REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

NEPI Rockcastle N.V. (Formerly NEPI Rockcastle S.A.) Incorporated and registered in the Netherlands
Registered number: 87488329
Share code: NRP ISIN: NL0015000RT3 ("**NEPI Rockcastle**"or "**the Company**" or "**the Group**")

DIRECTORS' COMMENTARY

All information below excludes joint ventures, unless otherwise stated

CEO'S STATEMENT

"NEPI Rockcastle's net operating income surged to a record level last year, driven by strong tenant turnover and base rental growth. This was underpinned by the resilience of CEE consumers and their willingness to spend, on average, greater amounts per visit, coming out of the pandemic. The performance was even more remarkable as it was achieved against a challenging economic background, marked by high inflation, rising interest rates and the energy crisis triggered by the war in Ukraine.

Despite the opaque economic outlook, we do not anticipate the momentum of NEPI Rockcastle's growth slowing this year. The major investments we made in 2022, particularly the acquisition of the high -performing, dominant, Forum Gdansk and Copernicus shopping centres in the Polish market, will significantly contribute to operating income in the months ahead. The completion of our development projects scheduled for this year will also generate additional income.

Consumers have a strong preference for visiting shopping centres in CEE, which generally play a much more important role in local economies and communities than in Western Europe, where high street retail is more present. This also tends to mean inflation has less of an impact on spending in our CEE shopping centres than in malls in other European regions. Tenant demand for the Group's retail space is very strong. Many international retailers entered new markets or expanded their presence in CEE countries by opening new stores in NEPI Rockcastle's shopping centres.

Our lease agreements have built-in inflation protection through indexation and property operating expenses are tightly under control, particularly for energy, where our renewable solar power output is ramping up.

We also have a solid liquidity position, with a safe level of debt. NEPI Rockcastle's loan-to-value (LTV) ratio stands at 35.7%, after the significant investments made in 2022. We will continue to maintain a robust and efficient capital structure, designed to ensure that the Company has enough liquidity to support growth and can meet its obligations at all times.

Excellent operating performance translated into a valuation uplift of the Group's property portfolio, which outweighed the rise in yields.

We continued to make our business more sustainable this year. We adopted a revised and more comprehensive ESG strategy in 2022 and have a dedicated team to deliver it, together with all our employees and in cooperation with tenants and other partners. We have already met some of our objectives, such as the installation of photovoltaic plants in 10 locations (20 more to be completed in 2023) and BREEAM certification (Excellent or Very Good) for all eligible assets.

The business recovered completely after the two years of the Covid-19 pandemic, which shows the resilience of physical retail in CEE, the quality of the Group's properties and the great work of our team. We remain positive about the prospects for the business in 2023."

Rüdiger Dany, Chief Executive Officer (CEO)

HIGHLIGHTS

Annual increase of 51.5% in earnings per share and declared dividend

- Distributable earnings per share (DEPS) for the second half (H2) of 2022 were 29.32 euro cents, which, combined with the interim DEPS of 22.83 euro cents, produces an annual DEPS of 52.15 euro cents, 51.5% higher than in 2021 (34.42 euro cents).
- DEPS for H2 2022 include a non-recurring positive impact of 3.51 euro cents from the reversal of a provision with litigation related to the discontinued acquisition of Serenada and Krokus shopping centres in Poland, recognised in 2021. On a recurring basis, i.e. excluding the impact of accounting for these litigation claims, DEPS for 2022 were 48.68 euro cents, 20% higher than for 2021 (40.55 euro cents).

The Board has declared a dividend of 27.85 euro cents per share for H2 2022, corresponding to a 95% dividend pay-out ratio, to be settled as capital repayment (default option). Shareholders can also elect for the settlement of the same dividend amount as ordinary cash distribution out of distributable profits.

As an alternative, the shareholders may elect to receive a dividend of 29.32 euro cents, corresponding to a 100% pay-out ratio, as a return of capital by way of an issue of new shares.

Strong rebound in performance

- Net rental and related income (referred to as 'Net Operating Income' or 'NOI') was up 17% from 2021 at approximately €405 million (excluding the share from joint venture shown separately in the financial statements for the first eight months).
- Gross rental income increased by 14.3%, from €369 million in 2021 to €422 million in 2022 driven by rental uplifts, higher occupancy and significantly higher tenant sales.
- Temporary rent concessions granted to tenants decreased from €40.8 million in 2021 to an insignificant level of discounts in 2022.
- A net gain of €2.1 million was recognised due to the reversal of Covid-19 related discounts accrued in 2021 but not subsequently granted.
- Unrecovered operational expenses increased from €4.7 million in 2021 to €19.5 million in 2022, in the context of increasing utility expenses.

Tenant sales, footfall and spend per basket all rose on the back of consumer confidence

- Tenant turnover increased by 31.4% (excluding hypermarkets) compared to 2021 and was 11.7% higher than in the benchmark year of 2019, on a like-for-like (LFL) basis.
- There were more than 295 million visits in 2022, a 20.8% increase compared to 2021. On a LFL basis, footfall increased by 19.5% vs 2021 and was lower by 11.8% vs 2019.
- The superior dynamic of turnovers compared to footfall reflects an increase in the average basket size by 27% compared to 2019.

Strong post-Covid recovery

- Occupancy cost ratio (OCR) continued to decrease, from 13% in 2021 to 12.1% in 2022 (excluding hypermarkets), almost the same as the benchmark of 2019 (11.9%).
- The collection rate also recovered to pre-pandemic levels: 98% of 2022 reported revenues were collected as of 31 December 2022, increasing to over 99% by the end of January 2023.
- Covid-19 trading restrictions in Central and Eastern Europe (CEE) were lifted during the first quarter of 2022, and the Company's gross lettable area (GLA) was fully operational since the end of March.

Market beating uplift on property values

- Investment property as of 31 December 2022 was valued at €6.6 billion, compared to €5.8 billion at the end of 2021. The increase is due to the acquisitions made during the year, the investments in developments and capital expenditures ('capex'), as well as to the uplift in the value of properties of €142 million for 2022. The revaluation reflects the significant improvement in trading conditions compared to previous year and the quality and resilience of the Group's property portfolio.
- European Public Real Estate Association (EPRA) occupancy increased to 97.3%, compared to 96.0% in 2021.
- EPRA Net Reinstatement Value (NRV) per share was €6.84 as of 31 December 2022, a 5% increase compared to €6.51 as of 31 December 2021, mostly due to the revaluation of the property portfolio.

Growth strategy continues

- NEPI Rockcastle invested €154 million in developments and capex expenditures.
- The Group's ongoing development projects are on schedule.
- Promenada Craiova (including the adjacent retail park) and Vulcan Residence will be completed in 2023.
- The Company acquired two retail properties in Poland, Forum Gdansk Shopping Center (GLA 63,500m²) and Copernicus Shopping Centre (GLA 48,000m²), for a total transaction value of €377 million in December 2022. The two assets will

DIRECTORS' COMMENTARY » continued

All information below excludes joint ventures, unless otherwise stated

consolidate NEPI Rockcastle's leading position on the Polish retail property market and significantly contribute to the Group's NOI growth starting 2023.

- It also acquired its joint venture partner's 50% stake in Ploiesti Shopping City, for a consideration of €55.5 million (net cash outflow, adjusted for working capital items, less cash and cash equivalents acquired amounted to €37 million, as explained in the notes to the financial statements) in September 2022.

Enhanced balance sheet with solid liquidity

- Liquidity position as of 31 December 2022 was €671 million, including €251 million in cash and €420 million in undrawn committed credit facilities. The decrease of cash balance during 2022 was mainly the result of investments made in quarter four (Q4).
- Loan-to-value (LTV) was 35.7% as of 31 December 2022, a safe level and comfortably within debt covenants. The Company intends to reduce the LTV below 35%, its strategic threshold, within the upcoming 12-18 months.
- The average debt maturity increased from 3.7 years as of 31 December 2021 to 4.6 years as of 31 December 2022 (excluding the effect of the disbursed revolving credit facilities). During the year the Group completed a €500 million eight-year unsecured green bond issue and used the proceeds to redeem bond notes maturing in May 2023.
- The average interest rate, including hedging, was 2.3% for 2022 (2.4% for 2021).
- In November 2022, Fitch Ratings upgraded NEPI Rockcastle's credit rating from BBB to BBB+, reflecting the agency's view of the Group's recent years' improvements in operational metrics, with increasing occupancy, footfall and tenants' sales exceeding pre-pandemic levels. S&P Global Ratings reaffirmed the Company's BBB investment grade credit rating in July 2022.

Pushing forward with sustainability

- At the end of the year, 100% of the Company's eligible properties (by GLA) were Building Research Establishment Environmental Assessment Method (BREEAM) certified Very Good and Excellent (excluding strip centers and industrial properties, for which the Group does not currently pursue such certification).
- The first stage of the Group's green energy program was completed with the installation of photovoltaic panels in 10 locations in Romania. The installation of panels in 20 more locations will be completed in 2023.

Successful corporate relocation and settlement of legal dispute

- In 2022, NEPI Rockcastle completed the relocation of its holding company from the Isle of Man to the Netherlands, a process supported by an absolute majority of shareholders.
- In November 2022, NEPI Rockcastle concluded a settlement of its dispute relating to the discontinued acquisition of Serenada and Krokus Shopping Centres. Pursuant to the settlement, the Company paid €16 million in exchange for the waiver of any and all other claims. As a provision of €37.3 million had previously been recorded in connection to this dispute and deducted from financial year (FY) 2021 distributable earnings, the settlement had a positive impact on FY 2022 distributable earnings of €21.3 million, representing the difference between the provision and the settlement amount.

OPERATING PERFORMANCE

Trading summary

Some Covid-19 restrictions were still in place in CEE at the start of 2022. All NEPI Rockcastle's GLA was operational (except for Slovakian leisure and entertainment, which opened in January 2022) but requirements such as vaccination certificates, or mandatory mask wearing, were only lifted in February. From the end of March, trading restrictions were removed in all the countries where NEPI Rockcastle operates and all tenants reverted to regular terms in their lease agreements. There is no reason to believe that any restrictions connected to Covid-19 will be reintroduced in CEE.

The recovery in 2022 was impressive and exceeded expectations at the beginning of the year. Customers returned to the Group's shopping centres, despite the challenging macroeconomic environment (inflation, higher interest rates, slower economic growth), and spent considerably more than in the benchmark pre-pandemic year of 2019, even though footfall was 11.8% (on a LFL basis) lower than in 2019. There was a strong +19.5% (on a LFL basis) increase in footfall last year over 2021. The limited restrictions still in place in first quarter (Q1) 2022, however, negatively impacted the variance over the whole year. Since April 2022, month-on-month shortfalls compared with 2019 were generally less than 10%.

Tenant sales increased both on 2021 (+31.4% on a LFL basis) and on 2019 (+11.7% on a LFL basis). This comparison was again affected by a weaker Q1, when some restrictions were still in place. The better relative performance compared to footfall is explained by customers buying more per visit, a trend that started in 2020 at the peak of the Covid-19 pandemic and has continued, or even accelerated, since. The average basket size in 2022 was 27% higher than in 2019. Even after accounting for inflation during this interval, the increase in spend is significant and indicates a persistent change in customers' shopping behaviour.

The robust increase in tenant sales helped to reduce occupancy cost ratios, even as rent concessions had been withdrawn. In 2022 the OCR was 12.1% (excluding hypermarkets), down from 13% in 2021 and about the same level as in 2019 (11.9%).

The retail categories with the highest increase in tenant sales compared to the 2019 benchmark were Health and Beauty (+33%) and Fashion Complements (+24%). The only category that still lags 2019 is Entertainment (-4%), despite having the best relative performance compared to 2021 (+103%). Tenant sales in Fashion, the largest segment, were 25% higher than 2021 and 4% higher than 2019.

The military conflict that started in Ukraine in February 2022 has not had a direct impact on NEPI Rockcastle's operations. It has however contributed to a significant rise in the price of energy and other operating costs throughout most of the year, which led to an increase in property operating expenses of 28% compared to 2021 (the property operating expenses basis for comparison in 2021 was lower, as trading restrictions or lockdowns affected the shopping centres' activity).

During 2022, NEPI Rockcastle implemented an internal process aimed at better integrating and streamlining roles, functions, and procedures across the nine countries where the Group operates. As part of this process, the Group commenced the internalisation of the property management for those assets where property management was outsourced to different external companies.

Leasing

Tenant demand continued to be very strong in 2022, after the significant rebound in 2021. Numerous international and regional brands have either entered CEE or expanded their presence in the region during the year. NEPI Rockcastle concluded 506 new leases (for 117,000m², 5.4% of total GLA) in 2022, 13% more than in 2021. International tenants accounted for 51% of new leases signed. Another 541 leases (113,000m² of GLA) were renewed during the year. More GLA was leased in 2022 than covered by lease agreements expiring in the year, which led to a decrease in vacancy by 1.3%.

The average rental uplift in 2022 was 8.7%, supported by asset management initiatives (e.g. re-sizing, merging of units etc.). The base rental uplift on renewals and reletting on a LFL basis was 5.7%.

Some of the major new leases signed in 2022 are set out below (some stores will open after 31 December 2022):

- **Arena Mall, Budapest, Hungary:** Primark (first store in Hungary, 4,300m²).
- **Paradise Center, Sofia, Bulgaria:** Zara (flagship store, 3,500m²).
- **Ploiesti Shopping City, Ploiesti, Romania:** Reserved (2,300m²).
- **Serdika Center, Sofia, Bulgaria:** Reserved (2,000m²).
- **Karolinka Shopping Centre, Opole, Poland:** Half Price (2,000m²), Xtreme Fitness (1,800m²), Reserved (1,650m²), dm (800m²).
- **Mega Mall, Bucharest, Romania:** epantofi.ro and Modivo (first stores in Romania, 1,900m²).

DIRECTORS' COMMENTARY » continued

All information below excludes joint ventures, unless otherwise stated

- **Focus Mall Piotrkow Trybunalski, Piotrkow Trybunalski, Poland:** Half Price (1,600m²).
- **Ozas Shopping and Entertainment Centre, Vilnius, Lithuania:** Sinsay (1,400m²).
- **Mammut Shopping Centre, Budapest, Hungary:** Half Price (1,350m²).

DEVELOPMENT UPDATE

During 2022, the Group invested approximately €154 million in developments and capex. All ongoing development projects are on track for completion within the envisaged schedule.

A status summary for the main ongoing development projects is presented below:

- **Extension of Promenada Mall (Bucharest, Romania):** The Group is adding 58,400m² of GLA of retail and office space to the existing 39,300m² of retail GLA. Construction started in March 2022 and is planned to be completed in Q4 2025. Leasing terms have already been agreed for 46% of the additional GLA.
- **Development of Promenada Craiova (Craiova, Romania):** The initial plan was to build a shopping centre with 52,300m² of GLA. The project attracted very high demand from retailers, so the Company decided to increase its size by adding a retail park next to the mall. The retail scheme will have more than 63,700m² of GLA in total. Construction started in February 2022 and should be completed in Q3 2023. Lease agreements have already been signed for 78% of the mall's GLA with terms agreed on an additional 16% of the mall's GLA and 75% of the retail park GLA.
- **Development of Vulcan Residence (Bucharest, Romania):** The construction of the Group's first residential project is planned to complete in the second quarter of 2023. The project will deliver 254 apartments (18,300m² of residential space).
- **Installation of photovoltaic panels (30 locations):** In 2022 the Group decided to start producing green energy by installing photovoltaic panels on some of its properties. The first phase of this project includes 30 locations in Romania and requires an investment of approximately €37 million to build a total installed power capacity of 40 MW. Installation started in October 2022 across multiple locations and 10 of the 30 units have already been completed until the end of 2022. The remaining 20 units of the first phase of the project are expected to be completed by Q4 2023.

ACQUISITIONS

The Group acquired two shopping centres in Poland, Forum Gdansk Shopping Center and Copernicus Shopping Centre, in line with its strategy to increase the concentration of its portfolio in countries with investment grade credit rating and focus on core dominant properties.

The acquisition of Forum Gdansk Shopping Center completed in December 2022 was one of the biggest single retail asset transactions by value in Europe in 2022. Forum Shopping Center is a 63,500m² GLA shopping centre in Gdansk, the sixth largest city in Poland by population (470,000 inhabitants). The transaction value is €250 million, of which €50 million comprises vendor financing payable by NEPI Rockcastle within a maximum of three years, at a fixed interest rate of 6.5%.

Copernicus Shopping Centre (48,000m² GLA) is the dominant retail asset in Torun, a prosperous city in Poland of 200,000 inhabitants. The acquisition was signed in November 2022 and completed in December 2022. The transaction value was €127 million (including €2 million for the adjacent development plot).

The Company completed the acquisition of its joint venture partner's 50% stake in Ploiesti Shopping City for a consideration of €55.5 million in September 2022, becoming the sole asset owner.

ESG FOCUS

Environmental and social initiatives

In 2022, the Company established a new environmental, social and corporate governance (ESG) department that reviewed its environmental, social and governance goals and supported the Company in refining its sustainability strategy. The ESG team will assist the rest of the business to execute the strategy and enable goals achievement, monitoring and reporting.

NEPI Rockcastle continued to roll-out its sustainability strategy in 2022:

- 100% of the Group's eligible properties (excluding strip centres and industrial properties) now have Very Good or Excellent BREEAM certifications (up from 71% at the end of 2021).
- The transition to on-site produced green energy progressed well, with the installation of photovoltaic plants in 10 locations across Romanian properties (and other 20 to be installed by the end of 2023).
- An energy co-generation unit was built in Platan Shopping Centre (Zabrze, Poland), following a €0.8 million investment.
- LED lights have been implemented in 69% of the Group's properties (by GLA).
- The green financing framework published in 2020 has further supported the issue of a €500 million green bond in January 2022.
- The Group extended its electric cars charging network, based on partnerships with Tesla (in Romania, Poland, Bulgaria) and with Enel (in Romania).

Corporate governance

On 27 May 2022, the company announced that Rüdiger Dany (CEO) and Eliza Predoiu (CFO) were permanently confirmed in their respective roles, with effect from 1 June 2022. The Board also appointed Executive Director Marek Noetzel as Chief Operations Officer (COO) with effect from 1 June 2022.

On 10 May 2022, NEPI Rockcastle's shareholders voted in favour of migrating from the Isle of Man to the Netherlands, via Luxembourg. Both moves received over 99% approval from voting shareholders. On 6 September 2022, the Company successfully completed its migration to the Netherlands, under the name NEPI Rockcastle N.V.. This marks the completion of a significant corporate milestone for the Group and its shareholders. Under the Board's oversight, the Company fully aligned its corporate governance framework to the Dutch Corporate Governance Code.

On 6 September 2022, Mr. Alex Florescu was appointed as Company Secretary, replacing Mr. Philippe Vanderhoven, who served as NEPI Rockcastle's Company Secretary whilst incorporated in Luxembourg.

INDEPENDENT AUDITOR'S REVIEW REPORT

The review report on the Group's preliminary condensed consolidated financial statements has been issued by Ernst & Young Inc. (EY South Africa), a JSE accredited auditor, who expressed an unmodified review report thereon.

The consolidated and separate financial statements for the year ended 31 December 2022 are scheduled for publication on 22 March 2023, together with the annual integrated report. The audit report on the consolidated and separate financial statements is expected to be issued by Ernst & Young Inc. (EY South Africa) together with Ernst & Young Accountants LLP (EY Netherlands).

ACCOUNTING AND VALUATION MATTERS

Valuation

NEPI Rockcastle fair values its portfolio biannually. Fair value is determined by external, independent professional valuers, with

All information below excludes joint ventures, unless otherwise stated

appropriate and recognised qualifications and recent experience in the location and category of property being assessed.

Appraiser	Locations	Percentage of portfolio
Colliers International	Romania	36%
Cushman & Wakefield	Hungary, Lithuania, Poland	34%
Jones Lang LaSalle	Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia	30%

For the year ended 31 December 2022, the Group recognised a fair value gain in relation to investment property portfolio of €142 million.

EPRA INDICATORS

EPRA indicators	31 December 2022	31 December 2021
EPRA Earnings (€ thousand)	317,870	210,159
EPRA Earnings per share (€ cents per share)	52.29	34.51
EPRA Net Initial Yield ('NIY')	6.80%	6.75%
EPRA topped-up NIY	6.86%	6.79%
EPRA vacancy rate	2.7%	4%
EPRA Net Reinstatement Value ('NRV') (€ per share)	6.84	6.51
EPRA Net Tangible Assets ('NTA') (€ per share)	6.81	6.48
EPRA Net Disposal Value ('NDV') (€ per share)	6.58	5.82
EPRA Cost ratio (including direct vacancy cost)^	11.7%	8.3%
EPRA Cost ratio (excluding direct vacancy cost)^	11.6%	8.2%

^ The increase in the EPRA cost ratio is due to the higher level of administrative expenses in the period and higher net service charges, as a result of net utility costs rising.

CASH MANAGEMENT AND DEBT

The Group had strong liquidity as of 31 December 2022, with €251 million in cash and €420 million in undrawn committed credit facilities.

NEPI Rockcastle's gearing ratio* (interest bearing debt less cash, divided by investment property) was 35.7% as of 31 December 2022, a safe level and comfortably within debt covenants.

As of 31 December 2022, ratios for unsecured loans and bonds showed ample headroom compared to covenant thresholds:

- Solvency Ratio: 0.4 actual, compared to maximum 0.6 requirement.
- Consolidated Coverage Ratio: 6.20 actual, compared to minimum 2 requirement.
- Unencumbered consolidated total assets/unsecured consolidated total debt: 251% actual compared to a minimum 150% requirement.

The Consolidated Coverage Ratio adjusted for the effect of the reversal of litigation provision for 2022 would have been 5.88.

**The reported gearing ratio (LTV) excludes the €37.2 million right-of-use assets and associated lease liabilities as of 31 December 2022.*

Funding and liability management

In January 2022, the Group issued its second green €500 million unsecured eight-year Eurobond, carrying a 2% fixed coupon, with an issue price of 98.713%. The bond's interest rate was partially pre-hedged via a swap instrument. When the bond was issued, the interest rate swap position was closed for a profit of €4.1 million, recognised in the Statement of Comprehensive Income.

The proceeds from the eight-year Eurobond were used for liability management, to repay a €500 million bond maturing in 2023. The repurchase of this 2023 bond was made at market price during January and February 2022, with the premium on the bond's carrying value (amounting to €22 million) recognised in the Statement of Comprehensive Income.

In 2022, NEPI Rockcastle extended the contractual maturities related to unsecured committed revolving credit facilities as follows:

- the revolving credit facility from BRD-Groupe Société Générale and Garanti Bank with a maximum limit of €170 million was extended for one year, until July 2025;
- the revolving credit facility from ING Bank with a maximum limit of €100 million was extended for one year, until July 2025;
- the revolving credit facility from Raiffeisen Bank International with a maximum limit of €150 million was extended for one year, until January 2025, and
- the revolving credit facility from a four-bank syndicate with a maximum limit of €200 million was maintained, with a maturity in December 2024.

In Q4 2022, the Group partially funded its acquisitions by using €200 million from its revolving credit facilities. The remaining undrawn revolving facility stands at €420 million as at year-end 2022. The committed revolving credit facilities are a strategic source of liquidity for the Group, which can support in bridging growth driving projects, such as developments or acquisitions.

In addition, a new secured green loan of €60 million was concluded in December 2022 for a 7-year term. The financed property holds a BREEAM In-Use Excellent sustainable certification rating, and a Class A energy performance certificate. This loan further supports the Group's liquidity position and strengthens the relationship with the Group's funding partners, both traditional and newly added ones.

The Group extended a €62 million secured loan maturing in 2023 for a 7-year term, at good commercial terms, within the ranges of its average cost of debt.

Cost of debt

The average interest rate of the Group's debt, including hedging, was approximately 2.3% during 2022, similar to 2021.

As of 31 December 2022, fixed-coupon bonds represented 78% of NEPI Rockcastle's outstanding debt. Out of the remaining long-term debt exposed to Euribor, 59% was hedged with interest rate caps and 21% with interest rate swaps. The unhedged portion represents less than 5% of the total outstanding debt and relates to a part of the revolving credit facilities disbursed as of year-end.

EARNINGS DISTRIBUTION 2022

The Board has declared a dividend of 27.85 euro cents per share for H2 2022, corresponding to a 95% dividend pay-out ratio, to be settled as capital repayment (default option). The shareholders can also elect for the settlement of the same dividend amount as ordinary cash distribution out of distributable profits.

As an alternative, shareholders may elect to receive a dividend of 29.32 euro cents per share, corresponding to a 100% pay-out ratio, as a return of capital by way of an issue of new shares, each credited as fully paid up ('scrip dividend'), based on the ratio that 29.32 euro

DIRECTORS' COMMENTARY » continued

All information below excludes joint ventures, unless otherwise stated

cents per share bears to the scrip reference price. The scrip reference price will be calculated based on a 3% discount to the five-day volume-weighted average traded price of NEPI Rockcastle share price on JSE, less dividend declared of 27.85 euro cents per share.

In line with the Dutch legislation, the capital repayment will be paid to shareholders unless they elect to receive either the scrip dividend or the ordinary cash distribution options described above.

A circular containing full details of the election being offered to shareholders, accompanied by announcements on the Stock Exchange News Service (SENS) of the JSE, A2X and Euronext Amsterdam will be issued in due course.

PROSPECTS AND EARNINGS GUIDANCE

Distributable earnings per share for 2023 are expected to be approximately 11% higher than the recurring 2022 distributable earnings per share of 48.68 euro cents (i.e. excluding the effect of litigation settlement), which corresponds to a 4% growth in DEPS relative to the 2022 nominal distributable earnings per share of 52.15 euro cents. This guidance does not consider the impact of potential further political instability in the region, or systemic macroeconomic disruptions, and assumes a continuation of the trading trends observed to date. This guidance can be modified or withdrawn in the future if material changes unfold.

The Board anticipates that the Company will have an increasing number of value-adding investment opportunities going forward. To achieve its plans for sustainable growth, it will seek to diversify and expand its sources of funding to include internally generated resources. In this context, the Board of Directors will consider applying flexibility in determining the dividend by applying a pay-out ratio of at least 90% of the distributable earnings.

This guidance has not been reviewed or reported on by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

By order of the Board of Directors

Rüdiger Dany
Chief Executive Officer (CEO)

Eliza Predoiu
Chief Financial Officer (CFO)

21 February 2023

BASIS OF PREPARATION

The preliminary condensed consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

They have been reviewed by EY South Africa who expressed an unmodified review report thereon, with an electronic copy available on https://nepirockcastle.com/wp-content/uploads/2023/02/Reviewed Preliminary Financial_Statements_2022.pdf. A copy of the auditors review report is available for inspection at the Company's registered office together with the reviewed preliminary condensed consolidated financial statements identified in the auditors review report. The auditor's review report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's review engagement, they should obtain a copy of the auditor's report together with the accompanying financial information form the Company's registered office.

The accounting policies are consistent with those applied for the preparation of the Annual Consolidated Financial Statements as at 31 December 2021.

The directors are responsible for the preparation and presentation of these preliminary condensed consolidated financial statements, which give a true and fair view on the state of affairs of the Group for the year ended 31 December 2022, as well as on the comparative periods presented.

The preliminary condensed consolidated financial statements are presented in Euro thousand (€' 000), rounded off to the nearest thousand, unless otherwise specified.

EPRA MEASURES

EPRA Earnings: Profit after tax attributable to the equity holders of the Company, excluding non-controlling interest, fair value adjustments of investment property, profits or losses on investment property disposals and related tax adjustment for losses on disposals, gains on acquisition of subsidiaries, acquisition costs, fair value and net result on sale of financial investments at fair value through profit or loss and deferred tax expense

EPRA Earnings Per Share: EPRA Earnings divided by the number of shares outstanding at the period or year-end

EPRA Net Reinstatement Value (EPRA NRV): Highlights the value of net assets on a long-term basis. It is computed as the net assets per the statement of financial position, excluding the goodwill, deferred taxation net balance and mark-to-market of interest rate derivatives (which represents assets and liabilities not expected to crystallise in normal course of business)

EPRA Net Tangible Assets (EPRA NTA): Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax

EPRA Net Disposal Value (EPRA NDV): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

EPRA Net Initial Yield: Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the portfolio

EPRA 'topped-up' Yield: EPRA Net Initial Yield adjusted in respect of the annualised rent free at the balance sheet date

EPRA Vacancy Rate: Vacancy rate computed based on estimated rental value of vacant space compared to the estimated rental value of the entire property

NEPI Rockcastle N.V. (Formerly NEPI Rockcastle S.A.) Incorporated and registered in the Netherlands
Registered number: 87488329
Share code: NRP ISIN: NL0015000RT3 ("**NEPI Rockcastle**" or "**the Company**" or "**the Group**")

INFORMATION EXTRACTED FROM THE PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 Dec 2022	31 Dec 2021*,**
ASSETS		
Non-current assets	**6 764 255**	**6 027 271**
Investment property	6 596 137	5 841 676
— Investment property in use	6 331 793	5 670 776
— Investment property under development	264 344	170 900
Goodwill	76 804	76 804
Deferred tax assets	54 679	48 669
Investments in joint ventures	-	23 659
Long-term loans granted to joint ventures	-	22 466
Other long-term assets	11 050	9 455
Derivative financial assets at fair value through profit or loss	25 585	4 542
Current assets	**367 300**	**569 117**
Trade and other receivables	85 496	60 972
Inventory property	20 694	9 522
Derivative financial assets at fair value through profit or loss	10 479	-
Cash and cash equivalents	250 631	498 623
Assets held for sale	**18 685**	**1 752**
TOTAL ASSETS	**7 150 240**	**6 598 140**
EQUITY AND LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	**3 898 721**	**3 720 242**
Equity attributable to equity holders	**3 898 721**	**3 714 922**
Share capital	6 070	6 090
Share premium	3 190 735	3 550 061
Other reserves	(4 656)	(3 384)
Accumulated profit	706 572	162 155
Non-controlling interest	**-**	**5 320**
Total liabilities	**3 251 519**	**2 877 898**
Non-current liabilities	**3 052 373**	**2 716 314**
Bank loans	546 744	297 155
Bonds	1 978 708	1 977 191
Deferred tax liabilities	419 554	371 366
Lease liabilities*	36 368	32 779
Loans from third parties	33 333	-
Other long-term liabilities	37 666	34 612
Derivative financial liabilities at fair value through profit or loss	-	3 211
Current liabilities	**198 028**	**161 584**
Trade and other payables	155 002	104 969
Provisions for litigations**	-	37 304
Bank loans	11 157	7 431
Bonds	14 263	11 048
Lease liabilities*	832	832
Loans from third parties	16 774	-
Liabilities directly associated with assets held for sale	**1 118**	**-**
TOTAL EQUITY AND LIABILITIES	**7 150 240**	**6 598 140**
Net Asset Value per share (euro)	6.42	6.10
EPRA Net Reinstatement Value per share (euro) ***	6.84	6.51
Number of shares for Net Asset Value/EPRA Net Reinstatement Value per share	607 000 000	608 994 907

At 31 December 2021, "Lease liabilities" (with a carrying amount of €33,612 thousand) were presented in line "Other long-term liabilities". At 31 December 2022, these are presented on separate lines within "Non-current liabilities" (long term portion) and "Current liabilities" (short term portion), with corresponding comparatives re-classified accordingly, to enhance presentation.
*** At 31 December 2021, "Provisions for litigations" (with a carrying amount of €37,304 thousand) were presented in line "Trade and other payables". At 31 December 2022, these are presented on a separate line, with corresponding comparative re-classified accordingly, to enhance presentation.*
****EPRA Net Reinstatement Value per share (non-IFRS measure) is Net Asset Value per share adjusted for the effect of non-monetary balance sheet items, such as deferred tax, goodwill and interest rate derivatives.*

NEPI Rockcastle N.V. (Formerly NEPI Rockcastle S.A.) Incorporated and registered in the Netherlands
Registered number: 87488329
Share code: NRP ISIN: NL0015000RT3 ("**NEPI Rockcastle**"or "**the Company**" or "**the Group**")

INFORMATION EXTRACTED FROM THE PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Dec 2022	31 Dec 2021
Net rental and related income*	**404 565**	**346 891**
Gross rental income	422 051	369 395
Service charge income	199 812	167 324
Property operating expenses	(219 388)	(172 063)
Partial forgiveness of receivables (Covid-19 forgiveness)	2 090	(17 765)
Administrative expenses	(30 381)	(24 665)
Reversal of/(expenses) with litigation claim	21 304	(37 304)
EBIT**	**395 488**	**284 922**
Fair value adjustments of investment property	141 701	34 650
Foreign exchange gain/(loss)	1 585	(935)
Gain on disposal of assets held for sale	1 121	1 995
Profit before net finance costs and other items	**539 895**	**320 632**
Finance income	3 511	1 423
Finance costs	(56 802)	(62 649)
Bank charges, commissions and fees	(4 298)	(4 496)
Fair value adjustments of derivatives	37 946	5 174
Losses on extinguishment of financial instruments	(21 925)	-
Share of profit of joint ventures	3 280	1 902
Profit before tax	**501 607**	**261 986**
Income tax expense	**(66 334)**	**(26 917)**
Current tax expense	(23 068)	(10 274)
Deferred tax expense	(43 266)	(16 643)
Profit after tax	**435 273**	**235 069**
Total comprehensive income for the year	**435 273**	**235 069**
Profit attributable to:		
Non-controlling interest	106	65
Equity holders	435 167	235 004
Total comprehensive income attributable to:		
Non-controlling interest	106	65
Equity holders	435 167	235 004
Basic weighted average number of shares	607 756 809	608 994 907
Diluted weighted average number of shares	608 529 063	608 994 907
Basic earnings per share (euro cents) attributable to equity holders	71.60	38.59
Diluted earnings per share (euro cents) attributable to equity holders	71.51	38.59

** Out of the total Net rental and related income for 2021, €2.5 million relates to the two Serbian properties (disposed of on 12 July 2021).*
***EBIT (Earnings Before Interest and Taxes) represents the Group's Operating profit, defined as Net rental and related income less Administrative expenses (Depreciation and Amortisation are included in Administrative expenses).*
^Subheadings "Net finance costs" and "Other items" shown in the Statement of comprehensive income at 31 December 2021 were removed in this statement of comprehensive income, to ease understanding.

For further information please contact: NEPI Rockcastle N.V., Rüdiger Dany/Eliza Predoiu: +31 202 38 40 30
JSE sponsor: Java Capital: +27 11 722 3050
Euronext Listing Agent: ING Bank: +31 20 563 6685
Media Relations: mediarelations@nepirockcastle.com
www.nepirockcastle.com

NEPI Rockcastle N.V. (Formerly NEPI Rockcastle S.A.) Incorporated and registered in the Netherlands
Registered number: 87488329
Share code: NRP ISIN: NL0015000RT3 ("**NEPI Rockcastle**"or "**the Company**" or "**the Group**")

INFORMATION EXTRACTED FROM THE PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Other reserves	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2021	**6 090**	**3 550 061**	**(6 456)**	**137 373**	**5 255**	**3 692 323**
Transactions with owners	**-**	**-**	**3 072**	**(210 222)**	**-**	**(207 150)**
— Share premium reduction^	-	(1 500 000)	-	1 500 000	-	-
— Share premium increase^	-	1 500 000	-	(1 500 000)	-	-
— Shares purchased for LTSIP*	-	-	(1 978)	-	-	(1 978)
— Share based payment expense	-	-	5 050	-	-	5 050
— Earnings distribution	-	-	-	(210 222)	-	(210 222)
Total comprehensive income	**-**	**-**	**-**	**235 004**	**65**	**235 069**
— Profit for the year	-	-	-	235 004	65	235 069
Balance at 31 December 2021/1 January 2022	**6 090**	**3 550 061**	**(3 384)**	**162 155**	**5 320**	**3 720 242**
Transactions with owners	**(20)**	**(359 326)**	**(1 272)**	**109 250**	**(5 426)**	**(256 794)**
— Share premium reduction^^	-	(350 000)	-	350 000	-	-
— Repurchase of shares	(20)	(9 326)	-	-	-	(9 346)
— Shares purchased for LTSIP*	-	-	(2 744)	-	-	(2 744)
— Share based payment expense	-	-	1 472	-	-	1 472
— Earnings distribution	-	-	-	(241 223)	-	(241 223)
— Acquisition of Non-controlling interest	-	-	-	473	(5 426)	(4 953)
Total comprehensive income	**-**	**-**	**-**	**435 167**	**106**	**435 273**
— Profit for the year	-	-	-	435 167	106	435 273
Balance at 31 December 2022	**6 070**	**3 190 735**	**(4 656)**	**706 572**	**-**	**3 898 721**

**LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.*
^ Share premium movement – In June 2021, the Group transferred €1,500,000 thousand from share premium to accumulated profit. After a thorough reassessment, the Company decided to maintain the reserves as they were accounted for previously to the transfer from June, and thus, unwound the respective transfer in December 2021.
^^ During 2022, €350,000 thousand were transferred from share premium to accumulated profit, to ensure positive retained earnings at stand-alone parent company level.

INFORMATION EXTRACTED FROM THE PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

RECONCILIATION OF PROFIT FOR THE YEAR TO DISTRIBUTABLE EARNINGS	31 Dec 2022	31 Dec 2021
Profit per IFRS Statement of comprehensive income attributable to equity holders	**435 167**	**235 004**
Accounting specific adjustments	**(118 112)**	**(25 391)**
Fair value adjustments of investment property for controlled subsidiaries	(141 701)	(34 650)
Depreciation and amortisation expense (in relation to property, plant and equipment of an administrative nature)	1 469	643
Fair value adjustments of derivatives	(37 946)	(5 174)
Losses on extinguishment of financial instruments	21 925	-
Amortisation of financial assets	(1 940)	(1 189)
Deferred tax expense for controlled subsidiaries	43 266	16 643
Gain on disposal of assets held for sale	(1 121)	(1 995)
Adjustments related to joint ventures:	**(1 727)**	**502**
Fair value adjustment investment property for joint ventures	(1 632)	731
Fair value adjustments of derivatives for joint ventures	(407)	(289)
Depreciation in relation to property, plant and equipment of an administrative nature for joint venture	(32)	-
Deferred tax expense for joint ventures	344	60
Adjustments related to non-controlling interest:	**7**	**(171)**
Fair value adjustment investment property for non-controlling interest	(1)	(120)
Deferred tax income/(expense) for non-controlling interest	8	(51)
Antecedent earnings	**(344)**	**-**
Distributable earnings	**317 055**	**209 613**
Interim distributable earnings	(139 058)	(107 409)
Final distributable earnings	(177 997)	(102 204)
Distributable earnings per share (euro cents)	**52.15**	**34.42**
Interim distributable earnings per share (euro cents)	22.83	17.64
Final distributable earnings per share (euro cents)	29.32	16.78
Distribution declared	**308 155**	**209 613**
Interim distribution	139 058	107 409
Final distribution	169 097	102 204
Distribution declared per share (euro cents)	**50.68**	**34.42**
Interim distribution per share (euro cents)	22.83	17.64
Final distribution per share (euro cents)	27.85	16.78
Earnings not distributed	**8 900**	**-**
Earnings not distributed per share (euro cents)	**1.47**	**-**
Number of shares entitled to interim distribution	**608 994 907**	**608 994 907**
Number of shares entitled to final distribution	**607 000 000**	**608 994 907**

Distributable earnings per share is prepared on a basis that is consistent with SA REIT funds from operations (SA REIT FFO) as set out in the SA REIT Association's Best Practice Recommendations Second Edition.

INFORMATION EXTRACTED FROM THE PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2022	31 Dec 2021
Net cash flows from operating activities	**298 607**	**258 031**
Expenditure on investment property under development	(142 941)	(71 171)
Settlements of deferred consideration for prior years acquisitions	-	(2 825)
Acquisition of investment property	(316 998)	-
Acquisition of the remaining 50% stake in joint venture	(36 980)	-
Proceeds from disposal of assets held for sale	3 360	61 093
Other investments	-	154
Net cash flows used in investing activities	**(493 559)**	**(12 749)**
Payment to acquire shares for LTSIP*	(2 744)	(1 978)
Repurchase of shares	(9 346)	-
Acquisition of non-controlling interest	(9 377)	-
Net movements in bank loans, bonds and other long-term liabilities	**209 905**	**(176 937)**
Proceeds from bank loans	260 000	73 521
Proceeds from bonds	493 566	-
Repayment of bank loans	(25 563)	(250 458)
Repurchase of bonds	(496 020)	-
Premium paid on repurchase of bonds	(21 925)	-
Cash received from pre-hedge instrument	4 075	-
Repayment of other long-term liabiities	(4 228)	-
Other payments	**(255)**	**(819)**
Repayments of lease liabilities	(255)	(251)
Premium paid on acquisitions of derivatives	-	(568)
Earnings distribution	(241 223)	(210 222)
Net cash flows used in financing activities	**(53 040)**	**(389 956)**
Net decrease in cash and cash equivalents	**(247 992)**	**(144 674)**
Cash and cash equivalents brought forward	498 623	643 297
Cash and cash equivalents carried forward	**250 631**	**498 623**

** LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.*

RECONCILIATION OF PROFIT FOR THE YEAR TO HEADLINE EARNINGS	31 Dec 2022	31 Dec 2021
Profit for the year attributable to equity holders	435 167	235 004
Fair value adjustments of investment property	(141 701)	(34 650)
Gain on disposal of assets held for sale	(1 121)	(1 995)
Tax effects of fair value adjustments of investment property	22 212	5 204
Fair value adjustment of investment property for joint ventures	(1 632)	731
Tax effects of fair value adjustments for joint ventures	261	(117)
HEADLINE EARNINGS	**313 186**	**204 177**
Basic weighted average number of shares	607 756 809	608 994 907
Diluted weighted average number of shares	608 529 063	608 994 907
Headline earnings per share (euro cents)	51.53	33.53
Diluted headline earnings per share (euro cents)	51.47	33.53

INFORMATION EXTRACTED FROM THE PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

RECONCILIATION OF IFRS NET ASSET TO EPRA NET REINSTATEMENT VALUE	31 Dec 2022	31 Dec 2021
Net Asset Value (per the Statement of financial position)	3 898 721	3 714 922
Deferred tax liabilities for controlled subsidiaries	420 665	371 366
Deferred tax assets for controlled subsidiaries	(54 679)	(48 669)
Goodwill	(76 804)	(76 804)
Derivative financial assets at fair value through profit or loss	(36 064)	(4 542)
Derivative financial liabilities at fair value through profit or loss	-	3 211
Deferred tax liabilities for joint ventures	-	5 547
Derivatives at fair value through profit or loss for joint ventures	-	399
EPRA Net Reinstatement Value	**4 151 839**	**3 965 430**
Number of shares	607 000 000	608 994 907
Net Asset Value per share (euro)	6.42	6.10
EPRA Net Reinstatement Value per share (euro)	6.84	6.51

SEGMENT ANALYSIS	Retail	Office	Industrial	Residential	Corporate and unallocated items	Total
Year ended 31 December 2022						
Net rental and related income	397 879	4 968	1 718	-	-	404 565
Gross rental and service charge income	612 108	7 435	2 320	-	-	621 863
Property operating expense	(216 326)	(2 460)	(602)	-	-	(219 388)
Partial forgiveness of receivables	2 097	(7)	-	-	-	2 090
Profit/(Loss) before net financing cost and other items	527 719	3 183	1 791	(185)	7 387	539 895
Total assets	6 848 591	75 231	20 208	25 081	181 129	7 150 240
Total liabilities	905 225	3 694	2 389	4 545	2 335 666	3 251 519
Year ended 31 December 2021						
Net rental and related income*	340 048	5 188	1 655	-	-	346 891
Gross rental and service charge income	527 450	7 163	2 106	-	-	536 719
Property operating expense	(169 649)	(1 963)	(451)	-	-	(172 063)
Partial forgiveness of receivables	(17 753)	(12)	-	-	-	(17 765)
Profit/(Loss) before net financing cost and other items	362 693	1 549	2 890	(120)	(46 380)	320 632
Total assets	6 119 363	75 337	19 585	10 868	372 987	6 598 140
Total liabilities	763 572	2 706	2 001	249	2 109 370	2 877 898

** Out of the total Net rental and related income for 2021, €2.5 million relates to the two Serbian properties (disposed of on 12 July 2021).*

LEASE EXPIRY PROFILE	2023	2024	2025	2026	2027	2028	2029	2030	2031	≥2032	Total
Total based on rental income	9.1%	20.6%	19.5%	16.2%	13.2%	10.8%	2.8%	1.4%	1.2%	5.2%	100%
Total based on rented area	9.4%	17.4%	18.1%	15.7%	13.3%	10.7%	4.2%	2.1%	1.7%	7.4%	100%

For further information please contact: NEPI Rockcastle N.V., Rüdiger Dany/Eliza Predoiu: +31 202 38 40 30
JSE sponsor: Java Capital: +27 11 722 3050
Euronext Listing Agent: ING Bank: +31 20 563 6685
Media Relations: mediarelations@nepirockcastle.com
www.nepirockcastle.com