



2019 Financial results

Successful asset rotation and strong operational results Evolved strategy driving diversification into residential for rent sector

Jersey, 26 February 2020, Atrium European Real Estate Limited (VSE/Euronext: ATRS), (the “Company” and together with its subsidiaries, the “Atrium Group” or the “Group”), a leading owner, operator and redeveloper of shopping centres and retail real estate in Central Europe, reports its financial results for the year ended 31 December 2019 and the outcome of its strategy review.

KEY FINANCIAL FIGURES FOR THE PERIOD

	2019 €m	2018 €m	CHANGE %/ppt
EPRA Like-for-Like NRI excl. Russia and held for sale assets	56.4	55.1	2.4%
EPRA Like-for-Like net rental income	81.7	80.8	1.1%
Net rental income excl. Russia	140.9	139.8	0.8%
Net rental income	176.4	178.9	(1.4%)
EBITDA ¹	153.6	156.4	(1.8%)
Company adj. EPRA earnings per share ¹ (€cents)	28.0	29.3	(4.3%)
Profit after taxation for the year	84.4	60.6	39.3%
Net Equivalent yield (in %)	6.4	6.4	-
Occupancy rate (in %)	97.0	96.6	0.4%

Key geographies delivering positive results in 2019

- Group like-for-like net rental income (“NRI”) increased by 2.4%, with growth of 2.0% in Poland and 3.0% in the Czech Republic (excluding Russia and assets held for sale), reflecting a higher quality, more sustainable portfolio income profile. Group like-for-like NRI increased by 1.1%
- Overall NRI was broadly flat as the positive contribution from redevelopment completions and Warsaw acquisitions was offset by disposals
- Strong occupancy rate of 97.0% at year end and stable operating margin of 94.2%, reflecting the ongoing appeal to occupiers of the Group’s dominant urban centres
- EBITDA¹ and EBITDA margin remained stable at €154 million and 87% respectively (€156 million and 87% in 2018)
- Company adjusted EPRA earnings¹ per share was 28.0 €cents, 4.3% lower than in 2018 due to phasing of asset rotation as part of the Company’s strategy
- Strong, proactively managed balance sheet to support growth with a 35.1% net LTV, access to a €300 million revolving credit facility and €127 million cash as at 31 December 2019

Execution of asset rotation further improved our portfolio profile:

- 85% of the portfolio, by value, is now located in Poland and the Czech Republic, with 54% in the capital cities of Warsaw and Prague
- At 31 December 2019², the average asset size of the portfolio increased to 31,100 sqm and the average property value stood at €101 million, compared with 28,800 sqm and €86 million respectively as at 31 December 2018, reflecting the ongoing successful portfolio rotation towards dominant urban assets
- The valuation of our income producing assets was stable during 2019
- Acquired King Cross Shopping Centre in Warsaw in June 2019 for a consideration of €43 million
- Sale of two shopping centres in Poland for €298 million in July 2019, at c.3% above book value
- Since year end, in January 2020, the Company completed the sale of Atrium Duben in Zilina, Slovakia for €37 million, in line with book value
- Transaction signed in December 2019 for the sale of a portfolio of five secondary assets in Poland at around book value of €36 million. Expected to complete in the first half of 2020
- Progress in monetising the land bank with a €28 million disposal in Poland during January 2019, at fair value, which represented 13% of the total land portfolio
- The €400 million redevelopment programme (€160 million spent up to 31.12.19), which is on schedule aims to add up to 50,000 sqm to the portfolio in phases by the end of 2023

2020 dividend:

- The Board decided to maintain the Group's annual dividend, payable as a capital repayment, at €cents 27 per share for 2020, demonstrating its continued confidence in the Group's prospects and its evolving strategy. The dividend will be paid in equal quarterly instalments and will continue to be reviewed quarterly.
- The first quarterly dividend of 6.75 €cents per share is due to be paid as a capital repayment on 31 March 2020 to shareholders on the register as at 24 March 2020, with an ex-dividend date of 23 March 2020.

Green financing framework:

- Atrium has launched a green financing framework which integrates the Company's sustainability commitments with its financing activities
- The framework was approved by the Board in February 2020. For more information see <https://www.aere.com/Files/OtherDocuments/AEREGreenFinancingFramework.pdf>

Strategic review outcome:

On 10 December 2019, the Group announced that the Board and management had been undertaking a strategic review to identify further growth opportunities to deliver strong, long term sustainable income returns to shareholders. The strategic review focused on, amongst other things:

- leveraging the operating platform in Poland and the Czech Republic;

- continued execution of the Company's asset rotation and completion of its redevelopment pipeline focusing on dominant assets in major cities;
- densification of core retail assets; and
- diversification into other classes of real estate, focusing on residential for rent

The strategy is underpinned by strong macroeconomic fundamentals and urbanisation trends in major cities in our core geographies, particularly in Warsaw where there is a lack of good quality modern apartments for rent to satisfy the rising levels of demand. In line with this, the Company has entered into an agreement which gives it the option, subject to the relevant approvals, to acquire the controlling stake in a future residential building with c. 900 apartments in the heart of Warsaw. Over the next five years it is envisaged that the Group will create a portfolio of c. 5,000 residential for rent units, focused on Warsaw and Prague.

*(1) Adjusted for €6m in 2019 and €2m in 2018 for transaction costs in relation with the recommended cash acquisition by Gazit Globe and in 2018: €4.5m fee in relation with the takeover of Atrium Dominikanska management contract
(2) Excluding assets classified as held for sale*

Liad Barzilai, Chief Executive Officer of Atrium Group, commented:

“Today's results once again reflect the ongoing tangible success of the asset rotation strategy we have been executing over the last few years, providing us with a portfolio of faster growing dominant assets focused in Warsaw and Prague, which continue to benefit from urbanisation and a strong macro backdrop.

“As we move into a new decade and continue to respond to the structural trends that are driving consumer habits, including shopping and living, we will be executing our evolved strategy. This strategy will build on our expertise, leverage the quality of our existing portfolio and de risk against potential volatility of our cash flow as we diversify into the residential for rent sector. This will see the shape of our portfolio evolve towards a platform of c. 5,000 high quality residential units for rent, mainly in Warsaw, which will complement the leading retail destinations that we now own as a result of our successful repositioning strategy.”



Further information can be found on the Company's website www.aere.com or for Analysts:

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About Atrium European Real Estate

Atrium is a leading owner, operator and redeveloper of shopping centres and retail real estate in Central Europe. Atrium specializes in locally dominant food, fashion and entertainment shopping centres in the best urban locations. Atrium owns 26 properties with a total gross leasable area of over 809,000 sqm and with a total market value of approximately €2.6 billion. These properties are located in Poland, the Czech Republic, Slovakia and Russia, and with the exception of one, are all managed by Atrium's internal team of retail real estate professionals.

In January 2020 Atrium announced a new strategy to diversify its portfolio by investing in and managing residential for rent real estate, with a primary focus on Warsaw.

The Company is established as a closed-end investment company incorporated and domiciled in Jersey and regulated by the Jersey Financial Services Commission as a certified Jersey listed fund, and is listed on both the Vienna Stock Exchange and the Euronext Amsterdam Stock Exchange. Appropriate professional advice should be sought in the case of any uncertainty as to the scope of the regulatory requirements that apply by reason of the above regulation and listings. All investments are subject to risk. Past performance is no guarantee of future returns. The value of investments may fluctuate. Results achieved in the past are no guarantee of future results.