



Atrium European Real Estate GREEN FINANCING FRAMEWORK

25 February 2020

1. Introduction

Atrium Group is a leading owner, operator and redeveloper of shopping centres and retail estate in Central Europe. Atrium specializes in locally dominant food, fashion and entertainment shopping centres in the best urban locations. Atrium Group owns a €2.6 billion portfolio of 26 retail properties which produced €133M million of rental income by end September 2019. These properties are located predominantly in Poland and the Czech Republic, and, as of today, except for one, are all managed by Atrium’s internal team of retail real estate professionals.

Atrium is committed to sustainable growth, reflecting our long-term approach to investment and operations and our continued efforts to lead in terms of corporate citizenship in the regions we operate in. We strive for economic efficiency, social fairness and environmental sustainability in all our endeavors.

Accordingly, Atrium has always employed sustainable principles and procedures as an underlying foundation of its daily activities standing at the core of its strategy. In 2014, management embarked on a mission to formalize these practices with a view to enhance the transparency of its sustainability strategy. To this aim, Atrium undertook a complex assessment of its current sustainable practices in order to identify its material impact areas and value drivers. This enables Atrium to manage its key risks better, to meet investor and tenant demands and, ultimately, to enhance long term asset and business value.

To that end, Atrium has worked closely with the JLL Upstream Sustainability team, one of the world’s leading experts on real estate sustainability. With their help, Atrium has conducted extensive reviews of its baseline, including an evaluation of its current approach and practices including feedback from internal stakeholders, investors, tenants and incorporating relevant legislation and practices from industry peers. This systematic methodology has resulted in a comprehensive materiality review identifying the most important material issues for Atrium, which can be grouped into three focus areas - our customers, our assets and our employees.




Through active management and investments, data collection and sharing of best practices, Atrium aims to control and minimize the environmental impact of its operations. At the same time, Atrium strives to further improve its relationships with all stakeholders.

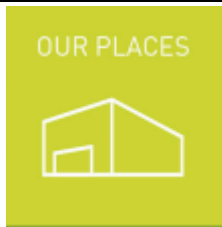
At a corporate level Atrium’s Sustainability Committee is responsible for defining the Company’s sustainability strategy, setting long-term targets and monitoring its company-wide environmental and social performance. Atrium’s Group Executive Management and various departments are represented in this Committee which meets on a quarterly basis. Atrium’s Board of Directors reviews and endorses the Company’s sustainability strategy, reporting and the planned initiatives on an annual basis

Atrium has rolled out a sustainability program across all its operations and offices with actions that are aligned with business strategy and long-term value creation. The Company has taken considerable steps in the last years to further improve its sustainability performance. Many of its commitments lead to more efficient operations, improved customer journey, increased employee awareness and a stronger organization that is prepared to manage the portfolio in a sustainable way for the future.

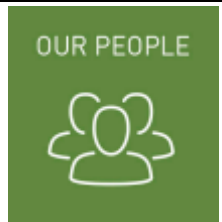
Atrium’s sustainability commitments are built around the three focus areas:

	<p><i>What our customers want and need drives our business and shapes our strategic decisions. Understanding and engaging with our customers is crucial to our business</i></p>
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Long-term commitments	Actions and achievements
<p>Grow partnerships with retailers</p> <p>Optimise customer experience and satisfaction</p> <p>Connect, inform and delight customers and tenants with our communication and social media</p> <p>Engage pro-actively with the local communities</p>	<p>Improving customer experience by undertaking regular customer satisfaction surveys for at least 80% of our portfolio on an annual basis</p> <p>Launching a shopping centre app to connect Atrium’s customers with retailers</p> <p>Offering free space in our shopping centres for community purposes</p> <p>Organizing community events within our shopping centres</p>

 <p>OUR PLACES</p>	<p><i>Atrium provides safe, resilient shopping centre spaces for retailers to sell their goods and services. We endeavor to run our properties efficiently through innovation, knowledge sharing and the employment of sustainable design criteria.</i></p>
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Long-term commitments	Actions and achievements
<p>Actively monitor and reduce energy and water consumption and waste</p> <p>50% of our existing portfolio and every major new development and extension has BREEAM¹ very good or higher certification</p> <p>Provide safe and healthy spaces for customers and tenants</p> <p>Reduce environmental footprint</p>	<p>Reduced water consumption, energy consumption and carbon intensity by 10% from 2016, with further targets being set in 2020</p> <p>30% of our total portfolio value (currently €2.6 B) is targeted to be BREEAM very good or higher certified within 18 months</p> <p>Organising 'night walks' twice a year in all our shopping centres, started in March 2019</p>

 <p>OUR PEOPLE</p>	<p><i>We develop and engage employees who are proud to work for us and embrace the Atrium values. It is our people who give us the competitive advantage. At the end of the day, the best results come from those colleagues who are talented and engaged. Atrium provides a safe, fair, respectful and fun working environment.</i></p>
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Long-term commitments	Actions and achievements
<p>Provide rewarding professional opportunities for our employees</p> <p>Create a strong corporate culture, based on our core values Embed sound governance and high professional standards</p> <p>Enhance internal communication</p>	<p>Implementing an online learning platform to ensure training on relevant topics (e.g. compliance, social media and IT security)</p> <p>Strengthening corporate values: Accountability, Trust, Respect, Innovation, Unity and Motivation</p> <p>Offering volunteering programs for employees</p> <p>Improving the employee performance evaluation process</p> <p>Implementing a Succession Planning and Talent identification process to retain and attract talented employees.</p>

1 Building Research Establishment Environmental Assessment Method

Sustainability awards

Since 2016 Atrium has been recognized by the industry for its sustainability efforts. In 2019 Atrium received a gold award in the financial reporting Best Practices Recommendations (BPR) series by the European Public Real Estate Association (EPRA). Atrium has been participating in the Global Real Estate Sustainability Benchmark (GRESB). This global benchmark assesses the Environmental, Social and Governance (ESG) performance of real estate companies. In 2019 Atrium received two green stars.



2. Green Financing Framework

The objective of issuing Green Financing Instruments is to assist in financing Atrium's initiatives to lower our carbon footprint and further integrate sustainability in our corporate strategy. The issuance of these Green Financing Instruments will also enable Atrium to engage those investors who are committed to allocating capital in support of this effort.

Alignment with the Green Bond Principles¹ and Green Loan Principles

This Framework is designed to ensure any Green Financing Instruments issued by Atrium are aligned with the provisions of the Green Bond Principles, as updated from time to time, and includes the following sections:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The framework also describes the approach to External Review, as recommended by the Green Bond Principles. The Framework will apply to any Green Financing Instruments issued by Atrium and will be applied at least as long as any such instrument is outstanding.

Green Financing instruments include Green bonds, Green loans, Green hybrids, Green private placements, Green project finance and any other financial instrument where the proceeds can be exclusively allocated to finance or re-finance in part or in full new and / or existing Eligible Green Projects and / or Assets as defined in

¹ Green Bond Principles 2018 (International Capital Market Association acting as secretariat to the Principles). <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>




this framework. In the case of Green loans Atrium will ensure alignment with the recommendations of the Green Loan Principles².

This Framework may be updated from time to time to ensure continued alignment with voluntary best market practices, emerging standards and classification systems.³ Any updated version of this framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding External Review.

2.1 Use of Proceeds






An amount equivalent to the net proceeds from Atrium’s Green Financing Instruments will be used to finance or re-finance, in part or in full, new and/or existing Eligible Green Projects and/or Assets (as defined below) providing distinct environmental benefits in accordance with the below defined Eligibility Criteria.

a) Eligibility Criteria

Eligible Green Projects and/or Asset Category	Eligibility Criteria	Mapping with United Nations SDG’s
Green Buildings	<ul style="list-style-type: none"> Acquisition, construction or refurbishment of buildings and associated infrastructure such as extensions which meet recognised standards, such as BREEAM (Very good and above) Renovations or refurbishment of existing buildings, delivering a minimum 20% reduction in carbon emissions intensity or two letter grade improvements according to local Energy Performance Certificate 	 
Energy Efficiency	<ul style="list-style-type: none"> Improvements conducted for existing buildings resulting in an energy consumption per gross area that is reducing the energy consumption by at least 20% compared to the current level such as but not limited to: installing LED lighting in our centres, replacing and/or upgrading building management systems and installing smart meters. 	

² LMA Green Loan Principles December 2018 - https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf

³ Note: The proposal for an EU Green Bond Standard has been released by the European Commission’s Technical Expert Group (TEG) on Sustainable Finance, and an EU Green Bond Standard may enter into force in future [link](#)

	<ul style="list-style-type: none"> • Installation of co/tri-generation plants that generate electricity in addition to providing heating/cooling 	
Renewable energy	<ul style="list-style-type: none"> • Primarily solar energy: <ul style="list-style-type: none"> - installation of photovoltaic solar panels - dedicated support infrastructure for photovoltaic solar energy across building management systems 	
Waste management	<ul style="list-style-type: none"> • Improved waste management by offering multiple possibilities to recycle and dispose of waste 	
Sustainable water management	<ul style="list-style-type: none"> • Installation of efficient water use equipment, such as automatic tap water sensors, to reduce the use of water • Installation of water recycling equipment, such as grey water tanks 	
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> • Installation of green roof gardens • Facility and infrastructure new build or upgrades that contribute to the protection of living natural resources including for instance beehive rooftop installations and artificial nesting sites for birds 	
Clean transportation	<ul style="list-style-type: none"> • Electric vehicle charging infrastructure • Encouraging cycling by our tenants, employees and customers by providing bicycle parking, showers, lockers and restrooms 	

In the case of refinancing existing Eligible Green Projects, investments and expenditures which have been made within the 36-month period preceding the date of issuance of a Green Financing Instrument shall be considered for inclusion as Eligible Green Projects.

b) Exclusions

Proceeds from Atrium's Green Financing Instruments issuances will not be allocated to finance assets that directly use fossil fuels as a source of energy, neither will they be used to finance nuclear or fossil fuel energy generation, weapons or tobacco.

2.2 Project Evaluation and Selection Process

Eligible Green Projects and/or Assets to be financed with proceeds from Atrium's Green Financing Instruments will be evaluated and selected as follows:

- Atrium's Sustainability Committee, consisting of members of its Group Executive Management Team and senior managers responsible for Asset Management, HR and Operational Centre Management, will screen and assess potential Eligible Green Projects and/or Assets against the eligibility and exclusion criteria laid out in section 2.1 of this Green Financing Framework. The Sustainability Committee will annually recommend screened projects to the Group Executive Management Team, which will then be included in the normal internal budgeting process, including Atrium's Board of Directors review and approval.
- Once the Group Executive management Team approves the Eligible Green Projects and/or Assets, Atrium's Group Finance Department will track actual spend on the Eligible Green Projects and/or Assets using a Green Financing Instruments Register, which will be reported to Atrium's Board of Directors on a semi-annual basis.
- The Sustainability Committee will annually review the list of approved Eligible Green Projects and/or Assets against the eligibility and exclusionary criteria. If a project no longer meets the eligibility criteria set forth in this framework the Sustainability Committee will recommend to the Group Executive Management Team to remove the project of the Eligible Green Financing Instruments Register to be replaced as soon as an alternative project has been identified.

2.3 Management of Proceeds

Atrium will establish a Green Financing Instruments Register for the purpose of monitoring the Eligible Green Projects and/or Assets and the allocation of an amount equivalent to the net proceeds from Green Financing Instruments to Eligible Green Projects and/or Assets.

The Company is responsible for ensuring that an amount equivalent to the net proceeds are financing Eligible Green Projects and/or Assets in accordance with this Framework. All Green Financing Instruments issued by Atrium will be managed on a portfolio level. This means that a Green Financing Instrument will not be linked directly to one (or more) pre-determined Eligible Green Projects and/or Assets.

Atrium will keep track and ensure there are sufficient Eligible Green Projects and/or Assets in the Register, i.e. the amount of Eligible Green Projects and/or Assets will exceed the amount of outstanding Green Financing Instruments.

Green Projects and/or Assets can, whenever needed, be removed or added to/from the Eligible Green Financing Instruments Register. There may be periods when a sufficient aggregate amount of Eligible Green Projects and/or Assets has not yet been allocated to the Green Financing Instruments Register to fully cover the proceeds of each Green Financing Instrument, either as the result of changes in the composition of Eligible Green Projects and/or Assets or the issue of additional Green Financing Instruments.

Any portion of the net proceeds of Green Financing Instruments that have not been allocated to Eligible Green Projects and/or Assets in the Green Financing Instruments Register will be held in accordance with Atrium's normal liquidity management policy, however so that they are not invested in items excluded in 2.1b.

The Green Financing Instruments Register will form the basis for the impact reporting as described in 2.4. Complete allocation of the proceeds from a Green Financing Instrument issuance is expected within 36 months from the date of issuance of the Instrument.

2.4 Reporting

To be fully transparent towards our investors and other stakeholders, Atrium commits to regular reporting as long as it has Green Financial Instruments outstanding. For each Green Financing Instrument, Atrium will publish an allocation and impact report, as part of the sustainability chapter of the Company's annual financial report on our website, which will include:

Allocation Reporting

- Total amount of outstanding Green Financing Instruments
- Total amount of projects in the Eligible Green Financing Instruments Register
- A list of eligible Green Projects and/or Assets identified (if not of a sensitive nature) divided into categories
- The share of BREEAM certified assets as a % of the total portfolio value
- Share of proceeds used for financing and re-financing

Impact Reporting

Atrium will provide impact reporting at the level of each eligibility category and which may include the following estimated Impact Reporting Metrics:

- Type of certification and degree of certification for buildings and projects
- Energy performance for buildings (kWh/m²)
- Greenhouse gas emissions for buildings (tCO₂e)
- Renewable energy capacity added/rehabilitated (MWh p/a)
- Amount of water recycled and/or reduced (liters)

2.5 External Reviews

To confirm the transparency and robustness of Atrium's Green Financing Framework, it is verified and approved by an external second opinion provider, Sustainalytics. The second opinion by Sustainalytics is available on Atrium's website. An annual verification report provided by an external party will be published on the company's website.

Disclaimer

The information and opinions contained in this Atrium Green Financing Framework (the Framework) are provided as at the date of this Framework and are subject to change without notice. None of Atrium European Real Estate Limited or any of its affiliates (jointly referred to as Atrium) assumes any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Atrium policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations.

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No representation is made as to the suitability of any green financing instruments to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of green financing instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant green financing instruments documentation for such green financing instruments regarding the use of proceeds and its purchase of green financing instruments should be based upon such investigation as it deems necessary. Atrium has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the Atrium green financing instruments. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such green financing instruments if Atrium fails to adhere to this Framework, whether by failing to fund or complete Eligible Green Projects and/or Assets or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Eligible Green Projects and/or Assets as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Green Projects and/or Assets being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Green Projects and/or Assets. Each environmentally focused potential investor should be aware that Eligible Assets may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts.

This Framework does not constitute a recommendation regarding any securities of Atrium. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by Atrium. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase or otherwise to invest in any green financing instruments should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such green financing instruments. Prospective investors are required to make their own independent investment decisions.