

NEPI Rockcastle N.V.

Incorporated and registered in the Netherlands

Registration number: 87488329

Share code: NRP

ISIN: NL0015000RT3

("NEPI Rockcastle" or "the Company" or "the Group")



BUSINESS UPDATE

STRONG GROWTH IN NOI AND TENANT SALES CONTINUES ON ROBUST RESILIENCE OF CEE CONSUMER, DRIVES DOWN VACANCY

NEPI Rockcastle achieved a 12.3% growth in net operating income ("NOI") to €411 million in the first nine months ("9M") of 2024 versus the same period of 2023. On a like-for-like ("LFL") basis, NOI increased by 8.4%. The continuing momentum in the Company's growth was driven by higher rents and short-term income as well as the disciplined management of operating costs.

Tenant sales increased by 9.0% in 9M 2024 versus the same period a year ago (LFL excluding hypermarkets), in line with the trend at half year. Footfall was up by 1.4% (LFL), while the average basket size increased by 8.3% despite inflation de-accelerating significantly since 2023.

The European Public Real Estate Association ("EPRA") vacancy rate dropped to 2.3% at the end of the third quarter, down from 2.7% as at June 2024, on the back of strong tenant performance supporting leasing activity. Rent collection for the period was 99%, as at the end-October 2024.

Rüdiger Dany, NEPI Rockcastle's CEO, said *"We continue to see solid growth across our markets, driven by strong tenant performance and the impact of active asset management. The average basket size continued to grow through the third quarter at roughly the same pace as in the first half of the year."*

"Our team continues to excel in making our properties more attractive for consumers and retailers and in leveraging the Group's leading position in CEE's commercial retail environment. Our strong leasing activity contributed to reducing the vacancy rate to 2.3%, which, combined with rental uplifts and improved cost recovery, ensured that NOI continues to grow at very healthy rates."

"NEPI Rockcastle's management has embarked on a major strategic plan to take advantage of current market opportunities and position the Group for long-run sustainable growth. Over a period of a few weeks spanning September and October, the Company successfully completed a €300 million equity raise (the first since 2017); a €500 million green bond issue; the largest single asset acquisition of a retail property in CEE in recent years and the disposal of its last remaining property in Serbia. More is yet to come, as we are looking at a very promising acquisition and development pipeline - including green energy production - while capital markets are growing ever more supportive of our strategy."

NEW FUNDS RAISED ON DEBT AND EQUITY CAPITAL MARKETS FUEL AMBITIOUS INVESTMENT PLANS

On 26 September 2024, NEPI Rockcastle issued €500 million of green unsecured bonds maturing in January 2032. The issue, which was six times oversubscribed, attracted considerable interest from investors, resulting in favourable financial terms for the Group (a fixed coupon of 4.25% and an issue price of 99.124%). Also in September, one of the existing revolving credit facilities ("RCF") was increased by €50 million, leading to an overall €670 million in available committed RCF.

The loan-to-value ratio* ("LTV") was 30.7% as at 30 September 2024, compared to the Company's 35% strategic threshold.

NEPI Rockcastle recently announced several major events that occurred after 30 September 2024 that will impact its position at year-end:

- On 1 October, the Group completed the acquisition of Magnolia Park, a 100,000m² gross lettable area ("GLA") shopping centre in Wroclaw, Poland, for a total cash consideration paid of €353 million.
- On 7 October, the disposal of the Company's last remaining property in Serbia, Promenada Novi Sad, was concluded, for cash proceeds amounting to €177 million.
- Shareholders were offered an option to receive scrip for the first half ("H1") 2024 dividend distribution, which saw a 39% take-up rate, with no discount being offered for this option. The scrip issue was the equivalent of raising €70 million in equity.
- On 17 October, NEPI Rockcastle successfully raised €300 million through an issue of new shares, for a price per share of ZAR 137.85 (€7.19), representing a discount of less than 1% compared to the last reported Net Reinstatement Value per share.

The net additional funds raised from the combined effect of these actions, together with the existing cash as at 30 September, led to a LTV of 29.2% as at the end of October. The funds will be used to repay a €500 million bond maturing in November 2024 and finance the Group's significant and highly promising acquisitions and development pipeline.

The value of the investment portfolio was €7.1 billion as at 30 September 2024 (with Promenada Novi Sad still on the Group's balance sheet, as the effective disposal date was in October, and without Magnolia Park effectively under Group's ownership from 1 October), marginally higher compared to June 2024. No property valuations were performed during the third quarter ("Q3") 2024. In line with the Company's policy, independent valuations are carried out twice a year and included in the half-year and year-end financial reports.

Following the events in October described above, the value of the investment portfolio including acquisitions, disposals and developments is €7.4 billion.

OPERATING PERFORMANCE

Trading update

Footfall was 1.4% higher in 9M 2024 compared to 9M 2023 (LFL). The pace of year-on-year growth accelerated slightly in Q3 2024 (+1.6%) compared to the second quarter ("Q2") (+0.3%).

LFL tenant sales (excluding hypermarkets) in 9M 2024 increased by 9% compared to 9M 2023. The year-on-year growth in Q3 was 9.2%, above that in Q2 (+7.3%) and significantly above inflation, which has decreased towards the European Central Bank's target of 2%. All retail segments recorded higher sales in 9M 2024 than in the corresponding period of 2023. The best performing categories were Health & Beauty (+16%) and Services (+12%), while in Fashion, the largest segment, tenant sales increased by 8%.

* As at 30 September 2024, the reported LTV ratio excludes the €55.8 million right-of-use assets and equal amount of lease liabilities, related to long-term land concessions associated to part of the Group's properties located in Poland.

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NEPI ROCKCASTLE

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The average basket size continued to grow at roughly the same pace as in the first half year, averaging an increase of 8.3% between 9M 2024 and 9M 2023. The post-pandemic trend of higher spend per visit has proven remarkably resilient so far, enduring periods of both high inflation and slowing economic activity.

In 9M 2024, the occupancy cost ratio ("OCR") was at a sustainable level of 12.5%. Higher tenant sales more than offset the increase in rents and tenants' contributions to operating expenses.

Leasing activity

In Q3 2024, the Group signed 345 new leases and lease renewals, for more than 71,200m², of which 34% by GLA are new leases (1% of total GLA). International tenants accounted for 61% of newly leased GLA.

The average rental uplift in 9M 2024 was 3.6% above indexation, underpinned by continued strong demand for space in the Group's shopping centres. EPRA retail vacancy reached a low 2% as at 30 September 2024.

Significant new leases signed in Q3 2024 include Reserved (Aupark Shopping Center Piestany, Slovakia), Pull & Bear and Zara Home (Arena Mall, Hungary), Stay Fit Gym (Shopping City Targu Jiu, Romania), Mohito (Shopping City Timisoara, Romania), Mr. DIY (Platan Shopping Centre, Poland), Bershka (Arena Centar, Croatia), McDonald's (Vulcan Value Centre, Romania), JD (Forum Liberec Shopping Centre, Czech Republic), and eobuwie (Forum Gdansk Shopping Center, Poland).

New units opened in Q3 2024 include Lefties (Ploiesti Shopping City, Romania), Gym+ (Ozas Shopping and Entertainment Centre, Lithuania), New Yorker and Fikolki (Alfa Centrum Bialystok, Poland), Reserved (Paradise Center, Bulgaria), Sinsay (Aupark Shopping Center Piestany, Slovakia), and JD (Serdika Center, Bulgaria and Aupark Kosice Mall, Slovakia).

DEVELOPMENT UPDATE

The 5,900m² extension of Ploiesti Shopping City opened on 25 September 2024, with an occupancy of 97% (and lease terms agreed for 100%). Construction started in November 2023.

Development projects under construction (the extension of Promenada Bucharest, the redevelopment of Bonarka City Center and the refurbishment of Arena Mall Budapest) are on schedule and within budget.

Permitting is ongoing for the 60,500m² GLA retail project Promenada Plovdiv. The building permit is currently expected to be obtained in the first quarter ("Q1") 2025. The project is estimated to be completed in the fourth quarter ("Q4") 2026. The permitting process started for the development of Galati Retail Park, a mixed-use scheme in Galati, Romania, which includes 40,900m² of retail and 21,500m² of residential units. The expected date for obtaining the building permit is in Q3 2025, and the anticipated opening date is in Q4 2026.

The first phase of the Company's green energy project, the installation of photovoltaic panels across 27 locations in Romania with a total installed power capacity of 38 MW, for an investment value of €34 million, was completed in H1 2024 and generated income of €7.3 million in 9M 2024. The second stage of this project, involving a roll out of the programme in the Group's shopping centres outside Romania, is well underway. The concept design was completed for 24 locations identified as suitable for development, adding up to a total installed capacity of 15 MW. The 24 locations are in various stages of permitting or construction.

Under the third phase of the green energy project, consisting of investments in greenfield, ready-to-build photovoltaic projects in Romania, a location has already been secured for the development of a 50 MW project in the west of the country. Construction is expected to start in Q1 2025. A second location has been identified with a capacity potential of more than 100 MW and is currently under due diligence. The Company has earmarked almost €100 million for these projects.

NEPI Rockcastle's development pipeline under construction or permitting totals €788 million, of which €226 million had been spent by 30 September 2024.

CASH MANAGEMENT AND DEBT

As at 30 September 2024, NEPI Rockcastle had €815 million in cash and €670 million in undrawn committed credit facilities. The Group's gearing ratio (interest bearing debt less cash, divided by investment property) was 30.7%, comfortably below the 35% strategic threshold.

As at 30 September 2024, ratios for unsecured loans and bonds showed ample headroom compared to covenants, as follows:

- Solvency Ratio: 0.4 actual compared to maximum 0.6 requirement;
- Consolidated Coverage Ratio: 5.5 actual compared to minimum 2 requirement; and
- Unencumbered consolidated total assets/unsecured consolidated total debt: 250% actual compared to minimum 150% requirement.

The 9M 2024 average cost of debt was approximately 3.0% (corresponding to 2.6%, adjusted for the finance income resulting from the placement of the excess liquidity). As at 30 September 2024, the balance exposed to variable interest rates represents 14% of the total outstanding debt.

SUSTAINABILITY FOCUS

NEPI Rockcastle continued to advance its sustainability and reporting practices throughout 2024. The Group received an EPRA Gold Award for compliance with its Sustainability Best Practices Recommendations ("sBPR"), surpassing its Silver award in 2023, and maintained its Gold award for compliance with the Financial Best Practices Recommendations ("BPR"). The Group's ESG risk was rated Negligible by Sustainalytics, while the Company achieved a 5-star GRESB rating for its standing portfolio, recognizing significant progress from the 2023 3-star level. These distinctions reflect the Group's constant commitment to enhancing environmental, social and governance performance and its continued focus on transparency and disclosure.

For further information please contact: NEPI Rockcastle N.V., Rüdiger Dany/Eliza Predoiu: +31 20 237 4770

JSE sponsor: Java Capital: +27 (0)78 456 9999

Euronext Listing Agent: ING Bank: +31 20 563 6685

Media Relations: mediarelations@nepirockcastle.com

www.nepirockcastle.com

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OUTLOOK

The Board reaffirms its guidance updated in August 2024 that distributable earnings per share for the year will be approximately 5.5% higher than 2023 distributable earnings per share, with no change in the Company's current 90% dividend payout ratio.

This guidance does not consider the impact of greater geopolitical instability or major macroeconomic disruption and assumes current trading trends continue. In particular, it does not factor in an escalation of the military conflict currently going on in Ukraine that might affect the CEE markets. This guidance can be modified, or withdrawn, in the future if material changes unfold. This guidance has not been reviewed or reported on by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

FINANCIAL REPORTING SCHEDULE FOR 2025

25 February 2025	Publication of the reviewed condensed consolidated financial statements for the year ended 31 December 2024
19 March 2025	Publication of the audited consolidated financial statements and annual report for the year ended 31 December 2024
16 May 2025	Business update - Q1 2025
19 August 2025	Publication of the reviewed interim condensed consolidated financial statements for the six months ended 30 June 2025
19 November 2025	Business update - Q3 2025

By order of the Board of Directors

Rüdiger Dany
Chief Executive Officer (CEO)

Eliza Predoiu
Chief Financial Officer (CFO)

20 November 2024