



## Nine months 2020 trading update

Jersey, 6 November 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, provides an update on both trading for the nine months ended 30 September 2020 and the impact of Covid-19 on the Group’s operations.

### Update on COVID-19 situation

#### Encouraging Q3 recovery losing momentum with second wave restrictions

- Our centres saw a solid recovery over the summer trending towards pre Covid-19 levels as restrictions began to be lifted from May.
- Footfall and tenant sales showed an encouraging recovery in August, reaching 77% and 93% respectively of 2019 levels. In September, as infections began to rise in Poland, the Czech Republic and Slovakia, footfall and sales slightly weakened to 76% and 86%, and have continued to slowdown as governments reinstate restrictions in response to the increasing number of Covid-19 cases.
- Collections for the first nine months of 2020 improved significantly to 94% with tenant negotiations nearly completed.
- 90% of the Group's GLA is currently open, down from 98% at the beginning of October, following new lockdowns in the Czech Republic and Slovakia.
- Poland has announced on 4 November a second set of restrictions with non-essential shops to be closed from the 7<sup>th</sup> to the 29<sup>th</sup> of November.

#### Solid financial position to meet our liquidity needs

- Adequate liquidity and financial flexibility to manage the headwinds of Covid-19 with €264 million of uncommitted resources, comprising €50 million of cash and a €214 million unutilised credit facility as of today and a net LTV ratio of 37.5%.
- Key steps taken for cash conservation and to improve liquidity include:
  - Extended the Group's average debt maturity to 4.8 years (2.9% average cost of debt) by successfully completing a €218 million bond buy back and €200 million tap of the 2025 notes in June. An additional €8 million bond buy back of the 2022 notes was executed in October.
  - Voluntary scrip dividend alternative introduced for Q2, Q3 and Q4 2020 dividends, the take up resulted in €21 million of cash being conserved to date following an approximately 40% shareholder participation in relation to Q2 and Q3 2020.
  - Establishment of an Inaugural Euro Medium Term Note programme together with a green financing framework, with a potential ECB’s corporate sector purchase programme (CSSP) eligibility.

## Key financial and operational figures for the period

In €m	9M 2020	9M 2019	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)
Occupancy rate (%)	92.9%	97.0% <sup>1</sup>	(4.1)
Operating margin (%)	90.0%	94.6%	(4.6)
EBITDA	91.9	116.8	(21.3)
Company adjusted EPRA earnings	56.3	80.5	(30.0)

- Group NRI was €107 million for the 9M 2020, down -20% or €26 million from 2019 due to:
  - €35 million Covid-19 impact offset by €18 million straight line of tenant support <sup>2</sup>
  - €11 million disposals impact as part of the portfolio rotation strategy
  - Offset by €2 million rental growth mainly arising from indexation
- On a like-for-like basis, NRI decreased by 13%.
- Focus on proactive tenant engagement has ensured solid occupancy rate of c.93% as at the end of September.
- Operating margin decreased by 4.6ppt to 90%, of which 4.4ppt was due to the service charge relief for the lockdown period imposed by the government in Poland.
- EBITDA and Company adjusted EPRA earnings decreased by 21% and 30% respectively. The decrease in rental income due to Covid-19 (€17 million net) and disposals (€11 million) was partially offset by €1.5 million reduction in administrative costs and €0.9 million decrease in finance cost.

### Disposals

- The Group continued its portfolio rotation and repositioning strategy throughout 2020 with €75 million of transactions, including the sales of the Atrium Duben shopping centre in Slovakia in January, five assets in Poland in July and a land plot in Lublin in August.

### Dividend

- The Q4 2020 dividend will be paid (as a capital repayment) on 30 December 2020 to shareholders on the register as at 8 December 2020, with an ex-dividend date of 7 December 2020. The election date for a scrip dividend will start on 9 December 2020 and end on 21 December 2020.
- A circular setting out further details on the election being offered to shareholders pursuant to the scrip dividend alternative, including the election instructions and information on the exchange ratio, will be posted to shareholders before the start of the election period, and will be available on the Company's website.

<sup>1</sup> As of 31 December 2019

<sup>2</sup> The €18 million will be accounted for over a c.3 year period representing the remaining term of the relevant leases

- **2021 dividend policy:** Atrium has increased its focus on strengthening its balance sheet and improving liquidity through the implementation of a cash conservation programme since the onset of the pandemic. Recent government trading restrictions and lockdowns have added further uncertainty to the near-term trading conditions. As a result, the Board has decided to delay a decision on the 2021 dividend policy to the 2020 results announcement in February 2021.

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

“Following the lifting of Covid-19 related health restrictions, which commenced in early May, we began to build positive momentum in footfall and retail sales thru the summer with the third quarter trending back towards 2019 historical levels. However, the recent rising number of Covid-19 cases has led to further government restrictions and we are beginning to see a slowdown of the Q3 momentum. While the future impacts of Covid-19 remain uncertain, I am encouraged by the Company’s strong performance and pace of recovery over the summer, as well as our high levels of rent collection. Furthermore, our solid financial and liquidity positions allow us to deal with the short-term headwinds that we may face.”

Further information can be found on the Company’s website [www.aere.com](http://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 808,100 sqm and with a total market value of approximately €2.5 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 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.*

*For details on the EMTN programme see: <https://aere.com/emtn.aspx>*

*For this press release see: [https://www.aere.com/Files/PressRelease/20201106\\_3Q20\\_trading\\_update\\_ENG.pdf](https://www.aere.com/Files/PressRelease/20201106_3Q20_trading_update_ENG.pdf)*

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