



Atrium's merger with Gazit

December 2021

Attractive opportunity for Atrium's minority shareholders

Price

- Shareholders receive **€3.63 cash per share** ("Transaction Price"), plus dividends of adjusted funds from operations¹ ("AFFO") (collectively the "Total Consideration")
- Significant premia of:
 - **23.9%** to Atrium's unaffected share price of €2.93 as of 30 July 2021
 - **22.3%** to Atrium's 30-day VWAP to 30 July 2021
 - **23.9%** to Atrium's 90-day VWAP to 30 July 2021
- **Premium very attractive** relative to **precedent all-cash European real estate transactions**, whether or not a controlling-shareholder was the purchaser
 - Gazit's open-market purchases since the last proposal have supported Atrium stock prices, implying the "real" market premium may be higher
- While Atrium has never traded at EPRA NTA nor NDV, the offer significantly closes the gap
 - In-line with 1H21 NDV, and includes additional AFFO dividends²
 - Closer to NTA than company has ever traded in the open market
- Independent Committee received a **fairness opinion** from UBS, that designated the transaction as fair from a financial perspective

Process

- Safeguarded minority interests by forming committee of independent directors to review and negotiate the offer
- Conducted significant shareholder outreach immediately following Gazit's initial offer, and ensured shareholder feedback was reflected in negotiations
- Rigorous two-month negotiation process resulted in **three offer price increases (total increase of 8.4%)** and **additional AFFO¹ dividends** vs. initial Gazit offer
- Negotiated additional majority of minority (i.e., excluding Gazit and its affiliates) voting threshold to protect minority shareholder interests
- Negotiated commitment by Gazit to constructively consider third party offers. However:
 - A go-shop conducted in the previous transaction in 2019 did not result in a higher offer price from an additional bidder
 - The initial approach was publicly announced and no expressions of interest in making a higher offer were received by the Independent Committee, suggesting there may not be a higher bidder available
 - To date, no third-party offers have been received

Timing

- Transaction represents a compelling cash exit for minority shareholders at an attractive valuation when compared to both current valuation benchmarks and the 2019 offer:
 - **Increasing e-commerce penetration** will continue to **challenge retail sector**
 - **Residential pivot strategy poses execution risk**
- The increased Gazit stake vs. 2019 offer results in **lower stock liquidity**

Notes:

1. Merger agreement reflects generally accepted definition of AFFO which is estimated to approximate Adjusted EPRA earnings less recurring capex (i.e. maintenance), in line with commonly used real estate market practice
2. Calculated using H1'21 EPRA metrics. Transaction Price implies a 0.8% discount to Q3'21 NDV

Transaction is compelling on all key metrics

	Benchmark	Transaction implied	Key takeaways	
1	Premium to unaffected price ⁴	15.4% median ¹	23.9%	<ul style="list-style-type: none"> Transaction Price⁷ premium highly attractive compared to precedent European all-cash real estate transactions
2	EPRA NDV	Average peer discount to EPRA NDV of (31.0)%	Equivalent to 1H21 EPRA NDV (0.8% discount to 3Q'21 NDV); additional AFFO ⁵ dividends will be included	<ul style="list-style-type: none"> Transaction Price⁷ reflects full EPRA NDV plus AFFO⁵ dividends
3	Performance compared to July 22, 2019 (2019 offer's unaffected date)	(24.7)% ⁴	+14.5% versus Atrium's 2019 unaffected price +24.7% peers' underperformance = 39.2 ppt net difference	<ul style="list-style-type: none"> Transaction Price⁶ is 14.5% greater than Atrium's unaffected 2019 share price of €3.17 Compared to Atrium peers'⁵ indexed share price performance of (24.7)% during the same period, Transaction Price⁷ represents a net premium of 39.2%
4	FFO yield	8.8% ³	6.4% ²	<ul style="list-style-type: none"> Transaction Price⁷ reflects 2.4% tighter yields than Atrium 5Y historical average⁸ Peers⁶ trading at 1.9% wider yields to their respective 5Y historical average
5	Median unaffected ⁴ brokers target price	€2.77	31.0% premium	<ul style="list-style-type: none"> Transaction Price⁷ significantly exceeds brokers target price

Sources: Company reports and press releases, broker reports, FactSet, Dealogic and Bloomberg as of 5 November 2021

Notes:

- Median of European Real Estate deals in the last 10 years; +€200m deal value; cash-only. Excluding anomalies in the form of portfolio
- NTM yield based on broker forecasts
- Atrium historical 5-year average FFO yield (2016-2021)
- Unaffected date: 30-Jul-2021
- Merger agreement reflects generally accepted definition of AFFO which is estimated to approximate Adjusted EPRA earnings less recurring capex (i.e., maintenance), in line with commonly used real estate market practice
- Peer performance from 22 July 2019 through 18 October 2021. Peer group consists of the following companies: Klepierre, Mercurys, Unibail-Rodamco Westfield, Eurocommercial, Wereldhave, Citycon, Deutsche Euroshop, EPP NV and NEPI Rockcastle
- Based on Transaction Price of €3.63 per share, equal to Atrium full H1'21 EPRA NDV of €3.63. Transaction Price does not factor in additional AFFO dividends from the last dividend payment date to closing
- Based on NTM FFO as of 5-Nov-2021

Premium exceeds nearly all precedent cash real estate transactions in Europe

Transaction Price¹ is highly attractive compared to precedent transactions, both relative to unaffected share prices and EPRA NTA

Premium / (discount) to unaffected share price (%)

Atrium vs. precedent transactions

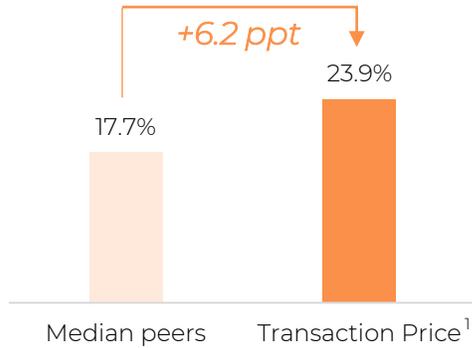
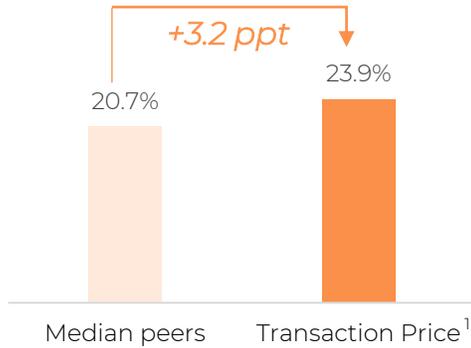
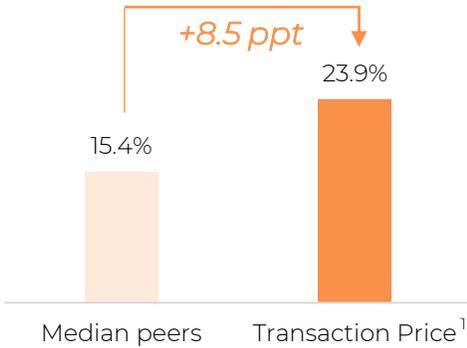
Atrium vs. retail precedent transactions

Atrium vs. retail precedent transactions with <50% acquired stake

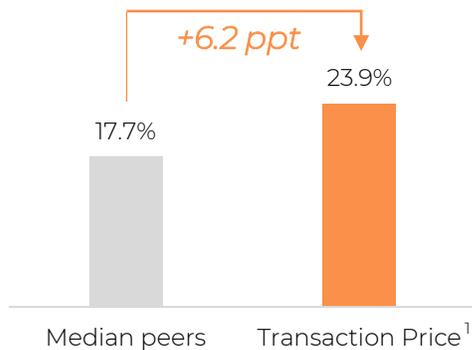
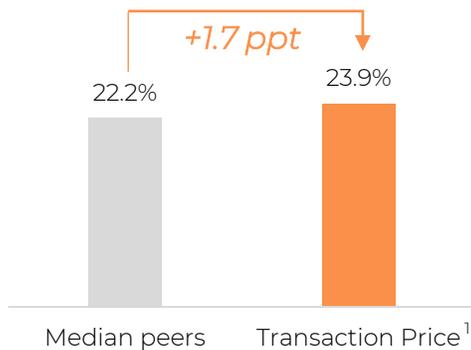
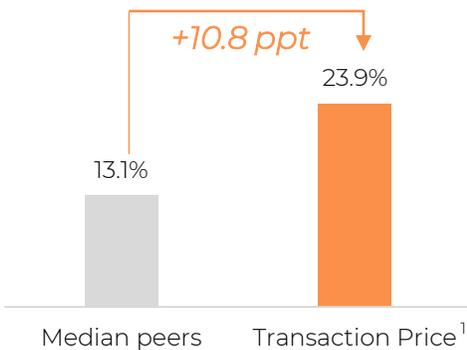
Premium / (discount)² to last reported EPRA NAV / NTA (%)

Atrium vs. Real Estate retail precedent transactions with <50% acquired stake

European Real Estate



European REIT



Sources: FactSet, MergerMarket, Dealogic, deals from last 10 years; +€200m deal value; cash-only

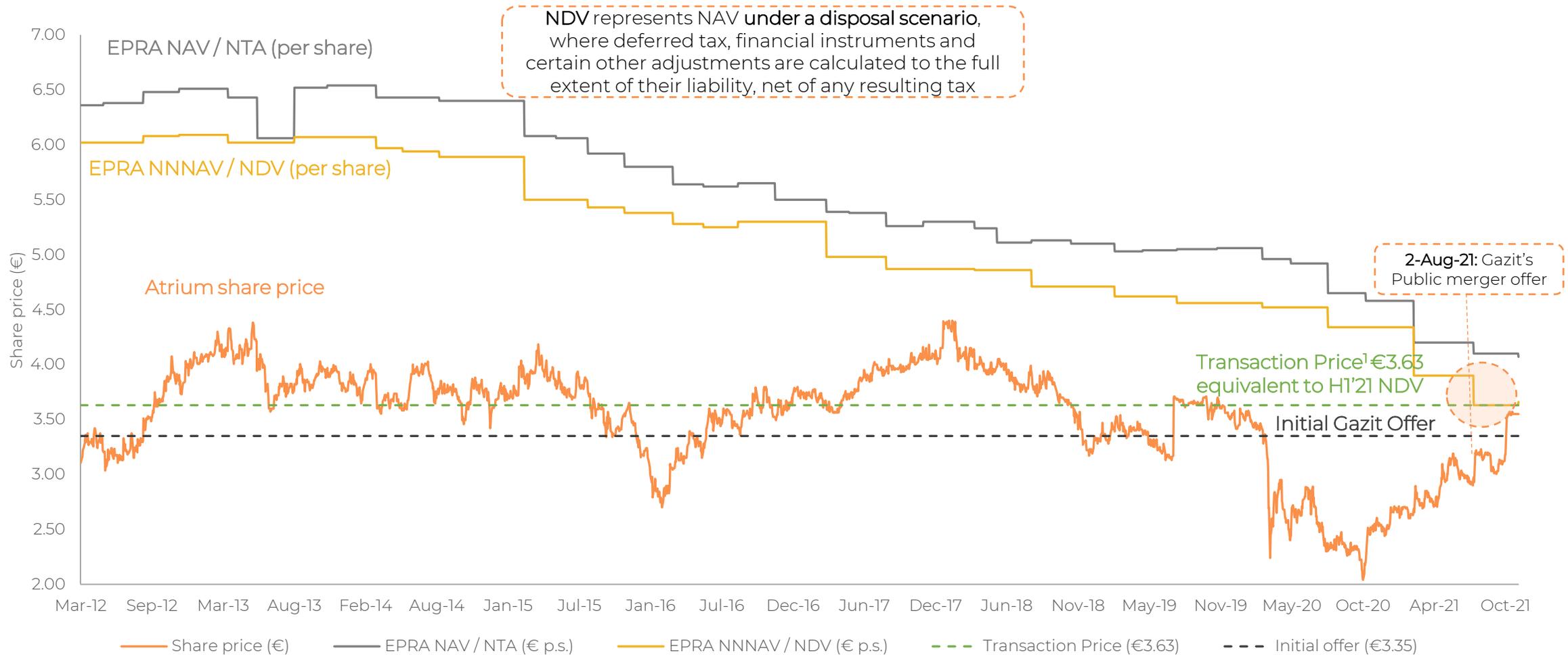
Notes:

1. Based on Transaction Price of €3.63 per share, equal to Atrium full H1'21 EPRA NDV of €3.63. Transaction Price does not factor in additional AFFO dividends from the last dividend payment date to closing

2. Premium / (discount) calculated using 2021'H1 EPRA metrics

Transaction achieves all-time best price relative to EPRA NTA and NDV

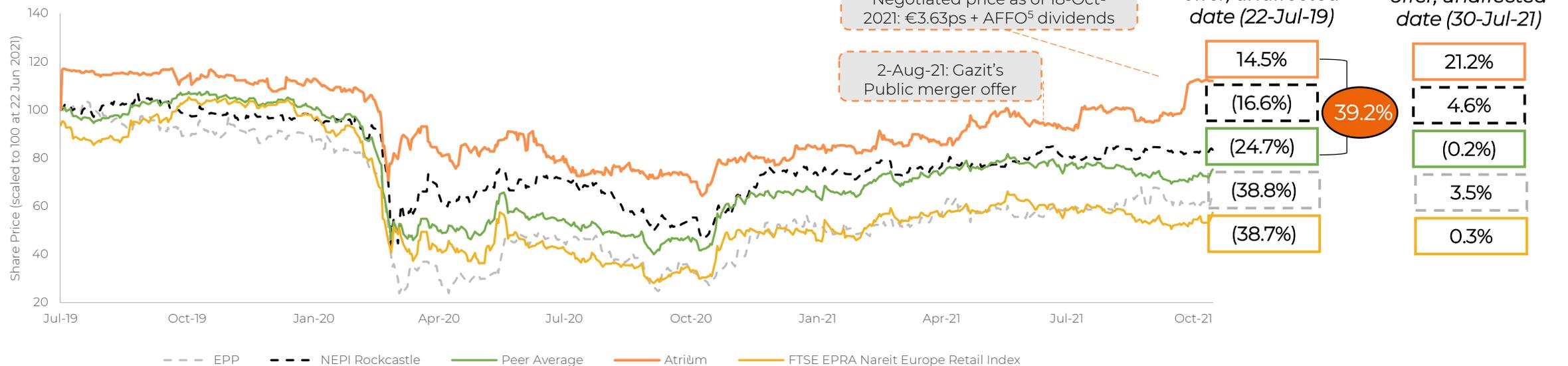
Atrium has always traded at a discount to EPRA NTA and NDV. The Transaction Price¹ closes or eliminates that gap



Transaction Price is even more compelling when compared to peer performance and metrics

Transaction Price¹ is a 14.5% premium to undisturbed price from 2019. Peers are down an average of 24.7%. Together these facts suggest the offer is a 39.2% premium to where Atrium shares might be trading without this transaction

Share price performance compared to peers



Implied valuation relative to peers

	P/(D) NRV ⁴	P/(D) NTA ⁴	P/(D) NDV ⁴	NTM FFO yield ³
Transaction Price implied valuation at announcement	(12.5%)	(11.5%)	-%	6.4%
Peer ² average	(44.2%)	(37.7%)	(31.0%)	11.0%
Implied valuation premium /(discount) to peer average	31.7 ppt	26.2 ppt	31.0 ppt	4.6 ppt

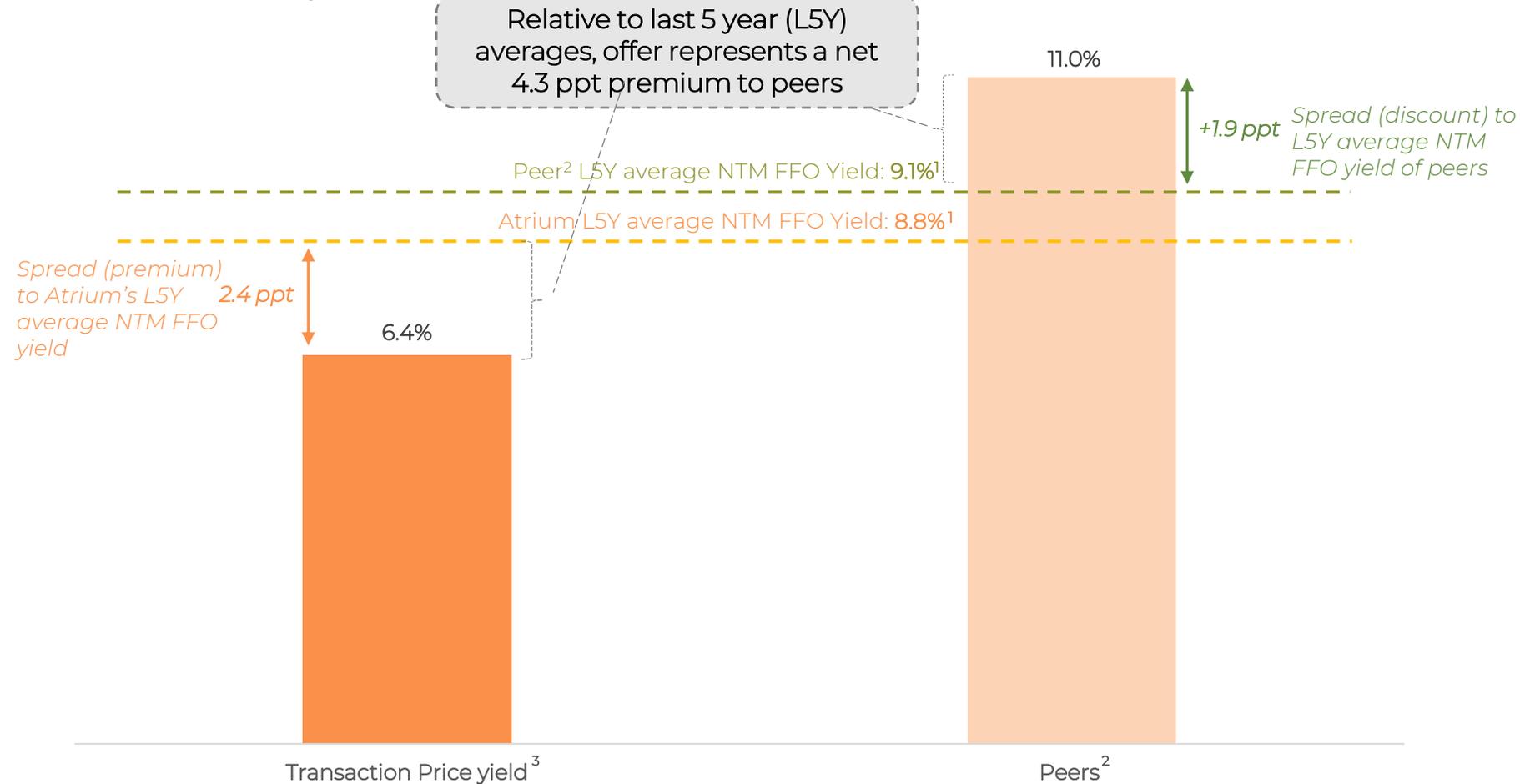
Sources: Company reports and press releases, FactSet and Bloomberg as of 5 November 2021

Notes:

- Based on Transaction Price of €3.63 per share, equal to Atrium full H1'21 EPRA NDV of €3.63. Transaction Price does not factor in additional AFFO dividends from the last dividend payment date to closing
- Peers group consists of the following companies: Klepierre, Mercialis, Unibail-Rodamco Westfield, Eurocommercial, Wereldhave, Citycon, Deutsche Euroshop, EPP NV and NEPI Rockcastle
- NTM based on broker forecasts
- Results calculated using H1'21 EPRA metrics. Transaction Price implies a 11.7% discount to Q3'21 EPRA NRV, 10.8% discount to Q3'21 EPRA NTA, 0.8% discount to Q3'21 NDV
- Merger agreement reflects generally accepted definition of AFFO which is estimated to approximate Adjusted EPRA earnings less recurring capex (i.e., maintenance), in line with commonly used real estate market practice

Transaction Price represents a significant premium to historic trading valuations

Relative valuation on FFO yield basis



- Transaction Price⁴ reflects 2.4 ppt tighter yields than Atrium's 5Y historical average
- Peers are currently trading at 1.9 ppt wider FFO yields than their 5-year average yield
- Transaction Price⁴ reflects a net 4.3 ppt premium to peers on an FFO yield basis

Sources: Company reports and press releases, FactSet and Bloomberg as of 5 November 2021

Notes:

1. L5Y period represents period of 2016 – 2020

2. Peer group consists of the following companies: Klepierre, Mercialis, Unibail-Rodamco Westfield, Eurocommercial, Wereldhave, Citycon, Deutsche Euroshop, EPP NV and NEPI Rockcastle

3. NTM yield based on broker forecasts

4. Based on Transaction Price of €3.63 per share, equal to Atrium full H1'21 EPRA NDV of €3.63. Transaction Price does not factor in additional AFFO dividends from the last dividend payment date to closing

Transaction Price represents a significant premium to analyst target prices

The Transaction Price¹ is significantly higher than broker target prices



Broker commentary is supportive of the transaction

Based on the cash offer price Atrium's price to book and price to EPRA NAV is in line with its close peer NEPI Rockcastle, however, NEPI Rockcastle offers an approx. 40% higher FFO yield and is less leveraged. **The offer is seen as reasonable by PKO Securities**

PKO Securities, 18 October 2021

We believe Gazit's offer is attractive, and we would recommend investors use the opportunity to exit. We appreciate Atrium's plan to divest into residential, but **we believe it could take three-to-four years before resi becomes a meaningful earnings contributor; accordingly, we would see an earlier multiples re-rating as premature.**

Following Gazit's bid, Atrium is trading at around 5-6% on our 2022-23E FFO yields already – well below its long-term 1YF average of c.8%. Its European retail real estate peers trade close to and around 10%, on fears over e-commerce, a further deterioration of earnings and valuation losses. **...we believe the share of e-commerce is likely to continue to rise, which could affect landlords' negotiating power. ...the straight-lining of discounts and the interest paid on the hybrid notes mean that the FFO is unlikely to return to the EUR110m p.a. level, seen prior to the pandemic.**

Wood & Company, 30 November 2021

Sources: Company reports and press releases, broker reports, FactSet and Bloomberg as of 5 November 2021

Notes:

1. Based on Transaction Price of €3.63 per share, equal to Atrium full H1'21 EPRA NDV of €3.63. Transaction Price does not factor in additional AFFO dividends from the last dividend payment date to closing
2. FactSet estimate, mean of broker target price

Highly qualified Independent Committee drove negotiations

Members	Key qualifications for Independent Committee	Total professional experience (yrs)	Tenure at Atrium (yrs)	Other commitments in public companies
 <p>Neil Flanzraich <i>Non-Executive Director Chairman</i></p>	<ul style="list-style-type: none"> Broad executive leadership, operational and legal experience in international public companies, with significant experience in M&A 	+50	4	Non-Executive Director of Chipotle Mexican Grill
 <p>David Fox <i>Non-Executive Director</i></p>	<ul style="list-style-type: none"> Board member of Atlas Crest Investment Corp, focusing on M&A, stock purchase or similar business combination transactions Broad transaction experience developed over lengthy career as M&A attorney at Kirkland & Ellis and Skadden 	+35	1	<ul style="list-style-type: none"> Non-Executive Director of Atlas Crest Investment Corp II Non-Executive Director of MediWound
 <p>Zvi Heifetz <i>Non-Executive Director</i></p>	<ul style="list-style-type: none"> Senior legal advisor to Israeli government with previous transaction experience in Israeli companies 	+35	1	-
 <p>Lucy Lilley <i>Non-Executive Director</i></p>	<ul style="list-style-type: none"> Deep real estate expertise developed over extensive investment career at Schroder Real Estate and Land Securities 	+25	3	-
 <p>Andrew Wignall <i>Non-Executive Director</i></p>	<ul style="list-style-type: none"> Deep real estate and private equity perspective developed over extensive investment career at Aberdeen Standard Capital 	+30	13	Non-Executive Director of NAXS

 New board members since Gazit's offer in 2019

Transaction results from extensive negotiations over time



Thorough, Rigorous, and Thoughtful Process Conducted by a Qualified and Engaged Independent Committee

- | Atrium's Independent Committee is highly qualified and committed to maximizing shareholder value
- | Retained its own legal and independent financial advisors
- | From initial unsolicited outreach, the Independent Committee ran a rigorous two-month process, resulting in three share price increases and additional safeguards for minority shareholders

Learnings from 2019 Process Helped Independent Committee Achieve Optimal Outcome

- | Independent Committee leveraged the experience from 2019 process in this process
- | Key focus on (i) early shareholder engagement, (ii) maximizing price, and (iii) safeguarding minority interests
 - | Enhanced shareholder engagement and lines of communication
 - | Negotiated a final price which closes gap to NDV, and is closer to NTA than Atrium has ever traded
 - | Protected minority shareholder interests by requiring majority of minority voting threshold

The negotiation resulted in three price increases, a compelling premium which significantly exceeds peer price performance in the open market, incremental AFFO¹ dividends, and a voting mechanism to protect minority shareholders

Sources: Company reports and press releases, FactSet and Bloomberg as of 5 November 2021

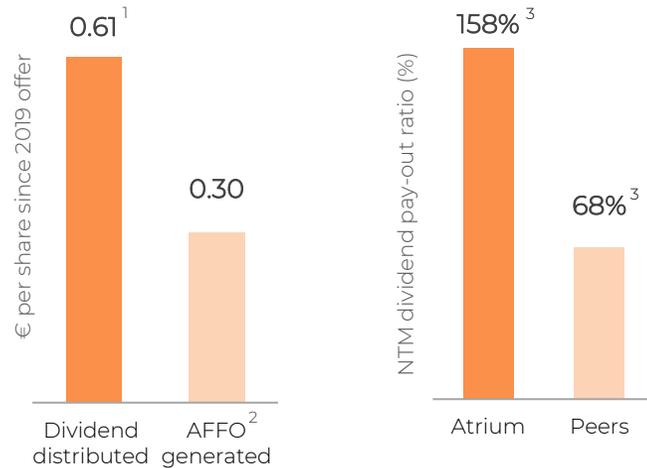
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Transaction Price provides an attractive, certain cash exit for a Company that faces operational headwinds

Headwind:

According to brokers, Atrium's dividend payout is unsustainable due to continued less than 100% coverage



"...while the **continued uncovered dividend also has also weighed on the company's appeal**. In conclusion, we believe that based on the currently limited available information, **the offer should be an attractive opportunity to exit the name**"

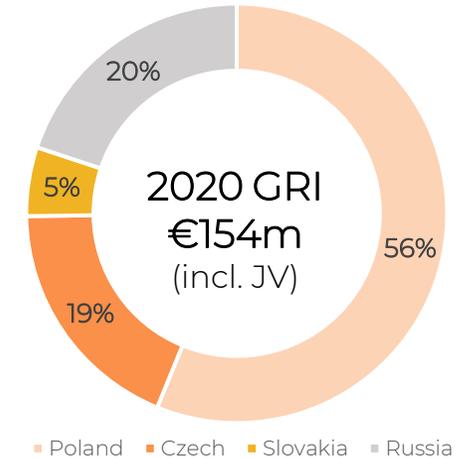
*Kempen,
3 August 2021*

- Significant downside pressure to near term payout ratio on a standalone basis and compared to peers
- Since the 2019 offer, Atrium distributed approximately €0.31 per share in excess of cash flow
- Given share is valued on a dividend yield basis, medium term share price performance is in question if dividend pay-out is more in line with operating cash flows

Headwind:

Geographic exposure is levered to higher risk jurisdictions

- New COVID restrictions put in place across Europe in Oct and Nov, including all operational regions, due to the increased number of cases, poses more **uncertainties to the European retail real estate market in general** and may put pressure on cashflows
- Relatively lower **vaccination rates in CEE and the concerns over the new variant** have prompted many countries to put restrictions in place
- Poland has implemented the least landlord-friendly COVID measures in the EU



A reduction in dividend may adversely impact the share price

Sources: FactSet, company reports and press releases and broker reports

Notes:

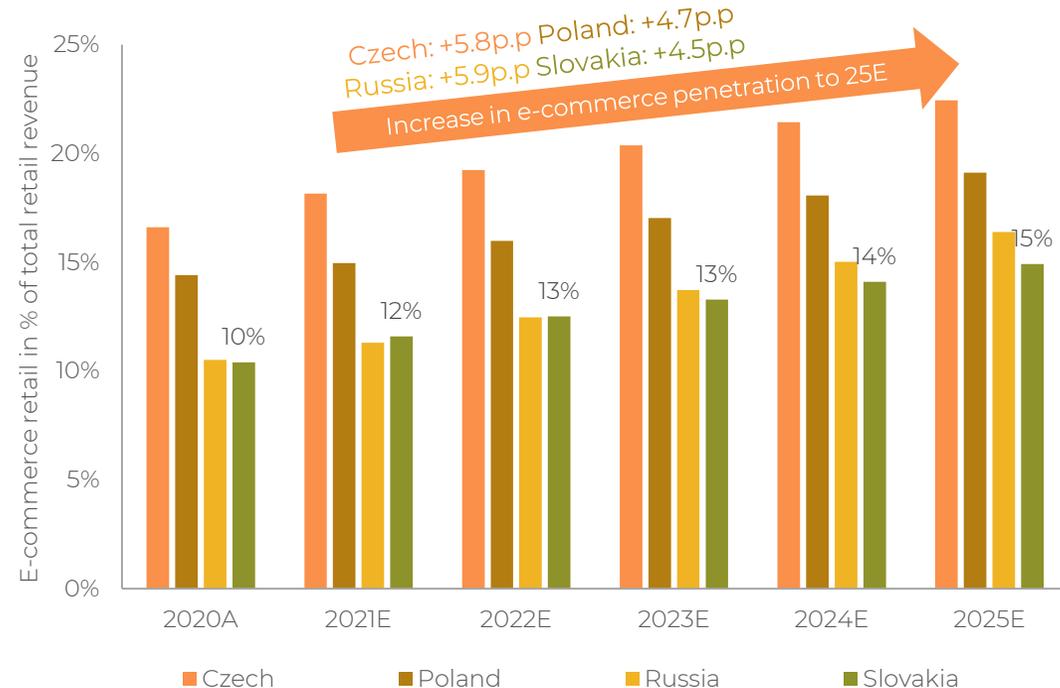
1. Atrium dividend payment since last offer in 2019: 0.135 (Dec-19), 0.0675 (Mar-20), 0.0675 (Jul-20), 0.0675 (Sep-20), 0.0675 (Dec-20), 0.0675 (Mar-21), 0.0675 (Jun-21), 0.0675 (Sep-21)
2. Merger agreement reflects generally accepted definition of AFFO, which is estimated to approximate Adjusted EPRA earnings less recurring capex (i.e. maintenance), in line with commonly used real estate market practice
3. NTM dividend payout ratio is calculated as FactSet forecasted NTM dividend / (NTM net cashflow from operations – NTM maintenance CAPEX). Peers include Klepierre, Mercialis, Unibail-Rodamco Westfield, Eurocommercial, Wereldhave, Citycon, Deutsche Euroshop, EPP NV and NEPI Rockcastle

Transaction Price provides an attractive, certain cash exit for a Company that faces operational headwinds (cont'd)

Headwind:

E-commerce penetration, which adversely impacts shopping malls' cash flows

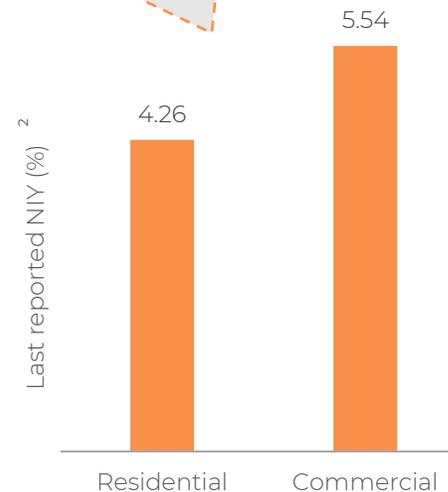
As a result of the acceleration of e-commerce penetration, EMEA retail real estate sector have been **underperforming by 38.7%** since 22-Jul-19 (unaffected date of 2019 Gazit's offer)



Headwind:

Tighter yields in the EMEA residential real estate sector¹

Lower residential rental yields to potentially weigh on FFO and dividend in the medium term



Brokers are wary of this risk:

“By applying higher multiples to the residential segment, but we see a risk that, during the transition period, the retail multiple may be applied to earnings that could be lower, as a result of the rotation out of the higher yielding non-core retail (e.g., Russia) into the safer, but lower yielding, residential”

Wood & Company,
18 October 2021

- Lower residential rental yields compared to retail likely to put pressure on dividend sustainability and share price as a result
- Execution risks in acquisition and developments which will be completed from 2025 onwards

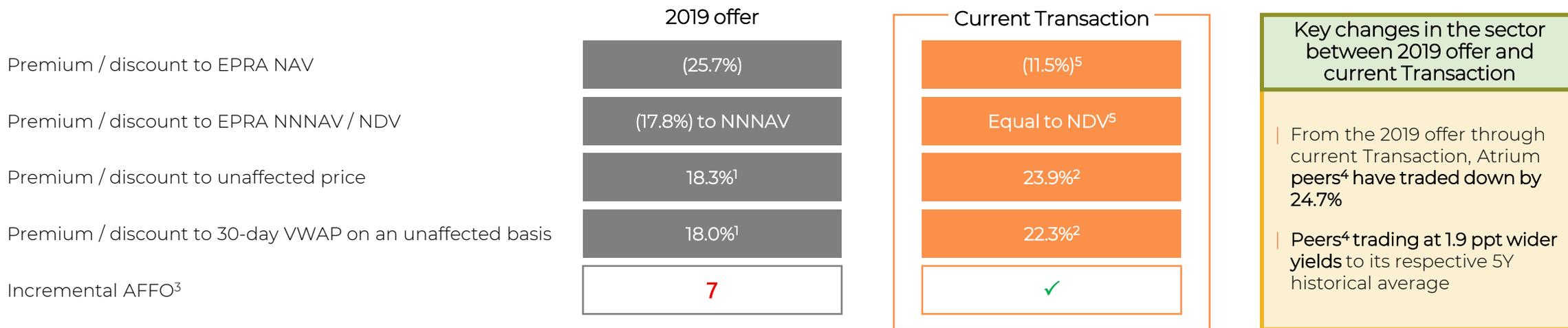
Sources: Company reports and press releases, broker reports, FactSet and Bloomberg as of 5 November 2021, Euromonitor e-commerce penetration data

Notes:

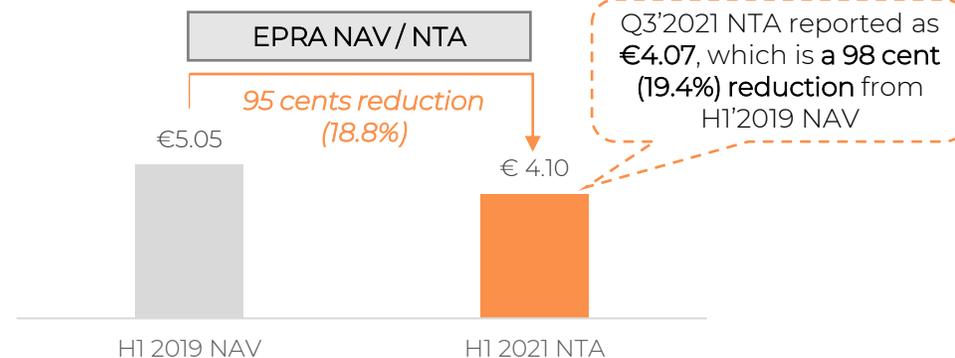
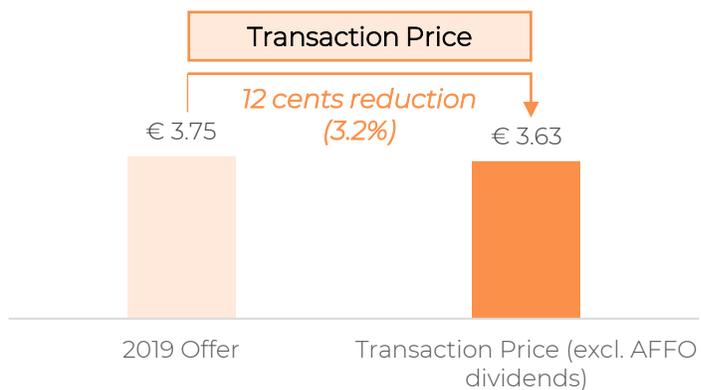
1. EMEA residential players include Unite, Grainger, GCP Student Living, Empiric, Vonovia (pre-M&A), Deutsche Wohnen (pre-M&A), LEG, TAG, Grand City, Adler Group, Adler Real Estate (pre-M&A), Peach Property, Phoenix Spree, Xior Student Housing, and Kojamo, EMEA retail players include Hammerson, Capital & Countries, NewRiver, Capital & Regional, Dutsche Euroshop, Hamborner, URW, Klepierre, Carmila, Mercialis, Lar Espana, IGD SIQ, Eurocommercial, Wereldhave, Vastned, Olav Thon Eiendomsselskap, Citycon, NEPI Rockcastle, Atrium, EPP and Emaar Malls
2. Company reported NIY, except for German companies for which it represents GRI yield calculated as GRI divided by total GAV

This Transaction is more compelling than the 2019 offer

The decline in EPRA NAV (NTA) from the period of the previous offer to now is significantly more than the decline in the offer price. On valuation metrics, the current offer is more compelling than the 2019 offer.



Reduction in offer price is far lower than the reduction in NAV/NTA



Sources: FactSet, Company reports and press releases

Notes:

- As of Gazit press release (unaffected date 22 July 2019)
- Unaffected date: 30 July 2021
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- Results calculated using H1'21 EPRA metrics. Transaction Price implies a 10.8% discount to Q3'21 EPRA NTA, 0.8% discount to Q3'21 EPRA NDV

Path to closing and substantial cash value

23-Dec-2021

| Extraordinary General Meeting; majority of minority shareholders (50% +1 vote) needed for approval of the transaction

4-Feb-2022¹

| Shareholders to receive €0.60 special dividend by Atrium

18-Feb-2022¹

| Closing of the merger implementation agreement
| Shareholders to receive €3.03 cash consideration by Atrium

23-Feb-2022¹

| Shareholders to receive AFFO² dividends by Atrium

Notes:

1. The dates are indicative only and prepared on the basis that there are no objections raised by members or creditors under the Jersey law
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The Independent Committee recommends all minority shareholders vote FOR the transaction

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