

*Creating great places!*  
*2018 financial results presentation*





*Creating great places!*



## ACCELERATING GROWTH IN A CHANGING RETAIL ENVIRONMENT

### Our core principles:

- Owning irreplaceable assets in strong, attractive urban destinations
- Strengthening our portfolio through redevelopments and extensions and portfolio rotation
- Being at the heart of the community – creating a place with an offer that meets the needs and wants of our catchment
- Forging strong, long term relationships with our tenants - working together to ensure our centres work for them
- Innovation - anticipating and reacting to changes
- Executional excellence setting the standard for the whole company
- Our customers, Our place, Our people – creating a sustainable future

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Build and retain loyalty ➤ Grow and retain footfall



# 2018 STRATEGY EXECUTION

## ASSET ROTATION, REDEVELOPMENTS AND STRONG ASSET MANAGEMENT DRIVE PORTFOLIO QUALITY

Focus On Warsaw & Prague, Growth In Core Countries

- Wars Sawa Junior in Warsaw, Poland acquired for €301.5m
- Exit Hungary and Romania, Czech rotation completed, disposals @9% premium to book value
- Warsaw: 3 redevelopment openings in Q4 2018
- Takeover of the asset management of Atrium Dominikanska, Wrocław, Poland

➔ Portfolio yield tightened to 6.4%, valuation gains in Poland and Czech

## Hands On Asset Management Drives Operational Results

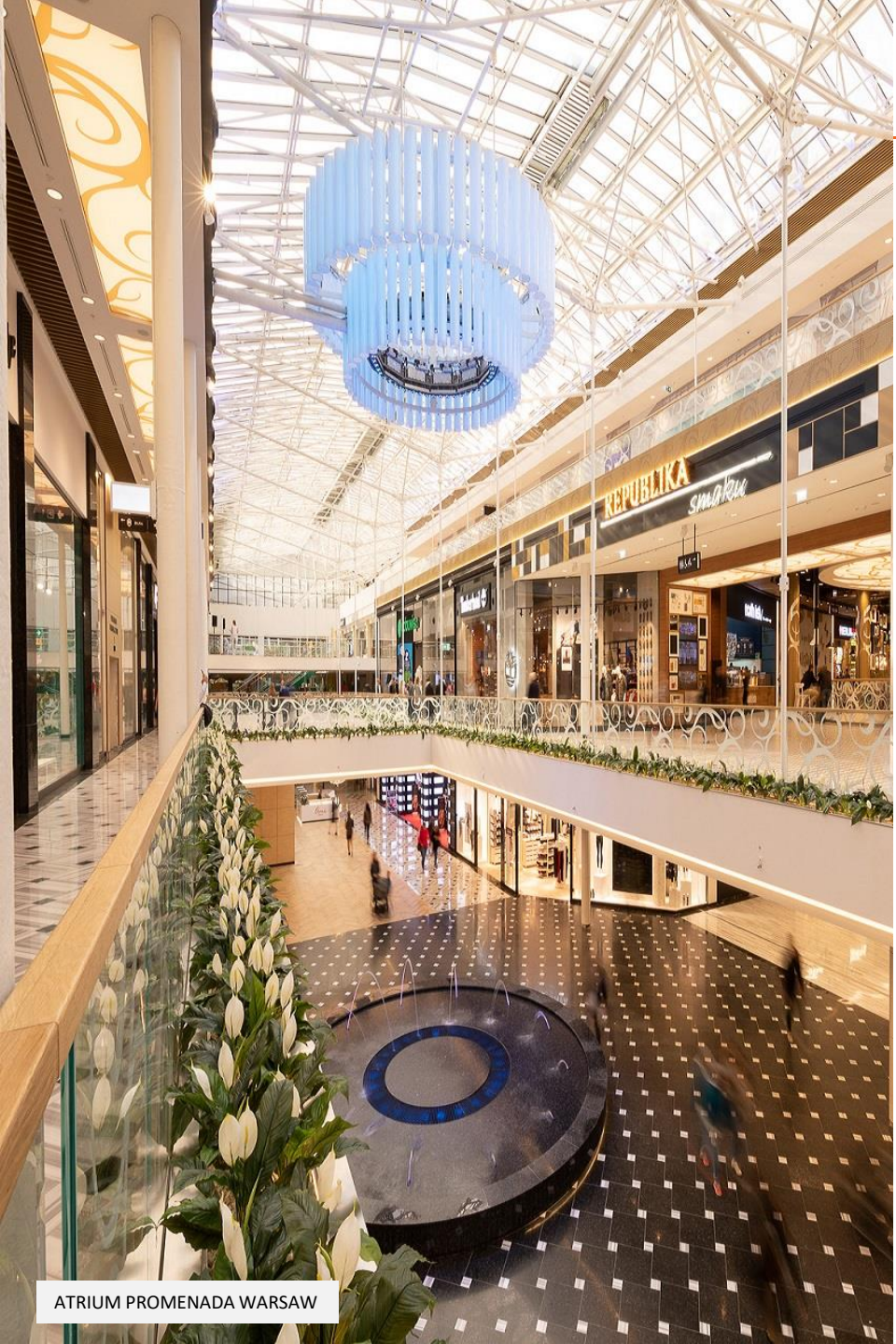
- Strong occupancy and operating margin at 96.6% and 96.4% respectively
- Phasing of portfolio repositioning and redevelopments impacted NRI by ↓€13m
- Net impact on annualised NRI from acquisitions, 3 openings in Warsaw and disposals was broadly neutral
- ↑1.2% LFL NRI growth, ↑1.8% excl. Russia
- EPRA cost ratio 16.8%, EBITDA margin reached 87%, €10m annual recurring cost saving completed

## STRONG IMPROVEMENT IN DEBT PROFILE AND LIQUIDITY

Extended average maturity from 4.6 to 5.4 years, decreased cost of debt to c. 3%

- Issuance of €300m unsecured 7 year Eurobond @ 3% (repurchased €242m 2020 / 2022 Notes)
- €75m increase in the revolving credit facility to €300m, extended maturity to 2023
- Fitch upgraded to 'BBB', outlook "Stable", S&P & Moodys maintained -BBB, Moodys outlook "positive"





## A PORTFOLIO FOCUSED ON QUALITY

31.12.2014

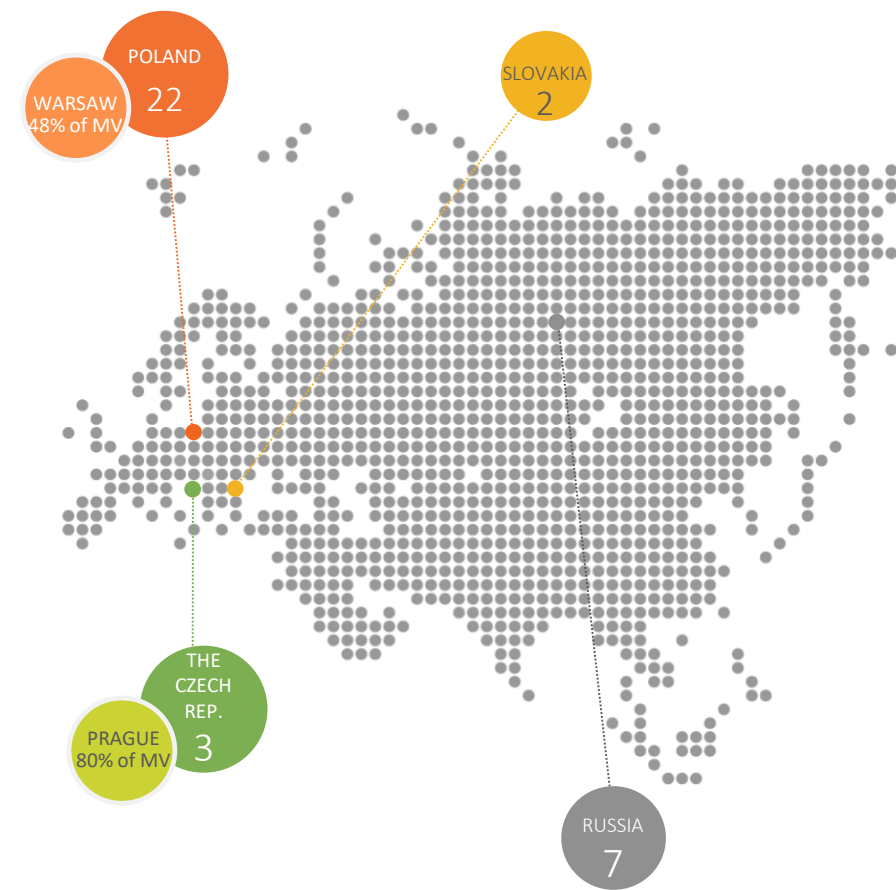
31.12.2018

€2.6bn	PORTFOLIO MARKET VALUE	€2.9bn
153	NUMBER OF ASSETS	34
7	NUMBER OF COUNTRIES	4
8,900 sqm	AVERAGE ASSET SIZE IN GLA	28,800 sqm
€17m	AVERAGE ASSET VALUE	€86m
97.4%	OCCUPANCY RATE	96.6%
95.1%	OPERATING MARGIN	96.4%
8.0%	NET EQUIVALENT YIELD	6.4%

*Portfolio quality boost: €0.5bn prime asset purchased, €0.4bn secondary assets sold*

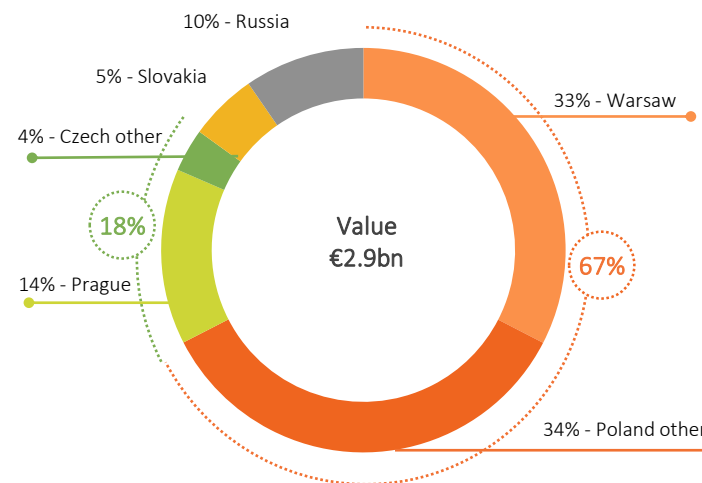
# PRIME POLISH & CZECH ASSETS DOMINATE PORTFOLIO

## STANDING INVESTMENT PORTFOLIO SPREAD

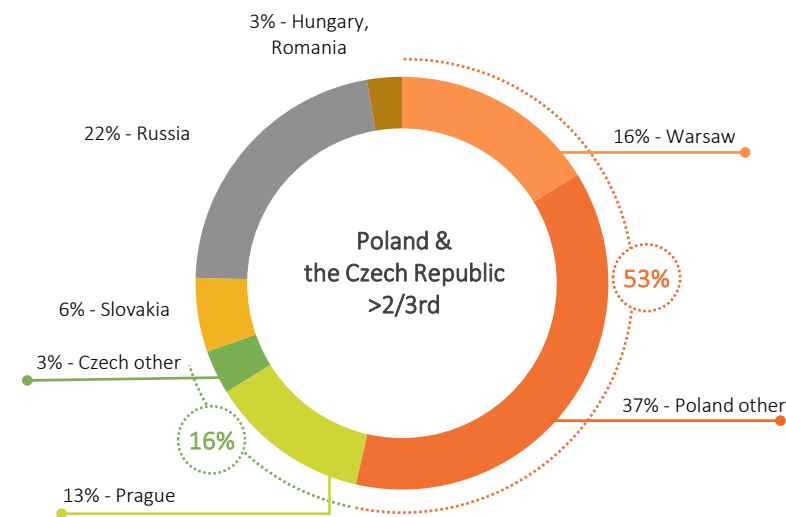


- Atrium owns 34 properties, over 980,000 sqm GLA with a market value of €2.9bn
- 85% of the portfolio is located in Poland and the Czech Republic
- Strong GDP growth in Poland and Czech (5.1% and 2.9% respectively) <sup>1</sup>
- Approx. half of the portfolio is in Warsaw and Prague
- Focus on high quality assets in strong urban locations at the heart of their communities

## GEOGRAPHIC MIX OF THE PORTFOLIO



## NRI 2018 PER COUNTRY



NRI in Warsaw includes Wars Sawa Junior as from its acquisition in October 2018



<sup>1</sup> Source: Capital Economics



# WARSAW: HEART OF THE PORTFOLIO

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

	Warsaw	Poland
Nr of inhabitants	1.7m	38m
Average salary	€1,424	€1,064
Unemployment	2.0%	5.7%
Retail Related Purchasing Power per inhabitant	PLN 16.2k	PLN 10.0k

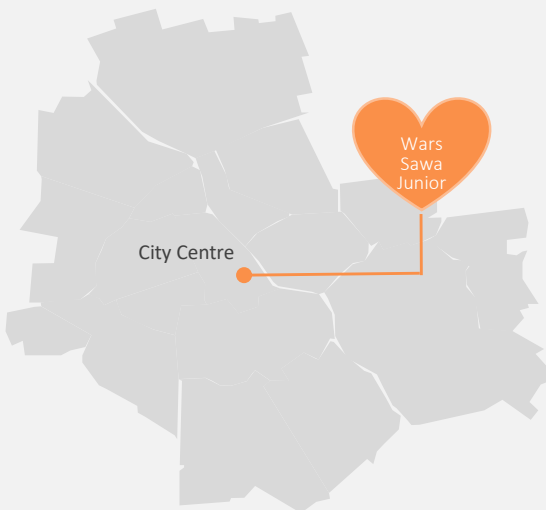
- 4 prime assets in distinct catchment areas
- Over 170,000 sqm GLA, over €900m value
- 33% of the portfolio is located in Warsaw
- High occupancy levels and tenant demand
- Creating great places in a growing capital city
- In January 2019, received three Europa Property CEE Retail Awards: Developer of the Year, Investor of the Year and the best Retail Extension/ Refurbishment Project of the Year for Atrium Promenada

<sup>1</sup> Sources: Capital Economics, GfK proprietary data, Central Statistical Office of Poland



# WARS SAWA JUNIOR IN THE HEART OF WARSAW

- An irreplaceable asset acquired in October for €301.5m
- 26,000 sqm of retail space
- An annual footfall of over 60 million in and around the asset
- Offers a further 11,000 sqm of office and storage space
- Central location and exceptional connectivity
- Anchor tenants: H&M, C&A, CCC, TK Maxx, Zara, Mango and LPP Group brands
- Future growth from asset management initiatives over time



## Catchment area



### 10 minutes drive-time

Number of inhabitants 213,074

Retail Related Purchasing power per inhabitant PLN 18.1k



### 30 minutes drive-time zone

Number of inhabitants 1,632,148

Retail Related Purchasing power per inhabitant PLN 16.2k



### Public transport:

24 bus lines; 6 tram lines, 2 metro lines



WARS SAWA JUNIOR, WARSAW



# ATRIUM PROMENADA - CREATING A UNIQUE MODERN DESTINATION



- Stage 2 opened in Oct. 2018
  - New food court experience, double shop fronts, refurbished fountain alley with flagship fashion stores
  - 7,800 sqm GLA completed to date
  - Increased GLA to 63,300 sqm as at year end



- The project includes a complete modernization coupled with a major extension of 47,600 sqm
- Almost doubling in size to c.100,000 sqm when completed in 2022



# ATRIUM TARGOWEK AND ATRIUM REDUTA EXTENSIONS OPENED IN 2018



## ATRIUM TARGOWEK OPENED IN OCT. 2018

- Increase GLA by 8,600 sqm
- Increased the number and size of dominant fashion anchor tenants
- 27 new retailers, a new food court and a kids zone
- Meeting anchor tenants' needs
- Overall refurbishment of the mall to be completed in 2019

## ATRIUM REDUTA - NOV. 2018

- New 2,700 sqm cinema
- New 1,500 sqm fitness



OPERATIONAL  
PERFORMANCE

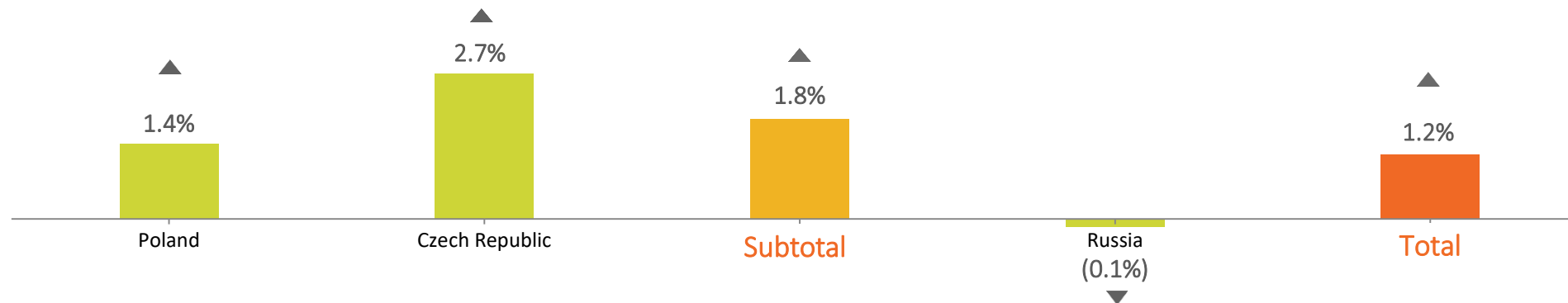


ATRIUM TARGOWEK, WARSAW



# QUALITY URBAN ASSETS ARE A KEY TO GROWTH

EPRA like-for-like NRI growth (in %)



## The Czech Republic +2.7%

Relocation plan completed, 80% of the Czech portfolio is now in Prague

Resilient urban portfolio

## Poland +1.4%

Future growth from redevelopment projects

Continuation of portfolio rotation

## Russia

Stable operational results, overcoming a Ruble devaluation of 15% in 2018

Exit of Mediamarkt and Castorama from the Russian market results in significant re-tenanting in 2018/2019

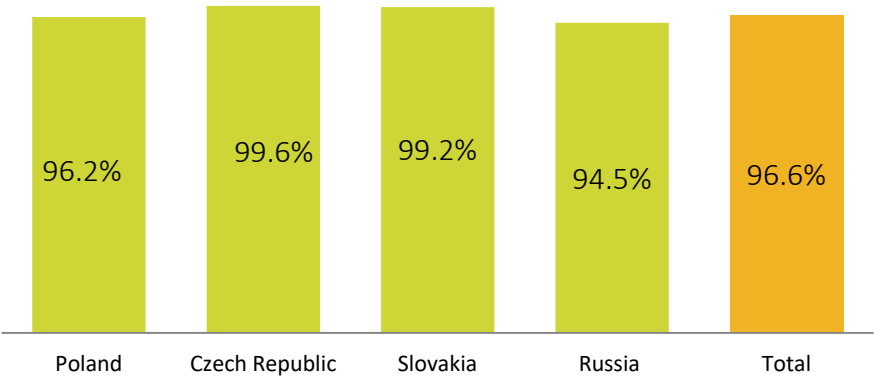
Following the new food court in Volgograd in 2017, we completed plans to redevelop new food courts in Yekaterinburg and Kazan

Market outlook continues to be uncertain

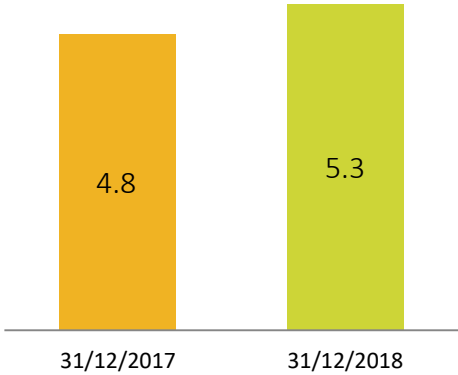


# OPERATIONAL PERFORMANCE

Occupancy EPRA

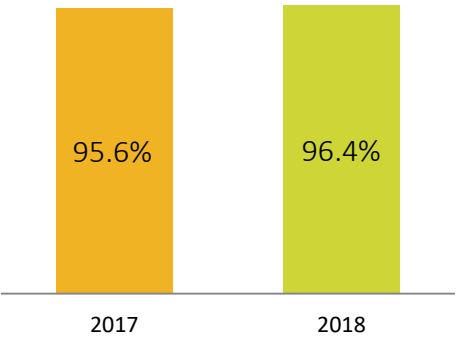


WALT change

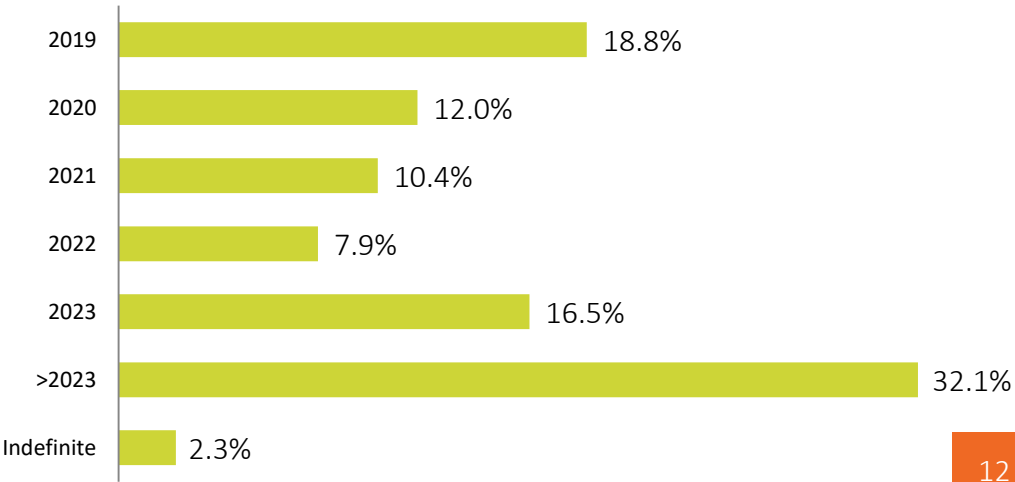


- WALT benefited from high levels of leasing activity in 2018 (23% of the leases)
- Average lease terms are typically 5 years for small to medium units and 10-15 years for anchor units

+0.8pp improvement in operating margin



WALT mix based on ARI



FINANCIAL PERFORMANCE



ATRIUM PROMENADA, WARSAW





## FINANCIAL HIGHLIGHTS

	2018 €M	2017 €M	CHANGE %
<b>NET RENTAL INCOME</b>			
NRI excl. new and disposed of assets/redevelopments	118.1	116.2	1.6%
NRI from new/disposed of assets/redevelopments	60.8	73.7	
Net rental income	178.9	189.9	(5.8%)
EPRA Like-for-Like NRI	118.2	116.8	1.2%
EPRA Like-for-Like NRI excl. Russia	79.0	77.6	1.8%
<b>OPERATIONAL KPIs</b>			
EBITDA	149.5	159.9	(6.5%)
Adjusted EBITDA <sup>1</sup>	166.9	159.9	4.4%
Net operating profit	142.8	141.7	0.8%
<b>EPRA PERFORMANCE</b>			
Company adj. EPRA earnings per share (in €cents)	29.3	32.4	(9.3%)
EPRA NAV per share <sup>2</sup> (in €)	5.03	5.24	(4.0%)

<sup>1</sup> Adjusted for the impact of new/disposed of assets/re-dev and one-off fees

<sup>2</sup> €cents 14 special dividend paid in Mar. 18 and €cents 27 regular dividend paid YTD





ATRIUM PROMENADA, WARSAW

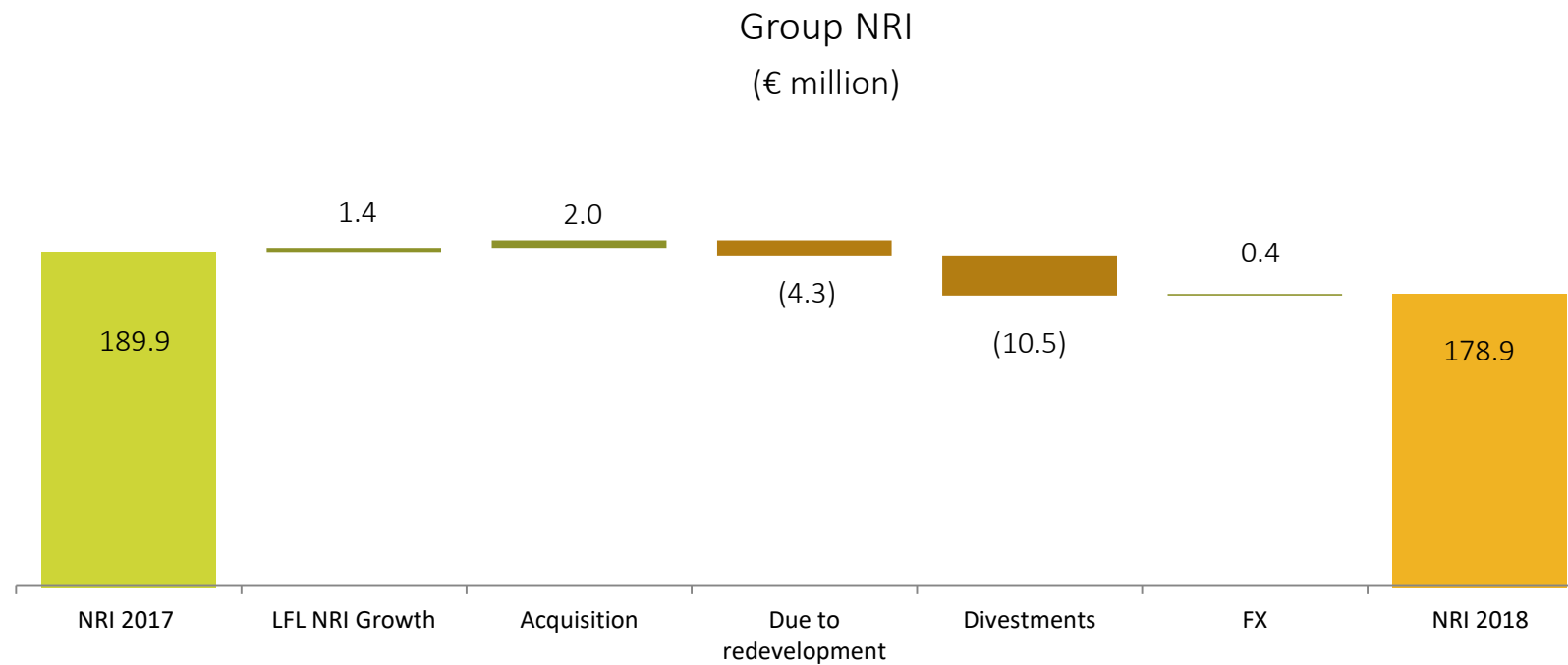
## FINANCIAL HIGHLIGHTS CONTINUED

- **€18m revaluation of standing investments**
  - Prime Polish and Czech assets continue to perform well
  - Opening of our redevelopments in Warsaw
  - Offset by devaluation in Russia
- **€19m devaluation of land** mainly weakening of local currencies in Turkey and Russia
- **Admin at €21m** excluding one-off costs of €7m<sup>1</sup>
  - €10m cost efficiency programme completed, EBITDA margin at 87%
- **Financial expenses +€14m** - one time cost of Bond tender for 2020/2022 notes
- **Tax charges +€16m** - higher deferred tax expense (FX movement and valuation)
- **€58m net cash generated from operations (€102m in 2017)** -
  - €13m temporary income decrease from portfolio repositioning phasing and redevelopments
  - €30m legacy legal payments

<sup>1</sup> Primarily driven by the takeover of Atrium Dominikanska management contract

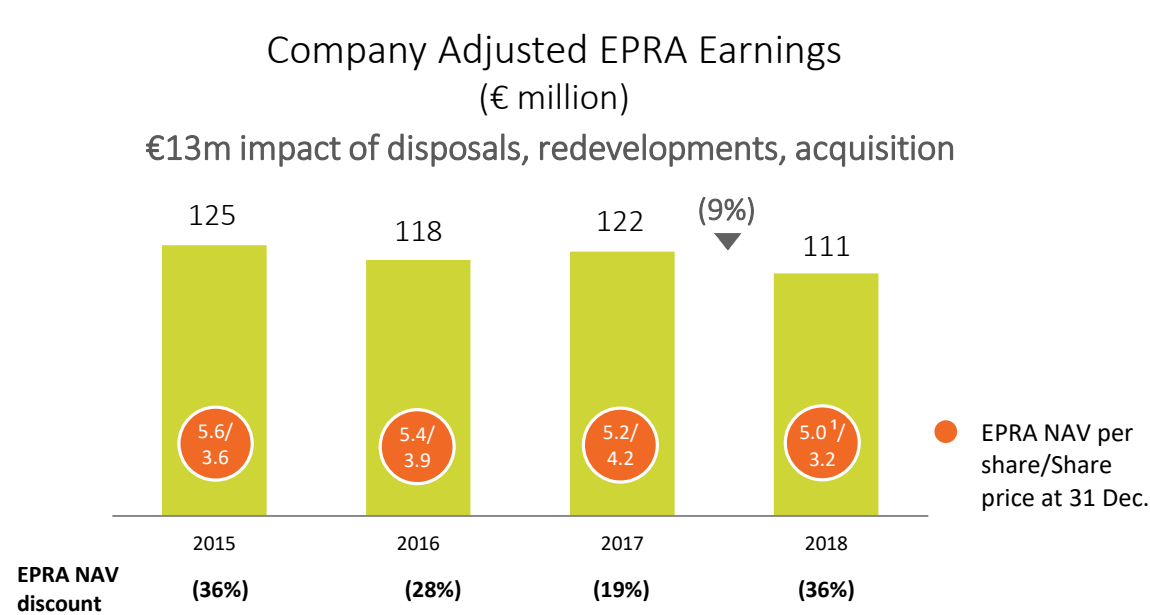
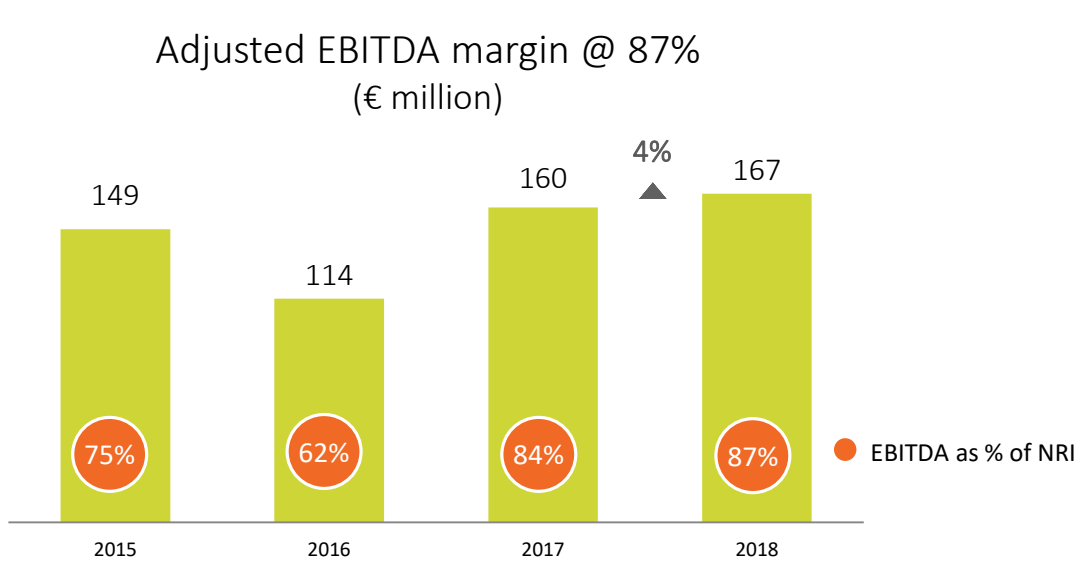


## NRI ↓€11M/5.8%: TIMING OF PORTFOLIO ROTATION

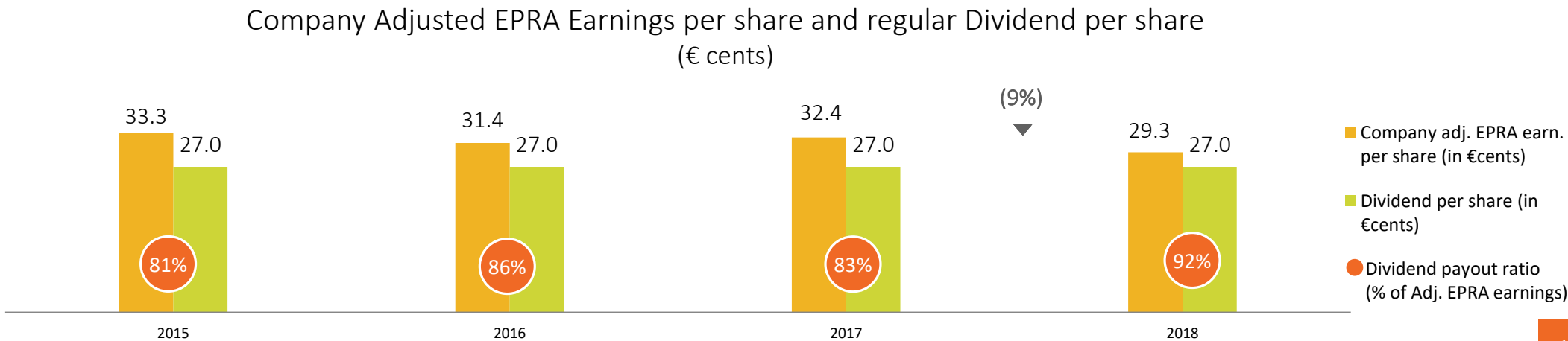


Net impact on annualised NRI from acquisitions, 3 openings in Warsaw and disposals was largely neutral

# COST SAVING PROGRAMME FURTHER ENHANCES TREND OF IMPROVING EBITDA MARGIN



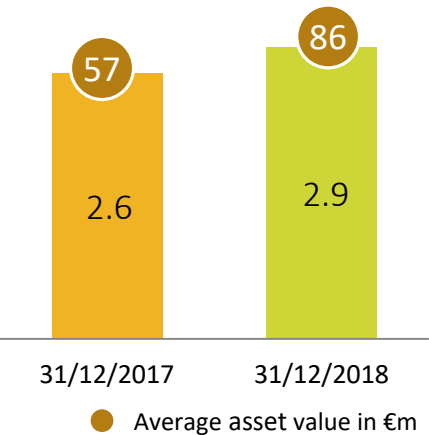
<sup>1</sup> Including €cents 14 special dividend paid in Mar.18



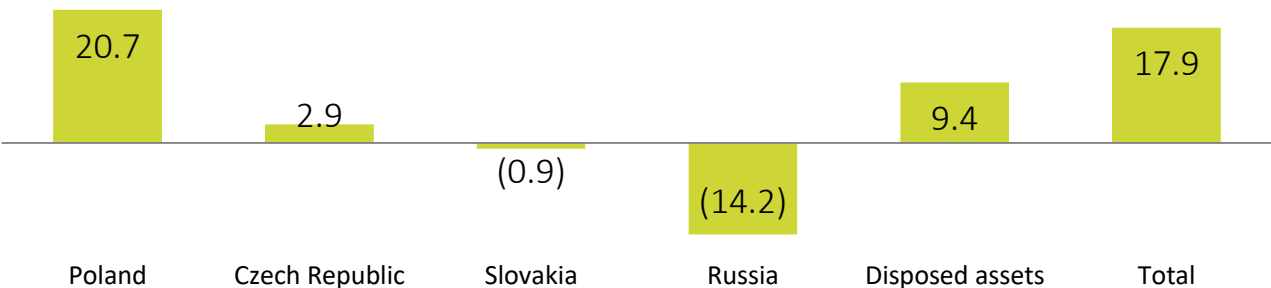


# STRONG CORE MARKETS AND ASSET QUALITY DROVE +€18M REVALUATION

Standing investments  
(€ billion)



2018 Revaluation of standing investments  
(€ million)



- Prime Polish and Czech assets continued to perform well, benefiting from rental growth, ERV increases and positive macro environment
- The portfolio benefited from the completion of the three redevelopments in Warsaw
- The devaluation in Russia was mainly as a result of FX changes YoY

# PROACTIVE MANAGEMENT OF CAPITAL STRUCTURE SUPPORTING BUSINESS GROWTH

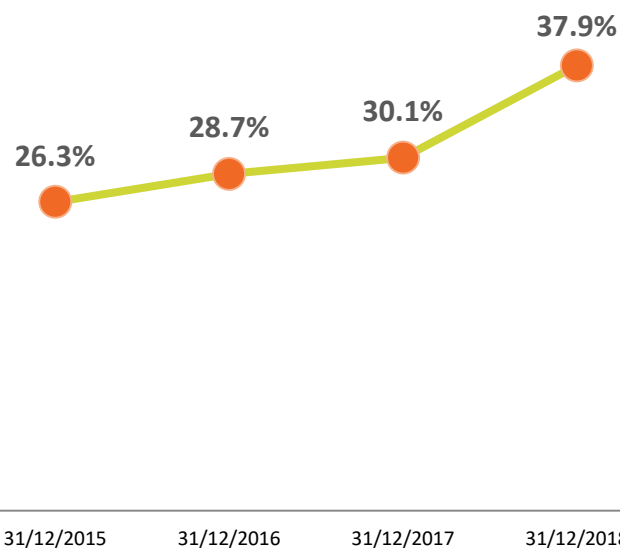
Extended debt profile to 5.4 years at a lower cost of c. 3%

Strategy execution together with improved liquidity and lowered risk profile was reflected in Fitch rating upgrade to 'BBB' with a stable outlook

- €75m increase in revolving credit facility to €300m and extended expiry to 2023 at lower cost (€240m unutilized 31/12/18)
- Issuance of €300m unsecured 7 year Eurobond and repurchase of €242m 2020/2022 Notes (60% take up on the 2020 notes)
- €170m long term 8 years secured bank loan on Wars Sawa Junior at 2.3%

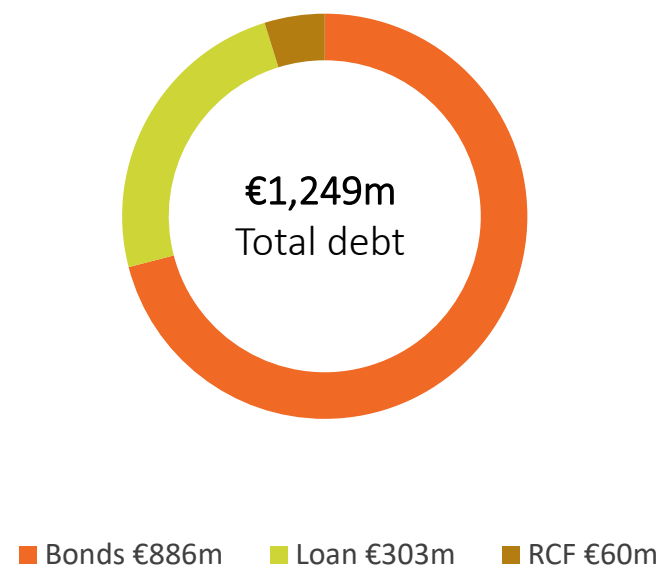
LTV (net)

In line with financial policy of long term target at around 40%



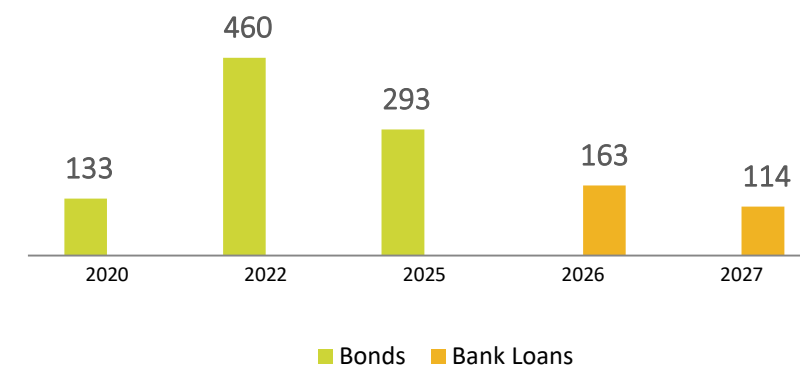
Borrowings  
(as at 31/12/2018)

75% unencumbered standing investments



Debt maturities  
(in million €)

5.4 years average maturity







ATRIUM TARGOWEK, WARSAW

## SUMMARY

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- Portfolio improvement to fuel further growth and add value
  - Asset rotation
  - Active redevelopments
  - Strong asset management
- High quality irreplaceable assets in strong urban locations
- Focus on Poland and the Czech republic, the region's strongest economies
- Strong financial profile
  - 5.4 years average debt maturity
  - €300m revolving credit facility
  - 75% unencumbered standing investments



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