

FAQ

IN RELATION TO THE ACQUISITION OF ATRIUM BY GAZIT-GLOBE LTD



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Services Commission

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STATEMENT BY THE INDEPENDENT COMMITTEE OF THE BOARD OF DIRECTORS OF ATRIUM EUROPEAN REAL ESTATE LIMITED

The Independent Committee of the Board of Directors of Atrium is pleased with today's announcement and support the proposed acquisition by NB (2019) B.V. ("**Bidco**"), which is an indirect wholly-owned subsidiary of Gazit Global Ltd (Bidco and Gazit-Globe Ltd together: "**Gazit**"), of the 39.9% shares in Atrium which Gazit, or its affiliates, do not already own.

The Independent Committee of the Board of Directors have followed a careful process in relation to the transaction, in which UBS and Lazard acted as financial advisers, and Allen & Overy and Appleby as legal advisers of the Independent Committee of the Board of Directors.

In the negotiation, which has led to today's announcement, the Independent Committee of the Board of Directors of Atrium have been focused on conducting a process on an arm's length basis and ensuring that the terms of the acquisition safeguard the interests and the rights of the minority shareholders of Atrium. Therefore, the acquisition will be effected by way of a scheme of arrangement under Jersey law, in the context of which Atrium and Gazit have entered into an implementation agreement, which includes a number of protective covenants that aim to protect the minority shareholders of Atrium.

Firstly, the implementation agreement provides for a 7 week "Go-Shop" provision, which enables Atrium to solicit superior offers for the company. If such superior offer is received, the Independent Committee of the Board of Directors may in certain circumstances rescind its recommendation for the acquisition by Gazit and instead recommend the superior offer. If no such superior offer is received, we will proceed with recommending the Gazit acquisition as announced today.

Secondly, the Gazit proposal will be implemented via a court sanctioned scheme of arrangement in accordance with article 125 of the Companies (Jersey) Law 1991 (the "**Scheme**"). The sanctioning of the Scheme by the court ensures that the acquisition can only succeed if a majority of the minority (non-Gazit) shareholders who are present and vote at the court meeting, representing at least 75% of the minority shareholders vote in favour of the scheme,

Thirdly, the Independent Committee of the Board of Directors is free to change or withdraw their recommendation in good faith and in line with their fiduciary duties if a change of circumstances requires the Independent Committee of the Board of Directors to do so.

And fourthly, the Independent Committee of the Board of Directors has received a fairness opinion letter from UBS as to the financial terms of the offer, subject to the terms and conditions set out therein.

As such, the Independent Committee of the Board of Directors is confident that the process with Gazit has been run at an arm's length basis, and that we have secured the appropriate protections for our minority shareholders. We look forward to addressing any questions you may have in respect of today's announcement. To the extent they are not covered in the enclosed FAQ catalogue, we encourage you to submit your questions in writing to UBS (olrenoir-ubs@ubs.com) and we will respond to you at our earliest convenience.



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Transaction

1. What are the benefits for Atrium shareholders?

The proposed transaction represents the opportunity for Atrium's current shareholders to monetize their shares at an attractive premium to the current trading share price in a transaction structure that safeguards the interests and rights of minority shareholders and minimizes their exposure to transactional execution risks.

2. Could you provide some insights on valuation and the offered price?

The offer price of €3.75 reflects a premium of 18.3% over the last share price (as of 22 July 2019) on the Vienna Stock Exchange (**VSE**) and a premium of 15.3% over the volume weighted average share price VSE of Atrium for the three-month period ended on 22 July 2019.

Based on the offer price, the offer values Atrium's entire share capital at approximately €1,4b.

3. What is the strategic rationale for Gazit acquiring the remaining shares in Atrium and what are the expected synergies?

As this is a question for Gazit, we refer to Gazit for more information.

4. Is the premium attractive for Atrium shareholders?

Considering the current equity market developments, as well as having observed the premia in comparable transactions in the past, the premium of 18.3% over the last share price VSE and the premium of 15.3% over the volume weighted average share price VSE over the last three months of Atrium that the transaction represents, is fair from a financial point of view. Hence, the Independent Committee of the Board of Directors considers the offer as fair for Atrium shareholders.

5. Why is the Independent Committee of the Board of Directors recommending the transaction?

The Independent Committee of the Board of Directors has received an offer from Gazit to purchase the shares of Atrium it does not currently own. The offer is subject to a go-shop provision and will be conducted through a Scheme of Arrangement which requires, among other things, the approval of 75% of the minority shareholders of Atrium. The Independent Committee of the Board of Directors retained financial and legal advisors to evaluate the offer and negotiate the best possible terms and conditions for minority shareholders. In addition, the Independent Committee of the Board of Directors has received a fairness opinion letter from UBS as to the financial terms of the offer, subject to the terms and conditions set out therein. Therefore, the Independent Committee of the Board of Directors unanimously recommends Gazit's offer to shareholders for their consideration.



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6. Is the transaction subject to any conditions?

The transaction will be implemented as a scheme of arrangement and, as such, remains subject to shareholder approval (only the minority shareholders can vote – a 75% majority vote is required) and sanctioning of the scheme by the court.

The transaction is further subject to customary conditions, being:

- i. the recommendation of the transaction by the Independent Committee of the Board of Directors not having been withdrawn or changed;
- ii. all required resolutions are passed in the general meeting;
- iii. the transaction not having been prohibited by a competent government authority;
- iv. no breach of the agreement between Atrium and Gazit occurred; and
- v. a market based material adverse change clause.

The transaction is not subject to any financing conditions. Furthermore, the transaction will not trigger any change of control for the purpose of Atrium's bonds. The transaction is not conditional on anti-trust approval.

7. Please explain the special dividend component of Gazit offer; What is the exact timing and is it a risk factor for minority shareholders?

It is envisaged that Atrium will pay a special dividend of a maximum amount of € 0.60 in cash to its shareholders on or about the date that the consideration that is due under the scheme of arrangement will be paid. Atrium will pay the special dividend out of the cash that is available for dividend distributions. Should Atrium not have sufficient available cash to pay the entire special dividend amount, the remainder will be paid in cash by Gazit on 16 January 2020. This will not have effect on the minority shareholders.

8. Why have quarterly dividend payments been stopped by the Board?

The Independent Committee of the Board of Directors has agreed to stop dividend payments as Gazit's offer assumes that no further dividends will be paid until the completion of the transaction which is scheduled for 02 January 2020. Atrium shareholders are compensated for this through the offer price.



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9. Why a scheme not a takeover?

As a Jersey incorporated entity both a scheme of arrangement and a contractual takeover offer could be used to structure the transaction. Important factor for the Independent Committee of the Board of Directors in supporting a transaction based on a scheme are the build-in protections for the minority shareholders of the Company. Examples thereof are that it is a court supervised process and that in voting on the scheme, only the minority shareholders are allowed to vote. For more information on the (next) steps of the scheme, please see Q&A 18 on the Company's website.

Process

10. Did Gazit approach Atrium or vice versa?

Gazit approached Atrium.

11. Has Gazit performed a due diligence on Atrium?

Yes, as this is customary in a transaction of this nature.

12. When has due diligence started?

Due diligence has started end of last year. The Independent Committee of the Board of Directors supported the fact that Gazit was granted the ability to do due diligence because Gazit's offer was bona fide and the transaction features, including the scheme of arrangement and the "Go-shop" provision (see Q. 39), were considered appealing from a minority shareholder point of view.

13. Will a bona fide third party bidder under the Go-Shop arrangement be granted the possibility to conduct a due diligence?

Yes, a bona fide bidder under the "Go-shop" arrangement will be given the opportunity to conduct due diligence.

14. Is there a break fee?

Atrium and Gazit have agreed on a break fee, which amounts to € 10m to compensate Gazit for any loss suffered in connection with the preparation of the transaction. The break fee shall only be payable if the Independent Committee of the Board of Directors withdraws, modifies or changes its recommendation before the court meeting or take any action that is contrary to their recommendations. However, Atrium shall not be obliged to pay the break fee if the Independent Committee of the Board of Directors recommends a superior offer, which does not complete as a result of Gazit (or its affiliates) failing to vote for or tender into such superiors offer or in case Gazit does not complete the transaction as a result of a material adverse change occurring.



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Further information on the break fee can be found in the announcement that is published on Atrium's website today.

Atrium is entitled to a break fee of €10m from Gazit for any loss suffered in connection with the preparation and implementation of the corporate reorganization in case Gazit does not complete the transaction as a result of a material adverse change occurring.

15. Why haven't you invited other parties to perform due diligence simultaneously?

The Independent Committee of the Board of Directors has followed a due process and agreed on a transaction with Gazit that includes a market test by the minority shareholders, as well as a fiduciary out for the Board and the "Go-Shop" provision that allows Atrium to actively reach out to third parties.

16. Is Gazit bidding acting alone or with a consortium?

Gazit will not be acting alone. An agreement with Menora Mivtachim Pension and Gemel Ltd, an Israel based insurance company, has been signed and Menora will join Gazit in funding up to €150m of the total equity value, which was not already owned by Gazit or its affiliates.

17. Are there any differences for Atrium shareholders caused by a joint offer from a consortium?

There are no differences for Atrium's minority shareholders.

18. Can you briefly outline the upcoming process and next steps?

It is intended that the acquisitions will be implemented by way of a court-sanctioned scheme of arrangement in accordance with article 125 of the Jersey Companies Law (the "Scheme"), which is a tried and tested method for effecting this type of transaction in Jersey. Under the Scheme, the acquisition will be achieved by the transfer of the shares of the minority shareholders to Gazit in consideration for which the minority shareholders will receive € 3.75 per share.

The Scheme requires the approval of at least a 75% of the minority shareholders. The court meeting is scheduled to be held on 25 October 2019.

The Scheme will only become effective if Atrium's shareholders pass the resolutions necessary to implement the Scheme in the extraordinary meeting of shareholders which will be held on 25 October 2019.

After the court meeting and the extraordinary meeting of shareholders, and the Scheme is sanctioned by the court. The court sanction meeting is scheduled to be held on 5 November 2019. It is expected that the Scheme will be completed and Gazit will acquire the shares from the minority shareholders on 2 January 2020.



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After completion of the Scheme, Atrium will be delisted from the Amsterdam and Vienna stock exchanges.

19. Does Gazit have the right to improve its offer in case there is a superior offer from a third party and the Independent Committee of the Board of Directors changes its recommendation?

Gazit is free to revise its proposal following a potential superior offer and the Independent Committee of the Board of Directors has agreed that any revised proposal will be considered in good faith in order to determine whether a revised proposal or the superior offer should be recommended.

20. When do you expect the closing of the transaction to take place?

The closing is expected to take place in January 2020.

21. Why is the transaction expected to complete in January 2020?

This timing has been agreed with Gazit as part of the overall negotiations, and is based on a corporate reorganization to be effected in connection with the transaction. It is to be noted that the transaction for all intents and purposes becomes effective on 5 November 2019 and that there are no remaining conditions that prevent a closing of the transaction and payment of the consideration.

22. Are there any risks between 5 November 2019 and closing in January 2020 which will be borne by the minority shareholders?

After the scheme court sanctions hearing on 5 November 2019, there will be no remaining conditions that prevent the scheme to become effective and payment of the consideration.

23. Is there any material adverse change clause agreed on between Atrium and Gazit?

Yes, which can be invoked by Gazit until the sanctioning of the Scheme by the court on 5 November 2019.

24. What is the date of the extraordinary shareholder meeting?

The extraordinary shareholder meeting will immediately follow the meeting convened by the court (as discussed in Q. 18 above), which we anticipate will be scheduled for 25 October 2019.

25. Is it possible that the offer price could be raised?

Under the agreed "Go-Shop" provision, any third party could submit a potential superior offer with a higher all cash-consideration than Gazit's proposal.



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26. Do you anticipate any antitrust issues, and if, yes, where?

The transaction is not conditional on any anti-trust approval.

27. What will happen if shareholders will not approve the announced transaction?

The transaction will not proceed, and none of its benefit for Atrium and its minority shareholders will materialize.

28. What can Gazit do in case of insufficient shareholders vote in favour of the transaction?

Gazit agreed on a standstill period of six months following a lapse of the transaction, which prevents Gazit and parties acting in concert with Gazit from making an offer for shares of Atrium within this period, except in case an independent third party announces its intention to make an offer for Atrium.

29. Will Gazit delist Atrium following a completed transaction?

Yes, Gazit intends to delist Atrium from the Amsterdam and Vienna stock exchanges following a successful completion of the transaction.

30. Does the UK takeover code apply?

The UK takeover code does not apply. The acquisition and the scheme will be governed by Jersey law.

Independent Committee of the Board of Directors

31. Will Atrium management or Independent Committee of the Board of Directors receive special payments in relation to the transaction?

Atrium management nor the Independent Committee of the Board of Directors will receive any special payments in relation to the transaction from Gazit. Any shares held by Atrium management or members of the Independent Committee of the Board of Directors will be treated similar to other shares under the Scheme. Within the existing remuneration framework the members of the Independent Committee of the Board of Directors will be compensated for the extra time worked.

32. Have Gazit representatives on the Board participated in the decision making process?

No. The Independent Committee of the Board of Directors followed a due process. The Gazit representatives on the Board have not participated in the discussions and decision making on the approval of the transaction by the Board.



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33. Has Gazit been in direct contact with the management during the due diligence?

Gazit has been granted access to the management by means of a customary management presentation and due diligence in connection with the transaction.

Besides this interaction, the proposed transaction was not discussed between management and Gazit representatives on the Board.

34. How has the Independent Committee of the Board of Directors ensured the fulfilment of its fiduciary duties vis-à-vis minority shareholders?

Two investment banks and one legal advisor have advised the Independent Committee of the Board of Directors and Atrium in the course of the transaction, including in relation to the fiduciary duties vis-à-vis minority shareholders. In order to fulfil their fiduciary duty vis-à-vis the minority shareholders, the Independent Committee of the Board of Directors has negotiated a “Go-shop” provision, which allows the Independent Committee of the Board of Directors together with its advisors to actively reach out to third parties, looking for a potential superior offer.

In addition, the Independent Committee of the Board of Directors has received a fairness opinion letter from UBS as to the financial terms of the offer, subject to the terms and conditions set out therein.

Alternative offers

35. Did Atrium actively or seriously consider other opportunities?

The Independent Committee of the Board of Directors of Atrium has carefully considered any alternatives to the proposed transaction. Hence, the “Go-Shop” provision has been agreed on with Gazit, in order to fulfil the Independent Committee of the Board of Directors’ fiduciary duties towards minority shareholders.

36. Have any other parties actively approached Atrium prior to announcement?

Since the received indicative proposal of Gazit, no third party has directly or via an agent approached Atrium’s Independent Committee of the Board of Directors.

37. How will the process under the “Go-Shop” provision work?

In order to fulfil their fiduciary duty against the minority shareholders, the Independent Committee of the Board of Directors has negotiated a “Go-shop” provision, which allows the Independent Committee of the Board of Directors together with its advisors to actively reach out to third parties for seven weeks following this announcement. If the Independent Committee of the Board of Directors receives an indication of interest from a third party, it could grant access for due diligence to the third party, in order to confirm the third party offer. In case a third party binding offer is received that is superior to Gazit’s offer, the Independent Committee of the Board of Directors is allowed to change its recommendation.



Gazit has agreed that it will consider in good faith any superior proposal. Gazit is however free to decide whether it will sell its shares under a superior offer.

38. Will Atrium together with its advisors reach out to third parties under the “Go-shop”?

Yes, Atrium’s financial advisor UBS will approach third parties in the “Go-Shop” period.

39. Which offers will be reviewed by the Independent Committee of the Board of Directors?

The Independent Committee of the Board of Directors will consider and in an unbiased manner review any offer from a third party in order to evaluate if the offer might be superior to Gazit’s offer.

Financing

40. Do you expect an impact (short or long term) on rating caused by the transaction?

We would refer you to Gazit, for any further queries relating specifically to the proposal or strategy going forward post completion.”

41. Are there any change-of-control clauses for the outstanding bonds that are triggered in case another investor other than Gazit under the Go-Shop arrangement wants to acquire Atrium?

At the moment the only transaction on the table is the recommended transaction with Gazit and in the Gazit transaction, the change-of-controls under the bonds and the Revolving Credit Facility are not triggered. Whether the change-of-control clauses will be triggered if another investor than Gazit wants to acquire Atrium will need to be assessed at that moment.

Impact on Atrium organisation

42. What is the anticipated impact on Atrium management and employees?

Gazit greatly values the skills, knowledge and expertise of Atrium’s existing management and employees and therefore Gazit is looking forward to working with the Atrium team to contribute to the success of Atrium following completion of the transaction.

Gazit confirms that, following the scheme becoming effective, the existing contractual and statutory employment rights of all the employees of Atrium Group will continue to be safeguarded.

43. Will Atrium remain headquartered in Jersey following a successful transaction?

It is up to Gazit to determine this after completion of the transaction.



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44. Is there an impact on tenants? Will Atrium's regional teams remain the first point of contact for tenants?

There will be no changes for tenants of Atrium's real estate. The persons responsible will remain the tenant's main point of contact for any inquiries.

45. What is the impact on current development projects of Atrium?

There is no impact – the development is to be continued as planned

46. What is the impact on current contracts?

The proposed transaction will not have any impact on current contracts and ongoing relationships between Atrium, its tenants, suppliers or any party Atrium has contractual relationships with.



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