

*For Immediate Distribution*

### **Letko Brosseau Intends to Vote AGAINST Gazit-Globe Ltd's Proposal to Take Atrium European Real Estate Limited Private**

Montreal, Quebec, August 17, 2021 – Letko, Brosseau & Associates Inc., ("Letko Brosseau") exercises investment control or direction over approximately 2.4% of the outstanding shares of Atrium European Real Estate Limited ("Atrium" or the "Company") and is the Company's second largest shareholder.

On August 2, 2021, the Board of Directors of Atrium received a proposal from majority shareholder Gazit-Globe Ltd ("Gazit") to acquire the remaining equity of Atrium for a consideration of €3.35 per share. Gazit currently holds approximately 75% of Atrium's outstanding share capital.

Based on Letko Brosseau's own analysis the proposed offer significantly undervalues the Company and unjustifiably benefits Gazit at the expense of minority investors. The timing of the offer is opportunistic and comes as the Company is beginning to emerge from the global COVID-19 pandemic that has kept its shopping centres closed over extended periods of time in 2020 and 2021.

We urge the Board of Directors of Atrium to vote AGAINST the offer.

The offer price of €3.35 per share heavily undervalues the Company:

- Represents a 19% discount to Atrium's own reported EPRA Net Reinstatement Value (NRV) per share of €4.15 as of June 30, 2021.
- Represents a €0.40 reduction to the original offer made by Gazit of €3.75 per share presented on July 23, 2019 and subsequently voted down by shareholders. This offer was publicly criticized by minority shareholders and a report issued by Institutional Shareholder Services (ISS), a global provider of governance services recommended voting AGAINST the proposal.
- Implies a capitalization rate of 7.5%, while the yields for prime shopping centres in Warsaw and Prague are 5.35%<sup>1</sup> and 5.25%<sup>2</sup> respectively.

The proposal was submitted within days of Atrium releasing its First Half 2021 results that highlighted the recent reopening of all shopping centres, after a total of 2.7 months of closures in the first half of 2021 as well as a significant recovery of tenant sales and footfall in June 2021.

Management expressed further optimism on the Company's strategic plan to diversify into residential real estate in major cities in Poland and the Czech Republic. The Company highlighted a pipeline of 4,000 residential units with a portion becoming operational as early as March 2022. In response to whether the Company was on target to achieve its goal of owning and operating 5,000 residential units by 2025, Liad Barzilai, Atrium's CEO responded: "We are on track. We're actually very confident that we'll get there. If anything, we may reach it earlier."<sup>3</sup>

It is therefore Letko Brosseau's position that Atrium should continue to create value for ALL shareholders.

To protect the value of our investment, we intend to vote against the proposed going private transaction. We remind the Company's Board of Directors and its Independent Committee of its duty to consider the interests of all shareholders in reviewing the merits of this offer.

Letko Brosseau is a Canadian independent investment manager founded in 1987. The firm manages assets for institutional investors and private clients.





## FORWARD-LOOKING STATEMENTS

Certain information contained in this press release may constitute forward-looking statements. Forward-looking statements may include estimates, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Letko Brosseau believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Letko Brosseau's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in this press release are made as of the date hereof and Letko Brosseau does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

SOURCE Letko, Brosseau & Associates Inc.

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<sup>1</sup> Cushman & Wakefield, Poland MarketBeat Retail Q1 2021

<sup>2</sup> Cushman & Wakefield, Czech Republic MarketBeat Retail Q1 2021

<sup>3</sup> Atrium European Real Estate Ltd. (ATRS.AT) Q2 2021 Earnings Call. Source: Factset financial data and analytics