



CREATING  
GREAT  
PLACES

# COMPANY PRESENTATION

NOVEMBER 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

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# ATRIUM IN A SNAPSHOT





# TRIUM IN A SNAPSHOT (30 SEPTEMBER 2020)

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

Committed to ongoing asset rotation strategy since 2015

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 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**

Investment Grade Rating

**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

€266m

Liquidity

€52m 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



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



30.09 2020	Portfolio Market value	Number Of Assets	Number Of Countries	Average Asset Size In GLA	Average Asset Value
	€ 2.5 bn	26	4	31,000 sqm	€ 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

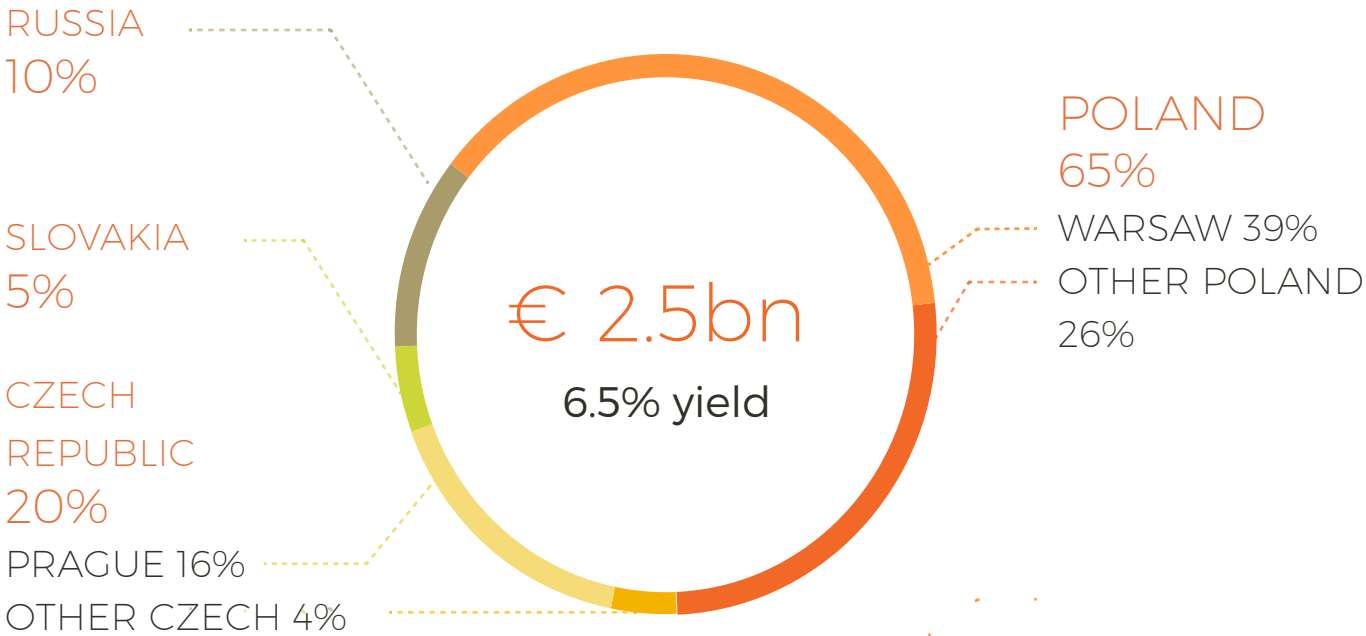


# FOCUS ON POLAND AND THE CZECH REPUBLIC





## Portfolio overview



## 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	663	(26.9)	(3.9%)	6.7%
POLAND	1,644	(53.6)	(3.2%)	5.9%
Prague	408	(11.8)	(2.8%)	5.3%
Other Czech	102	(2.4)	(2.3%)	6.0%
CZECH	510	(14.2)	(2.7%)	5.4%
Slovakia	121	-	-	6.7%
SUBTOTAL	2,275	(67.8)	(2.9%)	5.8%
Russia	268	(20.1)	(7.0%)	12.7%
TOTAL	2,543	(87.9)	(3.3%)	6.5%

30/06/2020 devaluation -3.3%

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

NEY 6.5%, up 10 bps vs 31/12/2019

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



# PRIME DOMINANT ASSETS IN WARSAW AND PRAGUE



- | 5 assets in Warsaw, €1bn market value, 39% of portfolio value
- | 2 assets in Prague, €0.4bn market value, 16% of portfolio value

## 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

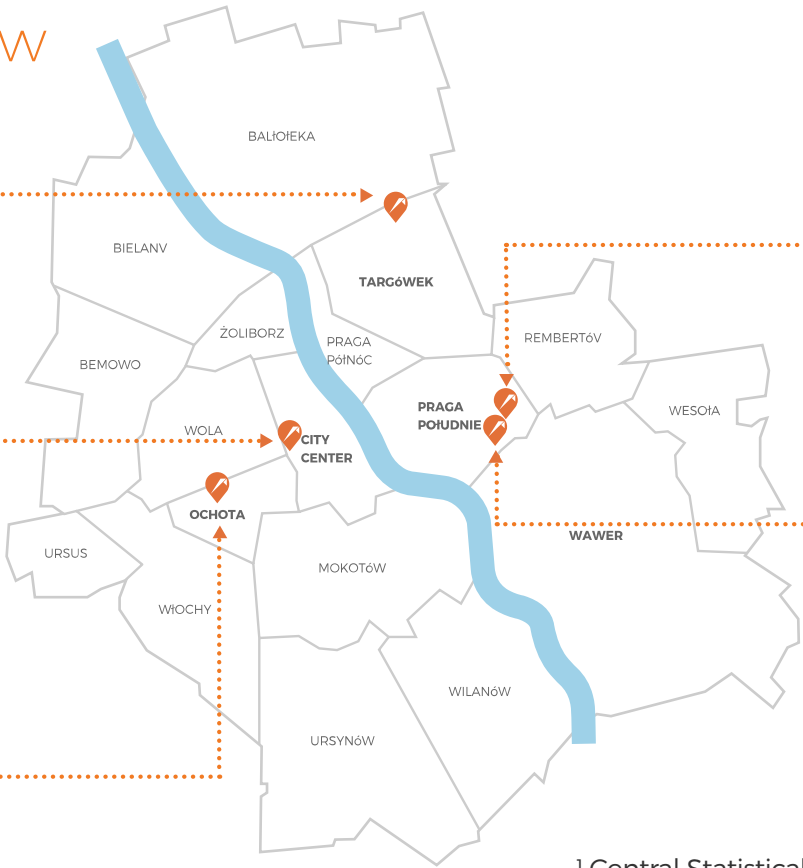
Atrium Targowek



Wars Sawa Junior



Atrium Reduta



King Cross

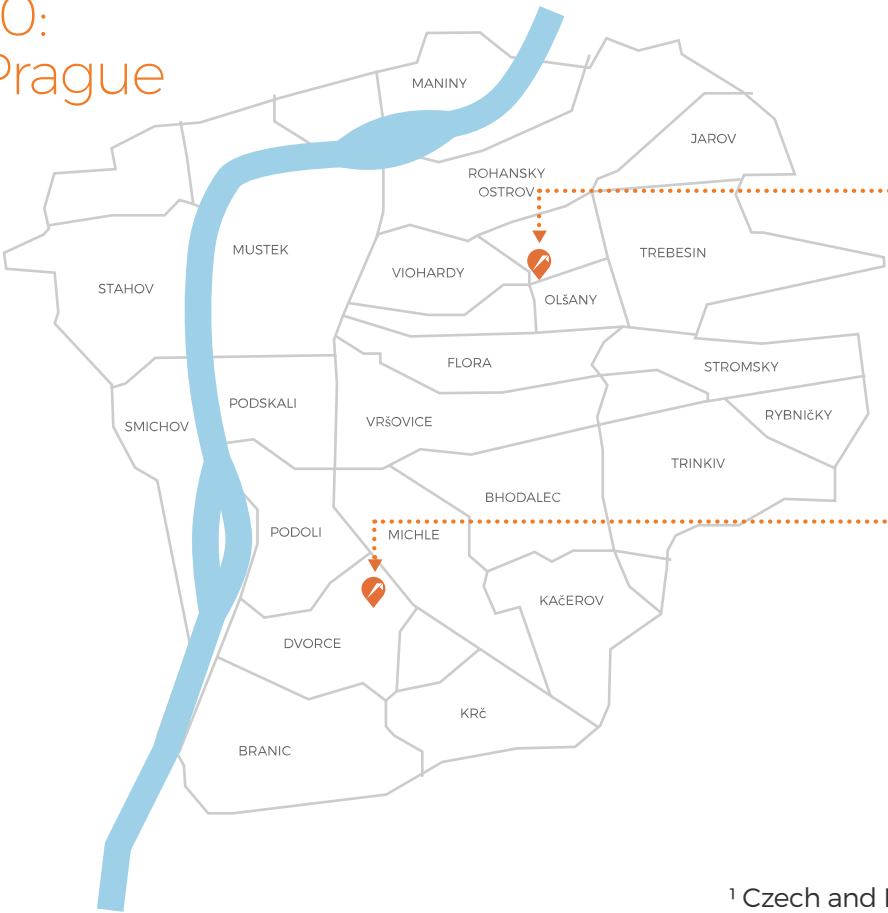


Atrium Promenada



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

30/09/20:  
16% in Prague



Atrium Flora



Arkady Pankrac



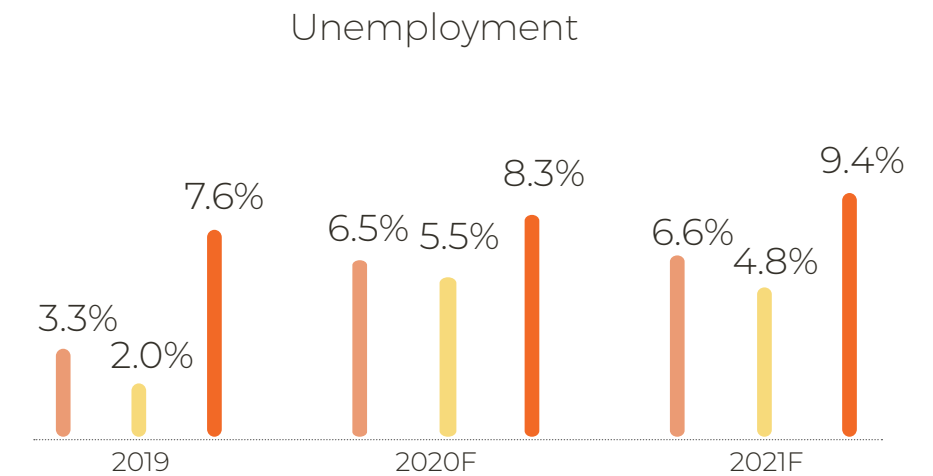
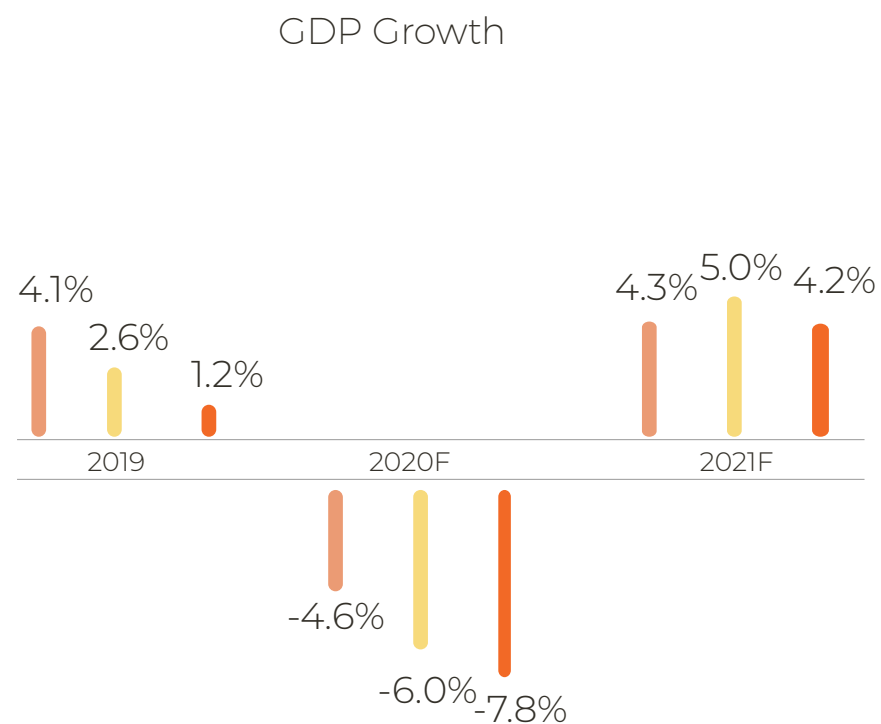
<sup>1</sup> Czech and Prague Statistics Offices



# POLAND AND CZECH - STRONG RECOVERY EXPECTED IN 2021

- | 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 (based on Wave-1 experience - see appendix 3)

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



Poland — Czech — EU —



# STRATEGIC FOCUS AND FUTURE GROWTH



## 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 into residential for rent



## 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 92.9%
- | 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



## Adequate Financial Profile

- | 37.5% net LTV, 4.8 years average debt maturity, 2.9% cost of debt
- | €266m liquidity<sup>2</sup>
- | 72%/€1.8bn unencumbered standing investments
- | Investment Grade Rating
- | Next bond repayment of €233m in October 2022

<sup>2</sup> €52m cash, €214m unutilised credit facility as of today



# BUSINESS OVERVIEW / COVID-19 IMPACT



# 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



## FIRST LOCKDOWN PERIOD (MID MARCH TO MAY/JUNE)

21% Operating GLA	9%      27% Sales and footfall in April vs 2019 levels
Non-essential shops temporarily closed	Tenant support strategy and negotiation

### 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

### 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



# STRONG RECOVERY FOLLOWING REOPENING, SLOWDOWN FROM OCTOBER

## STRONG RECOVERY FOLLOWING REOPENING IN MAY

98%  
Operating  
GLA

86% 76%  
Sales and footfall  
in September vs  
2019 levels

94%  
9M 2020  
collection

Tenant support  
implementation  
nearly completed

## SLOWDOWN FROM OCTOBER

RETAIL IN SECOND LOCKDOWN MORE RESILIENT TO FOOTFALL

Partial  
lockdowns  
in Poland, Czech  
and Slovakia

56%  
Operating GLA<sup>1</sup>

62%  
October footfall  
vs 2019 levels

5 assets and a  
land plot sold in  
Poland for €38m

<sup>1</sup> As of Nov. 16<sup>th</sup> 2020



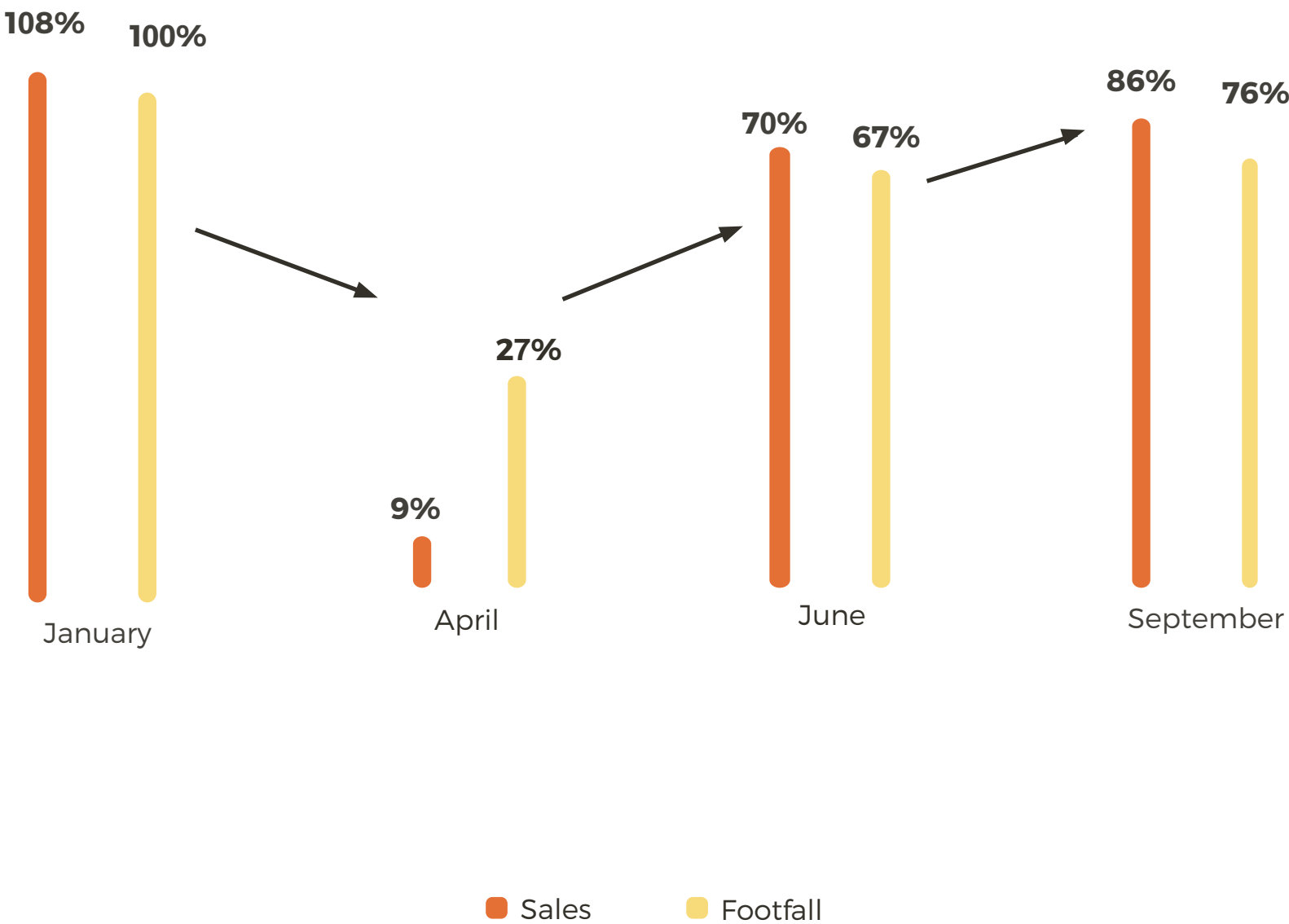
**September sales** reached **86%** vs last year

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

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

Footfall impacted from October - new gov. regulations

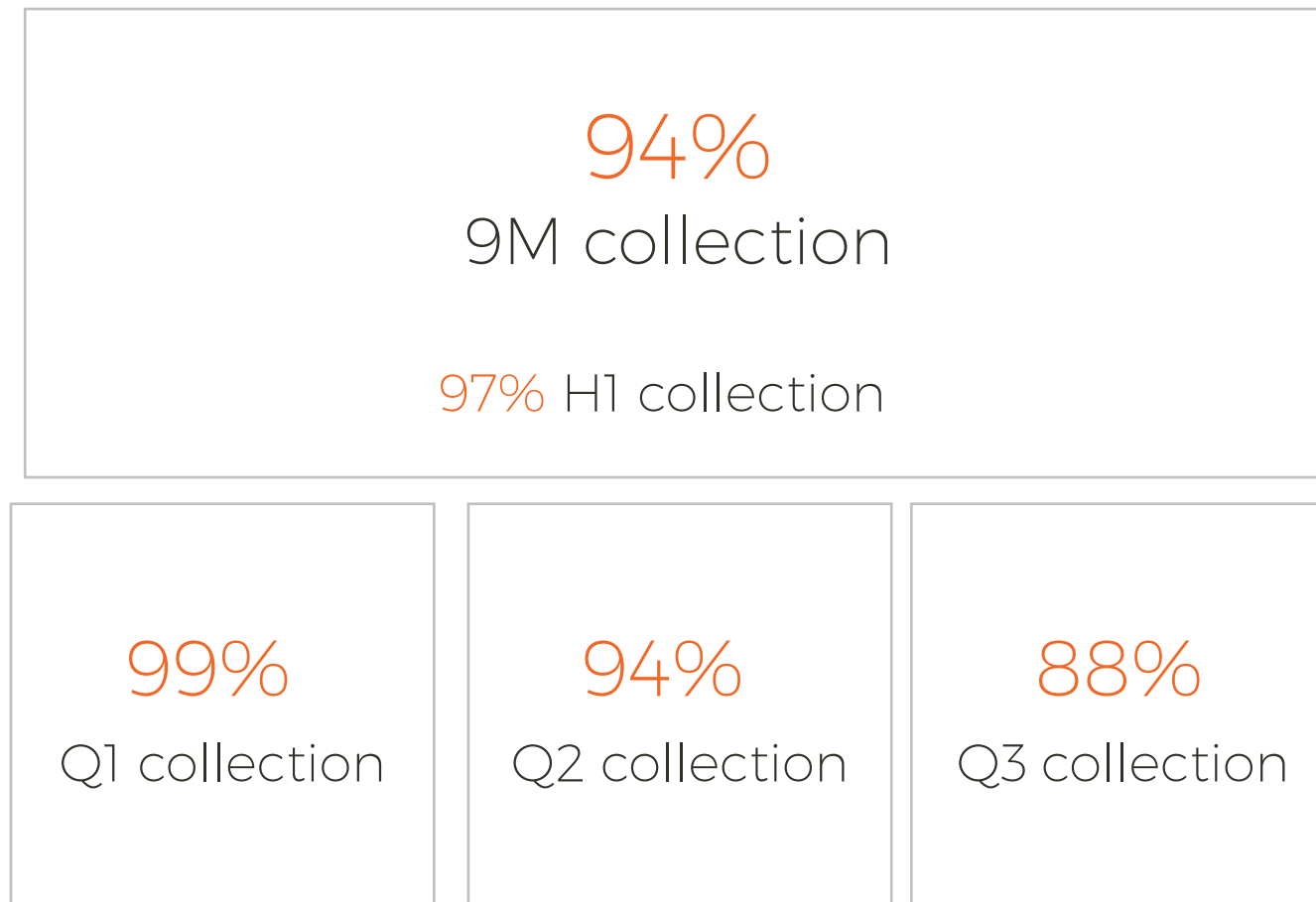
Footfall and sales<sup>1</sup> as a % of last year levels



<sup>1</sup> On a like-for-like store basis



# COLLECTION RATE IMPROVED TO 94%



- | Credit risk at 2%-3% (normally 1%)
- | 3% of the remaining 6% is expected to be collected

Excl. 75% stake in an asset held in JV





# 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)



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



## NRI decreased 20.1%

(in million €)

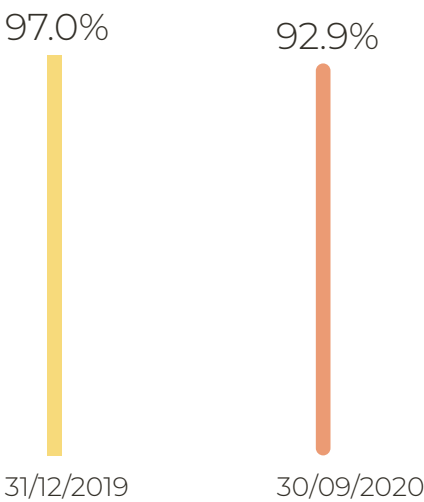


<sup>1</sup> Including €13m impact of the rental/service charge relief imposed by the Polish Government for the lockdown period, €15m tenant support and €8m vacancies, expected credit loss and others.

## 92.9% Occupancy

(30/09/2020)

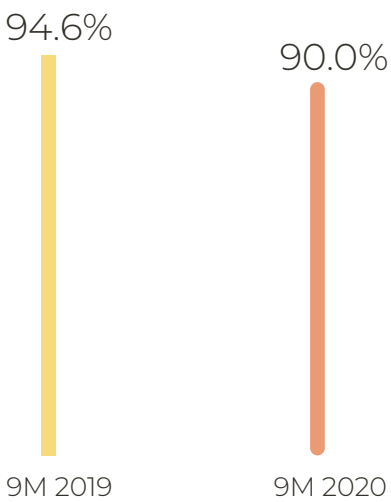
Proactive asset management during COVID-19 supports occupancy



## Operating margin

(9M 2020)

Impact of Polish service charge relief during lockdown



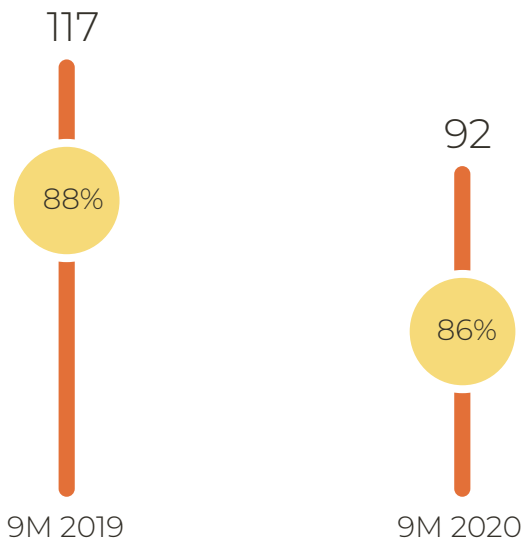


## 9M 2020 EBITDA

(in million €)

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

EBITDA as % of NRI

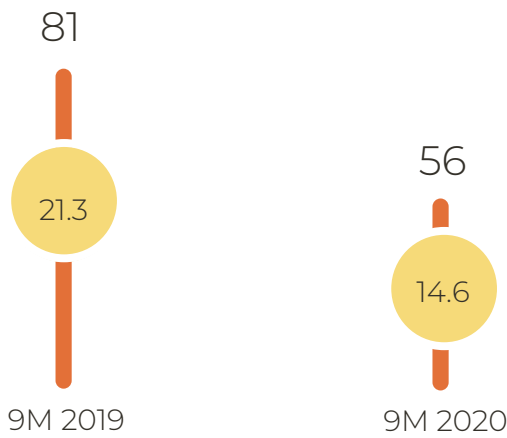


## 9M 2020 Adj. EPRA Earnings

(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



€ 266m  
liquidity  
as of today

37.5%  
Net LTV

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

€52m 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

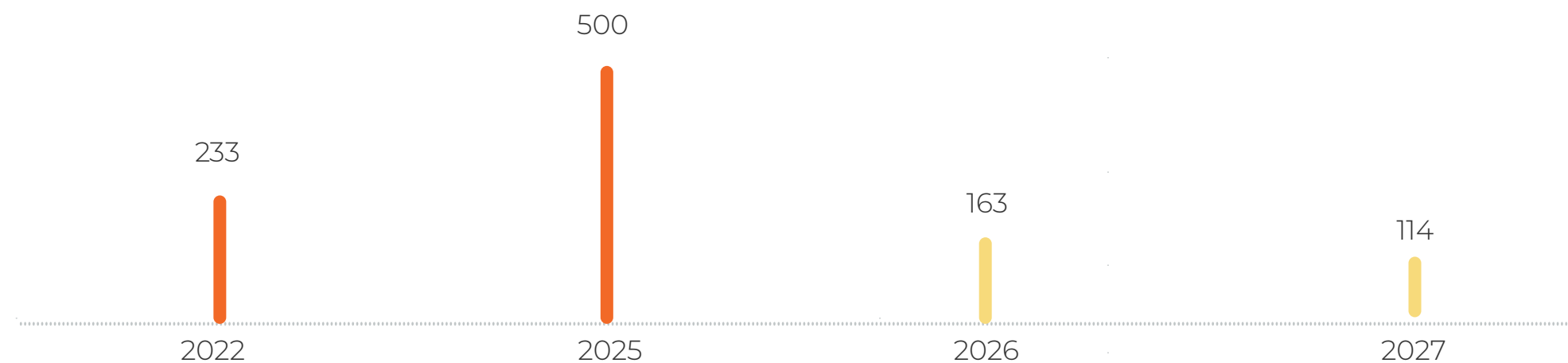
Sep. 2020: Inaugural green EMTN programme with CSSP eligibility

## Bonds and loans maturities<sup>1</sup> (Nov. 2020)

(in million €)

Next bond repayment is not due until October 2022

— Bonds  
— Bank Loans




<sup>1</sup> 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 to become a regular part of new financing
- | Today, more than 50% of Atrium's standing investments portfolio value is BREEAM very good certified



## Reporting

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

## Use of Proceeds

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

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



# ATRIUM BY 2025

CORPORATE STRATEGY

Announced on 26/2/2020





# Mission

# Capital structure

- 1 Continue the rotation of the retail portfolio into redevelopments and residential for rent
- 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 to c. 5 years
- | Long term net LTV c. 40%



## 2025 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 2014-2025 - THE JOURNEY CONTINUES



## ATRIUM 2014



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



## ATRIUM 2025

RETAIL 100%

CEE  
PORTFOLIO



30%  
WARSAW  
& PRAGUE

7 COUNTRIES  
PORTFOLIO

€2.6<sub>bn</sub> 8.0%<sub>yield</sub>

NO. OF ASSETS

153

AVG. ASSET VALUE

€17M

RETAIL 100%

Centralized  
URBAN  
PORTFOLIO



55%  
WARSAW  
& PRAGUE

DOMINANT ASSETS WITH  
DENSIFICATION POTENTIAL

€2.5<sub>bn</sub> 6.5%<sub>yield</sub>

NO. OF ASSETS

26

AVG. ASSET VALUE

€98M

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

RESIDENTIAL  
TO RENT  
40%



WARSAW/PRAGUE  
PRIME SHOPPING  
CENTRES  
60%

RETAIL STRATEGY  
CREATING VALUE THROUGH  
A REDEVELOPMENT AND  
DENSIFICATION PIPELINE

RESIDENTIAL STRATEGY

TARGET 5,000 UNITS

MAJOR CITIES, WARSAW CENTRIC



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



## INVESTMENT THESIS

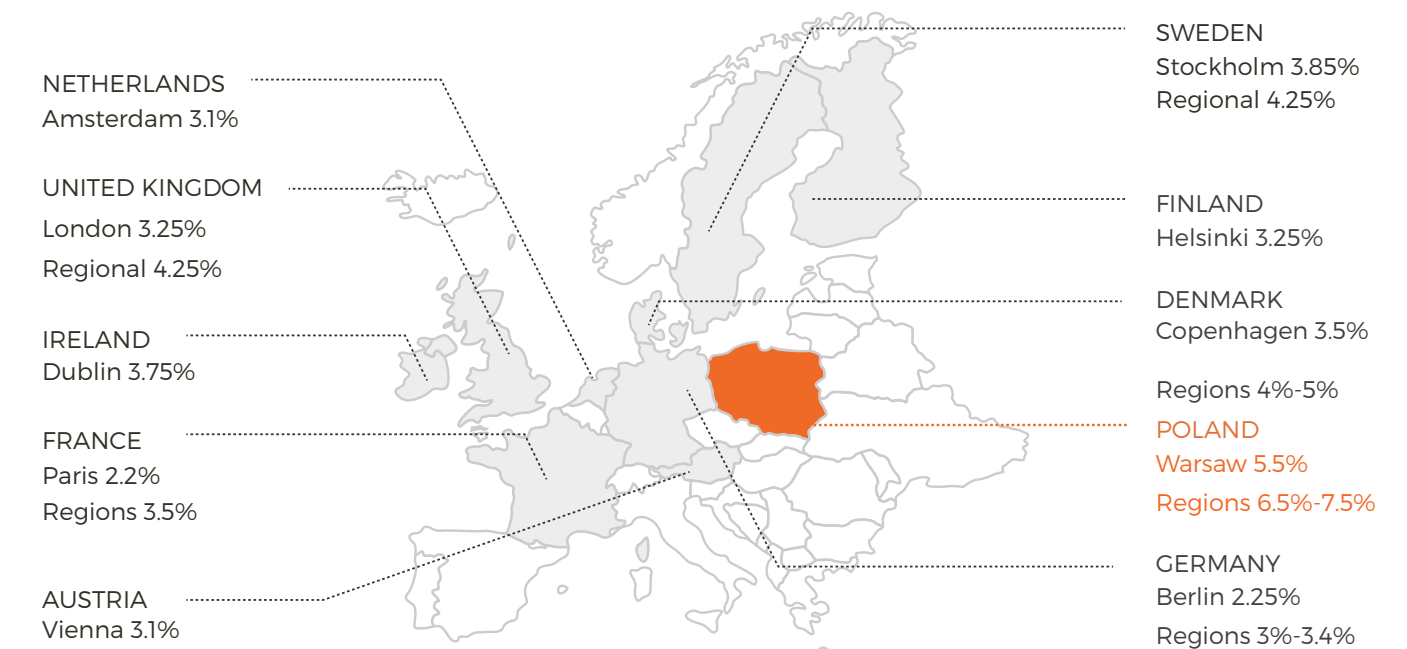
- | Capitalizing on growing residential for rent market
  - Strong demographic fundamentals
  - Largest business service center in CE
- | Diversifying our sources of income
- | Focus on high quality build to rent products
  - size and management efficient
  - client experience
  - on-site amenities.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



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



# 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





1

## Key player in 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%

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
- €266m<sup>1</sup> liquidity
- €1.8bn unencumbered standing investments (72% of total assets)
- 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 sustainability profile

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

<sup>1</sup> €52m cash, €214m unutilised credit facility as of today



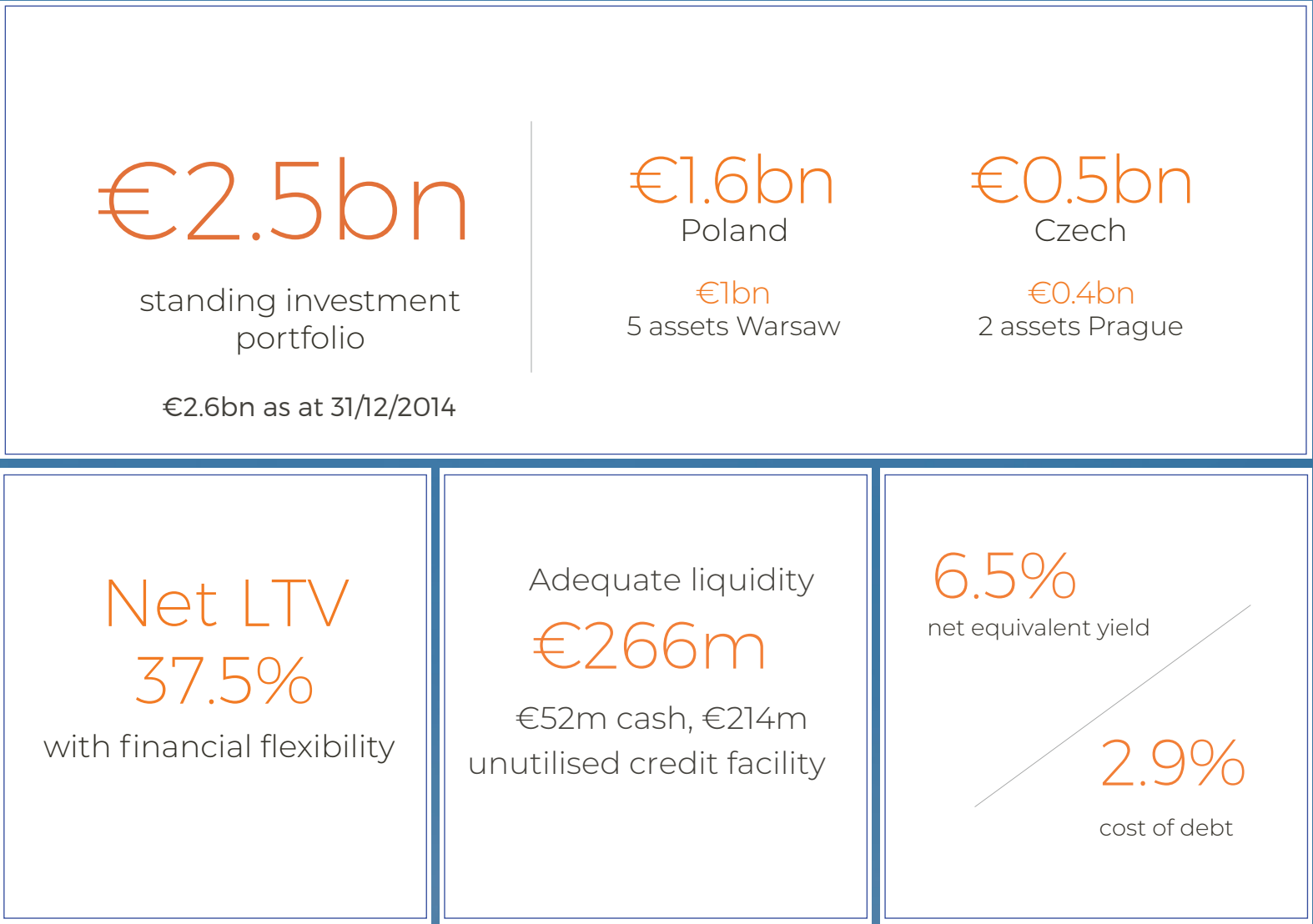
# SUMMARY

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 Q3 2020, slowdown from October onwards as further Covid-19 headwinds bring uncertainty

Collections have normalised following conclusion of negotiations

Adequate liquidity and financial flexibility





# APPENDICES





# APPENDIX 1: 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
<b>25%</b>	<b>TOP 15 TENANTS</b>

Marionnaud

house

CROPP

M O H I T O

ROSSMANN

LEROY MERLIN

Auchan

orsay

SEPHORA

Carrefour

PULL&BEAR

Massimo Dutti

Bershka

eobuwie.pl

Media Markt

ZARA HOME

M. Cugio

DOUGLAS

T.K. MAXX

RESERVED

ZARA

CCC

KAISER'S

TENGELMANN

stradivarius

NEW YORKER

empik

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
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 (%)	-4.6%	-6.0%	-4.8%	-5.0%	-5.1%	-3.8%	-6.0%
2021F real GDP growth (%)	4.3%	5.0%	3.0%	5.5%	4.5%	2.7%	6.5%
2019 unemployment (%)	3.3%	2.0%	4.6%	5.8%	3.9%	8.5%	3.2%
2020F unemployment (%)	6.5%	5.5%	6.2%	8.3%	6.6%	11.0%	4.5%
2021F unemployment (%)	6.6%	4.8%	5.5%	6.8%	5.9%	9.5%	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 (%)	-2.6%	-0.5%	-1.9%	-0.5%	-1.4%	-2.3%	-2.0%
2021F retail sales growth (%)	4.2%	4.3%	4.2%	4.0%	4.9%	4.5%	4.8%
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

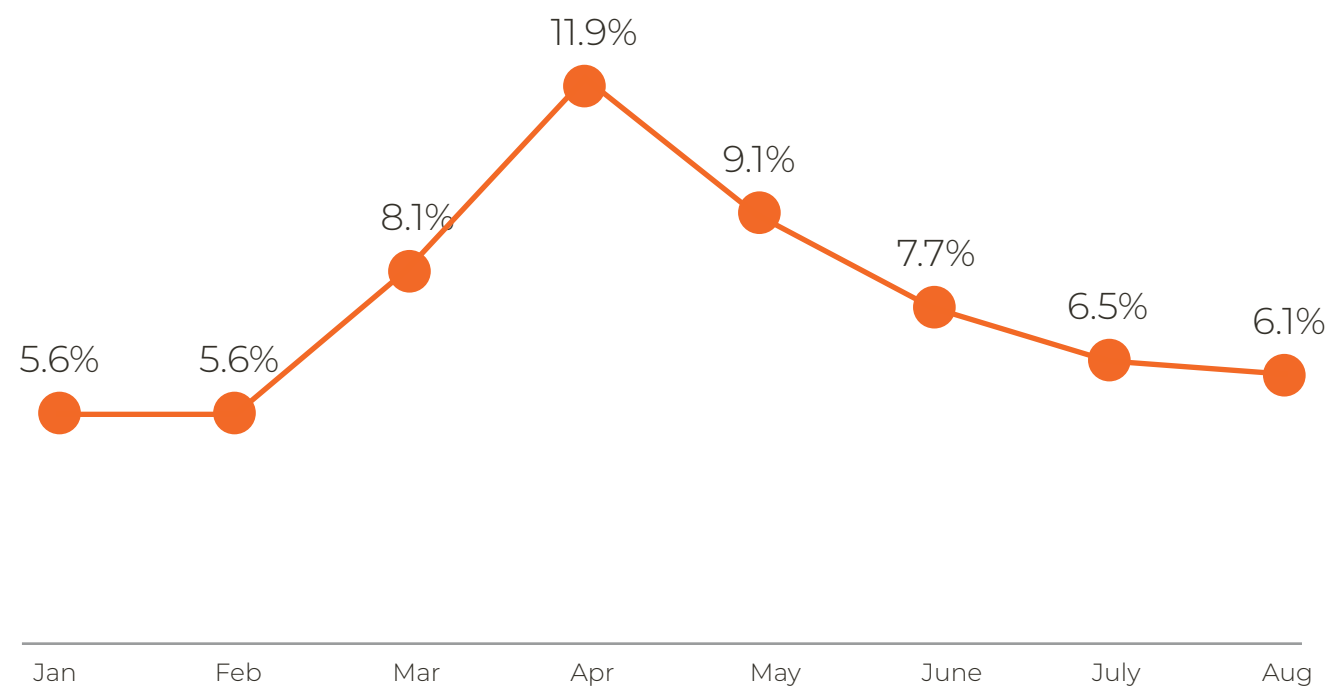


# APPENDIX 3: COVID-19 IMPACT - E-COMMERCE PENETRATION RETURNING TO PRE-COVID-19 LEVELS

## Poland

### Online sales of total retail sales in 2020

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

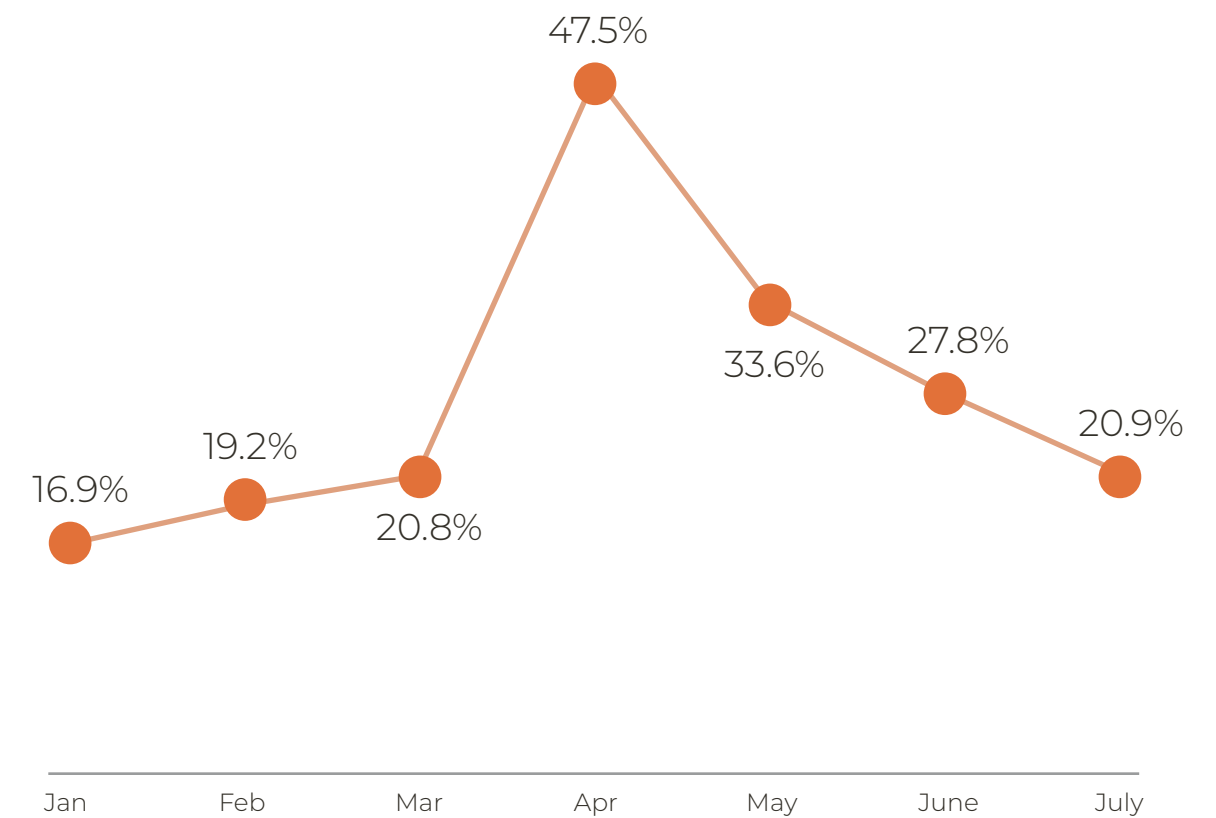


Source: statistic Poland

## Czech

### Online sales change YoY

Same trend in Czech: online growth reached above 47% YoY and reduced to 21% in July



Source: Czech Statistical Bureau



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