



## **We are able to adapt**

**A stable economy, well-developed public transport and perfectly located shopping centres make us focus on Poland, say Chaim Katzman, Chairman of the Board of Directors and the majority shareholder of Atrium European Real Estate and Liad Barzilai, Atrium's CEO**

**Question: You have sold your assets in Central and Eastern Europe, except for Poland and the Czech Republic. Why do you treat these two markets differently?**

**Liad Barzilai:** "The Czech and Polish economies are developing steadily and quickly, and the development potential, demography and purchasing power are particularly promising in the biggest urban hubs. That is why we decided that it's worth focusing on investing in these countries, giving up assets in regions that are less attractive from our point of view. In this way, we create economies of scale in these countries."

**What is your investment commitment in Poland?**

**LB:** "For the modernization and redevelopment of Atrium's shopping centres in Warsaw – Promenada, Targówek and Reduta – we plan to invest EUR 300 million by 2021. An equal amount was spent on the acquisition of the Wars Sawa Junior retail complex, also in Warsaw. We are constantly looking for new development opportunities."

**Why Warsaw?**

**Chaim Katzman:** "We choose cities where public transport is well-developed so that our customers will have

easy access to our shopping centres. And Warsaw is such a city.”

**LB:** “As always, the key to retail success is location – assets located in strong urban areas that have well-developed public transport systems are more efficient and profitable.”

**How can you win in your business?**

**CK:** “We focus on services, food and entertainment, so in our centres, you’ll find a wide selection of restaurants, cafes, fitness clubs, healthcare facilities and cinemas. After home and work, those are the so-called ‘third places’ where people tend to spend the most time.”

**LB:** “For the baby boomers, shopping centres were just places to shop. Millennials come to the mall in search of experiences – they want to work out in the gym, get medical checkups and meet up with friends for lunch, dinner or drinks. We are agile enough to adapt rapidly to ongoing changes in trends and lifestyles.”

**Are you concerned about the expansion of online stores?**

**CK:** “The thing most people don’t realize is that ecommerce also drives traditional sales. Take, for example, Eobuwie.pl, an online footwear and accessory store that also runs brick-and-mortar shops, including in Atrium Promenada. Customers can come in, browse and then try on the shoes they choose. The second advantage is that the shop also serves as a warehouse. Ecommerce also benefits from the integration of online and offline channels – brand awareness is created and reinforced through physical contact with products.”

**LB:** “In Poland, ecommerce accounts for 5%-6% of the market while in the Czech Republic this climbs to as much as 13%-15%. Despite the high popularity of digital commerce in the Czech Republic, classic shops are getting better and better there. In our centre in Prague, next to the metro station, our occupancy rate is 100% and we have a list of potential tenants who are waiting for space to free up. Our year-over-year growth is strong. So, are we afraid of ecommerce? Not at all.”