



CREATING
GREAT
PLACES

COMPANY PRESENTATION

MAY 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	3
Covid-19 impact	4
Q1 2020 results overview	7
Focus on Poland and the Czech Republic	11
Changing retail environment	16
Value creation - Redevelopment projects	19
Atrium by 2024	21
Summary	26
Appendix 1 - E-commerce and SC space data	28
Appendix 2 - Top 10 tenants	29



ATRIUM IN A SNAPSHOT

CE portfolio focused on quality urban assets in
Warsaw and Prague

Conservative Balance sheet with strong liquidity

€2.6bn

standing investment
portfolio

€1.7bn
Poland

€1bn
5 assets Warsaw

€0.5bn
Czech

€0.4bn
2 assets Prague

34.5%

net LTV

€446m

Cash and RCF

€325m today

72%/€1.9bn

unencumbered assets

4.6 yr

average maturity

The portfolio figures exclude 5 assets classified as held for sale

COVID-19 IMPACT

Government imposed trading restrictions have been applied to shopping centres in all our countries of operations

- In Poland, tenants can receive mandatory rental and service charge relief in exchange for lease extensions of 6 months + the time that the unit was in an enforced closure
- In the Czech Republic and Slovakia, tenants can delay rent payments until December 2020
- In May, the Czech government approved a rent subsidy program for April-June where 50% of the rent is paid by the state, 20% by the tenant and 30% landlord
- In Russia, the rent for the closed period and 50% of the rent until October 2020 will be deferred to 2021-2023

Collected c.90% of Q1 2020 rental income

Reopening of our shopping centres

- Poland: 4 May, The Czech Republic: 11 May, Slovakia 20 May, Russia not yet announced
- 80% GLA is open in Poland, 89% of legally allowed to be open
- 76% GLA is open in the Czech Republic, 82% of legally allowed to be open (94% excluding cinemas)
- 75% GLA is open in Slovakia, 88% of legally allowed to be open
- Overall c.65% of Group GLA is open and the number is expected to increase progressively over the next weeks
- The first trading indications in Poland, Czech and Slovakia are positive: footfall is gradually increasing and customers react positively to the new safety rules

COVID-19 – WHERE THE COMPANY STANDS

Atrium's management believes the Company is well placed to cope with the Covid-19 pandemic

In addition to a portfolio of high-quality assets, Atrium is in a strong financial position with sufficient liquidity to enable it to continue its operations and meet its obligations

Strong financial flexibility

- | Cash balance of €325m as of today, credit facilities fully drawn
- | 72%/€1.9bn unencumbered assets
- | Low net LTV of 34.5%¹
- | €133m bonds matured and settled by April 2020, next bond repayment is not due until October 2022

Atrium action plan

- | **Cost reduction and cash preservation**
 - Significant reduction in non-essential capital expenditures of approx. €15m to €11m for 2020, €3m reduction in operational costs and €2m in administrative costs
 - €50m of planned investment in redevelopments for 2020 postponed to 2022/2023
- | **Continuous dialogue with our tenants about a joint approach to address the challenges that Covid-19 is presenting**

Q1 2020 RESULTS OVERVIEW

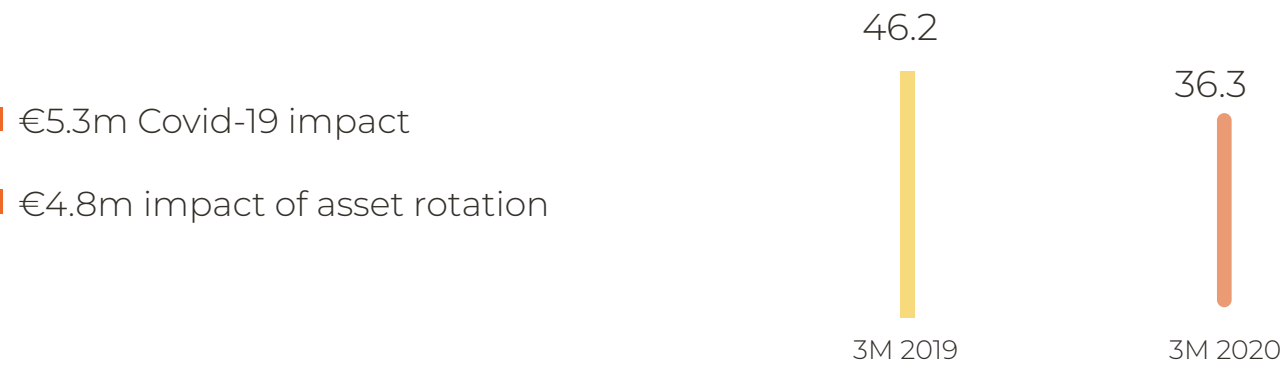


LFL Net rental income excl. the impact of Covid-19



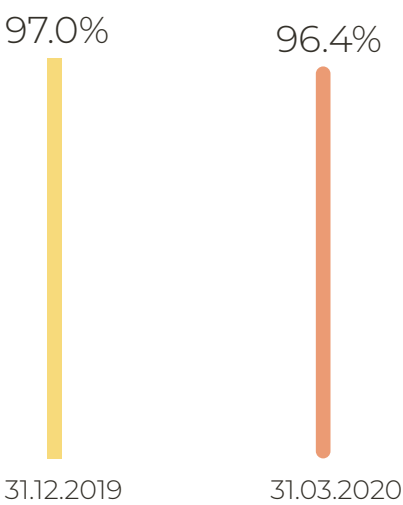
- +3.0% Poland and Czech
- +1.9% Group LFL NRI
- +2.1% Group LFL NRI excl. held for sale assets
- Russia- impact of previously announced anchor retenancing

Underlying net rental income broadly flat
(in million €)



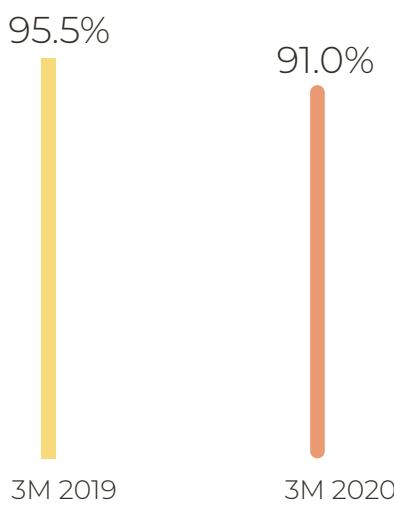
96% Occupancy
(31/03/2020)

Occupancy remained strong at 31/3/2020 (no Covid-19 impact yet seen)



Operating margin

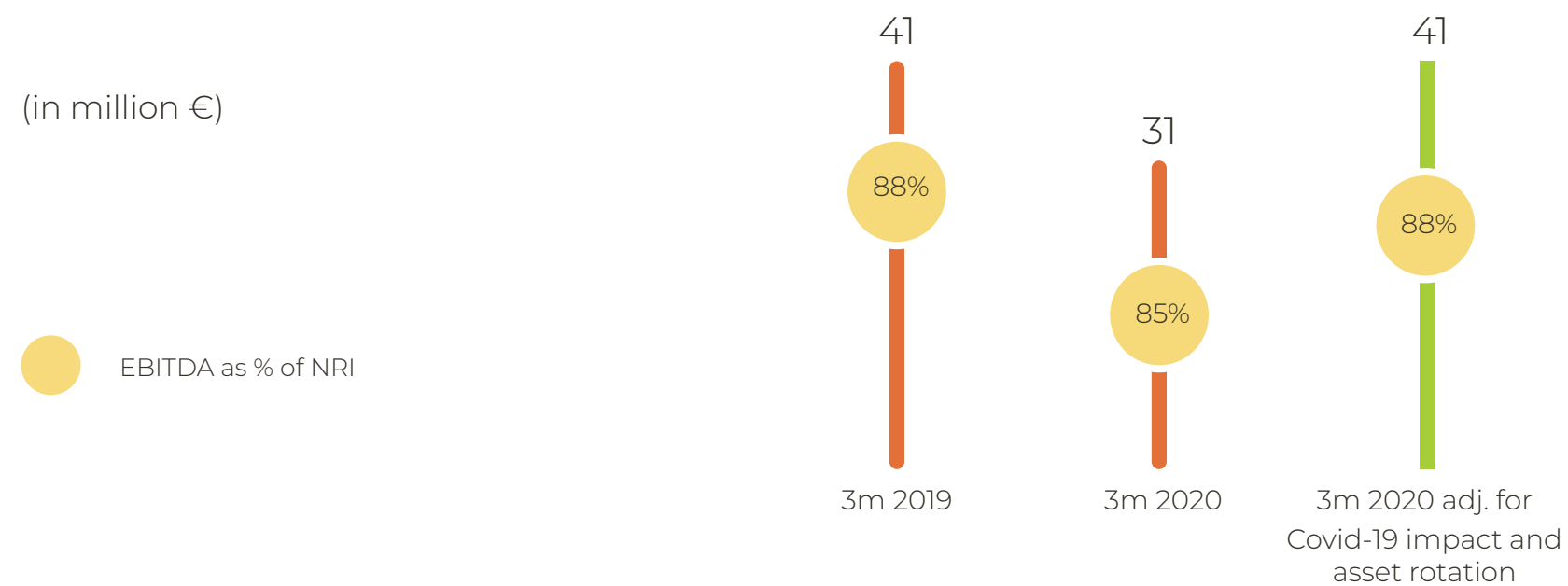
Covid-19 (Poland) and redevelopments impacted the Group operating margin



EARNINGS: AFFECTED BY THE DECREASE IN NRI

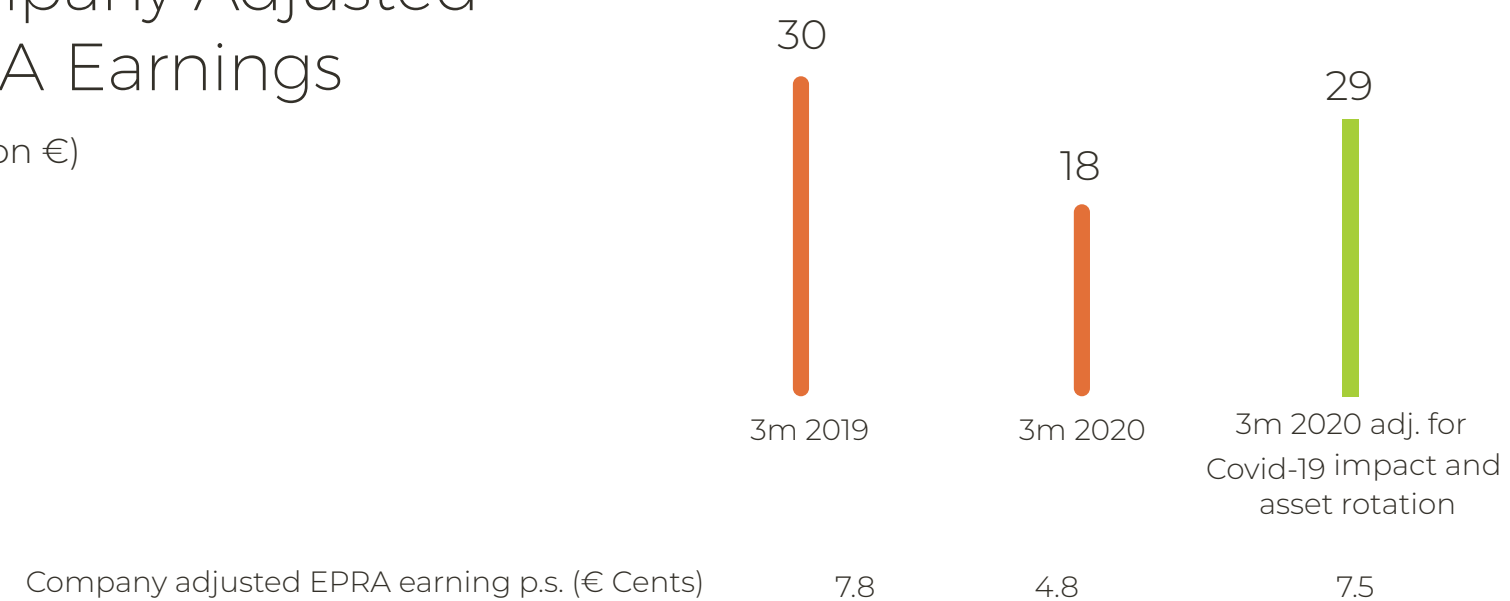
Underlying EBITDA margin flat at 88%

(in million €)



Company Adjusted EPRA Earnings

(in million €)

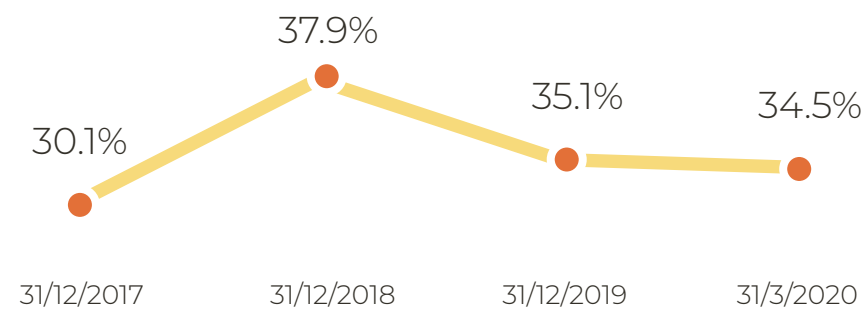


A STRONG FINANCIAL POSITION TO MANAGE OUR LIQUIDITY NEEDS DURING THE COVID-19 PANDEMIC



Net LTV 34.5%¹

40% remains our long term target



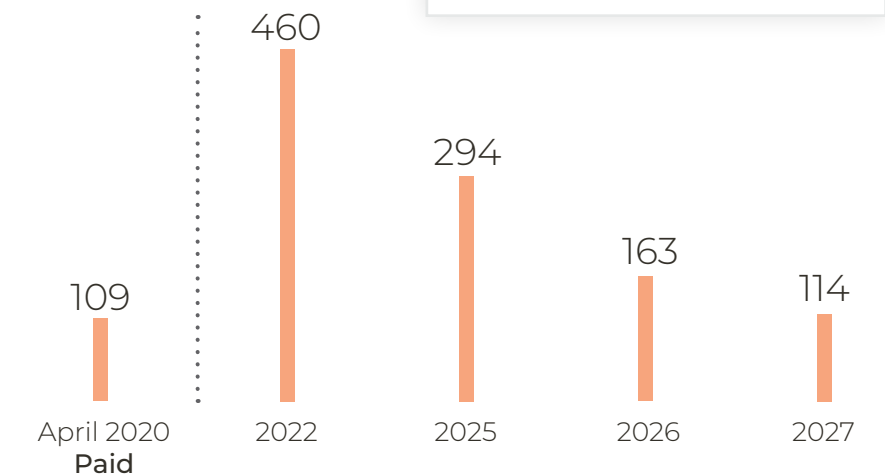
€446m² cash
31/3/2020

² Revolving credit facilities fully drawn, €133m bonds settled by April 2020

Bond and loan maturities
(in million €)

Next bond repayment is not due until October 2022

4.6³ years
average maturity



³ Post bonds repayment in April 2020

Financial Performance Indicators

EPRA NAV per share

€4.92¹

31/12/2019 €4.96

Cost of Debt

c. 3%

Borrowings
(as at 31/03/2020)

Bonds	€863m
Loans	€300m
RCF	€300m

Moody's: Baa3
(rating under review)

Fitch: BBB (stable)

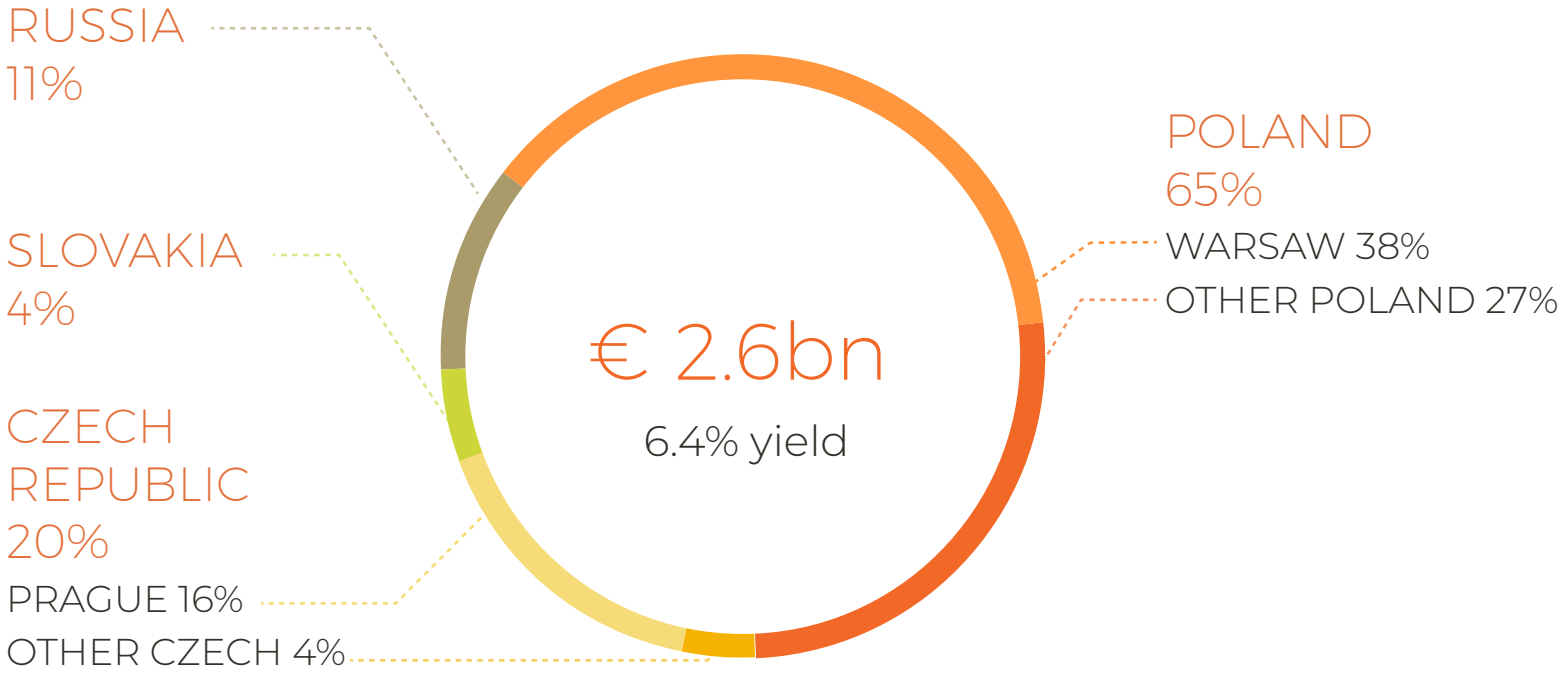


72%/€1.9bn
unencumbered
standing investments

FOCUS ON POLAND AND THE CZECH REPUBLIC



PORTFOLIO OVERVIEW, WARSAW AND PRAGUE CENTRIC ASSET BASE



	Dec. 2019 Market value €m	Net equivalent yield %
Warsaw	1,006	5.2%
Other Poland	689	6.5%
POLAND	1,695	5.7%
Prague	418	5.1%
Other Czech	104	5.8%
CZECH REPUBLIC	522	5.3%
Slovakia	121	6.7%
Russia	287	12.8%
TOTAL	2,625	6.4%



CONTINUED ASSET ROTATION INTO PRIME DOMINANT ASSETS IN MAJOR CITIES



- | **2014 to date:** €0.5bn prime assets purchased, €0.8bn secondary assets sold
- | **2019:** €0.4bn secondary assets sold at or above book value, King Cross, our 5th asset in Warsaw purchased for €43m
- | 29% in Warsaw and Prague in 2014 → 31/03/20: 54%

WARSAW THE HEART OF POLAND ¹

	WARSAW	POLAND
Nr of inhabitants	1.8m	38m
Average monthly salary	€1,586	€1,143

PRAGUE THE HEART OF THE CZECH REPUBLIC ¹

	PRAGUE	CZECH
Nr of inhabitants	1.3m	10.7m
Average monthly salary	€1,667	€1,326

31/03/20:
38% in Warsaw

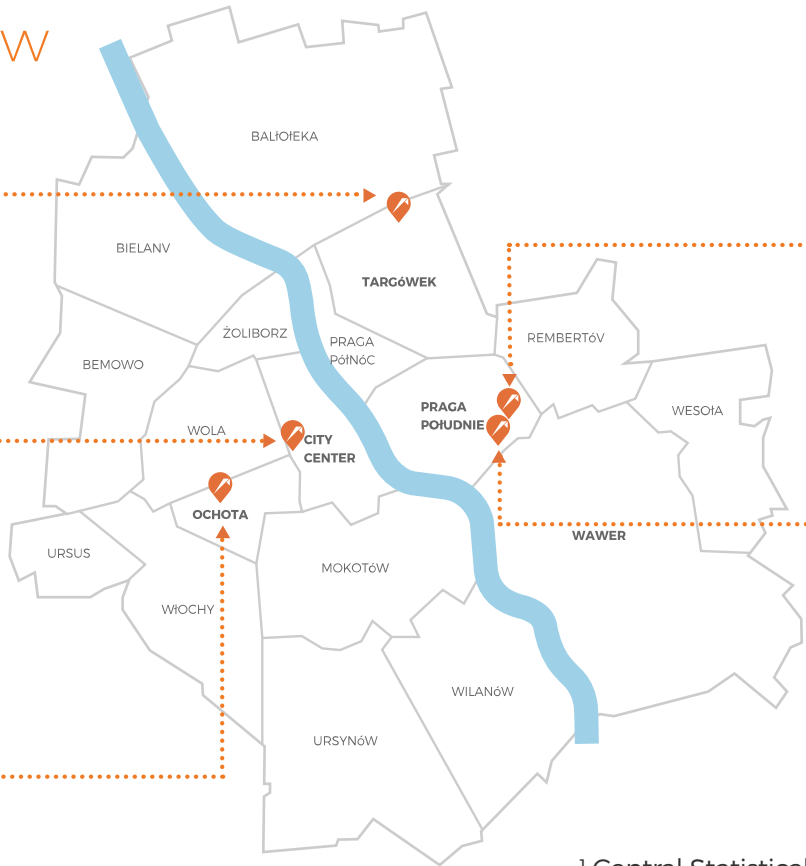
Atrium Targowek



Wars Sawa Junior



Atrium Reduta



King Cross

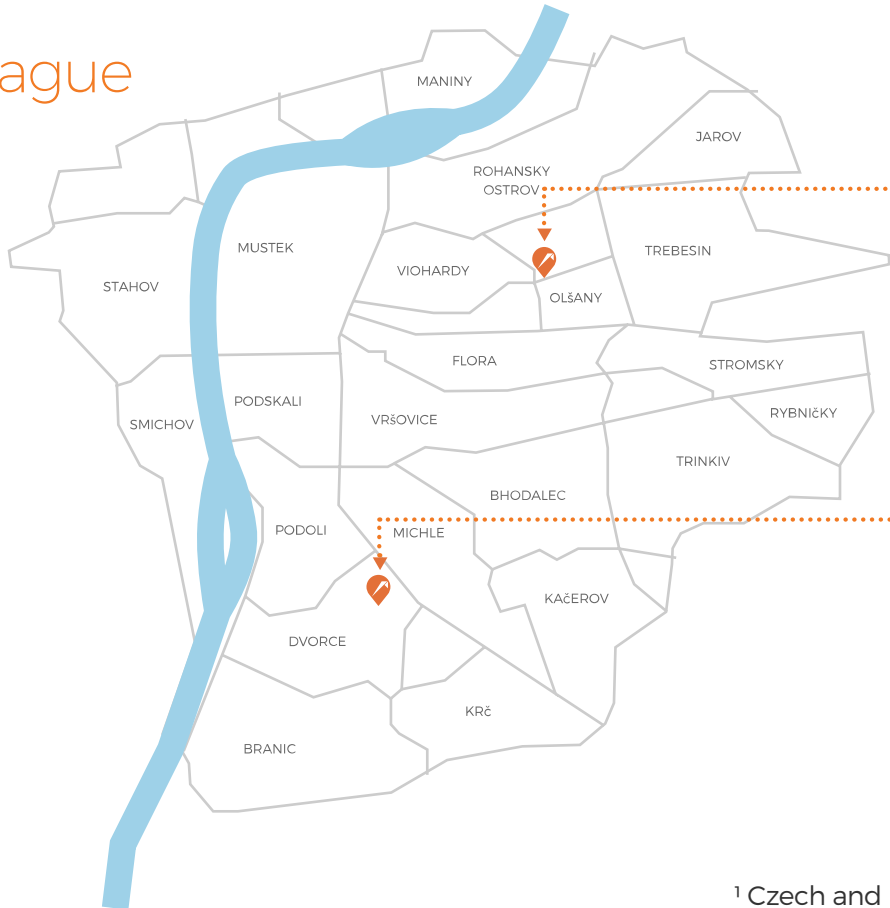


Atrium Promenada



¹ Central Statistical Office of Poland, GfK

31/03/20:
16% in Prague



Atrium Flora



Arkady Pankrac



¹ 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
- | 43% of our rent and over 50% 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 ¹
- | Strong, diversified range of retail and leisure operators that are appealing to consumers
- | Forging strong long term relationships with our tenants
- | Strong occupancy and operating margin of 96% and 95.5% ², respectively
- | Deep expertise in CE retail market, 370 employees, pro active hands-on asset management

¹ Arkady Pankrac is managed by an external manager

² Q1 2020 excl. the impact of Covid-19 and redevelopments



Strong Financial Profile And Liquidity To Support Growth

- | 34.5% net LTV, 4.6 years average debt maturity, 3% cost of debt
- | €300m revolving credit facility (fully drawn)
- | 72%/€1.9bn unencumbered standing investments

POLAND AND CZECH - KEY ECONOMIC INDICATORS



- | 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 starts with a moderate debt ratios
- | Considerable hit from Covid-19: Poland +4.1% GDP in 2019 and -4.6% expected in 2020F, Czech +2.6% to -6.5% in 2020F
- | Rebound expected in 2021 to +4.2% in Poland and +7.5% Czech

	Poland			Czech Republic		
	2019	2020F	2021F	2019	2020F	2021F
GDP growth	4.1%	-4.6%	4.2%	2.6%	-6.5%	7.5%
Unemployment	3.3%	9.9%	8.0%	2.0%	7.5%	6.0%

Source: IMF, Trading Economics



CHANGING RETAIL ENVIRONMENT



CHANGING RETAIL ENVIRONMENT



Change in consumer behavior amid Covid-19

- | Low consumer optimism since mid-March, Poland expects an increase in future spending
- | Consumer income is expected to decrease
- | Discretionary spending across categories is anticipated to pull back
- | Consumers expect long lasting effect of Covid-19 on their personal routines and finances

E-commerce penetration

- | 16% penetration in 2019 in Czech with no impact on footfall in our high quality centres
- | Increase in online retailing during Covid-19, might have a long term impact
- | We bring e-commerce tenants (like e-obuwie) to brick and mortar store
- | Footfall to be converted to revenue overtime

Less supply coming to CE market

- | Limited further competition with pressure on owners for constant improvement
- | Atrium focused redevelopment programme of €0.4bn in Warsaw and Prague
- | Dominant assets in strong urban location remain relevant

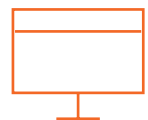
Shoppers expectation- shop, socialise, enjoy, experience

- | Atrium engaged in entertainment and community involvement programmes
- | Opened Fifth Dimension local community centre in Promenada to be rolled out to other centres
- | Response to constant pressure for retail to change and to changing customer needs

Retailers changing shop formats

- | Retailers rationalize their locations and adopt a "fewer, larger store" strategy
- | Creates opportunities for bringing new formats and offers (Uniqlo in Atrium Kazan, Russia)
- | Exit non-core markets
- | Add to the portfolio food, beverage, entertainment, 7 new/ upgraded food courts from 2016, one new cinema

POWERFUL SYNERGY BETWEEN PHYSICAL STORES AND DIGITAL CHANNELS



Online sales up
but profitability
is low

- | E-commerce penetration is expected to be 20% in 2022, but varies from country to country
- | High cost of building a brand and acquiring new customers
- | High purchase returns - 20% e-commerce, 8% bricks and mortar
- | High cost of delivery
- | Low margins



Physical stores are
essential to the
success of retailers

- | Stores drive online sales
- | Opening a new physical store => + 37% in overall web traffic
- | Closing stores causes a drop in the share of web traffic
- | Integration of the two channels drive better margins to retail
- | Brick and mortar provide customer experience = touch and feel
- | Physical stores boost brand awareness



VALUE CREATION- REDEVELOPMENT PROJECTS

As part of Atrium's action plan for reducing the impact of Covid-19 on the business, €50m 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 densification
- 3 Diversification into modern, purpose built residential for rent assets in our core geographies

- | Capital recycling of non core retail assets
- | Optimal balance sheet - extending debt maturity / lower costs of financing
- | 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 2014-2024 - THE JOURNEY CONTINUES



ATRIUM 2014



ATRIUM 31/3/2020¹



ATRIUM 2024

RETAIL 100%

CEE
PORTFOLIO



29%
WARSAW
& PRAGUE

7 COUNTRIES
PORTFOLIO

€2.6_{bn} 8.0%_{yield}

NO. OF ASSETS

153

AVG. ASSET VALUE

€17M

RETAIL 100%

Centralized
URBAN
PORTFOLIO



54%
WARSAW
& PRAGUE

DOMINANT ASSETS WITH
DENSIFICATION POTENTIAL

€2.6_{bn} 6.4%_{yield}

NO. OF ASSETS

26

AVG. ASSET VALUE

€101M

¹ 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

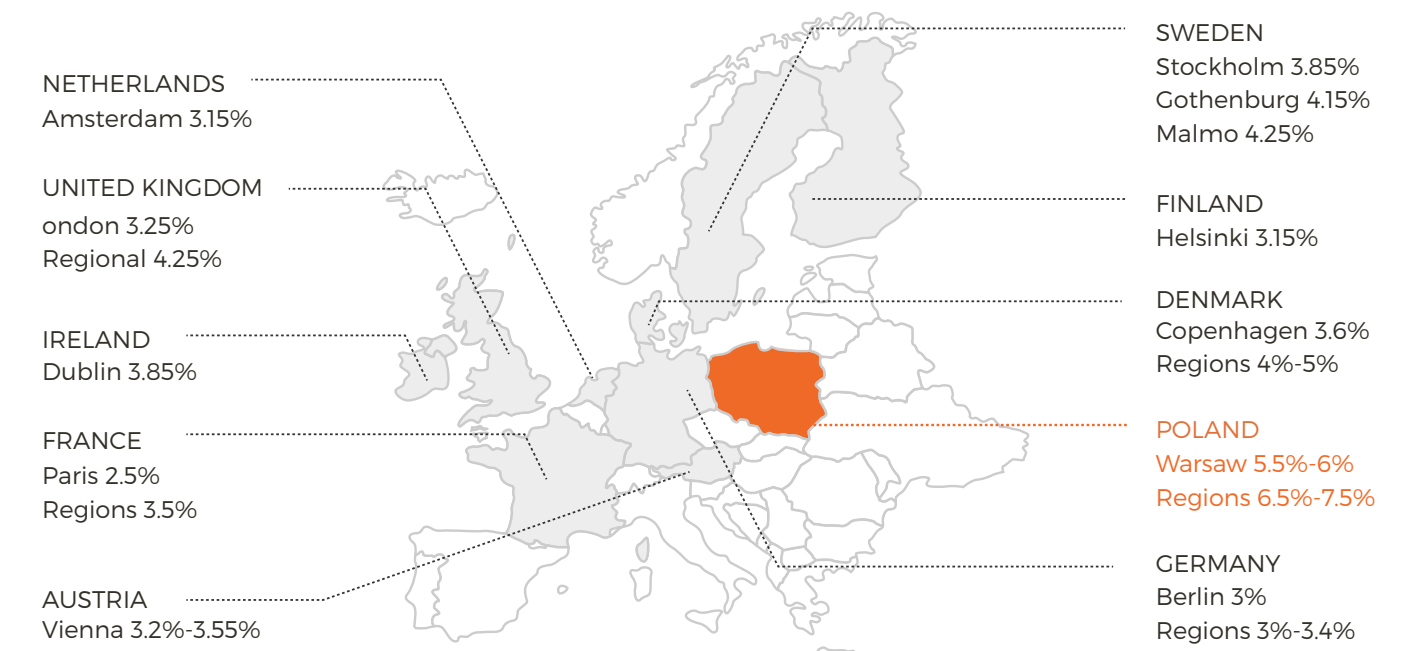
- | Capitalizing on growing residential for rent market
 - Strong demographic fundamentals
 - Largest business service center in CE
- | Diversifying our sources of income
- | Focus on high quality build to rent products
 - size and management efficient
 - client experience
 - on-site amenities.
- | First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

ATTRACTIVE RETURNS

- | Attractive going in yields of 5.5%-6% 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, 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

1.3%
historically low
unemployment
rate

4%
expected population
growth in the coming
years

Increase in The
Average Salary y/y
6.3%



Growth Engine #2
SERVICE CENTERS

Business Service
Centers in Warsaw
236

Employees in the
Service Sector
56,000
(62,000+Q1/20)

Job Creation CAGR
2016-2019
14%



Growth Engine #3
EDUCATION

Students
216,000

Universities
and Colleges
68

Source: Central Statistical Office of Poland, GfK.
2019 ABSL report, 2020 JLL report on Warsaw

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

Conservative balance sheet with strong liquidity

Poland and Czech have started to trade again, 78% of GLA is now open

€2.6bn

standing investment
portfolio

€1.7bn

Poland

€1bn

5 assets Warsaw

€0.5bn

Czech

€0.4bn

2 assets Prague

Low net
LTV 34.5%

with financial flexibility

Strong liquidity:

€446m cash

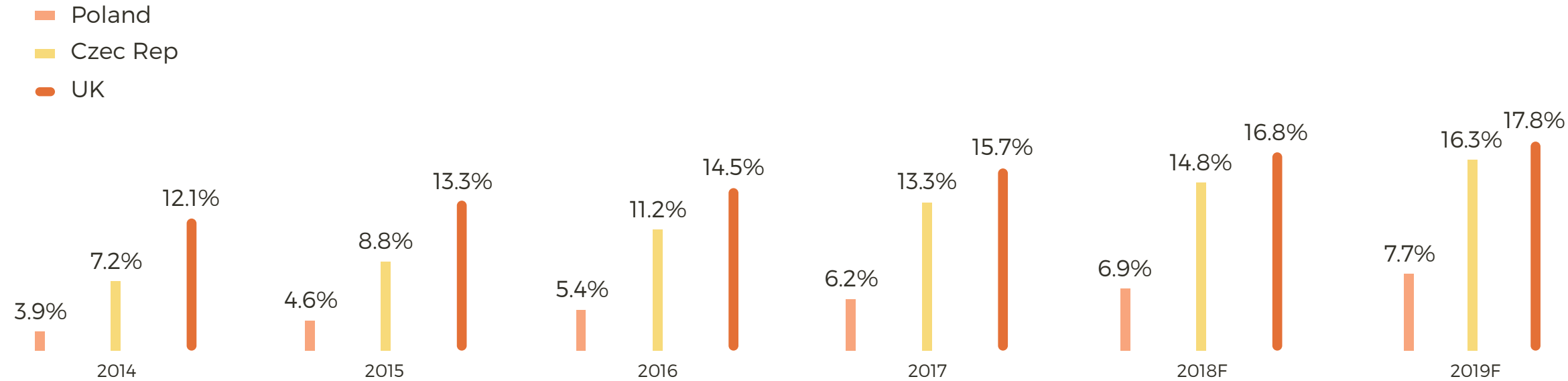
(€325m today)

€1.9bn

unencumbered
assets



E-commerce penetration



Sources: Trading Economics

- 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

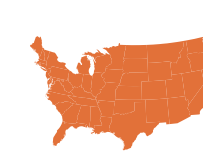
CE



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 capital within CE is significantly lower with strong opportunities for growth

% OF ANNUALISED RENTAL INCOME	GROUP NAME	MAIN BRANDS
4%	LPP	RESERVED  house M O H I T O CROPP sinsay
3%	Hennes & Mauritz	
3%	CCC	CCC 
2%	AFM	  DECATHLON orsay
2%	Inditex	ZARA HOME ZARA Bershka OYSHO PULL&BEAR  stradivarius Massimo Dutti
2%	Carrefour	 Carrefour
2%	EM&F Group	empik
1%	A.S. Watson	ROSSMANN  Marionnaud
1%	Metro Group	
1%	TJX Poland Sp. z o.o.	

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