



First quarter 2020 trading update

Jersey, 6 May 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 trading for the three months ended 31 March 2020 and an update on trading in light of the Covid-19 pandemic.

Highlights year to date

- The Company performed well up to the outbreak of Covid-19 and the implementation from mid-March of various governmental restrictions to trading in our centres, which adversely impacted the strong Q1 2020 momentum
- A progressive reopening has been launched from 4 May in Poland and is planned from 11 May in the Czech Republic and 3 June Slovakia, although it is too early to say when the Company’s assets will return to full operation
- Strong liquidity and financial flexibility with €330m cash as of today and low leverage of 34.5%

Key financial figures for the period

In €m	3M 2020	3M 2019	CHANGE %/ppt
Net rental income (“NRI”)	36.3	46.2	(21.4)
NRI excl. impact of Covid-19 and phasing of asset rotation	46.4	46.2	0.4
EPRA Like-for-Like NRI excl. impact of Covid-19	31.1	30.5	1.9
EBITDA	30.8	40.9	(24.7)
EBITDA excl. impact of Covid-19 and phasing of asset rotation	40.9	40.9	-
Company adjusted EPRA earnings per share (€Cents)	4.8	7.8	(38.5)
Occupancy rate (in %)	96.4%	95.0%	1.4
Operating margin (in%)	91.0%	95.5%	(4.5)
Net LTV (in %) ¹	34.5%	37.6%	

- Overall NRI decreased by €9.9m. However, excluding the €5.3m impact of Covid-19, which relates mainly to the rent and service charge relief imposed by the government in Poland for the lock down period and the €4.8m impact of portfolio rotation, NRI remained stable +0.4%
- Group like-for-like NRI excluding the impact of Covid-19 increased by 1.9%, with growth of 3.1% in Poland and 2.7% in the Czech Republic, reflecting the improvement of the portfolio quality. Excluding assets held for sale, like-for-like Group NRI increased by 2.1%

- EBITDA and Company adjusted EPRA earnings per share decreased 25% and 39% respectively due to the impact of Covid-19 and the phasing of asset rotation. Underlying EBITDA and Company adjusted EPRA earnings per share were stable at €41m and 7.5 €cents
- Strong occupancy rate of 96.4% at the quarter end
- Operating margin decreased by 4.5ppt to 91.0%, of which 3.1ppt relates to the impact of Covid-19 due to regulations implemented by the Polish government and 1.4ppt mainly from the temporary impact of the redevelopment of Arkady Pankrac
- €133m bonds matured and were settled by April 2020, the next bond repayment is not due until October 2022

¹ Based on portfolio fair value of 31 December 2019

Update on trading since Covid-19

Since mid-March and the end of March for Russia, government-imposed trading restrictions in our areas of operations were introduced at all shopping centres with only grocery stores/supermarkets, pharmacies/drugstores and other necessity services allowed to operate. These exempt stores comprise 21% of GLA and 16% of base rental income

Poland

- The Government imposed rental and service charge relief as an option for tenants during the period of closure, subject to a mandatory lease extension of six months plus the length of time the unit was under enforced closure
- On 4 May, restrictions were eased and all shopping malls were able to reopen
- The restrictions have been lifted on the majority of the tenants although a number of services such as cinemas, gyms, entertainment and F&B are still restricted. These restrictions are expected to be eased further in late May
- 75% of GLA is open in Poland and this is expected to grow as tenants ramp-up operations

The Czech Republic and Slovakia

- Rents for the closed period can be deferred until the end of 2020
- Shopping centres are expected to open in the Czech Republic on 11 May and in Slovakia on 3 June

Russia

- Rents for the closed period and 50% of the rent until October 2020 can be deferred to 2021-2023
- The opening date of shopping centres has yet to be announced

Atrium's action plan

Cost reduction and cash preservation

- **Operations:** significant reduction in non-essential capital expenditure of approx. €15m to €11m for 2020 and a €3m reduction in operational costs
- **Redevelopment pipeline:** €50m of planned investment in redevelopments for 2020 postponed to 2022/2023
- €2m reduction in 2020 of administrative costs

Focus on tenant relationships

- We value the long-term relationships we have with our tenants and are in a continuous dialogue with them on a joint approach to address the challenges that Covid-19 presents. The Company is committed to support its tenants on a case-by-case basis with an emphasis on its' smaller tenants

Preparation for reopening

- The health and safety of our clients and other stakeholders is our main priority in these unique times
- During the last few weeks Atrium has been preparing for the reopening of its shopping centres to ensure compliance with governmental health and safety measures and standards
- The governmental standards include strict social distancing, limiting visitor numbers and regulating waiting lines and frequent in-depth cleaning, amongst others
- Certain types of activities such as gyms, kids play and F&B have been restricted and are expected to resume activity at a later point in time, subject to government decisions

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

“At the start of the year and pre Covid-19 the Company continued to perform well, with strong like-for-like net rental income growth in Poland and Czech Republic, where Atrium's portfolio is now focused. This gives us further confidence in both our strategy and the ability of our portfolio to generate income growth over the longer term, particularly as we begin to diversify our asset base into residential for rent properties, as previously announced.

“Covid-19 has changed the global economic outlook for at least this year and this will inevitably impact our business. There is no doubt that the short-term implications of these restrictions will bring commercial and financial challenges which we will need to navigate over the remainder of the year.

“However, whilst it is encouraging that governments have begun to ease restrictions, the full extent of the impact is today impossible to predict. Nevertheless, I am confident in the Company's ability to weather the current situation as a result of its strong financial position and liquidity together with the quality of its portfolio and the dedication of its' employees.”

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.