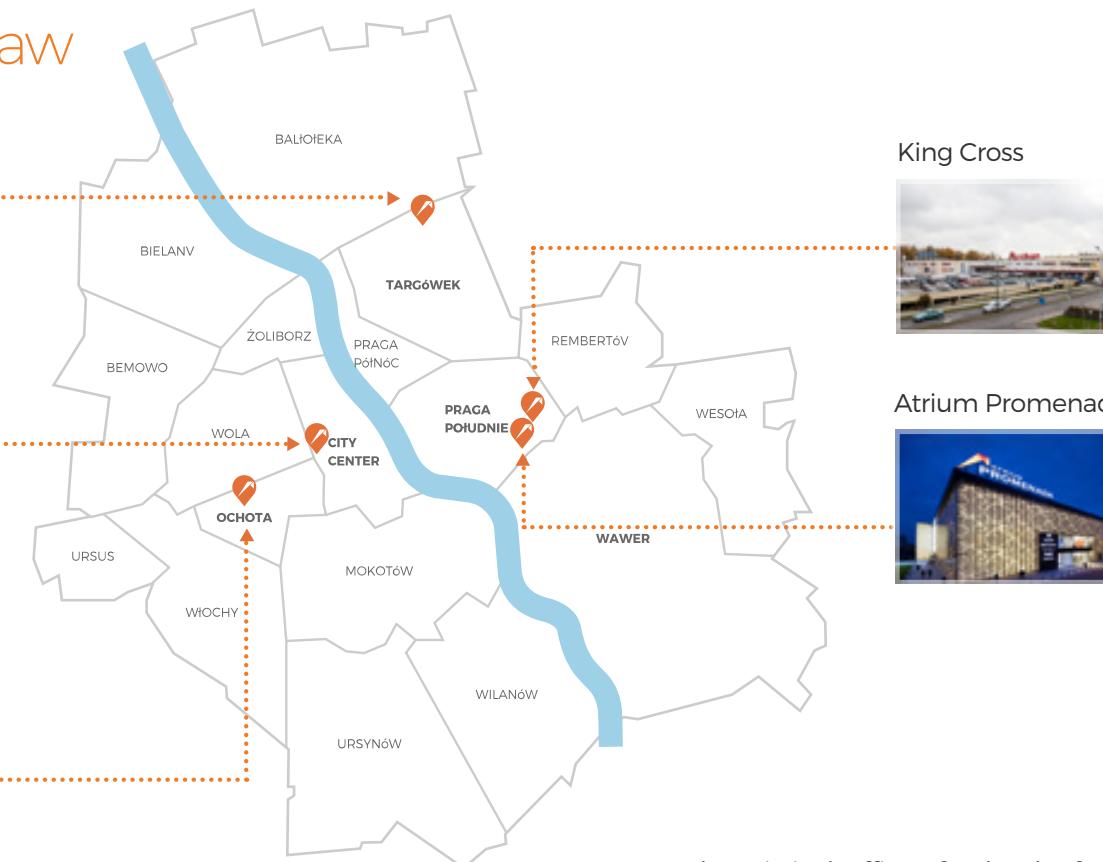
Atrium Targowek



Wars Sawa Junior



Atrium Reduta



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

## PRAGUE THE HEART OF THE CZECH REPUBLIC <sup>1</sup>

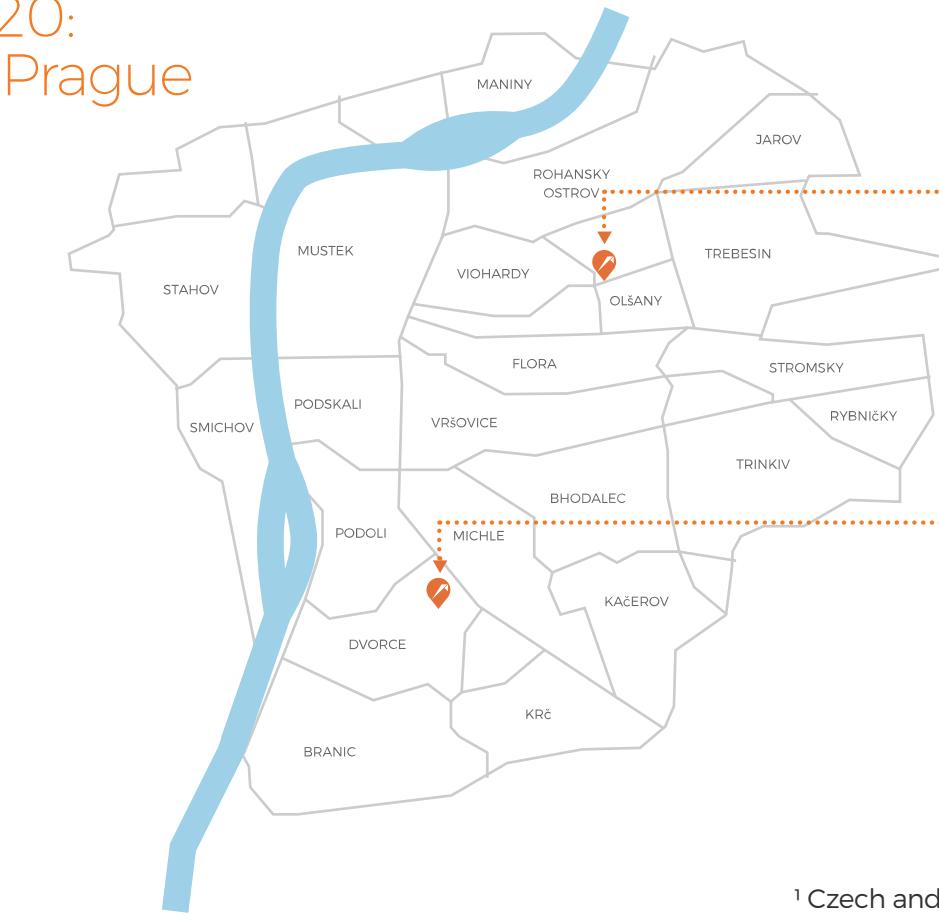
	PRAGUE	CZECH
Nr of inhabitants	1.3m	10.7m
Average monthly salary	€1,667	€1,301

30/06/20:  
16% in Prague

Atrium Flora



Arkady Pankrac



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

# STRATEGIC FOCUS AND FUTURE GROWTH: CE SIGNIFICANTLY ABOVE EUROPEAN AVERAGE



## Portfolio Repositioning - Strong Macro Environment and Urban Demographic Growth

- | High quality assets in strong urban locations
- | Focus on Poland and Czech - region's strongest economies
- | Scaling up in Warsaw and Prague - over 50% of the portfolio
- | 44% of our rent and over 43% of GLA is from well known global retailers
- | Strengthening the portfolio through extensions and portfolio rotation, evaluating diversifications
- | Increasing experience and offer, adding 70,000 sqm in Warsaw

## Operational Excellence

- | 26 assets managed by our internal professional team<sup>1</sup>
- | Strong, diversified range of retail and leisure operators that are appealing to consumers
- | Forging strong long term relationships with our tenants
- | Strong occupancy of 95.4%
- | Deep expertise in CE retail market, 385 employees, pro active hands-on asset management

<sup>1</sup> Arkady Pankrac is managed by an external manager

## Strong Financial Profile

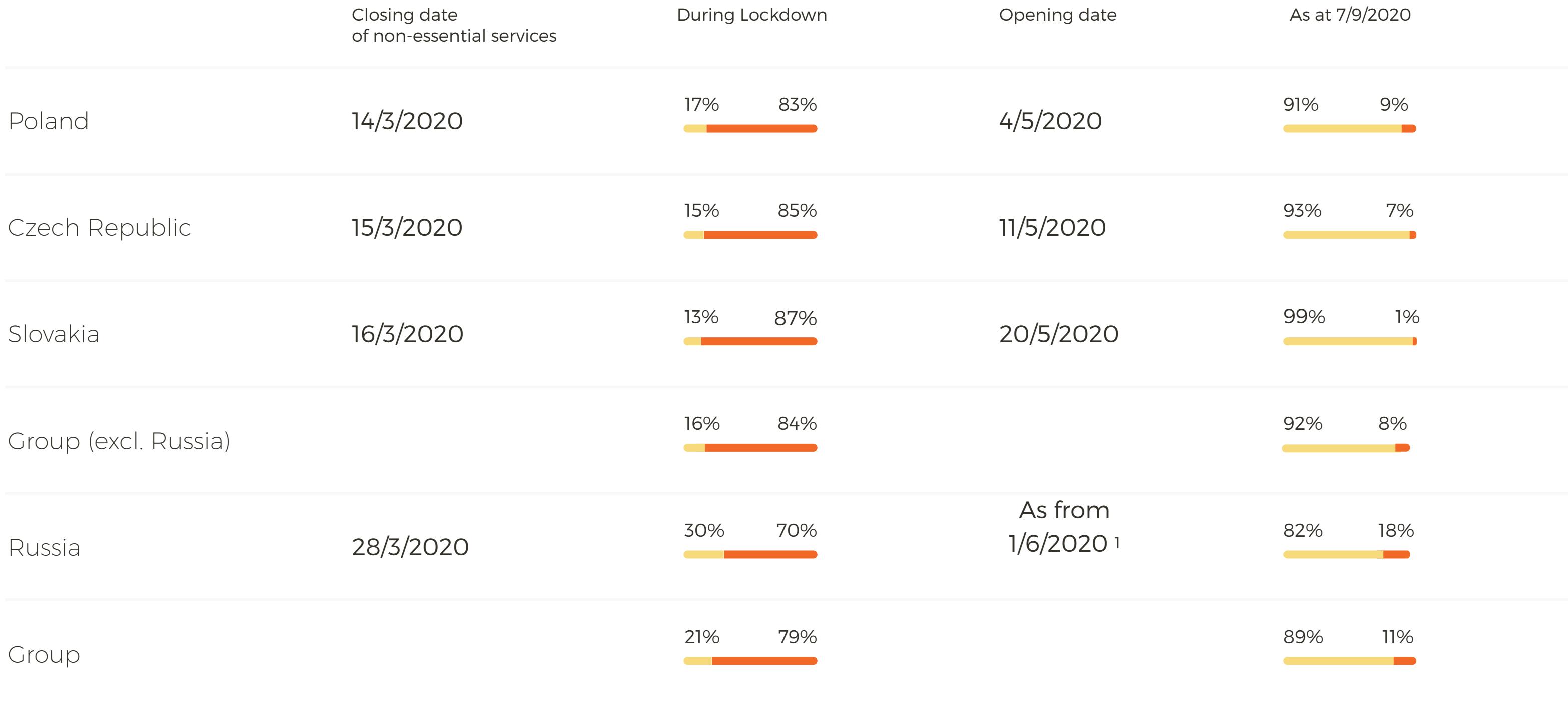
- | 36.1% net LTV, 5.0 years average debt maturity, 2.9% cost of debt
- | €287m liquidity<sup>2</sup>
- | 72%/€1.8bn unencumbered standing investments

<sup>2</sup> €53m cash, €234m unutilised credit facility as of today

# BUSINESS OVERVIEW / COVID-19 IMPACT



# 92% OF GLA IN POLAND, CZECH AND SLOVAKIA IS OPEN



<sup>1</sup> Shopping centres have begun to open in June.

As of today 6 of our 7 shopping centres in Russia are open.

# MOMENTUM CONTINUES TOWARDS PRE-COVID-19 LEVELS

Consumers gain confidence in the public health measures that have been taken

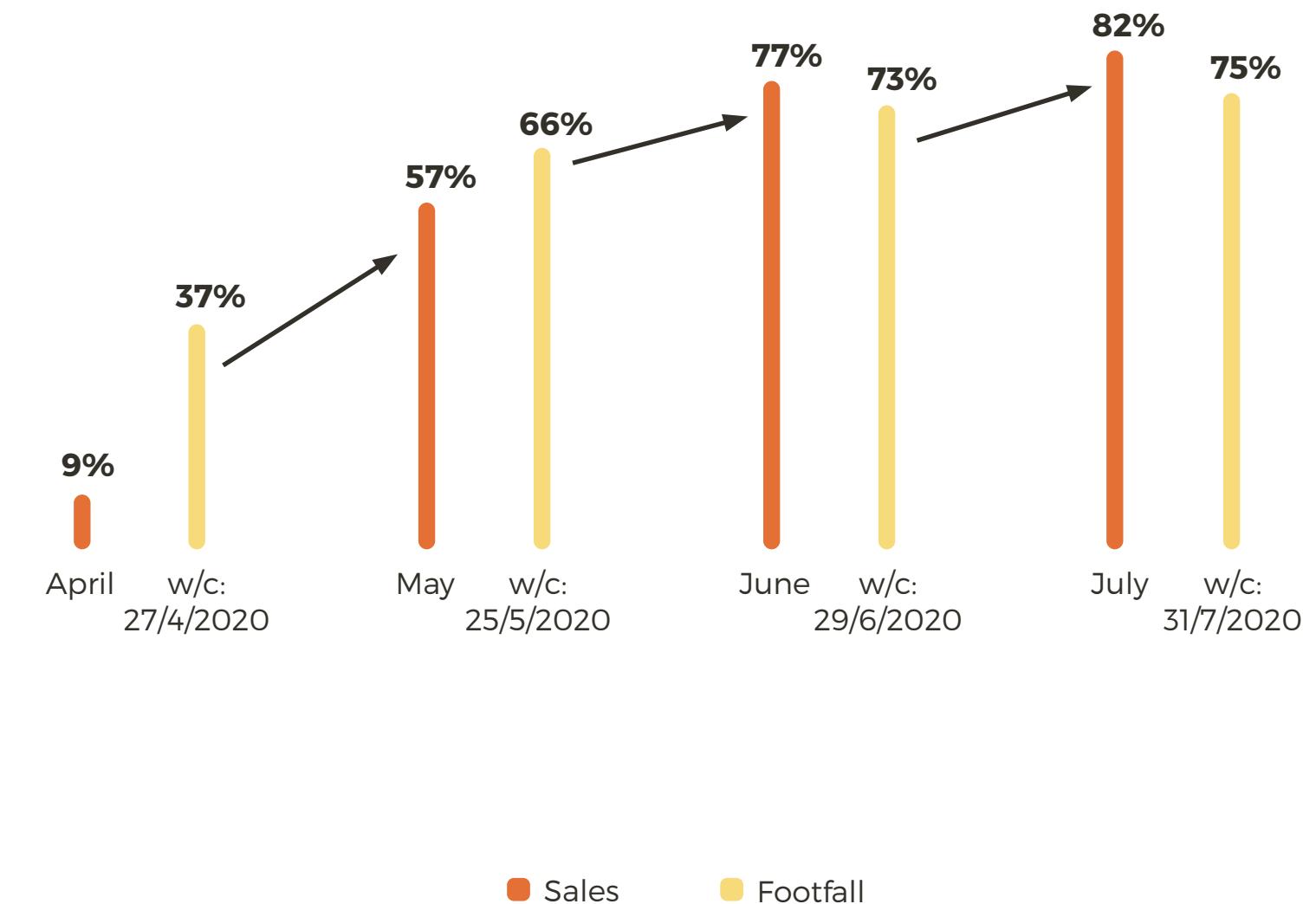
**July sales** at 82%<sup>1</sup> vs last year

**Footfall** at 75%<sup>1</sup> in the last week of July vs the same week in 2019

Sales are down less than footfall: Higher **conversion** and average **basket**

Positive trends in footfall and sales in August

Footfall and sales as a % of last year levels<sup>1</sup>



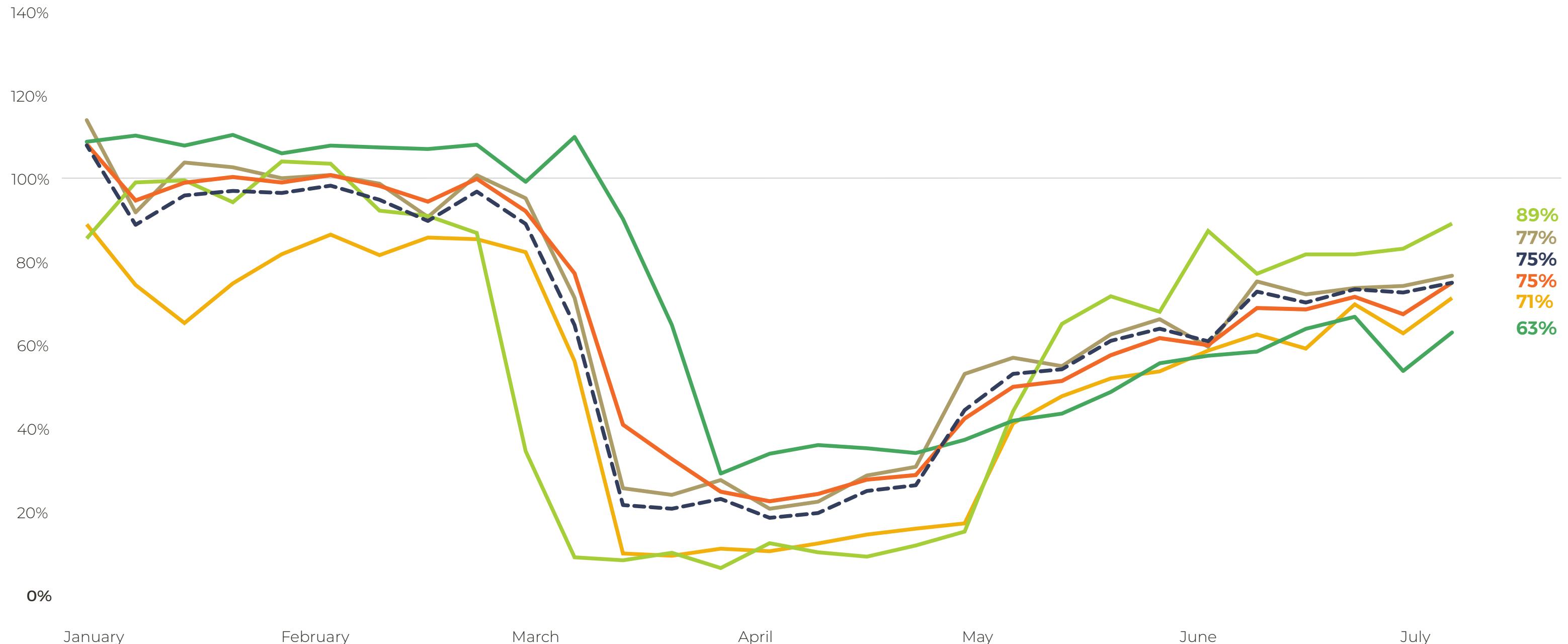
<sup>1</sup> Excl. Russia which opened later.

# FOOTFALL GRADUALLY RETURNING TO PRE-COVID-19 LEVELS

Footfall excl. Russia 75% YoY in last week of July

Footfall per country:

Poland Czech Slovakia Russia Group Group (excl. Russia)



# URBAN CENTRES ARE STILL LAGGING

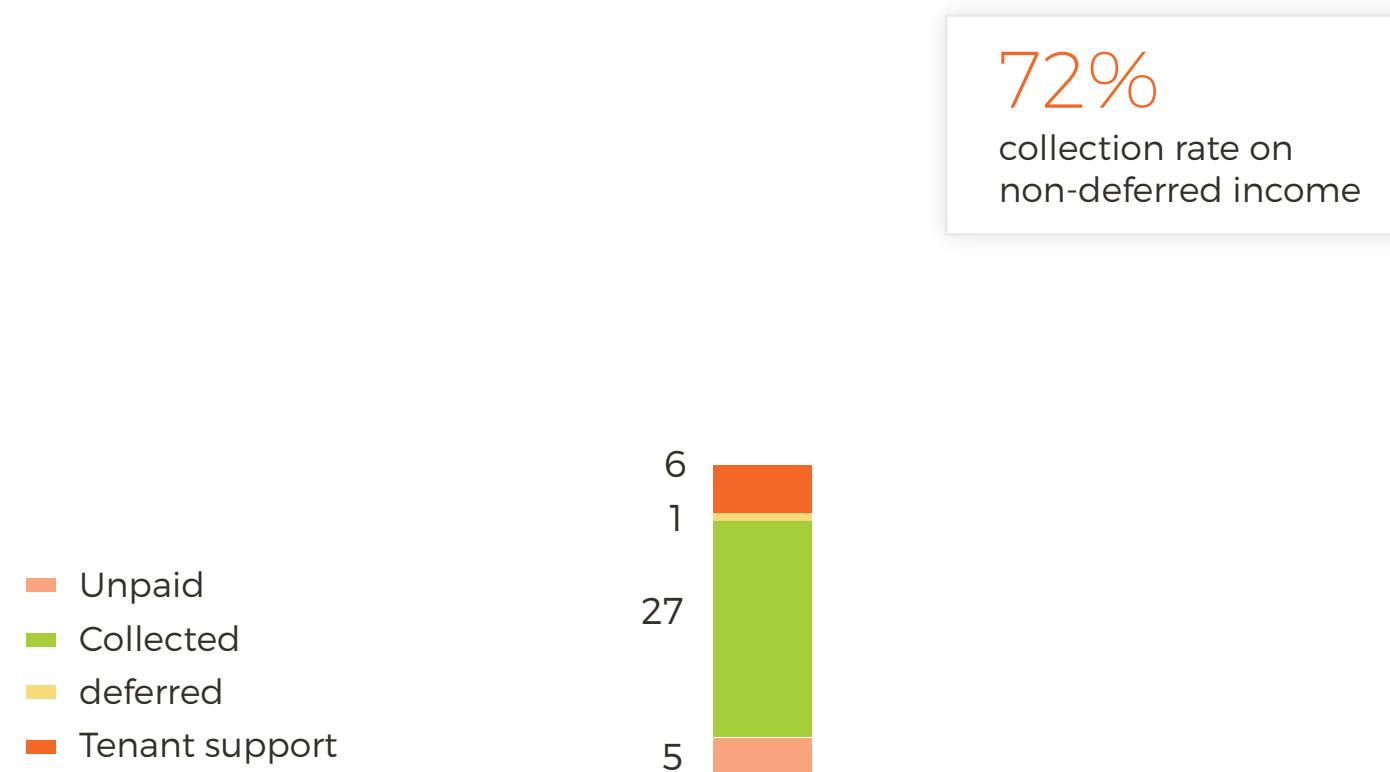
Footfall of urban/Metro shopping centres, Russia (open late) and all other shopping centres:



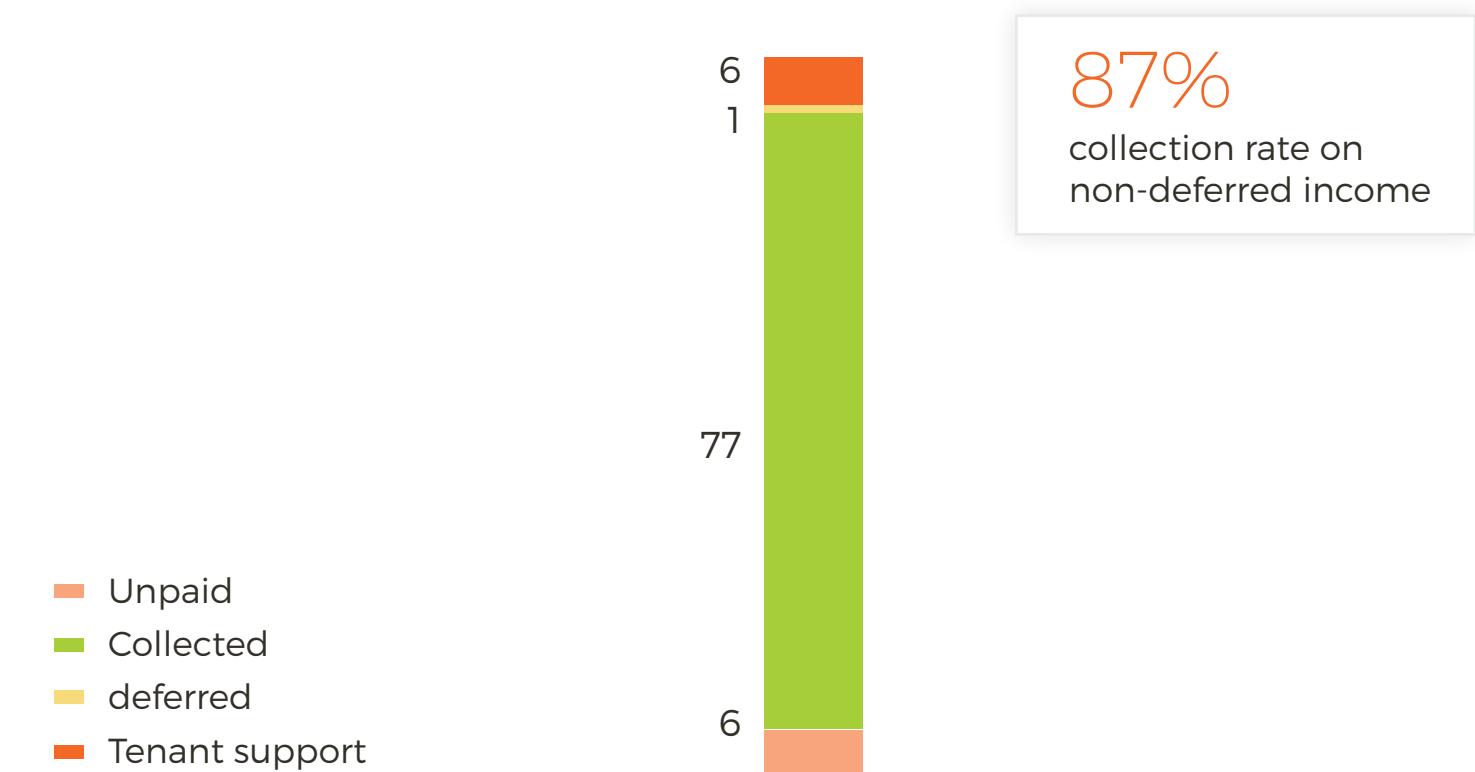
# COLLECTED 87% OF NON-DEFERRED H1 2020 INVOICED AMOUNT: 98% FOR Q1 AND 72% FOR Q2



€39m of Q2 2020 invoices  
(net of €14m Polish government relief<sup>1</sup>)  
(in million €)



€90m of H1 2020 invoices  
(net of €14m Polish government relief<sup>1</sup>)  
(in million €)



As at 31/8/2020, on a cash basis, excl. VAT and 75% stake in an asset held in JV

<sup>1</sup> The imposed rent and service charge income reliefs in Poland during the closed period were not invoiced

# H1 2020 RESULTS

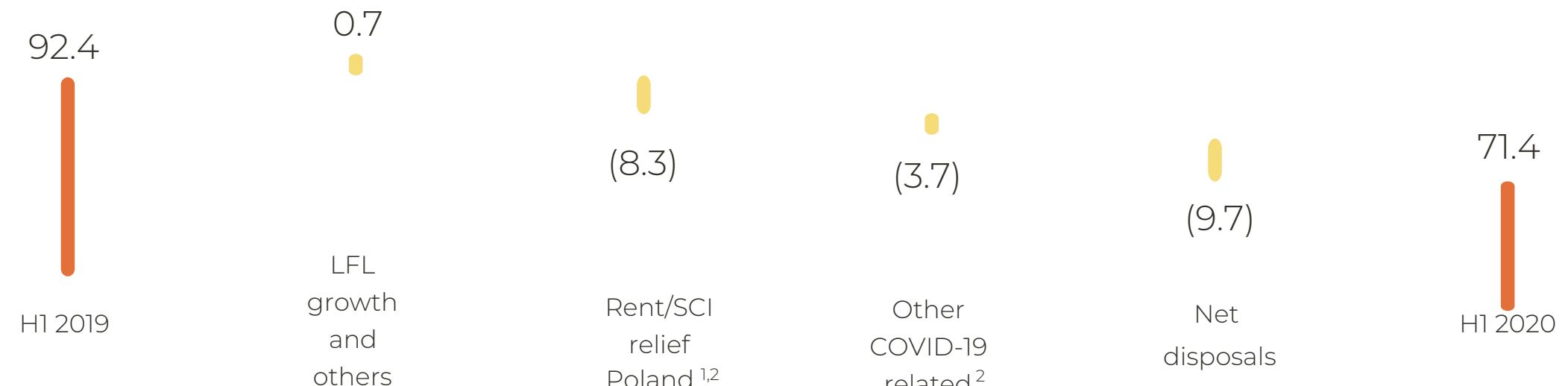


# NRI -€21m vs H1 2019: €12m COVID-19, €10m DISPOSALS, OFFSET BY €0.7m LFL GROWTH



NRI decreased 22.8% due to COVID-19 and disposals

(in million €)



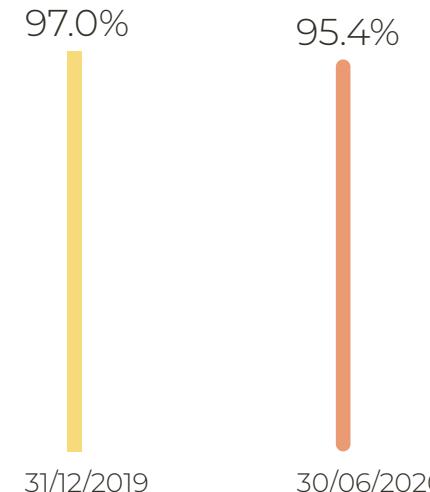
<sup>1</sup> Polish Government imposed rental/service charge relief for the lockdown period.

<sup>2</sup> Rent concessions from 1/4/2020 were straight-lined over the remaining lease term.

95.4% Occupancy

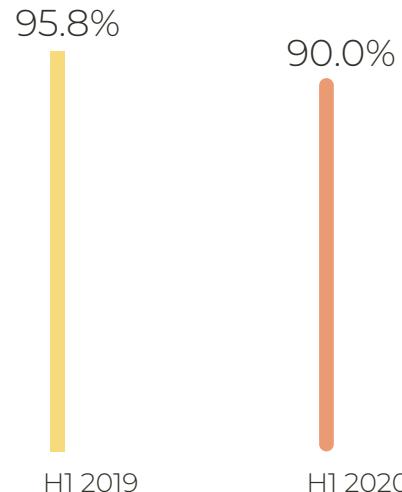
(30/06/2020)

High occupancy due to proactive asset management and tenant support



Operating margin

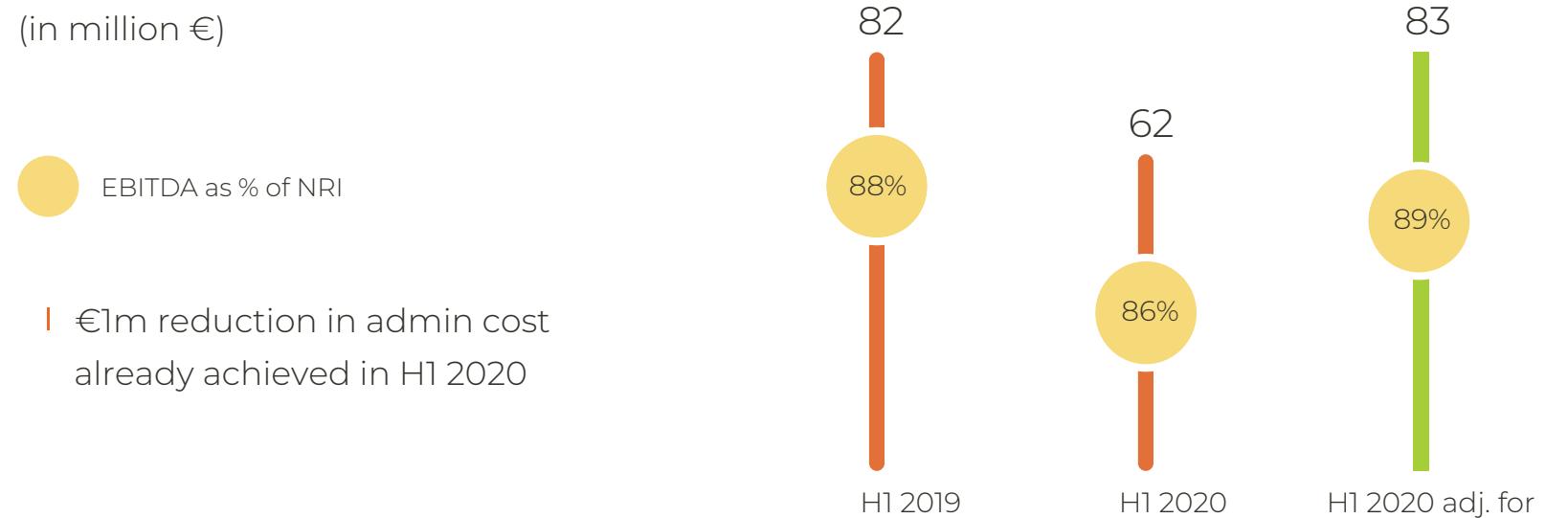
- 4.3% due to COVID-19 (Poland Government service charge relief)
- 1.5% redevelopments and others



# EARNINGS: IMPACT OF COVID-19 AND DISPOSALS

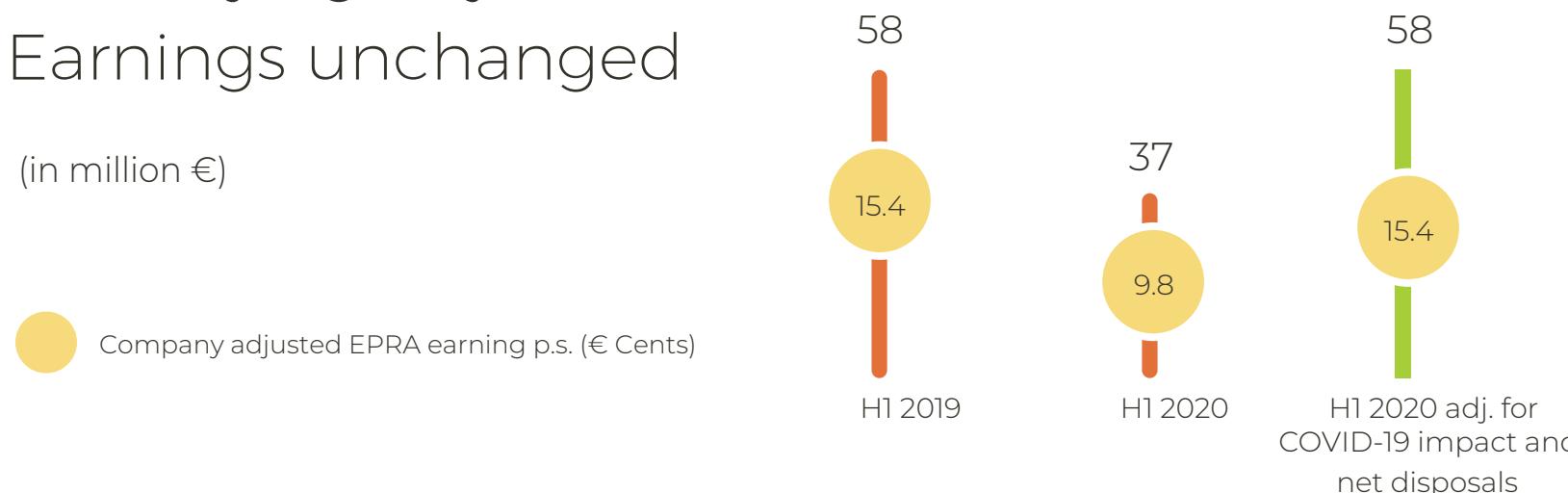
Underlying EBITDA and EBITDA margin are stable

(in million €)



Underlying Adj. EPRA Earnings unchanged

(in million €)



# RESILIENT WARSAW AND PRAGUE CENTRIC ASSET BASE

€88m devaluation - yield expansion and short term tenant support

| **Warsaw Prague quality assets - more resilient**

| **Prague and Warsaw valuation change -2.7%, total portfolio excl. Russia -2.9%**

Portfolio overview



	Market value 30/6/2020 €m	Revaluation H1 2020 €m	NEY <sup>1</sup> 30/6/2020 %
Warsaw	981	(26.7)	(2.7%)
Other Poland	663	(26.9)	(3.9%)
POLAND	1,644	(53.6)	(3.2%)
Prague	408	(11.8)	(2.8%)
Other Czech	102	(2.4)	(2.3%)
CZECH	510	(14.2)	(2.7%)
Slovakia	121	-	-
SUBTOTAL	2,275	(67.8)	(2.9%)
Russia	268	(20.1)	(7.0%)
TOTAL	2,543	(87.9)	(3.3%)

Property valuation is down  
3.3%

-2.0%  
market effect  
-1.3% one time  
cash flow effect

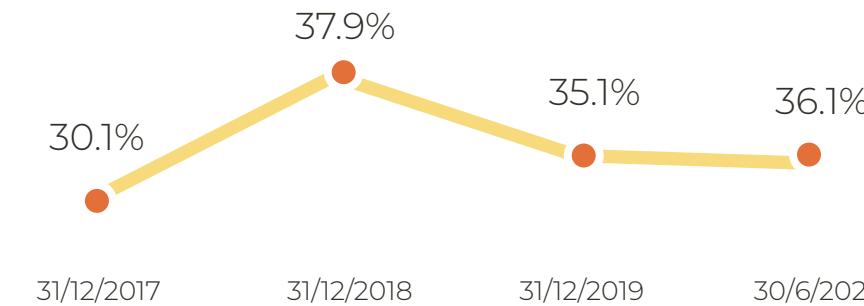
NEY  
6.5%,  
up 10 bps

+12 bps on average  
in Warsaw and Prague  
+21 bps in  
other cities

# A STRONG FINANCIAL POSITION TO MANAGE LIQUIDITY NEEDS

Net LTV 36.1%

40% remains our long term target



€297m<sup>1</sup> liquidity  
30/6/2020

<sup>1</sup> €247m cash, €50m unutilised credit facility as at 30/6/2020

Bond and loan maturities<sup>2</sup>  
(in million €)

- Successful €200m bond tap and €218m bond buyback in June 2020
- Next bond repayment of €242m is not due until October 2022



<sup>2</sup> Excluding utilised revolver credit facility

## Financial Performance Indicators

EPRA NAV per share

€4.65

31/12/2019

€4.96

Cost of Debt<sup>3</sup>

2.9%

<sup>3</sup> Excluding utilised revolver credit facility

## Borrowings

(as at 30/6/2020)

- Bonds €728m
- Loans €299m
- RCF<sup>4</sup> €250m

Moody's: Baa3 (negative)  
Fitch: BBB (stable)



72% / €1.8bn  
unencumbered standing investments

<sup>4</sup> €184m repaid after June 2020

# CHANGING RETAIL ENVIRONMENT



# CHANGING THE WAY CONSUMERS SHOP, WORK AND LIVE – COVID-19 IMPACT

- | Changes to free time and expected lower disposable income are influencing attitudes and behaviors
- | Discretionary spending across categories is anticipated to pull back
- | Consumers remain cautious about visiting public places post the pandemic
- | Health and safety priorities are a strategic differentiator
- | Safety measures implemented by Atrium



Visible sanitizing stations



Vending machines for staff and customers to buy protective masks and gloves



Communication about safety measures and hygiene products visible in all centres



# CHANGING WHAT AND HOW CONSUMERS BUY

Consumers are shopping more consciously and efficiently



- Greater awareness of the environment, health and cost
- Atrium advertised “discount” days in 7 major centers in Poland



Increased demand for local goods, redefining relationships between retailers and communities

- We are engaged in community involvement programmes
- Opened Fifth Dimension local community centre in Atrium Promenada
- Community workshop projects running during holiday periods



Increase in online retailing during COVID-19, might have a long term impact

- Increased investment in omnichannel services and capabilities
- Improved shipping options are engaged in community involvement



Efficient shopping motto to reduce sales journey and improve customer experience

Put in place changes that help consumers feel more comfortable in stores, and encouraging them to return



Less people inside with greater shopping done at a time

Higher conversion and average basket



Enhanced customer engagement for greater conversions

- Wars Sawa Junior: vine outdoor, wine & food festival
- Atrium Biala: introduction of “beach space”, roller-skating rink
- Atrium Pardubice: food truck festival

# VALUE CREATION- REDEVELOPMENT PROJECTS

As part of Atrium's action plan for reducing the impact of COVID-19 on the business, €60m of planned investment in redevelopments for 2020 will be postponed to 2022/2023





## ATRIUM PROMENADA, WARSAW

- | Stage 1 completed in Oct. 2016, Stage 2 completed in Oct. 2018 with full modernization
- | GLA increased by 7,800 sqm

### NEXT STAGES OF EXTENSION

- | Above 35,000 sqm GLA to c.100,000 sqm incl. office
- | Refurbishment and upgrades of c.30,000 sqm
- | Additional car park spaces 870 (2,700 in total)
- | Evaluation of densification to residential for rent opportunities



## IMPROVE THE OFFER AND EXPERIENCE IN ARKADY PANKRAC, PRAGUE

- | Modern dominant fashion centre, located in a developing office neighbourhood of Prague with an comfortable access to a metro line
- | Ca. 5,000 new office employees moved into the district following development of several office building
- | Repositioning of over 20 fashion concepts to bring latest offering and increase of food and beverage offer
- | Redevelopment programme aimed on upgrading and extending the food court in response to competition and changes in catchment
- | Expecting a rental increase with significant uplift in food & beverage rents

# atrium by 2024

CORPORATE STRATEGY

Announced on 26/2/2020



# Mission

# Capital structure

- 1 Continue the rotation of the retail portfolio into prime dominant assets in major cities
- 2 Reinforcement of dominant retail assets via redevelopments and residential for rent densification
- 3 Diversification into modern, purpose built residential for rent assets in our core geographies

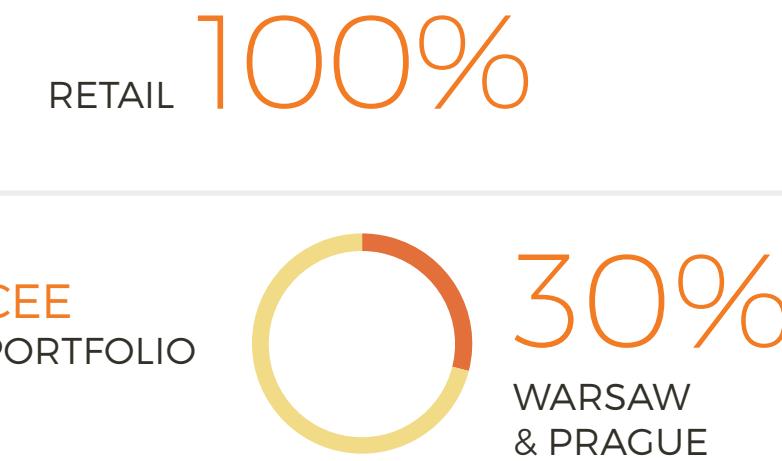
- | Capital recycling of non core retail assets and land bank into residential for rent
- | Optimal balance sheet - extending debt maturity
- | Long term net LTV c. 40%

## 2024 Portfolio

- | A unique Warsaw/Prague portfolio of 60% retail / 40% residential for rent
- | Cash generating and resilient retail portfolio with a sustainable LFL growth
- | First class retail/residential destinations for our retailers, customer and residents
- | Being at the heart of our communities



## atrium 2014



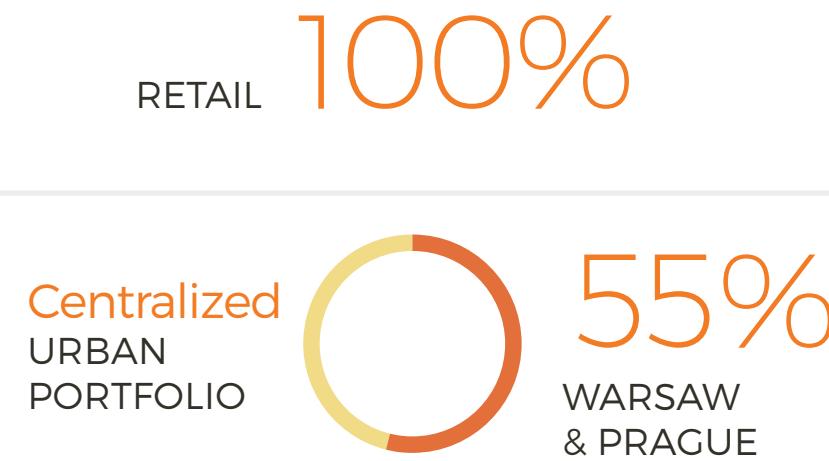
7 COUNTRIES PORTFOLIO

€2.6 bn 8.0% yield

NO. OF ASSETS 153

AVG. ASSET VALUE €17M

## atrium 30/6/2020<sup>1</sup>



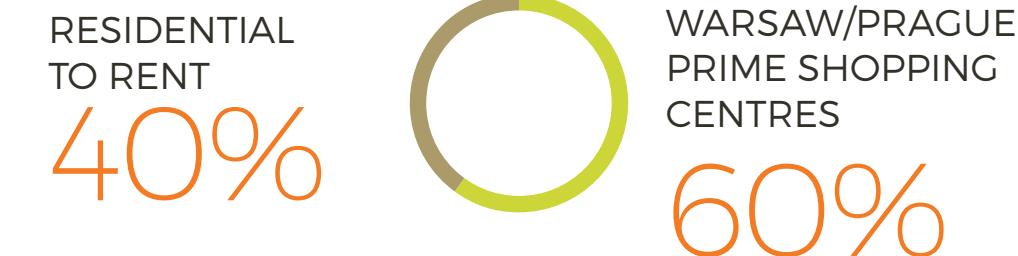
DOMINANT ASSETS WITH DENSIFICATION POTENTIAL

€2.5 bn 6.5% yield

NO. OF ASSETS 26

AVG. ASSET VALUE €98M

## atrium 2024



RETAIL STRATEGY  
CREATING VALUE THROUGH A REDEVELOPMENT AND DENSIFICATION PIPELINE

RESIDENTIAL STRATEGY  
TARGET 5,000 UNITS

MAJOR CITIES, WARSAW CENTRIC

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

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



## INVESTMENT THESIS

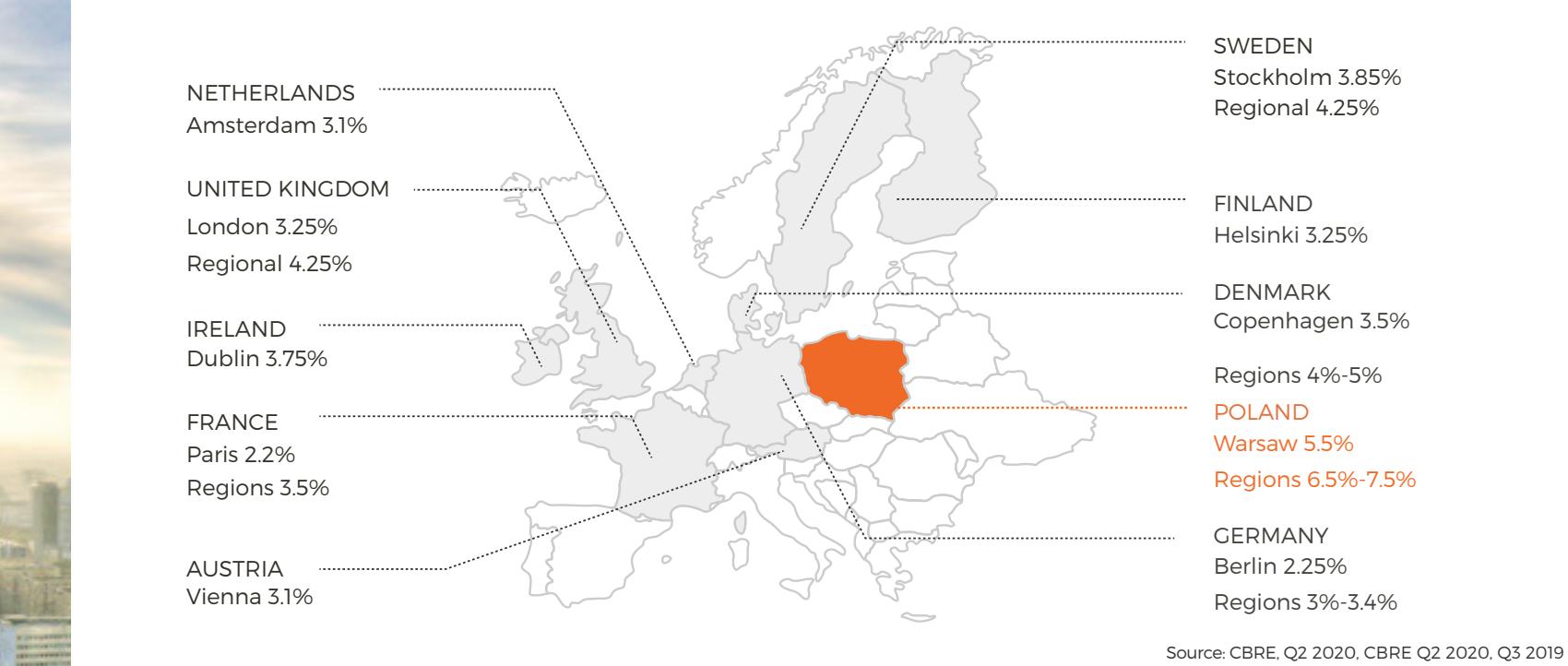
- | Capitalizing on growing residential for rent market
  - Strong demographic fundamentals
  - Largest business service center in CE
- | Diversifying our sources of income
- | Focus on high quality build to rent products
  - size and management efficient
  - client experience
  - on-site amenities.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

## ATTRACTIVE RETURNS

- | Attractive going in yields of 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



# WHY WARSAW?

## UNDERDEVELOPED RENTAL MARKET

- | 10-12% residential for rent stock
- | Fragmented ownership, primarily by private investors
- | Supply shortfall



Growth Engine #1  
DEMOGRAPHIC  
AND LABOR MARKET

1.8m  
Inhabitants

4%  
expected population  
growth in the  
coming years

Increase in The  
Average Salary y/y  
4.5%



Growth Engine #2  
SERVICE CENTERS

Business Service  
Centers in Warsaw

279

Employees in the  
Service Sector

64,000

Job Creation CAGR  
2016-2020

14%



Growth Engine #3  
EDUCATION

Students and Graduates

267,600

Universities  
and Colleges

69

# 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**

## **Strong liquidity and financial flexibility**

**Poland, Czech and Slovakia have started to trade again, 92% of their GLA is now open**

**Robust recovery forecast in CE economies in 2021**

**€2.5bn**

standing investment portfolio

**€1.6bn**

Poland

**€1bn**

5 assets Warsaw

**€0.5bn**

Czech

**€0.4bn**

2 assets Prague

**Net LTV  
36.1%**

with financial flexibility

Strong liquidity:

**€53m**  
cash

**€234m**

unutilised credit facility

**95.4%**

EPRA occupancy

**5.3 yr**

WALT



# APPENDICES



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

% OF ANNUALISED RENTAL INCOME	GROUP NAME	MAIN BRANDS
4%	LPP	RESERVED    
3%	Hennes & Mauritz	
3%	AFM	   
3%	Carrefour	
2%	Metro Group	
2%	TJX Poland Sp. z o.o.	
2%	A.S. Watson	 
2%	Tengelmann Group	 
2%	CCC	 
2%	M.Video	
1%	EM&F Group	
1%	Sephora	
1%	Inditex	      
1%	New Yorker	
1%	Douglas	

# APPENDIX 2: MACRO OVERVIEW OF OUR MARKETS



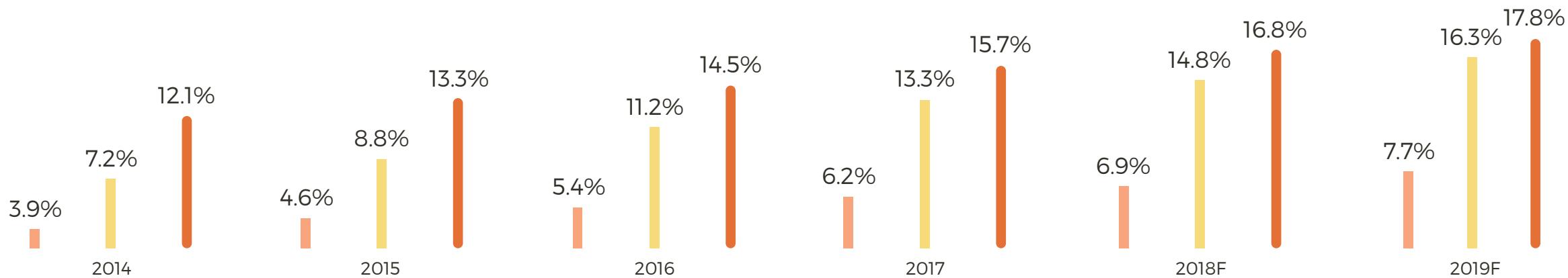
Macro Indicator	Poland	Czech Republic	Russia	Slovakia	Total / Average <sup>1</sup>	France	Germany
2019 population (million people)	37.8	10.7	145.9	5.5	199.9	65.1	83.5
2019 real GDP growth (%)	4.1%	2.6%	1.3%	2.3%	2.6%	1.3%	0.6%
2020F real GDP growth (%)	-3.8%	-6.3%	-5.0%	-7.5%	-5.6%	-3.8%	-6.0%
2021F real GDP growth (%)	5.5%	6.3%	4.0%	6.8%	5.6%	2.7%	6.5%
2019 unemployment (%)	3.3%	2.0%	4.6%	5.8%	3.9%	8.5%	3.2%
2020F unemployment (%)	11.4%	7.5%	7.7%	8.3%	8.7%	12.4%	4.5%
2021F unemployment (%)	10.6%	5.5%	7.5%	6.8%	7.6%	9.8%	3.6%
2019 inflation (%)	3.4%	3.2%	3.0%	3.2%	3.2%	1.6%	1.5%
2020F inflation (%)	1.7%	1.6%	3.9%	1.4%	2.1%	-0.1%	0.3%
2021F inflation (%)	3.6%	2.2%	3.5%	1.3%	2.6%	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 (%)	-5.0%	-6.3%	-2.7%	-6.7%	-5.2%	-8.1%	-12.5%
2021F retail sales growth (%)	6.0%	5.3%	10.8%	6.9%	8.1%	8.0%	2.7%
2019 consumer spend growth (%)	3.9%	3.0%	2.5%	2.1%	2.9%	1.2%	1.6%
2020F consumer spend growth (%)	-7.0%	-7.8%	-8.0%	-9.3%	-8.0%	-9.4%	-11.7%
2021F consumer spend growth (%)	6.0%	5.3%	5.5%	4.3%	5.3%	6.7%	3.5%
Country rating / outlook – Moody's	A2 / stable	Aa3 / stable	Baa3 / stable	A2 / stable	n.a.	Aa2 / stable	Aaa / stable
Country rating / outlook – S&P	A- / stable	AA- / stable	BBB- / stable	A+ / negative	n.a.	AA / stable	AAA / stable
Country rating / outlook – Fitch	A- / stable	AA- / stable	BBB- / stable	A / stable	n.a.	AA / negative	AAA / stable

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

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

## E-commerce penetration

■ Poland  
■ Czech Rep  
■ UK



On-line sales are rising but the increase is different across countries

Repositioning plan completed in the Czech Republic

No available data for 2020 amid COVID-19

Source: Trading Economics

CE



Western Europe



US



Shopping Centre space (sqm millions)

15.9

109.7

674.2

Population (millions)

64.3

397.5

327.2

Shopping Centre per 1,000 capita per sqm

248

276

2,060

Supply of shopping centers per capita within CE is significantly lower with strong opportunities for growth

# DISCLAIMER



- | This document has been prepared by Atrium (the "Company"). This document is not to be reproduced nor distributed, in whole or in part, by any person other than the Company. The Company takes no responsibility for the use of these materials by any person.
- | The information contained in this document has not been subject to independent verification and no representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Company, its shareholders, its advisors or representatives nor any other person shall have any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection with this document.
- | This document does not constitute an offer to sell or an invitation or solicitation of an offer to subscribe for or purchase any securities, and this shall not form the basis for or be used for any such offer or invitation or other contract or engagement in any jurisdiction.
- | This document includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Company. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward looking statements are not guarantees of future performance. You should assume that the information appearing in this document is up to date only as of the date of this document. The business, financial condition, results of operations and prospects of the Company may change. Except as required by law, the Company do not undertake any obligation to update any forward looking statements, even though the situation of the Company may change in the future.
- | All of the information presented in this document, and particularly the forward looking statements, are qualified by these cautionary statements. You should read this document and the documents available for inspection completely and with the understanding that actual future results of the Company may be materially different from what the Company expects.
- | This presentation has been presented in € and €m's. Certain totals and change movements are impacted by the effect of rounding.



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