

Atrium European Real Estate Limited

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EANS-News: Atrium European Real Estate Limited / Atrium's Independent Committee and Gazit Globe announce proposed merger for €3.63 per Atrium share in cash, subject to Atrium shareholder approval - ATTACHMENT

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Company Information/Mergers - Acquisitions - Takeovers

St Helier Jersey / Channel Islands -

Atrium's Independent Committee and Gazit Globe announce proposed merger for EUR3.63 per Atrium share in cash, subject to Atrium shareholder approval

Jersey, 18 October 2021 - The Independent Committee of the Board of Directors (the "Independent Committee") of Atrium European Real Estate Limited (VSE/ Euronext: ATRS), ("Atrium" or the "Company") and the board of directors of Gazit Hercules 2020 Limited ("Newco"), which is an indirect wholly-owned subsidiary of Gazit-Globe Ltd ("Gazit") are pleased to announce that they have signed a definitive merger agreement for a recommended cash acquisition (the "Acquisition") of the entire issued and to be issued ordinary share capital of Atrium that is not already owned directly or indirectly by Gazit or its affiliates for cash at a price of EUR3.63 per Atrium share (the "Offer Price"), including a payment in the amount of EUR3.03 per share in cash paid by Gazit (the "Cash Offer Price") and EUR0.60 per share by way of a cash dividend paid by the Company (the "Special Dividend").

In addition to the increase of the Offer Price, the Independent Committee has also negotiated that Atrium shareholders are entitled to receive the pro-rata funds from operations less maintenance capital expenditure generated between the date of the last dividend payment and completion of the Acquisition (the "AFFO"). Shareholders will receive both the Offer Price and the AFFO.

The Acquisition is to be implemented by means of a statutory merger between the Company and Newco under Part 18B of the Companies (Jersey) Law 1991, as amended (the "Merger").

The Offer Price reflects an increase of EUR0.28 per share or 8.4% compared to the initial proposal of Gazit of EUR3.35 per share submitted on 2 August 2021 (the "Initial Proposal") as well as the inclusion of additional dividends payable up to closing, reflective of AFFO. The Offer Price also implies a 23.9% premium to the unaffected share price as of 30 July 2021 (EUR2.93 per share), a 22.3% premium to the 30-day volume weighted average price (VWAP) to 30 July 2021 (EUR2.97 per share) and a 23.9% premium to the 90-day VWAP to 30 July 2021 (EUR2.93 per share), being the last trading day prior to announcement of the Initial Proposal.

"The Offer Price represents an attractive opportunity for Atrium's minority shareholders to monetize their holdings in the Company at a significant premium to the unaffected share price," says Neil Flanzraich, Chairman of the Independent Committee. "Today's agreement is the result of weeks of intense negotiations with Gazit, during which the Independent Committee negotiated three increases from Gazit's Initial Proposal and is subject to, among other things, approval by the majority of the voting rights exercised by Atrium's minority shareholders that vote at the EGM. The Independent Committee, having received an opinion from its financial advisor that the financial terms of the offer are fair to Atrium's minority shareholders, believes that the Acquisition is in the best interests of Atrium's minority shareholders and unanimously recommends that the minority shareholders of Atrium vote in favour of the Acquisition."

"Atrium has a high-quality portfolio of properties, predominantly in Poland and the Czech Republic, with the majority of its portfolio value located in the capital cities of Warsaw and Prague and will further advance Gazit's strategy to become a dominant player in high-density and high-barriers to entry urban markets. Atrium's outstanding team of professionals will undoubtedly contribute to the Company's success going forward. Gazit has been a supportive investor in the Company for over a decade and will continue to support the Company's strategy of expanding in the residential for rent sector in major urban markets. Gazit's strong available liquidity and access to capital will allow Atrium to take advantage of new investment opportunities in its core markets. With a portfolio of approximately EUR2.5 billion of real estate properties owned by Atrium, this transaction will advance Gazit's strategy to becoming a fully-integrated real estate operating company and increasing Gazit's privately held real estate portfolio. Upon completion of the transaction, approximately 85% of Gazit's assets, on an expanded-solo basis, will be privately held real estate" said Chaim Katzman, Founder and Chief Executive Officer of Gazit Globe Ltd.

Protection for minority shareholders

In the negotiation of the Merger, the Independent Committee conducted an arm's length process to safeguard the interests and the rights of the Company's minority shareholders, resulting in an agreement which includes a number of provisions to protect the interests of minority Atrium shareholders.

Among these, the Independent Committee ensured that the views of the minority shareholders will be given appropriate weight by negotiating with Gazit that the Acquisition shall be conditional upon the approval of a majority of the voting rights exercised by Atrium shareholders that vote at the EGM (as defined below) excluding Gazit and its affiliates (that is, a majority of the votes of the Company's minority shareholders that vote at the EGM must be cast in favour of the Merger).

In the event the Independent Committee receives a proposal from a third party which the Independent Committee determines, acting reasonably and in good faith, to be more beneficial to the Company and its shareholders (a "Superior Proposal"), the Independent Committee has discretion to withdraw its recommendation of the Acquisition in favour of the Superior Proposal. If this takes place, Gazit has confirmed to the Independent Committee that it will duly consider any Superior Proposal in good faith. Since the announcement of the Initial Proposal, the Independent Committee has not received any third-party proposals.

Special dividend

The Offer Price is to be paid in cash. Prior to the effective date of the Merger, the Company expects to pay the Special Dividend to all holders of Atrium shares on the Special Dividend Record Date of EUR0.60 per Atrium Share in connection with the Merger, provided the Merger has been approved by Atrium shareholders at the EGM (as defined below). The Offer Price payable by Newco will be reduced by such Special Dividend.

Fairness opinion

The Independent Committee has received a fairness opinion from UBS as to the financial terms of the Merger, subject to the terms and conditions set out therein. Having taken into account the advice received, the Independent Committee unanimously recommends that Atrium shareholders vote in favour of the Merger.

Publication of circular and notice of general meeting

Full details of the Merger, including terms and conditions to the implementation of the Merger, will be set out in a shareholder circular which is expected to be published by the Company within 4 weeks of this announcement ("Shareholder Circular").

The Shareholder Circular shall include an expected timetable of principal events in relation to the Merger and a notice of meeting in respect of an extraordinary general meeting of shareholders ("EGM") which is expected to take place in December 2021. The EGM is required to enable Atrium shareholders to consider, and if thought fit, vote in favour of the resolution to approve the Merger (amongst other ancillary matters). Subject to the conditions of the merger being

met, including receiving support of the majority of the minority of Atrium shareholders that vote at the EGM, the transaction is expected to close in early 2022.

Advisors

UBS is acting as financial adviser and fairness opinion provider to the Independent Committee with Allen & Overy LLP as international legal adviser and Appleby as Jersey law legal advisers to the Independent Committee. Goldman Sachs Israel LLC is acting as financial adviser to Gazit and Newco with Kirkland & Ellis International LLP as international legal adviser and Ogier as Jersey law legal advisers to Gazit and Newco.

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About Atrium European Real Estate

Atrium is a leading owner, operator and redeveloper of shopping centres and residential for rent apartments 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 EUR2.5 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 February 2020 Atrium announced a 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.

About Gazit Globe

Gazit Globe is a global real estate company focused on the ownership, development, and management of mixed-use income producing real estate for a variety of uses including commercial, offices and residential in highly populated urban areas in key cities. As of June 30, 2021, the Group held and managed 102 properties covering a built-up area for lease of 2.5 million sq. m with a value of NIS 37 billion.

Additional information available on the Company's website: www.gazitglobe.com

Further information

This announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Atrium in any jurisdiction in contravention of applicable law. For the avoidance of doubt, this announcement does not constitute, and should therefore not be perceived as, an (announcement of a contemplated) public offer under the public offer rules in Austria and / or the Netherlands.

Important notices relating to financial advisers

UBS AG London Branch ("UBS") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct

Authority and limited regulation by the Prudential Regulation Authority in the United Kingdom. UBS is acting as financial adviser to Atrium and no-one else in connection with the matters described in this announcement and will not be responsible to anyone other than Atrium for providing the protections afforded to clients of UBS nor for providing advice in connection with the matters referred to herein. Neither UBS nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of UBS in connection with this announcement, any statement contained herein, the Acquisition or otherwise.

Goldman Sachs Israel LLC is acting exclusively for Gazit and Newco and no one else in connection with the matters referred to in this announcement and will not be responsible to anyone other than Gazit and Newco for providing the protections afforded to clients of Goldman Sachs Israel LLC, or for providing advice in connection with the matters referred to in this announcement.

Overseas jurisdictions

The ability to participate in the Acquisition for Atrium shareholders who are not resident in and citizens of the Netherlands, Austria or Jersey may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the Netherlands, Austria or Jersey should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Shareholder Circular. The release, publication or distribution of this announcement in or into jurisdictions other than the Netherlands, Austria or Jersey may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the Netherlands, Austria or Jersey should inform themselves of, and observe, any applicable requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Copies of this announcement and the formal documentation relating to the Acquisition and the Merger will not be and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Atrium shareholders in that jurisdiction (a "Restricted Jurisdiction") or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving those documents must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.

This announcement does not constitute an offer of securities in the State of Israel.

US holders

Holders of Atrium shares who: (i) are ordinarily resident in the US; or (ii) have a registered address in the US; or (i) are a custodian, nominee or trustee holding of Atrium shares for persons in the US or with a registered address in the US ("US Holders") should note that the Acquisition relates to the securities of a Jersey company listed on the Amsterdam Stock Exchange and the Vienna Stock Exchange and is subject to Dutch, Austrian and Jersey disclosure requirements and practices (which are different from those of the US) and is proposed to be implemented by means of a statutory merger under Jersey company law. A transaction effected by means of a statutory merger is not subject to the tender offer rules under the US Exchange Act, and the proxy solicitation rules under the US Exchange Act will not apply to the Acquisition. The Acquisition will be subject to Dutch, Austrian and Jersey disclosure requirements and practices, which are different from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement and the Shareholder Circular have been or will have been prepared in accordance with IFRS, and thus may not be comparable to financial information of companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

The receipt of cash pursuant to the Acquisition by a US Holder may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each Atrium shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him. It may be difficult for US Holders to enforce their rights and claims arising out of the US federal securities laws, since Newco and Atrium are located in countries other than the US, and some or all of their officers and directors may be residents of countries other than the US. US Holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

Forward looking statements

This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Newco, Gazit and Atrium contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Newco, Gazit and Atrium about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.

The forward-looking statements contained in this announcement may include statements relating to the expected effects of the Acquisition on Newco, Gazit and Atrium, the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Newco, Gazit and Atrium believe that the expectations reflected in such forward-looking statements are reasonable, Newco, Gazit and Atrium can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.

No profit forecasts or estimates

No statement in this announcement is intended as a profit forecast or estimate for any period and no statement in this announcement should be interpreted to mean that earnings or earnings for each share for Newco, Gazit or Atrium, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings or earnings for each share for Newco, Gazit or Atrium, as appropriate.

Publication on website

A copy of this announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Atrium's website at www.aere.com/pressreleases.aspx and on Gazit's website at www.gazitglobe.com/investor-relations/news-and-updates.com. For the avoidance of doubt, the contents of these websites are not incorporated by reference and do not form part of this announcement.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments.

Further inquiry note:

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end of announcement euro adhoc

Attachments with Announcement:

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