

# NEPI ROCKCASTLE

## NEPI Rockcastle plc

(Incorporated and registered in the Isle of Man)

(Registered number 014178V)

JSE share code: NRO

ISIN: IM00BDD7WV31

(“NEPI Rockcastle” or “the company”)

## PROSPECTUS

This prospectus has been prepared for the purpose of providing information regarding the business and affairs of the company as at the time of listing on the JSE by introduction, on the assumption that the merger transaction will be implemented in accordance with its terms.

In addition, this prospectus is issued to provide information regarding the business and affairs of the company for the benefit of NEPI shareholders who, in terms of the NEPI repurchase, have an opportunity to voluntarily sell their NEPI shares to NEPI in consideration for which NEPI will transfer to participating shareholders the right to be issued such number of new NEPI Rockcastle shares as is determined based on the swap ratio and pursuant to which shareholders will receive 1 NEPI Rockcastle share for every 1 NEPI share repurchased, as more fully detailed in the NEPI circular. In terms of the SA Companies Act, the NEPI repurchase constitutes an initial public offering by way of a secondary offer by NEPI of NEPI Rockcastle shares and thus requires the issue of a registered prospectus.

A copy of this prospectus in English, accompanied by the documents referred to in paragraph 33 (*Documents available for inspection*), was registered by CIPC in terms of the SA Companies Act on 2 June 2017.

This prospectus is not an invitation to the public to subscribe for shares. It is issued in compliance with the JSE Listings Requirements and the SA Companies Act. All information included in the prospectus reflects the business and affairs of the company at the time of listing on the JSE, determined with reference to all relevant information as it relates to NEPI and Rockcastle (and as it relates to the NEPI sale assets and Rockcastle sale assets that are the subject of the merger transaction) as at the last practicable date.

The definitions and interpretations commencing on page 9 of this prospectus have been used on these cover pages.

2017

General meeting of Rockcastle shareholders to consider and, if deemed fit, approve with or without modification the resolutions necessary to implement the merger transaction in accordance with its terms (“ <b>Rockcastle general meeting</b> ”)	Monday, 3 July
Results of Rockcastle general meeting released on SENS, the website of the Bucharest Stock Exchange and the website of the Stock Exchange of Mauritius	Monday, 3 July
Results of Rockcastle general meeting published in the press	Tuesday, 4 July
Extraordinary general meeting of NEPI shareholders to consider and, if deemed fit, approve with or without modification the resolutions necessary to implement the merger transaction in accordance with its terms (“ <b>NEPI general meeting</b> ”)	Thursday, 6 July
Expected date on which the merger transaction becomes unconditional	Thursday, 6 July
Results of NEPI general meeting and finalisation announcement released on SENS, the website of the Bucharest Stock Exchange and the website of the Stock Exchange of Mauritius	Thursday, 6 July
Results of NEPI general meeting and finalisation announcement published in the press	Friday, 7 July
Merger implementation date	Tuesday, 11 July
Transfer of NEPI sale assets and Rockcastle sale assets to the company	Tuesday, 11 July
Last day to trade in order to receive NEPI Rockcastle shares pursuant to the implementation of the merger transaction	Tuesday, 11 July
Suspension of trade in NEPI and Rockcastle shares	Wednesday, 12 July
Listing and commencement of trade in NEPI Rockcastle shares under Alpha code NRO and ISIN: IM00BDD7WV31 on the JSE, at 09:00 <sup>1</sup>	Wednesday, 12 July
Listing and commencement of trade in NEPI Rockcastle shares under ISIN: IM00BDD7WV31 on Euronext Amsterdam <sup>1</sup>	Wednesday, 12 July
Record date for receipt by NEPI and Rockcastle shareholders of NEPI Rockcastle shares pursuant to the implementation of the merger transaction	Friday, 14 July
Last day for NEPI shareholders who wish to receive a distribution <i>in specie</i> as a dividend to lodge their form of election, by no later than 12:00	Friday, 14 July
Last day for Rockcastle shareholders who wish to receive a distribution <i>in specie</i> as a return of capital to lodge their form of election, by no later than 12:00	Friday, 14 July
NEPI shareholders who have not lodged election forms to receive a dividend and who wish to participate in the NEPI repurchase to lodge their repurchase election and surrender forms between 14:00 and 17:00 <sup>2</sup>	Friday, 14 July
Implementation of the NEPI repurchase. Issue by NEPI Rockcastle of NEPI Rockcastle shares (Alpha code: NRO; ISIN: IM00BDD7WV31) to NEPI shareholders participating in the NEPI repurchase	Monday, 17 July
Cancellation of the NEPI shares repurchased pursuant to the NEPI repurchase	Monday, 17 July
Issue by NEPI Rockcastle of NEPI Rockcastle (Alpha code: NRO; ISIN: IM00BDD7WV31) to NEPI and Rockcastle shareholders receiving distributions <i>in specie</i>	Monday, 17 July
CSDP/custodian/broker accounts credited/updated with NEPI Rockcastle shares (Alpha code: NRO; ISIN: IM00BDD7WV31)	Monday, 17 July

### Notes:

1. Transactions in NEPI Rockcastle shares will be settled in the electronic settlement system used by Strate and Euroclear Nederland, with settlement of trades taking place three business days after a trade is executed. Therefore, while NEPI Rockcastle shares will only be issued pursuant to the merger transaction on Monday, 17 July 2017, NEPI Rockcastle shares will be listed and commence trading on the JSE and Euronext Amsterdam on Wednesday, 12 July 2017. Following the first trading date of NEPI Rockcastle shares on Euronext Amsterdam, settlement of trades in NEPI Rockcastle shares on Euronext Amsterdam will take place two business days after a trade is executed.
2. Repurchase election and surrender forms will not be accepted after 17:00 on Friday, 14 July 2017.
3. The above dates and times are local dates and times in South Africa.
4. The above dates and times are estimates only, assuming all conditions precedent to the merger transaction have been fulfilled or waived, as applicable, on 6 July 2017, and are accordingly subject to change. Any changes will be released on SENS and published in the press.
5. NEPI and Rockcastle shareholders are referred to the NEPI circular and the Rockcastle circular, respectively, for detailed salient dates and times relating to the merger transaction, the NEPI repurchase and information on the action required to be taken by them.

Immediately prior to the merger transaction and the listing on the JSE:

- the authorised share capital of the company will comprise 2 000 000 000 ordinary shares of €0.01 each;
- the issued share capital of the company will comprise 1 102 ordinary shares of €0.01 each;
- there will be no treasury shares in issue; and
- the share premium account will reflect a value of €0.

Assuming the merger transaction is implemented in accordance with its terms, upon listing on the JSE:

- the authorised share capital of the company will comprise 2 000 000 000 ordinary shares of €0.01 each;
- the issued share capital of the company will comprise 538 953 857 ordinary shares of €0.01 each;
- there will be no treasury shares in issue; and
- the share premium account will reflect a value of approx. €5 100 000 000.

Upon listing on the JSE, the anticipated market capitalisation of the company will be approximately R85 billion (€5.8 billion).

On listing on the JSE, all NEPI Rockcastle shares will rank *pari passu* in respect of all rights. There are no convertibility or redemption provisions relating to any of the NEPI Rockcastle shares to be issued in terms of the NEPI repurchase. There will be no fractions of NEPI Rockcastle shares issued in terms of the NEPI repurchase.

The JSE has granted NEPI Rockcastle a primary listing by introduction of all of its issued ordinary shares on the Main Board of the JSE, under the abbreviated name: “NEPIROCK”, JSE share code: NRO and ISIN: IM00BDD7WV31. The company will be listed in the “Real Estate – Real Estate Holdings and Development” sector. This will be a foreign inward listing.

The listing on the JSE is subject to the company having satisfied the requirements of the JSE Listings Requirements regarding the spread of shareholders, being public shareholders holding not less than 20% of the issued ordinary share capital of the company at the point of listing on the JSE. The nature of the transaction as an effective merger of NEPI and Rockcastle (both JSE-listed companies with the required spread of public shareholders) is such that the required spread of public shareholders will be achieved by NEPI Rockcastle immediately prior to the JSE listing.

NEPI Rockcastle’s issued ordinary shares will be listed on Euronext Amsterdam concurrently with the JSE listing or as soon as possible thereafter. Pursuant to the listing on Euronext Amsterdam, NEPI Rockcastle will have a dual primary listing on the JSE and Euronext Amsterdam. This document is an “equivalent document” as meant in section 5:4(1)(d) of the Dutch Act on the Financial Supervision, and not a “prospectus” as defined in section 5:2 of that Act. It is not approved by the AFM.

The directors, whose names are given on page 13 of this prospectus, collectively and individually, accept full responsibility for the accuracy of the information given herein (save for that information set out in paragraphs 41 and 42) and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that, to the best of their knowledge and belief, this prospectus contains all information required by law and the JSE Listings Requirements.

Each of the corporate advisor, the JSE sponsor, the Euronext listing agent, the independent reporting accountant, the auditors, the legal advisor as to Isle of Man law, the legal advisor as to South African law, the legal advisor as to Dutch law, the legal advisor as to Romanian law, the independent property valuers, the proposed bankers, the company secretary and the South African transfer secretaries, whose names are included in this prospectus, have consented in writing to act in the capacities stated and to their names appearing in this prospectus, and have not withdrawn such consent prior to the publication of this prospectus.

An abridged version of this prospectus will be published on SENS on Friday, 9 June 2017 and in the press on Monday, 12 June 2017.

**Corporate advisor  
and JSE sponsor**

**JAVACAPITAL**

**Euronext  
listing agent**

**ING** 

**Independent reporting accountant  
and auditors**

  
**pwc**

**Legal advisor as to Isle of Man law**

**APPLEBY**

**Legal advisor as to South African law**

**CDH**  
CLIFFE DEKKER HOFMEYR

**Legal advisor as to Dutch law**

**ALLEN & OVERY**

**Legal advisor as to Romanian law**

**C L I F F O R D  
C H A N C E  
B A D E A**

**Independent property valuers**

 **CUSHMAN &  
WAKEFIELD**

**Independent property valuers**

 **JLL**

**Independent property valuers**

 **Quadrant  
PROPERTIES (PTY) LTD**

Date of issue: Friday, 9 June 2017

*This prospectus is only available in English. Copies of this prospectus may be obtained from the company or the JSE sponsor, at the addresses set out in the “Corporate Information” section, from Friday, 9 June 2017 to the JSE listing date, as well as on NEPI’s website at [www.nepinvest.com/agm](http://www.nepinvest.com/agm) and Rockcastle’s website at [www.rockcastleglobalre.mu/investor-relations/reports/](http://www.rockcastleglobalre.mu/investor-relations/reports/).*

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## CORPORATE INFORMATION

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### **Registered office in the Isle of Man**

NEPI Rockcastle plc  
(Registration number 014178V)  
2nd Floor, Anglo International House  
Lord Street  
Douglas  
Isle of Man, IM1 4LN  
(Postal address as above)  
+44 2031 801 547

### **Corporate advisor**

Java Capital Proprietary Limited  
(Registration number 2012/089864/07)  
6A Sandown Valley Crescent, Sandton  
Johannesburg, 2196  
South Africa  
(PO Box 2087, Parklands, 2121)

### **Euronext listing agent**

ING Bank N.V.  
(Commercial Register number 33031431)  
Amsterdamse Poort  
Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands  
(PO Box 1800, 1000 BV, Amsterdam, The Netherlands)

### **Statutory auditors**

PricewaterhouseCoopers LLC  
(Registration number 000934L)  
Sixty Circular Road  
Douglas  
Isle of Man, IM1 1SA  
(Postal address as above)

### **Legal advisor as to Isle of Man law**

Appleby (Isle of Man) LLC  
(Registration number 000944L)  
33 – 37 Athol Street  
Douglas  
Isle of Man  
IM1 1LB  
(Postal address as above)

### **Legal advisor as to South African law**

Cliffe Dekker Hofmeyr Inc.  
(Registration number 2008/018923/21)  
11 Buitengracht Street  
Cape Town, 8001  
(PO Box 695, Cape Town, 8000)

### **Company secretary**

Cornelius Eduard Cassell  
*BCompt, Hons BCompt, LLB*  
2nd Floor, Anglo International House  
Lord Street  
Douglas  
Isle of Man, IM1 4LN  
(Postal address as above)

### **JSE sponsor**

Java Capital Trustees and Sponsors Proprietary Limited  
(Registration number 2006/005780/07)  
6A Sandown Valley Crescent  
Johannesburg, 2196  
South Africa  
(PO Box 2087, Parklands, 2121)

### **Proposed bankers**

The Royal Bank of Scotland International Limited  
(Registration number 002399F)  
3rd Floor, 2 Victoria Street  
Douglas  
Isle of Man  
IM99 1NJ  
(Postal address as above)

### **Independent reporting accountant**

PricewaterhouseCoopers Incorporated  
(Registration number 1998/012055/21)  
2 Eglin Road  
Sunninghill, 2191  
(Private Bag X36, Sunninghill, 2157)

### **Legal advisor as to Dutch law**

Allen & Overy LLP  
(Registration number 34368587)  
Apollolaan 15  
1077 AB  
Amsterdam  
The Netherlands  
(PO Box 75440, 1070 AK Amsterdam, The Netherlands)

### **Independent property valuers**

Cushman & Wakefield LLP  
(Registration number OC328588)  
43/45 Portman Square  
London  
W1A 3BG  
(Postal address as above)

**Legal advisor as to Romanian law**

Clifford Chance Badea SPRL  
(Registration number 14470070)  
Excelsior Center  
28 – 30 Academiei Street  
Sector 1, Bucharest, 010016  
Romania  
(Postal address as above)

**Independent property valuers**

Jones Lang LaSalle s.r.o.  
(Registration number 24789704)  
Na Prikope 21  
110 00 Prague 1  
Czech Republic  
(Postal address as above)

**South African transfer secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(PO Box 61051, Marshalltown, 2107)

**Place and date of incorporation**

Incorporated in the Isle of Man on 1 December 2016

**Disclaimer**

The distribution of this prospectus may be restricted by law. Persons into whose possession this prospectus comes must inform themselves about and observe any and all such restrictions. This prospectus does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or to subscribe for shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful. The shares to be issued in connection with the merger transaction have not been, and are not required to be, registered under the United States Securities Act of 1933, as amended (the “**US Securities Act**”), or any United States state securities laws. The shares may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the US Securities Act. There is no intention to register the shares under the US Securities Act. These securities have not been approved or disapproved by the Securities Exchange Commission (“**SEC**”) or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the merger transaction or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

**Forward-looking statements**

This prospectus includes forward-looking statements. Forward-looking statements are statements including, but not limited to, any statements regarding the future financial position of the group and its future prospects. These forward-looking statements have been based on current expectations and projections about future results which, although the directors believe them to be reasonable, are not a guarantee of future performance.

**Independent property valuers**

Cushman & Wakefield Polska Sp. z o.o.  
(Registration number 39711)  
Metropolitan, Plac Pilsudskiego 1  
00-078 Warsaw, Poland  
(Postal address as above)

**Independent property valuers**

Quadrant Properties Proprietary Limited  
(Registration number 1995/003097/07)  
16 North Road, Dunkeld West  
Sandton, 2196  
(PO Box 1984, Parklands, 2121)

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## TABLE OF CONTENTS

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The definitions and interpretations commencing on page 9 of this prospectus have been used in the following table of contents.

	<i>Page</i>
<b>Corporate information</b>	1
<b>Salient features</b>	5
<b>Salient dates and times</b>	7
<b>Definitions and interpretations</b>	9
<b>Prospectus</b>	13
<b>Section One – Information on the NEPI Rockcastle group</b>	
1. Name, address and incorporation	14
2. Directors, other office holders or material third parties	14
3. History, state of affairs and prospects of the company	20
4. Share capital	32
5. Options or preferential rights in respect of shares	33
6. Commissions paid or payable in respect of underwriting	33
7. Material contracts	33
8. Interests of directors and promoters	34
9. Material loans and borrowings	34
10. Shares issued or to be issued otherwise than for cash	34
11. Property acquired or to be acquired	34
12. Preliminary expenses and issue expenses	35
<b>Section Two – Information regarding shares to be issued in terms of the NEPI repurchase</b>	
13. Purpose of the NEPI repurchase	36
14. Time and date of the opening and closing of the NEPI repurchase	36
15. Particulars of the NEPI repurchase	36
<b>Section Three – Information and reports</b>	
16. Adequacy of capital	37
17. Report by directors as to material changes	37
18. Statement as to listing on stock exchange	37
19. Report by auditor of the company	38
<b>Section Four – Additional material information</b>	
20. Risk factors	39
21. Tax considerations	41
22. Dividends	41
23. Distribution per share as performance measure	41
24. Property, assets and business undertakings disposed of or to be disposed of	41
25. Government protection and investment encouragement law	41
26. Corporate governance	41
27. Exchange Control Regulations	42
28. Litigation statement	42
29. Directors' responsibility statement	42
30. Confirmation of independence as JSE sponsor	42
31. Incorporation by reference	42
32. Consents	43
33. Documents available for inspection	43
<b>Section Five – Inapplicable or immaterial matters</b>	
34. Inapplicable or immaterial matters	44

**Section Six – Analysis of the property portfolio**

35. Summary of the property portfolio	45
36. Overview of property portfolio	45
37. Analysis of the property portfolio	50
38. Valuation reports	53

**Section Seven – Financial information**

39. Consolidated <i>pro forma</i> statement of financial information	54
40. Historical financial information of NEPI Rockcastle	54
41. Historical financial information of NEPI	54
42. Historical financial information of Rockcastle	54
<b>Annexure 1</b> Details of subsidiaries	56
<b>Annexure 2</b> Information on the directors, management and material third parties	59
<b>Annexure 3</b> Current and past directorships and partnerships	63
<b>Annexure 4</b> Salient features of the service contracts of executive directors	64
<b>Annexure 5</b> Extracts from the articles of association	65
<b>Annexure 6</b> NEPI Rockcastle incentive plan	81
<b>Annexure 7</b> Existing NEPI Share Purchase Scheme	107
<b>Annexure 8</b> Existing Rockcastle Share Purchase Scheme	121
<b>Annexure 9</b> Material contracts	131
<b>Annexure 10</b> Details of the property portfolio	134
<b>Annexure 11</b> Details of the property managers	140
<b>Annexure 12</b> Independent valuer's summary valuation report (C&W LLP)	143
<b>Annexure 13</b> Independent valuer's summary valuation report (C&W Polska)	162
<b>Annexure 14</b> Independent valuer's summary valuation report (JLL)	172
<b>Annexure 15</b> Independent valuer's summary valuation report (Quadrant)	177
<b>Annexure 16</b> Independent valuer's summary valuation report (C&W LLP)	183
<b>Annexure 17</b> Details of acquisitions and vendors	188
<b>Annexure 18</b> Consolidated <i>pro forma</i> financial information	195
<b>Annexure 18.1</b> <i>Pro forma</i> translation and reclassification adjustment	210
<b>Annexure 19</b> Independent reporting accountant's assurance report on the compilation of the consolidated <i>pro forma</i> financial statements	217
<b>Annexure 20</b> Historical financial information of NEPI Rockcastle	219
<b>Annexure 21</b> Independent reporting accountant's audit report on the historical financial information of NEPI Rockcastle	229
<b>Annexure 22</b> Report by the auditor in terms of Regulation 79 of the SA Companies Act	231
<b>Annexure 23</b> Capitalisation and indebtedness	233
<b>Annexure 24</b> Capital structure	234
<b>Annexure 25</b> Material loans and borrowings	239
<b>Annexure 26</b> Corporate governance statement	243
<b>Annexure 27</b> South African Exchange Control Regulations	252
<b>Annexure 28</b> Tax considerations	254

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## SALIENT FEATURES

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The information set out in this section of the prospectus is an overview only and is not intended to be comprehensive. It should be read in conjunction with the information contained in other sections of this prospectus.

The definitions and interpretations commencing on page 9 of this prospectus have been used in this section.

### INTRODUCTION

As announced on SENS on 14 December 2016, and further updated on 13 February 2017, 28 April 2017 and 11 May 2017, NEPI and Rockcastle have agreed to effectively merge their respective businesses, with reference to an agreed swap ratio. NEPI Rockcastle has been established as the vehicle for this merger. Full details of the merger transaction are set out in the circulars.

This prospectus has been prepared for the purpose of providing information regarding the business and affairs of the company as at the time of listing on the JSE by introduction, on the assumption that the merger transaction will be implemented in accordance with its terms.

In addition, this prospectus is issued to provide information regarding the business and affairs of the company for the benefit of NEPI shareholders who, in terms of the NEPI repurchase, have an opportunity to voluntarily sell their NEPI shares to NEPI in consideration for which NEPI will transfer to participating shareholders the right to be issued such number of new NEPI Rockcastle shares as is determined based on the swap ratio and pursuant to which shareholders will receive 1 NEPI Rockcastle share for every 1 NEPI share repurchased, as more fully detailed in the NEPI circular. In terms of the SA Companies Act, the NEPI repurchase constitutes an initial public offering by way of a secondary offer by NEPI of NEPI Rockcastle shares and thus requires the issue of a registered prospectus.

This prospectus is not an invitation to the public to subscribe for shares. It is issued in compliance with the JSE Listings Requirements and the SA Companies Act. All information included in the prospectus reflects the business and affairs of the company at the time of listing on the JSE, determined with reference to all relevant information as it relates to NEPI and Rockcastle (and as it relates to the NEPI sale assets and Rockcastle sale assets that are the subject of the merger transaction) as at the last practicable date.

### NATURE OF BUSINESS AND BUSINESS STRATEGY

NEPI Rockcastle is an internally managed commercial property investor and developer that owns and manages dominant retail assets and A-grade offices in the CEE region, with a complementary portfolio of global real estate listed securities. Details of the company's assets are set out in paragraph 3.6, Section Six and **Annexure 10**.

### PROSPECTS

The company is expected to have a substantially enlarged market capitalisation in comparison to NEPI and Rockcastle, respectively, with all shareholders benefitting from enhanced liquidity. As the vehicle for the merged NEPI and Rockcastle businesses, the company will benefit from NEPI's extensive operational platform and both companies' strong track record of completing value-enhancing acquisitions and developments. The company also integrates two complementary management teams with experience in adjacent jurisdictions, positioned to unlock strategic synergies and create further value for shareholders.

NEPI Rockcastle is well positioned for growth, driven by expansion of a best-in-class operating platform, as well as a reduction in exposure to listed securities in favour of increasing direct property investments. Geographically diverse management skills will allow NEPI Rockcastle to pursue CEE property opportunities more efficiently, giving it a strategic advantage in the acquisition, development and management of properties.

### STATEMENT AS TO LISTING ON THE JSE

The JSE has granted NEPI Rockcastle a primary listing by introduction of all of its issued ordinary shares on the Main Board of the JSE, under the abbreviated name: "NEPIROCK", JSE share code: NRO and ISIN: IM00BDD7WV31. The company will be listed in the "Real Estate – Real Estate Holdings and Development" sector. This will be a foreign inward listing.

The listing on the JSE is subject to the company having satisfied the requirements of the JSE Listings Requirements regarding the spread of shareholders, being public shareholders holding not less than 20% of the issued ordinary share capital of the company at the point of listing on the JSE. The nature of the transaction as an effective merger of NEPI and Rockcastle (both JSE-listed companies with the required spread of public shareholders) is such that the required spread of public shareholders will be achieved by NEPI Rockcastle immediately prior to the JSE listing.

NEPI Rockcastle's issued ordinary shares will be listed on Euronext Amsterdam concurrently with the JSE listing or as soon as possible thereafter. This document is an "equivalent document" as meant in section 5:4(1)(d) of the Dutch Act on the Financial Supervision, and not a "prospectus" as defined in section 5:2 of that Act. It is not approved by the AFM.

Pursuant to the listing on Euronext Amsterdam, NEPI Rockcastle will have a dual primary listing on the JSE and Euronext Amsterdam. Shares will be fully fungible between the company's South African and European share registers. Shareholders seeking to transfer shares between the company's South African and European share registers are advised to contact [removals@computershare.co.za](mailto:removals@computershare.co.za).

NEPI Rockcastle ordinary shares will be capable of being traded on the JSE and on Euronext Amsterdam in dematerialised form only.

As required in terms of Isle of Man law, NEPI and Rockcastle shareholders will not have registered ownership of the NEPI Rockcastle shares that they receive pursuant to the merger transaction. NEPI Rockcastle shares will instead be delivered to NEPI and Rockcastle shareholders in the form of dematerialised security entitlements representing the beneficial ownership of such shares. References throughout this document to NEPI Rockcastle shares received or issued pursuant to the merger transaction or to any shareholding in NEPI Rockcastle following the JSE and Euronext listings should therefore be read as a reference to a receipt, issue or holding of security entitlements representing beneficial ownership of NEPI Rockcastle shares, and not to any registered ownership of NEPI Rockcastle shares.

All NEPI Rockcastle shares will be registered in the name of one or both of PLC Nominees or Euroclear Nederland, for and on behalf of shareholders. NEPI Rockcastle shares traded on the JSE will be delivered in accordance with the rules of Strate and those traded on Euronext Amsterdam will be delivered in accordance with the rules of Euroclear Nederland.

#### **FURTHER COPIES OF THE PROSPECTUS**

Copies of the prospectus may be obtained between 08:30 and 17:00 on business days from Friday, 9 June 2017 to the JSE listing date at the following addresses, as well as on NEPI's website at [www.nepinvest.com/agm](http://www.nepinvest.com/agm) and Rockcastle's website at [www.rockcastleglobalre.mu/investor-relations/reports](http://www.rockcastleglobalre.mu/investor-relations/reports).

#### **NEPI Rockcastle plc**

2nd Floor, Anglo International House, Lord Street, Douglas, Isle of Man, IM1 4LN

#### **Java Capital Trustees and Sponsors Proprietary Limited**

6A Sandown Valley Crescent, Sandton, 2196

An abridged version of this prospectus will be released on SENS on Friday, 9 June 2017.

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## SALIENT DATES AND TIMES

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The definitions and interpretations commencing on page 9 of this prospectus have been used in this section:

2017

General meeting of NEPI and Rockcastle shareholders to consider and, if deemed fit, approve with or without modification the resolutions necessary to implement the merger transaction in accordance with its terms (“ <b>Rockcastle general meeting</b> ”)	Monday, 3 July
Results of Rockcastle general meeting released on SENS, the website of the Bucharest Stock Exchange and the website of the Stock Exchange of Mauritius	Monday, 3 July
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Last day for Rockcastle shareholders who wish to receive a distribution <i>in specie</i> as a return of capital to lodge their form of election, by no later than 12:00	Friday, 14 July
NEPI shareholders who have not lodged election forms to receive a dividend and who wish to participate in the NEPI repurchase to lodge their repurchase election and surrender forms between 14:00 and 17:00 <sup>2</sup>	Friday, 14 July
Implementation of the NEPI repurchase. Issue by NEPI Rockcastle of NEPI Rockcastle shares (Alpha code: NRO; ISIN: IM00BDD7WV31) to NEPI shareholders participating in the NEPI repurchase	Monday, 17 July
Cancellation of the NEPI shares repurchased pursuant to the NEPI repurchase	Monday, 17 July
Issue by NEPI Rockcastle of NEPI Rockcastle shares (Alpha code: NRO; ISIN: IM00BDD7WV31) to NEPI and Rockcastle shareholders receiving distributions <i>in specie</i>	Monday, 17 July
CSDP/custodian/broker accounts credited/updated with NEPI Rockcastle shares (Alpha code: NRO; ISIN: IM00BDD7WV31)	Monday, 17 July

**Notes:**

1. Transactions in NEPI Rockcastle shares will be settled in the electronic settlement system used by Strate and Euroclear Nederland, with settlement of trades taking place three business days after a trade is executed. Therefore, while NEPI Rockcastle shares will only be issued pursuant to the merger transaction on Monday, 17 July 2017, NEPI Rockcastle shares will be listed and commence trading on the JSE and Euronext Amsterdam on Wednesday, 12 July 2017. Following the first trading date of NEPI Rockcastle shares on Euronext Amsterdam, settlement of trades in NEPI Rockcastle shares on Euronext Amsterdam will take place two business days after a trade is executed.
2. Repurchase election and surrender forms will not be accepted after 17:00 on Friday, 14 July 2017.
3. The above dates and times are local dates and times in South Africa.
4. The above dates and times are estimates only, assuming all conditions precedent to the merger transaction have been fulfilled or waived, as applicable, on 6 July 2017, and are accordingly subject to change. Any changes will be released on SENS and published in the press.
5. NEPI and Rockcastle shareholders are referred to the NEPI circular and the Rockcastle circular, respectively, for detailed salient dates and times relating to the merger transaction, the NEPI repurchase and information on the action required to be taken by them.

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## DEFINITIONS AND INTERPRETATIONS

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In this prospectus and the annexures hereto, unless inconsistent with the context, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column.

“AFM”	the Dutch Authority for the Financial Markets;
“articles of association”	the articles of association of the company, extracts of which are set out in <b>Annexure 5</b> ;
“auditors” or “PWC Isle of Man”	PricewaterhouseCoopers LLC (Registration number 000934L), a limited liability company registered and organised in the Isle of Man, full details of which are set out in the “Corporate Information” section;
“board” or “directors” or “board of directors”	the board of directors of the company, the particulars of which are set out in paragraph 2;
“business day”	any day other than a Saturday, Sunday or official public holiday in either the Isle of Man or South Africa;
“C&W LLP”	Cushman & Wakefield LLP (Registration number OC328588), a company registered and incorporated in the United Kingdom, full details of which are set out in the “Corporate Information” section;
“C&W Polska”	Cushman & Wakefield Polska Sp. z o.o. (Registration number 39711), a company registered and incorporated in Poland, full details of which are set out in the “Corporate Information” section;
“CEE”	Central and Eastern Europe;
“CIPC”	the South African Companies and Intellectual Property Commission;
“circulars”	together, the NEPI circular and the Rockcastle circular, and “circular” shall mean any one such circular as the context may require;
“common monetary area”	collectively, South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“company secretary”	Cornelius Eduard Cassell, full details of whom are set out in the “Corporate Information” section;
“contribution agreement”	the contribution agreement to be concluded between NEPI, Rockcastle and NEPI Rockcastle on the merger implementation date, the salient terms of which are set out in <b>Annexure 9</b> ;
“CSDP”	a Central Securities Depository Participant in South Africa appointed by a shareholder for purposes of, and in regard to, dematerialisation, and to hold and administer securities or an interest in securities on behalf of a shareholder;
“dematerialisation” or “dematerialised”	the process whereby physical share certificates and/or other tangible documents of title are replaced by electronic records of ownership and recorded in the sub-register of shareholders maintained by a CSDP, custodian or broker;
“dematerialised shareholders”	shareholders who hold dematerialised shares;
“dematerialised shares”	ordinary shares having been dematerialised and incorporated into the Strate system, title to which is no longer represented by physical documents of title;
“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares acceptable to the board;
“EU”	the European Union;
“EUR”, “€” or “Euro”	the currency used by the Institutions of the European Union and the official currency of the EU;
“Euroclear Nederland”	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. or, if applicable, its UK nominee company, ENL Nominees Limited;
“Euronext Amsterdam”	Euronext Amsterdam N.V., a public company with limited liability, incorporated under Dutch law and operator of the Euronext market (securities exchange) in Amsterdam, the Netherlands;

<b>“Euronext listing” or “listing on the Euronext”</b>	the listing of the issued ordinary shares of the company on Euronext Amsterdam, to be effected concurrently with the JSE listing or as soon as possible thereafter;
<b>“Euronext listing agent”</b>	ING Bank N.V. (Commercial Register number 33031431), a company registered and incorporated in the Netherlands, full details of which are set out in the “Corporate Information” section;
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations of South Africa issued under the South African Currency and Exchanges Act, 9 of 1933, as amended;
<b>“existing NEPI and Rockcastle incentive plans” or “existing plan”</b>	together, the NEPI Share Purchase Scheme and the Rules of the Rockcastle Share Purchase Scheme, being the existing share purchase schemes adopted by NEPI and Rockcastle, respectively;
<b>“external property managers”</b>	collectively, Apsys Polska S.A., Balmain Property Management Sp. z o.o., CBRE Sp. z o.o., Cushman & Wakefield, s.r.o., Heriot Properties Proprietary Limited and Trigranit Management Polska Sp. z o.o., in their respective capacities as property managers of certain properties forming part of the property portfolio, as more fully detailed in <b>Annexure 11</b> , and “external property manager” shall mean any one of them, as the context may require;
<b>“Financial Markets Act”</b>	the South African Financial Markets Act, 19 of 2012, as amended;
<b>“framework agreement”</b>	the framework agreement entered into between NEPI and Rockcastle on 13 December 2016, as amended, the salient terms of which are set out in <b>Annexure 9</b> ;
<b>“GDP”</b>	gross domestic product;
<b>“GLA”</b>	gross lettable area being the total area of a property that can be rented to a tenant;
<b>“IFRS”</b>	International Financial Reporting Standards, as issued by the International Accounting Standards Board;
<b>“Income Tax Act”</b>	the South African Income Tax Act, 58 of 1962, as amended;
<b>“independent property valuers”</b>	collectively, C&W LLP, C&W Polska, JLL and Quadrant;
<b>“independent reporting accountant” or “PWC SA”</b>	PricewaterhouseCoopers Incorporated (Registration number 1998/012055/21), a company registered and incorporated in South Africa, full details of which are set out in the “Corporate Information” section;
<b>“IOM Companies Act”</b>	the Isle of Man Companies Act, 2006, as amended;
<b>“Isle of Man” or “IOM”</b>	the country of the Isle of Man;
<b>“Java Capital” or “corporate advisor” or “JSE sponsor”</b>	collectively, Java Capital Proprietary Limited (Registration number 2002/031862/07), in its capacity as corporate advisor, and Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), in its capacity as sponsor, both companies registered and incorporated in South Africa, full details of which are set out in the “Corporate Information” section;
<b>“JLL”</b>	Jones Lang LaSalle, s.r.o. (Registration number 24789704), a company registered and incorporated in the Czech Republic, full details of which are set out in the “Corporate Information” section;
<b>“JSE”</b>	the exchange licensed under the Financial Markets Act and operated by JSE Limited (Registration number 2005/022939/06), a public company registered and incorporated in South Africa;
<b>“JSE listing”, “listing” or “listing on the JSE”</b>	the listing by introduction of the entire issued share capital of NEPI Rockcastle on the JSE, which listing will commence at the commencement of trade on the JSE listing date;
<b>“JSE listing date”</b>	the date on which the JSE listing is effective, to be determined following the merger implementation date and announced on SENS;
<b>“JSE Listings Requirements”</b>	the Listings Requirements, as issued by the JSE from time to time;
<b>“King IV”</b>	the Code of Corporate Practices and Conduct in South Africa representing principles of good corporate governance as laid out in the King Report, as amended from time to time;
<b>“last practicable date”</b>	Friday, 12 May 2017, being the last trading date before the finalisation of this prospectus;

<b>“legal advisor as to Dutch law” or “Allen &amp; Overy”</b>	Allen & Overy LLP (Registration number 34368587), a company registered and incorporated in the Netherlands, full details of which are set out in the “Corporate Information” section;
<b>“legal advisor as to Isle of Man Law” or “Appleby”</b>	Appleby (Isle of Man) LLC (Registration number 000944L), a limited liability company registered and organised in the Isle of Man, full details of which are set out in the “Corporate Information” section;
<b>“legal advisor as to Romanian law” or “Clifford Chance”</b>	Clifford Chance Badea SPRL (Registration number 14470070), a company registered and incorporated in Romania, full details of which are set out in the “Corporate Information” section;
<b>“legal advisor as to South African law” or “CDH”</b>	Cliffe Dekker Hofmeyr Inc. (Registration number 2008/018923/21), a company registered and incorporated in South Africa, full details of which are set out in the “Corporate Information” section;
<b>“listed security portfolio” or “listed securities”</b>	the portfolio of listed securities forming part of the Rockcastle sale assets, and thereby owned by the company with effect from the merger implementation date, as set out in paragraph 3.6.3;
<b>“m<sup>2</sup>”</b>	square metres;
<b>“material subsidiaries”</b>	a subsidiary that represents 10% or more of the total assets or revenue of the consolidated group;
<b>“merger consideration shares”</b>	the NEPI Rockcastle shares to be issued to NEPI and Rockcastle shareholders in terms of the merger transaction;
<b>“merger implementation date”</b>	the date on which the merger transaction is implemented in accordance with its terms, being three business days following the date on which the last of the conditions precedent to the framework agreement have been satisfied or waived;
<b>“merger transaction” or “merger” or “transaction”</b>	the transaction between NEPI, Rockcastle and the company, in terms of which NEPI and Rockcastle will, in effect, merge their respective businesses, in NEPI Rockcastle, to be implemented with reference to an effective share swap ratio of 4.7 existing Rockcastle shares for every 1 existing NEPI share, as more fully described in the circulars;
<b>“merger transaction agreements”</b>	together, the framework agreement and the contribution agreement, being the agreements relating to and governing the merger transaction;
<b>“NEPI”</b>	New Europe Property Investments plc (Registered number 001211V), a company incorporated and registered in the Isle of Man;
<b>“NEPI circular”</b>	the circular to NEPI shareholders in respect of the merger transaction, dated 9 June 2017 and issued to NEPI shareholders together with this prospectus;
<b>“NEPI repurchase”</b>	the acquisition by NEPI of those NEPI shares tendered by NEPI shareholders who have not elected to receive a distribution <i>in specie</i> as a dividend, in consideration for which NEPI will transfer to participating shareholders the right to be issued such number of new NEPI Rockcastle shares as is determined based on the swap ratio and pursuant to which shareholders will receive 1 NEPI Rockcastle share for every 1 NEPI share held, as more fully detailed in the NEPI circular;
<b>“NEPI Rockcastle incentive plan”</b>	the Rules of the NEPI Rockcastle plc Incentive Plan, further details of which are set out in paragraph 2.3 and extracts of which are set out in <b>Annexure 6</b> ;
<b>“NEPI sale assets”</b>	all of the assets owned by NEPI as at the merger implementation date, including the issued share capital of the subsidiary undertakings directly held by NEPI (but excluding any NEPI Rockcastle shares held by NEPI);
<b>“NEPI shareholders”</b>	holders of ordinary shares in NEPI;
<b>“NEPI shares”</b>	ordinary shares of NEPI;
<b>“NEPI Rockcastle” or “the company”</b>	NEPI Rockcastle plc (Registered number 014178V), a company continued and registered in the Isle of Man, full details of which are set out in the “Corporate Information” section;
<b>“NEPI Rockcastle group” or “the group”</b>	collectively, NEPI Rockcastle and its subsidiaries;
<b>“PLC Nominees”</b>	PLC Nominees Proprietary Limited (Registration number 1989/002235/07), a private company registered and incorporated in South Africa and regulated nominee authorised to act as such by the South African Financial Services Board;

“press”	the Business Day newspaper in South Africa;
“promoter”	the parties responsible for the formation of a company and who earn(s) a fee therefrom, in cash or otherwise, if any;
“property management agreements”	collectively, all management agreements entered into between any group company and any external property manager, in terms of which such property manager is appointed as the property manager of any one or more properties, further details of which are set out in <b>Annexure 11</b> ;
“property portfolio” or “properties”	the portfolio of properties forming part of the NEPI sale assets and Rockcastle sale assets, and thereby owned by the company with effect from the merger implementation date, as set out in <b>Annexure 10</b> ;
“the/this prospectus”	this document dated 9 June 2017, inclusive of all annexures;
“Quadrant”	Quadrant Properties Proprietary Limited (Registration number 1995/003097/07), a company registered and incorporated in South Africa, full details of which are set out in the “Corporate Information” section;
“R” or “Rand” or “ZAR”	the South African Rand, the official currency of South Africa;
“Registered Auditor”	auditor registered with the Independent Regulatory Board for Auditors and accredited as a reporting accountant by the JSE;
“Rockcastle”	Rockcastle Global Real Estate Company plc (Registered number 108869 C1/GBL), a company registered and organised in the Republic of Mauritius;
“Rockcastle circular”	the circular to Rockcastle shareholders in respect of the merger transaction, dated 9 June 2017 and issued to Rockcastle shareholders together with this prospectus;
“Rockcastle sale assets”	all of the assets owned by Rockcastle as at the merger implementation date, including the issued share capital of the subsidiary undertakings directly held by Rockcastle (but excluding any NEPI Rockcastle shares held by Rockcastle);
“Rockcastle shareholders”	holders of ordinary shares in Rockcastle;
“SA Companies Act”	the South African Companies Act, 71 of 2008, as amended;
“SARB”	South African Reserve Bank;
“SENS”	the Stock Exchange News Service of the JSE;
“shares”, “ordinary shares” or “NEPI Rockcastle shares”	ordinary shares of NEPI Rockcastle, each with a par value of €0.01;
“shareholders” or “NEPI Rockcastle shareholders”	holders of ordinary shares, as recorded in the company’s share register;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company registered and incorporated in South Africa and the electronic clearing and settlement system used by the JSE to settle trades;
“subsidiaries”	subsidiaries of NEPI Rockcastle;
“swap ratio”	4.7 Rockcastle shares for every 1 NEPI share;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company registered and incorporated in South Africa, full details of which are set out in the “Corporate Information” section;
“US\$”	the United States Dollar, the official currency of the United States of America;
“VAT”	value-added tax; and
“yield” or “distribution yield”	the distribution available to a holder of a share in any 12 month period or any financial year, as the case may be, divided by the market price of that share.

# NEPI ROCKCASTLE

## NEPI Rockcastle plc

(Incorporated and registered in the Isle of Man)

(Registered number 014178V)

JSE share code: NRO

ISIN: IM00BDD7WV31

("NEPI Rockcastle" or "the company")

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## Directors

Alexandru Morar (*joint Chief Executive Officer*)

Spiros Noussis (*joint Chief Executive Officer*)

Mirela Covasa (*Chief Financial Officer*)

Nick Matulovich (*Executive director*)

Marek Pawel Noetzel (*Executive director*)

Dan Pascariu (*Independent Non-Executive Chairman*)

Desmond de Beer (*Independent Non-Executive Director*)

Michael Mills (*Independent Non-Executive Director*)

Andre van der Veer (*Independent Non-Executive Director*)

Robert Reinhardt Emslie (*Independent Non-Executive Director*)

Antoine Dijkstra (*Independent Non-Executive Director*)

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## PROSPECTUS

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As announced on SENS on 14 December 2016, and further updated on 13 February 2017, 28 April 2017 and 11 May 2017, NEPI and Rockcastle have agreed to effectively merge their respective businesses, with reference to an agreed swap ratio. NEPI Rockcastle has been established as the vehicle for this merger. Full details of the merger transaction are set out in the circulars.

This prospectus has been prepared for the purpose of providing information regarding the business and affairs of the company as at the time of listing on the JSE by introduction, on the assumption that the merger transaction will be implemented in accordance with its terms.

In addition, this prospectus is issued to provide information regarding the business and affairs of the company for the benefit of NEPI shareholders who, in terms of the NEPI repurchase, have an opportunity to voluntarily sell their NEPI shares to NEPI in consideration for which NEPI Rockcastle will transfer to participating shareholders the right to be issued such number of new NEPI Rockcastle shares as is determined based on the swap ratio and pursuant to which shareholders will receive 1 NEPI Rockcastle share for every 1 NEPI share repurchased, as more fully detailed in the NEPI circular. In terms of the SA Companies Act, the NEPI repurchase constitutes an initial public offering by way of a secondary offer by NEPI of NEPI Rockcastle shares and thus requires the issue of a registered prospectus.

This prospectus is not an invitation to the public to subscribe for shares. It is issued in compliance with the JSE Listings Requirements and the SA Companies Act. All information included in the prospectus reflects the business and affairs of the company at the time of listing on the JSE, determined with reference to all relevant information as it relates to NEPI and Rockcastle (and as it relates to the NEPI sale assets and Rockcastle sale assets that are the subject of the merger transaction) as at the last practicable date.

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## SECTION ONE – INFORMATION ON THE NEPI ROCKCASTLE GROUP

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### 1. NAME, ADDRESS AND INCORPORATION

- 1.1 NEPI Rockcastle plc (Registered number 014178V) was incorporated in the Isle of Man on 1 December 2016.
- 1.2 The registered office and postal address of the company and South African transfer secretaries is set out in the “Corporate Information” section.
- 1.3 As required in terms of section 99(1)(b) of the SA Companies Act, the company’s articles of association, together with a list of the names and addresses of its directors, was filed with CIPC on 2 June 2017.
- 1.4 The name, date and place of incorporation, nature of business and issued share capital of each of the company’s material subsidiaries is set out in **Annexure 1**.
- 1.5 The name, date and place of incorporation of the company’s non-material subsidiaries are set out in **Annexure 1**.

### 2. DIRECTORS, OTHER OFFICE HOLDERS, OR MATERIAL THIRD PARTIES

#### 2.1 Directors of the company

- 2.1.1 The board of directors comprises eleven directors of whom five are executive and six are non-executive (all of whom are independent).
- 2.1.2 As joint chief executive officers, Alex Morar and Spiros Noussis work together in the integrated management of the group and implementation of the company’s investment strategy, with Alex focusing primarily on countries in which NEPI is currently invested (namely, Romania, Slovakia, Croatia and Serbia) and Spiros focusing primarily on countries in which Rockcastle is currently invested (namely, Poland and Czech Republic).
- 2.1.3 The positions of chairperson of the board and that of joint chief executive officers are separate, with the chairperson being an independent non-executive director. The chairperson oversees the board’s functioning and the joint chief executive officers lead the executive team and attend to the day-to-day functions of the business.
- 2.1.4 The full names, ages, nationalities, business addresses, qualifications, and capacities of the directors of the company are set out below:

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<b>Name and age</b>	<b>Alexandru Morar (33)</b>
<b>Business address</b>	301-311 Barbu Vacarescu, 3rd Floor, Bucharest 2, 020276; Anglo International House, 2nd floor, Lord Street, Douglas, IM1 4LN
<b>Qualification</b>	BSc
<b>Position</b>	Joint chief executive officer
<b>Nationality</b>	Romanian
<b>Experience</b>	Alex Morar graduated with a dual degree in finance and information systems from Stern School of Business, New York University, and began his career as an analyst at Julius Baer Investment Bank. He later joined the financial advisory practice of Deloitte Romania where he spent two years working on an energy related project as well as M&A transactions. He joined NEPI upon its founding in 2007 and has contributed to all aspects of the business since then, focusing on the investments and acquisitions programme of NEPI with a view to expand NEPI’s portfolio throughout the CEE region. Alex was appointed as chief executive officer of NEPI in August 2015 and as joint chief executive officer of NEPI Rockcastle on 15 May 2017.

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<b>Name and age</b>	<b>Spiros Noussis (46)</b>
<b>Business address</b>	Rockcastle House, 1 Wheatfield Way, Kingston upon Thames, KT1 2TU, United Kingdom; Anglo International House, 2nd Floor, Lord Street, Douglas, IM1 4LN

**Qualification** BComm, BAcc, CA(SA)  
**Position** Joint chief executive officer  
**Nationality** South African (resident in the United Kingdom)  
**Experience** Spiros Noussis has experience in both private equity and investment management. He has been involved in property since 2005 and was the founding shareholder and managing director of Lodestone Properties Limited, a property fund focusing on retail and industrial property. Spiros was appointed chief executive officer of Rockcastle in May 2014 and as joint chief executive officer of NEPI Rockcastle on 15 May 2017.

**Name and age** **Mirela Covasa (35)**  
**Business address** 301-311 Barbu Vacarescu, 3rd Floor, Bucharest 2, 020276; Anglo International House, 2nd floor, Lord Street, Douglas, IM1 4LN  
**Qualification** BCom, ACCA, CAFR  
**Position** Chief financial officer  
**Nationality** Romanian  
**Experience** Mirela Covasa graduated with a finance degree from Bucharest Academy of Economic Studies and is a member of the Association of Chartered Certified Accountants (ACCA) and Chamber of Financial Auditors of Romania (CAFR). Prior to NEPI she was senior manager at PricewaterhouseCoopers, where she spent eight years performing audit assignments in Romania, Slovenia and India. She has worked in accounting and auditing for fifteen years. Ms Covasa joined NEPI in February 2012 as Finance Manager and was appointed as chief financial officer in February 2015, being responsible for the financial management of the group. Mirela was appointed as chief financial officer of NEPI Rockcastle on 15 May 2017.

**Name and age** **Nick Matulovich (30)**  
**Business address** Rockcastle House, 1 Wheatfield Way, Kingston upon Thames, KT1 2TU, United Kingdom; Level 3, Alexander House, 35 Cybercity, Anglo International House, 2nd Floor, Lord Street, Douglas, IM1 4LN  
**Qualification** CA(SA); MCom (Taxation) (Cum laude); BAccSci (Honours – Taxation)  
**Position** Executive director  
**Nationality** South African (resident in the United Kingdom)  
**Experience** Nick Matulovich has been actively involved in the management of Rockcastle from its initial listing with direct oversight over the financial function. He was appointed as chief financial officer of Rockcastle on 14 May 2014 and as an executive director of NEPI Rockcastle on 15 May 2017. Nick previously worked for Ernst & Young and spent time in both audit as well as the Transaction Tax division, a division that was one of the most successful and active M&A advisory businesses in Africa.

**Name and age** **Marek Pawel Noetzel (38)**  
**Business address** 1st Floor Cosmopolitan Building, 4 Twarda Street, 00-105, Warsaw, Poland; Anglo International House, 2nd Floor, Lord Street, Douglas, IM1 4LN  
**Qualification** Masters degree in Economics and Real Estate Investment and Management; Member of the Royal Institution of Chartered Surveyors  
**Position** Executive director  
**Nationality** Polish  
**Experience** Marek Noetzel is responsible for retail portfolio asset management, marketing, commercialisation of shopping centres and acquisitions support in Poland. He started his real estate career in 2002 with Cushman & Wakefield in Warsaw as Retail Leasing Agent and was promoted within the company to Associate in 2007 and Partner in 2011. As head of the Retail Department at Cushman & Wakefield he was responsible for day to day supervision of the department, business development and key client account management. He was appointed as a director of Rockcastle on 1 August 2016 and as a director of NEPI Rockcastle on 15 May 2017.

<b>Name and age</b>	<b>Dan Pascariu (66)</b>
<b>Business address</b>	301-311 Barbu Vacarescu, 3rd Floor, Bucharest 2, 020276
<b>Qualification</b>	MBA
<b>Position</b>	Independent non-executive chairman
<b>Nationality</b>	Romanian
<b>Experience</b>	Dan Pascariu is one of the most renowned figures in Romanian banking. His career started at the Romanian Bank for Foreign Trade in 1973, attaining the position of Chairman and CEO. Mr Pascariu is a non-executive Board member of the leasing, investment banking and building society subsidiaries of the UniCredit Group, Romania. The founder and first President of the Romanian Banking Association, as well as a co-founder and associate professor at the Romanian Banking Institute, Mr Pascariu is currently on the board of directors at various financial institutions in Romania and abroad. Mr Pascariu currently serves as independent non-executive chairman of NEPI and was appointed as independent non-executive chairman of NEPI Rockcastle on 15 May 2017.
<b>Name and age</b>	<b>Desmond de Beer (56)</b>
<b>Business address</b>	4th Floor, Rivonia Village, Rivonia Boulevard, Rivonia, 2191
<b>Qualification</b>	BProc, MAP
<b>Position</b>	Independent non-executive director
<b>Nationality</b>	South African
<b>Experience</b>	Desmond de Beer has significant experience in property investment and management. He spent several years in the banking industry, first at Barclays Bank, South Africa, where he was Bond Manager at the Barclays Trust. Subsequently, he was appointed General Manager, Corporate Equity and became a member of the Executive Committee at Nedcor Investment Bank. Mr de Beer has been the Managing Director of Resilient Property Income Fund ("Resilient"), since its listing on the JSE in 2002. Desmond is an independent non-executive director of NEPI and was appointed as an independent non-executive director of NEPI Rockcastle on 15 May 2017.
<b>Name and age</b>	<b>Michael Mills (70)</b>
<b>Business address</b>	39 Rosewood Way, Farnham Common Bucks, SL2 3QD, United Kingdom
<b>Qualification</b>	BSc, FCA
<b>Position</b>	Independent non-executive director
<b>Nationality</b>	British
<b>Experience</b>	Michael Mills is an experienced public company chairman and managing director with significant operating and financial experience. A chartered accountant, he has worked across a range of sectors, including technology engineering, service and distribution, paper and packaging, food and textiles. Notable recent positions include Chairman of Advance Value Realisation, Managing Director of Atlas Medical Recruitment, Chairman of Athanor Capital Partners, Chairman of Legacy Distribution Group and CEO of Drew Scientific Group. Michael is an independent non-executive director of NEPI and was appointed as an independent non-executive director of NEPI Rockcastle on 15 May 2017.
<b>Name and age</b>	<b>Andre van der Veer (49)</b>
<b>Business address</b>	20 Summit Place, Fifth Road, Halfway Gardens, Midrand 1685, South Africa
<b>Qualification</b>	BPL (Hons), MPL (Economics and Banking)
<b>Position</b>	Independent non-executive director
<b>Nationality</b>	South African

**Experience** After completing a Masters degree in Banking and Economics during 1991, Andre van der Veer joined Merchant Bank and later Rand Merchant Bank where he founded the agricultural commodities and derivatives trading group in 1995. He headed the trading, derivatives structuring and proprietary trading teams. Since 2003 he had been with the RMB Equity Global Markets team and gained experience in the UK, North America, Western European, Scandinavia as well as most markets in the Far East and Australia. He became Head of RMB Equity Proprietary trading desk in 2009 with a mandate to invest in debt and equity instruments globally. Andre founded Foxhole Capital during 2012 as a family office specialising in global real estate securities in the listed and private equity markets. Andre is an independent non-executive director of Rockcastle and was appointed as an independent non-executive director of NEPI Rockcastle on 15 May 2017.

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<b>Name and age</b>	<b>Robert Reinhardt Emslie (59)</b>
<b>Business address</b>	Beaulieu Farm, Annandale Road, Stellenbosch, South Africa
<b>Qualification</b>	BCom, Hons Acc, CA
<b>Position</b>	Independent non-executive director
<b>Nationality</b>	South African
<b>Experience</b>	Robert Emslie is a Chartered Accountant, with more than 30 years' experience in the financial services sector and property management. He held various positions within the ABSA Group (currently part of Barclays) during a period of 21 years, latterly as Head of ABSA Corporate and Business Bank, Head of ABSA Africa and member of ABSA Group's Executive Committee. Robert retired in 2009 and currently holds chairmanship and non-executive directorship positions in various private and public companies, including as independent non-executive director of NEPI. He was appointed as an independent non-executive director of NEPI Rockcastle on 15 May 2017.

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<b>Name and age</b>	<b>Antoine Dijkstra (53)</b>
<b>Business address</b>	Parkzicht, Vossiusstraat 59, 1071AK Amsterdam, The Netherlands
<b>Qualification</b>	MSc, COL (INSEAD)
<b>Position</b>	Independent non-executive director
<b>Nationality</b>	Dutch
<b>Experience</b>	Antoine Dijkstra started his career at Credit Agricole in Rotterdam, Paris and Frankfurt. He had various managing rolls within NIBC (Netherlands), Harcourt Investment Management (Zurich), JPMorgan/Bear Stearns and Gulf International Bank (Bahrain). He is founder and partner of Implexus Capital (Netherlands). Mr Dijkstra has extensive experience in investment management, with a focus on public sector related entities and financial institutions, and has advised numerous clients on financing. Antoine is an independent non-executive director of NEPI and was appointed as an independent non-executive director of NEPI Rockcastle on 15 May 2017.

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## 2.2 Additional information related to the directors

2.2.1 **Annexure 2** contains the following information:

- 2.2.1.1 directors' interests in shares and transactions;
- 2.2.1.2 directors' emoluments;
- 2.2.1.3 borrowing powers of the group exercisable by directors; and
- 2.2.1.4 directors' declarations.

2.2.2 **Annexure 3** contains details of directors' other directorships and partnerships in the previous five years.

- 2.2.3 The salient terms of service contracts of the executive directors are set out in **Annexure 4**.
- 2.2.4 The provisions of the articles of association with regard to the following are set out in **Annexure 5**:
  - 2.2.4.1 terms of office;
  - 2.2.4.2 remuneration of directors;
  - 2.2.4.3 any power enabling the directors to vote remuneration to themselves or any member of the board;
  - 2.2.4.4 the borrowing powers exercisable by the directors and how such borrowing powers can be varied; and
  - 2.2.4.5 retirement or non-retirement of directors under an age limit.

### 2.3 NEPI Rockcastle incentive plan

- 2.3.1 Extracts of the NEPI Rockcastle incentive plan, introduced as an incentive to selected executive directors, employees, service providers or members of the group to meet the group's short-term and long-term objectives by giving them the opportunity to receive performance-based awards of cash, shares or a combination of cash or shares, are set out in **Annexure 6**. The awards and purchase offers made in terms of the NEPI Rockcastle incentive plan are intended to align participants' interests with those of the company and its shareholders.
- 2.3.2 As at the last practicable date, no awards have been made in terms of the NEPI Rockcastle incentive plan.

### 2.4 Treatment of awards under existing NEPI and Rockcastle incentive plans

- 2.4.1 Extracts of the existing NEPI and Rockcastle incentive plans are set out in **Annexure 7** and **Annexure 8**, respectively. As at the last practicable date:
  - 2.4.1.1 2 587 729 NEPI shares are part of the current NEPI incentive plan with loans, excluding interest, in an aggregate amount of €12 264 472 remaining outstanding; and
  - 2.4.1.2 15 344 099 Rockcastle shares have been awarded to participants in the existing Rockcastle incentive plan and loans in an aggregate amount of US\$26 968 000 remaining outstanding.
- 2.4.2 In terms of the existing NEPI and Rockcastle incentive plans, participants are offered the right to subscribe for NEPI or Rockcastle shares, as the case may be, at their then market value, together with a loan for funding the purchase which is secured by the shares in question. No further awards will be made under the existing NEPI and Rockcastle incentive plans.
- 2.4.3 It is intended that, pursuant to the merger transaction:
  - 2.4.3.1 all loans outstanding will be assigned to NEPI Rockcastle and participants in the existing NEPI and Rockcastle incentive plans will receive NEPI Rockcastle shares (as determined with reference to the swap ratio) in respect of all NEPI and Rockcastle shares held by them pursuant to the existing plans;
  - 2.4.3.2 the NEPI Rockcastle shares so received will remain subject to the rules of the existing plans, on the basis that all the participants' rights and obligations under the existing plans will forthwith apply to such NEPI Rockcastle shares; and
  - 2.4.3.3 the company will agree to indemnify the participants in the existing plans in respect of any tax liability which may become payable by such participants as a direct result of the issue of the NEPI Rockcastle shares pursuant to the implementation of the merger transaction, on the basis that each participant will in turn undertake to reimburse NEPI Rockcastle in an amount equal to any tax benefit up to the indemnification amount such participant may receive as a result of the payment of the tax liability incurred by the participant and duly paid by NEPI Rockcastle.

## 2.5 Founders and promoters

- 2.5.1 NEPI Rockcastle was incorporated by Sabre Fiduciary Limited on the instructions of Cornelius Eduard Cassell, whose qualification and business address is set out in the “Corporate Information” section. Mr Cassell’s sole functions in the group are set out in paragraph 2.6 below.
- 2.5.2 The company does not have, and has at no point since its incorporation had, any promoters.

## 2.6 Advisors and company secretary

- 2.6.1 The names and business addresses of the company’s advisors are set out in the “Corporate Information” section.
- 2.6.2 The company’s advisors do not have any material interests in NEPI Rockcastle shares.
- 2.6.3 Cornelius Eduard Cassell, whose qualification and business address is set out in the “Corporate Information” section, fulfils the role of company secretary.
- 2.6.4 As at the last practicable date, Mr Cassell is the sole beneficial shareholder of the company. On or before the merger implementation date, however, Mr Cassell will dispose of his beneficial shareholding in NEPI Rockcastle to each of NEPI and Rockcastle, such that NEPI and Rockcastle will become the sole beneficial shareholders of the company until the JSE listing date. Accordingly, as at the JSE listing, Mr Cassell will have no material interest in NEPI Rockcastle shares.

## 2.7 Asset management

- 2.7.1 The asset management function of the group is undertaken internally by its executive management, further details of whom is set out in paragraph 2.1 above, who will implement the company’s investment and growth strategy together with an appropriately skilled and experienced staff complement that is familiar with the company’s portfolio of properties. The asset management role of the executive management is primarily to seek new investment opportunities for the company, to consider ways of optimising performance of existing assets and, where necessary, to work towards the disposal of assets which no longer contribute to the group’s income growth strategy.
- 2.7.2 Following implementation of the merger transaction, the group will bring together the asset management platforms developed by NEPI in Romania, Slovakia, Croatia, Czech Republic and Serbia, and Rockcastle’s asset management team in Poland. The integrated platform will be led by a multi-national group of senior asset managers with extensive commercial real estate experience.

## 2.8 Property management

- 2.8.1 The property management function of the group is partly undertaken internally, and partly outsourced on market-related terms to the external property managers set out in **Annexure 11**.
- 2.8.2 Where undertaken internally, the property management function is undertaken by an in-country management team with a proven real estate track record in the relevant region, and that benefits from a strong understanding of the property portfolio and long-term relationships with tenants.
- 2.8.3 External property managers are paid a market related property management fee, determined as a percentage of collected annual rent in respect of the relevant property and payable monthly in advance. Further details of the external property managers are set out in **Annexure 11**.
- 2.8.4 Save in respect of Bonarka City Centre, where the centre manager leases office space in the mall, no external property manager nor any members of any external property manager has any beneficial interest, direct or indirect, in relation to any property held by the group or any property to be acquired by the group, nor is any external property manager or any member of any external property manager contracted to become a tenant of any part of the property of the group.
- 2.8.5 No external property manager has any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties.
- 2.8.6 The property management agreements will be available for inspection in terms of paragraph 33.

### 3. HISTORY, STATE OF AFFAIRS AND PROSPECTS OF THE COMPANY

#### 3.1 General description and nature of business

- 3.1.1 As announced on SENS on 14 December 2016, and further updated on 13 February 2017, 28 April 2017 and 11 May 2017, NEPI and Rockcastle have agreed to effectively merge their respective businesses, with reference to an agreed swap ratio. NEPI Rockcastle has been established as the vehicle for this merger.
- 3.1.2 NEPI Rockcastle will, in terms of the merger transaction, acquire the NEPI sale assets and Rockcastle sale assets. Full details of the merger transaction are set out in the circulars. The salient terms of the merger transaction agreements are set out in **Annexure 9**.
- 3.1.3 Following the implementation of the merger transaction, the company will operate as an internally managed property investor and developer that owns and manages dominant retail assets and A-grade offices in the CEE region, with a complementary portfolio of global real estate listed securities. Details of all material subsidiaries of the company following the implementation of the merger transaction are set out in **Annexure 1**.
- 3.1.4 In terms of section 21 of the IOM Companies Act, NEPI Rockcastle has the unlimited capacity to carry on or undertake any business or activity and to do, or to be subject to, any act or to enter into any transaction.

#### 3.2 Incorporation and history

- 3.2.1 NEPI Rockcastle was incorporated in the Isle of Man on 1 December 2016, with Sabre Nominees Limited as the sole registered shareholder and Cornelius Eduard Cassell as the sole beneficial shareholder. Sole registered ownership of the issued share capital of the company was subsequently transferred to Cornelius Eduard Cassell.
- 3.2.2 There has been no material change in the business or trading position of the company since its incorporation.

#### 3.3 Investment case

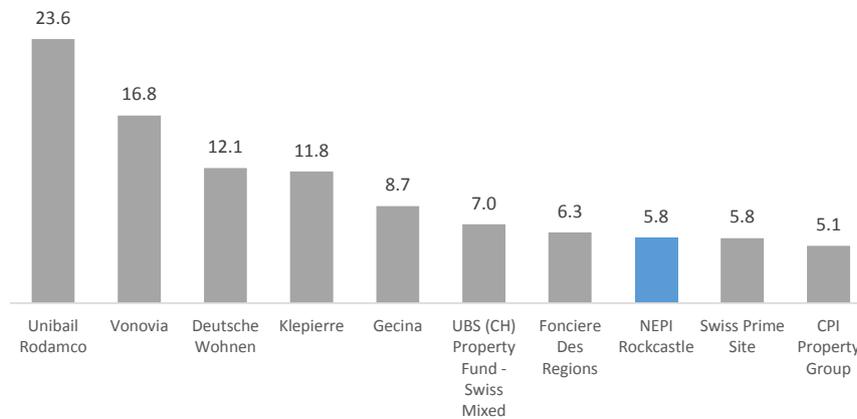
##### 3.3.1 *Introduction*

- 3.3.1.1 Upon listing on the JSE, NEPI Rockcastle is expected to be the largest listed real estate player in the CEE region and one of the largest real estate companies in Continental Europe.
- 3.3.1.2 The group will have a high quality portfolio of directly-held properties in the CEE region, as well as exposure to select listed and liquid global real estate securities that serve to diversify the company's risk profile and provide it with liquidity to invest in higher yielding direct real estate opportunities as they become available. Full details of the property and listed security portfolios are set out in Section Six and **Annexure 10**.
- 3.3.1.3 As the vehicle for the merged NEPI and Rockcastle businesses, the company will benefit from NEPI's extensive operational platform and both companies' strong track record of completing value-enhancing acquisitions and developments. The company integrates two complementary management teams with experience in adjacent jurisdictions, positioned to unlock strategic synergies and create further value for shareholders.

### 3.3.2 Scale

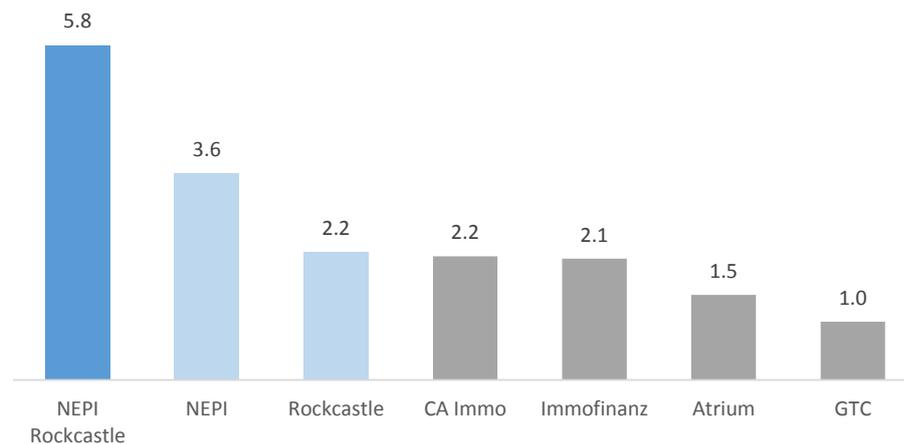
Based on market capitalisation, NEPI Rockcastle is expected to be one of the top ten largest listed real estate companies in Continental Europe.

Figure 1: Anticipated largest listed real estate companies in Continental Europe following the JSE listing, by market capitalisation (€bn)



Source: Thomson Reuters Datastream 12/05/2017

Figure 2: Anticipated largest listed real estate companies with a focus on CEE following the JSE listing, by market capitalisation (€bn)



Source: Thomson Reuters Datastream 12/05/2017

### 3.3.3 Geographic adjacency

3.3.3.1 NEPI Rockcastle has diversified direct property exposure mainly across six countries in CEE (c. 99% by GLA and rentals).

3.3.3.2 The group is focused on expanding its portfolio in Romania, Poland, Slovakia, Croatia, the Czech Republic and Serbia and gradually into other CEE countries (which are recent or potential candidates to EU membership) through acquisition or development of dominant or potentially dominant regional retail assets that meet its investment criteria.

- 3.3.3.3 The establishment of scale and strong local management teams are essential to NEPI Rockcastle's presence in these countries.

Figure 3: CEE countries to which NEPI Rockcastle will have direct property exposure



Source: Company information

### 3.3.4 Liquidity and indexation

- 3.3.4.1 NEPI Rockcastle will be dual listed on the JSE and Euronext Amsterdam. Although the listing on Euronext Amsterdam is not expected to result in additional access to equity in the short-term, it will ultimately position the merged entity to attract new equity investors in the European markets. From the outset, the elevated public profile that will result from a Euronext listing will facilitate NEPI Rockcastle's access to European debt capital markets and its positioning with European retailers and vendors of real estate.
- 3.3.4.2 NEPI and Rockcastle are both currently constituents of the FTSE/JSE SA Listed Property Index, but neither are constituents of the FTSE/JSE Top 40 Index. NEPI Rockcastle is projected to have the c. 28th largest free float market capitalisation on the JSE and is expected to qualify for inclusion in the FTSE/JSE Top 40 Index. This, together with the listing on Euronext Amsterdam, should lead to enhanced visibility and liquidity of its shares driven by enhanced index tracker demand and, over time, exposure to a broader base of international investors.

Figure 4: Excerpt of ranking of JSE All Share constituents by JSE defined investible market capitalisation (ZARbn)

23	Anglogold Ashanti Ltd	67.6
24	Woolworths Holdings Ltd	67.0
25	Bidvest Ltd	56.6
26	Redefine Properties Ltd	55.3
27	Nedbank Group Ltd	52.2
28	pro forma NEPI Rockcastle	48.4
29	Mediclinic Int plc	48.0
30	Netcare Limited	47.3
31	Fortress Inc Fund Ltd A & B	45.8
32	Sappi Ltd	44.4
33	RMB Holdings Ltd	43.7
34	Intu Properties plc	42.1
35	Reinet Investments S.C.A	41.3

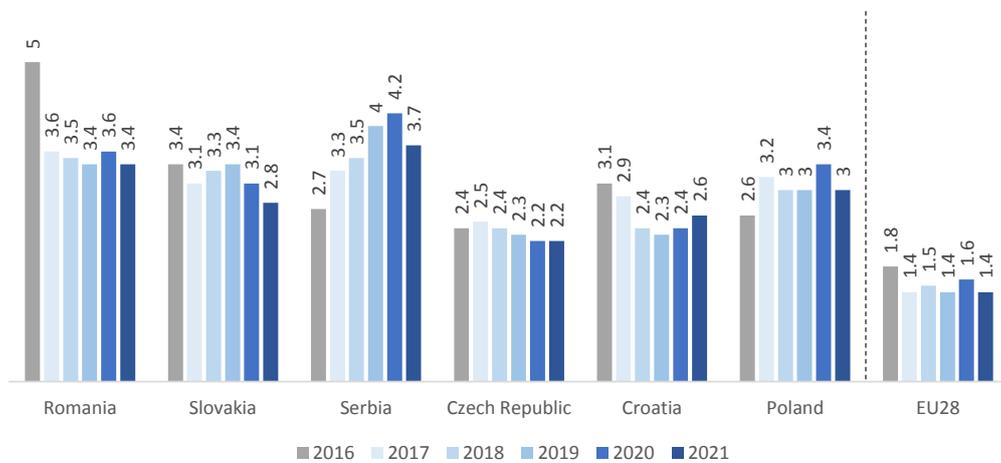
Source: JSE quarterly review on 20/02/2017; data recalculated to include a *pro forma* NEPI Rockcastle investible market capitalisation

- 3.3.4.3 The FTSE/JSE Top 40 Index comprises the 40 most investable companies in the FTSE/JSE All Share Index, ranked by investable market capitalisation. The JSE reviews the index constituents quarterly and the threshold for new entrants is a free float market capitalisation in the top 35 counters on the JSE.
- 3.3.4.4 Considering JSE data as at 20 February 2017, the nominal threshold for inclusion in the FTSE/JSE Top 40 Index would have been c. R41.3 billion, representing the 35th largest free float market capitalisation. This represents a c. 15% discount to the combined market capitalisation of NEPI and Rockcastle as at that date.

### 3.4 CEE investment characteristics

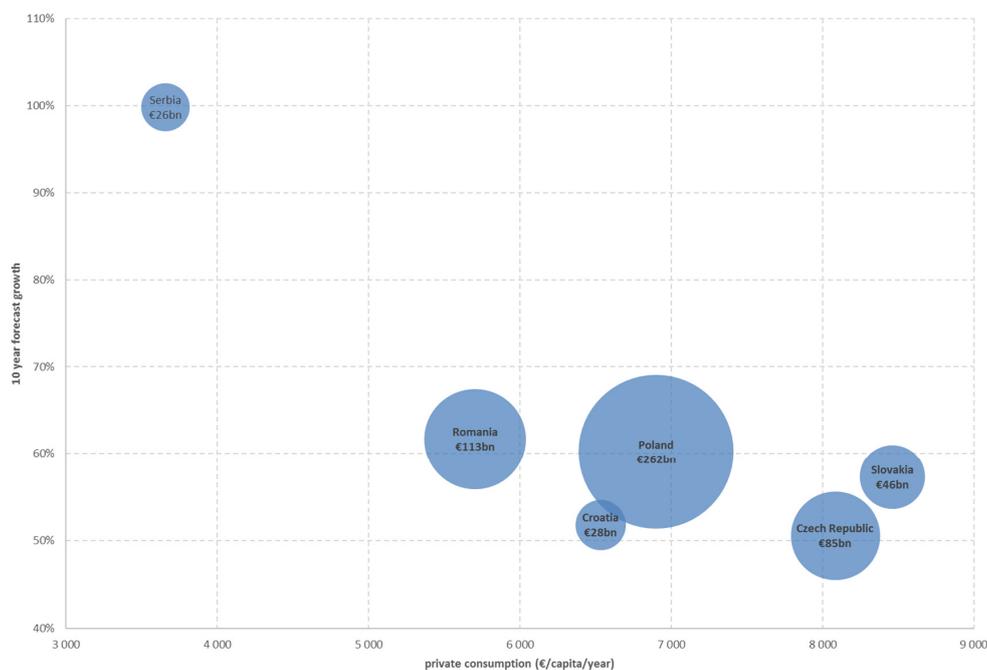
With a population of approximately 100 million people and strong economic indicators, the CEE region is one of the growth engines of the EU economy. The region is developing much faster than Western Europe and is forecast to continue to do so.

Figure 5: Real GDP growth in CEE countries in which NEPI Rockcastle will be present compared to EU 28 (%)



Source: Economist Intelligence Unit

Figure 6: Consumption per capita growth in CEE countries in which NEPI Rockcastle will be represented vs. EU15 forecasted ten year growth of 34% (size of bubble as well as nominal value disclosed therein represents aggregate consumption per annum)



Source: Eurostat, Thomson Reuters, Oxford Economics

Forecasted growth in private consumption in the CEE region is primarily the result of the ongoing convergence to EU average GDP and spending per capita introduced by foreign investments and economic reforms.

Forecast growth in the region is underpinned by solid fundamentals, as evidenced by the credit ratings assigned to the countries within the CEE region where NEPI Rockcastle will have direct property exposure.

*Figure 7: Credit rating of CEE jurisdictions in which NEPI Rockcastle will be present*

	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
Romania	Baa3	BBB-	BBB-
Poland	A2	BBB+	A-
Czech Republic	A1	AA-	A+
Slovakia	A2	A+	A+
Serbia	Ba3	BB-	BB-
Croatia	Ba2	BB	BB

Source: Thomson Reuters

Per JLL, at just over €12.56 billion, 2016 investment volumes represented a 42% increase over 2015 (€8.82 billion) and was the third highest CEE regional investment volume since 2007 (€15.81 billion) and 2006 (€13.45 billion). 2016 was a record breaking year at a country level with the highest ever volumes recorded in the Czech Republic and Slovakia and second best ever results recorded in Poland, Hungary and Southeast Europe.

#### 3.4.1 **Romania investment characteristics**

- 3.4.1.1 Romania was the EU's top performer in terms of GDP growth in 2016 (with GDP growth estimated at 4.2%) and in 2017 is again expected to outperform both the CEE region and the EU.
- 3.4.1.2 After recording high single digit growth in 2015, retail private consumption surged in 2016, increasing by 13.5%. This was driven by increased wages and strong consumer confidence as a result in particular of the solid performance of the economy and private consumption growth, as well as government's implementation of a minimum wage increase of 19% and increasing wages of some public employees by c. 15%. The reduction of VAT on all products to 20% in 2016 added to the previous decrease on VAT for food and non-alcoholic drinks in 2015.
- 3.4.1.3 Occupier demand is at record high levels in all market segments. There is still a significant yield spread between Romania and Poland or the Czech Republic. On the financing side, terms and conditions have improved significantly over the past year as Romania aligns with the core CEE markets. Consequently, sentiment is strong.
- 3.4.1.4 Yield compression has been mild for retail (25bps) while office yields remained unchanged in 2016.

Sources: JLL, European Commission, Romanian National Institute of Statistics

#### 3.4.2 **Poland investment characteristics**

- 3.4.2.1 Poland is the sixth largest economy in the EU and the largest in CEE. The country's track record of growth is underpinned by significant further wealth convergence potential to the EU and a well-capitalised banking sector.
- 3.4.2.2 Poland is the largest EU development fund beneficiary and has been the recipient of record-levels of foreign investment over the last few years. In terms of property specific investment, 2016 was the second best ever year in Polish investment transactional history. According to JLL, the sector split comprised c. €1.958 billion in retail, €1.798 million in offices and €769 million in warehousing.
- 3.4.2.3 In 2016, investors of South African origin remained the most active in the Polish retail sector contributing c. 75% of the sector's entire volume. Market commentators have opined that investor interest and pipeline for retail transactions for 2017 look promising, with volumes potentially exceeding those of 2016 and prime yields reaffirmed.

Sources: JLL, European Commission

### 3.4.3 *Slovakia investment characteristics*

Slovakia's employment is expected to be boosted by buoyant economic activity, pushing the unemployment rate to below 8% by 2018. At the same time, the participation rate is set to gradually increase, as incentives to join the labour force for the long-term unemployed and foreign workers increase. Recent significant declines in unemployment and greater inflows of foreign workers point to a tightening labour market, which should drive future wage increases.

Source: European Commission

### 3.4.4 *Croatia investment characteristics*

3.4.4.1 The economic recovery is set to continue off a broad base.

3.4.4.2 The troubles facing Croatia's largest private company, Agrokor, are expected to weigh on growth, but real GDP is still projected to grow, albeit at a slower rate than previous expectations.

3.4.4.3 After another record reduction in 2016, the general government deficit is projected to increase mildly.

Source: European Commission

### 3.4.5 *Czech Republic investment characteristics*

In the Czech Republic, a forecast acceleration of investment growth in 2017 and 2018 is expected to contribute to higher real GDP growth, as the Czech authorities increase their absorption of EU funds. Private consumption is also expected to make a large positive contribution, despite an expected slowdown in employment growth.

Source: European Commission

### 3.4.6 *Serbia investment characteristics*

3.4.6.1 While export growth is expected to remain solid, domestic demand and, in particular, stronger private consumption is forecast to pull the Serbian economy up.

3.4.6.2 The Serbian economy is not far from its pre-crisis level and there is new growth momentum based on sounder fundamentals, robust investment and export performance. There are signs that consumption is also gathering pace, faster than expected. Public consumption has shown strong growth on the back of expanding government spending on goods and services. Underpinned by growing real wages, gains in employment and improved expectations, private consumption growth accelerated in 2016.

Source: European Commission

## 3.5 **Growth opportunities and prospects**

Going forward, the group will focus on expanding its portfolio of dominant retail assets. The board is of the opinion that NEPI Rockcastle is well positioned for growth, driven by expansion of a best-in-class operating platform, as well as a reduction in exposure to listed securities in favour of increasing direct property investments. Geographically diverse management skills will allow NEPI Rockcastle to pursue CEE property opportunities more efficiently, giving it a strategic advantage in the acquisition, development and management of properties.

NEPI Rockcastle will continue the active investment policy that fuelled the growth of NEPI and Rockcastle over recent periods. A strong pipeline of acquisitions and developments is currently being pursued in all the countries where NEPI and Rockcastle are present, as well as in other CEE markets. NEPI and Rockcastle share a similar investment philosophy, focused on quality dominant retail properties with growth potential, which will be applied by NEPI Rockcastle at a larger scale.

### 3.5.1 *Previous NEPI and Rockcastle guidance*

3.5.1.1 In its audited condensed consolidated financial results for the year ended 31 December 2016, NEPI provided guidance that approximately 15% growth in distributable earnings per share for 2017 is achievable based on the following assumptions:

3.5.1.1.1 any potential corporate-level transaction is ignored;

3.5.1.1.2 planned developments remain on schedule; and

3.5.1.1.3 a stable macroeconomic environment prevails and no major corporate failures occur.

- 3.5.1.2 The above guidance has not been audited or reviewed by NEPI's auditors and is the responsibility of the board of directors of NEPI.
- 3.5.1.3 Similarly, in its summarised audited group financial statements for the eighteen months ended 31 December 2016, Rockcastle provided guidance that it expects growth in dividends per share for the 2017 financial year to be approximately 21%, based on the following assumptions:
  - 3.5.1.3.1 a stable macroeconomic environment prevails; and
  - 3.5.1.3.2 no major corporate failures occur.
- 3.5.1.4 The above guidance has not been audited or reviewed by Rockcastle's auditors and is the responsibility of the board of directors of Rockcastle.
- 3.5.1.5 The guidance referenced in this paragraph 3.5 is not applicable in assessing the future performance of NEPI Rockcastle and the board of directors makes no comment in respect of, and takes no responsibility for, any guidance previously issued by NEPI and/or Rockcastle.

### 3.5.2 *Expected financial efficiencies*

- 3.5.2.1 As a newly merged vehicle for NEPI and Rockcastle's businesses, NEPI Rockcastle is anticipated to benefit from financial efficiencies to be extracted going forward including:
  - 3.5.2.1.1 rebased cost of debt resulting from an improved financial profile, which is expected to be realised over time principally through margin compression on refinancing of existing facilities and new debt raisings;
  - 3.5.2.1.2 operational cost savings through the elimination of shared costs where applicable and improved supplier bargaining power;
  - 3.5.2.1.3 an enhanced ability to recycle lower yielding listed securities into higher yielding direct property investments; and
  - 3.5.2.1.4 improved excess cash management through the use of the listed securities trading platform.

## 3.6 **Property and listed security portfolios**

NEPI Rockcastle's combined portfolio of properties (including property held through joint ventures, on a pro rata basis) and listed securities was valued at approximately €5 billion as at 31 December 2016, weighted toward direct property exposure in line with the company's core strategy of owning and managing property.

### 3.6.1 *Direct property portfolio*

- 3.6.1.1 NEPI Rockcastle's core direct property portfolio will comprise 42 retail, 6 office and 2 industrial properties, located primarily in the CEE region, with 3 developments under construction (of which 2 are extensions of existing properties) and 17 under permitting and pre-leasing (of which 11 are extensions of existing properties).
- 3.6.1.2 The combined market value of the property portfolio, weighted by ownership and including investment properties at market value, investment properties under and held for development and investment properties held for sale, each restated to include property held through joint ventures on a pro rata basis as at 31 December 2016, is €3.9 billion.
- 3.6.1.3 Retail properties comprise 88% of the property portfolio by GLA and 89% by rental income. The only other material component is office. The investment criteria by sector with respect to assets in retail and office sectors is as follows:
  - 3.6.1.3.1 Retail assets must be or have the potential to be dominant in the relevant region. Size is critical to achieving a comprehensive offering and tenant mix, including a large proportion of food and fashion anchors with a substantial leisure offering. Good location, access, visibility, design and technical specifications, and potential for extension reduce the threat of significant future competition. Professional and active management of such properties creates significant and valuable growth opportunities.
  - 3.6.1.3.2 Office assets must have a central location, excellent access to public transport, up-to-date technical specifications, large floor areas, high efficiency rates and high parking ratios. Investments are made opportunistically in developments where high yields are achievable.

Figure 8: Property portfolio overview as at 31 December 2016

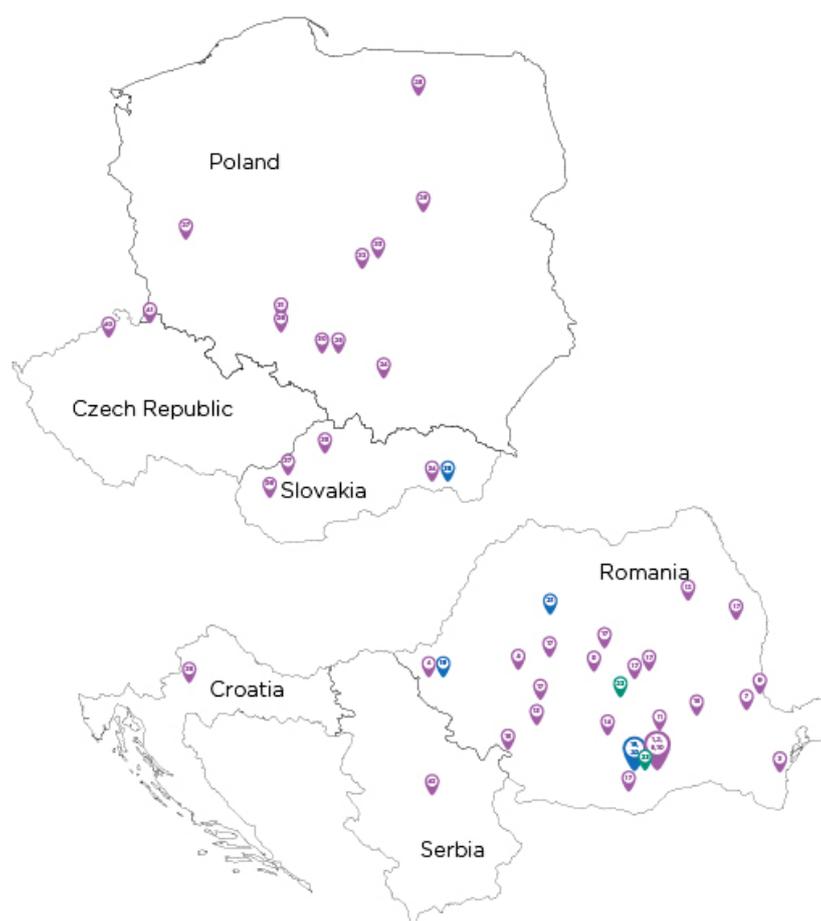
	No	Weighted GLA '000m <sup>2</sup>	Weighted valuation €m	Weighted passing rent/ ERV €m	Occupancy %
<b>TOTAL PROPERTIES</b>	<b>73</b>	<b>1 855</b>	<b>3 897</b>	<b>2 601</b>	
<b>Income producing</b>	<b>50</b>	<b>1 476</b>	<b>690</b>	<b>2 556</b>	<b>96.2</b>
Retail	42	1 304	3 334	2 287	95.9
Office	6	144	340	26	98.8
Industrial	2	28	16	2	98.0
<b>Developments and land bank</b>	<b>7</b>	<b>346</b>	<b>191</b>	<b>4</b>	
Under construction	1*	24	41	4	
Under permitting and pre-leasing	6**	322	112		
Land bank			38		
<b>Non-core</b>	<b>16</b>	<b>33</b>	<b>16</b>	<b>1</b>	<b>-</b>

\* Of the three properties under construction, two are extensions to existing properties.

\*\* Of the 17 properties under permitting and pre-leasing, 11 are extensions to existing properties.

Source: Company information

Figure 9: CEE portfolio as at 31 December 2016



Source: Company information

3.6.1.4 *Key retail properties*

<b>Romania</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
1	Mega Mall	75,200	283.1	98.7	18.9
2	Promenada Mall	39,400	176.0	98.4	11.0
3	City Park Shopping City	51,700	167.2	96.7	11.9
4	Timisoara	56,700	108.6	100.0	8.0
5	Shopping City Sibiu	78,200	108.1	96.8	8.5
6	Iris Titan Shopping Center	45,000	92.8	99.7	7.5
7	Braila Mall	55,400	74.0	96.3	6.0
8	Shopping City Deva	52,200	71.1	99.1	6.1
9	Shopping City Galati	27,200	52.3	96.8	3.9
10	Vulcan Value Centre	24,600	50.9	99.9	3.9
11	Ploiesti Shopping City Shopping City Piatra	22,900	45.0	96.5	3.4
12	Neamt Shopping City Targu	27,900	40.9	94.2	3.1
13	Jiu	27,100	38.9	99.9	3.2
14	Pitesti Retail Park Severin Shopping	24,800	38.3	100.0	3.7
15	Center	22,600	28.4	98.2	2.3
16	Aurora Shopping Mall	18,000	10.8	100.0	1.6
17-23	Regional strip centres	25,800	31.3	100.0	2.5
<b>Poland</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
30	Bonarka City Center	72,500	374.1	92.1	19.6
31	Galeria Warmińska Karolinka Shopping	42,700	154.0	100.0	9.1
32	Centre Focus Mall Zielona	70,000	147.4	98.0	9.0
33	Góra†	28,900	116.3	89.0	7.0
34	Pogoria Shopping Centre Solaris Shopping	36,700	77.0	97.0	4.9
35	Centre	17,700	58.5	96.0	4.0
36	Galeria Wołomin# Platan Shopping	24,200	53.1	98.0	3.6
37	Centre Focus Mall Piotrków	25,300	52.0	96.8	3.2
38	Trybunalski	35,100	49.0	82.0	4.2
39	Galeria Tomaszów	18,500	32.0	99.0	2.7

† Focus Mall Zielona Gora was valued at €111.8 million as at 31 December 2016 for purposes of Rockcastle's financial statements for the 18 months ended 31 December 2016. This represents the value of the transaction consideration, whereas the above valuation represents the market value as determined by the independent property valuer.

# Galeria Wolomin was valued at €55.3 million as at 31 December 2016 for purposes of Rockcastle's financial statements for the 18 months ended 31 December 2016. This valuation included development land valued at €2.2 million that has been valued separately for purposes of this prospectus.

<b>Slovakia</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
40	Aupark Kosice Mall	33,800	154.0	95.2	9.5
41	Aupark Zilina	25,100	116.2	100.0	7.9
42	Aupark Shopping Center Piešťany	10,300	39.6	99.4	2.6
43	Korzo Shopping Centrum	16,100	33.6	98.7	2.6

<b>Croatia</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
45	Arena Centar	62,100	219.9	95.2	15.3

<b>Czech Republic</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
46	Forum Ústí nad Labem	27,800	82.7	95.0	5.5
47	Forum Liberec Shopping Centre**	47,100	82.1	83.3	5.0

\*\* The GLA of Forum Liberec includes 2 804m<sup>2</sup> office space (6% of total GLA) and 974m<sup>2</sup> residential space (3% of total GLA)

<b>Serbia</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
48	Kragujevac Plaza	21,900	39.9	94.8	3.3

Source: NEPI and Rockcastle integrated annual reports for the periods ended 31 December 2016; reports of the independent property valuers

\* Weighted by ownership

### 3.6.1.5 Key office properties

<b>Romania</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
24	Floreasca Business Park	36,300	107.7	99.0	7.9
25	City Business Centre	47,600	96.9	98.9	7.9
26	The Lakeview	25,600	71.0	98.9	5.3
27	The Office Cluj- Napoca – Phases I & II*	21,400	41.0	97.1	3.3

<b>Slovakia</b>		<b>GLA m<sup>2</sup>*</b>	<b>Market value €m</b>	<b>Occupancy %</b>	<b>Passing rent €m*</b>
44	Aupark Kosice Tower	12,900	20.7	100.0	1.8

Source: NEPI integrated annual report for the year ended 31 December 2016; report of C&W LLP

\* Weighted by ownership

### 3.6.1.6 *Industrial properties*

		GLA m <sup>2</sup> *	Market value €m	Occupancy %	Passing rent €m*
<b>Romania</b>					
28	Rasnov Industrial Facility	23 000	10.8	97.6%	1.3
29	Otopeni Warehouse	4 800	5.0	100.0%	0.5

Source: NEPI integrated annual report for the year ended 31 December 2016; report of C&W LLP

\* *Weighted by ownership*

3.6.1.7 Full details of the property portfolio are set out in **Annexure 10**.

### 3.6.2 *Development pipeline*

3.6.2.1 The group invests in developments which significantly contribute to growth in distributable earnings per share. Developments and extensions will be limited to low-risk development, redevelopment and extension opportunities in a non-speculative phased manner. Construction costs are committed to on a gradual basis and are limited to the availability of internal sources of financing.

*Figure 10: Developments and extensions*

<b>Under construction</b>		<b>Additional</b>	
		GLA (m <sup>2</sup> )	Completion date
<b>Romania</b>			
#	Victoriei Office	7,600	2017
#	The Office Cluj-Napoca – Phase III	9,250	Q3 2017
<b>Poland</b>			
#	Wolomin Retail Park	6,700	Q3 2017
<b>Under permitting and pre-leasing</b>		<b>Additional</b>	
		GLA (m <sup>2</sup> )	Completion date
<b>Romania</b>			
#	Promenada Mall	60,000	2018
#	Shopping City Targu Mures	46,000	TBA
#	Shopping City Satu Mare	28,700	Q3 2018
#	Ramnicu Valcea Mall	27,900	Q4 2017
#	Shopping City Galati	21,000	Q4 2017
#	Shopping City Sibiu	10,600	Q4 2017
#	Ploiesti Shopping City	3,100	Q4 2017
#	Vaslui strip centre	2,800	2017
<b>Poland</b>			
#	Platan Shopping Centre	16,000	Q4 2018
#	Focus Mall Zielona Gora	15,900	Q4 2018
#	Solaris Shopping Centre	8,000	Q4 2018
#	Bonarka City Center	4,000	Q4 2018
#	Karolinka Shopping Centre	2,500	Q4 2018
#	Pogoria Shopping Centre	1,300	Q4 2018

		<b>Additional GLA</b>	<b>Completion date</b>
		(m <sup>2</sup> )	
<b>Serbia</b>			
#	Promenada Novi Sad	56,000	Q4 2018
#	Retail parks (Krusevac and Sabac)	18,000	Q3 2018

*\*Weighted by ownership*

Source: NEPI and Rockcastle integrated annual reports for the periods ended 31 December 2016; reports of the independent property valuers

### 3.6.3 **Listed security portfolio**

- 3.6.3.1 The listed security portfolio, which forms part of the Rockcastle sale assets as at the last practicable date, comprises shares in large, liquid real estate companies that dominate their markets and consistently outperform their competitors. As at 31 December 2016, the gross exposure of the listed security portfolio was US\$1 195 502 183, with the top ten investment holdings by gross exposure as at that date – representing 93% of Rockcastle’s total gross listed security portfolio – set out below.

<b>Gross listed security exposure*</b>	<b>Primary sector</b>	<b>Jurisdiction</b>	<b>Gross exposure as at 31 December 2016 (US\$m)</b>
Hammerson plc	Retail	Great Britain	<b>394.2</b>
Simon Property Group Inc	Retail	USA	<b>205.5</b>
Unibail – Rodamco	Retail	Europe	<b>169.9</b>
Avalonbay Communities Inc	Residential	USA	<b>69.1</b>
Ventas Inc	Healthcare	USA	<b>64.1</b>
Prologis Inc	Industrial	USA	<b>62.2</b>
Host Hotels & Resorts Inc	Hotel	USA	<b>40.4</b>
KIMCO Realty Corporation	Retail	USA	<b>38.7</b>
General Growth Properties	Retail	USA	<b>32.0</b>
Westfield Group	Retail	Australia	<b>29.9</b>
<b>TOTAL</b>			<b>1 106.00</b>

*\* During the year ended 31 December 2016, revised prime brokerage agreements were signed with improved terms. As a result, the listed security portfolio as at 31 December 2016 represents only fully-funded derivative positions and physical positions. Positions disclosed under listed security investments in Rockcastle’s audited annual financial statements for the 18 months ended 31 December 2016 include physical positions held at 31 December 2016 as well as derivative positions that are 100% collateralised in cash for funding and dividend yield optimisation purposes.*

*\* In Rockcastle’s audited annual financial statements for the 18 months ended 31 December 2016, listed security investments are categorised as financial investments at fair value through profit or loss with the fair value of the listed security investments determined based on quoted prices in active markets, and cash required to be held with prime brokers in order for the Rockcastle group to obtain exposure to the listed security portfolio is disclosed as equity derivative collateral.*

- 3.6.3.2 Since 31 December 2016, Rockcastle has continued to implement its strategy of selling listed investments and re-investing the proceeds in direct properties and developments. Rockcastle has also been actively trading in listed securities in the intervening period, and will continue to do so until the merger implementation date. To facilitate the strategy of moving from listed investments to direct property, substantial long-term holdings were sold in favour of smaller and more liquid listed investments.
- 3.6.3.3 Following the implementation of the merger transaction, the company intends to reduce its exposure to listed securities in favour of increasing direct property investments.

### 3.7 Material commitments, lease payments and contingent liabilities

Save for those commitments relating to the merger transaction and as set out in **Annexure 25**, the company will have no material commitments, lease payments or contingent liabilities as at the JSE listing date.

### 3.8 Turnover, profit/loss and dividend history

3.8.1 The audited historical financial information for NEPI Rockcastle as at 31 December 2016, including the statement of financial position as at 31 December 2016 and the statements of comprehensive income, changes in equity and cash flows for the period then ended, as well as particulars of the gross turnover and profits or losses (before and after tax) for the period, is presented in **Annexure 20**. NEPI Rockcastle did not declare a dividend for the period ended 31 December 2016.

3.8.2 The compilation, contents and presentation of the historical financial information is the responsibility of the board of directors of NEPI Rockcastle. The independent reporting accountant's report on the historical financial information is presented in **Annexure 21**.

## 4. SHARE CAPITAL

4.1 Immediately prior to the merger transaction and the listing on the JSE:

4.1.1 the authorised share capital of the company will comprise 2 000 000 000 ordinary shares of €0.01 each;

4.1.2 the issued share capital of the company will comprise 1 102 ordinary shares of €0.01 each;

4.1.3 there will be no treasury shares in issue; and

4.1.4 the share premium account will reflect a value of €0.

4.2 Assuming the merger transaction is implemented in accordance with its terms, upon listing on the JSE:

4.2.1 the authorised share capital of the company will comprise 2 000 000 000 ordinary shares of €0.01 each;

4.2.2 the issued share capital of the company will comprise 538 953 857 ordinary shares of €0.01 each;

4.2.3 there will be no treasury shares in issue; and

4.2.4 the share premium account will reflect a value of approx. €5 100 000 000.

4.3 Save in respect of the merger transaction, there have been no offers of NEPI Rockcastle shares to the public for subscription or sale since incorporation of the company.

4.4 Set out below are the names of shareholders, other than directors, that are directly or indirectly beneficially interested in 5% or more of the issued shares of NEPI Rockcastle as at the last practicable date. Where these are associates of directors of the company, this has been indicated.

Name of shareholder	Number of ordinary shares	% of ordinary shares in issue
Cornelius Eduard Cassell*	1,102	100
<b>Total</b>	<b>1,102</b>	<b>100</b>

- 4.5 Set out below are the names of shareholders, other than directors, that it is anticipated will, directly or indirectly, be beneficially interested in 5% or more of the issued shares of NEPI Rockcastle immediately following the implementation of the merger transaction and listing on the JSE. Where these are associates of directors of the company, this has been indicated.

Name of shareholder	Number of ordinary shares	% of ordinary shares in issue
Fortress Income Fund Limited	135 416 703	25.1
Resilient REIT Limited	71 911 821	13.3
Public Investment Corporation (PIC)	51 433 679	9.5
<b>Total</b>	<b>258 762 203</b>	<b>47.9</b>

- 4.6 As at the last practicable date, Cornelius Eduard Cassell is the sole beneficial shareholder of the company. However, on or before the merger implementation date, Mr Cassell will dispose of his beneficial shareholding in NEPI Rockcastle to each of NEPI and Rockcastle. It is not anticipated that NEPI Rockcastle will have a controlling shareholder following the implementation of the merger transaction and listing on the JSE.
- 4.7 Assuming implementation of the merger transaction, and save as set out above, the company is not aware of any pre-existing intentions by any holder(s) (other than public shareholders) to dispose of a material number of their securities at or immediately after the JSE listing.
- 4.8 **Annexure 24** contains the following salient information relating to the issued share capital of the company:
- 4.8.1 authorisations;
  - 4.8.2 rights attaching to shares;
  - 4.8.3 options and preferential rights in respect of shares;
  - 4.8.4 alterations to share capital;
  - 4.8.5 issues and repurchases of shares; and
  - 4.8.6 convertible debt securities, exchangeable debt securities or debt securities with warrants attached.
- 4.9 Extracts from the articles of association are included in **Annexure 5**.

## 5. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

- 5.1 Save in respect of the merger transaction, the company is not party to any contract or arrangement (or proposed contract or arrangement) where any option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for shares in the company or any subsidiary of the company.
- 5.2 There are no preferential conversion and/or exchange rights in respect of any shares.

## 6. COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

- 6.1 No amount has been paid, or accrued as payable, since incorporation of the company, as commission to any person, including commission so paid or payable to any sub-underwriter that is the holding company or a director or officer of the applicant, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any securities of the company.
- 6.2 No other commissions, discounts or brokerages have been paid nor have any other special terms been granted in connection with the issue or sale of any shares in the share capital of the company, since incorporation of the company.

## 7. MATERIAL CONTRACTS

- 7.1 Save for the material contracts set out in **Annexure 9** and the loan agreements set out in **Annexure 25**, the group has not entered into any other material contracts, being:

- 7.1.1 restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business carried on by the company or any of its subsidiaries, entered into at any time and containing any obligation or settlement that is material to the company or its subsidiaries as at the last practicable date; or
- 7.1.2 contracts that are otherwise considered material by the company.
- 7.2 A summary of the service contracts of the executive directors is set out in **Annexure 4**. Save for the service contracts of executive directors summarised in **Annexure 4**, the company has not entered into any contracts relating to directors' and managerial remuneration, secretarial or technical fees or restraint payments. The company has not paid any material technical or secretarial fees since the company's incorporation.
- 7.3 The group is not subject to any royalty agreements and no royalties are payable by the company to third parties.
- 7.4 Save for the property management agreements, further details of which are set out in **Annexure 11**, the group is not subject to any asset or property management agreements.

## 8. INTERESTS OF DIRECTORS AND PROMOTERS

Details of the directors' interests in the company are set out in **Annexure 2**.

## 9. MATERIAL LOANS AND BORROWINGS

- 9.1 Details of material loans advanced to the NEPI Rockcastle group, and material loans made by the NEPI Rockcastle group, are set out in **Annexure 25**.
- 9.2 None of the material borrowings set out in **Annexure 25** have any redemption or conversion rights attaching to them.
- 9.3 The company does not have any loan capital outstanding.
- 9.4 Save as set out in **Annexure 1**, the group has not entered into any inter-group financial or other transactions.
- 9.5 The group has not undertaken any off-balance sheet financing.
- 9.6 Details of loans by NEPI and Rockcastle to participants in the existing NEPI and Rockcastle incentive plans that remained outstanding as at the last practicable date are set out in paragraph 2.4 of this prospectus. All such loans outstanding as at the merger implementation date will be assigned to the company.
- 9.7 Save as set out above, no loans have been made or security furnished by the group for the benefit of any director, manager or associate of any director or manager of the group.

## 10. SHARES ISSUED OR TO BE ISSUED OTHERWISE THAN FOR CASH

Save for the merger consideration shares to be issued to NEPI and Rockcastle shareholders pursuant to the merger transaction, no shares were issued or agreed to be issued by the company since the company's incorporation otherwise than for cash.

## 11. PROPERTY ACQUIRED OR TO BE ACQUIRED

- 11.1 Both NEPI and Rockcastle have been carrying on their business in the ordinary course in the period since the merger transaction was announced, and have a pipeline of acquisitions currently under negotiation.
- 11.2 Details of all material acquisitions of securities in, or the business undertaking(s) of, any company/ies or business enterprise(s), immovable property and fixed assets since incorporation of the company or contracted to be acquired by NEPI Rockcastle (or which the company has an option to acquire), including any such material acquisitions within the last three years by subsidiaries forming part of the group and details relating to the vendors, are set out in **Annexure 17**.

## 12. PRELIMINARY EXPENSES AND ISSUE EXPENSES

- 12.1 The preliminary and issue expenses (excluding VAT) relating to the merger transaction and JSE listing which have been incurred or that are expected to be incurred by the group in relation to the JSE listing are presented in the table below.
- 12.2 The preliminary and issue expenses of each of NEPI and Rockcastle relating to the merger transaction are set out in the NEPI and Rockcastle circulars, respectively. Notwithstanding the costs set out in each of the circulars as being attributable to NEPI and Rockcastle, as the case may be, the merger transaction agreements provide that the costs of listing the company on the JSE and on Euronext Amsterdam, as well as the costs of obtaining competition approval of the merger transaction, will be borne 62% by NEPI and 38% by Rockcastle. All costs of either party that become payable after completion of the merger transaction shall be borne by the company.

Expense	Recipient	EUR#
JSE documentation fees	JSE	12 148
Listing fees	JSE	182 152
Listing fees	Euronext	40 000
Independent property valuation fees	C&W LLP	175 000
Independent property valuation fees	C&W Polska	25 500
Independent property valuation fees	JLL	4 500
Independent property valuation fees	Quadrant	1 267
Printing, publication and distribution costs	Ince	7 000
Transfer secretarial fees	Computershare	2 000
Competition clearance	Dentons	24 400
Dual listing fees	Strate	75 000
Dual listing fees	CitiBank	75 000
Contingency		7 000
<b>Total</b>		<b>630 967</b>

*\*Amounts in Rand have been converted at a EUR:ZAR exchange rate of EUR 1.00: ZAR 14.20. Amounts in GBP have been converted at a EUR:GBP exchange rate of EUR 1.00: GBP 0.85.*

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## SECTION TWO – INFORMATION REGARDING SHARES TO BE ISSUED IN TERMS OF THE NEPI REPURCHASE

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### 13. PURPOSE OF THE NEPI REPURCHASE

The purpose of the NEPI repurchase is set out in the NEPI circular.

### 14. TIME AND DATE OF THE OPENING AND CLOSING OF THE NEPI REPURCHASE

The time and date of the opening and closing of the NEPI repurchase is set out in the “Salient Dates and Times” section, as well as in the NEPI circular.

### 15. PARTICULARS OF THE NEPI REPURCHASE

#### 15.1 General

15.1.1 In terms of the NEPI repurchase, NEPI shareholders who have not elected to receive a distribution *in specie* of NEPI Rockcastle shares as a dividend have an opportunity to voluntarily sell their NEPI shares to NEPI in consideration for which NEPI will transfer to participating shareholders the right to be issued such number of new NEPI Rockcastle shares as is determined based on the swap ratio and pursuant to which shareholders will receive 1 NEPI Rockcastle share for every 1 NEPI share repurchased.

15.1.2 On listing on the JSE, all NEPI Rockcastle shares will rank *pari passu* in respect of all rights. NEPI Rockcastle shares will be capable of being traded on the JSE and Euronext Amsterdam in dematerialised form only. There are no convertibility or redemption provisions relating to any of the NEPI Rockcastle shares to be issued in terms of the NEPI repurchase. There will be no fractions of NEPI Rockcastle shares to be issued in terms of the NEPI repurchase.

15.1.3 The NEPI repurchase is not being underwritten and is not conditional on a minimum number of NEPI shareholders electing to participate or the raising of a specified minimum amount.

15.1.4 The particulars of the NEPI repurchase are set out in the NEPI circular.

#### 15.2 Previous issues of securities

15.2.1 Save as disclosed in paragraph 6 of **Annexure 24**, the company did not issue any securities during the period from incorporation to the date of this prospectus.

15.2.2 The company did not issue any securities at a premium from the date of incorporation of the company to the date of this prospectus.

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## SECTION THREE – INFORMATION AND REPORTS

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### 16. ADEQUACY OF CAPITAL

The directors are of the opinion that the working capital available to the NEPI Rockcastle group is sufficient for the group's present requirements, that is, for at least the next 12 months from the date of issue of this prospectus.

### 17. REPORT BY DIRECTORS AS TO MATERIAL CHANGES

Save for the merger transaction:

- 17.1 there have been no material changes in the assets or liabilities of the company or any subsidiary since incorporation of the company;
- 17.2 there have been no material changes to the financial or trading position of the group since incorporation of the company; and
- 17.3 there have been no material changes in the business or trading objects of the company since incorporation of the company.

### 18. STATEMENT AS TO LISTING ON STOCK EXCHANGE

#### 18.1 Form of delivery of NEPI Rockcastle shares

- 18.1.1 As required in terms of Isle of Man law, NEPI and Rockcastle shareholders will not have registered ownership of the NEPI Rockcastle shares that they receive pursuant to the merger transaction. NEPI Rockcastle shares will instead be delivered to NEPI and Rockcastle shareholders in the form of dematerialised security entitlements representing the beneficial ownership of such shares. References throughout this document to NEPI Rockcastle shares received or issued pursuant to the merger transaction or to any shareholding in NEPI Rockcastle following the JSE and Euronext listings should therefore be read as a reference to a receipt, issue or holding of security entitlements representing beneficial ownership of NEPI Rockcastle shares, and not to any registered ownership of NEPI Rockcastle shares.
- 18.1.2 All NEPI Rockcastle shares will be registered in the name of one or both of PLC Nominees or Euroclear Nederland, for and on behalf of shareholders. NEPI Rockcastle shares traded on the JSE will be delivered in accordance with the rules of Strate and those traded on Euronext Amsterdam will be delivered in accordance with the rules of Euroclear Nederland.

#### 18.2 Listing on the JSE

- 18.2.1 The JSE has granted NEPI Rockcastle a primary listing by introduction of all of its issued ordinary shares on the Main Board of the JSE, under the abbreviated name: "NEPIROCK", JSE share code: NRO and ISIN: IM00BDD7WV31. The company will be listed in the "Real Estate – Real Estate Holdings and Development" sector. This will be a foreign inward listing.
- 18.2.2 The listing on the JSE is subject to the company having satisfied the requirements of the JSE Listings Requirements regarding the spread of shareholders, being public shareholders holding not less than 20% of the issued ordinary share capital of the company at the point of listing on the JSE. The nature of the transaction as an effective merger of NEPI and Rockcastle (both JSE-listed companies with the required spread of public shareholders) is such that the required spread of public shareholders will be achieved by NEPI Rockcastle immediately prior to the JSE listing.

#### 18.3 Trading of shares

- 18.3.1 Shares may be traded only on the JSE in electronic form (in dematerialised form) and will be trading for electronic settlement in terms of Strate immediately following the JSE listing. Any shareholders who hold shares in certificated form will have to dematerialise their share certificates, at their own expense, in order to trade their shares. Such shareholders must make arrangements with their CSDP, bank or broker in terms of the custody agreement with their CSDP, bank or broker.

- 18.3.2 Strate is a system of “paperless” transfer of securities. If you have any doubt as to the mechanics of Strate please consult your broker, CSDP or other appropriate adviser and you are referred to the Strate website (www.strate.co.za) for more detailed information.
- 18.3.3 Some of the principal features of Strate are:
- 18.3.3.1 electronic records of ownership replace certificates and physical delivery of certificates;
  - 18.3.3.2 trades executed on the JSE must be settled within three business days;
  - 18.3.3.3 all investors owning dematerialised shares or wishing to trade their securities on the JSE are required to appoint either a broker or a CSDP to act on their behalf and to handle their settlement requirements; and
  - 18.3.3.4 unless investors owning dematerialised shares specifically request their CSDP to register them as an “own-name” dematerialised shareholder (which entails a fee), their respective CSDP’s or broker’s nominee company holding ordinary shares on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or broker (or the CSDP’s or broker’s nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or broker (or the CSDP’s or broker’s nominee company), as to how it wishes to exercise the rights attaching to the ordinary shares and/or to attend and vote at shareholder meetings.

#### 18.4 Listing on Euronext Amsterdam

- 18.4.1 Application will be made to the AFM for admission of the company’s issued ordinary shares on the official list of Euronext Amsterdam and to trading on the Euronext Amsterdam market concurrently with the JSE listing or as soon as possible thereafter. Once so listed, NEPI Rockcastle will hold a dual primary listing on the Main Board of the JSE and Euronext Amsterdam. Following such listing, shares will be fully fungible between the company’s South African and European share registers.
- 18.4.2 For the first trading day on Euronext Amsterdam, NEPI Rockcastle shares will trade on a “T+3” settlement basis, with settlement effected electronically with Euroclear Nederland. Following the first trading day, settlement of trades in NEPI Rockcastle shares on Euronext Amsterdam will take place two business days after a trade is executed.
- 18.4.3 This document is an “equivalent document” as meant in section 5:4(1)(d) of the Dutch Act on the Financial Supervision, and not a “prospectus” as defined in section 5:2 of that Act. It is not approved by the AFM.

### 19. REPORT BY THE AUDITOR OF THE COMPANY

- 19.1 In terms of Regulation 79 of the SA Companies Act, the auditor is required to prepare a report on the profits and losses, dividends and assets and liabilities of the company.
- 19.2 As the company was incorporated on 1 December 2016, the financial information required to be disclosed in terms of Regulation 79 of the SA Companies Act is for the period from incorporation to 31 December 2016. The audited financial information of the company as at 31 December 2016 is set out in **Annexure 20** and the auditor’s report on such information is set out in **Annexure 21**.

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## SECTION FOUR – ADDITIONAL MATERIAL INFORMATION

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### 20. RISK FACTORS

In carrying on its business, the company will contemplate investment and extension opportunities that will yield satisfactory returns at acceptable levels of risk. The risks of the company are all of the risks that would typically be associated with investing in commercial real estate in the CEE region. The board of the company understands and will take appropriate steps to mitigate such risks.

#### 20.1 Capital and portfolio risk

The acquisition of assets carries investment risk of the loss of capital and there can be no assurance that the company will not incur losses. Returns generated from the investments of the company may not adequately compensate shareholders for the relevant risks assumed. An investor should be aware that it could lose all or part of its investment in the company. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments may cause market fluctuations that could adversely affect the company's property portfolio and performance in the future.

#### 20.2 Currency risk

The properties that the company has acquired and will acquire are all located in the CEE region and may not be denominated in Euro (being the company's reporting currency). NEPI Rockcastle may therefore have to convert the values of its assets, liabilities, revenue and expenses to Euro in order to prepare its financial statements at exchange rates applicable in the relevant time period. Accordingly, significant movements in currency rates between Euro and other relevant currencies may have a material adverse effect on the company's financial condition. In addition, for those investors whose base currency is not Euro, there is a risk of currency loss if such currencies depreciate against any such investor's base currency.

#### 20.3 Stock market risk

Investments in the company could decrease in value as a result of a decline in global stock markets.

#### 20.4 Liquidity risk

Property by its nature is a relatively illiquid investment and it may take time for the company to divest itself of certain property investments. Under certain market conditions, market prices, if any, for such assets may not be readily ascertainable and the company may not be able to sell them when it desires to do so or to realise what it perceives to be their fair value in the event of a sale. This may affect the liquidity of the company and its ability to repay borrowings and its ability to provide investors with regular income distributions.

#### 20.5 Leverage and financing risk

The capital of the company will be leveraged so as to achieve a higher rate of return. The company may be obliged to pledge its assets in order to borrow funds for investment purposes, which may have the effect that such assets will have to be transferred to a lender under the terms of the borrowing agreement, in the event of default. While leverage may enhance shareholder returns, it may also increase potential losses. As such, any event which adversely affects the value of an investment would be magnified to the extent the company was leveraged, and could result in the company experiencing substantial losses.

#### 20.6 Regulatory change may affect the company

20.6.1 Legal or regulatory change in the Isle of Man, any country in which the group holds any properties or other investments, or any country in which any subsidiary is incorporated, may affect the company and could limit its ability to respond to changes in the market. Changes to landlord and tenant regulations, planning, trust, tax (including stamp duty and land tax) or other laws and regulations relating to the sectors in which the company operates may have an adverse effect on the company.

20.6.2 The group's future effective tax rates may be adversely affected by a number of factors, including changes in the valuation of the group's deferred tax assets and liabilities, increases in expenses not deductible for tax purposes, changes in share-based compensation expenses, the outcome of any potential discussions with relevant tax authorities, changes in relation to taxation laws or tax rates or the interpretation of

such taxation laws and changes in generally accepted accounting principles. Any significant increase in the group's future effective tax rates, including following the ongoing initiatives in relation to changes in the fiscal legislation at international level, such as the Action Plan on Base Erosion and Profit Shifting of the Organisation for Economic Co-operation and Development, could adversely impact the net results for such future periods and, as a result, could adversely affect the group's business, financial condition and results of operations.

## 20.7 Development risk

The company may take on a limited amount of development risk in order to protect or enhance the value of its portfolio. In such circumstance, the company may be subject to development related risk, which could include increased costs of construction, lack of availability of quality service providers, difficulties regarding planning and environmental permissions, raising finance, long lead times between investment and returns on investments, and fluctuations in demand for the completed asset.

## 20.8 Specific property risks

- 20.8.1 While over the long-term property is considered a lower risk asset, shareholders must be aware that significant short- and medium-term risk factors are inherent in the asset class.
- 20.8.2 Property and property related assets are inherently difficult to value due to the individual nature of each property and the characteristics of the local, regional and national real estate markets. As a result, valuations are subject to uncertainty. There is no assurance that the estimates resulting from the valuations process will reflect the actual sales prices in the event of a sale occurring shortly after the valuation date. The performance of an investment property could be adversely affected by a downturn in property markets, both in terms of property values and rental yields. In the event of a default by a tenant, the investment may suffer a rental shortfall and the company may incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property.
- 20.8.3 Property, in line with all investment assets, is affected by economic cycles. In a downturn, sentiment may limit the number of potential purchasers even at reduced prices.
- 20.8.4 Rental income and property market values are generally affected by overall conditions in the economy, employment trends, inflation and changes in interest rates, which in turn may impact upon the demand for premises. Furthermore, movements in interest rates may negatively affect the company's cost of finance.
- 20.8.5 As property yields are closely correlated to long dated bond rates, interest rate cycles play an extremely important role in the calculation of property prices. Shareholders should be aware that capital values could be at risk if interest rates rise.
- 20.8.6 Rental yields and property values may also be affected by other factors specific to the real estate market, including competition from other property owners, the physical location of assets as regards potential exposure to crime, pollution, flooding, etc., the inability to collect rental because of the bankruptcy or insolvency of tenants or otherwise, and the periodic need to renovate, repair and maintain assets, with all the related cost associated therewith.
- 20.8.7 The company intends to selectively acquire additional real estate assets in the future, which requires an analysis of a wide variety of factors, including subjective assessments and assumptions.
- 20.8.8 Investments in real estate are relatively illiquid, compared to listed equities or bonds, due in the main to:
  - 20.8.8.1 high transaction costs;
  - 20.8.8.2 high capital values;
  - 20.8.8.3 the specialised nature of buildings; and
  - 20.8.8.4 reliance on property brokers to distribute information in an efficient manner in order to match a willing buyer with a willing seller, without the use of a regulated, public marketplace.

## 21. TAX CONSIDERATIONS

A summary of the high-level Isle of Man and South African tax considerations of South African tax resident shareholders in respect of NEPI Rockcastle ordinary shares that are listed on the JSE, including the tax treatment of foreign dividends paid by NEPI Rockcastle to such South African tax resident shareholders, is set out in **Annexure 28**.

## 22. DIVIDENDS

- 22.1 Following the JSE listing, NEPI Rockcastle intends distributing at least 90% of its distributable income to shareholders. The company's first dividend will be in respect of the period from 1 January 2017 to 30 June 2017.
- 22.2 Thereafter, the company intends declaring half-yearly dividends, which are expected to be declared for the periods ending 30 June and 31 December.
- 22.3 All distributions declared by the company will be declared in accordance with the company's articles of association and the applicable principles of Isle of Man law.
- 22.4 Dividends shall be paid to those members whose names shall be on the register as at a date subsequent to the date of declaration of the dividend or the date of confirmation of the dividend, whichever is the later date.
- 22.5 The company shall hold all monies due to shareholders in trust indefinitely subject to the laws of prescription. If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the company to the person entitled thereto by post are returned to the company undelivered or left uncashed on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the company shall not be obliged to send any further dividends or other moneys payable in respect of that share due to that person until he notifies the company of an address to be used for the purpose.
- 22.6 The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the shareholder (or the person entitled to the share in consequence of the death, bankruptcy or mental disorder of the holder or otherwise by operation of law) and delivered to the company and only if or to the extent that the same is accepted as such or acted upon by the company. There are no arrangements in terms of which future dividends are waived or agreed to be waived.

## 23. DISTRIBUTION PER SHARE AS PERFORMANCE MEASURE

Given the nature of its business, and as it is considered a more relevant performance measure than earnings or headline earnings per share, NEPI Rockcastle uses distribution per share as its key performance measure.

## 24. PROPERTY, ASSETS AND BUSINESS UNDERTAKINGS DISPOSED OF OR TO BE DISPOSED OF

- 24.1 Rockcastle has concluded an agreement to sell Cosmopolitan Mall in Zambia, which sale has not completed as at the last practicable date. If the sale does complete by the merger implementation date, the cash consideration received by Rockcastle for Cosmopolitan Mall will form part of the Rockcastle sale assets, instead of the property.
- 24.2 Save as set out above and in respect of ongoing trading in the listed security portfolio, no securities in, or the business undertaking(s) of, any company/ies or business enterprise(s), immovable property and fixed assets have been disposed of since incorporation of the company or are to be disposed of by NEPI Rockcastle within 6 months of listing on the JSE, where such disposal is material to NEPI Rockcastle, including any disposals within the last three years by subsidiaries forming part of the group, where such disposal was material to the NEPI or Rockcastle group, respectively.

## 25. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the group.

## 26. CORPORATE GOVERNANCE

The company's corporate governance statement is presented in **Annexure 26**.

## 27. EXCHANGE CONTROL REGULATIONS

- 27.1 NEPI Rockcastle has obtained approval from the SARB for the listing of its ordinary shares on the Main Board of the JSE, which listing is classified as an “inward listing” in terms of the Exchange Control Regulations.
- 27.2 A summary of the Exchange Control Regulations, relating to the acquisition of ordinary shares, is set out in **Annexure 27**.

## 28. LITIGATION STATEMENT

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the NEPI Rockcastle group is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on the group’s financial position.

## 29. DIRECTORS’ RESPONSIBILITY STATEMENT

- 29.1 The directors, whose names are given on page 13 of this prospectus, collectively and individually, accept full responsibility for the accuracy of the information given herein (save for that information set out in paragraphs 29.2 and 29.3 below) and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that, to the best of their knowledge and belief, this prospectus contains all information required by law and the JSE Listings Requirements.
- 29.2 The directors of NEPI collectively and individually, accept full responsibility for the accuracy of the information set out in paragraphs 3.5.1.1 and 41.
- 29.3 The directors of Rockcastle collectively and individually, accept full responsibility for the accuracy of the information set out in paragraphs 3.5.1.3 and 42.

## 30. CONFIRMATION OF INDEPENDENCE AS JSE SPONSOR

Java Capital Proprietary Limited is acting in the capacity of corporate advisor (“**corporate advisor**”) to NEPI Rockcastle, and Java Capital Trustees and Sponsors Proprietary Limited, a wholly-subsiidiary of Java Capital Proprietary Limited, is acting in the capacity of the JSE sponsor to NEPI Rockcastle (“**JSE sponsor**”). The JSE sponsor has confirmed their view that their acting in the capacity of JSE sponsor in respect of the listing of NEPI Rockcastle on the JSE does not affect either entity’s independence. However, as required in terms of the JSE Listings Requirements, the JSE sponsor has confirmed that in order to manage any potential or perceived conflicts of interest that might arise, the corporate advisor and the JSE sponsor have in place appropriate checks and balances to manage any potential or perceived conflicts of interests, including procedures to assess the independence of the JSE sponsor in respect of a transaction (and, should it be determined that the JSE sponsor is not independent, the appointment of an independent transaction sponsor) and the divisions of responsibility between directors of the corporate advisor and the JSE sponsor involved in fulfilling the various functions undertaken by the corporate advisor and the JSE sponsor in respect of the JSE listing.

## 31. INCORPORATION BY REFERENCE

- 31.1 The following information is incorporated in this prospectus by reference:

<b>Prospectus reference</b>	<b>Nature of information</b>	<b>Accessible at</b>
Paragraph 41	The audited historical financial statements of NEPI for the years ended 31 December 2016, 31 December 2015 and 31 December 2014	Copies are available for inspection at the registered office of NEPI Rockcastle and the office of the JSE sponsor, at no charge and at any time during normal business hours on business days from Friday, 9 June 2017 to the JSE listing date. The financial statements can also be viewed on the NEPI website at <a href="http://www.nepinvest.com/company-reports">http://www.nepinvest.com/company-reports</a> .
Paragraph 42	The audited historical financial statements of Rockcastle for the 18 months ended 31 December 2016 and the years ended 30 June 2015 and 30 June 2014	Copies are available for inspection at the registered office of NEPI Rockcastle and the office of the JSE sponsor, at no charge and at any time during normal business hours on business days from Friday, 9 June 2017 to the JSE listing date. The financial statements can also be viewed on the Rockcastle website at <a href="http://www.rockcastleglobalre.mu/investor-relations/reports/">http://www.rockcastleglobalre.mu/investor-relations/reports/</a> .

31.2 Where information has materially changed since publication and the last practicable date, any changes have been disclosed.

### 32. CONSENTS

32.1 Each of the corporate advisor, the JSE sponsor, the Euronext listing agent, the independent reporting accountant, the auditors, the legal advisor as to Isle of Man law, the legal advisor as to South African law, the legal advisor as to Dutch law, the legal advisor as to Romanian law, the independent property valuers, the proposed bankers, the company secretary and the South African transfer secretaries whose names are included in this prospectus have consented in writing to act in the capacities stated and to their names appearing in this prospectus, and have not withdrawn such consent prior to the publication of this prospectus.

32.2 The independent reporting accountant and the independent property valuers have each consented to the inclusion of their reports in the form and context in which they are included in the prospectus, which consents have not been withdrawn prior to the publication of this prospectus.

### 33. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the company's registered office and at the JSE sponsor's office during business hours from Friday, 9 June 2017 to Friday, 30 June 2017:

33.1 the signed prospectus;

33.2 the Rockcastle circular;

33.3 the NEPI circular;

33.4 the articles of association of the company and its material subsidiaries;

33.5 the rules of the existing NEPI and Rockcastle incentive plans;

33.6 the rules of the NEPI Rockcastle incentive plan;

33.7 the material contracts referred to in paragraph 7;

33.8 the summary valuation reports prepared by the independent property valuers, as presented in **Annexure 12**, **Annexure 13**, **Annexure 14**, **Annexure 15** and **Annexure 16**;

33.9 the detailed valuation reports prepared by the independent property valuers;

33.10 the service contracts of the executive directors detailed in **Annexure 4**;

33.11 the signed reports by the independent reporting accountant, as presented in **Annexure 19**, **Annexure 21** and **Annexure 22**;

33.12 the letters of consent referred to in paragraph 32;

33.13 the audited financial information of the company as at 31 December 2016;

33.14 the powers of attorney granted by the directors of the company, NEPI and Rockcastle, authorising signature of this prospectus;

33.15 all information incorporated by reference, as detailed in paragraph 31; and

33.16 the written resolutions of the shareholder of the company.

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## SECTION FIVE – INAPPLICABLE OR IMMATERIAL MATTERS

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### 34. INAPPLICABLE OR IMMATERIAL MATTERS

The following paragraphs of the Regulations to the SA Companies Act, dealing with the requirements for a prospectus, are not applicable to this prospectus:

34.1 Regulation 68;

34.2 Regulation 73;

34.3 Regulation 77;

34.4 Regulation 78; and

34.5 Regulation 80.

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## SECTION SIX – ANALYSIS OF PROPERTY PORTFOLIO

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### 35. SUMMARY OF THE PROPERTY PORTFOLIO

- 35.1 NEPI Rockcastle's core direct property portfolio will comprise 42 retail, 6 office and 2 industrial properties, located primarily in the CEE region, with 3 developments under construction (of which 2 are extensions of existing properties) and 17 under permitting and pre-leasing (of which 11 are extensions of existing properties).
- 35.2 The combined market value of the property portfolio, weighted by ownership and including investment properties at market value, investment properties under and held for development and investment properties held for sale, each restated to include property held through joint ventures, on a *pro rata* basis, as at 31 December 2016, is €3.9 billion. By market value, retail properties currently comprise 89% of the property portfolio.
- 35.3 Full details of the property portfolio are set out in **Annexure 10**.

### 36. OVERVIEW OF PROPERTY PORTFOLIO

An overview of the key properties forming part of the property portfolio is set out below.

#### 36.1 Retail properties

- 36.1.1 *Bonarka City Center* in Krakow, Poland has a GLA of 72 500m<sup>2</sup>. Krakow is the second largest city in Poland and benefits from an influx of 10 million tourists per annum. With an annual footfall of over 14.5 million people in 2015, Bonarka City Center is the largest retail centre in the catchment area, situated in a dominant location in the South of Krakow with excellent access to major motorways. As at 31 December 2016, Bonarka City Center was valued at €374.1 million.
- 36.1.2 *Mega Mall* in Bucharest, Romania has a GLA of 75 200m<sup>2</sup> and passing rent of €18.9 million. Since opening in the first half of 2015, the centre has dominated retail in densely populated eastern Bucharest, with a catchment area of 910 000 within a 30 minute drive. As at 31 December 2016, Mega Mall was valued at €283.1 million.
- 36.1.3 *Arena Centar* in Zagreb, Croatia has a GLA of 62 100m<sup>2</sup> and is conveniently located in the south-western part of Zagreb – Croatia's capital and largest city, with 790 000 inhabitants. The passing rent is €15.3 million. As at 31 December 2016, Arena Zagreb was valued at €219.9 million.
- 36.1.4 *Promenada Mall* in Bucharest, Romania has a GLA of 39 400m<sup>2</sup> and passing rent of €11.0 million. As at 31 December 2016, Promenada Mall was valued at €176.0 million. An extension due for completion in 2018 will add approximately 60 000m<sup>2</sup> GLA of mixed-use fashion, leisure, entertainment and office space.
- 36.1.5 *City Park* in Constanta, Romania has a GLA of 51 700m<sup>2</sup> and passing rent of €11.9 million. The mall has an excellent location in Constanta, the fifth largest Romanian city, close to Mamaia, the country's most popular seaside resort. With the fashion extension completed, the centre is becoming the dominant mall in the city. As at 31 December 2016, City Park was valued at €167.2 million.
- 36.1.6 *Aupark Kosice Mall* in Kosice, Slovakia has a GLA of 33 800m<sup>2</sup> and is located on the southern side of the main shopping street in the city centre of Kosice, the second largest city in Slovakia. Passing rent is €9.5 million. The mall provides a wide retail offering, complemented by a leisure and food court area. As at 31 December 2016, Aupark Kosice was valued at €154.0 million.
- 36.1.7 *Galeria Warminska* in Olsztyn, Poland is a 3rd generation fully let shopping and entertainment centre with a GLA of 42 700m<sup>2</sup>. The mall is dominant in the Warminsko-Mazurskie region, with continuously growing footfall and tenant turnover. Olsztyn is the largest city in north-eastern Poland with a population of 175 000 people and is the capital city of the province which is populated by 1.4 million inhabitants. As at 31 December 2016, Galeria Warminska was valued at €154 million.
- 36.1.8 *Karolinka Shopping Centre* in Opole, Poland has a GLA of 70 000m<sup>2</sup>, split into a shopping gallery and adjacent retail park. Opole has a population of 120 000 and is the centre of an agglomeration of over 300 000 people, comprising suburban areas and adjacent towns. Karolinka is a prime, large-scale and dominant regional shopping centre, just 5 km from the city centre and positioned on one of the city's main thoroughfares. As at 31 December 2016, Karolinka Shopping Centre was valued at €147.4 million.

- 36.1.9 *Aupark Zilina* in Zilina, Slovakia has a GLA of 25 100m<sup>2</sup>. It is the best performing mall in the region, with passing rent of €7.9 million and the largest and widest retail offering. As at 31 December 2016, Aupark Zilina was valued at €116.2 million.
- 36.1.10 *Focus Mall Zielona Gora* in Zielona Gora, Poland has a GLA of 28 900m<sup>2</sup>. It is the largest retail destination in Zielona Gora, with a population of 138 000 and the joint-capital city of a region with over 1 million inhabitants. Focus Mall Zielona Gora was valued at €111.8 million as at 31 December 2016 for purposes of Rockcastle's financial statements for the 18 months ended 31 December 2016. This represents a valuation of transaction costs only. The market value of the property as at 31 December 2016 as determined by the independent property valuer is €116.3 million.
- 36.1.11 *Shopping City Timisoara* in Timis county, Romania has a GLA of 56 700m<sup>2</sup> with available land to extend the centre up to 80 000m<sup>2</sup>. The centre includes a Carrefour hypermarket, national and international fashion brands, a 13-screen cinema and other entertainment and leisure facilities, and has passing rent of €8.0 million. As at 31 December 2016, Shopping Centre Timisoara was valued at €108.6 million.
- 36.1.12 *Shopping City Sibiu* in Sibiu, Romania has a GLA of 78 200m<sup>2</sup> and it is the region's dominant shopping mall, anchored by two hypermarkets, Auchan and Carrefour, numerous international brands and a wide selection of furniture and DIY stores. As at 31 December 2016, Shopping Centre Sibiu was valued at €108.1 million, with a passing rent of €8.5 million. An extension, reconfiguration and refurbishment of the centre, which will add approximately 10 600m<sup>2</sup>, is expected to be completed by the end of 2017.
- 36.1.13 *Iris Titan Shopping Center* in Bucharest, Romania has a GLA of 45 000m<sup>2</sup> and passing rent of €7.5 million. The mall is located in Bucharest's most densely populated district, with 599 000 residents within a 15-minute drive. The property is anchored by the most visited Auchan hypermarket. As at 31 December 2016, Iris Titan Shopping Centre was valued at €92.8 million.
- 36.1.14 *Forum Ústí nad Labem* in Ústí nad Labem, Czech Republic has a GLA of 27 800m<sup>2</sup> and passing rent of €5.5 million. Ústí nad Labem is the 7th largest city in the Czech Republic, with a population of 93 000, and the capital of the Ústecký region, with 824 000 inhabitants. Forum Ústí nad Labem is the dominant retail scheme in the region, located at the intersection of the city's arterial roads used by local, regional and transiting traffic. As at 31 December 2016, Forum Ústí nad Labem was valued at €82.7 million.
- 36.1.15 *Forum Liberec Shopping Centre* in Liberec, Czech Republic has a GLA of 47 100m<sup>2</sup> and opened for trading in February 2009. Liberec is one of the largest cities in the Czech Republic and benefits from a well-developed infrastructure and tourism industry. Forum Liberec is located in the city centre with excellent public transport connectivity and the highest footfall in the region. As at 31 December 2016, Forum Liberec was valued at €82.1 million.
- 36.1.16 *Braila Mall* in Braila, Romania has a GLA of 55 400m<sup>2</sup> and hosts a diverse range of tenants, including a large entertainment and leisure area. The food court refurbishment and an additional fashion extension were finalised in 2016. With passing rent of €6.0 million, this regional mall dominates Braila county. As at 31 December 2016, Braila Mall was valued at €74.0 million.
- 36.1.17 *Shopping City Deva* in Hunedoara county, Romania has a GLA of 52 200m<sup>2</sup> and is the dominant mall in the region, with a passing rent of €6.1 million. With an over 10 000m<sup>2</sup> extension completed in September 2015, the centre now boasts international fashion brands and entertainment facilities. As at 31 December 2016, Shopping City Deva was valued at €71.1 million.
- 36.1.18 *Pogoria Shopping Centre* in Dabrowa Gornicza, Poland has a GLA of 36 700m<sup>2</sup> over two levels. Dabrowa Gornicza has a population of 125 000 people with 350 000 persons living within a 15-minute drive. Pogoria is the largest shopping centre and leisure destination in the city and is prominently located in the heart of the city centre. As at 31 December 2016, Pogoria Shopping Centre was valued at €77.0 million.
- 36.1.19 *Galeria Wolomin* in Wolomin, Poland is located 30 km outside of Warsaw and has a GLA of 24 200m<sup>2</sup>. The centre is anchored by a Carrefour hypermarket, with an extension planned to be completed in the third quarter of 2017. Road and infrastructure upgrades are expected to substantially benefit the shopping centre and its catchment area. As at 31 December 2016, Galeria Wolomin was valued at €53.1 million, with the market value of the land on which the extension is being constructed valued at €2.2 million. The group has a 90% interest in the property.
- 36.1.20 *Shopping City Galati* in Galati, Romania has a GLA of 27 200m<sup>2</sup>. The mall was developed in 2013 and is the city's only modern mall. Passing rent is €3.9 million and as at 31 December 2016, Shopping City Galati was valued at €52.3 million. The group intends extending the centre as further detailed in paragraph 36.4.6 below.

- 36.1.21 *Platan Shopping Centre* is located in the city centre of Zabrze, a city in southern Poland with a population of approximately 178 000 and part of the Katowice Agglomeration, which is the largest urban area in the country. The centre has a GLA of 25 300m<sup>2</sup>, anchored by an Auchan hypermarket. Adjoining land is held for development of an extension to the existing centre. As at 31 December 2016, Platan Shopping Centre was valued at €52.0 million with the value of the adjoining land held for development valued at €4.9 million.
- 36.1.22 *Solaris Shopping Centre* in Opole, Poland has a GLA of 17 700m<sup>2</sup> and is located adjacent to the Old Town in close proximity to the main train station and university, ensuring strong footfall. It is a modern 3rd generation shopping centre that opened in 2009. As at 31 December 2016, Solaris Shopping Centre was valued at €58.5 million.
- 36.1.23 *Vulcan Value Centre* in Bucharest, Romania has a GLA of 24 600m<sup>2</sup>. The development of Vulcan Value Centre was completed by NEPI in 2014 within nine months from permitting. Due to its prime location in a densely populated area of Bucharest, suitable tenant mix and convenient access to public transport, the centre has reported strong trading figures since opening. As at 31 December 2016, Vulcan Value Centre was valued at €50.9 million and had a passing rent of €3.9 million.
- 36.1.24 *Focus Mall Piotrkow Trybunalski* in Piotrkow Trybunalski, Poland has a GLA of 35 100m<sup>2</sup> and is situated in the second largest city in the Lodzkie Voivodeship. Focus Mall was opened in 2009 and remains the only modern 3rd generation retail destination in town. As at 31 December 2016, Focus Mall Piotrkow Trybunalski was valued at €49.0 million.
- 36.1.25 *Ploiesti Shopping City* is a 45 800m<sup>2</sup> regional mall in Ploiesti, Romania, a city with 235 000 residents and 774 000 inhabitants within a 45-minute drive. The group has a 50% ownership interest in the property. As at 31 December 2016, Ploiesti Shopping City was valued at €89.9 million.
- 36.1.26 *Shopping City Piatra Neamt* in Piatra Neamt, Romania has a GLA of 27 900m<sup>2</sup> and opened on 1 December 2016. Piatra Neamt has 116 000 inhabitants and there are 245 000 residents within a 45-minute drive. As at 31 December 2016, Shopping City Piatra Neamt was valued at €40.9 million. Passing rent is €3.1 million.
- 36.1.27 *Kragujevac Plaza* in Kragujevac, Serbia has a GLA of 21 900m<sup>2</sup> and passing rent of €3.3 million. It is Serbia's only mall outside the capital city and dominates the region. As at 31 December 2016, Kragujevac Plaza was valued at €39.9 million.
- 36.1.28 *Aupark Shopping Center Piešťany* in Piešťany, Slovakia has a GLA of 10 300m<sup>2</sup>; and it is the only new generation retail scheme in the city, Slovakia's main resort and spa centre, with high purchasing power. With a good location and a modern layout, the shopping centre demonstrated robust growth since its opening in terms of footfall and retail sales. As at 31 December 2016, Aupark Shopping Center Piešťany was valued at €39.6 million. Passing rent is €2.6 million.
- 36.1.29 *Cosmopolitan Mall* in Lusaka, Zambia has a GLA of 26 200m<sup>2</sup>. An agreement to sell the property has been concluded, with the sale remaining subject to receipt of competition approval in Zambia. As at 31 December 2016, Cosmopolitan Mall was valued at US\$74.0 million (€70.4 million). The group has a 50% interest in the property.
- 36.1.30 *Shopping City Targu Jiu* in Gorj county, Romania has a GLA of 27 100m<sup>2</sup> and passing rent of €3.2 million. Development of this regional mall was completed during 2014, within a year from the issuance of the building permit. The centre is located in one of the city's main roads in a densely populated district. As at 31 December 2016, Shopping City Targu Jiu was valued at €38.9 million.
- 36.1.31 *Pitesti Retail Park* in Arges county, Romania has a GLA of 24 800m<sup>2</sup> and passing rent of €3.7 million. This value centre is part of a larger retail scheme of a total of 39 900m<sup>2</sup> GLA, being adjacent to the best performing hypermarket in Pitesti. It has a number of value tenants, including a substantial furniture and home décor offering. As at 31 December 2016, Pitesti Retail Park was valued at €38.3 million.
- 36.1.32 *Korzo Shopping Centrum* in Prievidza, Slovakia has a GLA of 16 100m<sup>2</sup> and passing rent of €2.6 million. It is the main shopping centre in Prievidza, a city with 48 000 residents and 308 000 inhabitants within a 45-minute drive. The centre is part of a larger retail park, including a Tesco hypermarket and a DIY. As at 31 December 2016, Korzo Shopping Centrum was valued at €33.6 million.
- 36.1.33 *Severin Shopping Center* in Mehedinti county, Romania has a GLA of 22 600m<sup>2</sup> and is located in a city with a population of 111 000 people and 175 000 residents within a 45-minute drive. Passing rent is €2.3 million. An extension of the first phase of the center was opened in October 2015, while in 2016,

the Group extended Severin Shopping Center with an additional 1 700m<sup>2</sup> GLA, improving the tenant mix and upgrading the centre's visibility and market positioning. As at 31 December 2016, Severin Shopping Center was valued at €28.4 million.

36.1.34 *Galeria Tomaszow* in Tomaszow Mazowiecki, Poland has a GLA of 18 500m<sup>2</sup> and opened in October 2016. The original design of the centre was increased to enhance the leisure and lifestyle offering which now includes a cinema and fitness offering. As at 31 December 2016, Galeria Tomaszow was valued at €32.0 million. The group has an 85% interest in the property.

36.1.35 *Aurora Shopping Mall* in Buzau, Romania has a GLA of 18 000m<sup>2</sup> and passing rent of €1.6 million. The mall is situated on the main boulevard of Buzau, a major transit hub for two of the country's main historical regions. A reconfiguration and extension of the mall are considered. As at 31 December 2016, Aurora Shopping Mall was valued at €10.8 million.

## 36.2 Office properties

36.2.1 *Floreasca Business Park* in Bucharest, Romania has a GLA of 36 300m<sup>2</sup> and passing rent of €7.9 million. It is located in Bucharest's new central business district, which has seen significant development in recent years. As at 31 December 2016, Floreasca Business Park was valued at €107.7 million.

36.2.2 *City Business Centre* in Timisoara, Romania has a GLA of 47 600m<sup>2</sup> and passing rent of €7.9 million. It is the largest A-grade office in Timisoara, the third city and business centre in Romania. As at 31 December 2016, City Business Park was valued at €96.9 million.

36.2.3 *The Lakeview* in Bucharest, Romania has a GLA of 25 600m<sup>2</sup> and passing rent of €5.3 million. This A-grade office building is located close to Floreasca Business Park and Promenada Mall, in Bucharest's new central business district. As at 31 December 2016, The Lakeview was valued at €71.0 million.

36.2.4 *The Office Cluj-Napoca* in Cluj, Romania has a GLA (weighted by 50% ownership) of 21 400m<sup>2</sup> and a passing rent (weighted by 50% ownership) of €3.3 million. A third phase of the development, which will add 9 250m<sup>2</sup> GLA (weighted by 50% ownership) is scheduled for completion in 2017. As at 31 December 2016, The Office was valued (weighted by 50% ownership) at €41.0 million.

36.2.5 *Aupark Kosice Tower* in Kosice, Slovakia has a GLA of 12 900m<sup>2</sup> and passing rent of €1.8 million. This ten-storey office building is connected to Kosice Mall and adjacent to the main road connecting the centre with the city's international airport. As at 31 December 2016, Aupark Kosice Tower was valued at €20.7 million.

36.2.6 *Rockcastle House* in Kingston upon Thames (London), United Kingdom has a GLA of 600m<sup>2</sup> and was valued at €2.5 million as at 31 December 2016. The property is fully let to tenants, which include Rockcastle itself.

## 36.3 Developments under construction

An overview of all properties under construction as at the last practicable date is set out below.

36.3.1 The group has substantially finalised developing the 7 600m<sup>2</sup> GLA landmark office, located in central Bucharest. The project is located in Victoriei Square, adjacent to the Romanian Government building, and includes the development of a modern office and the refurbishment of a historical building. This 7 600m<sup>2</sup> GLA landmark office is scheduled for completion in 2017. The delay compared to the initially estimated completion date is mainly due to permitting of fit-out works and the complexity of technical solutions required for the façade of this unique project.

36.3.2 Development of Phase III of The Office in Cluj, Romania is anticipated to be completed in the third quarter of 2017.

36.3.3 Following the successful opening of Galeria Wolomin in October 2016, the decision was taken in December 2016 to continue with the construction of the 6 500m<sup>2</sup> Retail Park due to tenant demand. At a relatively low projected cost of €6.5 million, the final Wolomin scheme will now be a complete retail offering. The node will also be further strengthened with the addition of the recently announced Leroy Merlin development, which will be constructed directly adjacent to the shopping centre and retail park. Construction is currently underway and anticipated for completion in the third quarter of 2017.

#### 36.4 Developments under permitting and pre-leasing

An overview of key properties under permitting and pre-leasing is set out below.

- 36.4.1 An extension of Promenada Mall is currently under zoning and will add approximately 60 000m<sup>2</sup> GLA of mixed-use fashion, leisure, entertainment and office space.
- 36.4.2 The permitting process for a development in two phases of up to 56 000m<sup>2</sup> GLA shopping mall in Novi Sad, Serbia is underway, with an opening targeted for the end of 2018. Novi Sad is the second largest city in Serbia, with 250 000 residents and 354 000 inhabitants within a 30-minute drive from the development.
- 36.4.3 A regionally dominant centre of up to 46 000m<sup>2</sup> is intended for development in Targu Mures, Romania. The city has 151 000 residents and there are 306 000 inhabitants within a 45-minute drive from the development.
- 36.4.4 A 28 700m<sup>2</sup> regionally dominant mall is intended for development in Satu Mare, a city with a population of 123 000 residents and 288 000 inhabitants within a 45-minute drive. Subject to permitting, the shopping centre is scheduled to open in 2018.
- 36.4.5 Permitting for the development of a 27 900m<sup>2</sup> regional mall in Ramnicu Valcea, Romania has been initiated and discussions with potential tenants are ongoing. The centre will include a Carrefour hypermarket and fashion anchors, as well as a Cinema City, and is scheduled to open in the fourth quarter of 2017. Ramnicu Valcea has 119 000 residents with 315 000 inhabitants within a 45-minute drive.
- 36.4.6 The extension of Shopping City Galati is scheduled to be completed in the fourth quarter of 2017. As at the last practicable date, the extension is under construction.
- 36.4.7 The reconfiguration and extension of Shopping City Sibiu are currently under permitting.
- 36.4.8 Two 9,000m<sup>2</sup> GLA retail parks are intended for development on land in Krusevac, a city with 59 000 residents, and Sabac, a city with 54 000 inhabitants, with the potential for future extension. There is no other material modern retail offering in these cities. The retail schemes will be anchored by retailer-owned supermarkets. Subject to permitting, construction should commence in 2017 and be completed in 2018.
- 36.4.9 A 6 200m<sup>2</sup> extension of Ploiesti Shopping City, aimed to improve the retail mix with a fashion-only area in the main mall and non-fashion tenants in the newly developed area, is currently under permitting.
- 36.4.10 A 2 800m<sup>2</sup> extension of Vaslui strip centre in Vaslui, Romania is expected to be completed in 2017.
- 36.4.11 The redevelopment of Platan Shopping Centre in Poland will involve a complete modernization of the existing 24 000m<sup>2</sup> mall and will see the addition of 16 000m<sup>2</sup> of GLA. To facilitate this expansion, the existing retail park will be demolished to make way for both the extended part of the centre as well as the new structured parking. A large plate of on-grade parking will be left in place to ensure that the redeveloped centre remains a convenient shopping experience. The scale of the enlarged shopping centre and the improved retail offering, along with the retained convenience, will confirm Platan Shopping Centre as the dominant centre in its catchment area. The development has received the required Masterplan and Environmental Approvals and building permit.
- 36.4.12 The redevelopment and extension of Solaris Shopping Centre will be one of the first private-public partnerships on a retail development in Poland. It involves a partnership between the company and the local Opole municipality, which has contributed the land for the proposed expansion in return for the construction of a multi-level public parking garage and a new public square. The extension of approximately 8 500m<sup>2</sup> GLA includes an upgrade and modernisation of the existing shopping centre and the construction of new technical rooms. Key design elements of the new centre will include a fitness offering, enlarged food court, access to the adjoining cinema complex, introduction of new anchor tenants, rightsizing of existing fashion tenants and basement parking with direct access to the newly installed anchor grocer.
- 36.4.13 A redevelopment of Bonarka City Centre will include the complete refurbishment and modernization of the existing common area spaces. Further works to the mall will also include a redesign of the vertical transportation and communication, structured parking improvement and an enlarged food court. Approximately 4 000m<sup>2</sup> of additional GLA will be added with the reconfiguration of current mall and tenant area and by incorporating non-income generating common areas, thereby improving the efficiency ratio of the design.
- 36.4.14 Under the existing masterplan and permits, the addition of a stand-alone 2 500m<sup>2</sup> Media Mart Store at Karolinka Shopping Centre in Poland is planned. A larger redevelopment is planned for Karolinka in

Phase 2, which will see the addition of a gym, cinema and an extension of the existing shopping centre by approximately 7 000m<sup>2</sup>.

36.4.15 A planned extension of Focus Park Zielona Gora in Poland will result in the centre being extended by approximately 15 900m<sup>2</sup> of GLA. The extension will include the complete modernization and refurbishment of the existing 28 000m<sup>2</sup> mall, the reconfiguration of all vertical transport and communication and the addition of a structured parking garage, as well as the restoration of at least one of the existing heritage buildings on the site.

36.4.16 Phase 1 of an extension to Pogoria Shopping Centre, for which existing permitting and planning is in place, will involve the extension of the current CCC & Deichmann tenant space by approximately 1 300m<sup>2</sup> and the reconfiguration of approximately 3 800m<sup>2</sup> of current tenant area, including major fashion tenants.

### 37. ANALYSIS OF THE PROPERTY PORTFOLIO

An analysis of the property portfolio (excluding non-core properties held for sale) in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles as well as the rental per square metre, rental escalation and average annualised property yield, as at 31 December 2016 is provided in the tables below.

#### 37.1 Geographic profile

	By GLA %	By rental income %
Romania	57	52
Poland	25	26
Slovakia	7	10
Croatia	4	6
Czech Republic	5	4
Serbia	1	1
Other*	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

#### 37.2 Sectoral profile

	By GLA %	By rental income %
Retail	88	89
Office	10	10
Other*	2	1
<b>Total</b>	<b>100</b>	<b>100</b>

#### 37.3 Tenant profile

	Based on GLA %	By rental income %
A	66	54
B	6	6
C	28	40
<b>Total</b>	<b>100</b>	<b>100</b>

For the tenant profile table, the following key is applicable:

- A. Large international and national tenants, large listed tenants, government and major franchisees (companies with assets and/or turnovers in excess of €200 million).
- B. Smaller international and national tenants, smaller listed tenants and medium to large professional firms (companies with assets and/or turnovers ranging from €100 to €200 million).
- C. Other local tenants and sole proprietors. This comprises approximately 2 175 tenants.

Figure 1: Top tenants profile

<b>Top 10 retail tenants</b>	<b>Based on GLA %</b>
Auchan	9.4
Carrefour	8.6
H&M	3.7
Inditex	3.4
LPP	2.9
C&A	2.8
Cinema City	2.8
Leroy Merlin	2.4
New Yorker	2.3
Altex	1.9
	<b>40.2</b>

Source: Combined NEPI and Rockcastle December 2016 results presentation.

#### 37.4 Vacancy profile

The vacancy profile indicated below reflects the vacancy percentage in terms of current GLA by sector.

<b>Sector</b>	<b>Vacancy % based on total GLA</b>
Retail	4.1
Office	1.2
Other*	2.0
<b>Portfolio vacancy</b>	<b>3.8</b>

#### 37.5 Retail lease expiry profile

	<b>By GLA %</b>	<b>By rental income %</b>
Vacant	3.9	n/a
Monthly	0.4	0.7
2017	3.2	4.8
2018	8.9	12.7
2019	18.6	20.9
2020	10.4	12.8
2021	13.6	16.7
2022	8.5	8.5
2023	4.0	3.3
2024	4.6	4.1
2025	4.1	2.3
> 2026	19.8	13.2
<b>Total</b>	<b>100</b>	<b>100</b>

### 37.6 Office lease expiry profile

	By GLA %	By rental income %
Vacant	2.8	n/a
Monthly	–	–
2017	1.6	3.5
2018	14.5	16.0
2019	17.0	18.3
2020	26.8	28.1
2021	18.7	18.2
2022	11.9	11.1
2023	2.7	2.5
2024	1.1	0.9
2025	0.6	0.4
> 2026	2.3	1.0
<b>Total</b>	<b>100</b>	<b>100</b>

### 37.7 Other\* lease expiry profile

	By GLA %	By rental income %
Vacant	1.9	n/a
Monthly	–	–
2017	7.7	5.7
2018	8.6	6.5
2019	–	–
2020	8.3	17.5
2021	8.7	11.9
2022	–	–
2023	56.8	50.9
2024	8.0	7.5
2025	–	–
> 2026	–	–
<b>Total</b>	<b>100</b>	<b>100</b>

### 37.8 Total lease expiry profile

	Based on GLA %	By rental income %
Vacant	3.8	n/a
Monthly	0.4	0.6
2017	3.1	5.0
2018	9.5	13.0
2019	18.0	20.1
2020	12.0	14.4
2021	14.0	16.8
2022	8.7	8.7
2023	4.9	3.6
2024	4.3	3.9
2025	3.7	2.1
> 2026	17.6	11.8
<b>Total</b>	<b>100</b>	<b>100</b>

### 37.9 Rental per square metre

Sector	Weighted average monthly rental €/m <sup>2</sup> /month
Retail	14.5
Office	15.2
Other *	5.5
<b>Total portfolio</b>	<b>14.4</b>

### 37.10 Rental escalation

Sector	based on total GLA
Retail	0.87
Office	0.06
Other *	0.01
<b>Total portfolio</b>	<b>0.77</b>

### 37.11 Annualised property yields

The average annualised property yield of the properties, based on the valuation of the properties performed by the independent property valuers as at 31 December 2016 and the net property income for the 12 months ended 31 December 2016, is 6.9%.

### 37.12 Non-core properties held for sale

37.12.1 The above analysis excludes 16 properties that are non-core to the company's strategy and that are in the process of being disposed of, all of which are located in Romania ("non-core portfolio"). The non-core portfolio is classified as held-for-sale in NEPI's financial statements for the year ended 31 December 2016.

37.12.2 The non-core portfolio has a value of €15.6 million as at 31 December 2016, equating to 0.4% of NEPI Rockcastle's total portfolio, and a total GLA of 33 400m<sup>2</sup>, equating to 1.8% of the total GLA of NEPI Rockcastle's total portfolio. Passing rent attributable to the non-core portfolio is €1.2 million, being 0.5% of the passing rent of NEPI Rockcastle's total portfolio as at 31 December 2016.

37.12.3 Retail represents 4% of the non-core portfolio by GLA and 23% by annual rent, with the balance in the office sector.

*\* Other is made up of UK and Zambia for geographic disclosures and industrial and residential property for sectoral disclosures.*

## 38. VALUATION REPORTS

38.1 The properties forming part of the NEPI sale assets were valued by Michael Edwards MRICS and Rupert Dodson FRICS of C&W LLP, both independent external registered professional valuers and members of The Royal Institution of Chartered Surveyors, a recognised property valuers regulatory body.

38.2 The properties forming part of the Rockcastle sale assets were valued by either (i) Mark Freeman MRICS of C&W Polska, an independent external registered professional valuer and member of The Royal Institution of Chartered Surveyors, a recognised property valuers regulatory body, (ii) Jan Zibura MRICS and Petra Piskova MRICS of JLL, both an independent external registered professional valuer and member of The Royal Institution of Chartered Surveyors, a recognised property valuers regulatory body, (iii) Peter Parfitt of Quadrant, an independent external registered professional valuer registered in terms of the South African Property Valuers Profession Act, No. 47 of 2000 or (iv) John O'Neill BLE FRICS of C&W LLP, an independent external registered professional valuer and member of The Royal Institution of Chartered Surveyors, a recognised property valuers regulatory body.

38.3 Detailed valuation reports have been prepared in respect of each of the properties and are available for inspection in terms of paragraph 33. A summary of the valuation reports in respect of each of the properties has been included in **Annexure 12, Annexure 13, Annexure 14, Annexure 15** and **Annexure 16**.

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## SECTION SEVEN – FINANCIAL INFORMATION

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### 39. CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL INFORMATION

- 39.1 The consolidated pro forma statement of comprehensive income and the consolidated pro forma statement of financial position of NEPI Rockcastle is presented in **Annexure 18**, reflecting the impact of the merger transaction on NEPI Rockcastle.
- 39.2 The consolidated *pro forma* statement of comprehensive income and the consolidated *pro forma* statement of financial position of NEPI Rockcastle, including the assumptions on which they are based and the financial information from which they have been prepared, are the responsibility of the board of directors of NEPI Rockcastle.
- 39.3 The independent reporting accountant's assurance report on the consolidated *pro forma* statement of comprehensive income and the consolidated *pro forma* statement of financial position of NEPI Rockcastle is presented in **Annexure 19**.

### 40. HISTORICAL FINANCIAL INFORMATION OF NEPI ROCKCASTLE

- 40.1 The audited historical financial information for NEPI Rockcastle as at 31 December 2016, is presented in **Annexure 20**.
- 40.2 The compilation, contents and presentation of the historical financial information is the responsibility of the board of directors of NEPI Rockcastle. The independent reporting accountant's report on the historical financial information is presented in **Annexure 21**.

### 41. HISTORICAL FINANCIAL INFORMATION OF NEPI

- 41.1 The audited historical financial information of NEPI for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 (the "**NEPI historical financial information**") is incorporated in this prospectus by reference, as detailed in paragraph 31.
- 41.2 The NEPI historical financial information has been audited by PWC Isle of Man, who issued unqualified audit reports thereon.
- 41.3 The NEPI historical financial information is the responsibility of the board of directors of NEPI.

### 42. HISTORICAL FINANCIAL INFORMATION OF ROCKCASTLE

- 42.1 The audited historical financial information of Rockcastle for the 18 months ended 31 December 2016 and the years ended 30 June 2015 and 30 June 2014 (the "**Rockcastle historical financial information**") is incorporated in this prospectus by reference, as detailed in paragraph 31.
- 42.2 The Rockcastle historical financial information has been audited by BDO & Co Ltd, who issued unqualified audit reports thereon.
- 42.3 The Rockcastle historical financial information is the responsibility of the board of directors of Rockcastle.

Signed by Alexandru Morar and Spiros Noussis on their behalf and on behalf of all of the directors, in terms of powers of attorney granted by them.

**Alexandru Morar**

*Joint Chief Executive Officer*

26 May 2017

**Spiros Noussis**

*Joint Chief Executive Officer*

26 May 2017

Signed by Alexandru Morar in his capacity as Chief Executive Officer of NEPI, on his behalf and on behalf of all of the directors of NEPI, in terms of powers of attorney granted by them.

**Alexandru Morar**

*Chief Executive Officer – NEPI*

26 May 2017

Signed by Spiros Noussis in his capacity as Chief Executive Officer of Rockcastle, on his behalf and on behalf of all of the directors of Rockcastle, in terms of powers of attorney granted by them.

**Spiros Noussis**

*Chief Executive Officer – Rockcastle*

26 May 2017

## DETAILS OF SUBSIDIARIES

A. Set out below are details of all material subsidiaries of the company following the implementation of the merger transaction and upon listing on the JSE:

No.	Name and registration number of subsidiary	Date and place of incorporation	Issued share capital	Effective holding by NEPI Rockcastle	Nature of business	Loan (by)/to NEPI Rockcastle <sup>1</sup>	Date of becoming a subsidiary
1.	NE Property Cooperatief UA (Registered number 34285470)	22 October 2007, The Netherlands	€382 866 187	100%	Holding company	–	Merger implementation date
2.	Rockcastle Europe Limited (Registration number 123070 C2/GBL)	21 May 2014, Mauritius	US\$100 <sup>2</sup>	100%	Holding company	US\$2 179 836 000 <sup>2</sup>	Merger implementation date

### Notes:

- As all loans receivable by either NEPI or Rockcastle form part of the NEPI sale assets and Rockcastle sale assets, respectively, such loans will effectively be ceded to NEPI Rockcastle with effect from the merger implementation date.
- Issued share capital of US\$100 equivalent on date of issue.
- No interest is levied and no terms of repayment have been set. The board of directors does not anticipate demanding payment of the loan within 12 months of the last practicable date.
- The company's material subsidiaries are not listed on any other stock exchange.

B Set out below are details of all non-material subsidiaries of the company following the implementation of the merger transaction and upon listing on the JSE:

<b>No.</b>	<b>Name of subsidiary</b>	<b>Incorporation/Date became subsidiary or joint-venture partner</b>	<b>Place of incorporation</b>
1.	Nepi Investments Ltd	April 2012	Isle of Man
2.	Nepi Holdings Ltd	April 2012	Isle of Man
3.	Nepiom Ltd	September 2012	Isle of Man
4.	FDC Bralia BV	September 2009	Netherlands
5.	Ingen Europe BV	December 2010	Netherlands
6.	Nepi Investment Management SRL	June 2010	Romania
7.	New Energy Management SRL	January 2014	Romania
8.	Marketing Advisers SRL	April 2014	Romania
9.	Real Estate Asset Management SRL	July 2014	Romania
10.	NEPI Four Real Estate Solutions SRL	March 2013	Romania
11.	Everest Investitii si Consultanta SRL	February 2005/November 2013	Romania
12.	NEPI Five Property Development SRL	March 2013	Romania
13.	Braila Promenada Mall SRL	September 2009	Romania
14.	Mercureal SRL	July 2005/August 2013	Romania
15.	Galati Shopping City SRL	June 2012	Romania
16.	Retail Park Pitesti SRL	January 2010	Romania
17.	Severin Shopping Center SRL	October 2012	Romania
18.	NEPI Bucharest One SRL	September 2007	Romania
19.	NEPI Ten Development Solutions SRL	June 2012	Romania
20.	Targu Jiu Developemnt SRL	October 2012	Romania
21.	Vulcan Value Centre SRL	April 2012/September 2013	Romania
22.	Floreasca City Center SRL	October 2005/October 2014	Romania
23.	Floreasca Center SRL	April 2011/November 2014	Romania
24.	Shopping City Timisoara SRL	June 2012	Romania
25.	ELJ Vatra SRL	February 2007/August 2013	Romania
26.	Aurora Mall Buzau SRL	October 2012	Romania
27.	Shopping City Piatra Neamt SRL	January 2014	Romania
28.	NEPI Fifteen Real Estate Administration SRL	January 2014	Romania
29.	Floreasca Business Park SRL	December 2010	Romania
30.	Lakeview Office Building SRL	July 2004/January 2013	Romania
31.	Timisoara City Business Center One SRL	January 2012	Romania
32.	Timisoara Office Building SRL	January 2012	Romania
33.	Modatim Business Facility SA	November 2015	Romania
34.	General Investment SRL	March 2003/January 2008	Romania
35.	General Building Management SRL	August 2004/January 2008	Romania
36.	Victoriei Office Building SRL	August 2011	Romania
37.	NEPI Bucharest Two SRL	December 2007	Romania
38.	Otopeni Warehouse and Logistics SRL	September 2010	Romania
39.	NEPI Three Building Management	March 2013	Romania
40.	NEPI Six Development SRL	May 2012	Romania
41.	NEPI Sixteen Real Estate Investment SRL	July 2014	Romania
42.	NEPI Seventeen Land Development SRL	July 2014	Romania
43.	NEPI Eighteen Property Services SRL	February 2016	Romania
44.	Targu Mures Shopping City SRL	February 2016	Romania
45.	Bel Rom Trei S.R.L	August 2008/March 2016	Romania
46.	NRE Sibiu Shopping City S.R.L	January 2007/March 2016	Romania
47.	DEGI Titan SRL	April 2005/July 2015	Romania
48.	Brasov Shopping City SRL	June 2011	Romania
49.	Cluj Business Centre SRL*	July 2012	Romania
50.	Ploiesti Shopping City SRL*	December 2010/February 2012	Romania

<b>No.</b>	<b>Name of subsidiary</b>	<b>Incorporation/Date became subsidiary or joint-venture partner</b>	<b>Place of incorporation</b>
51.	Ramnicu Valcea Shopping City SRL	August 2014	Romania
52.	NEPI Slovakia Management s.r.o	June 2013/August 2013	Slovakia
53.	Aupark Zilina SC a.s.	October 2008/August 2013	Slovakia
54.	Aupark Zilina, spol. s.r.o	December 2003/August 2013	Slovakia
55.	Aupark Kosice SC, s.r.o	November 2008/December 2014	Slovakia
56.	INLOGIS VI, s.r.o	June 2011/December 2014	Slovakia
57.	NEPI Slovak Centres One a.s.	July 2014	Slovakia
58.	Aupark Kosice, spol. s.r.o	January 2004/December 2014	Slovakia
59.	Aupark Tower Kosice, s.r.o	November 2008/December 2014	Slovakia
60.	E-power Supply, s.r.o	November 2015	Slovakia
61.	NEPI Real Estate Project, s.r.o	June 2016	Slovakia
62.	SCP s.r.o	April 2006/July 2016	Slovakia
63.	NEPI Real Estate Project Two s.r.o	August 2016	Slovakia
64.	Aupark Piestany SC, s.r.o.	November 2008/October 2016	Slovakia
65.	Aupark Piestany spol, s.r.o	April 2004/October 2016	Slovakia
66.	Sofia Commercial Center EOOD	December 2013	Bulgaria
67.	NEPI Project one EOOD	March 2017	Bulgaria
68.	SEK d.o.o	July 2007/October 2014	Serbia
69.	NEPI Real Estate Development d.o.o	November 2014	Serbia
70.	NEPI Real Estate Project One d.o.o	January 2016	Serbia
71.	NEPI Real Estate Project Two d.o.o	January 2016	Serbia
72.	NEPI Real Estate Project Three d.o.o	October 2016	Serbia
73.	FORUM Ústí s.r.o.	January 2005/February 2016	Czech Republic
74.	NEPI Czech Management s.ro	September 2016	Czech Republic
75.	Liberec Property s.r.o.	January 2007/June 2016	Czech Republic
76.	Arena Center Zagreb d.o.o	2006/November 2016	Croatia
77.	NEPI Croatia Management doo	January 2017	Croatia
78.	Rockcastle Europe Limited (GBC2)	May 2014	Mauritius
79.	Rockcastle UK Property SPV Limited (GBC2)	October 2014	Mauritius
80.	Lusaka Cosmopolitan Investments Limited (GBC2)*	March 2014/March 2016	Mauritius
81.	Rockcastle Global Securities Limited (GBC1)	October 2016	Mauritius
82.	Rockcastle Global Real Estate Company UK Limited	September 2014	United Kingdom
83.	Rockcastle Global Real Estate Holdings BV	October 2013	Netherlands
84.	Pogoria Property sp.z.o.o.	June 2014/April 2015	Poland
85.	Karolinka Property sp.zo.o	July 2014/April 2015	Poland
86.	Platan Property sp.zo.o	July 2015/August 2015	Poland
87.	Gontar sp.zo.o	March 2013/December 2014	Poland
88.	ACE3 sp.z.o.o	Jun 2013/December 2014	Poland
89.	Monarda sp.zo.o	July 2015/August 2015	Poland
90.	Rockcastle Poland sp. z o.o.	July 2015/October 2015	Poland
91.	IGI Exclusive sp.z.o.o	October 2007/March 2015	Poland
92.	Zielona Góra Property sp. z o.o.	December 2011/July 2016	Poland
93.	Piotrków Property sp. z o.o.	February 2011/July 2016	Poland
94.	Bonarka Property sp. z o.o.	December 2011/August 2016	Poland
95.	Olsztyn Property sp. z o.o.	February 2011/September 2016	Poland
96.	Bonarka City Center sp. z o.o.	May 2014/September 2016	Poland
97.	Energit sp. z o.o.	December 2007/September 2016	Poland

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**INFORMATION ON THE DIRECTORS, MANAGEMENT AND MATERIAL THIRD PARTIES**


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**1. DIRECTORS' INTERESTS****1.1 Directors' interests in NEPI Rockcastle ordinary shares**

Assuming the merger transaction is implemented in accordance with its terms, set out below are the direct and indirect beneficial interest of directors and their associates (including interests of directors who have resigned in the 18 months preceding the last practicable date) in NEPI Rockcastle ordinary shares, by virtue of their holdings in NEPI and Rockcastle, immediately following the implementation of the merger transaction and the JSE listing:

Director	Beneficial			Total	%
	Direct	Indirect**	Associates		
Alexandru Morar	–	777 595	–	777 595	0.14
Spiros Noussis	–	1 713 398	1 692	1 715 090	0.32
Mirela Covasa	–	282 104	–	282 104	0.05
Nick Matulovich	37 616	837 035	–	874 651	0.16
Marek Pawel Noetzel	82 953	–	–	82 953	0.02
Dan Pascariu	–	–	–	–	–
Desmond de Beer	–	9 319 575	–	9 319 575	1.73
Michael Mills	–	–	–	–	–
Andre van der Veer	91 576	178 579	7 373	277 528	0.05
Robert Reinhardt Emslie	–	–	–	–	–
Antoine Dijkstra	–	–	–	–	–
Cornelius Eduard Cassell*	–	–	–	–	–
<b>Total</b>	<b>212 145</b>	<b>13 108 286</b>	<b>9 065</b>	<b>13 329 496</b>	<b>2.47</b>

\* Resigned with effect from 15 May 2017.

\*\* Directors' assumed indirect beneficial holding of NEPI Rockcastle shares does not include any indirect beneficial holding arising via a shareholding in any other listed company.

**1.2 Directors' interests in NEPI Rockcastle shares pursuant to the existing NEPI and Rockcastle share incentive plans**

Details of the anticipated vested and unvested NEPI Rockcastle shares held by directors pursuant to the existing NEPI and Rockcastle share incentive plans, and the loans outstanding pursuant to such schemes, immediately following the implementation of the merger transaction and the JSE listing are set out below

	Vested NEPI Rockcastle shares	Unvested NEPI Rockcastle shares	Loans outstanding (€)*
Alexandru Morar	–	229 000	1 019 265
Spiros Noussis	1 542 241	–	10 404 568
Mirela Covasa	116 629	155 000	1 266 738
Nick Matulovich	721 276	–	5 858 499
Marek Pawel Noetzel	81 115	–	891 417
<b>Total</b>	<b>2 461 261</b>	<b>384 000</b>	<b>19 440 487</b>

\* Where applicable, converted from USD to EUR at the exchange rate as at the last practicable date of 0.9149 EUR: 1.00 USD.

**1.3 Directors' interests in transactions**

Save for their shareholdings in NEPI and Rockcastle, as set out in paragraph 22.1 of the NEPI circular and paragraph 22.1 of the Rockcastle circular, respectively, no directors (including a director who resigned during the last 18 months) have or had a material beneficial interest, direct or indirect, in transactions effected by the company since incorporation.

## 1.4 General disclosures

- 1.4.1 No amount has been paid, or accrued as payable, since the incorporation of the company, or is proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to such promoter, partnership, syndicate or other association within the said period.
- 1.4.2 Save as disclosed in paragraph 1 above, none of the directors or any promoter has any material beneficial interest, direct or indirect, in the promotion of the company and/or in the property or listed securities portfolio. This includes a partnership, company, syndicate or other association.
- 1.4.3 Sabre Fiduciary Limited will be paid an amount of €1 056 for services rendered in relation to the incorporation of the company.
- 1.4.4 Save as set out above, no amount has been paid, or agreed to be paid, since incorporation of the company, to any director of NEPI Rockcastle or to any company in which such director is beneficially interested, directly or indirectly, or of which he is a director (“**the associate company**”) or to any partnership, syndicate or other association of which he is a member (“**the associate entity**”), in cash, securities or otherwise, by any person, either to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the NEPI Rockcastle group.

## 1.5 Relationship information

- 1.5.1 Save for the interests set out in paragraph 1.1 of this **Annexure 2**, no director of NEPI Rockcastle or director of any subsidiary of NEPI Rockcastle has any beneficial interest, direct or indirect, in relation to any property held or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.
- 1.5.2 There is no relationship between any director of NEPI Rockcastle and any director of any subsidiary of NEPI Rockcastle and any other person that may conflict with a duty to the group.
- 1.5.3 Save as pursuant to the merger transaction, no vendor has any beneficial interest, direct or indirect, in any securities or participatory interests issued or to be issued by the company in order to finance the acquisition of any properties.
- 1.5.4 Save for the interests disclosed in paragraph 1.1 of this **Annexure 2** and in paragraph 22.1 of the NEPI and Rockcastle circulars, no director of the company has had a material beneficial interest in the acquisition or disposal of any properties by the group during the two years preceding the date of the valuation of such properties, being 31 December 2016.

## 2. DIRECTORS' EMOLUMENTS

- 2.1 The emoluments of the directors anticipated to be paid for the period to 31 December 2017 are set out in the table below. The directors will become entitled to the below emoluments with effect from the merger implementation date. The below pro rates the directors' basic annual salary entitlement assuming the merger transaction is implemented on 1 July 2017:

Director	Basic salaries EUR	Directors' fees EUR	Annual expense/car allowance EUR	Total EUR
<i>Executive directors</i>				
Alexandru Morar	240 000	–	–	240 000
Spiros Noussis	320 000	–	–	320 000
Mirela Covasa	185 000	–	–	185 000
Nick Matulovich	246 500	–	–	246 500
Marek Pawel Noetzel	117 500	–	6 500	124 000

<b>Director</b>	<b>Basic salaries EUR</b>	<b>Directors' fees EUR</b>	<b>Annual expense/car allowance EUR</b>	<b>Total EUR</b>
<i>Non-executive directors</i>				
Dan Pascariu	–	24 750	–	24 750
Desmond de Beer	–	23 500	–	23 500
Michael Mills	–	24 000	–	24 000
Andre van der Veer	–	23 500	–	23 500
Robert Reinhardt Emslie	–	23 500	–	23 500
Antoine Dijkstra	–	23 500	–	23 500
<b>Total</b>	<b>1 109 000</b>	<b>142 750</b>	<b>6 500</b>	<b>1 258 250</b>

- 2.2 Executive directors qualify for short-term bonuses and other long-term incentivisation based on performance and the company's remuneration policy, as recommended by the Remuneration Committee and approved by the board of directors.
- 2.3 The salient terms of the service contracts concluded by each of the executive directors are set out in **Annexure 4**. All directors are remunerated by either NEPI Rockcastle or subsidiary forming part of the group.
- 2.4 Save as set out above, no director has received or will receive emoluments for the period from incorporation to 31 December 2017, in the form of:
- 2.4.1 fees for services as a director;
- 2.4.2 management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a director of the company;
- 2.4.3 basic salaries;
- 2.4.4 bonuses and performance-related payments;
- 2.4.5 sums paid by way of expense allowance;
- 2.4.6 any other material benefits received;
- 2.4.7 contributions paid under any pension scheme; or
- 2.4.8 any commission, gain or profit-sharing arrangements.
- 2.5 No awards have been made under the NEPI Rockcastle Incentive Plan as at the last practicable date. Save for the awards made in respect of the existing NEPI and Rockcastle incentive plans, as set out in paragraph 1.2 above, and in respect of NEPI Rockcastle shares to be issued pursuant to the implementation of the merger transaction, no share options or any other right has been given to a director of the company in respect of providing a right to subscribe for ordinary shares in NEPI Rockcastle.
- 2.6 No ordinary shares have been issued and allotted in terms of a share purchase or share option scheme for any of the company's employees.
- 2.7 The directors have not and do not receive any remuneration or benefit in any form from any subsidiary, joint venture or third party management or advisory company.
- 2.8 NEPI Rockcastle has not paid any other fees or incurred any fees payable to a third party *in lieu* of directors' fees.
- 2.9 The remuneration received by any of the directors will not be varied as a consequence of the merger or JSE listing.
- 2.10 Save as set out in **Annexure 11** in respect of the property management agreements, the business of NEPI Rockcastle, or any part thereof, is not managed or proposed to be managed by any third party under contract or arrangement.
- 2.11 Save for as set out in **Annexure 4**, the company has not entered into any contracts relating to the directors' and managerial remuneration, secretarial and technical fees and restraint payments.

### 3. **BORROWING POWERS**

- 3.1 Subject as provided in the articles of association and to the provisions of the IOM Companies Act, the directors may exercise all the powers of the company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the company or of any third party.
- 3.2 The borrowing powers of the group may not be varied unless the articles of association are amended by way of a resolution passed by shareholders with the support of 75% or more of the voting rights exercised in person or by proxy in relation thereto at a general meeting.
- 3.3 The borrowing powers have not been exceeded since incorporation of the company.
- 3.4 There are no exchange control or other restrictions on the borrowing powers of NEPI Rockcastle.
- 3.5 Further information related to the borrowing powers of directors are set out in **Annexure 5**.

### 4. **DIRECTORS' DECLARATIONS**

No director has:

- 4.1 been a director of a company that has been put into liquidation or been placed under business rescue proceedings or had an administrator or other executor appointed during the period when he was (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position, save for in respect of any group companies liquidated due to lack of business activity;
- 4.2 either himself or any company of which he was a director or an alternate director or officer at the time of the offence, been convicted in any jurisdiction of any criminal offence, or an offence under any relevant or applicable legislation, including without limitation the SA Companies Act;
- 4.3 been removed from an office of trust, on grounds of misconduct, involving dishonesty;
- 4.4 been disqualified by a court from acting as a director of the company, or from acting in management or conduct of the affairs of any company;
- 4.5 been convicted of an offence resulting from dishonesty, fraud, theft, perjury, misrepresentation or embezzlement;
- 4.6 been adjudged bankrupt, insolvent or sequestrated in any jurisdiction;
- 4.7 been a party to a scheme of arrangement or made any other form of compromise with his creditors;
- 4.8 been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
- 4.9 had any court grant an order declaring him to be a delinquent or placed such director under probation in terms any relevant or applicable legislation, including without limitation the SA Companies Act and South African Close Corporations Act, 69 of 1984;
- 4.10 been barred from entry into any profession or occupation;
- 4.11 been convicted in any jurisdiction of any criminal offence, or an offence under any relevant or applicable legislation, including without limitation the SA Companies Act;
- 4.12 received any official public criticisms by any statutory or regulatory authorities (including recognised professional bodies);
- 4.13 entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event;
- 4.14 entered into receiverships in respect of any of his asset(s) or the assets of a partnership of which he is or was a partner at the time of, or within the 12 months preceding, such event; or
- 4.15 been involved in any offence involving dishonesty committed.

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## CURRENT AND PAST DIRECTORSHIPS AND PARTNERSHIPS

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Set out below are details of the companies and partnerships of which each director of the company or major subsidiary is currently a director or partner as well as the companies and partnerships of which each director of the company or major subsidiary was a director or partner over the five years preceding the prospectus:

<b>Director</b>	<b>Current directorships and partnerships</b>	<b>Directorships and partnerships held in the last five years</b>
Alexandru Morar	NEPI Rockcastle plc, New Europe Property Investments plc	–
Spiros Noussis	NEPI Rockcastle plc, Rockcastle Global Real Estate Company Limited, Black Ginger 50 (Pty) Ltd, Noussis Investments (Pty) Ltd, Genia Capital (Pty) Ltd	Resilient REIT Limited, Lodestone REIT Limited, Lodestone Investments (Pty) Ltd
Mirela Covasa	NEPI Rockcastle plc, New Europe Property Investments plc, Alpha Advisory SRL, Groot Marico Limited	–
Nick Matulovich	NEPI Rockcastle plc, Rockcastle Global Real Estate Company Limited	Resilient Africa Real Estate Limited, Panthera Tigris Investments, Resilient Mauritius Limited, Summit Properties Limited
Marek Pawel Noetzel	NEPI Rockcastle plc, Rockcastle Global Real Estate Company Limited	–
Dan Pascariu	NEPI Rockcastle plc, New Europe Property Investments plc, Unicredit Bank SA, Transfond, Fabryo Corporation SRL, Euromco, Dapas Consulting SRL, DP Holding	Tarom S.A., DLG Developments, Garsol Limited, Ferma Suinprod
Desmond de Beer	NEPI Rockcastle plc, New Europe Property Investments plc, Resilient REIT Limited (also Resilient REIT subsidiaries Resilient Properties (Pty) Ltd, Diversified Properties 2 (Pty) Ltd, Resilient Africa Managers (Pty) Ltd, Resilient Africa (Pty) Ltd, Irene Mall (Pty) Ltd, Resilient International (Pty) Ltd, Pure Diamond Investments (Pty) Ltd and RESILIENT INVESTMENTS B.V.), Beaulieu College Properties (Pty) Ltd, Hollyrood Investments (Pty) Ltd, Kyalami Preparatory Holdings (Pty) Ltd, Kyalami Preparatory School (Pty) Ltd, Optimprops 3 (Pty) Ltd	Evaton Plaza Share Block (Pty) Ltd, Indian Gold Investments (Pty) Ltd, Property Fund Managers Ltd, Southern Palace Investments 19 (Pty) Ltd, Resilient Properties 2 (Pty) Ltd, Diversified Properties (Pty) Ltd
Michael Mills	NEPI Rockcastle plc, New Europe Property Investments plc, Pentavia Limited	Ultrasis plc, Atlasmr Limited, Atlas Medical Resources Limited, World Food Heroes Limited
Andre van der Veer	NEPI Rockcastle plc, Rockcastle Global Real Estate Company Limited	Summitplace Home Owners Association, Foxhole Capital (Private Company), Rockcastle Global Real Estate Company Limited
Robert Reinhardt Emslie	NEPI Rockcastle plc, New Europe Property Investments plc, ANDB Family Investments CC, EEE Family Investments CC, EJB Family Investments CC, LES Family Investments CC, ROE Family Investments CC, RYE Family Investments CC, TUHF Holdings Ltd, TUHF (Pty) Ltd, TUHF Bridge (Pty) Ltd, Suiderland Development Corporation Ltd, SilverBridge Holdings (Pty) Ltd, International Housing Solutions (Pty) Ltd, Transcend Residential Property Fund Ltd	Blue Financial Services Ltd, Vunani Property Investment Fund Ltd, Retail Africa Wingspan Investments (Pty) Ltd, Namib Mills (Pty) Ltd, Namib Poultry Industries (Pty) Ltd, Feedmaster (Pty) Ltd, Finbond Group Ltd, Finbond Mutual Bank Ltd
Antoine Dijkstra	NEPI Rockcastle plc, New Europe Property Investments plc, SMU Board of Trustees, Implexus Capital & Partners, Cox Business School Executive Board	Vesting Finance NED, Brinks' N.V. NED

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## SALIENT FEATURES OF THE SERVICE CONTRACTS OF EXECUTIVE DIRECTORS

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Set out below are the salient features of the service contracts of each of the executive directors:

1. The individual (the employee) is appointed as an executive director of the company with effect from 15 May 2017. His/her employment with the group will commence on the merger implementation date, for an indefinite period and on a full time basis.
2. Termination of employment will in general be governed by Isle of Man law. Notice of termination of the employment may be served by either the employee or the company at any time, provided three months' notice is given in writing to the other party. The company may terminate employment with immediate effect if the employee has:
  - 2.1 committed any serious or repeated breach or non-observance of the employee's obligations to the company (which include an obligation not to breach the employee's fiduciary duties); or
  - 2.2 entered into a service agreement with the company or any of its subsidiaries and the company or that subsidiary, as the case may be, has given to the employee notice of termination of such agreement; or
  - 2.3 been guilty of any fraud or dishonesty or acted in any manner which, in the opinion of the company, brings or is likely to bring the employee or the company into disrepute or is materially adverse to the interests of the company; or
  - 2.4 been declared bankrupt or have made an arrangement with or for the benefit of the employee's creditors, or if the employee has a court administration (or similar judicial) order made against him/her; or
  - 2.5 been disqualified from acting as a director in the Isle of Man or in any other jurisdiction which in the opinion of the company justifies termination of the employee's contract with immediate effect.
3. On the termination of the employee's employment, he/she will at any time at the request of the company resign from office as a director of the company and from all offices held in any group company (unless this is inconsistent with the terms of employment with a group company).
4. The employee is entitled to a base gross annual salary for the 12 months ended 31 December 2017 as follows, and thereafter to such base gross annual salary as may be approved from time to time:
 

4.1	Alexandru Morar (joint chief executive officer)	€480 000
4.2	Spiros Noussis (joint chief executive officer)	€640 000
4.3	Mirela Covasa (chief financial officer)	€370 000
4.4	Nick Matulovich (executive director)	€493 000
4.5	Marek Noetzel (executive director)	€235 000

This salary will be *pro rated* from the merger implementation date. Salaries are paid in equal monthly instalments in arrears.
5. The employee qualifies for short-term bonuses and other long-term incentivisation based on performance and the company's remuneration policy.

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## EXTRACTS FROM THE ARTICLES OF ASSOCIATION

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The articles of association of NEPI Rockcastle make provision for, *inter alia*, the appointment, qualification, remuneration and borrowing powers of directors, as well as the declaration and payment of dividends. Extracts from the articles of association are set out below:

### A. PRELIMINARY

#### 2. INTERPRETATION

##### 2.1 Definitions

In these Articles, unless the context otherwise requires, the following expressions shall have the following meanings:

“ <b>Act</b> ”	the Companies Act 2006 including any statutory modification or re-enactment of it for the time being in operation;
“ <b>Act of 1931</b> ”	the Companies Act 1931 including any statutory modification or re-enactment of it for the time being in operation;
“ <b>approved transfer</b> ”	in relation to any shares held by a member: <ol style="list-style-type: none"> <li>(a) a transfer pursuant to the exercise of a power contained in the Act to acquire the shares of a holder dissenting from a scheme or contract approved by a majority; or</li> <li>(b) a transfer which is shown to the satisfaction of the Board to be made in consequence of a <i>bona fide</i> sale of the whole of the beneficial interest in the shares to a person who is unconnected with any member and with any other person appearing to be interested in the shares.</li> </ol>
“ <b>these Articles</b> ”	these Articles of Association as altered or varied from time to time (and “Article” means any provision of these Articles);
“ <b>Auditors</b> ”	the auditors for the time being of the Company or, in the case of joint auditors, any of them;
“ <b>Board</b> ”	the board of Directors for the time being of the Company or the Directors present at a duly convened meeting of Directors at which a quorum is present;
“ <b>British Isles</b> ”	the United Kingdom, the Isle of Man, the Republic of Ireland and the Channel Islands;
“ <b>Business Day</b> ”	a day (other than a Saturday or Sunday) when banks generally are open for the transaction of normal banking business in the Isle of Man;
“ <b>certificated</b> ”	in relation to a share, a share which is recorded in the Register as being held in certificated form;
“ <b>Chairman</b> ”	the chairman (if any) of the Board or, where the context requires, the chairman of a general meeting of the Company;
“ <b>clear days</b> ”	(in relation to the period of a notice) that period, excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“ <b>Communication</b> ”	includes a communication comprising sounds or images or both and a communication effecting a payment;
“ <b>Company</b> ”	NEPI Rockcastle plc;

<b>“Crest Regulations”</b>	the Uncertificated Securities Regulations of the United Kingdom 2006 (as amended or replaced from time to time);
<b>“Director”</b>	a director for the time being of the Company;
<b>“disenfranchisement notice”</b>	as defined in Article 77.2 (Disenfranchisement notice);
<b>“Deputy Chairman”</b>	the deputy chairman (if any) of the Board or, where the context requires, the deputy chairman of a general meeting of the Company;
<b>“the elected Ordinary Shares”</b>	as defined in Article 141.7 (Authority to pay scrip dividends);
<b>“Electronic Communication”</b>	has the meaning ascribed to the term “electronic communication” in the Electronic Transactions Act 2000;
<b>“employees’ share scheme”</b>	a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of: <ul style="list-style-type: none"> <li>(a) the <i>bona fide</i> employees or former employees (including any such employees or former employees who are or were also directors) of the Company, the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company; or</li> <li>(b) the wives, husbands, widows, widowers or children or step-children under the age of 18 of such employees or former employees.</li> </ul>
<b>“equity security”</b>	means a share in the Company or a right to subscribe for, or to convert, securities into shares in the Company;
<b>“equity share capital”</b>	means in relation to a company, its issued share capital excluding any part thereof which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution;
<b>“execution”</b>	any mode of execution (and <b>“executed”</b> shall be construed accordingly);
<b>“ERISA”</b>	the United States Employee Retirement Income Security Act, 1974;
<b>“general meeting”</b>	a meeting of the members of the Company;
<b>“Group”</b>	the Company and its subsidiaries from time to time, and <b>“Group Company”</b> means any company in the Group;
<b>“holder” or “shareholder”</b>	(in relation to any share) the member whose name is entered in the Register as the holder or, where the context permits, the members whose names are entered in the Register as the joint holders of that share;
<b>“Information Notice”</b>	means a notice served upon a member by the Board requiring such member to disclose to the Board in writing within such period (being not less than 10 days and not more than 30 days from the date of despatch) as may be specified in such notice any of the following information in relation to any or all of the shares registered in such member’s name at the date of the notice: <ul style="list-style-type: none"> <li>(a) any beneficial interest of any third party in the shares the subject of the notice;</li> <li>(b) any other interest of any kind whatsoever which a third party may have in the shares the subject of the notice;</li> </ul>
<b>“JSE”</b>	the exchange, licensed under the Financial Markets Act, 19 of 2012, operated by JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in the Republic of South Africa;
<b>“Listings Requirements”</b>	the Listings Requirements issued by the Relevant Stock Exchange from time to time;
<b>“member”</b>	a member of the Company as defined in section 218 of the Act or, where the context requires, a member of the Board or of any committee;

<b>“Memorandum”</b>	the Memorandum of Association of the Company as amended from time to time;
<b>“Office”</b>	the registered office for the time being of the Company;
<b>“Operator”</b>	the operator as defined in the Crest Regulations of the relevant Uncertificated System;
<b>“Ordinary Shares”</b>	Ordinary Shares each of €0.01 par value in the capital of the Company;
<b>“paid up”</b>	paid up or credited as paid up;
<b>“Participating Security”</b>	a share or class of shares or a renounceable right of allotment of a share, title to which is permitted to be transferred by means of an Uncertificated System in accordance with the Uncertificated Regulations;
<b>“person entitled by transmission”</b>	a person whose entitlement to a share in consequence of the death or bankruptcy of a member or of any other event giving rise to its transmission by operation of law has been noted in the Register;
<b>“prescribed period”</b>	in a case where the relevant shares represent at least 0.25 per cent in value of their class, fourteen days and in any other case, twenty-eight days;
<b>“Prohibited Person”</b>	as defined in Article 41.4 (Compulsory transfer of shares);
<b>“recognised investment exchange”</b>	as defined in section 285 of the Financial Services and Markets Act, 2000 (an Act of Parliament);
<b>“record date”</b>	as defined in Article 144 (Record dates);
<b>“Register”</b>	the register of members of the Company to be kept pursuant to section 62 of the Act;
<b>“Regulation S”</b>	Regulation S promulgated under the US Securities Act;
<b>“Relevant Stock Exchange”</b>	any regulated stock exchange upon which the shares of the Company are listed and traded from time to time (including but not limited to the JSE);
<b>“the relevant shares”</b>	as defined in Article 77.2 (Disenfranchisement notice);
<b>“Seal”</b>	the common seal of the Company;
<b>“share”</b>	a share in the capital of the Company;
<b>“solvency test”</b>	has that meaning set out in section 49 of the Act;
<b>“subsidiary”</b>	has that meaning set out in section 220 of the Act;
<b>“uncertificated”</b>	in relation to a share, a share to which title may be transferred by means of an Uncertificated System in accordance with the Uncertificated Regulations;
<b>“Uncertificated System”</b>	a computer-based system, and procedures, which enables title to a security to be evidenced and transferred without a written instrument (including but not limited to the CREST UK system);
<b>“Uncertificated Regulations”</b>	the Crest Regulations as applicable;
<b>“United Kingdom” or “UK”</b>	Great Britain and Northern Ireland;
<b>“US”</b>	the United States of America;
<b>“US Investment Company Act”</b>	the US Investment Company Act of 1940 including any statutory modification or re-enactment of it for the time being in operation;
<b>“US Securities Act”</b>	the US Securities Act of 1933 including any statutory modification or re-enactment of it for the time being in operation;
<b>“voting rights”</b>	in relation to a resolution of the holders or a resolution of a class of holders, all the rights to vote on such resolution conferred on such holder according to the rights attached to the shares held;

“ <b>withdrawal notice</b> ”	as defined in Article 77.3 (Withdrawal notice); and
“ <b>writing</b> ” or “ <b>written</b> ”	printing, typewriting, lithography, photography and any other mode or modes of representing or reproducing words in a legible and non-transitory form.

## 2.5 Resolutions

In these Articles any reference to a special resolution shall be to a resolution approved or requiring to be approved by a member or members holding a majority of seventy-five per cent or more of the voting rights exercised in person or by proxy in relation thereto at a general meeting; otherwise, any reference in these Articles to a resolution shall be a reference to a resolution requiring to be approved by a member or members holding a majority in excess of fifty per cent of the voting rights exercised in relation thereto at a general meeting. Any resolution which does not require to be passed by a special resolution shall nevertheless be treated as passed if passed by special resolution.

## B. SHARE CAPITAL

### 4. SHARE CAPITAL AMOUNT

Unless the Company shall by resolution otherwise direct, the amount of share capital of the Company available for issue is €20 000 000 divided into 2 000 000 000 Ordinary Shares of €0.01 each.

### 5. ALLOTMENT (AND PRE-EMPTION RIGHTS)

#### 5.1 Shares under the control of the Directors

Subject to the Act, the following provisions of these Articles and any resolution of the Company, all unissued shares in the Company shall be at the disposal of the Board and they may allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and on such terms as the Board may decide, provided that any such corporate action(s) are subject to the rules and regulations applicable to the Relevant Stock Exchange/s and have been approved by all such Relevant Stock Exchange/s to the extent required. Equity securities in each class for which listing is applied on any stock exchange must rank *pari passu* in respect of all rights.

#### 5.2 Pre-emption rights on allotment

5.2.1 The Board may not issue unissued equity securities unless such equity securities have first been offered to the existing shareholders in proportion to their shareholding (on such terms and in accordance with such procedures as the Board may determine and in accordance with the regulations of the Relevant Stock Exchange), unless the relevant issue of equity securities:

- 5.2.1.1 is for a consideration other than cash, and, accordingly, the Directors may allot or otherwise dispose of any unissued equity securities in the capital of the Company for a consideration other than cash to such persons at such times and generally on such terms as they may think fit;
- 5.2.1.2 is pursuant to, or in connection with, any employees' share scheme which has been approved in accordance with the rules and regulations of the Relevant Stock Exchange on which the Company has its primary listing;
- 5.2.1.3 is a capitalisation issue, bonus issue, scrip dividend or an issue pursuant to a dividend reinvestment plan, in which the holders of ordinary shares are entitled to participate in proportion to their shareholding;
- 5.2.1.4 is an issue of equity securities for cash (as contemplated in the rules and regulations of the Relevant Stock Exchange), which has been approved by the shareholders, either by way of a general authority (which may be either conditional or unconditional) to issue equity securities in its discretion or a specific authority in respect of any particular issue of equity securities, in accordance with the rules and regulations of the Relevant Stock Exchange, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual shareholders' meeting of the Company or for 15 months from the date of the passing of the resolution, whichever is the earlier, and it may be varied or revoked by any shareholders' meeting prior to such annual shareholders' meeting; or
- 5.2.1.5 is for the acquisition of assets, a vendor consideration placing (as contemplated in the JSE Listings Requirements), or an issue for the purposes of an amalgamation or merger which is undertaken in compliance with any applicable rules of the Relevant Stock Exchange/s; or

- 5.2.1.6 is an issue pursuant to options or conversion rights, which is undertaken in compliance with any applicable rules of the Relevant Stock Exchange/s;
- 5.2.2 The Directors may exclude any shareholders or category of Shareholders from an offer contemplated in Article 5.2.1 if and to the extent that they consider it necessary or expedient to do so because of legal impediments, compliance with the laws or the requirements of any regulatory body of any territory and/or compliance costs, that may be applicable to the offer.

## **6. POWER TO ATTACH RIGHTS AND ISSUE REDEEMABLE SHARES**

### **6.1 Rights attaching to shares**

Subject to the provisions of the Act, the Listings Requirements of any Relevant Stock Exchange and to any special rights for the time being attached to any existing shares, any shares may be allotted or issued with or have attached to them such preferred, deferred or other special rights or restrictions whether in regard to dividends, voting, transfer, return of capital or otherwise as the Company may from time to time by special resolution determine or if no such resolution has been passed, or so far as the resolution does not make specific provision, as the Board may determine.

## **11. INCREASE, CONSOLIDATION, CANCELLATION AND SUB-DIVISION**

To the extent that the shares in the capital of the Company comprise shares with a par value, the Company in general meeting may from time to time, in the case of Article 11.1, by resolution and in the case of Articles 11.2 to 11.8, by special resolution:

- 11.1 increase the amount of share capital of the Company available for issue by such sum to be divided into shares of such amount as the resolution prescribes;
- 11.2 consolidate and/or divide, re-designate or redenominate or convert all or any of its share capital into shares of larger or smaller par value, into shares having a purchase price of another currency, or into different classes of shares than its existing shares;
- 11.3 cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;
- 11.4 sub-divide its shares or any of them into shares of smaller par value and may by such resolution determine that as between the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares but so that the proportion between the amount paid up and the amount (if any) not paid up on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- 11.5 convert any shares into stock and re-convert any stock into shares of any denomination, or into shares of no par value;
- 11.6 convert all of its ordinary or preference share capital consisting of shares having a par value into share capital constituted by shares of no par value;
- 11.7 convert its share capital constituted either by ordinary or preference shares of no par value into share capital consisting of shares having a par value; and
- 11.8 convert any shares in the capital of the Company to shares of a different class, whether in issue or not, and (without limiting the generality of the foregoing) convert ordinary shares or preference shares to redeemable preference shares.

## C. VARIATION OF CLASS RIGHTS

### 15. SANCTION TO VARIATION

Subject to the provisions of the Act, if at any time the share capital of the Company is divided into shares of different classes any of the rights for the time being attached to any share or class of shares in the Company (and notwithstanding that the Company may be or be about to be in liquidation) may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three quarters in par value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles (but not otherwise). The foregoing provisions of this Article shall apply also to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the separate rights of which are to be varied. Subject to the terms of issue or the rights attached to any shares the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by the Board resolving that a class of shares is to become or to cease to be a Participating Security.

### 16. CLASS MEETINGS

All the provisions in these Articles as to general meetings shall, *mutatis mutandis*, apply to every meeting of the holders of any class of shares save that:

- 16.1 the quorum at every such meeting shall be one or more persons holding or representing by proxy at least one-third of the par value paid up on the issued shares of the class;
- 16.2 every holder of shares of the class present in person or by proxy may demand a poll;
- 16.3 each such holder shall on a poll be entitled to one vote for every share of the class held by him; and
- 16.4 if at any adjourned meeting of such holders, such quorum as aforesaid is not present, not less than one person holding shares of the class who is present in person or by proxy shall be a quorum.

## H. TRANSFER OF SHARES

### 39. TRANSFER OF LISTED SHARES

All shares which are traded on a Relevant Stock Exchange must be fully paid up when issued and freely transferable, except as otherwise required by law and/or the rules and regulations of the Relevant Stock Exchange.

### 40. FORM OF TRANSFER

Each member may transfer all or any of his shares in the case of certificated shares by instrument of transfer in writing in any usual form or in any form approved by the Board or in the case of uncertificated shares without a written instrument in accordance with the Uncertificated Regulations. Any written instrument shall contain the business or residential address of the transferee and be executed by or on behalf of the transferor and (in the case of a transfer of a share which is not fully paid up) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect of it.

### 41. RIGHT TO REFUSE REGISTRATION

#### 41.1 Registration of certificated share transfer

Subject to Article 39 and the rules and regulations applicable to the Relevant Stock Exchange, the Board may in its absolute discretion and without giving any reason refuse to register any transfer of a certificated share unless:

- 41.1.1 it is in respect of a share which is fully paid up;
- 41.1.2 it is in respect of a share on which the Company has no lien;
- 41.1.3 it is in respect of only one class of shares;
- 41.1.4 it is in favour of a single transferee or not more than four joint transferees;
- 41.1.5 it is duly stamped (if so required);
- 41.1.6 it is delivered for registration to the registered agent of the Company, or such other person as the Board may from time to time appoint, accompanied (except in the case of a transfer where a certificate has not been required to be issued) by the certificate for the shares to which it relates and such other evidence as

the Board may reasonably require to prove the title of the transferor and the due execution by him of the transfer or if the transfer is executed by some other person on his behalf, the authority of that person to do so. All authorities to sign instruments of transfer granted by members for the purpose of transferring shares which may be lodged, produced or exhibited with or to the Company at its Office or any of its transfer offices, shall as between the Company and the grantor of such authorities be deemed to continue and remain in full force and effect and the Company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the Company's office at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice the Company shall be entitled to give effect to any instrument of transfer signed under the authority to sign and certified by any officer of the Company as being in order, before the giving and lodging of such notice; and

- 41.1.7. the transfer of such share would not result in a regulatory, pecuniary, legal, taxation or material administrative disadvantage for the Company or its shareholders as a whole including, but not limited to, where such a disadvantage would arise out of the transfer of any share to a Prohibited Person,

provided that such discretion may not be exercised in such a way as to prevent dealings in such shares from taking place on an open and proper basis.

The Board shall refuse to register any transfer of shares which is:

- 41.1.8 not made (i) in accordance with Regulation S, (ii) pursuant to registration under the US Securities Act or (iii) pursuant to an available exemption from registration under the US Securities Act; or
- 41.1.9 made by "qualified purchasers" (as defined in the US Investment Company Act) to "US persons" (as defined in Regulation S) who are not "qualified purchasers".

#### 41.2 **Registration of an uncertificated share transfer**

Subject to Article 39, the Board shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a Participating Security held in uncertificated form in accordance with the Uncertificated Regulations, except that the Board may refuse (subject to any relevant requirements applicable to the recognised investment exchange(s) to which the shares of the Company are admitted) to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the Uncertificated Regulations.

#### 41.3 **Transfers to minors, bankrupts or mentally disordered persons**

No transfer of any share shall be made:

- 41.3.1 to a minor; or
- 41.3.2. to a bankrupt; or
- 41.3.3. to any person who is, or may be, suffering from mental disorder and either:
- 41.3.3.1 has been admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act, 1983 (an Act of Parliament) or any similar statute relating to mental health (whether in the United Kingdom, the Isle of Man or elsewhere); or
- 41.3.3.2 an order has been made by any court having jurisdiction (whether in the United Kingdom, the Isle of Man or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, *curator bonis* or other person to exercise powers with respect to his property or affairs

and the Directors shall refuse to register the purported transfer of a share to any such person.

#### 41.4 **Compulsory transfer of shares**

- 41.4.1 If it shall come to the notice of the Board that any shares:
- 41.4.1.1 are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Board, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) would in the reasonable opinion of the Board, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other equity securities of the Company which it or they might not otherwise have suffered or incurred; or

- 41.4.1.2 are or may be owned or held directly or beneficially by any person that is an employee benefit plan subject to Title I of ERISA, or other plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended, and in the opinion of the Board the assets of the Company may be considered “plan assets” within the meaning of Section 3(42) of ERISA; or
- 41.4.1.3 are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Board require registration of the Company as an investment company under the US Investment Company Act; or
- 41.4.1.4 are or may be owned or held directly or beneficially by any “United States person” (as defined in Section 957(c) of the US Internal Revenue Code of 1986, as amended) and such person’s shareholding amounts to ten per cent. or more of the shares,

(collectively, a “**Prohibited Person**”),

the Board may serve written notice (hereinafter called a “**Transfer Notice**”) upon the person (or any one of such persons whose shares are registered in joint names) appearing in the register as the holder (the “**Vendor**”) of any of the shares concerned (the “**Relevant Shares**”) requiring the Vendor within ten days (or such extended time as in all the circumstances the Board consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Board, would not fall within paragraph (41.4.1.1), (41.4.1.2), (41.4.1.3) or (41.4.1.4) above (such a person being hereinafter called an “**Eligible Transferee**”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Shares to which it relates pursuant to the provisions referred to in this paragraph or Article 41.4.2, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

- 41.4.2. If within ten days after the giving of a Transfer Notice (or such extended time as in the circumstances the Board consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing a Relevant Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale the Board may authorise in writing any officer or employee of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the purchaser and in relation to an uncertificated share may require the Operator to convert the share into certificated form and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company’s costs of the sale, shall be paid by the Company to the Vendor or, if reasonable enquiries have failed to establish the location of the Vendor, into a trust account at a bank designated by the Company, the associated costs of which shall be borne by such trust account. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.
- 41.4.3. A person who becomes aware that he falls, or is likely to fall, within any of Article 41.4.1.1, 41.4.1.2, 41.4.1.3 or 41.4.1.4, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to in Article 41.4 above either transfer the shares to one or more Eligible Transferees or give a request in writing to the Board for the issue of a Transfer Notice in accordance with the provisions referred to in Article 41.4.1. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
- 41.4.4. Subject to the provisions of the Articles, the Board shall, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holders of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than ten clear days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute discretion, treat any share held by such a holder or joint holders or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to service a Transfer Notice in respect thereof.

41.4.5. The Board will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions referred to in Article 41.4.1, 41.4.2 or 41.4.4 may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or indirect beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Board at the relevant date provided that the said powers have been exercised in good faith.

## **J. GENERAL MEETINGS**

### **49. ANNUAL GENERAL MEETINGS**

The Board shall convene in each year a general meeting of the members of the Company called the annual general meeting; any annual general meeting so convened shall be held at such time and place as the Board may determine.

### **50. EXTRAORDINARY GENERAL MEETINGS**

All general meetings other than annual general meetings, shall be called extraordinary general meetings.

### **51. CONVENING OF EXTRAORDINARY GENERAL MEETING**

The Board may convene an extraordinary general meeting whenever it thinks fit. At any meeting convened on such requisition (or any meeting requisitioned pursuant to section 67(2) of the Act) no business shall be transacted except that stated by the requisition or proposed by the Board. If there are not sufficient members of the Board to convene a general meeting, any Director or any member of the Company may call a general meeting.

The Company shall hold an extraordinary general meeting at any time that the Board is required by the rules of the Relevant Stock Exchange to refer a matter to shareholders for decision and accordingly nothing in these Articles shall be construed as prohibiting or restricting the company from calling any meeting for the purposes of adhering to the rules of the Relevant Stock Exchange.

It is recorded that the rules and regulations of the Relevant Stock Exchange may require certain resolutions to be passed only by way of a general meeting, in which case such resolution may not be submitted or passed by means of a written resolution.

### **52. NOTICE OF GENERAL MEETINGS**

#### **52.1 Length of notice**

Any annual general meeting or extraordinary general meeting convened for the passing of a resolution and/or a special resolution shall be convened by not less than 15 Business Days' notice in writing. Notwithstanding that, a meeting convened by shorter notice than that specified in this Article, shall be deemed to have been properly convened if it is so agreed by all the members entitled to attend and vote at the meeting.

## **K. PROCEEDINGS AT GENERAL MEETINGS**

### **55. QUORUM**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business but the absence of a quorum shall not preclude the choice or appointment of a Chairman which shall not be treated as part of the business of the Meeting. Subject to the provisions of Article 56 (if quorum not present), three persons entitled to attend and to vote on the business to be transacted, each being a member present in person or a proxy for a member, or one person entitled to attend and to vote on the business to be transacted, being a member being able to exercise in aggregate at least 25% of all the voting rights that are able to be exercised on at least one matter to be decided at the meeting and being present in person or by proxy, shall be a quorum. The provisions of section 67(4) of the Act are hereby excluded.

## L. VOTING

### 66. AMENDMENT TO THE MEMORANDUM, ARTICLES AND RESOLUTIONS

#### 66.1 Memorandum and Articles

The Company may amend the Memorandum and these Articles by way of special resolution only.

#### 66.2 Resolutions

If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the Chairman of the meeting, any error in such ruling shall not invalidate the proceedings on the substantive resolution. In the case of a resolution duly proposed as a special resolution no amendment to it (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted on. In the case of a resolution, no amendment to it (other than a mere clerical amendment to correct a manifest error) may be considered or voted upon unless notice of such proposed amendment is given to the Office at least forty-eight hours prior to the time appointed for holding the relevant meeting or adjourned meeting or (in the absence of any such notice) if the Chairman of the meeting in his absolute discretion rules that the amendment is fit for consideration at the meeting. The proposal of any resolution to shareholders that would result in the ratification of an act that is contrary to the Relevant Stock Exchange is prohibited.

### 68. VOTES OF MEMBERS

#### 68.1 Number of votes

Subject to any special terms as to voting on which any shares may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to these Articles, at any general meeting every member who (being an individual) is present in person or by proxy shall on a show of hands have one vote and on a poll every member present in person or by proxy shall have one vote for each share of which he is the holder.

### 77. DISCLOSURE OF INTEREST IN SHARES AND SUSPENSION OF INTERESTS

77.1 Every person should act in accordance with the provisions of the Relevant Stock Exchange(s) and the applicable law in respect of the voting rights disclosure.

#### 77.2 Disenfranchisement notice

The Board may at any time serve an Information Notice upon a member. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice (“**relevant shares**”) to furnish any information required by such notice within the time period specified therein, then the Board may at any time following fourteen days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the Board, serve on the relevant holder a notice (in this Article called a “**disenfranchisement notice**”) whereupon the following sanctions shall apply:

##### 77.2.1 *Voting*

the member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

##### 77.2.2 *Dividends and transfers*

where the relevant shares represent at least 0.25 per cent. in par value of their class:

77.2.2.1 any dividend or other money payable in respect of the relevant shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect pursuant to Article 0 (Payment of scrip dividends) to receive shares instead of that dividend; and

77.2.2.2 subject in the case of uncertificated shares to the Uncertificated Regulations no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

### **77.3 Withdrawal notice**

The Company may at any time withdraw a disenfranchisement notice by serving on the holder of the shares to which the same relates a notice in writing to that effect (a “withdrawal notice”).

### **77.4 Cessation of sanctions**

Where the sanctions under Article 77.2 (Disenfranchisement notice) apply in relation to any shares they shall cease to have effect:

77.4.1 if the shares are transferred by means of an approved transfer;

77.4.2 at the end of the period of one week (or such shorter period as the Board may determine) following receipt by the Company of the information required by the notice mentioned in Article 77.2 and the Board being fully satisfied that such information is full and complete; or

77.4.3 on the date on which a withdrawal notice is served by the Company.

### **77.5 Certificated form**

The Board may:

77.5.1 give notice in writing to any member holding relevant shares in uncertificated form requiring the member to change his holding of such shares from uncertificated form into certificated form within a specified period and then to hold such relevant shares in certificated form until the issue of a withdrawal notice; and

77.5.2 appoint any person to take any steps, by instruction by means of an Uncertificated System or otherwise, in the name of any holder of relevant shares as may be required to change such shares from uncertificated form into certificated form (and such steps shall be effective as if they had been taken by such holder).

## **N. APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS**

### **80. NUMBER OF DIRECTORS**

Subject to Article 82, unless and until otherwise determined by the Company by resolution the number of Directors (other than any alternate Directors) shall be not less than four nor more than twelve. A majority of the Directors shall at all times be resident outside the United Kingdom.

### **81. POWER OF COMPANY TO APPOINT DIRECTORS**

Subject to the provisions of these Articles, the Company may by resolution appoint a person who is willing to act to be a Director, either to fill a vacancy, or as an addition to the existing Board, and may also determine the rotation in which any additional Directors are to retire, but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles.

### **82. POWER OF BOARD TO APPOINT DIRECTORS**

Without prejudice to the power of the Company to appoint any person to be a Director the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the annual general meeting of the Company next following such appointment and shall then be eligible for re-election but shall not be taken into account in determining the number of Directors who are to retire by rotation at that meeting. If not re-appointed at such annual general meeting, he shall vacate office at the conclusion thereof.

## **85. RESOLUTION FOR APPOINTMENT**

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be moved unless a resolution that it shall be so proposed has first been agreed to by the meeting without any vote being given against it and any resolution moved in contravention of this provision shall be void. For the purpose of this Article, a resolution for approving a person's appointment or for nominating a person for appointment as a Director shall be treated as a resolution for his appointment.

## **86. NO RETIREMENT ON ACCOUNT OF AGE**

No person shall be or become incapable of being appointed or re-appointed a Director by reason of his having attained the age of seventy or any other age, nor shall any special notice be required in connection with the appointment, re-appointment or the approval of the appointment of such person. No Director shall vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age. Life directorships are not permissible.

## **87. RETIREMENT BY ROTATION**

### **87.1 Number of directors**

All the directors are to retire at the first annual general meeting. Thereafter, at every annual general meeting one third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office by rotation provided that if there is only one Director who is subject to retirement by rotation, he shall retire.

### **87.2 Identity of directors**

Subject to the requirement of these Articles that a majority of the Directors shall at all times be resident outside the United Kingdom, the Directors to retire by rotation shall include (so far as is necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall (subject as aforesaid) be those of the other Directors subject to retirement by rotation who have been longest in office since their last appointment or re-appointment, but, as between persons who became or were last re-appointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves and subject to the requirement that a majority of the Directors shall at all times be resident outside the United Kingdom) be determined by lot. A Director who retires (whether by rotation or otherwise) shall be eligible for re-election and may, if willing to act, be re-appointed. The Directors to retire on each occasion (both as to numbers and identity) shall be determined by the composition of the Directors at the date of the notice convening the annual general meeting and no Director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting.

### **87.3 Re-appointment**

If the Company, at the meeting at which a Director retires by rotation, does not fill the vacancy created by his retirement, the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at the meeting it is expressly resolved not to fill the vacancy or unless a resolution for the reappointment of the Director is put to the meeting and lost or if the retiring Director has given notice in writing to the Company that he is unwilling to be re-elected or where the default in filling the vacancy is due to the moving of a resolution in contravention of Article 85 (Resolution for appointment) or where such Director has attained any retirement age applicable to him as a Director.

### **87.4 Timing of retirement**

The retirement of any Director retiring at a general meeting in accordance with this Article shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring Director or a resolution for his re-election is put to the meeting and lost in which case the retirement shall take effect at the time of election of his replacement or the time of the losing of that resolution as the case may be. A retiring Director who is re-elected or deemed to have been re-elected will continue in office without a break.

## **88. REMOVAL BY RESOLUTION**

The Company may by resolution remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and, without prejudice to any claim for damages which he may have for breach of any contract of service between him and the Company,

may (subject to these Articles) by resolution appoint another person who is willing to act to be a Director in his place. Any person so appointed shall be treated, for the purposes of determining the time at which he or any other Director is to retire by rotation, as if he had become a Director on the day on which the person in whose place he is appointed was last appointed or re-appointed a Director. In default of such appointment the vacancy arising upon the removal of a Director from office may be filled by a casual vacancy.

**P. DIRECTORS' REMUNERATION, EXPENSES AND PENSIONS**

**96. DIRECTORS' FEES**

The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine. Such sum (unless otherwise directed by the resolution of the Company by which it is voted) shall be divided among the Directors in such proportions and in such manner as the Board may determine or in default of such determination, equally (except that in such event any Director holding office for less than the whole of the relevant period in respect of which the fees are paid shall only rank in such division in proportion to the time during such period for which he holds office). Any fees payable pursuant to this Article shall be distinct from any salary, remuneration or other amounts payable to a Director pursuant to any other provisions of these Articles and shall accrue from day to day.

**97. EXPENSES**

Each Director shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by him in or about the performance of his duties as Director, including any expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company.

**98. ADDITIONAL REMUNERATION**

If by arrangement with the Board any Director shall perform or render any special duties or services outside his ordinary duties as a Director and not in his capacity as a holder of employment or executive office, he may be paid such reasonable additional remuneration (whether by way of a lump sum or by way of salary, commission, participation in profits or otherwise) as a disinterested quorum of the Board may from time to time determine.

**99. REMUNERATION OF EXECUTIVE DIRECTORS**

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the provisions of these Articles may be either a fixed sum of money or may altogether or in part be governed by business done or profits made or otherwise determined by a disinterested quorum of the Board and may be in addition to or *in lieu* of any fee payable to him for his services as Director pursuant to these Articles.

**100. PENSIONS AND OTHER BENEFITS**

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for or to institute and maintain any institution, association, society, club, trust, other establishment or profit sharing, share incentive, share purchase or employees' share scheme calculated to advance the interests of the Company or to benefit any person who is or has at any time been a Director of the Company or any company which is a subsidiary company of or allied to or associated with the Company or any such subsidiary or any predecessor in business of the Company or of any such subsidiary and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him. For such purpose the Board may establish, maintain, subscribe and contribute to any scheme, institution, association, club, trust or fund and pay premiums and, subject to the provisions of the Act, lend money or make payments to, guarantee or give an indemnity in respect of, or give any financial or other assistance in connection with, any of the aforesaid matters or bodies. The Board may procure any of such matters to be done by the Company either alone or in conjunction with any other person. Any Director or former Director shall be entitled to receive and retain for his own benefit any pension or other benefit provided under this Article and shall not be obliged to account for it to the Company.

## **Q. POWERS AND DUTIES OF THE BOARD**

### **101. POWERS OF THE BOARD**

Subject to the provisions of the Act, the Memorandum and these Articles and to any directions given by special resolution of the Company, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company whether relating to the management of the business or not. No alteration of the Memorandum, or of these Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given. Provisions contained elsewhere in these Articles as to any specific power of the Board shall not be deemed to limit the general powers given by this Article.

### **102. POWERS OF DIRECTORS BEING LESS THAN MINIMUM NUMBER**

If the number of Directors is less than the minimum for the time being prescribed by these Articles the remaining Director or Directors shall act only for the purposes of appointing an additional Director or Directors to make up such minimum or for convening a general meeting of the Company for the purpose of making such appointment. If there are no Director or Directors able or willing to act, any two members may summon a general meeting for the purpose of appointing Directors. Subject to the provisions of these Articles, any additional Director so appointed shall hold office only until the dissolution of the annual general meeting of the Company next following such appointment unless he is re-elected during such meeting.

### **103. POWERS OF EXECUTIVE DIRECTORS**

The Board may from time to time and subject at all times to the Act:

103.1 delegate or entrust to and confer on any Director holding executive office (including a Managing Director) such of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit; and

103.2 revoke, withdraw, alter or vary all or any of such powers.

### **110. BORROWING POWERS**

Subject as herein provided and to the provisions of the Act, the Directors may exercise all the powers of the Company to borrow money, to guarantee, to indemnify and to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

## **R. PROCEEDINGS OF DIRECTORS AND COMMITTEES**

### **112. BOARD MEETINGS**

Subject to the provisions of these Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit. No Board meetings shall take place in the United Kingdom and any decision reached or resolution passed by the Directors at any meeting taking place in the United Kingdom or at which a majority of Directors present are resident in the United Kingdom shall be invalid and of no effect.

### **114. QUORUM**

The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined shall be two persons, each being a Director or an alternate Director. A person who holds office only as an alternate Director shall only be counted in the quorum if his appointor is not present. A Director or other person who is present at a meeting of the Board in more than one capacity (that is to say as both Director and an alternate Director or as an alternate for more than one Director) shall not be counted as two or more for these purposes unless at least one other Director or alternate Director is also present provided that if a majority of the Directors (or the members of any committee of Directors) present at the meeting are resident in the United Kingdom the Directors present, irrespective of their number, shall not constitute a quorum and the Directors (or the committee) may not meet. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the Board. Any Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting of the Directors if no Director objects and if otherwise a quorum of Directors would not be present.

## 116. VOTING

Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman of that meeting shall (except where only two directors are participating in the meeting) have a second or casting vote but only if the effect of the exercise of such a vote is not to render a decision or vote in question one which is reached or passed by a majority of Directors who are resident in the United Kingdom. A Director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote and an alternate director who is appointed by two or more Directors shall be entitled to a separate vote on behalf of each of his appointors, in their absence.

## U. DIVIDENDS AND OTHER PAYMENTS

### 131. DECLARATION OF DIVIDENDS

Subject to the provisions of these Articles, the Board may declare that dividends may be paid to members according to their respective rights at such times and of such amounts as the Directors think fit if the Directors are satisfied, on reasonable grounds, that the Company will, immediately after payment of the dividend, satisfy the solvency test.

### 132. INTERIM DIVIDENDS

The Board may declare and pay interim dividends (including any dividend payable at a fixed rate) at such time and in such amount as the Directors think fit if the Directors are satisfied, on reasonable grounds, that the Company will, immediately after payment of the dividend, satisfy the solvency test. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on shares which rank after shares conferring preferential rights with regard to dividend as well as on shares conferring preferential rights unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferential rights for any loss that they may suffer in consequence of the declaration or by the lawful payment of any interim dividend on any shares ranking after those with preferential rights.

### 133. ENTITLEMENT TO DIVIDENDS

#### 133.1 Accrual of dividends

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid *pro rata* according to the amounts paid up or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date it shall rank for or be entitled to dividends accordingly. Any amount paid up in advance of calls on any share shall carry interest only and shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

#### 133.2 Payment of dividends

All dividends and interest shall be paid (subject to any *lien* of the Company) to those members whose names shall be on the register as at a date subsequent to the date of declaration of the dividend or the date of confirmation of the dividend, whichever is the later date.

### 135. DISTRIBUTION *IN SPECIE*

The Company in general meeting may, on the recommendation of the Board, by resolution direct that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular, of fully paid up shares or debentures of any other company or in any one or more of such ways. Where any difficulty arises in regard to such distribution the Board may settle it as it thinks fit. In particular, the Board:

135.1 will act in accordance with the rules and regulations of the Relevant Stock Exchange/s in respect of the fractional entitlements and authorisation of any person to sell and transfer any fractions or disregard fractions altogether;

135.2 may fix the value for distribution of such assets or any part of them and determine that cash payments may be made to any members on the footing of the value so fixed, in order to adjust the rights of members; and

135.3 vest any such assets in trustees on trust for the persons entitled to the dividend.

#### 141. PAYMENT OF SCRIP DIVIDENDS

Subject to such conditions as the Board may determine, the Board may offer to any holders of Ordinary Shares the right to elect to receive Ordinary Shares credited as fully paid, in whole or in part instead of cash in respect of the whole or some part (to be determined by the Board) of any dividend specified by the Board provided that the Directors are satisfied, on reasonable grounds, that Company will, immediately after such allotment, satisfy the solvency test.

### V. ACCOUNTS

#### 145. ACCOUNTING RECORDS

The Board shall cause accounting records to be kept in accordance with the Act and shall keep such other books and registers as are necessary to comply with the Act.

#### 147. ACCOUNTS TO BE SENT TO MEMBERS

A printed copy of the Directors' and Auditors' reports accompanied by printed copies of the annual accounts (including every document required by law to be comprised in them or annexed or attached to them) shall not less than 15 Business Days before the meeting before which they are to be laid, be delivered or sent by post to every member and holder of debentures of the Company and to the Auditors and to every other person who is entitled to receive notice of general meetings. However, this Article shall not require a copy of those documents to be sent to any person who under the provisions of these Articles is not entitled to receive notices from the Company or of whose address the Company is unaware or to any holder of debentures of whose address the Company is unaware or to more than one of the joint holders of any shares or debentures. Any member to whom such documents are sent shall be entitled to receive a further copy, free of charge, on application at the Office. If all or any of the shares in or debentures of the Company are listed or dealt in on any stock exchange, there shall at the same time be forwarded to the secretary of that stock exchange such number of copies of each of those documents as the regulations of that stock exchange may require.

### Y. WINDING UP

#### 157. DIVISION OF ASSETS

##### 157.2 Distribution of assets

If the Company is wound up, the surplus assets remaining after payment of all creditors are to be divided among the members in proportion to the capital which at the commencement of the winding up is paid up on the shares held by them respectively and, if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that as nearly as may be the losses are borne by the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article 157.2 is subject to the rights attached to any shares which may be issued on special terms or conditions.

##### 157.3 Distribution *in specie*

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the members *in specie* the whole or any part of the assets of the Company and may for that purpose value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division may be otherwise than in accordance with the existing rights of the members but if any division is resolved otherwise than in accordance with such rights the members shall have the same right of dissent and consequential rights as if such resolution were a special resolution passed pursuant to section 222 of the Companies Act, 1931. The liquidator may with the like sanction vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the members as he with the like sanction shall determine but no member shall be compelled to accept any assets on which there is a liability.

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## NEPI ROCKCASTLE INCENTIVE PLAN

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Extracts from the rules of the NEPI Rockcastle incentive plan are set out below:

### PART 1: INTRODUCTORY PROVISIONS

#### 1. INTERPRETATION AND PRELIMINARY

The headings in these Rules are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of these Rules nor any rule hereof. Unless a contrary intention clearly appears –

1.1 the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely –

1.1.1 “**Applicable Laws**” means, in relation to any person or entity, all and any Statutes, subordinate legislation and common law, regulations, ordinances and by-laws; accounting standards directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, compliance with which is mandatory for that person or entity;

1.1.2 “**Applicable Stock Exchanges**” means all stock exchanges where the Company is listed, including the JSE, and which is expected to also include the Euronext Amsterdam shortly after the Company’s listing on the JSE;

1.1.3 “**Auditors**” means the auditors for the time being of the Company;

1.1.4 “**Award**” means the amount to which an Incentive Plan Participant becomes entitled in terms of rules 14.1 or 14.2, to be discharged in cash or Shares or a combination of cash and Shares (in respect of the STIP) and to be discharged in Shares (in respect of the LTIP), as set out in the Award Letter;

1.1.5 “**Award Letter**” means a letter sent by the Company, or its nominee (in terms of the STIP) or the Trustees (in terms of the LTIP), to a Participant informing him of:

1.1.5.1 the Award to which he has become entitled in accordance with these Rules in respect of the relevant Financial Year;

1.1.5.2 whether the Award will be a STIP Award and/or a LTIP Award;

1.1.5.3 whether, in the case of a STIP Award, the Award will be discharged in cash or in Shares or a combination of cash and Shares;

1.1.5.4 the Vesting Dates and overall Vesting Period, if applicable, in respect of the relevant portions of the LTIP Award Shares; and

1.1.5.5 the anticipated date of discharge of the Award in accordance with rule 9.4;

1.1.6 “**Award Determination Date**” means the date of determination of the Award in terms of rule 14.1 (in respect of Key Individuals) or rule 14.2 (in respect of Executives);

1.1.7 “**Capitalisation Issue**” means the issue of shares on a capitalisation of the Company’s profits and/or reserves;

1.1.8 “**Capitalisation Share**” means a fully paid Share allotted, in a Capitalisation Issue, in respect of STIP Award Shares, LTIP Award Shares, STIP Purchase Shares or LTIP Purchase Shares;

1.1.9 “**Change of Control**” means all circumstances where a party (or parties acting in concert), who did not previously do so, directly or indirectly, acquires:

1.1.9.1 beneficial ownership of more than 50% of the Company’s issued Shares; or

1.1.9.2 control of more than 50% of the voting rights at meetings of the Company; or

1.1.9.3 the right to control the management of the Company or the composition of the Board; or

1.1.9.4 the right to appoint or remove directors holding more than 50% of voting rights at Board meetings; or

- 1.1.9.5 the right to control the business or undertaking of the Company through a merger or consolidation with any other business or entity, or upon a sale of the whole or a major part of the Company's assets or undertaking;
- 1.1.10 "**Code Employee**" means any employee (not being a PDMR) who has been told by the Company that the clearance procedures in Part A of the Dealing Code apply to him or her;
- 1.1.11 "**Companies Act**" or "**Act**" means the Isle of Man Companies Act, 2006, as amended from time to time;
- 1.1.12 "**Contracting Company**" means that member company of the Group that is the employer or client of the Participant;
- 1.1.13 "**Dealing Code**" means the share dealing code of the Company adopted by the Board including any further amendments;
- 1.1.14 "**Deed**" means this trust deed;
- 1.1.15 "**Directors**" or "**Board**" means the board of directors for the time being of the Company acting either by itself or through any committee thereof to or upon whom the powers of the directors in respect of this Plan are delegated or are conferred;
- 1.1.16 "**Discretion**" means a sole, absolute and unfettered discretion;
- 1.1.17 "**Disposal**" means –
- 1.1.17.1 the transfer of any rights making up the Shares to any other person for his benefit and/or for the benefit of others, whether such transfer is effected pursuant to a sale, exchange, donation, distribution or otherwise; or
- 1.1.17.2 any other transaction or event whereby the Shares become beneficially owned by someone other than the Participant; or
- 1.1.17.3 granting, creating or allowing the Encumbrance of the Shares,  
and "**Dispose**" means to bring about a disposal within the meaning of this definition;
- 1.1.18 "**Encumbrance**" means any right of first refusal, purchase right, option or any other restriction of any kind on ownership, transfer, use, possession, receipt of income from or any other exercise or attribute of ownership, including any mortgage, pledge, lien or other security interest, and "**Encumber**" means to bring about an encumbrance within the meaning of this definition;
- 1.1.19 "**Escrow Agent**" means the person or entity appointed by the Company from time to time to hold Unvested LTIP Award Shares on behalf of LTIP Participants or, in accordance with rule 10.4;
- 1.1.20 "**Euronext Amsterdam**" means Euronext Amsterdam N.V., a public company with limited liability, incorporated under Dutch law and the operator of the Euronext market (securities exchange) in Amsterdam, the Netherlands;
- 1.1.21 "**Executive**" means any executive Director, including any future executive Director;
- 1.1.22 "**Family Entity**" means –
- 1.1.22.1 the trustees of any trust established only for the benefit of the relevant Participant or his Immediate Relation;
- 1.1.22.2 any company, the majority of the shares of which are, and continue to be, held owned or beneficially owned by the relevant Participant or his Immediate Relation;
- 1.1.23 "**Financial Year**" means the financial year of the Company, currently being 1 January until 31 December of each year;
- 1.1.24 "**Group**" means the Company and its subsidiaries;
- 1.1.25 "**Immediate Relation**" means, in relation to a Participant, a person who is:
- 1.1.25.1 that Participant's spouse, parents or siblings; or
- 1.1.25.2 a descendant (including an adopted child) of that Participant;
- 1.1.26 "**Incentive Plan**" or "**Plan**" means the NEPI Rockcastle plc Incentive Plan to which these Rules apply;
- 1.1.27 "**Independent Adviser**" means an independent adviser appointed by the Company which is acceptable to the JSE as contemplated in Schedule 14 of the JSE Listings Requirements;

- 1.1.28 “**Inside Information**” shall bear the meaning as such term is defined in the Market Abuse Regulation;
- 1.1.29 “**JSE**” means the securities exchange of that name operated by the JSE Limited in terms of a licence issued under the Financial Markets Act, 19 of 2004;
- 1.1.30 “**JSE Prohibited Period**” means:
- 1.1.30.1 a “closed period” as defined in the JSE Listings Requirements; or
- 1.1.30.2 any period when there exists any matter which constitutes price sensitive information in relation to the Shares;
- 1.1.31 “**JSE Listings Requirements**” means the Listings Requirements of the JSE applicable from time to time;
- 1.1.32 “**Key Individual**” means for purposes of the Incentive Plan, any employee or Service Provider of any member company of the Group, including any future employees or Service Providers of any member company of the Group, but excluding any Executive;
- 1.1.33 “**LTIP**” or “**Long Term Incentive Plan**” means the long-term incentive plan administered by the Trust and to which these Rules apply;
- 1.1.34 “**LTIP Award**” means the amount to which a Participant becomes entitled in terms of rule 14.1 (in respect of Key Individuals) or rule 14.2 (in respect of Executives), to be settled in LTIP Award Shares issued at no consideration;
- 1.1.35 “**LTIP Award Shares**” means any LTIP Shares received by a Participant as an LTIP Award at no consideration, in terms of rules 15.1.2 or 15.2.2;
- 1.1.36 “**LTIP Participant**” means a Participant in the LTIP;
- 1.1.37 “**LTIP Purchase Shares**” means any LTIP Shares acquired by a LTIP Participant at the Purchase Price pursuant to a LTIP Purchase Offer;
- 1.1.38 “**LTIP Purchase Offer**” means an offer made under the LTIP to a Participant to purchase LTIP Purchase Shares from the Trust;
- 1.1.39 “**LTIP Purchase Shares**” means any Shares acquired by a LTIP Participant at the Purchase Price pursuant to LTIP Purchase Offer;
- 1.1.40 “**LTIP Purchase Shares Release Period**” means the period specified in the Offer Letter over which period the applicable LTIP Purchase Shares shall be released from the Pledge contemplated in rule 10.2.1.6 or other retention contemplated in rule 20.2.2 which period shall:
- 1.1.40.1 in respect of Purchase Offers made to Executives under the LTIP, be a period of 5 years; and
- 1.1.40.2 in respect of Purchase Offers made to Key Individuals under the LTIP, be a period of not less than 3 years and not more than 5 years;
- 1.1.41 “**LTIP Released Purchase Shares**” means a tranche of LTIP Purchase Shares, being the total LTIP Purchase Shares offered to a Participant divided by the number of years of the applicable LTIP Purchase Shares Release Period as stated in the Offer Letter pursuant to which such Participant acquired those specific LTIP Purchase Shares;
- 1.1.42 “**MAR Closed Period**” means the –
- 1.1.42.1 period of 30 calendar days before the release of a preliminary announcement of the Company’s annual results or, where no such announcement is released, the period of 30 calendar days before the publication of the Company’s annual financial report;
- 1.1.42.2 period of 30 calendar days before the publication of the Company’s half-yearly financial report; and
- 1.1.42.3 period of 30 calendar days before the publication of each of the Company’s first quarter report and third quarter report;
- 1.1.43 “**Market Abuse Regulation**” means the EU Market Abuse Regulation (596/2014);
- 1.1.44 “**Maximum Plan Allocation**” means the maximum aggregated number of Shares which can be delivered to Participants under this Plan, being 5% of the issued Share capital of the Company at the end of the Financial Year prior to each Award Determination Date and Offer Date, provided that such number shall not exceed 27 403 086 Shares;

- 1.1.45 “**Maximum Share Debt**” means at any relevant time in respect of a Participant, an aggregate Share Debt which is equal to 20 times the annual cost to company of such Participant;
- 1.1.46 “**Offer Date**” means the date on which a Purchase Offer, in terms of the Plan, is made to a Participant;
- 1.1.47 “**Offer Letter**” means a letter sent by the Company (in respect of the STIP) or the Trustees (in respect to the LTIP) to a Participant informing him of the details of the Purchase Offer made to him as set out in the resolution contemplated in rule 14.6;
- 1.1.48 “**Participation Letter**” has the meaning given to such term in rule 12.3;
- 1.1.49 “**Participants**” means, collectively, STIP Participants and LTIP Participants, and “**Participant**” means any one of them;
- 1.1.50 “**Plan Shares**” means, collectively, the STIP Award Shares, STIP Purchase Shares, the LTIP Award Shares and the LTIP Purchase Shares;
- 1.1.51 “**PD MR**” means a person discharging managerial responsibilities in respect of the Company, being either:
- 1.1.51.1 a director of the Company; or
- 1.1.51.2 a senior executive of the Company who is not a director but who has regular access to Inside Information and the power to make managerial decisions affecting the future developments and business prospects of the Company;
- 1.1.52 “**Pledge**” means the pledge to the Trust of the LTIP Purchase Shares as is contemplated in rule 10.2.1.6, and the pledge to the Company of the STIP Purchase Shares to the Company as is contemplated in rule 19.1.2.2;
- 1.1.53 “**Prohibited Period**” means –
- 1.1.53.1 in respect of “directors” as defined in section 3.63(a)(iii) of the JSE Listings Requirements, a JSE Prohibited Period;
- 1.1.53.2 in respect of a PD MR, any MAR Closed Period and/or any period when there exists any matter that constitutes Inside Information; and
- 1.1.53.3 in respect of a Code Employee, any period during which the clearance procedures in Part A of the Dealing Code continue to apply to him or her;
- 1.1.54 “**Purchase Offer**” means a STIP Purchase Offer or a LTIP Purchase Offer, as the case may be;
- 1.1.55 “**Purchase Price**” means the closing price per Share on the JSE on the Trading Day immediately preceding the Offer Date;
- 1.1.56 “**Record Date**” means the close of business on the day the register of the Company will be closed to determine entitlement to participate in a Rights Issue or Capitalisation Issue, as the case may be;
- 1.1.57 “**Release Date**” means the “Release Date” as envisaged in rule 20.2.2;
- 1.1.58 “**Reserved Share**” means a Share which a STIP Participant has purchased from the Company, or an LTIP Participant has purchased from the Trust, whilst —
- 1.1.58.1 the Purchase Price therefor remains outstanding; and/or;
- 1.1.58.2 it is subject to the Pledge contemplated in rule 10.2.1.6 and the restrictions contained in and 20.2.2 (in respect of LTIP Participants) or the Pledge contemplated in rule 19.1.2.2 (in respect of STIP Participants);
- 1.1.59 “**Restricted Person**” means a –
- 1.1.59.1 PD MR; or
- 1.1.59.2 Code Employee;
- 1.1.60 “**Rights Issue**” means the offer of any securities of the Company to all shareholders of the Company pro rata to their holdings at the Record Date;
- 1.1.61 “**Rights Issue Shares**” means, in relation to STIP Award Shares, STIP Purchase Shares, LTIP Award Shares and LTIP Purchase Shares, in the case of a Rights Issue, those Shares offered in terms of such Rights Issue by virtue of being a Participant;

- 1.1.62 “**Rules**” means these Plan rules, as amended from time to time in terms of rule 31;
- 1.1.63 “**Secretary**” means the secretary of the Company;
- 1.1.64 “**Service Provider**” means, for the purpose of the definition of Key Individual, any person or entity contracted by any member company of the Group to provide project management or other services to or on behalf of any member of the Group;
- 1.1.65 “**Settlement**” in relation to Plan Shares, shall mean –
- 1.1.65.1 in respect of the STIP, in the Discretion of the Board, the issue and allocation by the Company of STIP Award Shares to Participants; or
- 1.1.65.2 in respect of the LTIP, the transfer of LTIP Award Shares by the Trust to the Escrow Agent on behalf of a LTIP Participant,
- and the words “**Settle**” and “**Settled**” shall be construed accordingly;
- 1.1.66 “**Settlement Date**” means the date on which any Settlement of Awards occurs, as per rule 15;
- 1.1.67 “**Share**” means ordinary shares in the share capital of the Company;
- 1.1.68 “**Share Debt**” means at any relevant time in respect of a tranche of LTIP Purchase Shares or STIP Purchase Shares purchased or subscribed for pursuant to a Purchase Offer, the original Purchase Price at which such LTIP Purchase Shares or STIP Purchase Shares were purchased or subscribed for, and any amount in respect of tax, if any, lent to a Participant pursuant to rule 10.5.7 (in respect of LTIP Purchase Shares) or rule 14.8 (in respect of STIP Purchase Shares), as the case may be, and any other amount lent to such a Participant, in each case together with any interest accrued thereon, which is outstanding from time to time;
- 1.1.69 “**Shareholder**” means the holder of Shares in the Company;
- 1.1.70 “**Share Award Price**” means, for purposes of Settlement of an Award in Shares, the 30-day VWAP as at the Trading Day immediately preceding the Award Determination Date;
- 1.1.71 “**Statutes**” means any statute affecting the Company, the Plan and the performance of the functions and the duties of the Trustees or the Board;
- 1.1.72 “**STIP**” or “**Short Term Incentive Plan**” means the short-term incentive plan administered by the Company and to which these Rules apply;
- 1.1.73 “**STIP Award**” means the amount to which a Participant becomes entitled in terms of –
- 1.1.73.1 rule 14.1, in respect of Key Individuals, to be Settled in cash or in STIP Award Shares issued at no consideration, or a combination of such cash and STIP Award Shares, in accordance with rule 15.1.1; or
- 1.1.73.2 rule 14.1, in respect of Executives, to be Settled in cash or in STIP Award Shares issued at no consideration, or a combination of such cash and STIP Award Shares, in accordance with rule 15.1.1;
- 1.1.74 “**STIP Award Shares**” means any Shares received by a Participant as awards at no consideration in terms of rules 15.1.1 or 15.2.1;
- 1.1.75 “**STIP Participant**” means a Participant in the STIP;
- 1.1.76 “**STIP Purchase Offer**” means an offer made under the STIP to STIP Participants to subscribe for STIP Purchase Shares;
- 1.1.77 “**STIP Purchase Shares**” means any Shares acquired by a STIP Participant at the Purchase Price pursuant to a STIP Purchase Offer;
- 1.1.78 “**Subsidiary**” means a company which is a subsidiary of the Company;
- 1.1.79 “**Trading Days**” means any day on which trading takes place through the usual trading systems of the JSE;
- 1.1.80 “**Trust**” means the NEPI Rockcastle Share Purchase Trust, constituted in terms of this Deed for purposes of administering the LTIP;
- 1.1.81 “**Trustees**” means the trustees for the time being of the Trust holding office in terms of these Rules;

- 1.1.82 “**Unreserved Share**” means a LTIP Share which is not a Reserved Share;
- 1.1.83 “**Unvested**” when used in relation to a LTIP Award, the LTIP Award Shares which have not Vested as at a particular date;
- 1.1.84 “**Vest**”, “**Vesting**” and “**Vested**” when used in relation to a LTIP Award and the LTIP Award Shares, shall mean that a Vesting Date has occurred in respect of the LTIP portion of such Award;
- 1.1.85 “**Vested Award Shares**” means a tranche of LTIP Award Shares, being the total number of LTIP Award Shares issued to a Participant in terms of rule 15.1.2 and rule 15.2.2 divided by the number of years of the applicable Vesting Period as stated in the Award Letter pursuant to which such Participant in was issued those specific LTIP Award Shares;
- 1.1.86 “**Vesting Date**” means the date specified in an Award Letter in respect of a LTIP Award on which date a LTIP Participant becomes unconditionally entitled to a portion of a LTIP Award and/or certain LTIP Award Shares, and which LTIP Award Shares, Settled pursuant to such Award, are freed of any Pledge and/or restrictions and forfeiture, as described in rule 16.1;
- 1.1.87 “**Vesting Period**” means, in respect of the LTIP Award Shares Settled to the Escrow Agent pursuant to such LTIP Award, the period between the Settlement Date up to and including the final Vesting Date of such Shares, which period shall:
  - 1.1.87.1 in respect of Awards made to Executives under the LTIP, be a period of 5 years; and
  - 1.1.87.2 in respect of Awards made to Key Individuals under the LTIP, be a period of not less than 3 years and not more than 5 years;
- 1.1.88 “**30-day VWAP**” means the volume weighted average trading price per Share listed on the exchange operated by the JSE for the 30 Trading Days immediately preceding a relevant date, as determined by the Board in its sole Discretion;

## 2. PURPOSE

The Incentive Plan is introduced as an incentive to Participants to meet the Group’s short-term and long-term objectives by giving such Participants an opportunity to receive performance-based Awards. The Awards and the Purchase Offers are intended to align the Participants’ interests with those of the Company and with the interests of the shareholders of the Company.

## PART 3: ADMINISTRATION OF THE PLAN

### 9. ADMINISTRATION OF THE INCENTIVE PLAN

- 9.1 The STIP will be administered by the Company in terms of these Rules.
- 9.2 The Trust is constituted in terms of this Deed, for purpose of administering the LTIP in the manner set out in these rules.
- 9.3 The Directors shall, subject to the provisions of these Rules, be entitled to establish such rules and regulations as they deem necessary for the proper administration of the LTIP and the Trust and to make such determinations and interpretations and to take such steps in connection therewith as they deem necessary or desirable.
- 9.4 All rules and regulations made in terms of rule 9.3 shall be in writing and shall become operative when a copy thereof is received by the Trustees.

### 10. ADMINISTRATION OF THE LTIP BY THE TRUST

- 10.1 Powers of Trustees in relation to the LTIP
  - 10.1.1 The Trustees shall, in addition to such other powers as may be conferred upon them by law or elsewhere in these Rules (whether express or implied), have the following powers:
    - 10.1.1.1 to acquire for purposes of the LTIP, Shares either by original subscription or purchase through the market or otherwise, and upon such terms as they in their discretion may deem fit;

- 10.1.1.2 subject to authority having been conferred upon them by the resolution of the Directors:
    - 10.1.1.2.1 to invest the surplus moneys of the Trust in such investments, on such terms and in such manner as they in their discretion may determine;
    - 10.1.1.2.2 to realise any such investment and to reinvest the proceeds in the manner aforesaid;
  - 10.1.1.3 to borrow or raise moneys from the Company and/or any other person for the purposes of the LTIP, on such terms as they in their discretion may deem fit, which shall include, without limitation, the right to pledge or otherwise encumber any of the LTIP Purchase Shares for the purposes of securing such borrowings or raising of moneys. If the Trust borrows monies from any third party and the lender becomes entitled at any time to acquire any of the LTIP Purchase Shares which may be onward pledged by the Trust to the lender as security for the loan by the lender to the Trust, in terms of the pledge, the Company undertakes to the Trust that it will lend the Trust the necessary funds in order to enable the Trust to acquire any such LTIP Purchase Shares;
  - 10.1.1.4 instead of acting personally to employ, as far as may reasonably be necessary, and to pay, any legal adviser or any other person to transact any business or do any act of whatsoever nature required to be done pursuant to these Rules, including the receipt and payment of money, provided that any reasonable payment made in terms hereof shall be refunded to the Trustees by the Trust and that a Trustee, being a legal adviser or other person engaged in any profession and any company or partnership of which he is a director or shareholder, may be so employed to act and shall be entitled to charge and be paid by the Trust all reasonable professional charges for any business or act done by him or his firm in pursuance of these Rules;
  - 10.1.1.5 to take and act upon any expert or professional advice;
  - 10.1.1.6 to delegate to any person the performance of all or any acts or the exercise of all or any discretions which they are entitled to perform or exercise under these Rules;
  - 10.1.1.7 subject to the Statutes, to open and operate accounts of all descriptions with registered banks;
  - 10.1.1.8 to draw, accept, make or endorse cheques, bills of exchange or promissory notes for and on behalf of the Trust;
  - 10.1.1.9 to exercise all rights conferred by Shares and other assets of the Trust, including voting rights, rights of conversion, rights to take up further allotments (by way of capitalisation or rights issues) of Shares and the like, as they in their discretion may deem fit, but subject to the rules and policies of any securities exchange on which the Company's securities may be listed from time to time including the rules of the Applicable Stock Exchanges;
  - 10.1.1.10 subject to authority having been conferred upon them by the resolution of the Directors, to make loans to any person, whether interest bearing or otherwise or whether secured or unsecured, for any purpose considered by the Trustees to be in the interests of the Trust and/or the LTIP Participants;
  - 10.1.1.11 to cancel a sale of LTIP Purchase Shares which have been purchased (and are thus Reserved Shares) by a LTIP Participant arising from the acceptance of a LTIP Purchase Offer, as contemplated in rule 23; and
  - 10.1.1.12 to exercise such further rights, powers and authorities as may from time to time be conferred upon them by the resolution of the Directors.
- 10.1.2 Without prejudice to anything aforesaid, the Trustees shall have:
- 10.1.2.1 full capacity to contract on behalf of the Trust, subject always to such limitations, if any, as may be imposed by these Rules, provided that they will under no circumstances be personally liable on any such contract, subject to the Statutes;
  - 10.1.2.2 *locus standi in judicio* and be capable of bringing, defending, opposing, withdrawing, settling and/or otherwise acting in connection with any proceedings whatsoever in or before any court, or in any arbitration, or before any other forum, provided that all costs reasonably incurred by them in that regard shall be for the account of the Trust.

## 10.2 Duties of Trustees in respect of the LTIP

- 10.2.1 The Trustees, in addition to any other duty imposed by these Rules, whether express or implied, shall:
- 10.2.1.1 make LTIP Purchase Offers to LTIP Participants as contemplated in rule 10.5, but always subject to the provisions of the Statutes;
  - 10.2.1.2 procure that all LTIP Purchase Shares in existence remain registered in the names of the Trustees or Escrow Agent and ensure that they remain so registered until a Participant has, in respect of such LTIP Shares, accepted a LTIP Purchase Offer, at which time such LTIP Shares shall, subject to the Pledge contemplated in the provisions of rule 10.2.1.6 below –
    - 10.2.1.2.1 be registered into the name of the relevant Participant, provided that, in respect of any Shares against which there is a restriction on disposal or dealing in terms of these Rules they shall be retained in the possession of the Trustees irrespective of the fact that the Share Price has been paid in full, until the Participant is entitled to dispose of such Shares in terms of rule 20.2.2;
    - 10.2.1.2.2 after on-sale by the Participant to a Family Entity, whether prior to or after registration into the name of such Participant and subject to rule 19.1.2.1.2, be registered into the name of the Trustees *nomine officii*, of Family Entity, provided that –
      - 10.2.1.2.2.1 any such Family Entity agrees in writing to be bound by the provisions of these Rules (other than the payment of the Share Debt, for which the LTIP Participant will remain liable) as though it were the LTIP Participant, *mutatis mutandis*;
      - 10.2.1.2.2.2 the relevant Participant concerned furnishes a suretyship or guarantee, in favour of the Trustees, to the satisfaction of the Trustees for the obligations of the Family Entity concerned; and
      - 10.2.1.2.2.3 for so long as the relevant Participant is prohibited from selling the Reserved Shares which are on-sold to the Family Entity as aforesaid, the beneficiaries of such trust may not change and the control of such company may not change and, if there is a breach of the provisions of this rule 4.2.1.2.2.3, the Trustees may cancel the sale of such Reserved Shares to the said Family Entity;
  - 10.2.1.3 procure that all circulars, letters and other documents issued to shareholders of the Company in any Rights Issue or Capitalisation Issue are issued to Participants as well;
  - 10.2.1.4 immediately prior to the release of Shares to a Participant in terms of rule 20.2.2 and on receipt of a written instruction from the Participant concerned, sell such number of Shares on the open market as is required to settle the remaining Share Debt in respect of such Shares, if any, provided that such sale shall not take place during a Prohibited Period and further provided that if the proceeds from the sale as aforesaid will or are likely to realise insufficient proceeds to settle the quantum of the Share Debt, the Trustees shall be entitled to refuse to effect the sale unless the Participant provides to the Trustees security for the payment of the difference between the Share Debt and the amount anticipated to be realised;
  - 10.2.1.5 cause to be released to a Participant upon his complying in full with his obligations in terms of any sale, the Reserved Shares, subject to:
    - 10.2.1.5.1 the provisions of rules 10.2.1.2 and 10.2.1.4 above and 20.2.2 below;
    - 10.2.1.5.2 the Trustees entering into suitable arrangements with the Company for the recovery by the Company of any amounts of tax payable by the Participant upon such release; and
    - 10.2.1.5.3 any other relevant provisions of these Rules;
  - 10.2.1.6 ensure that, for so long as the Share Debt in respect thereof has not been discharged in full, the LTIP Shares, and all Reserved Shares linked thereto, in respect of which a LTIP Purchase Offer has been accepted and which have been registered in the name of a Participant or his nominee in terms of rule 10.2.1.2.2, are pledged to the Trustees by way of security for the payment of the full Share Debt payable by such Participant in respect thereof, the form of such pledge to be determined by the Trustees, or otherwise held by the Trustees until released in terms of rule 20.2.2;

- 10.2.1.7 cause proper records and books of account to be kept of the business and affairs of the Trust and their administration thereof, which records and books shall be in the custody of the secretary on behalf of the Trustees;
- 10.2.1.8 keep separate accounts in respect of:
  - 10.2.1.8.1 all monies lent and advanced by the Company and all LTIP Shares acquired pursuant to such loans;
  - 10.2.1.8.2 all monies lent and advanced by any subsidiary and all LTIP Shares acquired pursuant to such loans;
  - 10.2.1.8.3 all monies lent and advanced by any person other than the Company or any of its subsidiaries and all LTIP Shares acquired pursuant to such loans;
  - 10.2.1.8.4 all sales of or subscription for LTIP Shares in terms of the LTIP;
- 10.2.1.9 keep separate accounts in respect of each Participant, which shall reflect:
  - 10.2.1.9.1 the number of LTIP Purchase Shares pledged to the Trust for his account in terms of the Pledge contemplated in rule 10.2.1.6;
  - 10.2.1.9.2 the liability of such Participant in respect thereof;
  - 10.2.1.9.3 all payments made in respect thereof;
- 10.2.1.10 ensure that the records and books of account referred to above are at all times available for inspection by any Director or other authorised representative of the Company; and
- 10.2.1.11 cause to be prepared and audited, as soon as possible after the end of each financial year of the Trust (which shall coincide with that of the Company) –
  - 10.2.1.11.1 a balance sheet and income statement;
  - 10.2.1.11.2 such further accounts, if any, of the trust as the Trustees in their discretion may deem fit;
  - 10.2.1.11.3 as soon as possible after the completion of the balance sheet and accounts referred to above, deliver to the Company 3 copies thereof duly signed by the Trustees.

### 10.3 Indemnity of the Trustees

Subject to the Statutes –

- 10.3.1 the Trustees shall not be liable for any loss sustained in the Trust or by any Participant from whatsoever cause arising, save and except any loss sustained as a result of the wilful dishonesty of the Trustees, either collectively or individually;
- 10.3.2 no Trustee shall be liable for any act of dishonesty or other misconduct committed by any other Trustee unless he knowingly allowed it or was an accessory thereto;
- 10.3.3 the Trust indemnifies the Trustees and every legal adviser, agent or other person appointed by the Trustees hereunder against all actions, proceedings, costs, liabilities, claims, expenses and demands in respect of any matter or thing done or omitted to be done in any way in the execution of their offices as Trustees, otherwise than in respect of claims for which in terms of the Statutes the Trustees cannot be indemnified;
- 10.3.4 if the Trustees *bona fide* make any payment to any person whom they assume to be entitled thereto under the terms of these Rules and it is subsequently found that the recipient was not entitled thereto hereunder, the Trustees shall nevertheless not be responsible for the moneys so paid.

### 10.4 Termination of the Trust

- 10.4.1 The Trust shall terminate as soon as all of the following events have also taken place:
  - 10.4.1.1 it ceases to hold any LTIP Shares; and
  - 10.4.1.2 it has received payment in full of all amounts owed to it by the LTIP Participants which are recoverable; and

- 10.4.1.3 if applicable, when the Trustees have discharged all their obligations to the LTIP Participants; and
  - 10.4.1.4 it has repaid any amounts owing to any third parties other than the Company and its subsidiaries.
- 10.4.2 Subject to authority having been conferred upon them by a resolution of the Directors and subject to the provisions of the Act, upon termination, the Trustees shall realise the assets of the Trust, wind up the affairs of the Trust and pay over to the Company any surplus (after discharging liabilities) remaining in the Trust. Furthermore, even during the administration of the Trust, subject to rule 10.2.1.2, all surplus funds (after discharging liabilities) held by the Trust from time to time shall be paid over to the Company.
- 10.4.3 Any such surplus may be applied by the Company in such manner and at such times as the Directors shall determine in their discretion.
- 10.4.4 Should the amount paid by the Trustees to the Company in terms of rule 10.4.1 fall short of the full indebtedness of the Trust to the Company, the Trustees shall be relieved of all liability for such shortfall, which shall constitute a loss to be borne by the Company and/or its subsidiaries.

## 10.5 Offer of LTIP Shares to the Trust

- 10.5.1 The Executive Directors in respect of LTIP Awards or LTIP Purchase Offers to Key Individuals, or the Board in respect of LTIP Awards or LTIP Purchase Offers to Executives, may from time to time offer Shares to the Trustees (and simultaneously instruct and authorise the Trustees in writing to offer such LTIP Shares to Participants named in the LTIP Purchase Offer or LTIP Award) in respect of such number of Shares as do not, together with the other Plan Shares, exceed the Maximum Plan Allocation.
- 10.5.2 Such LTIP Shares shall be offered for purchase in terms of a LTIP Purchase Offer at the Purchase Price. The Executive Directors in respect of LTIP Awards or LTIP Purchase Offers to Key Individuals, or the Board in respect of LTIP Awards or LTIP Purchase Offers to Executives, may, in terms hereof grant authority to the Trustees to make offers, not only in respect of new shares to be allotted by the Company but also in respect of Shares which are acquired by the Trust from whatsoever source.
- 10.5.3 The instruction and authority referred to in rule 10.5.1 (which shall be in the form of a written direction) shall be accompanied by a certified copy of the resolution referred to in rule 14.6 and the Trustees shall forthwith offer the LTIP Shares referred to in such resolution, in terms of rule 19, to the LTIP Participants named or referred to in such resolution.
- 10.5.4 The Trustees shall be bound to accept an offer referred to in rule 10.5.1 to the extent to which they receive valid acceptances from the LTIP Participants referred to in rule 10.5.3 with effect from the Offer Date, in respect to LTIP Purchase Offers and the date the LTIP Award is accepted, in respect of LTIP Awards.
- 10.5.5 Those LTIP Shares referred to in rule 10.5.1 shall be allotted and issued or acquired subject to the provisions of these Rules and each such allotment shall, without limiting the generality of the foregoing, be upon the following terms, namely that:
- 10.5.5.1 (whether they are issued to the Trustees directly or acquired by them after their issue) they may be disposed of by the Trustees only as directed in terms of rule 14, unless subject to the Statutes, otherwise directed by the Executive Directors in respect of LTIP Awards or LTIP Purchase Offers to Key Individuals, or the Board in respect of LTIP Awards or LTIP Purchase Offers to Executives;
  - 10.5.5.2 (whether they are issued to the trustees directly or are acquired by them subsequently) they will constitute LTIP Shares;
  - 10.5.5.3 the full Purchase Price due to the Trustees by a LTIP Participant on account of his accepting an LTIP Purchase Offer where credit is given shall be paid as provided in rule 22 on accepting an LTIP Purchase Offer and, where credit is not given, shall be paid in cash on acceptance of the LTIP Purchase Offer, provided that in those cases where the provisions of rule 10.2.1.6 apply there shall be compliance with those provisions;
  - 10.5.5.4 *vis-à-vis* a Participant, while they are Reserved Shares, such Shares which are the subject of an LTIP Purchase Offer which has been accepted shall participate in full, subject to the provisions of rule 10.2.1.6, all rights and Capitalisation Issues and in the dividends declared from time to time by the Company, but subject to these Rules.

- 10.5.6 Whenever the Trustees acquire any Shares for purposes of the LTIP other than in terms of rules 10.5.1 to 10.5.4, the Company shall treat such acquisition as if it were in terms thereof and the provisions of rule 10.5.5 will thereupon apply to all Shares so acquired.
- 10.5.7 The Trustees shall on the written direction of the Executives in respect of LTIP Purchase Offers to Key Individuals, or the Board in respect of LTIP Purchase Offers to Executives, to the extent specified in such written direction, and subject to the limits contemplated in rules 4.5.8 and 4.5.9, extend to a LTIP Participant credit to enable such LTIP Participant to purchase and/or subscribe for Shares of the Company to be held by such LTIP Participant as owner and the terms of credit shall be as reflected in rule 22.1, the provisions of which shall apply *mutatis mutandis*. Such credit may be repaid at any time by the LTIP Participant but not later than 10 years from the making of the loan.
- 10.5.8 The Trust shall not be entitled to extend credit to a LTIP Participant in terms of rule 10.5.7 if, as a result of the extension of such credit, such LTIP Participant will have an outstanding Share Debt that exceeds the Maximum Share Debt.
- 10.5.9 Notwithstanding rule 10.5.8, if, at any relevant time, the aggregate Share Debt owing by a LTIP Participant in respect of his LTIP and STIP Purchase Shares exceeds the Maximum Share Debt, such excess shall immediately be paid by such LTIP Participant to the Trust in discharge of an equivalent portion of his Share Debt.

## 10.6 Financial Assistance

- 10.6.1 Upon every issue or acquisition of LTIP Shares in terms of rule 10.5 and whenever the Trustees propose to acquire any other Shares for purposes of the LTIP or to make a loan to a LTIP Participant as contemplated herein, an amount equal to the total consideration payable on account of those Shares shall be lent and advanced to the Trustees in terms of the further provisions hereof, as and when they become obliged to pay the consideration except to the extent that the Trustees have funds available for that purpose.
- 10.6.2 Save to the extent that the Trustees borrow funds from any person other than the Company and/or subsidiary, the person to lend and advance moneys to the Trustees in terms of the above shall be:
  - 10.6.2.1 the Company, insofar as those LTIP Purchase Shares are to be offered to Key Individuals of the Company; or
  - 10.6.2.2 a subsidiary of the Company, insofar as those LTIP Purchase Shares are to be offered to Key Individuals of that subsidiary.
- 10.6.3 The Company and/or one or more companies in the Group nominated by it from time to time shall, subject to the prior approval of its Directors, lend and advance to the Trustees, as and when required by them, money for the proper execution of their duties as such, including, without derogating from the generality of the foregoing:
  - 10.6.3.1 for payment of any disbursements and expenditure incurred by them in their capacity as Trustees;
  - 10.6.3.2 for payment of amounts due as remuneration for the services of the Trustees;
  - 10.6.3.3 for payment of any amount in respect of which they have been indemnified in terms of rule 10.3;
  - 10.6.3.4 for loans to a LTIP Participant to effect payment of tax;
  - 10.6.3.5 subject to the Statutes, for loans to LTIP Participant to follow their rights under rights issues; and
  - 10.6.3.6 any amount contemplated in rule 10.4.1.3.
- 10.6.4 All loans to the Trustees in terms of rule 10.6.3 shall bear interest for the relevant period in an amount identical to the cost to the Company from time to time of providing the relevant loan/s, and shall be repaid from amounts received by the Trustees in terms of rule 22 which are surplus, after discharging all liabilities then due, to its requirements for the ensuing period of 6 months, the first of which shall commence on the day succeeding the first financial year-end of the Trust.

#### 10.7 **Payments of amounts by Trustees to dependents of LTIP Participants**

In the event of the estate of any LTIP Participant being sequestrated, the Trustees shall, in respect of any amount payable at any time thereafter by the Trustees to such LTIP Participant, be entitled to pay such amount to any dependent (as determined by the Trustees in their sole discretion) of such LTIP Participant and such payment shall constitute a complete discharge of the obligation of the Trust to such LTIP Participant under the Plan.

#### 10.8 **Appointment and participation of trustees**

10.8.1 Executive directors may not be appointed as Trustees. Non-executive directors may be appointed as Trustees, provided that they do not benefit from the Incentive Plan.

10.8.2 The Trustees may not be Participants.

### 11. **FUNDING OF THE PLAN**

11.1 Other than any Tax as contemplated in rule 28.1, all costs of and incidental to the implementation and administration of the Incentive Plan, including but not limited to:

11.1.1 any administration or other expenses or administration fees;

11.1.2 any duties payable upon the Settlement of Shares to Participants including without limitation issue duty, stamp duty, securities transfer tax; and

11.1.3 all secretarial, accounting, administrative, legal and financial advice and services, office accommodation and stationery,

properly incurred by the Company as agent for and on behalf of each Contracting Company in order to give effect to the Incentive Plan (all of the foregoing costs, expenses and duties hereinafter referred to as "**Participation Costs**") shall be funded by members of the Group, as the Board may from time to time direct.

11.2 The Company can recover from each Contracting Company such Participation Costs as may be attributable to the participation of any of its Participants in the Plan. To this effect the Company can procure that all Contracting Companies execute an agency agreement, which, once executed shall be deemed to be incorporated by reference into these Rules, and read together will constitute one agreement.

## **PART 4: INCENTIVE PLAN**

### 12. **PARTICIPATION**

12.1 The Board, from time to time, in its Discretion, determine which Executives are eligible to participate in the Incentive Plan.

12.2 The Executives, from time to time, in their Discretion, determine which Key Individuals are eligible to participate in the Incentive Plan.

12.3 If an Executive and/or a Key Individual is determined to be eligible to participate in the Incentive Plan, the Company (in respect of the STIP) or the Trustees (in respect of the LTIP) must give such person a letter ("**Participation Letter**") inviting him to become a Participant.

12.4 If an Executive and/or Key Individual duly and in time accepts the invitation included in the Participation Letter:

12.4.1 such Executive and/or Key Individual becomes a Participant; and

12.4.2 an agreement comes into effect between the Company or Trustees, as the case may be, and the Participant on the terms of the Participation Letter read with these Rules.

### 13. **SHARES AVAILABLE FOR THE INCENTIVE PLAN**

13.1 Subject to rule 13.2, the aggregate maximum number of Shares:

13.1.1 which may be utilised in terms of this Incentive Plan shall not exceed the Maximum Plan Allocation; and

13.1.2 which any one Participant shall be entitled to acquire pursuant to the Incentive Plan shall not exceed 3 000 000 Shares;

- 13.2 The limit in rule 13.1.1 shall be adjusted in such manner as the Auditors or Independent Adviser certify (which certification must be provided to the JSE by the Company as soon as practicable after it has been provided by the Auditors or Independent Adviser to the Company) to be in their opinion fair and reasonable as a result of any sub-division or consolidation of Shares.
- 13.3 The limit in rule 13.1.2 shall be adjusted in such manner as the Auditors or Independent Adviser certify to be in their opinion fair and reasonable as a result of any sub-division or consolidation of Shares.
- 13.4 The limit in rule 13.1.1 and 13.1.2 shall not be adjusted in the event of the issue of Shares in consideration for an acquisition, the issue of Shares for cash and the issue of Shares for a vendor consideration placing.
- 13.5 Any adjustment in terms of rule 13.2 and 13.3 shall give a Participant entitlement to the same proportion of Shares as that to which he was entitled before the event in rule 13.2 and 13.3 which gave rise to the adjustment.
- 13.6 Upon finalisation of any adjustment in terms of rule 13.2 and 13.3, the Auditors or Independent Adviser shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the Incentive Plan.
- 13.7 The Company shall report any adjustment in terms of rule 13.2 and 13.3 in its annual financial statements for the Financial Year during which the adjustments were made.
- 13.8 In addition, the rolling over of LTIP Award Shares (including the arrangement which assumes that Shares which have already Vested and been Settled to Participants in terms of LTIP Awards, and which then revert back to the limit in rule 13.1.1) and LTIP Purchase Shares (including the arrangement which assumes that Shares in respect of which the Release Date has already occurred, and which have already been Settled to Participants in terms of the LTIP, and which then revert back to the limit in rule 13.1.1 is prohibited).

#### 14. DETERMINATION OF AWARDS AND PURCHASE OFFERS

##### **STIP Award and/or LTIP Award**

- 14.1 Where the Participant is a Key Individual, the STIP Award accruing and payable by the Company and/or LTIP Award accruing and payable by the Trust to such Participant, in respect of every Financial Year, is an amount and at a date which are determined by the Executives in their Discretion, based on their assessment of the Key Individual's performance.
- 14.2 Where the Participant is an Executive, the STIP Award accruing and payable by the Company and/or LTIP Award accruing and payable by the Trust to such Participant, in respect of every Financial Year, is an amount calculated and determined by the Board based upon such key performance indicators and at a date as may be determined by the Board from time to time, including but not limited to, in respect of:
  - 14.2.1 STIP Awards, key performance indicators which may include measures of financial performance (such as growth in distributions or in net asset value), of operational performance (such as limiting vacancies, maintaining low tenant arrears, etc.), of debt risk management (such as hedging a minimum level of the Company's exposure to interest rate risk) or other quantitative or qualitative factors (at the Board's Discretion); and
  - 14.2.2 LTIP Awards, key performance indicators which may include measures of performance such as total shareholder return versus peers, compound annual growth in distributions over a certain number of years, or other quantitative or qualitative factors (at the Board's Discretion).
- 14.3 An Award Letter shall be issued by:
  - 14.3.1 the Board (in respect to STIP Participants who are Executives) or the Executives (in respect to STIP Participants who are Key Individuals) to each STIP Participant who becomes entitled to a STIP Award; and
  - 14.3.2 the Trustees, on instruction of the Board (in respect to LTIP Participants who are Executives) or on instruction of the Executives (in respect to LTIP Participants who are Key Individuals) to each LTIP Participant who becomes entitled to a LTIP Award,

as soon as possible after the Award Determination Date, provided that no Award Letter may be issued to a Participant (whether or not such Participant is a Restricted Person) in a MAR Closed Period or a JSE Prohibited Period.

## **STIP Purchase Offer and LTIP Purchase Offer**

### 14.4 In respect to STIP Purchase Offers to Participants who are:

- 14.4.1 Executives, the Board may from time to time, in its Discretion based on its assessment of such key performance indicators of such Executive and at a date as may be determined by the Board from time to time, which may include measures of financial performance (such as growth in distributions or in net asset value), of operational performance (such as limiting vacancies, maintaining low tenant arrears, etc.), of debt risk management or other quantitative or qualitative factors (at the Board's discretion), by resolution (containing the information specified in rule 14.6) make a STIP Purchase Offer of Unreserved Shares and grant credit to the Executive named or referred to therein.
- 14.4.2 Key Individuals, the Executives may from time to time, in their Discretion, based on their assessment of the Key Individual's performance by resolution (containing the information specified in rule 14.6) make a STIP Purchase Offer of Unreserved Shares and grant credit to the Key Individuals named or referred to therein.

### 14.5 In respect to LTIP Purchase Offers to Participants who are:

- 14.5.1 Executives, the Board may from time to time, in its Discretion based on its assessment of such key performance indicators of the Executive and at a date as may be determined by the Board from time to time, which may include total shareholder return versus peers, compound annual growth in distributions over a certain number of years, or other quantitative or qualitative factors (at the Board's Discretion), by resolution (containing the information specified in rule 14.6) direct the Trustees to make a LTIP Purchase Offer of Unreserved Shares and grant credit to the Executive named or referred to therein.
- 14.5.2 Key Individuals, the Executives may from time to time, in their Discretion based on their assessment of the Key Individual's performance, by resolution (containing the information specified in rule 14.6) direct the Trustees to make a LTIP Purchase Offer of Unreserved Shares and grant credit to the Key Individual named or referred to therein.

### 14.6 Every resolution contemplated in rules 14.4 and 14.5 shall specify:

- 14.6.1 the name of the Key Individual or Executive, as the case may be;
- 14.6.2 the number of LTIP Purchase Shares offered in respect of rules 14.5.1 or 14.5.2, or STIP Purchase Shares offered in respect of rules 14.4.1 or 14.4.2;
- 14.6.3 the Purchase Price payable in respect of the LTIP Purchase Shares offered in respect of rules 14.5.1 or 14.5.2 or STIP Purchase Shares offered in respect of rules 14.4.1 or 14.4.2;
- 14.6.4 the Offer Date;
- 14.6.5 the initial amount in cash, if any, as determined by the Executives in terms of rules 14.4.2 and 14.5.2, and the Board in terms of rules 14.4.1 and 14.5.1, payable by the Participant receiving the Purchase Offer, payment of which amount shall accompany acceptance of the Purchase Offer;
- 14.6.6 whether or not credit is to be granted by the Trust (in terms of the LTIP as contemplated in rule 10.5.7 and otherwise in terms of these Rules) or the Company (in terms of the STIP as contemplated in rule 14.8) on the acceptance of the Purchase Offer and if so, to what extent;
- 14.6.7 the duration of the LTIP Purchase Shares Release Period, if such Purchase Offer is for LTIP Purchase Shares;
- 14.6.8 the initial rate of interest, if any, which will apply;
- 14.6.9 the time period within which a Purchase Offer shall be accepted which shall be no later than 90 days after it is actually made or granted;
- 14.6.10 any other relevant terms and conditions.

### 14.7 An Offer Letter shall be issued by the:

- 14.7.1 Board (in respect of STIP Participants who are Executives) or the Executives (in respect to STIP Participants who are Key Individuals) to each STIP Participant who becomes entitled to a STIP Purchase Offer; and
- 14.7.2 Trustees, on instruction of the Board (in respect to LTIP Participants who are Executives) or on instruction of the Executives (in respect to LTIP Participants who are Key Individuals) to each LTIP Participant who becomes entitled to a LTIP Purchase Offer,

as soon as possible after the Offer Date, provided that no Offer Letter may be issued to a Participant (whether or not such Participant is a Restricted Person) in a MAR Closed Period or a JSE Prohibited Period.

- 14.8 The Board may, subject to the limits contemplated in rules 14.9 and 14.10, extend credit to a STIP Participant to enable such STIP Participant to purchase and/or subscribe for STIP Purchase Shares to be held by such STIP Participant as owner, subject to the Pledge of such STIP Purchase Shares as contemplated in rule 19.1.2.2 and the terms of credit shall be as reflected in rule 22.1, the provisions of which shall apply *mutatis mutandis*. Such credit may be repaid at any time by the STIP Participant but not later than 10 years from the making of the loan.
- 14.9 The Board shall not be entitled to extend credit to a STIP Participant in terms of rule 14.8 if, as a result of the extension of such credit, such STIP Participant will have an outstanding Share Debt that exceeds the Maximum Share Debt.
- 14.10 Notwithstanding rule 14.9, if, at any relevant time, the aggregate Share Debt owing by a STIP Participant in respect of his LTIP and STIP Purchase Shares exceeds the Maximum Share Debt, such excess shall immediately be paid by such STIP Participant to the Company in discharge of an equivalent portion of his Share Debt.
- 14.11 The full Purchase Price due to the Company by a STIP Participant on account of his accepting an STIP Purchase Offer where credit is given shall be paid as provided in rule 22 on accepting a STIP Purchase Offer and, where credit is not given, shall be paid in cash on acceptance of the STIP Purchase Offer.
- 14.12 In the event of the South African National Credit Act, 34 of 2005 applying to any credit extended to a Participant in terms of rule 10.5.7 (in respect of LTIP Purchase Offers) or 14.8 (in respect of STIP Purchase Offers), the credit so extended shall be for an amount of not less than the Euro equivalent of ZAR250 000, measured at the spot exchange rate for Euro/ZAR as quoted at 5pm (GMT) as published by Reuters on the date such credit is calculated.

## 15. SETTLEMENT OF AWARDS

### **Type of Settlement of STIP and LTIP Awards for Key Individuals**

- 15.1 Awards accruing and payable by the Company to STIP Participants or by the Trust to LTIP Participants who are Key Individuals, shall be Settled, subject to rule 15.4.1 and at the Discretion of the Executives (on instruction to the Trustees in respect of LTIP Awards), as follows:
  - 15.1.1 in respect of a STIP Award, in cash or in STIP Award Shares, or a combination of cash and STIP Award Shares, which Shares shall, upon their delivery to a Participant, rank *parri passu* with all other Shares in issue and shall be Settled free of any restrictions;
  - 15.1.2 in respect of a LTIP Award, in LTIP Award Shares, which LTIP Award Shares shall Vest in accordance with the Vesting Period (in accordance with rules 16 and 17 below).

### **Type of settlement of STIP and LTIP Awards for Executives**

- 15.2 Awards accruing and payable by the Company to a STIP Participant or by the Trust to a LTIP Participant who is an Executive shall be Settled, subject to rule 15.4.1 and at the Discretion of the Board (on instruction to the Trustees in respect of LTIP Awards), as follows:
  - 15.2.1 in respect of a STIP Award, in cash or in STIP Award Shares, or a combination of cash and STIP Award Shares, which STIP Award Shares shall rank *parri passu* with all other Shares in issue and shall be Settled free of any restrictions;
  - 15.2.2 in respect of a LTIP Award, in LTIP Award Shares, which LTIP Award Shares shall Vest in accordance with the Vesting Period (in accordance with rules 16 and 17 below).

### **Conditions, timing and method for Settlement of all Awards**

- 15.3 Settlement of any STIP Awards for Executives or for Key Individuals shall be subject to the Participant having a valid employment or service providing contract with the Group as at the Award Determination Date.

- 15.4 By no later than 20 business days after the Award Determination Date:
- 15.4.1 the Company shall:
    - 15.4.1.1 pay to the STIP Participant, in respect of the portion of the STIP Award to be discharged in cash in terms of rule 15.1.1 or 15.2.1 (“**STIP Cash Portion**”), as the case may be, a cash amount equal to the STIP Cash Portion, into a bank account nominated in writing by the STIP Participant; and/or
    - 15.4.1.2 Settle to the STIP Participant, in respect of STIP Awards to be discharged in STIP Award Shares in terms of rules 15.1.1 and 15.2.1 such number of Shares in accordance with rule 15.4.2;
  - 15.4.2 the Trust shall Settle to the Escrow Agent, in respect of LTIP Awards to be discharged in LTIP Award Shares in terms of rules 15.1.2 and 15.2.2 such number of Shares in accordance with rule 15.4.2;
  - 15.4.3 the Company shall cause the Shares (if applicable) to be delivered, in dematerialised form, by crediting such Shares to the account of the broker nominated by the STIP Participant for this purpose, in respect of STIP Awards to be discharged in STIP Award Shares in terms of rules 15.1.1 and 15.2.1; and
  - 15.4.4 the Trust shall cause the Shares (if applicable) to be delivered, in dematerialised form, by crediting such Shares to the account of the Escrow Agent, in respect of LTIP Awards to be discharged in LTIP Awards Shares in terms of rules 15.1.2 and 15.2.2;
  - 15.4.5 the Company shall ensure that the Shares are listed on the Applicable Stock Exchanges as soon as practicable after the relevant date of issue.
- 15.5 The Company, in terms of rule 15.4.1.2, and the Trust, in terms of rule 15.4.2, shall Settle such number of Shares as have an aggregate value that is equal to the respective portion of the Award to be Settled in Shares divided by the Share Award Price, provided that if, in respect of any Participant, the Settlement of the Shares falls on a date which, or during a period in which, –
- 15.5.1 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy) it is not permissible to issue Shares to a Participant; or
  - 15.5.2 by virtue of any Applicable Law or any policy of the Group (including any corporate governance policy or the Dealing Code and the Market Abuse Regulation) it is not permissible for a Participant to receive or otherwise deal/trade in Shares,
- the Settlement shall be delayed to the 5th Trading Day after the date on which it becomes permissible to issue Shares to a Participant and/or for the Participant to receive or deal/trade in Shares (as the case may be).

## 16. VESTING AND PAYMENT OF LTIP AWARD

- 16.1 Subject to rules 16.2 and 16.6, on each Vesting Date, being each anniversary of the Award Determination Date, which anniversary falls within the Vesting Period, a tranche of Shares equal to the Vested Award Shares, shall Vest.
- 16.2 The Vesting of LTIP Award Shares is conditional on the LTIP Participant having a valid employment or service providing contract with the Group as at the Vesting Dates, contemplated in rule 16.1, and not having been notified at such date by the Group that the respective contract is intended to be terminated.
- 16.3 Unvested LTIP Award Shares are held by the Escrow Agent for the benefit of the Participants during the Vesting Period, subject to forfeiture and disposal restrictions set out in these Rules.
- 16.4 The effect of an LTIP Award Share Vesting will be that the restrictions imposed, as contemplated in rule 17.1, on the Unvested LTIP Award Shares linked thereto shall cease to apply and the risk of forfeiture will lift.
- 16.5 Any LTIP Award Shares which have Vested shall rank *pari passu* with all other issued Shares in all respects.
- 16.6 In the event that an Executive (who still has a valid employment contract or another type of agreement with the Group) does not provide services to the Group, or a Key Individual (who still has a valid service contract or another type of agreement with the Group) does not provide services to the Group, for reasons including but not limited to extended periods of leave, sick leave or maternity/paternity leave, for an uninterrupted period exceeding 6 months (“**Interruption Period**”) then the Vesting Dates and the Payment Dates in respect of such

Executive or Key Individual's Unvested Awards, as at 6 months from the start of such period of leave, shall be postponed by a period of time equal to the duration of the Interruption Period if such Interruption Period exceeds 6 months (for example, should a LTIP Participant have an Award Vesting on 1 March of year 1, and commence leave on 1 February of year 1, his/her first tranche would Vest on 1 March of year 1, while the second tranche would Vest on 1 March of year 2, provided the period of leave ends before 1 August in year 1, or would Vest at a date later than 1 March of year 2 with a period of time equal between 1 August year 1 and the actual return date of the LTIP Participant).

**17. OWNERSHIP IN RESPECT OF LTIP AWARD SHARES AND PARTICIPANTS' RIGHTS BEFORE THE VESTING DATE**

- 17.1 Following the Settlement Date, the Trust will procure that the respective LTIP Award Shares are held by the Escrow Agent for the absolute benefit of the LTIP Participants as owners of the LTIP Award Shares, but subject to the provisions of rule 18. Unvested LTIP Award Shares may not be Disposed of or otherwise Encumbered at any time from the date of their Settlement, up to and including their Vesting Date.
- 17.2 The Unvested LTIP Award Shares shall be subject to the control of the Escrow Agent acting on instructions of the Trustees from the Settlement Date up to and including the Vesting Date whereafter the Participant shall, subject to rule 18, have unrestricted ownership of the LTIP Award Shares and may request the release of the Shares from the Escrow Agent.
- 17.3 Except for the restrictions envisaged in rule 17.1 and the risk of forfeiture contemplated in these Rules, the Participant has all other shareholder rights in respect of the LTIP Award Shares from the Settlement Date.
- 17.4 The Participant shall provide his Contracting Company with, and the Participant shall consent to his Contracting Company furnishing the Escrow Agent with, any information relating to the Participant's identification that the Escrow Agent may require in order to ensure compliance with any applicable know-your-client and other money laundering legislation.
- 17.5 The Participant can, where required, enter into a written agreement with the Escrow Agent, in a form approved by the Contracting Company, relating to the holding of the Shares by the Escrow Agent during the Vesting Period.
- 17.6 The Contracting Company shall not be liable for any loss or damage arising from any act or omission of the Escrow Agent, any central securities depository participant ("CSDP") engaged by the Escrow Agent, any employee, director, or representative of the Escrow Agent or such CSDP in connection with or arising out of the holding of, or transacting in, the LTIP Award Shares.

**18. PERMITTED TRANSFERS**

A Participant may assign his STIP Award Shares and/or LTIP Award Shares or STIP Purchase Offers or LTIP Purchase Offers, whether prior to or after registration of the Shares into the name of such Participant, to a Family Entity of a Participant, provided that any such Family Entity agrees in writing to be bound by the provisions of these Rules, and the relevant Participant furnishes a suretyship, in favour of the Contracting Company to the satisfaction of the Directors for the obligations of the Family Entity concerned.

**19. STIP PURCHASE OFFERS AND LTIP PURCHASE OFFERS**

**19.1 A Purchase Offer:**

- 19.1.1 shall be made at the Purchase Price;
- 19.1.2 shall, save as set out in rule 19.1.3, be governed by the provisions of these Rules and shall, in the case of a Purchase Offer where the Executives (in respect of LTIP Purchase Offers and STIP Purchase Offers where the Participant is a Key Individual) or the Board (in respect of LTIP Purchase Offers and STIP Purchase Offers where the Participant is an Executive) have resolved that credit be granted, be subject to rule 21 and the following provisions, namely, that until the full Share Debt has been paid to the Trustees (in respect of LTIP Purchase Offers) or the Company (in respect of STIP Purchase Offers) –
- 19.1.2.1 those Shares shall, in the case of:
- 19.1.2.1.1 STIP Purchase Shares, be registered in the name of the Participant and, subject to the Pledge contemplated in rule 19.1.2.2, ownership in such Shares shall vest in the relevant Participant;

- 19.1.2.1.2 LTIP Purchase Shares, upon acceptance by the LTIP Participant, be registered in the name of the Participant in accordance with rule 10.2.1.2, with the changes required by the context, but subject to the Pledge contemplated in rule 10.2.1.6, ownership in such Shares shall vest in the relevant Participant;
- 19.1.2.2 the STIP Purchase Shares, are pledged to the Company by way of security for the payment of the full Share Debt payable by such Participant in respect thereof, the form of such pledge to be determined by the Company;
- 19.1.2.3 if a Participant so stipulates, by written notice to the Trustees (in respect of LTIP Participants) or the Company (in respect of STIP Participants), delivery shall only take place against payment of the full Share Debt and on such delivery, ownership in such Shares in respect of which an LTIP Purchase Offer has been accepted, together with the voting rights and all other rights, including the right to participate in any Rights Issues and Capitalisation Issues and to receive dividends, which attach to such Shares, shall vest in the relevant Participant, subject however to the provisions of rule 20.2.2;
- 19.1.2.4 save as required by Applicable Law, those Shares may not be sold or otherwise Disposed of or transferred, other than to a Family Entity, subject to rule 18, (in respect of LTIP Purchase Shares) in the manner and on the basis as is expressly provided in rule 10.2.1.2.2 and subject to the Pledge contemplated in rule 10.2.1.6 and (in respect of STIP Purchase Shares) subject to the Pledge contemplated in rule 19.1.2.2, in any way be mortgaged, pledged or otherwise Encumbered, unless the Trustees in their Discretion consent or the Company in its Discretion consents thereto in writing;
- 19.1.2.5 the Shares may be re-acquired in terms of rule 23;
- 19.1.2.6 the voting rights attaching to all LTIP Purchase Shares and STIP Purchase Shares sold to Participants in terms of this Plan shall at all times after registration in the name of the Participants, vest in the Participants;
- 19.1.2.7 save for the Pledge contemplated in rule 10.2.1.6 and the retention contemplated in rule 20.2.2, and subject to rule 22.1, all LTIP Purchase Offer Shares shall from registration of such LTIP Purchase Offer Shares in the name of the Participant, rank *pari passu* in all respects with the issued Shares;
- 19.1.2.8 save for the Pledge contemplated in rule 19.1.2.2 and subject to rule, all STIP Purchase Offer Shares shall, from registration of such STIP Purchase Offer Shares in the name of the Participant, rank *pari passu* in all respects with the issued Shares;
- 19.1.3 where rule 19.1.2.2 applies, the provisions of rules 19.1.2.1 to 19.1.2.6 and rule 22.1 shall not apply;
- 19.1.4 shall be personal to and only capable of being accepted by the Participant to whom it is addressed (or subject to the provisions of the Statutes, by the executor of the deceased estate of the Participant concerned or the legal representative of the Participant), it being recorded, however, that without affecting the provisions hereof, as between the Participant and any Family Entity, a Purchase Offer may be assigned to such Family Entity, in accordance with rule 18 and, in respect of LTIP Purchase Offers, subject to the provisions of rules 10.1.2.1 and 10.1.2.2. For the avoidance of doubt it is recorded that the assignment by a Participant to any such Family Entity may take place before the Purchase Offer is accepted;
- 19.1.5 shall be accepted by notice in writing in such form as may stipulated in the Offer Letter and delivered to the Secretary within the time period determined by the resolution of the Directors, as contemplated in rule 14.6, and specified in the Offer Letter; and
- 19.1.6 may be accepted in full in respect of any Purchase Offer.
- 19.2 Each acceptance of a Purchase Offer shall specify an address for purposes of these Rules.
- 19.3 Notwithstanding anything to the contrary herein the risk in and benefits attaching to the Reserved Shares will pass to the Participant on the acceptance of a Purchase Offer subject to the provisions of rule 19.1.2.2 (in the case of STIP Purchase Offer) and 10.2.1.6 (in the case of LTIP Purchase Offers).
- 19.4 For the avoidance of doubt, it is noted that the STIP Purchase Shares acquired by STIP Participants shall, upon their delivery to a Participant, rank *parri passu* with all other Shares in issue and shall be free of any restrictions, provided that such Shares may be re-acquired in terms of the provisions of rule 23.

## 20. RIGHTS AND LIMITATIONS ATTACHING TO RESERVED SHARES

20.1 In respect of the STIP Purchase Offers:

20.1.1 STIP Purchase Scheme Shares in respect of which credit has been extended in terms of rule 14.8, shall, upon registration of such STIP Purchase Scheme Shares in the name of the Participant and subject to the Pledge contemplated in rule 19.1.2.2, be capable of being freely sold or transferred by the Participant, provided that the Participant is obliged to utilise such portion of the proceeds of such sale or transfer as may be required to firstly settle the specific Share Debt in respect of such sold or transferred STIP Purchase Scheme Shares.

20.1.2 upon a STIP Participant paying the Purchase Price of the STIP Purchase Shares pursuant to the STIP Purchase Offer in full pursuant to the acceptance of the STIP Purchase Offer, such STIP Purchase Shares shall thereupon rank *pari passu* in all respects with the issued Shares and shall not be subject to the Pledge contemplated in rule 19.1.2.2.

20.2 In respect of the LTIP Purchase Offers, upon a LTIP Participant paying the Purchase Price of the LTIP Purchase Shares pursuant to the LTIP Purchase Offer in full pursuant to the acceptance of LTIP Purchase Offer:

20.2.1 such LTIP Purchase Shares shall thereupon rank *pari passu* in all respects with the issued Shares and, subject to rule 20.2.2, any burdens attaching to any such LTIP Purchase Shares in terms of these Rules shall cease to operate;

20.2.2 save as may expressly be provided to the contrary herein, and subject to rules 20.3 and 20.4, the Secretary shall forthwith against payment of transfer duty, if any, payable thereon release such Shares from the Pledge provided for in rule 10.2.1.6 or other retention in terms of this rule 20.2.2, only by releasing a portion of each tranche equal to the LTIP Released Purchase Shares, on or after each anniversary of the Offer Date falling within the LTIP Purchase Shares Release Period (each a “**Release Date**”) to the LTIP Participant entitled thereto, it being recorded that the aforementioned release periods will apply even if the Share Debt in respect of the LTIP Purchase Shares has been paid in full.

20.3 The release of the LTIP Purchase Shares from the Pledge, as contemplated in rule 20.2.2, is conditional on the LTIP Participants having a valid employment or service providing contract with the Group as at the relevant Release Date and not having been notified by the Group that the respective contract is intended to be terminated.

20.4 In the event that an Executive (who still has a valid employment contract or another type of agreement with the Group) does not provide services to the Group, or a Key Individual (who still has a valid service contract or another type of agreement with the Group) does not provide services to the Group, for reasons including but not limited to extended periods of leave, sick leave or maternity/paternity leave, for an uninterrupted period exceeding 6 months (“**Interruption Period**”) then the relevant Release Date in respect of such Employee or Key Individual’s LTIP Purchase Shares as at 6 months from the start of such period of leave, shall be postponed by a period of time equal to the duration of the Interruption Period which exceeds 6 months.

## 21. OBLIGATIONS OF PARTICIPANTS *VIS-A-VIS* TRUSTEES AND BOARD

Every Participant shall, in addition to and without prejudice to any obligation imposed elsewhere in this deed, whether express or implied:

21.1 ensure that payment of the Purchase Price owing in respect of any STIP Purchase Shares or LTIP Purchase Shares is punctually made on due date;

21.2 at all times strictly observe the provisions of these Rules.

## 22. PAYMENT OF PURCHASE PRICE IN TERMS OF STIP PURCHASE OFFER AND LTIP PURCHASE OFFER

### 22.1 Interest and distributions

22.1.1 The outstanding balance due on the Purchase Price of any STIP Purchase Share (in respect of the STIP) or LTIP Purchase Share (in respect of the LTIP) where credit is given shall, while the balance due remains unpaid, bear interest from time to time at a rate per annum equal to the average cost of debt funding of the Company and its subsidiaries from time to time, provided that if, at any time, such interest rate does

not constitute a market related interest rate (as determined by the Board in their Discretion), the interest rate shall be increased to a rate which the Board in its discretion deems to be market related.

- 22.1.2 The accrued amount of such interest from time to time shall, subject to the provisions of rule 22.1.3, be payable on the 7th business day following the date on which distributions on the:
- 22.1.2.1 STIP Purchase Shares are paid and the Board is hereby empowered to apply the distributions (subject to rule 22.1.3) towards payment of such interest. In this regard the STIP Participant, by his acceptance of the STIP Purchase Offer where credit has been extended, shall be deemed to have authorised the Board to retain and utilise any distributions on the Participant's STIP Purchase Shares for the purpose of discharging any or all of his Share Debt from time to time.
- 22.1.2.2 LTIP Purchase Shares are paid and the Trustees are hereby empowered to apply the distributions (subject to rule 22.1.2.2) towards payment of such interest. In this regard the LTIP Participant, by his acceptance of the LTIP Purchase Offer where credit has been extended, shall be deemed to have authorised the Trustees to retain and utilise any distributions on the Participant's Reserved Shares for the purpose of discharging any or all of his Share Debt from time to time.
- 22.1.3 If the distributions payable to a Participant on his STIP Purchase Shares (in respect of the STIP) or LTIP Purchase Shares (in respect of the LTIP) in respect of any financial year less the taxation payable thereon by such Participant after allowing for the deduction of the relevant interest and any deemed interest:
- 22.1.3.1 exceed the interest payable by such Participant on the outstanding balance of the Purchase Price of such Shares in respect of such financial year, then such excess shall, as soon as it has been determined, be paid towards the reduction of the oldest outstanding balance of the Share Debt in respect of such Participant's STIP Purchase Shares (in respect of the STIP) or LTIP Purchase Shares (in respect of the LTIP); or
- 22.1.3.2 is less than the interest payable by such Participants on the outstanding balance of the Purchase Price of such Shares in respect of such financial year, then such shortfall shall, as soon as it has been determined, be paid by the Participants to the Company (in respect of the STIP) or the Trustees (in respect of the LTIP).
- 22.1.4 If at any time before the date of payment of a distribution by the Company, as contemplated in rule 22.1.2, any outstanding balance due on the Purchase Price of certain STIP Purchase Shares or LTIP Purchase Shares, or a portion thereof, (i) is repaid before the due date for payment thereof in accordance with rule 22.2, or (ii) becomes payable by a Participant in accordance with these rules (whether as a result of cessation of such Participant's employment or otherwise) ("Portion Repaid or Repayable"), then notwithstanding rule 22.1.1 above:
- 22.1.4.1 interest shall accrue in respect of the period from and including the first day after, the end of the last financial period in which a distribution was paid, up to and including the date on which the Portion Repaid or Repayable, plus accrued interest in terms of this rule 22.1.4, is actually repaid by such Participant; and
- 22.1.4.2 all interest payable by such Participant in terms of 22.1.4.1, shall, as soon as it has been determined, be paid by the Participant to the Trustees (in respect of interest accrued on the outstanding balance due on the Purchase Price of LTIP Purchase Shares) or the Company (in respect of interest accrued on the outstanding balance due on the Purchase Price of STIP Purchase Shares). In this regard the Participant, by his acceptance of the Purchase Offer where credit has been extended, shall be deemed to have authorised the Trustees (in respect of LTIP Purchase Offers) or the Company (in respect of STIP Purchase Offer) to retain and utilise any proceeds derived from the sale of the Participant's LTIP Purchase Shares or STIP Purchase for the purpose of discharging any or all of his Share Debt from time to time.

## 22.2 Prepayment of outstanding balance

Subject to the provisions of rule 23, which provides for the Trustees (in respect of the LTIP) or the Board (in respect of the STIP), in certain circumstances, to repurchase the LTIP Purchase Shares or the STIP Purchase Shares, as the case may be, a Participant shall be entitled to pay the outstanding balance of the Share Debt before the due date of payment thereof. In the event of a Participant anticipating the date for the repayment of the outstanding balance of the Purchase Price, the Participant may be liable for any fixed rate cancellation fees or expenses incurred by the Trust (in respect of the LTIP) or the Board (in respect of the STIP), which are occasioned by the early repayment of the outstanding balance.

### 22.3 Death

If a Participant ceases to be employed by the Group, or his service contract with the Group is terminated, by reason of death then, in respect of those of the Participant's STIP Purchase Shares (in respect of the STIP) or LTIP Purchase Shares (in respect of the LTIP) which have not been paid for on the date of death ("**Termination Date**") or, only in the case of LTIP Purchase Shares, if paid for, have not been released from the provisions of rule 10.2.1.6 and/or rule 20.2.2 on the Termination Date, the following provisions shall apply:

- 22.3.1 the Share Debt outstanding in respect of such Shares shall become payable within 24 months after the Termination Date; and
- 22.3.2 as soon as the Share Debt has been paid in full, all restrictions against transactions in respect of those Shares shall immediately cease to be of any further force or effect.

### 22.4 Dismissal, resignation or retirement

At the earliest of the date of which any of the below occurs (each a "**Termination Date**"):

- 22.4.1 a Participant ceases to be employed by the Group, or
- 22.4.2 a Participant's service contract with the Group is terminated, by reason of such Participant's resignation, the dismissal of such Participant or retirement; or
- 22.4.3 the Group sends a written notice to the Participant that the Group intends to terminate his employment or service contract; or
- 22.4.4 the Participant sends a written notice to the Group that he intends to terminate his employment or service contract,

the following provisions shall apply:

- 22.4.5 in respect of such of the STIP Purchase Shares, which have not been paid for on the Termination Date –
  - 22.4.5.1 the Share Debt outstanding in respect of such Shares shall become payable within 30 days after the Termination Date; and
  - 22.4.5.2 as soon as the Share Debt has been paid in full, all restrictions against transactions in respect of those Shares shall immediately cease to be of any further force or effect.
- 22.4.6 in respect of such of those LTIP Purchase Shares which are entitled to be released pursuant to the provisions of rule 20.2.2, but for their being encumbered as contemplated in rule 10.2.1.6:
  - 22.4.6.1 the Share Debt outstanding in respect of such Shares, shall become payable within 30 days after the Termination Date; and
  - 22.4.6.2 as soon as such Share Debt has been paid on time and in full, together with the payment of all transfer duty payable in respect of the transfer such Shares (if any), all restrictions against transactions in respect of those Shares shall immediately cease to be of any further force or effect;
- 22.4.7 in respect of those LTIP Purchase Shares which remain subject to retention in accordance with the provisions of rule 20.2.2, the Share Debt in respect of those Shares shall be deemed not to have been paid by the due date and the provisions of rule 23 shall apply, *mutatis mutandis*, as if specifically incorporated herein.

### 22.5 Other Reasons for Cessation of Employment or Service Contract

If a Participant ceases to be employed by the Group, or his service contract with the Group is terminated by reason of circumstances other than those set out in rules 22.3 or 23.4 above, then the provisions of rule 22.3 above shall apply, *mutatis mutandis*, if approved by the Board, and for this purpose the Termination Date shall be deemed to be the date on which the Participant ceases to be employed by the Group, or his service contract with the Group is terminated.

### 22.6 Right to demand payment

Subject to rule 22.7, the Trustees (in the case of the LTIP) or the Board (in the case of the STIP) shall have the right and shall be obliged to demand payment of the Share Debt outstanding in respect of any STIP Purchase Shares or LTIP Purchase Shares, at any time after the repayment date stipulated in the Offer Letter, which date shall be a date not later than 10 years from the relevant Offer Date, it being recorded that all monies received by the Trust or the Board, as the case may be, in respect of the Purchase Price and interest thereon, whether in terms hereof or otherwise, shall be appropriated towards specific Shares.

## 22.7 Procedure after LTIP Purchase Shares fully paid

- 22.7.1 At any time after a LTIP Participant has paid the Share Debt and all interest thereon in respect of Shares which prior to such payment were LTIP Purchase Shares, such Shares shall, subject to the provisions of rule 20.2.2 and the Participant entering into suitable arrangements with the Trustees and/or the Company to allow the Trustees to fulfil their obligations referred to in rule 10.2.1.5.2 above, be released to the Participant or his nominee.
- 22.7.2 The Trustees (in the case of the LTIP) or the Board (in the case of the STIP) may reach alternative arrangements with Participants or the relevant executor or legal representative in the case of cessation of employment with Group, or cessation of service contract with the Group pursuant to the provisions of rules 22.3, 22.4 or 22.5.

## 23. CANCELLATION OF SALE PURSUANT TO PURCHASE OFFER

- 23.1 If any amount in respect of the Share Debt of any STIP Purchase Shares (in respect of the STIP) or LTIP Purchase Shares (in respect of the LTIP) becomes payable by virtue of the provisions of rule 22 and if any such amount is not paid by the due date thereof, then the Trustees (in the case of the LTIP) or the Board (in the case of the STIP) shall be entitled, by resolution to that effect, to cancel that sale, in whole or in part, in terms of which those STIP Purchase Shares or LTIP Purchase Shares, as the case may be, were acquired by that Participant and, thereupon:
- 23.1.1 that Participant shall cease to have any interest in the Shares in respect of which the balance of the Share Debt was due to be paid (or in respect of those of such Shares in respect of which that sale is so cancelled);
- 23.1.2 those Shares shall become Unreserved Shares;
- 23.1.3 the Participant concerned shall be liable to the Trust or the Board, as the case may be, for damages suffered in consequence thereof; and
- 23.1.4 the Trustees or the Board, as the case may be, must repay to the Participant all or any part of the Purchase Price that such Participant has already paid up in respect of such Shares less any costs, expenses or damages of whatsoever nature that have been or will be incurred by the Company and/or the Trust as a consequence of such failure to pay the Share Debt and subsequent cancellation of the sale of those Shares.
- 23.2 To the extent permitted by Applicable Law, should the Participant fail and/or refuse to comply with his obligations, the Trustees or the Board, as the case may be, shall be empowered to authorise and direct (and the Participant, by accepting an Purchase Offer of STIP Purchase Shares or LTIP Purchase Shares, similarly authorises irrevocably and in *rem suam*) the Secretary to do all such things necessary and sign all or any documents on behalf of that Participant necessary to give effect to the provisions of these Rules, but without prejudice to any other rights which the Trustees or the Board, as the case may be, may enjoy under these Rules or the common law.

## 24. TERMINATION OF EMPLOYMENT OR SERVICE CONTRACT IN RESPECT OF LTIP AWARDS

### 24.1 Cessation of Employment or Service Contract

Unvested LTIP Award Shares shall be forfeited and cancelled in their entirety with effect from the occurrence of any of the first of the following events ("**Termination Events**"): (i) a Participant ceasing to be an employed by the Group; (ii) a Participant's service contract with the Group being terminated, by reason of such Participant's resignation, the dismissal of such Participant or retirement; (iii) the Group sending a written notice to the Participant that the Group intends to terminate his employment or service contract; or (iv) the Participant sending a written notice to the Group that he intends to terminate his employment or service contract and/or not to be any longer a Participant. For the avoidance of doubt, the Vested LTIP Award Shares as at the Termination Event shall be unaffected by this provision. LTIP Award Shares which have been allocated to Participants but are not subsequently issued to Participants, shall revert back to the Incentive Plan.

### 24.2 Applicability of Provisions to Family Entity

If and to the extent that an Award has been made (on behalf of a Participant), or assigned, to a Family Entity as contemplated in Rule 18, those provisions of the LTIP Awards for Key Individuals and for Executives which make reference to or which are triggered by the death, retirement, resignation, dismissal or other cessation of employment or termination of the service contract of the Participant shall be read contextually with reference to the assignor Key Individual or Executive.

## 25. RIGHTS ISSUES

- 25.1 Each Participant shall be entitled to participate in any Rights Issue in accordance with the terms thereof.
- 25.2 If a Participant participates in any Rights Issue, the Rights Issue Shares acquired in respect of his LTIP Award Shares, LTIP Purchase Shares or STIP Purchase Shares shall not become Plan Shares and these Rules shall not apply to such Rights Issue Shares.
- 25.3 The Board (in respect of the STIP) or the Trustees acting on the instructions of the Directors (in respect of the LTIP) may, subject to the statutes, lend monies to a Participant who has accepted a STIP Purchase Offer or a LTIP Purchase Offer, to enable such Participant to follow his rights under a Rights Issue and the amount so lent shall be deemed to form part of the outstanding balance of the Share Debt payable by the Participant for his STIP Purchase Shares (in respect of the STIP) or LTIP Purchase Shares (in respect of the LTIP).
- 25.4 If a Participant elects not to participate in any Rights Issue, any letter of allocation arising therefrom may be sold:
- 25.4.1 in the case of Participants who have received LTIP Award, by the Escrow Agent for the Participant's benefit;
- 25.4.2 in the case of Participants who have accepted LTIP Purchase Offers, by the Trust, if the Trustees so decide, for the Participant's benefit and the net proceeds, if any, of such sale shall be applied to reduce the Share Debt owing in respect of the LTIP Purchase Shares of the Participant where credit has been extended in respect of such LTIP Purchase Shares.
- 25.4.3 in the case of Participants who have accepted STIP Purchase Offers by the Board, if the Board so decides, for the Participant's benefit and the net proceeds, if any, of such sale shall be applied to reduce the Share Debt outstanding in respect of the STIP Purchase Shares of the Participant where credit has been extended in respect of such STIP Purchase Shares.

## 26. CAPITALISATION ISSUES

- 26.1 In respect of the LTIP Awards, every LTIP Participant can participate in any Capitalisation Issue in respect of all Unvested LTIP Award Shares. All Capitalisation Shares issued in connection to Unvested LTIP Award Shares shall be allotted and issued as free and unrestricted Shares.
- 26.2 A Participant may only participate in a Capitalisation Issue in respect of their LTIP Purchase Shares or STIP Purchase Shares, as the case may be, if before the Record Date of the Capitalisation Issue, the Participant:
- 26.2.1 notifies the Trustees (in the case of LTIP Participants) or the Company (in the case of STIP Participants) in writing that such Participant wishes to participate in the Capitalisation Issue, and the aggregate gross dividend declared by the Company in respect of which the Participant wishes to elect Capitalisation Shares ("**Capitalised Gross Dividend**"); and
- 26.2.2 discharges the same portion of his Share Debt as the Capitalised Gross Dividend.
- 26.3 All Capitalisation Shares received by a Participant in respect of their LTIP Purchase Shares or STIP Purchase Shares pursuant to rule 26.2 above shall be allotted and issued as free and unrestricted Shares.

## 27. CHANGE OF CONTROL

### Unvested LTIP Award Shares

- 27.1 To the extent permitted by Applicable Law, should there be a Change of Control in relation to the Company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement, or offer ("Change of Control Transaction"), a Participant shall be entitled but not obliged to in all respects participate as Shareholder in the Change of Control Transaction, provided that if and to the extent that a Participant disposes of his Unvested LTIP Award Shares pursuant to the Change of Control Transaction, the consideration payable for the Unvested LTIP Award Shares in terms of the Change of Control Transaction is payable in:
- 27.1.1 cash, the Participant, to the extent necessary, irrevocably authorises the Company and the Escrow Agent to (i) sign any transfer declaration or other document which may require signature in order to implement any such disposal and (ii) deposit the proceeds of the disposal with the Escrow Agent, to be held on behalf of the Participant until the Vesting Date of the Unvested LTIP Award Shares in respect of which

such proceeds were paid, on the basis that the provisions of rule 19 shall apply to such proceeds *mutatis mutandis*, and subject to rule 19, the relevant proceeds, including accrued interest thereon, will be paid to the Participant after the relevant Vesting Date of the Unvested LTIP Award Shares in respect of which such proceeds were received; or

- 27.1.2 securities (“**Consideration Securities**”), these Rules shall continue to apply to the Participants on the basis that all provisions applicable to such Participant’s Unvested LTIP Award Shares shall forthwith apply to the Consideration Securities issued in consideration for such Unvested LTIP Award Shares. The Participant, to the extent necessary, irrevocably authorises the Company to sign any transfer declaration or other document which may require signature in order to implement any such disposal; or
- 27.1.3 a combination of cash and securities, the provisions of rule 27.1.1 shall apply in respect of those Unvested LTIP Award Shares for which the consideration is paid in cash, and the provisions of rule 27.1.2 shall apply in respect of those Unvested LTIP Award Shares for which the consideration is paid in consideration securities.

27.2 Should a LTIP Participant decide not to participate as Shareholder in the Change of Control Transaction then he will still retain his Unvested LTIP Award Shares and these Rules will continue to apply in respect of the Unvested LTIP Award Shares, unless if an alternative arrangement is entered into between the Participant the Company.

### **Reserved Shares**

27.3 Should there be a Change of Control Transaction, the directors will use their best endeavours to procure, insofar as they are able, that the same or a similar offer be made or scheme of arrangement proposed, as the case may be, to all Participants in respect of all Reserved Shares and the Participant shall, subject to the provisions of rules 27.4, 27.5 and 27.6, be entitled to transfer of those Shares pursuant to such Change of Control Transaction.

### **STIP Purchase Shares with outstanding Share Debt**

- 27.4 To the extent permitted by Applicable Law, should there be a Change of Control Transaction, a Participant shall be entitled but not obliged to in all respects participate as a Shareholder in the Change of Control Transaction, in respect of STIP Purchase Shares where the outstanding Share Debt has been paid the Company in full, either in cash or by applying the proceeds of the sale of STIP Purchase Shares to the outstanding Share Debt as contemplated in rule 27.5.
- 27.5 A Participant shall be entitled to request that the Company endeavours to sell their Reserved Shares and that the proceeds received from such sale (less any expenses incurred by the Company in implementing the sale) are applied to reduce the outstanding Share Debt of such a Participant.

### **LTIP Purchase Shares with outstanding Share Debt**

- 27.6 To the extent permitted by Applicable Law, should there be a Change of Control Transaction, a Participant shall be entitled but not obliged to in all respects participate as a Shareholder in the Change of Control Transaction, in respect of LTIP Purchase Shares where the outstanding Share Debt has been paid the Company in full, either in cash or by applying the proceeds of the sale of LTIP Purchase Shares to the outstanding Share Debt as contemplated in rule 27.5, provided that if and to the extent that a Participant disposes of his LTIP Purchase Shares pursuant to the Change of Control Transaction, and the consideration payable for the LTIP Purchase Shares in terms of the Change of Control Transaction is payable in:
  - 27.6.1 cash, the proceeds of the disposal shall be held by the Company on behalf of the Participant until the Release Date of the LTIP Purchase Shares in respect of which such proceeds were paid, on the basis that the provisions of rule 20.2.2 shall apply to such proceeds *mutatis mutandis*, and subject to rule 20.2.2, the relevant proceeds, including accrued interest thereon, will be paid to the Participant after the relevant Release Date of the LTIP Purchase Shares in respect of which such proceeds were received; or
  - 27.6.2 securities (“**Consideration Securities**”), the Consideration Securities will be pledged to the Company and will be released to the Participant upon the Release Date of the LTIP Purchase Shares in respect of which such Consideration Securities were issued, on the basis that the provisions of rule 20.2.2 shall apply to such Consideration Securities *mutatis mutandis*, and subject to rule 20.2.2 the relevant Consideration Securities will be released to the Participant after the relevant Release Date of the LTIP Purchase Shares in respect of which such Consideration Securities were issued; or

- 27.6.3 a combination of cash and securities, the provisions of rule 27.6.1 shall apply in respect of those LTIP Purchase Shares, or portion thereof, for which the consideration is paid in cash, and the provisions of rule 27.6.2 shall apply in respect of those LTIP Purchase Shares, or portion thereof, for which the consideration is paid in Consideration Securities.
- 27.7 The Participant irrevocably authorises the Company to sign any document which may require signature in order to ensure compliance with the provisions of rule 21.6.
- 27.8 Notwithstanding anything to the contrary herein contained, no term shall be implied to prevent the Company from disposing of any of its subsidiaries or losing control thereof, or any of the Company or the subsidiaries from disposing of their businesses at any time and each Participant waives any claims he may have as a result thereof under the Incentive Plan, provided that such waiver shall not derogate from any rights available to such Participant in law. In such event any outstanding Share Debt in respect of any Reserved Shares may become repayable within such period as the Directors may determine in their sole discretion which shall not be within less than 60 days of such disposal or loss of control nor more than 240 days after such disposal or loss of control. The Participant's shall be entitled to request that the Company endeavour to sell their Reserved Shares and that the proceeds received from such sale (less any expenses incurred by the Company in the sale) are applied to reduce such outstanding Share Debt.

## **PART 5: GENERAL**

### **28. TAX LIABILITY**

- 28.1 Notwithstanding any other provision in these Rules, if the Company or a Contracting Company are obliged or consider it necessary (or would suffer a disadvantage of any nature if they were not) to account for, withhold or deduct any Tax in any jurisdiction which is payable in respect of, or in connection with, the Settlement to a Participant of Shares, the payment of a cash amount and/or otherwise in connection with the Plan, then the Company or the Contracting Company (as the case may be) shall be obliged to account for, withhold and/or deduct such Tax.
- 28.2 The Company is hereby irrevocably and in *rem suam* nominated, constituted and appointed as the sole attorney and agent of a Participant, in that Participant's name, place and stead to sign and execute all such documents and do all such things as are necessary to give effect to the provisions of this rule 22.

### **30. ADJUSTMENTS ON REORGANISATION OF COMPANY OR SHARE CAPITAL**

- 30.1 If the Company, at any time before the Vesting Date of any LTIP Award Shares, before the Settlement of any STIP Award or before the Purchase Price Owing plus any interest thereon on any STIP Purchase Shares or LTIP Purchase Shares has been paid in full:
- 30.1.1 is put into liquidation for the purpose of reorganisation; or
  - 30.1.2 is a party to a scheme of arrangement affecting the structure of its share capital; or
  - 30.1.3 makes a distribution, whether by way of the declaration of a distribution or by way of a disposal at less than fair value, of a capital asset of the Company; or
  - 30.1.4 splits or consolidates its Shares; or
  - 30.1.5 is a party to a reorganisation; or
  - 30.1.6 ceases to retain a nominal value for its Shares; or
  - 30.1.7 reduces its share capital or redeems any of its Shares,
- the Directors (in respect of the STIP) or the Trustees if requested to do so by the Directors (in respect of the LTIP) shall be entitled to effect such adjustments to the Share Award Price in respect of those Award Shares or Purchase Price in respect of those STIP Purchase Shares or LTIP Purchase Shares, as the Auditors, acting as experts and not as arbitrators, certify as being fair and reasonable in the circumstances and subject (where necessary) to the sanction of the court. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.
- 30.2 Upon finalisation of the adjustment in terms of rule 30.1, the Auditors shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the Plan.

- 30.3 If the company is placed in liquidation otherwise than in terms of Rule 30.1.1:
- 30.3.1 the full amount owing by each Participant shall forthwith become due and payable, provided that Directors (in respect of the STIP) or the Trustees if requested to do so by the Directors (in respect of the LTIP) may release a Participant from any balance owing by him to the Company;
  - 30.3.2 save as provided in Rule 30.3.1, the Incentive Plan shall *ipso facto* lapse as from the Date of Liquidation (which shall have the meaning contemplated in rule 30.4).
- 30.4 For purposes of rule 30.3.2 “**Date of Liquidation**” shall mean the date upon which any application (whether provisional or final) for the liquidation of the Company is lodged at the relevant court.

### 31. AMENDMENTS TO THESE RULES

- 31.1 These Rules may be amended from time to time by the Directors, but:
- 31.1.1 the terms or conditions of allotment of any Plan Shares may not be altered without such consent on the part of the Participants concerned (treated as a separate class) as would be required under the Company’s memorandum of incorporation for a variation or cancellation of the rights attached to those Shares;
  - 31.1.2 no amendment shall be made to these Rules, if the Company’s Shares are listed on the JSE, without the prior approval of the JSE, if so required in terms of the JSE Listings Requirements;
  - 31.1.3 no amendment in respect of the following matters shall operate unless such amendment has been approved by Shareholders passing an ordinary resolution (requiring a 75% majority of the votes cast in favour of such resolution by all Shareholders present or represented by proxy at the general meeting to approve such resolution) which approval will exclude all the votes attaching to the Shares of the Participants under this Incentive Plan who will be impacted by the amendment:
    - 31.1.3.1 the type of persons who may become Participants under the Incentive Plan;
    - 31.1.3.2 the voting, distribution, transfer and other rights (including those arising on the liquidation of the Company) attaching to Plan Shares;
    - 31.1.3.3 the total number of the Plan Shares which may be utilised for purposes of the Incentive Plan and the number of Plan Shares per Participant;
    - 31.1.3.4 the basis for determining the Share Award Price which shall be a fixed mechanism for all Participants under the Incentive Plan the procedure to be adopted on termination of employment or service contract or retirement of a Participant;
    - 31.1.3.5 the rights of Participants, should such Participants leave the employment of the Company whether by termination, resignation, retirement or death resulting in an early departure from the Plan;
    - 31.1.3.6 the dates on which payment of the Purchase Price, plus any interest which has accrued thereon, must be made by Participants in respect of Purchase Offers, both where credit is given and where credit is not given to such Participant in respect of such Purchase Offer;
    - 31.1.3.7 the procedures to be adopted in instances of mergers, takeovers or corporate actions; and
    - 31.1.3.8 the basis upon which STIP Awards or LTIP Awards are made to Participants.
- 31.2 Notwithstanding the provisions of rule 31.1, but subject to the JSE Listings Requirements, if it should become necessary or desirable by reason of the enactment of any new act or regulation at any time after the signing of these Rules, to amend the provisions of these Rules so as to preserve the substance of the provisions contained in these Rules but to amend the form so as to achieve the objectives embodied in these Rules in the best manner having regard to such new legislation and without prejudice to the Participants concerned, then the Directors may amend these Rules accordingly.

### 32. TERMINATION OF INCENTIVE PLAN

The Plan shall terminate as soon as all of the following events have taken place:

- 32.1 the Directors resolve that the Plan shall terminate; and
- 32.2 the Company has received payment in full of all amounts owed to it by the Participants which are recoverable; and
- 32.3 if applicable, when the Company has discharged all its obligations to the Participants.

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## EXISTING NEPI SHARE PURCHASE SCHEME

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### 1. INTERPRETATION AND PRELIMINARY

The headings of the clauses in this agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this agreement nor any clause hereof. Unless a contrary intention clearly appears –

#### 1.1

- 1.1.1 “**auditors**” means the auditors for the time being of the company;
- 1.1.2 “**capitalisation issue**” means the issue of shares on a capitalisation of the company’s profits and/or reserves;
- 1.1.3 “**capitalisation share**” means a fully paid share allotted, in a capitalisation issue, in respect of a scheme share during the time that the share to which it is linked in terms of clause 16 is a scheme share;
- 1.1.4 “**directors**” means the board of directors for the time being of the company acting either itself or through any committee thereof to or upon whom the powers of the directors in respect of this scheme are delegated or are conferred;
- 1.1.5 “**discretion**” means a sole, absolute and unfettered discretion;
- 1.1.6 “**group**” means the company and its subsidiaries;
- 1.1.7 “**immediate relations**” means, in relation to a beneficiary, a person who is:
  - 1.1.7.1 that beneficiary’s spouse;
  - 1.1.7.2 a descendant (including an adopted child) of that beneficiary;
- 1.1.8 “**Internalisation**” means the internalisation by the company of its investment advisor, NEPI Investment Management Limited pursuant to a Sale-Purchase agreement dated 21 June 2010;
- 1.1.9 “**issued shares**” means all shares issued by the company including scheme shares and capitalisation shares and rights issue shares linked thereto;
- 1.1.10 “**JSE**” means the securities exchange of that name operated by the JSE Limited in terms of a licence issued under the Securities Services Act, 2004;
- 1.1.11 “**NEPI incentive scheme**” means the existing “NEPI investment advisor incentive scheme”, which has been in place since before the company’s listing on the AIM market of the London Stock Exchange and the salient features of which are set out in the Pre-Listing Statement issued on 8 April 2009 in connection with the company’s listing on the JSE;
- 1.1.12 “**offer**” means an offer made under the scheme to an offeree to either purchase shares from the trust or to subscribe for shares in the company;
- 1.1.13 “**offer date**” means the date on which an offer to an offeree, in terms of the scheme, is made to him;
- 1.1.14 “**offeree**” or “**participant**” means an employee nominated in terms of the provisions of the scheme to receive an offer;
- 1.1.15 “**purchase price**” means the price per share contained in the offer to the offeree being equal to the weighted average sales price per share over the 30 business days immediately preceding the offer date less 5 percent;
- 1.1.16 “**record date**” means the close of business on the day the register of the company will be closed to determine entitlement to participate in a rights or capitalisation issue, as the case may be;
- 1.1.17 “**reserved share**” means a scheme share which a beneficiary has subscribed for or purchased from the trust whilst:
  - 1.1.17.1 the purchase price therefor remains outstanding; and/or;
  - 1.1.17.2 it is subject to the restrictions contained in clauses 4.6and/or 11.2;

- 1.1.18 “**retired employee**” means any former employee who is a beneficiary on his retirement and has retired at or after the normal retirement age (as laid down in the company’s pension fund regulations from time to time or failing that as determined by the company) or, with the approval of the directors, prior to the normal retirement age;
- 1.1.19 “**rights issue**” means the offer of any securities of the company or of any other body corporate to all shareholders of the company *pro rata* to their holdings at the record date;
- 1.1.20 “**rights issue shares**” means, in relation to scheme shares, in the case of a rights issue, those shares offered in terms of such rights issue by virtue of being a holder of scheme shares;
- 1.1.21 “**scheme**” means the scheme set out in this deed, as may be amended from time to time in terms of clause 20;
- 1.1.22 “**scheme allocation**” means, subject to the provisions of clause 10.1.2, the aggregate number of shares which can be offered for subscription or purchase under this scheme, being 15 000 000 shares less the number of shares issued in terms of the NEPI incentive scheme and in respect of which the purchase price remains outstanding as at the date of implementation of this scheme, being 5,100,790 shares;
- 1.1.23 “**scheme share**” means subject to the provisions of clause 11, any share acquired by the trustees or the rights to which are acquired by the trustees (either by way of subscription or purchase) in terms of the scheme;
- 1.1.24 “**secretary**” means the secretary of the company for the time being;
- 1.1.25 “**share**” means a share in the share capital of the company;
- 1.1.26 “**share debt**” means at any relevant time in respect of a tranche of shares purchased or subscribed for pursuant to an offer, the original purchase price at which such shares were purchased or subscribed for, and any amount in respect of tax, if any, lent to a beneficiary pursuant to clause 7.7 and any other amount lent to a beneficiary, in each case together with any interest accrued thereon, which is outstanding from time to time;
- 1.1.27 “**statutes**” means any statute affecting the company, the scheme and the performance of the functions and duties by trustees;
- 1.1.28 “**subsidiary**” means a company which is a subsidiary of the company;
- 1.1.29 “**trust**” means the NEPI Share Purchase Trust constituted in terms of this deed;
- 1.1.30 “**trustees**” means the trustees holding office as such in terms of this deed;
- 1.1.31 “**unreserved share**” means a scheme share which is not a reserved share;
- 1.1.32 “**year**” means the company’s financial year;

## 2. PURPOSE

The purpose of the scheme is to:

- 2.1 align the interests of NEPI’s employees, executive directors and suitable candidates with those of the shareholders of the company;
- 2.2 facilitate the winding down of the NEPI incentive scheme by making offers to participants for the purchase of shares from the trust or the subscription for shares in the company in the stead of the NEPI incentive scheme.

## 3. POWERS OF TRUSTEES

- 3.1 The trustees shall, in addition to such other powers as may be conferred upon them by law or elsewhere in this deed (whether express or implied), have the following powers:
  - 3.1.1 to acquire for purposes of the scheme, shares either by original subscription or purchase through the market or otherwise, and upon such terms as they in their discretion may deem fit;
  - 3.1.2 subject to authority having been conferred upon them by the resolution of the directors of the company:
    - 3.1.2.1 to invest the surplus moneys of the trust in such investments, on such terms and in such manner as they in their discretion may determine;

- 3.1.2.2 to realise any such investment and to reinvest the proceeds in the manner aforesaid;
  - 3.1.3 to borrow or raise moneys from the company and/or any other person for the purposes of the scheme, on such terms as they in their discretion may deem fit, which shall include, without limitation, the right to pledge or otherwise encumber any of the scheme shares for the purposes of securing such borrowings or raising of moneys. If the trust borrows monies from any third party and the lender becomes entitled at any time to acquire any of the scheme shares which may be onward pledged by the trust to the lender as security for the loan by the lender to the trust, in terms of the pledge, the company undertakes to the trust that it will lend the trust the necessary funds in order to enable the trust to acquire any such scheme shares;
  - 3.1.4 instead of acting personally to employ, as far as may reasonably be necessary, and to pay, any legal adviser or any other person to transact any business or do any act of whatsoever nature required to be done pursuant to this deed, including the receipt and payment of money, provided that any reasonable payment made in terms hereof shall be refunded to the trustees by the trust and that a trustee, being a legal adviser or other person engaged in any profession and any company or partnership of which he is a director or shareholder, may be so employed to act and shall be entitled to charge and be paid by the trust all reasonable professional charges for any business or act done by him or his firm in pursuance of this deed;
  - 3.1.5 to take and act upon any expert or professional advice;
  - 3.1.6 to delegate to any person the performance of all or any acts or the exercise of all or any discretions which they are entitled to perform or exercise under this deed;
  - 3.1.7 subject to the statutes, to open and operate accounts of all descriptions with registered banks;
  - 3.1.8 to draw, accept, make or endorse cheques, bills of exchange or promissory notes for and on behalf of the trust;
  - 3.1.9 to exercise all rights conferred by shares and other assets of the trust, including voting rights, rights of conversion, rights to take up further allotments (by way of capitalisation or rights issues) of shares and the like, as they in their discretion may deem fit, but subject to the rules and policies of any securities exchange on which the company's securities may be listed from time to time including the provisions of the Listings Requirements of the JSE;
  - 3.1.10 subject to authority having been conferred upon them by the resolution of the directors of the company, to make loans to any person, whether interest bearing or otherwise or whether secured or unsecured, for any purpose considered by the trustees to be in the interests of the trust and/or the beneficiaries;
  - 3.1.11 to cancel a sale of scheme shares which have been purchased (and are thus reserved shares) by a beneficiary arising from the acceptance of an offer, as contemplated in this deed; and
  - 3.1.12 to exercise such further rights, powers and authorities as may from time to time be conferred upon them by the resolution of the directors of the company.
- 3.2 Without prejudice to anything aforesaid, the trustees shall have:
- 3.2.1 full capacity to contract on behalf of the trust, subject always to such limitations, if any, as may be imposed by this deed, provided that they will under no circumstances be personally liable on any such contract, subject to the statutes; and
  - 3.2.2 *locus standi in judicio* and be capable of bringing, defending, opposing, withdrawing, settling and/or otherwise acting in connection with any proceedings whatsoever in or before any court, or in any arbitration, or before any other forum, provided that all costs reasonably incurred by them in that regard shall be for the account of the trust.

#### 4. DUTIES OF TRUSTEES

The trustees, in addition to any other duty imposed by this deed, whether express or implied, shall:

- 4.1 make offers to offerees as directed in terms of clause 7, but always subject to the provisions of the statutes;
- 4.2 procure that all scheme shares in existence and any capitalisation shares linked thereto remain registered in the names of the trustees and ensure that they remain so registered until an offeree has, in respect of such shares, accepted an offer, subject to clause 10.2.2.1.2, at which time such shares shall, subject to the provisions of clause 4.6 below:

- 4.2.1 be registered into the name of the relevant beneficiary, provided that, in respect of any shares against which there is a restriction on disposal or dealing in terms of this trust deed, they shall be retained in the possession of the trustees irrespective of the fact that the purchase price has been paid in full, until the beneficiary is entitled to dispose of such shares in terms of clause 11.2;
- 4.2.2 after on-sale by the beneficiary to a trust established primarily for the benefit of the relevant beneficiary or his immediate relations or to any private company or close corporation, or the shares of which are or the entire interest in which is, and continues to be held or beneficially owned by the relevant beneficiary or his immediate relations, whether prior to or after registration into the name of such beneficiary and subject to clause 10.2.2.1.2, be registered into the name of the trustees *nomine officii*, of such trust or such private company or close corporation, provided that:
  - 4.2.2.1 any such trust, company or close corporation agrees in writing to be bound by the provisions of this trust deed (other than the payment of the share debt, for which the beneficiary will remain liable) as though it were the beneficiary, *mutatis mutandis*; and
  - 4.2.2.2 the relevant beneficiary concerned furnishes a suretyship or guarantee, in favour of the trustees, to the satisfaction of the trustees for the obligations of the trust, private company or close corporation concerned; and
  - 4.2.2.3 for so long as the relevant beneficiary is prohibited from selling the reserved shares which are on-sold to the trust, company or close corporation as aforesaid, the beneficiaries of such trust may not change and the control of such company and close corporation may not change and, if there is a breach of the provisions of this clause 4.2.2.3, the trustees may cancel the sale of such reserved shares to the said beneficiary;
- 4.3 procure that all circulars, letters and other documents issued to shareholders of the company in any rights issue or capitalisation issue are issued to beneficiaries as well;
- 4.4 immediately prior to the release of shares to a beneficiary in terms of clause 11.2 and on receipt of a written instruction from the beneficiary concerned, sell such number of shares on the open market as is required to settle the remaining share debt in respect of such shares, if any, provided that if the proceeds from the sale as aforesaid will or are likely to realise insufficient proceeds to settle the quantum of the share debt, the Trustees shall be entitled to refuse to effect the sale unless the beneficiary provides to the Trustees security for the payment of the difference between the share debt and the amount anticipated to be realised;
- 4.5 cause to be released to a beneficiary upon his complying in full with his obligations in terms of any sale, the reserved shares and all capitalisation shares linked thereto, subject to:
  - 4.5.1 the provisions of clauses 4.2 and 4.4 above and 11.2 below;
  - 4.5.2 the trustees entering into suitable arrangements with the company for the recovery by the company of any amounts of tax payable by the beneficiary upon such release; and
  - 4.5.3 any other relevant provisions of this deed;
- 4.6 ensure that, for so long as the share debt in respect thereof has not been discharged in full, all reserved and capitalisation shares linked thereto, in respect of which an offer has been accepted and which have been registered in the name of a beneficiary or his nominee in terms of clause 4.2.2, are pledged to the trustees by way of security for the payment of the full share debt payable by such beneficiary in respect thereof, the form of such pledge to be determined by the trustees, or otherwise held by the trustees until released in terms of clause 11.2;
- 4.7 cause proper records and books of account to be kept of the business and affairs of the trust and their administration thereof, which records and books shall be in the custody of the secretary on behalf of the trustees;
- 4.8 keep separate accounts in respect of:
  - 4.8.1 all monies lent and advanced by the company and all shares acquired pursuant to such loans;
  - 4.8.2 all monies lent and advanced by any subsidiary and all shares acquired pursuant to such loans;
  - 4.8.3 all monies lent and advanced by any person other than the company or any of its subsidiaries and all shares acquired pursuant to such loans;
  - 4.8.4 all sales of or subscription for shares in terms of the scheme;

- 4.9 keep separate accounts in respect of each beneficiary, which shall reflect:
  - 4.9.1 the number of scheme and capitalisation shares pledged to the trust for his account;
  - 4.9.2 the liability of such beneficiary in respect thereof;
  - 4.9.3 all payments made in respect thereof;
- 4.10 ensure that the records and books of account referred to above are at all times available for inspection by any director or other authorised representative of the company;
- 4.11 cause to be prepared and audited, as soon as possible after the end of each financial year of the trust (which shall coincide with that of the company):
  - 4.11.1 a balance sheet and income statement;
  - 4.11.2 such further accounts, if any, of the trust as the trustees in their discretion may deem fit; and
  - 4.11.3 as soon as possible after the completion of the balance sheet and accounts referred to above, deliver to the company 3 copies thereof duly signed by the trustees.

## 5. INDEMNITY

Subject to the statutes:

- 5.1 the trustees shall not be liable for any loss sustained in the trust or by any beneficiary from whatsoever cause arising, save and except any loss sustained as a result of the wilful dishonesty of the trustees, either collectively or individually;
- 5.2 no trustee shall be liable for any act of dishonesty or other misconduct committed by any other trustee unless he knowingly allowed it or was an accessory thereto;
- 5.3 the trust indemnifies the trustees and every legal adviser, agent or other person appointed by the trustees hereunder against all actions, proceedings, costs, liabilities, claims, expenses and demands in respect of any matter or thing done or omitted to be done in any way in the execution of their offices as trustees, otherwise than in respect of claims for which in terms of the statutes the trustees cannot be indemnified; and
- 5.4 if the trustees *bona fide* make any payment to any person whom they assume to be entitled thereto under the terms of this deed and it is subsequently found that the recipient was not entitled thereto hereunder, the trustees shall nevertheless not be responsible for the moneys so paid.

## 6. TERMINATION OF TRUST

- 6.1 The trust shall terminate as soon as all of the following events have taken place:
  - 6.1.1 it ceases to hold any scheme shares and the directors resolve that the trust shall terminate;
  - 6.1.2 it has received payment in full of all amounts owed to it by the beneficiaries which are recoverable;
  - 6.1.3 if applicable, when the trustees have discharged all their obligations to the beneficiaries; and
  - 6.1.4 it has repaid any amounts owing to any third parties other than the company and its subsidiaries.
- 6.2 Subject to authority having been conferred upon them by a resolution of the directors of the company and subject to the provisions of the Act, upon termination, the trustees shall realise the assets of the trust, wind up the affairs of the trust and pay over to the company any surplus (after discharging liabilities) remaining in the trust. Furthermore, even during the administration of the trust, subject to clause 3.1.2, all surplus funds (after discharging liabilities) held by the trust from time to time shall be paid over to the company.
- 6.3 Any such surplus may be applied by the company in such manner and at such times as the directors shall determine in their discretion.
- 6.4 Should the amount paid by the trustees to the company in terms of clause 6.2 fall short of the full indebtedness of the trust to the company, the trustees shall be relieved of all liability for such shortfall, which shall constitute a loss to be borne by the company and/or its subsidiaries.

## 7. OFFER OF SHARES

- 7.1 The directors may from time to time offer shares to the trustees (and simultaneously instruct and authorise the trustees in writing to offer such shares to employees named in the offer) in respect of such number of shares as do not exceed the scheme allocation.
- 7.2 Such shares shall be offered for subscription or purchase in terms of an offer at the purchase price. The directors may, in terms hereof grant authority to the trustees to make offers, not only in respect of new shares to be allotted by the company but also in respect of shares which are acquired by the trust from whatsoever source.
- 7.3 The instruction and authority referred to in clause 7.1 (which shall be in the form of a written direction) shall be accompanied by a certified copy of the resolution referred to in clause 9.2 and the trustees shall forthwith offer the shares referred to in such resolution, in terms of clause 16, to the offerees named or referred to in such resolution.
- 7.4 The trustees shall be bound to accept an offer referred to in clause 7.1 to the extent to which they receive valid acceptances from the offerees referred to in clause 7.3 with effect from the offer date.
- 7.5 Those shares referred to in clause 7.1 shall be allotted and issued or acquired subject to the provisions of this deed and each such allotment shall, without limiting the generality of the foregoing, be upon the following terms, namely that:
- 7.5.1 (whether they are issued to the trustees directly or acquired by them after their issue) they may be disposed of by the trustees only as directed in terms of clause 9, unless subject to the statutes, otherwise directed by the directors;
- 7.5.2 (whether they are issued to the trustees directly or are acquired by them subsequently) they will constitute scheme shares;
- 7.5.3 the full purchase price due to the trustees by a beneficiary on account of his accepting an offer where credit is given shall be paid as provided in clause 13 on accepting an offer and, where credit is not given, shall be paid in cash on acceptance of the offer, provided that in those cases where the provisions of clause 10.2.2.1.2 apply there shall be compliance with those provisions; and
- 7.5.4 *vis-à-vis* a beneficiary, while they are reserved shares, such shares and any capitalisation shares linked thereto which are the subject of an offer which has been accepted shall participate in full, subject to the provisions of 10.2.2.1.2, in all rights and capitalisation issues and in the dividends declared from time to time by the company.
- 7.6 Whenever the trustees acquire any shares for purposes of the scheme other than in terms of clauses 7.1 to 7.4, the company shall treat such acquisition as if it were in terms thereof and the provisions of clause 7.5 will thereupon apply to all shares so acquired.
- 7.7 The trustees shall on the written direction of the directors, to the extent specified in such written direction, extend to an offeree credit to enable such beneficiary to purchase and/or subscribe for shares of the company to be held by such employee as owner and the terms of credit shall be as reflected in clause 13.1, the provisions of which shall apply *mutatis mutandis*. Such credit may be repaid at any time by the employee but not later than 10 years from the making of the loan.

## 8. FINANCIAL ASSISTANCE

- 8.1 Upon every issue or acquisition of shares in terms of clause 7 and whenever the trustees propose to acquire any other shares for purposes of the scheme or to make a loan to a beneficiary as contemplated herein, an amount equal to the total consideration payable on account of those shares shall be lent and advanced to the trustees in terms of the further provisions hereof, as and when they become obliged to pay the consideration except to the extent that the trustees have funds available for that purpose.
- 8.2 Save to the extent that the trustees borrow funds from any person other than the company and/or subsidiary, the person to lend and advance moneys to the trustees in terms of the above shall be:
- 8.2.1 the company, insofar as those shares are to be offered to employees of the company; or
- 8.2.2 a subsidiary of the company, insofar as those shares are to be offered to employees of that subsidiary.

- 8.3 The company and/or one or more companies in the group nominated by it from time to time shall, subject to the prior approval of its directors, lend and advance to the trustees, as and when required by them, money for the proper execution of their duties as such, including, without derogating from the generality of the foregoing:
- 8.3.1 for payment of any disbursements and expenditure incurred by them in their capacity as trustees;
  - 8.3.2 for payment of amounts due in terms of the provisions regarding the remuneration of the Trustees;
  - 8.3.3 for payment of any amount in respect of which they have been indemnified in terms of clause 5;
  - 8.3.4 for loans to a beneficiary to effect payment of tax; and
  - 8.3.5 subject to the statutes, for loans to beneficiaries to follow their rights under rights issues; and
  - 8.3.6 any amount contemplated in clause 3.1.3.
- 8.4 All loans to the trustees in terms of clause 8.3 shall bear interest for the relevant period in an amount identical to the cost to the company from time to time of providing the relevant loan/s, and shall be repaid from amounts received by the trustees in terms of clause 13 which are surplus, after discharging all liabilities then due, to its requirements for the ensuing period of six months, the first of which shall commence on the day succeeding the first financial year-end of the trust.

## 9. ELIGIBILITY

- 9.1 Employees shall be eligible to and shall participate in the scheme only if and to the extent that offers are made to and are accepted by them.
- 9.2 The directors, in their sole discretion, but subject to the provisions of the statutes and of the provisions of this deed including clauses 7.1 and 10.1 may from time to time by resolution direct the trustees to offer unreserved shares and grant credit to offerees named or referred to therein.
- 9.3 Every resolution in terms of clause 9.2 shall specify:
- 9.3.1 the name of the offeree;
  - 9.3.2 the number of unreserved shares offered;
  - 9.3.3 the price payable in respect of such shares;
  - 9.3.4 the offer date;
  - 9.3.5 the initial amount in cash, if any, as determined by the directors to accompany acceptance of the offer;
  - 9.3.6 whether or not credit is to be granted on the acceptance of the offer and if so, to what extent;
  - 9.3.7 the initial rate of interest, if any, which will apply;
  - 9.3.8 the time period within which an offer shall be accepted which shall be no later than 90 days after it is actually made or granted; and
  - 9.3.9 any other relevant terms and conditions.

## 10. OFFERS

### 10.1

- 10.1.1 The aggregate maximum number of scheme shares in respect whereof any one offeree shall be entitled to accept an offer pursuant to the NEPI incentive scheme and this scheme shall not exceed 3 000 000 shares, provided that this maximum shall not apply in the event that any reduction in the company's issued ordinary share capital results in any offeree having accepted an offer in excess of such maximum.
- 10.1.2 For the purposes of determining the aggregate maximum number of scheme shares in respect whereof an offeree is entitled to accept an offer in terms of clause 10.1 above, the following shares issued by the NEPI incentive scheme pursuant to the Internalisation shall not be taken into account:
- 10.1.2.1 2 266 012 shares issued to Slabbert Family Limited (Martin Slabbert being the participant under the scheme);
  - 10.1.2.2 377 669 shares issued to Focus CEE Investments Limited (the participant under the scheme being Victor Semionov);

- 10.1.2.3 188 834 shares issued to CEMZ Holdings Limited (Alexandru Morar being the participant under the scheme).
- 10.1.3 The limit in clause 10.1 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of:
  - 10.1.3.1 the sub-division or consolidation of ordinary shares; or
  - 10.1.3.2 the issue of additional ordinary shares whether by way of a capitalisation of the company's profits and/or reserves (including the share premium account and the capital redemption reserve fund), or a rights issue.
- 10.2 An offer:
  - 10.2.1 shall be made at the purchase price;
  - 10.2.2 shall, save as set out in clause 10.2.4, be governed by the provisions of this deed and shall, in the case of an offer (other than where the circumstances envisaged in clause 10.2.2.1.2) apply where the directors have resolved that credit be granted, be subject to clause 12 and the following provisions, namely, that until the full share debt has been paid to the trustees:
    - 10.2.2.2.1 those shares and all capitalisation shares linked thereto shall be registered as provided in clause 4.2, but, subject to clause 10.2.2.1.2, ownership in such shares and capitalisation shares and dividend capitalisation shares linked thereto shall vest in the relevant beneficiary;
    - 10.2.2.2.2 if a beneficiary so stipulates, by written notice to the trustees, delivery shall only take place against payment of the full share debt and on such delivery, ownership in such shares and all capitalisation shares (including dividend capitalisation shares) linked thereto in respect of which an offer has been accepted, together with the voting rights and all other rights, including the right to participate in any rights issues and capitalisation issues and to receive dividends, which attach to such shares, shall vest in the relevant beneficiary, subject however to the provisions of clause 11.2;
  - 10.2.2.1 those shares and all capitalisation shares linked thereto may not be sold or otherwise disposed of or transferred (other than to the trustees or private company or close corporation in the manner and on the basis as is expressly provided in clause 4.2.2 and clause 12), or, subject to the provisions of clause 8.6, in any way be mortgaged, pledged or otherwise encumbered, unless the trustees in their sole discretion consent thereto in writing;
  - 10.2.2.2 the shares may be re-acquired in terms of clause 14;
  - 10.2.3 the voting rights attaching to all shares sold to offerees in terms of this scheme shall at all times after registration in the name of the beneficiaries, vest in the beneficiaries;
  - 10.2.4 where clause 10.2.2.1.2 applies, the provisions of clauses 10.2.2.1.1, 10.2.2.3, 10.2.3 and 13.1 shall not apply;
  - 10.2.5 shall be personal to and only capable of being accepted by the offeree to whom it is addressed (or subject to the provisions of the statutes, by the executor of the deceased estate of the beneficiary concerned or the legal representative of the beneficiary), it being recorded, however, that without affecting the provisions hereof, as between the beneficiary and any trust, private company or close corporation contemplated by clause 4.2.2 an offer may be assigned to such trust or private company or close corporation, as the case may be, subject to the provisions of clause 4.2.2.1 and clause 4.2.2.2. For the avoidance of doubt it is recorded that the assignment by a beneficiary to any such trust, private company or close corporation may take place before the offer is accepted;
  - 10.2.6 shall be accepted by notice in writing in such form as the directors may stipulate and delivered to the secretary within the time period specified in the resolution; and
  - 10.2.7 may be accepted in full in respect of any offer.
- 10.3 Each acceptance of an offer shall specify an address for purposes this Scheme.
- 10.4 Notwithstanding anything to the contrary herein the risk in and benefits attaching to the reserved shares will pass to the beneficiary on the acceptance of an offer subject to the provisions of clause 10.2.2.1.2.

## 11. RIGHTS ATTACHING TO RESERVED AND CAPITALISATION SHARES

Upon a beneficiary paying the purchase price of the reserved shares in full pursuant to the acceptance of an offer:

11.1 such shares and any capitalisation shares linked thereto shall thereupon rank *pari passu* in all respects with the issued shares and subject to clause 11.2 any burdens attaching to any such shares in terms of this deed shall cease to operate;

11.2 save as may expressly be provided to the contrary herein, the secretary shall forthwith against payment of transfer duty, if any, payable thereon release such shares from the pledge provided for in clause 4.6 or other retention in terms of this clause 11.2, only as follows, as to:

11.2.1 20% of each tranche on or after the first anniversary as from the offer date;

11.2.2 40% of each tranche on or after the second anniversary of the offer date;

11.2.3 60% of each tranche on or after the third anniversary of the offer date;

11.2.4 80% of each tranche on or after the fourth anniversary of the offer date;

11.2.5 100% of each tranche on or after the fifth anniversary of the offer date,

to the beneficiary entitled thereto, it being recorded that the aforementioned release periods will apply on a cumulative basis and will apply even if the share debt in respect of the scheme shares has been paid in full.

## 12. OBLIGATIONS OF BENEFICIARY VIS-A-VIS TRUSTEES

Every beneficiary shall, in addition to and without prejudice to any obligation imposed elsewhere in this deed, whether express or implied:

12.1 ensure that payment of the purchase price owing in respect of any scheme shares is punctually made on due date; and

12.2 at all times strictly observe the provisions of this deed.

## 13. PAYMENT OF PURCHASE PRICE

### 13.1 Interest and distributions

13.1.1 The outstanding balance due on the purchase price of any reserved share where credit is given shall, while the balance due remains unpaid, bear interest from time to time at a rate per annum equal to the average cost of debt funding of the company and its subsidiaries from time to time.

13.1.2 The accrued amount of such interest from time to time shall, subject to the provisions of clauses 13.1.3 and 13.1.4, be payable on the 7th business day following the date on which distributions on the shares are paid and the trustees are hereby empowered to apply the distributions (subject to clauses 13.1.3 and 13.1.4) towards payment of such interest. In this regard the beneficiary, by his acceptance of the offer where credit has been extended, shall be deemed to have authorised the trustees to retain and utilise any distributions on the beneficiary's reserved shares for the purpose of discharging any or all of his share debt from time to time.

13.1.3 If the interest payable by a beneficiary to the trustees in respect of the outstanding balance of the purchase price of such beneficiary's reserved shares exceeds in respect of any financial year the distribution, if any, payable to such beneficiary on his reserved shares in respect of that financial year, then such excess need not be paid by such beneficiary but shall instead be added to, and deemed to form part of the oldest outstanding balance of the share debt payable by such beneficiary in respect of his reserved shares. If a beneficiary becomes liable for any income tax by reason of the official rate of interest prescribed in terms of legislation which taxes benefits received by or accruing to employees exceeding the rate of interest, if any, charged to him, the trustees may, acting on the instructions of the directors, lend the beneficiary an amount equal to that income tax (as determined by them) and the amount so lent shall be deemed to form part of the outstanding balance of the purchase price payable by the beneficiary for his reserved shares.

13.1.4 If, however, the distributions payable to a beneficiary on his reserved shares in respect of any financial year less the taxation payable thereon by such beneficiary after allowing for the deduction of the relevant interest and any deemed interest, exceed the interest payable by such beneficiary on the outstanding balance of the purchase price of such reserved shares in respect of such financial year, then such excess shall, as soon as it has been determined, be paid towards the reduction of the oldest outstanding balance of the share debt in respect of such beneficiary's reserved shares.

### 13.2 Prepayment of outstanding balance

Subject to the provisions of clause 14 which provides for the trustees, in certain circumstances, to repurchase scheme shares, a beneficiary shall be entitled to pay the outstanding balance of the share debt before the due date of payment thereof. In the event of a beneficiary anticipating the date for the repayment of the outstanding balance of the purchase price, the beneficiary shall be liable for any fixed rate cancellation fees or expenses incurred by the trust which are occasioned by the early repayment of the outstanding balance.

### 13.3 Death

If a beneficiary ceases to be an employee by reason of death then, in respect of those of the beneficiary's reserved shares which have not been paid for on the date of death ("the termination date") or, if paid for, have not been released from the provisions of clause 4.6 and/or clause 11.2 on the termination date, the following provisions shall apply:

- 13.3.1 the share debt outstanding in respect of such shares shall become payable within 24 months after the termination date; and
- 13.3.2 as soon as the share debt has been paid in full, all restrictions against transactions in respect of those shares shall immediately cease to be of any further force or effect.

### 13.4 Retirement or Disability

If a beneficiary ceases to be an employee by reason of serious incapacity, serious disability or retirement then, in respect of those of the beneficiary's reserved shares which have not been paid for as at the date of such cessation of employment (the "termination date") or, if paid for, have not been released from the provisions of clause 4.6 and/or clause 11.2 on the termination date, the following provisions shall apply:

- 13.4.1 the share debt outstanding in respect of such shares shall become payable within 24 months after the termination date; and
- 13.4.2 as soon as the share debt has been paid in full, all restrictions against transactions in respect of those shares shall immediately cease to be of any further force or effect.

### 13.5 Dismissal or resignation

If a beneficiary ceases to be an employee by reason of such employee's resignation or the dismissal of such employee on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given to or by him or otherwise or where he resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct), then, on the date of such cessation (the "termination date") the following provisions shall apply in respect of those of the beneficiary's reserved shares which have not been paid for on the termination date or, if paid for, have not been released from the provisions of clause 4.6 and/or clause 11.2 on the termination date:

- 13.5.1 in respect of such of those reserved shares which, but for their being encumbered as contemplated in clause 4.6, would be entitled to be released pursuant to the provisions of clause 11.2:
  - 13.5.1.1 the share debt outstanding in respect of such shares, shall become payable within 30 days after the termination date; and
  - 13.5.1.2 as soon as such share debt has been paid on time and in full, together with the payment of all transfer duty payable in respect of the transfer such shares (if any), all restrictions against transactions in respect of those shares shall immediately cease to be of any further force or effect;
- 13.5.2 as regards any other of those reserved shares (being shares subject to retention in accordance with the provisions of clause 11.2), the share debt in respect of those shares shall be deemed not to have been paid by the due date and the provisions of clause 14 shall apply *mutatis mutandis* as if specifically incorporated herein.

### 13.6 Other Reasons for Cessation of Employment

If a beneficiary ceases to be an employee by reason of circumstances other than those set out in clauses 13.3, 13.4 and 13.5 above, then the provisions of clause 13.3 above shall apply *mutatis mutandis* and for this purpose the termination date shall be deemed to be the date on which the beneficiary ceases to be an employee.

### 13.7 **Right to demand payment after 10 years**

Subject to clause 13.8, the trustees shall have the right and shall be obliged to demand payment of the share debt outstanding in respect of any scheme shares then outstanding, at any time after the expiration of 10 years from the relevant offer date it being recorded that all monies received by the trust on account of the purchase price and interest thereon, whether in terms hereof or otherwise, shall be appropriated towards specific shares.

### 13.8 **Procedure after reserved shares fully paid**

At any time after a beneficiary has paid the share debt and all interest thereon of shares which prior to such payment were reserved shares, such scheme shares shall, subject to the provisions of clause 11.2 and the beneficiary entering into suitable arrangements with the trustees and/or the company to allow the trustees to fulfil their obligations referred to in clause 4.5.2 above, be released to the beneficiary or his nominee.

13.9 The trustees may reach alternative arrangements with beneficiaries or the relevant executor or legal representative in the case of cessation of employment pursuant to the provisions of clauses 13.3, 13.4, 13.5 or 13.6.

## 14. **CANCELLATION OF SALE**

14.1 If any amount in respect of the share debt of any reserved shares becomes payable by virtue of the provisions of clause 13 and if any such amount is not paid by the due date thereof, then the trustees shall be entitled, by resolution to that effect, to cancel that sale, in whole or in part, in terms of which those reserved shares were acquired by that beneficiary and, thereupon:

14.1.1 that beneficiary shall cease to have any interest in the shares in respect of which the balance of the share debt was due to be paid and in all capitalisation shares linked thereto (or in respect of those of such shares in respect of which that sale is so cancelled);

14.1.2 those reserved shares shall once again become unreserved shares and any capitalisation shares shall cease to be linked thereto and shall thereupon become unreserved shares;

14.1.3 the beneficiary concerned shall be liable to the trust for damages suffered in consequence thereof; and

14.1.4 the trustees must repay to the beneficiary all or any part of the purchase price that such beneficiary has already paid up in respect of such shares less any costs, expenses or damages of whatsoever nature that might have been or will be incurred by the company and/or the trust as a consequence of such failure to pay the share debt and subsequent cancellation of the sale of those shares.

14.2 Should the beneficiary fail and/or refuse to comply with his obligations, the trustees shall be empowered to authorise and direct (and the beneficiary, by accepting an offer of scheme shares, similarly authorises irrevocably and *in rem suam*) the secretary to do all such things necessary and sign all or any documents on behalf of that beneficiary necessary to give effect to the provisions of this trust deed, but without prejudice to any other rights which the trustees may enjoy under this trust deed or the common law.

## 15. **RIGHTS ISSUES**

15.1 Each beneficiary shall be entitled to participate in any rights issue in accordance with the terms thereof (which participation for the avoidance of doubt shall include the entitlement of the beneficiary to sell any letter of allocation arising therefrom for the beneficiary's benefit provided that the net proceeds, if any, of such sale shall be applied to reduce the purchase price owing in respect of the reserved shares of the beneficiary, if any) to the extent of those reserved shares and all capitalisation shares linked thereto in respect of which an offer was accepted, other than where the circumstances envisaged in clause 10.2.2.1.2 apply, as if those shares were ordinary but not reserved shares and the share debt in respect of those shares had, as at the record date, already been paid in full, and shall not be subject to the restrictions and provisions of this deed.

15.2 The trustees may, acting on the instructions of the directors and subject to the statutes, lend to a beneficiary monies to enable the beneficiary to follow his rights under a rights issue and the amount so lent shall be deemed to form part of the outstanding balance of the share debt payable by the beneficiary for his reserved shares.

15.3 In the case of a beneficiary who has ceased to be in the employ of the company the extent of such beneficiary's participation (if any) in any rights issue shall be determined by the trustees.

15.4 If a beneficiary elects not to participate in any rights issue, any letter of allocation arising therefrom may, if the trustees so decide, be sold for the beneficiary's benefit and the net proceeds, if any, of such sale shall be applied to reduce the purchase price owing in respect of the reserved shares of the beneficiary.

## 16. CAPITALISATION ISSUES

- 16.1 Subject to the provisions of clause 16.2, every beneficiary to the extent of those reserved shares and all capitalisation shares linked thereto in respect of which an offer has been accepted, other than in circumstances referred to in clause 10.2.2.1.2 shall participate in any capitalisation issue in respect of all reserved shares and all capitalisation shares linked thereto, as if the share debt of those reserved shares was, at the record date, already paid in full.
- 16.2 No beneficiary shall be entitled to renounce his rights to any capitalisation shares, or dispose thereof in any other way (save that the beneficiary and/or the trustees shall be entitled to sell any capitalisation share for the sole purpose of applying the net proceeds of such sale to reduce the purchase price owing in respect of the reserved shares of the beneficiary) and all such shares:
- 16.2.1 shall be allotted and issued subject to the restrictions and provisions of this deed; and
- 16.2.2 shall, for so long as the share debt of the reserved shares in respect of which they are issued is not paid in full, be linked to those shares and shall *mutatis mutandis* be subject in all respects to the same restrictions and provisions as are attached to the reserved shares.
- 16.3 If, on the record date of a capitalisation issue, the trustees hold any unreserved shares, they shall, for purposes of the scheme participate in such capitalisation issue in respect of the unreserved shares and any capitalisation shares accruing to the trust shall, upon allotment, become scheme shares.
- 16.4 Without prejudice to anything contained in this clause 16, the scheme allocation shall be adjusted to take account of any capitalisation issue in such manner as the auditors (acting as experts and not as arbitrators) certify as being fair and reasonable in the circumstances. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.
- 16.5 For the avoidance of doubt, all capitalisation shares issued in respect of reserved shares shall, on issue, be deemed to be reserved shares “purchased” by the beneficiary and accordingly shall be pledged to the trustees in accordance with the provisions of clause 4.6 and shall be subject to the release provisions stipulated in clause 11.2, together with those shares to which they are linked.

## 17. APPLICABILITY OF PROVISIONS TO CORPORATE OFFEREE

If and to the extent that an offer under the scheme has been assigned to a trust or private company or close corporation as contemplated in clause 4.2.2 then if the offeree is a trust or company or close corporation as contemplated in clause 4.2.2 above, those provisions of the scheme which makes reference to or which are triggered by the death, incapacity, retirement, resignation, dismissal or other cessation of employment of the offeree shall be read contextually with reference to the assignor employee.

## 18. ADJUSTMENTS ON REORGANISATION OF COMPANY OR SHARE CAPITAL

- 18.1 If the company, at any time before the purchase price owing on any scheme shares has been paid in full:
- 18.1.1 is put into liquidation for the purpose of reorganisation; or
- 18.1.2 is a party to a scheme of arrangement affecting the structure of its share capital; or
- 18.1.3 ceases to retain a nominal value for its shares; or
- 18.1.4 reduces its capital or redeems any of its shares; or
- 18.1.5 makes a distribution, whether by way of the declaration of a distribution or by way of a disposal at less than fair value, of a capital asset of the company; or
- 18.1.6 splits or consolidates its shares; or
- 18.1.7 is a party to a reorganisation, the trustees shall, if they are requested to do so by the directors, be entitled to effect such adjustments to the purchase price in respect of those shares and/or the number of scheme shares as the auditors, acting as experts and not as arbitrators, certify as being fair and reasonable in the circumstances and subject (where necessary) to the sanction of the court. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

18.2 If the company is placed in liquidation otherwise than in terms of clause 18.1.1:

18.2.1 the full amount owing by each participant shall forthwith become due and payable, provided that the trustees may, if so instructed by the directors, release a participant from any balance owing by him to the trust;

18.2.2 save as provided in clause 18.2.1 and save for any rights to claim any payment which the trust may then have against the company, this scheme shall *ipso facto* lapse as from the date of liquidation.

For the purposes hereof "date of liquidation" shall mean the date upon which any application (whether provisional or final) for the liquidation of the company is lodged at the relevant court.

## 19. TAKEOVER OF COMPANY OR BUSINESSES

19.1 Should an offer be made to the shareholders of the company or a scheme of arrangement between the company and its shareholders (or any class of them) be proposed, by virtue of which control of the company would pass to another person or company, the directors will use their best endeavours to procure, insofar as they are able, that the same or a similar offer be made or scheme of arrangement proposed, as the case may be, to all beneficiaries in respect of all reserved shares and all capitalisation shares and rights issue shares linked thereto and the beneficiary shall, subject to payment of the purchase price (together with any interest and other costs thereon) to the trustees in full, be entitled to transfer of those shares pursuant to such offer.

19.2 Should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement which makes provision for beneficiaries in respect of whom offers have been made and accepted, to receive shares issued by such other person or in such other company on terms, in the opinion of the auditors (such opinion being given by them as experts and not as arbitrators and whose decision shall be final and binding), not less favourable than those on which those beneficiaries are entitled to scheme and capitalisation shares, they shall be obliged to accept such shares in such other company on such terms; provided that if any such determination of the auditors is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

19.3 Should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement which does not provide for the substitution of offers for sale of new shares in the acquiring company for those shares offered by the company as at the relevant date of such offer or scheme of arrangement or, where such takeover or reconstruction or amalgamation or scheme of arrangement makes provision for beneficiaries to receive shares issued by such other person or in such other company on terms, in the opinion of the auditors (such opinion being given by them as experts and not as arbitrators and whose decision shall be final and binding), which place a beneficiary in a worse position than that in which he is under this scheme, any beneficiary shall, notwithstanding anything to the contrary contained in this deed, be entitled to accept all offers made to him under this scheme and to implement any sale resulting from any offer made to him within seven days of the date upon which he is notified of the transaction and:

19.3.1 each beneficiary shall be obliged and entitled to dispose of all shares owned by him on the terms and conditions of the scheme of arrangement, disposal or offer and to the extent necessary irrevocably authorises the trustees to sign any transfer declaration or other document which may require signature in order to implement any such disposal; and

19.3.2 to the extent that any offer is not accepted or any sale is not implemented upon the expiry of the said period of 7 days the offer shall lapse or the sale shall be cancelled.

19.4 Notwithstanding anything to the contrary herein contained, no term shall be implied to prevent the company from disposing of any of its subsidiaries or losing control thereof, or any of the company or the subsidiaries from disposing of their businesses at any time and each beneficiary waives any claims he may have as a result thereof. In such event any loan to an employee or the purchase price outstanding in respect of any reserved shares may become repayable within such period as the directors may determine in their sole discretion which shall not be within less than 60 days of such disposal or loss of control nor more than 240 days after such disposal or loss of control.

## 20. AMENDMENTS TO THIS DEED

20.1 This deed may be amended from time to time by the directors and the trustees, but:

- 20.1.1 the terms or conditions of allotment of any scheme or capitalisation shares or of any offer may not be altered without such consent on the part of the beneficiaries concerned (treated as a separate class);
- 20.1.2 no amendment in respect of the following matters shall operate unless such amendment has received the approval of the company in general meeting:
  - 20.1.2.1 the persons who may become participants under the scheme;
  - 20.1.2.2 the voting, distribution, transfer and other rights (including those arising on the liquidation of the company) attaching to scheme shares;
  - 20.1.2.3 the total number of the securities which may be utilised for purposes of the scheme;
  - 20.1.2.4 a fixed maximum entitlement for any one participant;
  - 20.1.2.5 the basis for determining the purchase or subscription price of scheme shares which shall be a fixed mechanism for all beneficiaries under the scheme;
  - 20.1.2.6 the amount, if any, payable on application or acceptance;
  - 20.1.2.7 the period in which payments, or loans to provide the same, may be paid or after which payments or loans to provide the same, must be paid;
  - 20.1.2.8 the terms of any loan; and
  - 20.1.2.9 the procedure to be adopted on termination of employment or retirement of a participant. signing of this trust deed, to amend the provisions of this trust deed so as to preserve the substance of the provisions contained in this trust deed but to amend the form so as to achieve the objectives embodied in this trust deed in the best manner having regard to such new legislation and without prejudice to the beneficiaries concerned, then the directors and trustees may amend this trust deed accordingly.

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## EXISTING ROCKCASTLE SHARE PURCHASE SCHEME

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### 1. INTERPRETATION AND PRELIMINARY

The headings in these rules are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this agreement nor any rule hereof. Unless a contrary intention clearly appears –

1.1 the following terms shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings, namely –

- 1.1.1 “**auditors**” means the auditors for the time being of the company;
- 1.1.2 “**assignee**” means any of the persons and/or entities referred to in rule 7.4;
- 1.1.3 “**capitalisation issue**” means the issue of shares on a capitalisation of the company’s profits and/or reserves;
- 1.1.4 “**capitalisation share**” means a fully paid share allotted, in a capitalisation issue, in respect of a scheme share during the time that the share to which it is linked in terms of rule 13 is a scheme share;
- 1.1.5 “**CDS**” means The Central Depository and Settlement Co. Ltd;
- 1.1.6 “**CDS Rules**” means the rules issued by the CDS;
- 1.1.7 “**CDS Procedures**” means the procedures issued by the CDS;
- 1.1.8 “**the company**” means Rockcastle Global Real Estate Company Limited (Registration Number 108869 C1/GBL);
- 1.1.9 “**directors**” means the board of directors for the time being of the company acting either itself or through any committee thereof to or upon whom the powers of the directors in respect of this scheme are delegated or are conferred;
- 1.1.10 “**discretion**” means a sole, absolute and unfettered discretion;
- 1.1.11 “**employee**” means an executive director, senior manager and/or employee of any member company of the group, including any present or future executive director holding or to be holding employment or office;
- 1.1.12 “**funder company**” means the company in the group that extends credit to a participant in terms of rule 3.5;
- 1.1.13 “**group**” means the company and its subsidiaries;
- 1.1.14 “**immediate relation**” means, in relation to a participant, a person who is:
  - 1.1.14.1 that participant’s spouse; and/or
  - 1.1.14.2 a descendant (including an adopted child) of that participant;
- 1.1.15 “**issued shares**” means all shares issued by the company including scheme shares and capitalisation shares and rights issue shares linked thereto;
- 1.1.16 “**JSE**” means the securities exchange of that name operated in the RSA by the JSE Limited in terms of a licence issued under the Financial Markets Act, 19 of 2004;
- 1.1.17 “**JSE Listings Requirements**” means the JSE Listings Requirements, as amended;
- 1.1.18 “**Mauritian Companies Act**” means the Mauritian Companies Act, 2001 (Act, 15 of 2001) as amended;
- 1.1.19 “**offer**” means an offer made under the scheme to an offeree to either purchase or subscribe for scheme shares;
- 1.1.20 “**offer date**” means the date on which an offer to an offeree, in terms of the scheme, is made to him;
- 1.1.21 “**offeree**” means an employee nominated in terms of the provisions of the scheme to receive an offer;

- 1.1.22 “**Official Market**” means the list of all securities admitted for quotation on the SEM Official Market;
- 1.1.23 “**participant**” means any offeree or his/her assignee who has accepted an offer;
- 1.1.24 “**purchase price**” means the price per share contained in the offer to the offeree as determined by the directors, being not more than the closing price of the shares on the SEM on the trading day immediately preceding the offer date, and not less than a 5% discount to the closing price of the shares on the SEM on the trading day immediately preceding the offer date;
- 1.1.25 “**record date**” means the close of business on the day the register of the company will be closed to determine entitlement to participate in a rights or capitalisation issue, as the case may be;
- 1.1.26 “**retired employee**” means any former employee who is a participant on his retirement and has retired at or after the normal retirement age (as laid down in the company’s policies from time to time or failing that as determined by the company) or, with the approval of the directors, prior to the normal retirement age;
- 1.1.27 “**rights issue**” means the offer of any securities of the company to all shareholders of the company *pro rata* to their holdings at the record date;
- 1.1.28 “**rights issue shares**” means, in relation to scheme shares, in the case of a rights issue, those shares offered in terms of such rights issue by virtue of being a participant;
- 1.1.29 “**RSA**” means the Republic of South Africa;
- 1.1.30 “**RSA Companies Act**” means the RSA Companies Act No. 71 of 2008, as amended;
- 1.1.31 “**rules**” means these scheme rules, as amended from time to time in terms of rule 37;
- 1.1.32 “**scheme**” means the Rockcastle Share Purchase Scheme to which these rules apply;
- 1.1.33 “**scheme allocation**” means the aggregate number of shares which can be offered for subscription or purchase under this scheme, being 42 393 101 shares;
- 1.1.34 “**scheme shares**” means any shares acquired by the participant, whether by way of subscription or purchase, in terms of the scheme;
- 1.1.35 “**secretary**” means the secretary of the company for the time being;
- 1.1.36 “**SEM**” means the Stock Exchange of Mauritius Ltd established under the repealed Stock Exchange Act, 1988 and now governed by the Securities Act, 2005 of Mauritius;
- 1.1.37 “**SEM Listing Rules**” means the Listing Rules of the SEM governing the Official Market;
- 1.1.38 “**share**” means a share in the stated capital of the company;
- 1.1.39 “**share debt**” means at any relevant time in respect of a tranche of shares purchased or subscribed for pursuant to an offer, the original purchase price at which such shares were purchased or subscribed for, lent to a participant pursuant to rule 23.5, in each case together with any interest accrued thereon, which is outstanding from time to time;
- 1.1.40 “**statutes**” means any statute affecting the company and the scheme;
- 1.1.41 “**subsidiary**” means a company which is a subsidiary of the company;
- 1.1.42 “**Take Over Rules**” means the Securities (Take Over) Rules 2010 made by the Mauritian Financial Services Commission;
- 1.1.43 “**year**” means the company’s financial year;
- 1.2 any reference in this agreement to “date of signature hereof” shall be read as meaning a reference to the date of the last signature of these rules;
- 1.3 any reference to an enactment is to that enactment as at the date of signature hereof and as amended or re-enacted from time to time;
- 1.4 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in the definition rule, effect shall be given to it as if it were a substantive provision in the body of these rules;
- 1.5 when any number of days is prescribed in these rules, same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday in Mauritius, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday;

- 1.6 where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail;
- 1.7 expressions defined in these rules shall bear the same meanings in schedules or annexures to these rules which do not themselves contain their own definitions;
- 1.8 where any term is defined within the context of any particular rule in these rules, the term so defined, unless it is clear from the rule in question that the term so defined has limited application to the relevant rule, shall bear the meaning ascribed to it for all purposes in terms of these rules, notwithstanding that that term has not been defined in this interpretation provision;
- 1.9 the expiration or termination of these rules shall not affect such of the provisions of these rules as expressly provide that they will operate after any such expiration or termination or which of necessity must continue to have effect after such expiration or termination, notwithstanding that the rules themselves do not expressly provide for this;
- 1.10 the rule of construction that the contract shall be interpreted against the party responsible for the drafting or preparation of these rules, shall not apply;
- 1.11 any reference in this agreement to a party shall, if such party is liquidated or sequestrated, be applicable also to and binding upon that party's liquidator or trustee, as the case may be.

## 2. PURPOSE

The purpose of the scheme is to align the interests of the group's employees and executive directors with those of the shareholders of the company by providing such persons an opportunity to acquire shares in the company.

## 3. OFFER OF SHARES

- 3.1 The directors may from time to time offer shares to employees for subscription or purchase in terms of an offer at the purchase price.
- 3.2 Scheme shares may be:
  - 3.2.1 issued by the company to participants; or
  - 3.2.2 purchased by any company within the group and held as treasury shares for a subsequent offer to participants; or
  - 3.2.3 held by any member of the group as treasury shares for a subsequent offer to participants; or
  - 3.2.4 purchased by participants in the market by means of credit extended to them in terms of rule 23.5.
- 3.3 The scheme shares will only be issued to employees in dematerialised form. No certificated shares will be issued.
- 3.4 Those shares referred to in rule 23.1 shall be allotted and issued or acquired subject to the provisions of these rules and each such allotment or purchase shall, without limiting the generality of the foregoing, be upon the following terms, namely that:
  - 3.4.1 the full purchase price due to the funder company by a participant on account of his accepting an offer shall be paid as provided in rule 30;
  - 3.4.2 they will constitute scheme shares; and
  - 3.4.3 *vis-à-vis* a participant, such scheme shares (and any rights issue and capitalisation shares linked thereto) which are the subject of an offer which has been accepted shall participate in full in all rights and capitalisation issues and in the dividends declared from time to time by the company.
- 3.5 Provided that the directors comply with section 81 of the Mauritian Companies Act (to the extent applicable), the directors shall be entitled to procure that the company, or any subsidiary of the company, extend to an offeree credit to enable such participant to purchase and/or subscribe for scheme shares to be held by such participant or his/her assignee as owner and the terms of credit shall be as reflected in rule 30.1, the provisions of which shall apply *mutatis mutandis*. Such credit may be repaid at any time by the employee but not later than 10 years from the acceptance of an offer.

#### 4. **FUNDING OF SCHEME SHARES**

The costs of issuing or acquiring scheme shares and making a loan to a participant as contemplated in rule 23.5 shall, at the discretion of the directors, be borne by the company or a subsidiary of the company.

#### 5. **SHARES AVAILABLE FOR THE SCHEME**

- 5.1 Subject to rule 25.2 and rule 25.3, the aggregate maximum number of shares –
- 5.1.1 which may be utilised in terms of this scheme shall not exceed the scheme allocation; and
  - 5.1.2 in respect whereof any one offeree shall be entitled to accept an offer pursuant to this scheme shall not exceed 8 478 620 shares.
- 5.2 The directors must determine that the limits in rule 25.1.1 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of a sub-division or consolidation of ordinary shares.
- 5.3 The directors may determine that the limits in rule 25.1.2 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of any (i) issue of additional shares whether by way of a capitalisation of the company's profits and/or reserves; or (ii) a rights issue.
- 5.4 Any adjustment in terms of rule 25.2 or rule 25.3 should give an offeree entitlement to the same proportion of shares as that to which he was entitled before the event in rule 25.2 or rule 25.3 which gave rise to the adjustment.
- 5.5 Upon finalisation of the adjustment in terms of rule 25.2 or rule 25.3, the auditors shall confirm to the JSE or to the SEM, as the case may be, in writing, that such adjustment was made in accordance with the terms of the scheme.
- 5.6 In the determination of the number of scheme shares which may be acquired by participants in terms of rule 25.1, shares purchased through the SEM and the JSE, as the case may be, or off market shall not be taken into account. The rolling over of shares (including the arrangement which assumes that scheme shares which have already been issued to participants in terms of the scheme, and which then revert back to the number referred to in rule 25.1.1) is prohibited.

#### 6. **ELIGIBILITY**

- 6.1 Employees shall be eligible to and shall participate in the scheme only if and to the extent that offers are made to and are accepted by them.
- 6.2 The directors, in their sole discretion, but subject to the provisions of the statutes and of the provisions of these rules including rules 23.1 and 27.1 may from time to time by resolution, offer shares and grant credit to offerees, provided that such offers have been approved by the company's remuneration committee.

#### 7. **OFFERS**

- 7.1 An offer –
- 7.1.1 shall be made at the purchase price determined as at the offer date;
  - 7.1.2 shall specify:
    - 7.1.2.1 the name of the offeree;
    - 7.1.2.2 the number of shares offered;
    - 7.1.2.3 the purchase price payable in respect of such shares;
    - 7.1.2.4 the offer date;
    - 7.1.2.5 the time period within which an offer shall be accepted which shall be no later than 2 days after it is actually made or granted; and
    - 7.1.2.6 any other relevant terms and conditions.
  - 7.1.3 shall be governed by the provisions of these rules and shall, without limiting the generality of the foregoing, be subject to rule 30 and the following provisions, namely, that until the full share debt has been paid to the funder company in respect of any share:

- 7.1.3.1 ownership in such scheme shares and rights issue shares and capitalisation shares linked thereto shall vest in the relevant participants but such share/s shall be pledged to the funder company as required in terms of rule 27.1.3.2 and accordingly may not in any way be mortgaged, pledged or otherwise encumbered, unless the board in its discretion consent thereto in writing;
  - 7.1.3.2 such scheme shares and all rights issue shares (if purchased in terms of the scheme) and capitalisation shares linked thereto shall be pledged to the funder company as security for the payment of the full share debt payable by such participant to the funder company in respect of such shares, unless the board in its discretion consent thereto in writing;
  - 7.1.3.3 those scheme shares and rights issue shares (if purchased in terms of the scheme) and capitalisation shares linked thereto may be released from the operation of the pledge and security provisions and be freely sold or transferred by the participant at least at their market value, provided that the company is satisfied that the proceeds realised therefrom shall be utilised firstly to settle the share debt pertaining to such scheme shares;
  - 7.1.3.4 the scheme shares and rights issue shares (if purchased in terms of the scheme) and capitalisation shares linked thereto may be re-acquired in terms of rule 31;
  - 7.1.3.5 the voting rights attaching to all scheme shares owned by participants in terms of this scheme and all rights issue shares and capitalisation shares linked thereto shall at all times vest in the participants and be exercised by the participants provided that scheme shares will not have their votes at general meetings or annual general meetings of the company taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements and/or the SEM Listing Rules, as the case may be, nor will scheme shares be taken into account for purposes of determining categorisations of transactions in terms of section 9 of the JSE Listings Requirements and/or Chapter 13 of the SEM Listing Rules, as the case may be;
  - 7.1.3.6 on a winding-up of the company, the proceeds payable in respect of the scheme shares shall first be applied in discharging the amount due to the funder company;
  - 7.1.3.7 shall be personal to and only accepted by the offeree to whom it is addressed, subject to clause 27.4;
  - 7.1.3.8 shall, unless otherwise specified in it, be accepted by notice in writing in such form as the directors may stipulate, delivered to the secretary within 48 hours after it is made failing which the scheme shares which are the subject of the offer shall revert back to the scheme; and
  - 7.1.3.9 may be accepted in part or in full.
- 7.2 Each acceptance of an offer shall:
- 7.2.1 specify the number of shares in respect of which the offer is accepted;
  - 7.2.2 be regarded as complete upon the company's receipt of the acceptance of the offer in writing within the period specified in the offer;
  - 7.2.3 be in terms of and be subject to and governed by the provisions of these rules; and
  - 7.2.4 specify an address for purposes of these rules.
- 7.3 Notwithstanding anything to the contrary herein the risk in and benefits attaching to the scheme shares will pass to the participant on the acceptance of an offer.
- 7.4 A participant may, provided he obtains the written approval of the directors (which will be provided subject to the below conditions being fulfilled), on-sell his scheme shares, whether prior to or after registration of the scheme shares into the name of such participant, to (i) a trust established only for the benefit of the relevant participant and/or his immediate relations or (ii) to any company, all the shares of which are, and continue to be, held or beneficially owned by the relevant participant or his immediate relations, provided that:
- 7.4.1 any such trust or company agrees in writing to be bound by the provisions of these rules (including, without limitation, being jointly and severally liable with the employee for the payment of the full share debt) as though it were the beneficiary, *mutatis mutandis*;
  - 7.4.2 the relevant employee furnishes a suretyship or guarantee, in favour of the funder company to the satisfaction of the directors for the obligations of the trust or private company concerned;

7.4.3 for so long as the scheme shares are subject to the pledge and security provisions contained in rule 27.1.3.2, only the employee and his immediate relations may be beneficiaries of such trust, shareholders of such company and, if there is a breach of the provisions of this rule 7.4.3, then, on the date of such breach coming to the knowledge of the company (the “termination date”) the following provisions shall apply in respect of those of the participant’s scheme shares which have share debt outstanding in respect thereof on the termination date:

7.4.3.1 the full share debt outstanding in respect of such scheme shares shall become payable immediately after the termination date; and

7.4.3.2 as soon as the share debt has been paid in full, those units shall immediately be released from pledge or other security provided for in rule 7.1.3.2,

provided that if the full share debt is not repaid in accordance with the above then the company may, by resolution to that effect, purchase and/or procure the sale of all of the scheme shares of that participant at the then market value and the provisions of rule 11 shall apply, *mutatis mutandis*, as if contained herein. For the avoidance of doubt, it is recorded that the assignment by a participant to any such trust or private company may take place before the offer is accepted or thereafter;

## 8. RIGHTS ATTACHING TO SCHEME SHARES

8.1 Save as may expressly be provided to the contrary herein, the secretary shall forthwith against payment of the securities transfer tax, if any, payable thereon release a share from the pledge provided for in rule 7.1.3.2 to the participant entitled thereto, against payment of the full share debt in respect of that share.

8.2 Once issued, the scheme shares shall rank *pari passu* as to dividend, distributions, capital, voting rights and in all other respects with the existing shares of the company.

## 9. OBLIGATIONS OF PARTICIPANT

Every participant shall, in addition to and without prejudice to any obligation imposed elsewhere in these rules, whether express or implied at all times strictly observe the provisions of these rules.

## 10. PAYMENT OF PURCHASE PRICE

### 10.1 Interest and distributions

10.1.1 The outstanding balance due on the purchase price of any scheme share shall, while the balance due remains unpaid, bear interest from time to time at a rate per annum not less than the average cost of debt funding of the company and its subsidiaries from time to time.

10.1.2 The accrued amount of such interest from time to time shall, subject to the provisions of rules 10.1.3 and 10.1.4, be payable within 20 business days following the date on which distributions on the shares are paid and the company is entitled to apply the distributions (subject to rules 10.1.3 and 10.1.4) towards payment of such interest to the funder company at any time. In this regard the participant, by his acceptance of the offer, shall be deemed to have authorised the company to retain and utilise the distributions (subject to rules 10.1.3 and 10.1.4) towards payment of such interest to the funder company.

10.1.3 If the interest payable by a participant to the funder company in respect of the outstanding balance of the purchase price of such participant’s scheme shares exceeds the distribution in respect of any distribution period, if any, payable to such participant on his scheme shares in respect of that distribution period, then the participant shall pay such excess to the funder company in cash upon receipt of written demand for payment therefor from the funder company.

10.1.4 If, however, the distributions payable to a participant on his scheme shares in respect of any distribution period exceed the interest payable by such participant on the outstanding balance of the purchase price of such scheme shares in respect of such distribution period, then such excess shall be utilised to repay share debt owing in respect of the scheme shares of the participant, if any. Where the share debt owing in respect of the scheme shares of the participant has been completely repaid, then such distribution shall, as soon as it has been determined, be available to the participant.

## 10.2 Prepayment of outstanding balance

Subject to the provisions of rule 11 which provides for the company, in certain circumstances, to repurchase scheme shares, a participant shall be entitled to pay the outstanding balance of the share debt before the due date of payment thereof.

## 10.3 Death

If a participant ceases to be an employee by reason of death then, in respect of those of the participant's scheme shares which have not been paid for on the date of death ("the termination date"), the following provisions shall apply:

10.3.1 the full share debt outstanding in respect of such shares shall become payable by the executor of the participant's estate within 24 months after the termination date; and

10.3.2 as soon as the share debt has been paid in full, those shares shall be released from pledge or other security as provided for in rule 7.1.3.2.

## 10.4 Retirement or Disability

If a participant ceases to be an employee by reason of serious incapacity, serious disability or retirement then, in respect of those of the participant's scheme shares which have not been paid for as at the date of such cessation of employment (the "termination date"), the following provisions shall apply:

10.4.1 the share debt outstanding in respect of such shares shall become payable within 3 (three) months after the termination date; and

10.4.2 as soon as the share debt has been paid in full, those shares shall be released from pledge or other security as provided for in rule 7.1.3.2.

## 10.5 Dismissal or Resignation

If a participant ceases to be an employee by reason of such employee's resignation or the dismissal of such employee, then, in respect of those of the participant's scheme shares which have not been paid for as at the date of such cessation of employment (the "termination date"), the following provisions shall apply:

10.5.1 the full share debt outstanding in respect of such shares shall become payable within 30 days after the termination date; and

10.5.2 as soon as the share debt has been paid in full, those shares shall be released from pledge or other security as provided for in rule 7.1.3.2.

## 10.6 Other Reasons for Cessation of Employment

If a participant ceases to be an employee by reason of circumstances other than those set out in rules 10.3, 10.4 and 10.5 above, then the provisions of rule 10.5 above shall apply *mutatis mutandis* and for this purpose the termination date shall be deemed to be the date on which the participant ceases to be an employee.

## 10.7 Right to demand payment after 10 years

Subject to rule 10.8, the funder company shall be entitled to demand payment of the full share debt outstanding in respect of any scheme shares then outstanding, at any time after the expiration of 10 years from the relevant date of acceptance of the offer.

## 10.8 Procedure after scheme shares fully paid

10.8.1 At any time after a participant has, in respect of any scheme shares, paid the share debt and all interest thereon in full, such scheme shares shall be released to the participant or his nominee.

10.8.2 The company may reach alternative arrangements with participants or the relevant executor or legal representative in the case of cessation of employment pursuant to the provisions of rules 10.3, 10.4, 10.5 or 10.6.

## 10.9 Proof of share debt

A certificate signed by any director of the company setting out the amount of the share debt at any time and/or the interest rate payable on the outstanding balance due on the purchase price of any scheme share and/or the total interest payable on the share debt and/or the date on which such interest is reckoned shall constitute *prima facie* proof of the facts therein stated and shall be binding on the participant for all purposes.

## 11. CONSEQUENCE OF NO OR PARTIAL REPAYMENT

- 11.1 If any amount in respect of the share debt of any scheme shares becomes payable by virtue of the provisions of rule 10 and if any such amount is not paid by the due date thereof, then, subject to the provisions of the Mauritian Companies Act, the SEM Listing Rules, the CDS Rules, CDS Procedures and the JSE Listings Requirements, as the case may be, the board shall be entitled (but not obliged), by resolution to that effect, to purchase, procure the purchase by a subsidiary of the company, and/or procure the sale of all of the scheme shares of that participant at the then market value and, thereupon:
- 11.1.1 the purchase consideration paid and received in respect of the purchase/sale of the participant's scheme shares shall be paid in cash towards the reduction of the outstanding balance of the share debt;
  - 11.1.2 if the purchase consideration paid and received in respect of the purchase/sale of the participant's scheme shares is less than the share debt outstanding at the time of such purchase/sale, then the difference between the purchase consideration paid and received and the share debt outstanding shall be payable by such participant in cash upon written demand therefor being delivered to that participant by the funder company;
  - 11.1.3 if, however, the purchase consideration paid and received in respect of the purchase/sale of the participant's scheme shares exceeds the share debt outstanding at the time of such purchase/sale, then such excess shall, as soon as it has been determined, be made available to the participant;
  - 11.1.4 that participant shall cease to have any interest in the scheme shares in respect of which the balance of the share debt was due to be paid and in all capitalisation shares and rights issue shares linked thereto; and
  - 11.1.5 the participant concerned shall be liable to the funder company for damages suffered in consequence thereof.
- 11.2 Should the participant fail and/or refuse to comply with his obligations, the board shall be empowered to authorise and direct (and the participant, by accepting an offer of scheme shares, similarly authorises irrevocably and *in rem suam*) the secretary to do all such things necessary and sign all or any documents on behalf of that participant necessary to give effect to the provisions of these rules, but without prejudice to any other rights which the company may enjoy under these rules or the common law.

## 12. RIGHTS ISSUES

- 12.1 Each participant shall be entitled to participate in any rights issue in accordance with the terms thereof (which participation for the avoidance of doubt shall include the entitlement of the participant to sell any letter of allocation arising therefrom for the participant's benefit provided that the net proceeds, if any, of such sale shall be applied to reduce the share debt owing in respect of the scheme shares of the participant, if any) to the extent that those scheme shares and all rights issue and capitalisation shares linked thereto in respect of which an offer was accepted, as if those shares were not scheme shares.
- 12.2 The board may, in its discretion but subject to the statutes, lend to a participant monies to enable the participant to follow his rights under a rights issue and the amount so lent shall be deemed to form part of the outstanding balance of the share debt payable by the participant for his scheme shares.
- 12.3 In the case of a participant who has ceased to be in the employ of the company, or its subsidiaries, the extent of such participant's participation (if any) in any rights issue shall be determined by the board.

## 13. CAPITALISATION ISSUES

- 13.1 Subject to the provisions of rule 77.6, every participant to the extent of those scheme shares and all rights issue and capitalisation shares linked thereto in respect of which an offer has been accepted shall participate in any capitalisation issue in respect of such shares, as if the share debt of those scheme shares was, at the record date, already paid in full.
- 13.2 No participant shall be entitled to renounce his rights to any capitalisation shares, or dispose thereof in any other way (save that the participant and/or the company shall be entitled to sell any capitalisation share for the sole purpose of applying the net proceeds of such sale to reduce the amount then owing in respect of the share debt) and all such shares:
- 13.2.1 shall be allotted and issued subject to the restrictions and provisions of these rules; and
  - 13.2.2 shall, for so long as the share debt of the scheme shares in respect of which they are issued is not paid in full, be linked to those shares and shall *mutatis mutandis* be subject in all respects to the same restrictions and provisions as are attached to the scheme shares.

13.3 Without prejudice to anything contained in this rule 13, the scheme allocation shall, subject to rule 5.2 and rule 5.3, be adjusted to take account of any capitalisation issue in such manner as the auditors (acting as experts and not as arbitrators) certify as being fair and reasonable in the circumstances. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

13.4 For the avoidance of doubt, all capitalisation shares issued in respect of scheme shares shall, on issue, be deemed to be scheme shares “purchased” by the participant and accordingly shall be pledged to the funder company in accordance with the provisions of rule 7.1.3.2.

#### 14. APPLICABILITY OF PROVISIONS TO CORPORATE OFFEREE

If and to the extent that an offer under the scheme has been made (on behalf of a participant), or assigned, to a trust or private company as contemplated in rule 7.4, those provisions of the scheme which makes reference to or which are triggered by the death, incapacity, retirement, resignation, dismissal or other cessation of employment of the offeree shall be read contextually with reference to the assignor employee.

#### 15. ADJUSTMENTS ON REORGANISATION OF COMPANY OR SHARE CAPITAL

15.1 If the company, at any time before the share debt has been paid in full:

15.1.1 is put into liquidation for the purpose of reorganisation of the company’s assets, liabilities or share capital; or

15.1.2 is a party to a scheme of arrangement affecting the structure of its share capital; or

15.1.3 reduces its capital or redeems any of its shares; or

15.1.4 splits or consolidates its shares; or

15.1.5 is a party to a reorganisation of the company’s assets, liabilities or share capital,

the directors shall be entitled to effect such adjustments to the purchase price in respect of those shares and/or the number of scheme shares as the auditors, acting as experts and not as arbitrators, certify as being fair and reasonable in the circumstances and subject (where necessary) to the sanction of the court. If any determination is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

15.2 Upon finalisation of the adjustment in terms of clause 15.1, the auditors shall confirm to the SEM and/or the JSE, as the case may be, in writing, that such adjustment was made in accordance with the terms of the scheme.

15.3 If the company is placed in liquidation otherwise than in terms of rule 15.1.1:

15.3.1 the full amount owing by each participant shall forthwith become due and payable, provided that the directors may release a participant from any balance owing by him to the company or the funder company;

15.3.2 save as provided in rule 15.3.1, this scheme shall *ipso facto* lapse as from the date of liquidation.

15.4 For the purposes hereof “date of liquidation” shall mean the date upon which any application (whether provisional or final) for the liquidation of the company is lodged at the relevant court.

#### 16. TAKEOVER OF COMPANY OR BUSINESSES

16.1 Subject always to the Take Over Rules, should an offer be made to the shareholders of the company or a scheme of arrangement between the company and its shareholders (or any class of them) be proposed, by virtue of which control of the company would pass to another person or company, the directors will use their best endeavours to procure, insofar as they are able, that the same or a similar offer be made or scheme of arrangement proposed, as the case may be, to all participants in respect of all scheme shares and all capitalisation shares and rights issue shares linked thereto and the participant shall, subject to payment of the share debt to the company in full, be entitled to the transfer of those scheme shares pursuant to such offer.

16.2 Subject always to the Take Over Rules, should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement which makes provision for participants in respect of whom offers have been made and accepted, to receive shares issued by such other person or in such other company (“replacement shares”) on terms which, in the opinion of the auditors (such opinion being given by them as experts and not as arbitrators and whose decision shall be final and binding), are not less favourable than those on which those participants are entitled to scheme and rights issue and capitalisation shares, they shall be obliged to accept such shares in such other company on such terms; provided that if any such determination of the auditors is manifestly unjust, but the court exercises its general power, if any, to correct such determination, the parties shall be bound thereby.

- 16.3 Subject always to the Take Over Rules, should control of the company pass to another person or company as a result of a takeover or reconstruction or amalgamation or scheme of arrangement which does not provide for the substitution of scheme shares with replacement shares or, where such takeover or reconstruction or amalgamation or scheme of arrangement makes provision for participants to receive replacement shares on terms which, in the opinion of the auditors (such opinion being given by them as experts and not as arbitrators and whose decision shall be final and binding), place a participant in a worse position than that in which he is under this scheme, each participant shall be obliged and entitled to dispose of all scheme shares owned by him on the terms and conditions of the scheme of arrangement, disposal or offer and to the extent necessary irrevocably authorises the company to (i) sign any transfer declaration or other document which may require signature in order to implement any such disposal and (ii) apply such portion of the proceeds of such sale as may be required to discharge the participant's share debt in full.
- 16.4 Subject always to the Take Over Rules, should in this rule 16 shall prevent a participant from paying, in accordance with rule 10.2, the outstanding balance of the share debt at any time before the due date of payment thereof and for the scheme shares to be released to the participant in accordance with rule 10.8.1, subject to applicable laws.
- 16.5 Notwithstanding anything to the contrary herein contained, no term shall be implied to prevent the company from disposing of any of its subsidiaries or losing control thereof, or any of the company or the subsidiaries from disposing of their businesses at any time and each participant waives any claims he may have as a result thereof.

## 17. AMENDMENTS TO THESE RULES

- 17.1 These rules may be amended from time to time by the directors, but:
- 17.1.1 the terms or conditions of allotment of any scheme shares or of any offer may not be altered without such consent on the part of the participants concerned;
  - 17.1.2 no amendment in respect of the following matters shall operate unless such amendment has been approved by a resolution approved by a majority of 75% of the equity security holders present or represented by proxy at the general meeting to approve such resolution):
    - 17.1.2.1 the persons who may become participants under the scheme;
    - 17.1.2.2 the voting, distribution, transfer and other rights (including those arising on the liquidation of the company) attaching to scheme shares;
    - 17.1.2.3 the total number of the securities which may be utilised for purposes of the scheme;
    - 17.1.2.4 a fixed maximum entitlement for any one participant;
    - 17.1.2.5 the basis for determining the purchase or subscription price of scheme
    - 17.1.2.6 shares which shall be a fixed mechanism for all participants under the scheme;
    - 17.1.2.7 the terms of any loan as set out in these rules, including, without limitation, the term after which the loan must be repaid and the rate of interest accruing on the loan; and
    - 17.1.2.8 the procedure to be adopted on termination of employment or retirement of a participant.
- 17.2 Notwithstanding the provisions of rule 16.1, but subject to the SEM Listing Rules and/or to the JSE Listings Requirements, as the case may be, if it should become necessary or desirable by reason of the enactment of any new Act or regulation at any time after the signing of these rules, to amend the provisions of these rules so as to preserve the substance of the provisions contained in these rules but to amend the form so as to achieve the objectives embodied in these rules in the best manner having regard to such new legislation and without prejudice to the participants concerned, then the directors may amend these rules accordingly.

## 18. TERMINATION OF SCHEME

The scheme shall terminate as soon as all of the following events have taken place –

- 18.1 the directors resolve that the scheme shall terminate;
- 18.2 the company has received payment in full of all amounts owed to it by the participants which are recoverable; and
- 18.3 if applicable, when the company has discharged all its obligations to the participants.

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## MATERIAL CONTRACTS

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In addition to the service contracts of executive directors detailed in **Annexure 4** and the loan agreements detailed in **Annexure 25**, set out below are the salient terms of all material contracts concluded by the company or its subsidiaries, being:

- contracts entered into otherwise than in the ordinary course of business, either within the two years prior to the date of this prospectus or at any other time and containing an obligation or settlement that is or may be material to the company or its subsidiaries at the last practicable date; and
- contracts that are otherwise considered material by the company.

Reference to an “**agreement**” shall be reference to the specific agreement in respect of which the terms are detailed, as the context may require.

### 1. FRAMEWORK AGREEMENT

*Summary of the framework agreement concluded between NEPI and Rockcastle on 13 December 2016, as amended. Although not a material contract concluded by the company or its subsidiaries, the framework agreement is considered material to the group.*

- 1.1 Completion of the framework agreement is conditional on the following conditions being satisfied or waived:
  - 1.1.1 the transaction being approved by all relevant competition authorities, either unconditionally or subject to conditions acceptable to both NEPI and Rockcastle, or the transactions being deemed to be so approved or deemed not to require approval, such that the transaction may be implemented;
  - 1.1.2 all other necessary regulatory consents in relation to the transaction in any jurisdiction whatsoever having been obtained;
  - 1.1.3 all shareholder and board approvals of the transaction being obtained, whether in terms of any governing law, the rules of any recognised securities exchange or otherwise;
  - 1.1.4 all necessary consents, waivers and releases pursuant to the NEPI and Rockcastle funding facilities having been received, as may be required to complete the transaction;
  - 1.1.5 no appraisal rights being exercised or other actions taken which could impede the completion of the transaction;
  - 1.1.6 all third party consents in all relevant jurisdictions having been received, as may be required to complete the transaction;
  - 1.1.7 the listing of NEPI Rockcastle’s issued share capital on the JSE and Euronext Amsterdam having been formally approved by the relevant authorities; and
  - 1.1.8 either NEPI or Rockcastle not having given written notice to the other that it does not wish to proceed with the transaction, where any matter, fact or circumstance has arisen which has or is likely to have a material adverse effect on the financial, legal or business condition of NEPI Rockcastle, the NEPI group or the Rockcastle group.
- 1.2 The numbers of shares to be issued by NEPI Rockcastle in accordance with the terms of the contribution agreement will be set based on a share-swap ratio of 4.7 (four point seven) existing Rockcastle shares for every 1 (one) existing NEPI share. The swap ratio is an expression of the agreed relative value of the NEPI group and the Rockcastle group. Agreement of the swap ratio has been reached having regard to and on the basis of the following information and assumptions:
  - 1.2.1 all publicly available information relating to each of the parties;
  - 1.2.2 the number of NEPI and Rockcastle shares in issue as at the signature date; and
  - 1.2.3 certain non-public information that has been exchanged between the parties for this purpose.
- 1.3 At or before the merger implementation date, each of NEPI and Rockcastle shall acquire from Cornelius Eduard Cassell, being the sole registered shareholder of NEPI Rockcastle, in accordance with the swap ratio the relevant number of the existing shares (the “**existing shares**”) representing together 100% of the share capital of NEPI Rockcastle. In order to facilitate this, NEPI and Rockcastle will, to the extent required, instruct Mr Cassell to

increase the authorised share capital of the company and to issue such minimum number of new shares paid up as to their nominal value that can be acquired by NEPI and Rockcastle in the same proportions in which NEPI Rockcastle shares will be issued by NEPI Rockcastle to NEPI's and, respectively, Rockcastle's shareholders in accordance with the contribution agreement, without transferring fractions of shares.

- 1.4 Completion of the transaction shall take place on the date which is three business days after the date on which the last of the conditions to be satisfied or waived is satisfied or waived. On completion, NEPI, Rockcastle and NEPI Rockcastle will execute the contribution agreement.
- 1.5 At any time before the merger implementation date, either party (the first party) may by notice in writing to the other party elect to terminate this agreement, if the other party is in material breach of its obligations in terms of the actions to be taken pending completion of the transaction or is in material breach of the warranties given by it, unless such breach is cured prior to the date on which completion of the transaction would otherwise take place.
- 1.6 NEPI and Rockcastle each undertake to initiate, as soon as reasonably practicable after the merger implementation date:
  - 1.6.1 the listing of NEPI Rockcastle on the JSE and on Euronext Amsterdam;
  - 1.6.2 in case of NEPI, subject to the board of NEPI being satisfied, on reasonable grounds, that the solvency test set out in section 49 of the IOM Companies Act will be met immediately following such distributions, to approve the distributions by way of (a) a distribution *in specie* made as a return of capital, and/or (b) a distribution *in specie* declared as a dividend, and/or (c) a repurchase of shares from NEPI's shareholders, which distributions shall comprise of the transfer by NEPI to its shareholders of the rights to NEPI Rockcastle shares, and to give notice by email to NEPI Rockcastle to inform it that NEPI has transferred the rights to NEPI Rockcastle shares to its shareholders; and
  - 1.6.3 in case of Rockcastle, to approve the distributions by way of (a) a distribution *in specie* made as a dividend and or (b) a distribution *in specie* made as a return of capital, which distributions shall comprise of the transfer by Rockcastle to its shareholders of its rights to NEPI Rockcastle shares, and to give notice by email to NEPI Rockcastle to inform it that Rockcastle has transferred its rights to NEPI Rockcastle shares to its shareholders.
- 1.7 NEPI and Rockcastle each further undertake:
  - 1.7.1 to complete the distributions and listings contemplated above in compliance with the applicable law as soon as reasonably possible but in any event within two months from the merger implementation date, without prejudice to any steps taken or initiated prior to the merger implementation date;
  - 1.7.2 to ensure that no later than the first business day to occur after receipt by NEPI Rockcastle of the last of the emails contemplated in paragraphs 1.6.2 and 1.6.3 above (the "**shares issuance date**"), the board of directors of NEPI Rockcastle passes a resolution for the registration of the respective shareholders of NEPI or their nominees and the respective shareholders of Rockcastle or their nominees as members of NEPI Rockcastle and as the respective holders of the NEPI Rockcastle shares issued to them;
  - 1.7.3 to ensure that on the shares issuance date:
    - 1.7.3.1 NEPI Rockcastle allots and issues credited as fully paid:
      - 1.7.3.1.1 such number of new NEPI Rockcastle shares as is determined based on the swap ratio (having regard to the existing shares acquired by NEPI on the terms of the framework agreement) to NEPI's shareholders in accordance with their entitlement;
      - 1.7.3.1.2 such number of new NEPI Rockcastle shares as is determined based on the swap ratio (having regard to the existing shares acquired by Rockcastle on the terms of the framework agreement) to Rockcastle's shareholders in accordance with their entitlement;
      - 1.7.3.1.3 if applicable, share certificates are issued by NEPI Rockcastle to NEPI's shareholders for their respective NEPI Rockcastle shares and to Rockcastle's shareholders for their respective NEPI Rockcastle shares.
      - 1.7.3.1.4 NEPI Rockcastle repurchases the existing shares owned by NEPI and Rockcastle for their nominal value.
- 1.8 NEPI and Rockcastle acknowledge and agree that no claim under any warranties given by the other party may be brought against that party after the board of directors of that party has approved the relevant distributions *in specie* and repurchase.

## 2. CONTRIBUTION AGREEMENT

*Summary of the contribution to be concluded between NEPI, Rockcastle and NEPI Rockcastle on the merger implementation date, in order to complete and implement the merger transaction*

- 2.1 NEPI will sell and NEPI Rockcastle will buy all assets owned by NEPI as of the merger implementation date, including if applicable (i) the shares held by NEPI directly in its group, (ii) the cash balance of NEPI, (iii) the intellectual property rights owned by NEPI, (iv) any listed securities directly owned by NEPI, (v) the benefits and rights of NEPI under all contracts, offers, orders, undertakings, arrangements, agreements or similar institutes entered into by NEPI, irrespective of whether they are legally binding or subject to any dispute or whether their principal obligations have been fulfilled before the merger implementation date, (vi) the receivables of NEPI under the loans granted by NEPI to any NEPI group company, and (vii) the receivables of NEPI under loans granted by NEPI to certain employees of NEPI or a NEPI group company, as well as the payables of NEPI under the loans granted by a NEPI group company to NEPI, but excluding any existing shares in NEPI Rockcastle held by NEPI (together, the “**NEPI net assets**”).
- 2.2 Rockcastle will sell and NEPI Rockcastle will buy all assets owned by Rockcastle as of the merger implementation date, including if applicable (i) the shares held by Rockcastle directly in its group, (ii) the cash balance of Rockcastle, (iii) the intellectual property rights owned by Rockcastle, (iv) any listed securities directly owned by Rockcastle, (v) the benefits and rights of Rockcastle under all contracts, offers, orders, undertakings, arrangements, agreements or similar institutes entered into by Rockcastle, irrespective of whether they are legally binding or subject to any dispute or whether their principal obligations have been fulfilled before the merger implementation date, (vi) the receivables of Rockcastle under the loans granted by Rockcastle to any Rockcastle group company, (vii) the receivables of Rockcastle under loans granted by Rockcastle to certain employees of Rockcastle or a Rockcastle group company, as well as (viii) the payables of Rockcastle under the loans granted by a Rockcastle group company to Rockcastle, but excluding any existing shares in NEPI Rockcastle held by Rockcastle (together, the “**Rockcastle net assets**”).
- 2.3 The purchase price for the NEPI net assets will be satisfied by the issue of the right to receive such number of NEPI Rockcastle ordinary shares as is determined based on the share swap ratio (having regard to the existing shares acquired by NEPI in terms of the framework agreement). Similarly, the purchase price for the Rockcastle net assets will be satisfied by the issue of the right to receive such number of NEPI Rockcastle ordinary shares as is determined based on the share swap ratio (having regard to the existing shares acquired by Rockcastle in terms of the framework agreement).
- 2.4 The rights to receive NEPI Rockcastle shares as contemplated in paragraph 2.3 above are freely transferable, fungible, divisible in respect of each NEPI Rockcastle share and may be transferred in respect of each and any number of NEPI Rockcastle shares.
- 2.5 With effect from the merger implementation and to the extent that such liabilities have not been effectively transferred to NEPI Rockcastle, NEPI Rockcastle:
  - 2.5.1 is responsible for all NEPI and Rockcastle’s liabilities;
  - 2.5.2 shall promptly pay, when due, all NEPI and Rockcastle’s liabilities;
  - 2.5.3 shall indemnify, and keep indemnified, NEPI and Rockcastle on demand against each loss, liability and cost which NEPI or Rockcastle, as the case may be, incurs as a result of NEPI Rockcastle’s failure to comply with its obligations under paragraph 2.5.1 and 2.5.2 above and against any other liability arising out of or in connection with the ownership or operation of the NEPI assets and/or Rockcastle assets after the transfer of such assets to NEPI Rockcastle, but excluding any liability of NEPI or Rockcastle arising under the warranties given in the contribution agreement;
  - 2.5.4 shall perform all NEPI and Rockcastle’s obligations to be performed after the merger implementation date under any contract (other than payment of the liabilities referred to in paragraph 2.5.2) in accordance with the terms of such contract; and
- 2.6 shall indemnify, and keep indemnified, NEPI and Rockcastle on demand against each loss, liability and cost which NEPI or Rockcastle, as the case may be, incurs as a result of NEPI Rockcastle’s performance of NEPI or Rockcastle’s obligations, as the case may be, under any contract (as referred to in paragraph 2.5.4 above).
- 2.7 The parties may only enter into the contribution agreement upon completion of the framework agreement concluded between NEPI and Rockcastle on 13 December 2016 and, for the avoidance of doubt, after all conditions in such agreement have been satisfied or waived in accordance with its terms.

## DETAILS OF THE PROPERTY PORTFOLIO

As at 31 December 2016, the property portfolio comprised 50 income producing properties (excluding non-core properties), with 3 developments under construction (of which 2 are extensions of existing properties) and 17 developments under permitting and pre-leasing (of which 11 are extensions of existing properties).

The total property portfolio, including property held through joint ventures weighted by ownership, was valued at approximately €3.9 billion as at 31 December 2016.

Property specific details of the individual properties within the property portfolio, including property name, location, rentable area, weighted average rental per square meter and valuation are set out below.

Property name	Type	Location	Property valuer	Property manager	Weighted by ownership		
					GLA (m <sup>2</sup> )	Valuation (€m) 31-Dec-16	Average rental (€/m <sup>2</sup> /month)
<b>INVESTMENT PROPERTIES</b>							
1	Bonarka City Center (Note 20)	Poland	C&W Polska	Trigranit Management	72 500	374.1	22.6
2	Mega Mall	Romania	C&W LLP	Polska Sp. z o.o. Internal	75 200	283.1	20.9
3	Arena Centar	Croatia	C&W LLP	Internal	62 100	219.9	20.5
4	Promenada Mall	Romania	C&W LLP	Internal	39 400	176.0	23.3
5	City Park	Romania	C&W LLP	Internal	51 700	167.2	19.2
6	Aupark Kosice Mall	Slovakia	C&W LLP	Internal	33 800	154.0	23.4
7	Galeria Warminska	Poland	C&W Polska	CBRE Sp. z o.o.	42 700	154.0	17.8
8	Karolinka Shopping Centre	Poland	C&W Polska	Balmain Property Management	70 000	147.4	10.6
9	Focus Mall Zielona Gora	Poland	C&W Polska	Sp. z o.o. Apsys Polska S.A.	28 900	116.3	20.2
10	Aupark Zilina	Slovakia	C&W LLP	Internal	25 100	116.2	26.3
11	Shopping City Timisoara	Romania	C&W LLP	Internal	56 700	108.6	11.8
12	Shopping City Sibiu	Romania	C&W LLP	Internal	78 200	108.1	9.1

Property name	Type	Location	Property valuer	Property manager	Weighted by ownership				
					GLA (m <sup>2</sup> )	Valuation (€m)	GLA (m <sup>2</sup> )	Valuation (€m)	Average rental (€/m <sup>2</sup> /month)
					31-Dec-16	31-Dec-16	31-Dec-16	31-Dec-16	
13	Iris Titan Shopping Center	Romania	C&W LLP	Internal	45 000	92.8	45 000	92.8	13.9
14	Forum Ústí nad Labem	Czech Republic	C&W LLP	Internal	27 800	82.7	27 800	82.7	16.5
15	Forum Liberec Shopping Centre (Note 10)	Czech Republic	JLL	Cushman & Wakefield s.r.o.	47 100	82.1	47 100	82.1	8.7
16	Braila Mall	Romania	C&W LLP	Internal	55 400	74.0	55 400	74.0	9.0
17	Shopping City Deva	Romania	C&W LLP	Internal	52 200	71.1	52 200	71.1	9.8
18	Pogoria Shopping Centre	Poland	C&W Polska	Balmain Property Management Sp. z o.o.	36 700	77.0	36 700	77.0	11.2
19	Galeria Wolomin (Note 11)	Poland	C&W Polska	CBRE Sp. z o.o.	24 200	53.1	24 200	53.1	12.1
20	Shopping City Galati	Romania	C&W LLP	Internal	27 200	52.3	27 200	52.3	11.9
21	Platan Shopping Centre (Note 12)	Poland	C&W Polska	Apsys Polska S.A.	25 300	52.0	25 300	52.0	10.8
22	Solaris Shopping Centre	Poland	C&W Polska	Balmain Property Management Sp. z o.o.	17 700	58.5	17 700	58.5	19.1
23	Vulcan Value Centre	Romania	C&W LLP	Internal	24 600	50.9	24 600	50.9	13.3
24	Focus Mall Piotrkow Trybunalski	Poland	C&W Polska	Apsys Polska S.A.	35 100	49.0	35 100	49.0	10.0
25	Ploiesti Shopping City (Note 9)	Romania	C&W LLP	Internal	45 800	89.9	22 900	45.0	12.5
26	Shopping City Piatra Neamt	Romania	C&W LLP	Internal	27 900	40.9	27 900	40.9	9.4
27	Kragujevac Plaza	Serbia	C&W LLP	Internal	21 900	39.9	21 900	39.9	12.6
28	Aupark Shopping Center Piestany	Slovakia	C&W LLP	Internal	10 300	39.6	10 300	39.6	21.0
29	Cosmopolitan Mall (Note 17) (Note 19)	Zambia	Quadrant	Heriot Properties Pty Ltd	26 200	70.3	13 100	35.2	18.8
30	Shopping City Targu Jiu	Romania	C&W LLP	Internal	27 100	38.9	27 100	38.9	9.9

Weighted by ownership										
Property name	Type	Location	Property valuer	Property manager	GLA (m <sup>2</sup> )	Valuation (€m)		GLA (m <sup>2</sup> )	Valuation (€m)	Average rental (€/m <sup>2</sup> /month)
						31-Dec-16	31-Dec-16			
31 Pitesti Retail Park (Note 13)	Community Centre	Romania	C&W LLP	Internal	39 900	38.3	24 800	38.3	12.5	
32 Korzo Shopping Centrum	Community Centre	Slovakia	C&W LLP	Internal	16 100	33.6	16 100	33.6	13.2	
33 Severin Shopping Center	Regional Mall	Romania	C&W LLP	Internal	22 600	28.4	22 600	28.4	8.5	
34 Galeria Tomaszow (Note 19)	Regional Mall	Poland	C&W Polska	CBRE Sp. z o.o.	18 500	32.0	18 500	32.0	11.8	
35 Aurora Shopping Mall	Regional Mall	Romania	C&W LLP	Internal	18 000	10.8	18 000	10.8	7.4	
36 – Regional strip centres	Strip Centres	Romania	C&W LLP	Internal	85 900	31.3	25 800	31.3	8.1	
42 (Note 13) (Note 18)										
<b>Total retail</b>					<b>1 414 800</b>	<b>3 414.3</b>	<b>1 303 600</b>	<b>3 334.3</b>	<b>14.5</b>	
43 Floreasca Business Park	Office	Romania	C&W LLP	Internal	36 300	107.7	36 300	107.7	18.1	
44 City Business Centre	Office	Romania	C&W LLP	Internal	47 600	96.9	47 600	96.9	13.8	
45 The Lakeview	Office	Romania	C&W LLP	Internal	25 600	71.0	25 600	71.0	17.3	
46 The Office Cluj-Napoca (Note 9)	Office	Romania	C&W LLP	Internal	42 800	82.0	21 400	41.0	13.0	
47 Aupark Kosice Tower	Office	Slovakia	C&W LLP	Internal	12 900	20.7	12 900	20.7	11.6	
48 Rockcastle House (Note 17)	Office	United Kingdom	C&W LLP	Internal	600	2.5	600	2.5	22.3	
<b>Total office</b>					<b>165 800</b>	<b>380.8</b>	<b>144 400</b>	<b>339.8</b>	<b>15.2</b>	
49 Rasnov Industrial Facility	Industrial	Romania	C&W LLP	Internal	23 000	10.8	23 000	10.8	4.6	
50 Otopeni Warehouse	Industrial	Romania	C&W LLP	Internal	4 800	5.0	4 800	5.0	9.5	
<b>Total industrial</b>					<b>27 800</b>	<b>15.8</b>	<b>27 800</b>	<b>15.8</b>	<b>5.5</b>	
<b>TOTAL INCOME PRODUCING PROPERTIES</b>					<b>1 608 400</b>	<b>3 810.9</b>	<b>1 475 800</b>	<b>3 689.9</b>	<b>14.4</b>	

		Weighted by ownership					
		Market value of the land as at 31 December 2016, where separately valued by an independent property valuer (Note 14)					
Property name	Type	Location	Property valuer	GLA (m <sup>2</sup> )	Valuation/ Cost to date (€m) (Note 15)	GLA (m <sup>2</sup> )	Valuation/ Cost to date (€m) (Note 15)
<b>DEVELOPMENTS</b>							
51	Victoriei Office		Romania	C&W LLP	7 600	9.6	31.9
	Development						
19	Galeria Wolomin (Note 17) (Note 19)		Poland	C&W Polska	6 700	2.2	2.5
46	The Office Cluj-Napoca (Phase III) (Note 9)		Romania	C&W LLP	18 500	4.8	13.9
	Office – Extension						
					<b>32 800</b>	<b>16.6</b>	<b>48.3</b>
						<b>23 550</b>	<b>41.4</b>
<b>Total developments under construction</b>							
4	Promenada Mall		Romania	C&W LLP	60 000	29.2	33.1
	Retail & Office – Extension						
52	Promenada Novi Sad		Serbia	C&W LLP	56 000	31.0	32.1
	Retail – Development						
53	Shopping City Targu Mures		Romania	C&W LLP	46 000	6.2	6.3
	Retail – Development						
54	Shopping City Satu Mare		Romania	C&W LLP	28 700	8.4	10.3
	Retail – Development						
55	Ramnicu Valcea Mall		Romania	C&W LLP	27 900	9.3	10.2
	Retail – Development						
20	Shopping City Galati		Romania	C&W LLP	21 000	7.5	9.0
	Retail – Extension						
56 – 57	Retail parks Krusevac and Sabac		Serbia	C&W LLP	18 000	4.8	4.7
	Retail – Development						
12	Shopping City Sibiu		Romania	C&W LLP	10 600	–	–
	Retail – Extension						
25	Ploiesti Shopping City (Note 9)		Romania	C&W LLP	6 200	1.6	1.9
	Retail – Extension						
36	Vaslui strip centre		Romania	C&W LLP	2 800	–	–
	Retail – Extension						
21	Platan Shopping Centre		Poland	C&W Polska	16 000	4.9	4.9
	Retail – Extension						
9	Focus Mall Zielona Gora		Poland	C&W Polska	15 900	–	–
	Retail – Extension						
22	Solaris Shopping Centre (Note 17)		Poland	C&W Polska	8 000	–	0.2
	Retail – Extension						

Market value of the land as at 31 December 2016, where separately valued by an independent property valuer										Weighted by ownership	
Property name	Type	Location	Property valuer	GLA (m <sup>2</sup> )	Property valuer	GLA (m <sup>2</sup> )	Valuation/ Cost to date (€m) (Note 14)	Valuation/ Cost to date (€m) (Note 15)	GLA (m <sup>2</sup> )	Valuation/ Cost to date (€m) (Note 15)	
1 Bonarka City Center	Retail – Extension	Poland	C&W Polska	4 000	–	4 000	–	–	4 000	–	
8 Karolinka Shopping Centre	Retail – Extension	Poland	C&W Polska	2 500	–	2 500	–	–	2 500	–	
18 Pogoria Shopping Centre	Retail – Extension	Poland	C&W Polska	1 300	–	1 300	–	–	1 300	–	
<b>Total developments under permitting and pre-leasing (Note 16)</b>				<b>324 900</b>	<b>102.9</b>	<b>321 800</b>	<b>112.7</b>	<b>111.8</b>	<b>321 800</b>	<b>111.8</b>	
<b>Total land bank</b>							<b>38.3</b>			<b>38.3</b>	
<b>TOTAL DEVELOPMENTS AND LAND BANK</b>				<b>357 700</b>	<b>119.5</b>	<b>345 350</b>	<b>199.3</b>	<b>191.5</b>	<b>345 350</b>	<b>191.5</b>	
TOTAL NON-CORE PROPERTIES (Note 18)										Weighted by ownership	
Location	Property valuer	Property manager	GLA (m <sup>2</sup> )	Valuation (€m) 31-Dec-16	GLA (m <sup>2</sup> )	Valuation (€m) 31-Dec-16					
Romania	C&W LLP	Internal	33 400	15.6	33 400	15.6					

**Notes:**

1. All properties were valued as at 31 December 2016.
2. All properties will be acquired by NEPI Rockcastle with effect from the merger implementation date.
3. The properties will be acquired by NEPI Rockcastle through its acquisition of 100% of the issued share capital of various property-holding subsidiaries forming part of the NEPI sale assets and Rockcastle sale assets (excluding any shares in NEPI Rockcastle itself), in consideration for the right to receive such number of NEPI Rockcastle ordinary shares as is determined based on the share swap ratio (having regard to the existing shares acquired by NEPI and Rockcastle in terms of the framework agreement), as further detailed in the circulars. Accordingly, no purchase price per property is disclosed. NEPI Rockcastle will ultimately issue 334 027 068 ordinary shares to NEPI shareholders, and 204 926 789 ordinary shares to Rockcastle shareholders, in consideration for the NEPI sale assets and Rockcastle sale assets, respectively.
4. Properties stated as having been valued by C&W LLP were valued by Michael Edwards MRICS and Rupert Dodson FRICS of C&W LLP, both independent, registered professional valuers in terms of The Royal Institution of Chartered Surveyors, save for Rockcastle House which was valued by John O'Neill BLE FRICS of C&W LLP, an independent external registered professional valuer and member of The Royal Institution of Chartered Surveyors, a recognised property valuers regulatory body.
5. Properties stated as having been valued by C&W Polska were valued by Mark Freeman MRICS, an independent registered professional valuer in terms of The Royal Institution of Chartered Surveyors.
6. The property stated as having been valued by JLL was valued by Jan Zibura MRICS and Petra Piskova MRICS, both independent registered professional valuers in terms of The Royal Institution of Chartered Surveyors.
7. The property stated as having been valued by Quadrant was valued by was valued by Peter Parfitt of Quadrant, an independent registered professional valuer registered in terms of the South African Property Valuers Profession Act, No. 47 of 2000.
8. Save as disclosed in note 9 and note 19 below, figures reflect 100% ownership of property assets.
9. The group holds a 50% interest in Ploiesti Shopping City (in partnership with Carrefour Property) and The Office Cluj-Napoca (in partnership with Ovidiu Sandor, an experienced Romanian office developer).
10. Forum Liberec Shopping Centre was valued as at 30 September 2016, however the independent valuer has confirmed that the valuation at that date is unchanged as at 31 December 2016. The GLA of Forum Liberec as disclosed above includes 2 804m<sup>2</sup> office space (6% of total GLA) and 974m<sup>2</sup> residential space (3% of total GLA).
11. The valuation of Galeria Wolomin excludes the extension under construction as at 31 December 2016.
12. The valuation of Platan Shopping Centre excludes the adjacent Platan Retail Park, which is held for redevelopment and valued separately as a property under permitting and pre-leasing.
13. Pitesti Retail Park and the regional strip centres form part of larger retail schemes. The balance of the GLA is owned by third parties.
14. The market value of land in respect of which an extension is to be developed has been disclosed where this has been separately valued by an independent registered valuer. Where no value is indicated, this has been incorporated in the valuation of the relevant income producing property.
15. "Costs to date" in respect of development properties represents market value of the land, plus accounting costs incurred as at 31 December 2016.
16. The GLA of developments under permitting and pre-leasing depends on permitting.
17. Cosmopolitan Mall was valued at USD 74 000 000, and converted to Euro at the US\$:EUR exchange rate on 31 December 2016 of US\$1.00: EUR 0.950101. Rockcastle House was valued at GBP 2 100 000, and converted to Euro at the GBP:EUR exchange rate on 31 December 2016 of GBP 1.00: EUR 1.1738. Accounting costs attributable to the extensions to Galeria Wolomin and Solaris Shopping Centre are converted from US\$ to Euro at the US\$:EUR exchange rate on 31 December 2016 of US\$1.00: EUR 0.950101.
18. Full details of the regional strip centres and non-core properties are set out in **Annexure 12**.
19. The group holds a 50% joint venture interest in Cosmopolitan Shopping Centre Limited, which owns Cosmopolitan Mall, in terms of which there is an agreement of shared control with the entity's other shareholder. Decisions relating to the joint venture company require the unanimous consent of the shareholders. The group holds a 90% and 85% interest in Galeria Wolomin and Galeria Tomaszow, respectively, however controls the assets and consolidates in full recognising non-controlling interest in equity.
20. Auchan, a major tenant, owns their premises in Bonarka City Center. Including the Auchan premises, Bonarka City Center has a GLA of 93 200m<sup>2</sup>. The GLA of Bonarka also includes a small area of office space.

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## DETAILS OF PROPERTY MANAGERS

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Details of all external property managers, in respect of which the property management function of certain properties is outsourced, are set out below.

<b>Name:</b>	Apsys Polska S.A. (“ <b>Apsys</b> ”)
<b>Address:</b>	Al. Jana Pawla II 27, 00-867 Warsaw, Poland
<b>Shareholder(s):</b>	Financiere Apsys S.A.S
<b>Directors:</b>	Benoit Charles, Maciej Wroblewski, Piotr Madzurek, Marek Bledowski
<b>Properties managed:</b>	Platan Shopping Centre, Poland Focus Mall Piotrkow Trybunalski, Poland Focus Park Zilona Gora, Poland
<b>Functions performed:</b>	Apsys will perform <i>inter alia</i> the following services in respect of the properties: property management services; lease management services; budgeting (Platan Shopping Centre only); reporting; and kiosk leasing services.
<b>Duration of appointment:</b>	Platan Shopping Centre: 1 January 2017 – 31 December 2017, with automatic renewal for a further two year term on a rolling basis.  Focus Mall Piotrkow Trybunalski and Focus Park Zilona Gora: Date of signing the final hand over protocol in terms of which the property was acquired, being 30 November 2016, for a period of two years, with automatic renewal for a further two year term on a rolling basis.
<b>Termination of appointment:</b>	Terminable (i) by the owner of the property if the property is sold to a non-related party, on three months’ written notice, or (ii) for cause, including due to a material breach of the agreement or a failure to pay fees owed. No termination fees are payable.
<b>Name:</b>	Balmain Property Management Sp. z o.o. (“ <b>Balmain</b> ”)
<b>Address:</b>	ul. Sienna 39, 00-121, Warsaw, Poland
<b>Shareholder(s):</b>	Balmain Asset Management CEE Sp. z o.o.
<b>Directors:</b>	James Turner, Paul Cawood and Tim Rylance
<b>Properties managed:</b>	Solaris Shopping Centre, Poland Karolinka Shopping Centre, Poland Pogoria Shopping Centre, Poland
<b>Functions performed:</b>	Balmain will perform <i>inter alia</i> the following services in respect of the property: property management services; marketing services (only for Solaris Shopping Centre); property management; budgeting; reporting; and kiosk leasing services.
<b>Duration of appointment:</b>	Solaris Shopping Centre: 1 June 2016 – 31 December 2017, with automatic renewal for a further one year term on a rolling basis (not beyond 31 December 2022).  Karolinka Shopping Centre and Pogoria Shopping Centre: 1 January 2017 – 31 December 2017, with automatic renewal for a further one year term on a rolling basis (not beyond 31 December 2022).
<b>Termination of appointment:</b>	Terminable (i) by the owner of the property if the property is sold or any third party acquires a 50% interest in the property, on three months’ written notice, or (ii) for cause, including due to a material breach of the agreement or a failure to pay fees owed. No termination fees are payable.

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<b>Name:</b>	CBRE Sp. z o.o. (“ <b>CBRE</b> ”)
<b>Address:</b>	Rondo 1, 24th Floor, Rondo ONZ 1, 00-124, Warsaw, Poland
<b>Shareholder(s):</b>	Relam Amsterdam Holdings B.V.
<b>Directors:</b>	Andreas Ridder, Daniel Bienias, Duncan Green and Marco Hekman
<b>Properties managed:</b>	Galeria Wolomin, Poland Galeria Tomaszow, Poland Galeria Warminska, Poland
<b>Functions performed:</b>	CBRE will perform <i>inter alia</i> the following services in respect of the properties: property management services; marketing services (only for Galeria Tomaszow and Galeria Wolomin) property management; budgeting; reporting; and kiosk leasing services.
<b>Duration of appointment:</b>	Date of signing the final hand over protocol in terms of which the property was acquired, being 6 October 2016 (Galeria Wolomin), 26 October 2016 (Galeria Tomaszow) and 15 December 2016 (Galeria Warminska) – 31 December 2017, with automatic renewal for a further one year term on a rolling basis (not beyond 31 December 2022).
<b>Termination of appointment:</b>	Terminable (i) if the property is sold or any third party acquires a 50% interest in the property, on three months’ written notice, or (ii) for cause, including due to a material breach of the agreement or a failure to pay fees owed. No termination fees are payable.

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<b>Name:</b>	Cushman & Wakefield, s.r.o. (“ <b>C&amp;W Czech</b> ”)
<b>Address:</b>	Quadrio Offices, Purkynova 2121/3, Praha 1, 110 00, Prague, Czech Republic
<b>Shareholder(s):</b>	Cushman & Wakefield Global Holdco Limited, Cushman & Wakefield (France Holdings) SAS
<b>Directors:</b>	Jonathan Hallet
<b>Properties managed:</b>	Forum Liberec Shopping Centre, Czech Republic
<b>Functions performed:</b>	C&W Czech will perform <i>inter alia</i> the following services in respect of the property: lease management and tenant liaison; property management accounting; reporting; marketing; other property management services; and facility management services.
<b>Duration of appointment:</b>	Indefinite appointment, commencing on 24 June 2016.
<b>Termination of appointment:</b>	Terminable (i) by either party on six months’ written notice, for any reason, (ii) by the property owner if there is a change in majority owner of C&W Czech and the new owner’s activities are competing with those of the property owner, (iii) by C&W Czech if there is a change in majority owner of the property owner, and (iv) for cause, including due to a material breach of the agreement or a failure to pay fees owed. No termination fees are payable.

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<b>Name:</b>	Heriot Properties Pty Ltd (“ <b>Heriot</b> ”)
<b>Address:</b>	Suite 1, Ground Floor, 3 Melrose Boulevard, Melrose Arch, 2196, Johannesburg, South Africa
<b>Shareholder(s):</b>	Gusi Trust
<b>Directors:</b>	Steven Herring
<b>Properties managed:</b>	Cosmopolitan Mall, Zambia
<b>Functions performed:</b>	Heriot will perform <i>inter alia</i> the following services in respect of the property: strategies and mandates; budgets; collectable income; credit control; leasing management; maintenance and technical management; account payments; accounting and statutory returns; reporting; and control procedures.
<b>Duration of appointment:</b>	Indefinite appointment, commencing on 24 March 2016.

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<b>Name:</b>	Trigranit Management Polska Ps. z o.o. (“ <b>Trigranit</b> ”)
<b>Address:</b>	Ul.Twarda 18 Budynek, “Spektrum”, 00-105, Warsaw, Poland
<b>Shareholder(s):</b>	Trois Holdings S.a.r.l.
<b>Directors:</b>	Tomasz Lisiecki, Agnieszka Turowska and Beata Jarmolkowicz
<b>Properties managed:</b>	Bonarka City Center, Poland
<b>Functions performed:</b>	Trigranit will perform <i>inter alia</i> the following services in respect of the properties: property management services; accounting services; budgeting; and reporting.
<b>Duration of appointment:</b>	20 September 2016 – 31 August 2018
<b>Termination of appointment:</b>	Terminable (i) if the property is sold or any third party acquires a 50% interest in the property, on three months’ written notice, or (ii) for cause, including due to a material breach of the agreement or a failure to pay fees owed. No termination fees are payable.

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All property management agreements concluded by any group company will be available for inspection in terms of paragraph 33 of the prospectus.

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## INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (C&W LLP)

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**New Europe Property Investments Plc**

2nd Floor, Anglo International House  
 Lord Street  
 Douglas  
 Isle of Man IM1 4LN

**NEPI Rockcastle PLC**

2nd Floor, Anglo International House  
 Lord Street  
 Douglas  
 Isle of Man IM1 4LN

**Report Date: tbc****Valuation Date: 31 December 2016****1. INSTRUCTIONS****Appointment**

We are pleased to submit our valuation report of the Properties listed at Part B, whose ownership is held by New Europe Property Investments Plc (the “**Company**”) in connection with the proposed merger, as a result of which shares of the newly incorporated company, NEPI Rockcastle PLC, will be admitted to trading on the main board of the Johannesburg Stock Exchange and Euronext.

**2. BACKGROUND TO THE VALUATION PROPERTIES**

The properties and interests valued are detailed in Part B.

**3. BASES OF VALUATION**

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards (the “**Red Book**”) by a valuer acting as an External Valuer, as defined within the Red Book.

**Bases**

The properties in Part B have been valued on the basis of Market Value, subject to any existing leases and otherwise assuming vacant possession.

**Market Value Definition**

We have assessed “Market Value” in accordance with the Red Book.

The Red Book defines Market Value as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

**Market Rent Definition**

We have assessed “Market Rent” in accordance with the Red Book.

The Red Book defines Market Rent as “the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.”

**Estimated Gross Annual Rents Receivable**

We have based our estimates of the gross annual rents currently receivable from the Investment Properties on the Populated tenancy information in Excel format, as defined in Section 4 Sources of information below. In providing these estimates, we define “gross annual rent” as “the current income or income estimated by the valuer:

- (a) ignoring any special receipts or deductions arising from the property;
- (b) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (c) after making deductions for superior rents (but not for amortisation) and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.”

Where premises are let on effective full repairing and insuring leases, the net annual rents receivable stated are the presently contracted rents payable under those leases or agreements to lease without any deduction for the cost of management or any other expenses.

Where leases are subject to rent-free periods which have not expired, the total Estimated Net Annual Rents Receivable stated reflect the present nil rent passing under those leases.

Rental value has been assessed on the basis of Market Rent, assuming a new lease drawn on terms appropriate to current practice in the relevant market. Annualised future rental levels are not materially different to current passing annual rents on the portfolio level.

#### 4. ASSUMPTIONS, DEPARTURES AND RESERVATIONS

We have made no Special Assumptions.

We have made no Departures from the Red Book.

##### **Reservations**

We have not been provided with the following data for properties in Romania:

- Total annual turnover levels achieved by retail tenants
- Service Charge budget and reconciliation
- Footfall

Planning, zoning and permitting information has been provided as follows:

- Investment properties: we have been informed by the Company that all properties have been built in compliance with regulations although this has not been verified by us.
- Properties under development: the Company have provided DTZ Echinox with building permits that are in compliance with regulations.
- Properties under permitting: the Company have informed us that current zoning allows construction of the proposed developments, they have applied for permissions to the authorities to enable start of development, and await receiving permission.
- Properties held as land for future developments: the Company have informed us that these properties are urban development sites regulated by the general urban plans of the respective settlements. We have valued these properties on the basis of their highest and best use.

We have not verified planning and zoning information received by the Company and have assumed it to be accurate. We have made other assumptions as necessary.

Reservations/qualifications are usually applied as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to relet; specialised properties; large exposure to a single tenant; potential tenant failure due to overrent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

We have, to the best of our knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

##### **Sources of information**

All information regarding the Romanian properties has been provided to us from the Company via DTZ Echinox, as per your instructions. This information delivered to us is assumed to be correct and has been relied upon accordingly. We have not verified this data. The information consisted of:

- Populated tenancy information in Excel format
- Planning information summaries on certain but not all Properties
- Extracts of previous valuation reports prepared by DTZ Echinox
- Information for assets outside Romania was provided directly by the Company

### Tenure and Tenancies

We have not inspected title deeds and we have relied on the information supplied and listed at paragraph 6 of this Report as being correct and complete. In the absence of information to the contrary, we have assumed the absence of unusually onerous restrictions, covenants or other encumbrances and that the property has a good and marketable title. Where supplied with legal documentation, we have considered it but we will not take responsibility for the legal interpretation of it.

We have been informed by the Company that there are no contractual arrangements on the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties.

We have been informed by the Company that there are no options in favour of any parties for any purchase of any of the properties.

We have not read any leases and assume that all leases are on normal institutional terms for the applicable market.

The Company have confirmed the general lease terms in the properties are as follows:

<b>Demise:</b>
As defined in individual leases.
<b>Lease date:</b>
As defined in individual leases.
<b>Rent:</b>
Rents are denominated in euros, and monthly and quarterly invoiced in advance in local currency based upon the applicable exchange rate at the payment date.
<b>Lease Term:</b>
Fixed term of specific dates defined in individual leases.
<b>Break option(s):</b>
As defined in individual leases.
<b>Indexation:</b>
Rents are annually indexed on a specified date in line with the EU Harmonised Index of Consumer Prices (HICP), IPCUM – UE 15, EURO 17 countries, EU16, EU27, EU28 or MUICP15.
<b>Repairing obligations:</b>
Internal, non-structural repairs are the responsibility of the tenant, the lessor is responsible for more substantial & structural repairs, maintenance & repairs for common area, the costs of which are recovered through the service charge.
<b>Insurance provisions:</b>
The Lessor maintains (i) general property insurance in respect of the asset and (ii) third party liability insurance which are always reclaimed through the service charge and (iii) a business interruption insurance which is generally reclaimed through the service charge.
The lessee is obliged to maintain: (i) Construction “all risk” Insurance during the fit out works and any other works, (ii) general third party liability insurance including Tenant’s liability to cover material damages, bodily injuries or death in connection with the business operation of the Tenant at the Leased Premises and (iii) property insurance; and (iv) business interruption insurance (subject to parties agreement). Lessee must also take out and maintain a personal property insurance for fire, perils, theft, loss of revenue and other coverage maintained by businesses, covered by property insurance and business interruption insurance.
<b>Alterations:</b>
Alterations are subject to Lessor’s prior written approval.
<b>Service charge:</b>
Lessee pays a service charge as defined in the lease to cover Lessor’s all operating costs (all fees, taxes and expenses of the property). The service charge is subject to annual reconciliation in line with actual running costs of the asset.
<b>Alienation &amp; Subletting:</b>
Subject to Lessor’s prior written consent.

## **Structure**

We have not carried out a structural survey of any property nor have we tested services but have relied on the information supplied and listed at paragraph 6 of this Report. Further, no inspection has been made of the woodwork and other parts of the structures which are covered, unexposed or inaccessible. In the absence of information to the contrary, the valuation is on the basis that the property is free from defect. However, the value reflects the apparent general state of repair of the property noted during inspection, but we do not give any warranty as to the condition of the structure, foundations, soil and services. Our report should not be taken or interpreted as giving any opinion or warranty as to the structural condition or state of repair of the property, nor should such an opinion be implied.

## **Planning and Statutory Regulations**

We have not been instructed to make formal searches with local planning authorities and we have relied on the information supplied and listed at paragraph 6 of this Report. We advise you to seek legal clarification to confirm the planning position relating to the properties and review our comments on planning in light of the findings.

The client has confirmed that we can rely upon the tenure, tenancy and legal title provided to us for the purposes of arriving at our opinion of value.

## **Covenant**

Our valuation takes into account potential purchasers' likely opinion of the financial strength of tenants. However, we have not undertaken any detailed investigations on the covenant strength of the tenants. Unless informed to the contrary by you or in the information supplied and listed at paragraph 6 of this Report, we have assumed that there are no significant arrears and that the tenants are able to meet their obligations under their leases or agreements.

## **Floor Areas**

We have relied upon floor areas as provided to us and have not checked them on site. We have assumed that the areas supplied to us have been measured in accordance with standard market practice for the market in which each asset is situated.

In the summary table we have provided Gross Leasable Areas (GLAs) as advised by the Company. By the nature of retail assets GLAs may fluctuate over time due to minor reconfigurations and changes in use. As such, the stated GLAs may not be identical to the GLAs applied in our valuations; however the differences between stated and valued areas are not material on any asset and result in a difference of less than 1% across the portfolio.

## **Other**

Our valuation takes into account the information supplied and listed at paragraph 6 of this Report. Subject to this information providing otherwise, we have made the following additional assumptions:

- (i) the properties and any existing buildings are free from any defect whatsoever;
- (ii) all buildings have been constructed having appropriate regard to existing ground conditions or that these would have no unusual effect on building costs, property values or viability of any development or existing buildings;
- (iii) all the building services (such as lifts, electrical, gas, plumbing, heating, drainage and air conditioning installations and security systems) and property services (such as incoming mains, waste, drains, utility supplies, etc) are in good working order without any defect whatsoever;
- (iv) there are no environmental matters (including but not limited to actual or potential land, air or water contamination, or by asbestos or any other harmful or hazardous substance) that would affect the property, any development or any existing buildings on the property or any adjoining property, and we shall not be responsible for any investigations into the existence of the same and you are responsible for making such investigations;
- (v) any building, the building services and the property services comply with all applicable current regulations (including fire and health and safety regulations);
- (vi) the properties and any existing buildings on the property comply with all planning and building regulations, have the benefit of appropriate planning consents or other statutory authorisation for the current use and no adverse planning conditions or restrictions apply (which includes, but is not limited to, threat of or actual compulsory purchase order);
- (vii) any occupational leases are on institutional market terms, with no unusually onerous provisions or covenants that would affect value;
- (viii) in respect of any lease renewals or rent adjustments, all notices have been served validly within any time limits;

- (ix) vacant possession can be given of all accommodation which is unlet or occupied by The Company or its employees on service tenancies; and
- (x) any valuation figures provided will be exclusive of VAT whether or not the building has been elected.

## 5. INSPECTION

We inspected the properties from a general perspective from 9-13 January 2017. We are informed by the Company that there has been no material change to the properties since this date.

## 6. SOURCES OF INFORMATION

In addition to information established by us, we have relied on the information obtained from the following sources, which was based upon your direct communications with them:

<b>Information for Romania</b>		<b>Source</b>
1.	Floor areas.	The Company via DTZ Echinox
2.	Tenancy Schedule.	The Company via DTZ Echinox
3.	Details of irrecoverable outgoings, rental arrears and other management matters.	Not provided
4.	Details of current negotiations in hand, e.g. rent reviews and active management issues.	Not provided
5.	Legal Title.	The Company via DTZ Echinox
<b>Information for Slovakia, Czech Republic, Croatia and Serbia</b>		<b>Source</b>
1.	Floor areas.	The Company
2.	Tenancy Schedule.	The Company
3.	Details of irrecoverable outgoings, rental arrears and other management matters.	The Company (not for Slovak and Czech properties)
4.	Planning and zoning information.	The Company (not for Slovak and Czech properties)
5.	Details of current negotiations in hand, e.g. rent reviews and active management issues.	The Company
6.	Legal Title.	The Company

Cushman & Wakefield LLP accepts responsibility for the information contained in the Valuation Report (other than information contained in the Valuation Report which is stated to have been obtained from a third party as set out in the table above). To the best of the knowledge of Cushman & Wakefield LLP (having taken all reasonable care to ensure that such is the case) the information contained in this Valuation Report is in accordance with the facts and (in the reasonable opinion of Cushman & Wakefield LLP) does not omit anything likely to affect the import of such information.

## 7. GENERAL COMMENT

To the best of our knowledge and belief, as informed by the Company, there have been no material changes in circumstances between the valuation date and the date of the valuation report which would materially affect the valuation.

Our opinion of value is based on an analysis of recent market transactions, supported by market knowledge derived from our agency experience. Our valuation is supported by this market evidence.

Rental value has been assessed on the basis of Market Rent, assuming a new lease drawn on terms appropriate to current practice in the relevant market.

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or special assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of market value would exactly coincide with the price achieved were there an actual sale at the valuation date.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should a sale be contemplated, we strongly recommend that the property is given proper exposure to the market. We recommend that you keep the valuation of this property under frequent review.

## 8. VALUATION

### Market Value

Our opinion of the Market Value of the interests in the properties detailed in Part B is:

**€2 707 140 000 (Two billion, seven hundred and seven million, one hundred and forty thousand Euros)**

The value may be apportioned between the components:

Property	Market Value
	<b>Freehold</b>
Investment properties	€2 558 160 000
Properties held for development	€134 570 000
Properties under development	€14 410 000
<b>Total</b>	<b>€2 707 140 000</b>

## 9. VALUATION FOR A REGULATED PURPOSE

This valuation is classified by the Red Book as a Regulated Purpose Valuation and we are therefore required to disclose the following information: the proportion of the total fees payable by the client is less than 5% in relation to the firm's total fee income in the preceding financial year.

## 10. VALUATION METHODOLOGY

The properties within the portfolio are a combination of income producing investments, land held for development and properties under development. We have applied appropriate methodology to each circumstances.

**Investment properties** have generally been valued by the discounted cash flow method. It allows the valuer to make explicit assumptions (market expectations) on future rental growth, holding period, depreciation, refurbishment, redevelopment, cost of management and transfer, taxation and financing arrangements. To run a DCF, one would normally construct a cash flow applying current contracted income for its duration, then replacing the cash flow thereafter with the projected sustainable income (in the case of rents usually calculated at estimated rental value) whilst allowing for expected costs such as bad debts, income voids, commercialisation, letting fees, fit out costs, incentives and the like. These specific factors vary from case to case.

Investment properties have been valued in accordance with their existing use which represents their market value. No alternative use for the properties have been considered in determining their value.

<b>General</b>
The basis of Discounted Cash Flow valuation is that the value of the property investment will be equal to the Gross Present Value (GPV) of the projected rental income flow, at the market's required rate of return. Calculations have been prepared applying the received tenancy information on a tenant by tenant level.
<b>Discount rates</b>
The discount rate reflects the investor's perceived risks of investing into the property. The rate is generally built up by reference to an alternative risk-free investment and increased by various additional risk factors. In defining the discount rates we have had regard to explicit growth allowances applied in our valuation.
<b>Exit rates</b>
Our exit rates are based on recent property transactions, our knowledge of the market and investors' expectations. This yield is considered an 'all risks yield' and accounts for the investors view of the specifics of the property, its leasing status, anticipated future rental value changes, vacancies and void periods as well as potential fluctuations in the property market, having regard to current market conditions and trends.
<b>Market rent</b>
In defining market rents we have relied on our market knowledge and agency experience. We have analysed rents achieved within the subject properties, in competing properties, and had regard to the sustainability of achieved rental levels. Where we considered that passing rents are materially different to market rents we have applied market rents upon lease expiries.

<b>Vacancy</b>
Vacancy levels have been applied in the valuation in line with the tenancy information provided. Core properties have high occupancy rates whilst non-core properties (representing less than 1% of total value) produce very mixed performance. We have allowed for current and expiry void periods, rent free periods and other allowances in line with our interpretation of the market for each property. These allowances are implicit in nature reflecting all potential losses of income including time delays in refurbishment and/or fit-out periods.
<b>Non-recoverable costs</b>
Non-recoverable costs have been applied in line with our market knowledge and perception of the various assets. These costs are reflected through explicit estimated service charge losses during void periods etc and through an overall contingent allowance to cover bad debts and unforeseen costs. Allowances generally vary between 1% and 4% of Market Rent. We have explicitly allowed for losses on void periods. We comment that we have not received actual data regarding non-recoverable costs for Romanian properties. That said, we consider the core assets of the subject portfolio in Romania to be institutional products and would expect the above described allowances to be appropriate.
<b>Capital expenditures</b>
Capital expenditures are one-off costs borne by the Lessor and not recovered from the Lessee. We have made a decision on the application of capex property by property based on the nature, age and condition of the property and on our market experience. Where we have been supplied with information on actual and/or planned capex we have considered it.
<b>Indexation</b>
We have applied indexation in our valuation at 1.50% in line with Oxford Economics' long-term projections for EU HICP. This rate has been applied to all income and outgoings. We have assumed rental values increase commensurate with the EU HICP.

It is practically impossible to value most **development properties** on a straightforward comparison basis, due to their highly individual characteristics. We have therefore used the residual valuation approach. This approach assumes the property's capital value equates to the end value of the property once developed, less the costs of realisation (which may include site assembly and purchase, demolition, build costs, professional fees, planning, finance and marketing costs and developer's profit).

To form an opinion of value we have had to make certain assumptions for the input variables. We consider these assumptions are appropriate and reasonable, but they cannot be guaranteed. You should therefore satisfy yourself that our assumptions are appropriate and consistent with your own knowledge of the actual costs and input variables. If there is any difference, you should inform us as the value reported is only valid within the context of the assumptions that we have adopted.

You should also be aware that the residual value is highly sensitive to even small movements in the input variables. Accordingly, the result must be treated with caution, as a small correction to even a single input could have a disproportionately adverse effect on the outcome. Nonetheless, we have compared the results to known land transactions and parcels currently on the market to ensure end values are in line with the market.

For **properties under development**, we have been requested to value the land only and not reflect the current status of development. The only exception to this is property number '36. Aviatorilor' which is an office project under development. The land site accommodates a standing Villa building and office building under development. In the case of this property we have valued the Villa building plus the land site of the newly developed office.

**Intra-Group Or Related Party Leases** – We have been informed by the Company that there are three properties subject to intercompany agreements as follows:

Property	Tenant	Use	GLA (sqm)	Lease expiry	Annual rent (rounded)
27. The Lakeview	Nepi Investment Management Srl	Office	1399	12/31/2018	€263,000
79. Aupark Zilina – Slovakia	Žilina Shopping City s.r.o	Office	220	/6/30/2020	€27,000
76. Forum Usti nad Labem – Czech Republic	Nepi Czech Management s.r.o.	Office	183	12/31/2017	€18,000

For the purposes of this valuation we have reflected these agreements and assumed they will continue for the benefit of a potential purchaser.

## 11. CONFIDENTIALITY

To the fullest extent permitted by the law (including any mandatory responsibility arising from the listing rules of any stock exchange) we do not assume any responsibility to and we hereby exclude all liability arising from use of and/or reliance on this report by any person or persons for the purposes of determining whether or not to take up their entitlement to new ordinary shares in the Company other than those parties to whom this report is addressed and to whom we have issued a reliance letter.

## 12. DISCLOSURE AND PUBLICATION

Save in relation to its publication in the prospectus of NEPI Rockcastle plc, to which we have provided our written consent, you must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

You must not modify, alter (including altering the context in which the report is displayed) or reproduce the contents of this valuation report (or any part) without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same, including indemnifying Cushman & Wakefield LLP against all consequences of the contravention. Cushman & Wakefield LLP accepts no liability for any use of the Report that is in contravention of this section.

Responsibility for the valuation and report:

**Michael Edwards MRICS**

Partner

Head of Valuation & Advisory CE

RICS Registered Valuer

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Signed for and on behalf of Cushman & Wakefield LLP:

**Rupert Dodson FRICS**

Executive Partner, Chair EMEA

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## PART B: PROPERTY REPORT

### INVESTMENT PROPERTIES – INCOME PRODUCING PROPERTIES

Property	Address	Registered title number	Town planning compliance	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Year opened/acquired	Age of Building	Zoning	Market Value as at 31 December 2016
1. Promenada Mall	Calea Floreasca nr. 244 – 246B, sector 1, Bucuresti, Romania	269051, 269051-C1, 257215	Yes	Shopping Centre	2017/01/12	Freehold	39 400 sqm	2013/2014	4 years	Approved for commercial	€176 000 000
2. City Park	Bd. Alexandru Lapusneanu nr. 116C, Constanta, Constanta County, Romania	211096	Yes	Shopping centre	2017/01/09	Freehold	51 700 sqm	2008/2013	9 years	Approved for commercial	€167 175 000
3. Braila Mall	Str. Principala, Nr.4B, Sat Varsatura, Com. Chisecani, Romania	74906, 3723 (70402), 70000, 3729, 4522	Yes	Shopping centre	2017/01/10	Freehold	55 400 sqm	2008/2009	9 years	Approved for commercial	€74 025 000
4. Shopping City Deva	Calea Zaranului nr. 85-87, Deva, Hunedoara Country, Romania	6751 (64494), 73688, 73689, 73690, 73691, 73692, 73693, 73694, 73695, 73696, 73697, 73698, 73699, 73701, 73702, 73703, 73957, 73958, 73697	Yes	Shopping centre and standalone retail units	2017/01/10	Freehold	52 200 sqm	2007/2013	10 years	Approved for commercial	€71 100 000
5. Shopping City Galati	Bd. George Cosbuc nr. 251, Galati, Galati County, Romania	116273, 117721, 120293, 120294, 120295, 120296, 120297, 120298	Yes	Shopping centre	2017/01/10	Freehold	27 200 sqm	2013	4 years	Approved for commercial	€52 300 000
6. Vulcan Value Centre	Str. Mihail Sebastian nr. 88 & 88B, sector 5, Bucuresti, Romania	230819, 230820, 200423, 200843, 200913, 226639, 228929	Yes	Shopping Centre/strip mall	2017/01/13	Freehold	24 600 sqm	2014	3 years	Approved for commercial	€50 850 000
7. Pitesti Retail Park	DN 65 B, Geamana, Arges County, Romania	1889/1; 1889/2; 2721; 85678; 85679; 85680; 85681; 85682; 85683; 85685; 85686; 85687; 85688; 85689; 85690; 85691; 85692	Yes	Shopping Centre/strip mall	2017/01/11	Freehold	24 800 sqm	2007/2010	10 years	Approved for commercial	€38 275 000
8. Shopping City Targu Jiu	Str. Termocentralei nr. 10, Targu Jiu, Gorj County, Romania	49678, 49679, 49679-C1	Yes	Shopping Centre	2017/01/10	Freehold	27 100 sqm	2014	3 years	Approved for commercial	€38 900 000
9. Severin Shopping Center	Bd. Mihai Viteazul nr. 78, Drobeta Turnu Severin, Mehedinți County, Romania	61929, 53120, 53223, 53224, 53226, 53227, 53228, 53229, 53697, 54802, 60281, 60282, 60339, 60440, 55013, 60494, 61929-C1, 61929-C2, 61929-C3, 61929-C4, 61929-C5, 49679-C1	Yes	Shopping Centre	2017/01/10	Freehold	22 600 sqm	2009/2013	8 years	Approved for commercial	€28 425 000

Property	Address	Registered title number	Town planning compliance	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Year opened/ acquired	Age of Building	Zoning	Market Value as at 31 December 2016
10. Aurora Shopping Mall	Bd. Unirii nr. 232, Buzau, Buzau County, Romania	52766	Yes	Shopping centre	2017/01/12	Freehold	18 000 sqm	2008/2014	9 years	Approved for commercial	€10 750 000
11. Mega Mall	Bd. Pierre de Coubertin nr. 3-5, sector 2, Bucuresti & Str. Hambarului nr. 12A, sector 2, Romania	232514, 232515, 222778, 230795, 230796, 218458	Yes	Shopping centre	2017/01/12	Freehold	75 200 sqm	2015	2 years	Approved for commercial	€283 100 000
12. Iris Titan Shopping Center	Bd. 1 Decembrie 1918 nr. 33A, sector 3, Bucuresti, Romania	210265, 225745, 225746, 225747, 213122	Yes	Hypermarket and shopping centre	2017/01/13	Freehold	45 000 sqm	2008/2015	9 years	Approved for commercial	€92 775 000
13. Shopping City Timisoara	Calea Sagului nr. 100, Timisoara, Timis County, Romania	441120, 442499, 442500, 443013, 443028, 442756, 442498, 442501, 443024	Yes	Shopping centre	2017/01/09	Freehold	56 700 sqm	2015/2016	1 year	Approved for commercial	€108 625 000
14. Ploiesti Shopping City	Bleji, Prahova County, Romania	25957, 25958, 25959	Yes	Shopping centre	2017/01/12	Freehold	45 800 sqm	2012	5 years	Approved for commercial	€89 900 000
15. Shopping City Sibiu (Auchan)	Selimbar, Soseaua Sibiului nr. 5, Sibiu County, Romania	103873	Yes	Shopping centre and separate retail units	2017/01/11	Freehold	51 000 sqm	2006/2016	11 years	Approved for commercial	€75 500 000
16. Shopping City Sibiu (Carrefour)	Selimbar, Soseaua Sibiului nr. 5, Sibiu County, Romania	103870	Yes	Shopping centre and separate retail units	2017/01/11	Freehold	27 200 sqm	2006/2016	11 years	Approved for commercial	€32 625 000
<b>Shopping City Sibiu (15-16)</b>	<b>Selimbar, Soseaua Sibiului nr. 5, Sibiu County, Romania</b>	<b>103870, 103873</b>	<b>Yes</b>	<b>Shopping centre and separate retail units</b>	<b>2017/01/11</b>	<b>Freehold</b>	<b>78 200 sqm</b>	<b>2006/2016</b>	<b>11 years</b>	<b>Approved for commercial</b>	<b>€108 125 000</b>
17. Shopping City Piatra Neamt	Bd. Decabal nr. 79, Piatra Neamt, Neamt County, Romania	62814	Yes	Shopping centre	2017/01/11	Freehold	27 900 sqm	2016	< 1 year	Approved for commercial	€40 925 000
18. Regional Strip Centre Alba Iulia	Calea Motilor nr. 118, Alba Iulia, Alba County, Romania	71562	Yes	Strip mall	2017/01/11	Freehold	3 200 sqm	2011/2014	6 years	Approved for commercial	€4 675 000
19. Regional Strip Centre Alexandria	Cuartal 48, P. 508, Str. Bucuresti nr. 168, Alexandria, Teleorman County, Romania	21308, 21308-C1	Yes	Strip mall	2017/01/09	Freehold	2 000 sqm	2013	4 years	Approved for commercial	€2 375 000
20. Regional Strip Centre Petrosani	Str. Livezeni nr. 12, Petrosani, Hunedoara County, Romania	63241, 63241-C1	Yes	Strip mall	2017/01/10	Freehold	1 953 sqm	2013	4 years	Approved for commercial	€2 350 000

Property	Address	Registered title number	Town planning compliance	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Year opened/acquired	Age of Building	Zoning	Market Value as at 31 December 2016	
21. Regional Strip Centre Sf. Gheorghe	Str. Lunca Oltului 2-4 FN, Sf. Gheorghe, Covasna County, Romania	35530, 35529	Yes	Strip Mall	2017/01/11	Freehold	2 600 sqm	2013	4 years	Approved for commercial	€2 700 000	
22. Regional Strip Centre Sighisoara	Str. Mihai Viteazul FN, Sighisoara, Mures County, Romania	54797	Yes	Strip Mall	2017/01/11	Freehold	1 877 sqm	2013	4 years	Approved for commercial	€2 125 000	
23. Regional Strip Centre Vaslui	Str. Decabal FN, Vaslui, Vaslui County, Romania	72605	Yes	Strip Mall	2017/01/11	Freehold	1 782 sqm	2014	3 years	Approved for commercial	€2 300 000	
24. Regional Strip Centre Brasov	Calea Bucuresti nr. 105, Brasov, Brasov County, Romania	124451	Yes	Strip Mall	2017/01/12	Freehold	5 278 sqm	2011	6 years	Approved for commercial	€9 550 000	
25. Brasov Shopping City	Calea Bucuresti nr. 105A & 103, Brasov, Brasov County, Romania	7679/6/1/13, 7617/1/2/1/1/13, 7617/1/2/1/1/2, 2441 (112333, 128455, 128456, 128458)	Yes	Shopping centre	2017/01/12	Freehold	7 110 sqm	2011	6 years	Approved for commercial	€5 300 000	
<b>Regional strip centres (18-25)</b>												
74. Arena Centar	Ulica Vice Vukova 6, Zagreb, Croatia	1180	Yes	Shopping centre	2017/01/11	Freehold	25 800 sqm	2010/2016	3-6 years	Approved for commercial	€31 375 000	
70. Kragujevac Plaza	Bulevar Kraljice Marije 56, Kragujevac, Serbia	5374/3	Yes	Shopping centre	2017/01/10	Freehold	62 100 sqm	2012/2014	7 years	Approved for commercial	€219 925 000	
77. Aupark Kosice Mall	Námestie osloboditeľov 1 040 01 Košice, Slovakia	4260	Yes	Shopping centre	2016/12/30	Freehold	21 900 sqm	2011/2014	5 years	Approved for commercial	€39 900 000	
79. Aupark Žilina	Veľká okružná 59A 010 01 Žilina, Slovakia	7657	Yes	Shopping centre	2016/12/29	Freehold	33 800 sqm	2010/2013	6 years	Approved for commercial	€154 010 000	
80. Aupark Prieštany	Nirrianska 7555/18 921 01 Prieštany, Slovakia	10284	Yes	Shopping centre	2016/12/29	Freehold	25 100 sqm	2010/2016	7 years	Approved for commercial	€116 200 000	
81. Korzo Shopping Centrum	Nábřežná 1913/5A 971 01 Prievidza, Slovakia	9309	Yes	Shopping centre	2016/12/29	Freehold	10 300 sqm	2010-2011/2016	7 years	Approved for commercial	€39 550 000	
76. Forum Ustri nad Labem	Bílinská 3490/6 400 01 Ustri nad Labem, Czech Republic	1788	Yes	Shopping centre	2017/01/10	Freehold	16 100 sqm	2009/2016	7 years	Approved for commercial	€33 625 000	
							27 800 sqm		8 years	Approved for commercial	€82 725 000	
<b>RETAIL</b>							<b>894 700 sqm</b>					<b>€2 148 560 000</b>

Property	Address	Registered title number	Town planning compliance	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Year opened/acquired	Age of Building	Zoning	Market Value as at 31 December 2016
26. Floreasca Business Park	Calea Floreasca nr. 169A, sector 1, Bucuresti, Romania	240148, 240148-C1, 259264, 250530,	Yes	Office	2017/01/12	Freehold	36 300 sqm	2009/2010	8 years	Approved for commercial	€107 700 000
27. The Lakeview	Str. Barbu Vacarescu nr. 301-311, sector 2, Bucuresti, Romania	234954, 234954-C1	Yes	Office	2017/01/12	Freehold	25 600 sqm	2010/2013	7 years	Approved for commercial	€71 025 000
28. The Office Cluj-Napoca (Phase I)	Bd. 21 Decembrie 1989 nr. 77, Cluj-Napoca, Cluj County, Romania	255037	Yes	Office	2017/01/10	Freehold	22 500 sqm	2014	3 years	Approved for commercial	€42 900 000
29. The Office Cluj-Napoca (Phase II)	Bd. 21 Decembrie 1989 nr. 77, Cluj-Napoca, Cluj County, Romania	255037	Yes	Office	2017/01/10	Freehold	20 300 sqm	2015	2 years	Approved for commercial	€39 075 000
<b>The Office Cluj – Napoca</b>	<b>Bd. 21 Decembrie 1989 nr. 77, Cluj-Napoca, Cluj County, Romania</b>	<b>255037</b>	<b>Yes</b>	<b>Office</b>	<b>2017/01/10</b>	<b>Freehold</b>	<b>42 800 sqm</b>	<b>2014-2015</b>	<b>2-3 years</b>	<b>Approved for commercial</b>	<b>€81 975 000</b>
30. City Business Centre (A&B buildings)	Str. Coriolan Brediceanu nr. 10/A & 10/B, Timisoara, Timis County, Romania	403651, 403794	Yes	Office	2017/01/09	Freehold	16 800 sqm	2007/2015	10 years	Approved for commercial	€33 700 000
31. City Business Centre (C building)	Str. Coriolan Brediceanu nr. 10/C, Timisoara, Timis County, Romania	414890	Yes	Office	2017/01/09	Freehold	10 600 sqm	2009/2015	8 years	Approved for commercial	€21 225 000
32. City Business Centre (D building)	Str. Coriolan Brediceanu nr. 10/D, Timisoara, Timis County, Romania	426639	Yes	Office	2017/01/09	Freehold	9 700 sqm	2012/2015	5 years	Approved for commercial	€19 025 000
33. City Business Centre (E building)	Str. Coriolan Brediceanu nr. 10/E, Timisoara, Timis County, Romania	426640	Yes	Office	2017/01/09	Freehold	10 500 sqm	2015	2 years	Approved for commercial	€22 975 000
<b>City Business Centre</b>			<b>Yes</b>	<b>Office</b>	<b>2017/01/09</b>	<b>Freehold</b>	<b>47 600 sqm</b>	<b>2007-2015/2015</b>	<b>2-10 years</b>	<b>Approved for commercial</b>	<b>€96 925 000</b>
78. Aupark Kosice Tower	Profafasistických bojovníkov 11 040 01 Košice, Slovakia	11619	Yes	Office	2016/12/30	Freehold	12 900 sqm	2012/2014	5 years	Approved for commercial	€20 675 000
<b>OFFICE</b>							<b>165 200 sqm</b>				<b>€378 300 000</b>

Property	Address	Registered title number	Town planning compliance	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Year opened/acquired	Age of Building	Zoning	Market Value as at 31 December	
34. Rasnov Industrial Facility	Str. Campului, Nr.1A, Rasnov, Brasov County, Romania	3955/1/1/1/12 (100115), 3955/1/1/1/11 (100124), 3955/1/2, 3956/2/1/2, 3956/2/1/1, 3956/3/1/1/2, 3956/3/2/1/2, 3957/1/1/2, 3957/3954/b/1/2, 3958/3954/b/1/2 (100136), 1402- 3955/1/1/1/3 (102687), 1407-3955/1/1/1/8 (102688), 1406- 3955/1/1/1/7 (102689), 3955/1/1/15 (102690), 1400-3955/1/1/1/1 (102693), 3955/1/1/9 (102709), 3955/1/1/13 (102710), 1404- 3955/1/1/1/5 (102711), 1401-3955/1/1/1/2 (102713), 1403- 3955/1/1/1/4 (102714), 102715, 1405- 3955/1/1/1/6 (102716), 3955/1/1/1/4 (102717), 105528	Yes	Industrial	2017/01/12	Freehold	23 000 sqm	2007	10 years	Approved for commercial	€10 775 000	
35. Otopeni Warehouse	Str. Aurel Vlaicu, Nr. 11C, Otopeni, Ilfov County, Romania	2058 (10067)	Yes	Logistics centre	2017/01/12	Freehold	4 800 sqm	2010	7 years	Approved for commercial	€5 000 000	
<b>INDUSTRIAL</b>							<b>27 800 sqm</b>					<b>€15 775 000</b>

We are advised that all Investment properties are correctly registered with the cadastral authorities and as such that all necessary building and planning consents are in place for the current use. We have been informed by the Company that none of the properties are subject to any onerous statutory requirements, town planning, covenants or title issues.

\* We have included Gross Leasable Areas (GLAs) in the report as advised by the Company. By the nature of retail assets GLAs fluctuate over time and stated GLAs may not be identical to the GLAs used in our valuations. We confirm that differences between stated and valued areas are less than 1% on average across the portfolio.

\*\* Plotesti Shopping City and The Office in Cluj are joint ventures (50% ownership). The displayed Gross Leasable Area and the Market Value represent figures calculated for the whole scheme.

**INVESTMENT PROPERTIES – NON-CORE PROPERTIES**

Property	Address	Registered title number	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Date built	Zoning	Market Value as at 31 December 2016
37. Predeal villa	Str. Belvedere nr. 7, Predeal, Brasov County, Romania	634 (100861), 634-C1	Villa	2017/01/12	Freehold	950 sqm	N/A	Approved for commercial	€475 000
38. Street retail portfolio Bucharest	Bd. Regina Elisabeta nr. 23, sector 5, Bucuresti, Romania	224991-C1-U22, 224991-C1-U23	Two street retail units	2017/01/13	Freehold	1 180 sqm	c. 1930s	Approved for commercial	€1 900 000
39. General Investment Alba Iulia	Pta. IC Bratianu, Nr. 20, Alba Iulia, Alba County, Romania	1839/1/2/I (71089-C1-U1), 1839/1/2 (71089)	Office	2017/01/11	Building part: freehold Land: used under concession agreement (expiry: 2053, concession fee: €80 per month)	2 130 sqm	1994 – 2002	Approved for commercial	€500 000
40. General Investment Alexandria	Str. Alexandru Colfescu nr. 63, Alexandria, Teleorman County, Romania	718, 718-C1, 718-C2 (21632)	Bank branch and office (leased by Raiffeisen Bank.)	2017/01/09	Freehold	970 sqm	1997	Approved for commercial	€650 000
41. General Investment Baia Mare	Bd. Unirii, Nr. 18, Baia Mare, Maramures County, Romania	1587/5, 1580/5, 1588/13 (106637)	Office	2017/01/09	The building is held effective freehold, although the land is owned by the Romanian state under a concession agreement running until 2041. The fee of the concession is €217 per month.	2 270 sqm	1995	Approved for commercial	€650 000
42. General Investment Brasov	Str. Mihail Kogalniceanu nr. 3, bl. C9, Brasov, Brasov County, Romania	126190	Office	2017/01/12	Freehold	6 350 sqm	1991 – 1997	Approved for commercial	€4 250 000
43. General Investment Calarasi	Str. Progresului nr. 27, bl. BBB, Calarasi, Calarasi County, Romania	913 (20622); 915 (20625); 911/-,1,1 (20615); 911/-,-2,1 (20615); 911 (20615); 912/-,-0,1 (20629); 912 (20629), 912/-,-1/1 (20629), 914 (20623)	Retail unit (former bank branch) and office	2017/01/09	Freehold	1 260 sqm	1983 – 1994/1995	Approved for commercial	€300 000
44. General Investment Cratova	Str. Fratii Buzesti nr. 15 & 17, Cratova, Dolj County, Romania	5942/1 (210751); 5942/2 (206857); 5943, 5942, 210038	Retail unit (former bank branch) and office	2017/01/09	The building is held effective freehold, although the land is owned by the Romanian state under a concession agreement running until 2030. The fee of the concession is €850 per month.	2 080 sqm	Modern wing: 1993 old wing: c. 1900s	Approved for commercial	€800 000

Property	Address	Registered title number	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Date built	Zoning	Market Value as at 31 December 2016
45. General Investment Deva	Str. Iuliu Maniu, Nr. 18, Deva, Hunedoara County, Romania	(1302-1309)/1/11 (63437-C1-U1), (1302-1309)/1/VI (63437-C1-U2), 1302-1309/1/IV (63437-C1-U3), 1302-1309/1/VI (63437-C1-U5), (1302-1309)/1 (63437)	Office	2017/01/10	Building part: freehold Land: used under concession agreement (expiry: 74 years, until 2078; concession fee: €110 per month)	1 330 sqm	1998	Approved for commercial	€475 000
46. General Investment Galati	Cartier Mazepa II, Str. Brailei nr. 31, Galati, Galati County, Romania	4649 (107405), 4649-C1 (107405)	Retail unit (former bank branch) and office	2017/01/10	The building is held effective freehold (4649-C1), although the land (4649) is owned by the Romanian State under a concession agreement running until 2094. The fee of the concession is €191 per month with an additional rent of €1,300 per month which is renewed periodically between 2016 and 2018.	2 320 sqm	1995	Approved for commercial	€775 000
47. General Investment Resita	Piata 1 Decembrie 1918 nr. 4, Resita, Caras Severin County, Romania	R203/3/EtI/8 (30316-C1-U23), R203/3/P/4 (30315-C1-U24), R203/3 (30315)	Office/retail	2017/01/10	Freehold	1 310 sqm	1982	Approved for commercial	€775 000
48. General Investment Sibiu	Piata 1 Decembrie 1918, Bl. 69, Sibiu, Sibiu County, Romania	3236/9/III/1 (49182)	Retail	2017/01/12	Building part: freehold Land: owned by the Romanian State	720 sqm	1995	Approved for commercial	€225 000
49. General Investment Slatina	Str. Tudor Vladimirescu nr. 1, Slatina, Olt County, Romania	1257/2, 1257	Former bank branch with offices on upper floors	2017/01/11	Freehold	2 500 sqm	1997	Approved for commercial	€650 000
50. General Investment Slobozia	Bd. Chimiei nr. 2-4 & 13, Slobozia, Ialomita County, Romania	594 (34603), 594/1/1-C1 (36806), 594-1/1-C1 (36808), 594/2/1-C1 (36809), 594/0/1 (36640), 594/0/1-C1 (36640-C1)	Bank branch and office (leased by Raiffeisen Bank)	2017/01/09	The building is held effective freehold, although the land is owned by the City Hall under a concession agreement running until 2051. The fee of the concession is €98 per month.	1 770 sqm	1994 – 1998	Approved for commercial	€600 000
51. General Investment Targoviste	Str. Calea Domneasca nr. 227, Targoviste, Dambovita County, Romania	1675, 1675-C1	Office (former bank branch)	2017/01/11	Freehold	2 370 sqm	1991	Approved for commercial	€625 000

Property	Address	Registered title number	Description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Date built	Zoning	Market Value as at 31 December 2016
52. General Investment Targu Mures	Sr. Bolyai, nr 2, Targu-Mures, Mures County, Romania	1163/1/3/1/B, 1163/2/B, 3651/B (127366)	Office	2017/01/11	Freehold	1 610 sqm	1901	Approved for commercial	€475 000
53. General Building Zalau	Sr. Unirii, Nr.19, Zalau, Salaj County, Romania	4820 (54320)	Office	2017/01/10	The building is held effective freehold, although the land is owned by the City Hall under a concession agreement running until 2054. The fee of the concession is €555 per month.	3 260 sqm	2007	Approved for commercial	€1 400 000
						<b>33 400 sqm</b>			<b>€15 525 000</b>

#### NON-CORE PROPERTIES

We are advised that all Investment properties are correctly registered with the cadastral authorities and as such that all necessary building and planning consents are in place for the current use. We have been informed by the Company that none of the properties are subject to any onerous statutory requirements, town planning, covenants or title issues.

\* We have included Gross Leasable Areas (GLAs) in the report as advised by the Company. By the nature of retail assets, GLAs fluctuate over time and stated GLAs may not be identical to the GLAs used in our valuations. We confirm that differences between stated and valued areas are less than 1% on average across the portfolio. The total Gross Leasable Area does not include the areas of 37. Prededa villa.

#### DEVELOPMENTS UNDER CONSTRUCTION

Property	Address	Registered title number	Property description and use	Inspection date	Tenure	Gross Leasable Area (Rounded)*	Expected delivery date	Permission obtained/date permission obtained	Estimated cost of development** (excluding land purchase)	Estimated Value after Completion based on current leasing status	Completion based on fully leased status	Market value of the land****
36. Victoriei Office	Bd. Aviatorilor nr. 8A, sector 1, Bucuresti, Romania	258991	Villa and office	2017/01/13	Freehold	7,600 sqm	2017	Yes/30.05.2014	€24 150 000	€37 780 000	€38 580 000	€9 640 000
54. The Office Cluj-Napoca (Phase III)	Bd. 21 Decembrie 1989 nr. 77, Cluj-Napoca, Cluj County	255037	Office	2017/01/10	Freehold	18,500 sqm	Q3 2017	Yes/24.05.2013	€18 395 000	€37 550 000	€38 630 000	€21 980 000
												<b>€54 760 000</b>

#### DEVELOPMENTS UNDER CONSTRUCTION

\* We have included Gross Leasable Areas (GLAs) in the report as advised by the Company.

\*\* Estimated cost of development reflects the total actual costs the Company has budgeted for the developments (excluding land purchase).

\*\*\* The Market Value reflects the value of the property as at 31 December 2016, having regard to the actual status of construction and leasing.

\*\*\*\* Cashman & Wakefield have been instructed to supply a valuation of the land assets, not reflecting any subsequent construction or development works and not taking into account the benefit of any pre-leases, except for the 'Villa' element of 36. Victoriei Office which has been valued 'as is in vacant possession' as at 31 December 2016. In so doing, we have not necessarily assumed a development to the same specification or intensity that the Company is pursuing. We are advised that this requirement is to facilitate consistency with the company's accounting policies.

DEVELOPMENTS UNDER PERMITTING AND PRE-LEASING

Property	Address	Registered title number	Property Description	Type	Inspection date	Tenure	Site area	GLA of development	Permission has been applied for	Expected date of completion	Estimated cost development* (excluding land purchase)	Market Value
59. Shopping City Galati	Bd. George Cosbuc nr. 251, Galati, Galati County	120295	Development land	Mall Extension	2017/01/10	Freehold	40 000 sqm	21 000 sqm	Yes	Q4 2017	€29 528 169	€7 470 000
61. Shopping City Satu Mare	Strada Digului, nr. 8, 175112, nr. 12, nr. 14; Drumul Carei nr. 14; Bd. Lalelei, nr. 2; Strada Dunarii nr. 18, Satu Mare, Satu Mare County	176465, 175053, 176264, 176973, 14979/1 - 14980/3, 157264), 157649, 175114, 175118, 177800, 152315, 152318, 152343, 152374, 159117, 159119	Development land	Mall Development	2017/01/09	Freehold	74 610 sqm	28 700 sqm	Yes	Q3 2018	€28 889 900	€8 360 000
62. Promenada Mall extension	Calea Floreasca nr. 242U, sector 1, Bucuresti	269051	Development land		2017/01/12	Freehold	12 526 sqm		Yes	2018	€130 922 364	€26 520 000
62B family house adjacent to Promenada extension site	Calea Floreasca nr. 242U, sector 1, Bucuresti	211951, 211951-C1	Semi-detached residential building		2017/01/12	Freehold	341 sqm		Yes	2018	N/A	€370 000
66. Floreasca City Center - new	Sr. Barbu Vacarescu nr. 313-321, sector 2, Bucuresti	218291, 218291-C1, 218262	Development land		2017/01/12	Freehold	1 190 sqm		Yes	2018	N/A	€2 310 000
<b>Promenada Mall</b>			<b>Development land</b>	<b>Mall/ Office Extension</b>	<b>2017/01/12</b>	<b>Freehold</b>	<b>14,057 sqm</b>	<b>60 000 sqm</b>	<b>Yes</b>	<b>2018</b>	<b>€130 922 364</b>	<b>€29 200 000</b>
64. Ploiesti Shopping City	Blejoii, Prahova County	25958	Development land	Mall Extension	2017/01/12	Freehold	7 170 sqm	6 200 sqm	Yes	Q4 2017	€7 408 789	€1 570 000
65. Raminicu Valcea Mall	Sr. Ferdinand nr. 38, Raminicu Valcea, Valcea County	51699	Development land	Mall Development	2017/01/11	Freehold	120 000 sqm	27 900 sqm	Yes	Q4 2017	€28 397 695	€9 330 000

Property	Address	Registered title number	Property Description	Type	Inspection date	Tenure	Site area	GLA of development	Permission has been applied for	Expected date of completion	Estimated cost development* (excluding land purchase)	Market Value
67. Shopping City Targu Mures	Calea Sighisoarei, Targu Mures, Mures County	122147, 121757, 120806, 122168, 122160, 122552, 122256, 122250, 122166, 120222, 131098, 131075, 120975, 134681, 137339, 127261, 127271, 127267, 122755, 122144, 122149, 129208	Development land	Mall Development	2017/01/11	Freehold with partial ownership on plots no. 127261, 127271, 127267, 122755, 122144, 122149	112 404 sqm	46 000 sqm	No	TBA	€56 452 883	€6 200 000
71. –Promenada Novi Sad	Corner of Bulevar Cara Lazara and Bulevar oslobodjenja, 21000 Novi Sad, Serbia	900/18	Development land	Mall Development	2017/01/09	Freehold	32 948 sqm	56 000 sqm	Yes	Q4 2018	€86 792 770	€31 000 000
72. –Retail Parks – Krusevac	Bruski put, 37000 Krusevac, Serbia	263517	Development land	Mall Development	2017/01/10	Freehold	27 699 sqm	9 000 sqm	No	Q3 2018	€8 536 668	€2 400 000
73. –Retail Parks – Sabac	Vojvode Janika Stojicevica, 15000 Sabac, Serbia	6919/1, 6919/5, 6919/6, 6919/7, 6919/8, 6919/9	Development land	Mall Development	2017/01/09	Freehold	42 662 sqm	9 000 sqm	No	Q3 2018	€9 438 447	€2 400 000
<b>Retail Parks (Krusevac and Sabac) (72-73)</b>							<b>70 361 sqm</b>	<b>18 000 sqm</b>		<b>Q3 2018</b>	<b>€17 975 115</b>	<b>€4 800 000</b>
<b>DEVELOPMENTS UNDER PERMITTING</b>							<b>471 550 sqm</b>					<b>€97 930 000</b>

\* Estimated cost of development stated are the Company's expected costs under their current business plan. These may not necessarily be the same costs that would be applied by an alternative investor or by Cashman&Wakefield in valuing the properties.

\*\* GLAs of development stated are based on the Company's planned development plans. These may not necessarily be the same GLAs that would be applied by an alternative investor or by Cashman&Wakefield in valuing the properties.

**LAND FOR DEVELOPMENT (LAND BANK)**

Property	Address	Registered title number	Property Description	Inspection date	Tenure	Site area	Permission has been applied for	Expected date of completion	Estimated cost development* (excluding land purchase)	Market Value
55. Brasov Shopping City	Calea Bucuresti nr. 105A & 103, Brasov, Brasov County	112333, 128455, 128456, 128458	Development land	2017/01/12	Freehold	3 700 sqm	No	N/A	N/A	€400 000
56. Retail Park Pitesti	DN65B, Sar Geamana, Com. Bradu, Arges County	85692	Development land	2017/01/11	Freehold	13 451 sqm	No	N/A	N/A	€450 000
58. Aurora Mall Buzau	Bd. Unirii nr. 232 & Street Frasinet, Buzau, Buzau County	60649, 60650, 60655	Development land	2017/01/12	Freehold	18 445 sqm	No	N/A	N/A	€1 860 000
60. Severin Shopping Center	Bd. Mihai Viteazul nr. 78, Drobeta Turnu Severin, Mehedinți County	61929, 53223, 53224	Development land	2017/01/10	Freehold	8 469 sqm	No	N/A	N/A	€240 000
68. Vulcan Value Centre	Str. Mihail Sebastian nr. 88 & 88B, sector 5, Bucuresti	228929	Development land	2017/01/13	Freehold	7 292 sqm	No	N/A	N/A	€2 420 000
69. Shopping City Timisoara	Calea Sagului nr. 100, Timisoara, Timis County	442756	Development land	2017/01/09	Freehold	13 714 sqm	No	N/A	N/A	€550 000
75. Arena Centar – Croatia	Ulica Vice Vukova 6, Zagreb, Croatia	1180	Development land	2017/01/11	Freehold	44 636 sqm	No	N/A	N/A	€19 200 000
82. Malinovskeho kasarne	Moyzesova street, Cadaster area: 826 928, no 11687 Košice, Slovakia		Development land	2016/12/30	Freehold	40 790 sqm	No	N/A	N/A	€11 520 000
<b>LAND BANK</b>						<b>150 497 sqm</b>				<b>€36 640 000</b>

\* Estimated cost of development stated are the Company's expected costs under their current business plan. These may not necessarily be the same costs that would be applied by an alternative investor or by Cashman & Wakefield in valuing the properties.

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## INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (C&W POLSKA)

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The Directors  
 Rockcastle Global Real Estate Company Limited  
 Level 3, Alexander House  
 35 Cybercity, Ebene 72201  
 Mauritius

Dear Sirs

### **RE: INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON ROCKCASTLE GLOBAL REAL ESTATE COMPANY LIMITED'S ("ROCKCASTLE") PROPERTIES SITUATED IN POLAND ("PORTFOLIO")**

In accordance with your instruction of 16 December 2016, I confirm that we have visited and inspected the ten properties listed in the attached schedule ("**the properties**") as shown in Schedule 1 (Section 13.23 (a) (iii)) and have received all necessary details required to perform a valuation in order to provide you with my opinion of the properties' market values as at the dates shown in Schedule 1 (Section 13.23 (c)).

#### 1. INTRODUCTION

The valuation of the properties has been carried out by the valuer who has carefully considered all aspects of all the properties. These properties each have a detailed valuation report which has been given to the management of Rockcastle. The detailed reports include commentary on the current economy, nature of the properties, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation reports of the properties. The detailed reports have further addressed the tenancy income capability and expenditure for each property and tenant. The value thus indicates the fair market value for each property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto, for each property. There are ten properties and the important aspects of the detailed valuation report including the property market value for all of the properties have been summarised in the attached schedule.

#### 2. BASIS OF VALUATION

The properties have been valued on the basis of Market Value, subject to any existing leases and otherwise assuming vacant possession.

We have based our valuation on the RICS Valuation – Professional Standards (Red Book) published by the Royal Institution of Chartered Surveyors, a global professional body promoting and enforcing the highest international standards in the valuation, management and development of land, real estate, construction and infrastructure.

We have assessed "Market Value" in accordance with the Red Book.

The Red Book defines Market Value as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We have assessed "Market Rent" in accordance with the Red Book.

The Red Book defines Market Rent as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion."

This valuation is classified by the Red Book as a Regulated Purpose Valuation and we are therefore required to disclose the following information: the proportion of the total fees payable by the client is less than 5% in relation to the firm's total fee income in the preceding financial year.

#### 3. VALUE CALCULATION

The calculation of the market value of these properties has been based on income capitalization. This is the fundamental basis on which commercial income producing properties are traded on the market in Poland. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market. (Section 13.23 (d)).

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The considerations for the capitalised valuations are as follows:

- 3.1 calculating the forward cash flow of all contractual and other income from the properties;
- 3.2 calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;
- 3.3 the current area vacancy as a percentage of the properties is approximately 5%. Letting voids, agency fees and incentives where appropriate have been applied in our calculations. The current vacancy is market related. The void provision used in the valuation is therefore adequate. (Section 13.23 (f) (i));
- 3.4 there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external maintenance work and some tenant installation fitting that is currently in progress. There is no loss of rental as a result of these activities (Section 13.23 (f) (ii));
- 3.5 generally the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the properties valued, in terms of rental per square meter and sales performance. (Section 13.23 (f) (iii)); and
- 3.6 various provisions for capital contingencies were deducted from the capitalised value.

#### 4. SPARE LAND

There are no properties valued by us with large tracts of vacant zoned and serviced spare land. There are, however tracts owned by Rockcastle adjacent to properties for potential expansion, these include properties located in Zielona Góra and Tomaszów. We have not valued those sites separately but include the potential development when arriving at the equivalent yield.

#### 5. BRIEF DESCRIPTION

Property name	Description
Solaris	Solaris Shopping Centre in Opole, Poland has a GLA of 17 689m <sup>2</sup> and is located adjacent to the Old Town in close proximity to the main train station and university, ensuring strong footfall. It is a modern 3rd generation shopping centre that opened in 2009.
Karolinka	Karolinka Shopping Centre in Opole, Poland has a GLA of 69 994m <sup>2</sup> , split into a shopping gallery and adjacent retail park. Opole has a population of 120 000 and is the centre of an agglomeration of over 300 000 people, comprising suburban areas and adjacent towns. Karolinka is a prime, large-scale and dominant regional shopping centre, just 5km from the city centre and positioned on one of the city's main thoroughfares.
Pogoria	Pogoria Shopping Centre in Dabrowa Gornicza, Poland has a GLA of 36 706m <sup>2</sup> over two levels. Dabrowa Gornicza has a population of 125 000 with 350 000 living within a 15-minute drive. Pogoria is the largest shopping centre and leisure destination in the city and is prominently located in the heart of the city centre.
Platan	Platan Shopping Centre is located in the city centre of Zabrze, a city in southern Poland with a population of approximately 178 000 and part of the Katowice Agglomeration, which is the largest urban area in the country. The centre has a GLA of 25 336m <sup>2</sup> , anchored by an Auchan hypermarket. Adjoining land is held for development of an extension to the existing centre.
Wolomin	Galeria Wolomin in Wolomin, Poland is located 30km outside of Warsaw and has a GLA of 24 153m <sup>2</sup> . The center is anchored by a Carrefour hypermarket. Road and infrastructure upgrades planned to be completed in Q2 2017 are expected to substantially benefit the shopping centre and its catchment area. Construction of an adjoining 6,574 m <sup>2</sup> Retail Park on the remainder of the site is to complete by October 2017, and is valued separately. The retail park is 70% pre-let to five tenants including Jysk, Abra, Maxi Bazar, Komfort and Opoczno. The node will also be further strengthened with the addition of the recently announced Leroy Merlin development, which will be constructed directly adjacent to the shopping centre and retail park. Construction is currently underway and anticipated for completion in the third quarter of 2017.

<b>Property name</b>	<b>Description</b>
Bonarka	Bonarka City Center in Krakow, Poland has a GLA of 92,000 m <sup>2</sup> including 19,500 sqm GLA Auchan hypermarket owned by the operator himself. Krakow is the second largest city in Poland and benefits from an influx of 10 million tourists per annum. With an annual footfall of over 14.2 million people in 2016, Bonarka City Center is largest retail centre in the catchment area, situated in a dominant location in the South of Krakow with excellent access to major motorways.
Tomaszów	Galeria Tomaszow in Tomaszow Mazowiecki, Poland has a GLA of 18 466m <sup>2</sup> and opened in October 2016. The original design of the centre was increased to enhance the leisure and lifestyle offering which now includes a cinema and fitness offering.
Galeria Warmińska	Galeria Warminska in Olsztyn, Poland is a 3rd generation full let shopping and entertainment centre with a GLA of 42 695m <sup>2</sup> . The mall is dominant in the Warminsko-Mazurskie region, with continuously growing footfall and tenant turnover. Olsztyn is the largest city in north-eastern Poland with a population of 175,000 people and is the capital city of the province which is populated by 1.4 million inhabitants.
Focus Mall Piotrków	Focus Mall Piotrkow Trybunalski in Piotrkow Trybunalski, Poland has a GLA of 35 147m <sup>2</sup> and is situated in the second largest city in the Lodzkie Voivodeship. Focus Mall was opened in 2009 and remains the only modern 3rd generation retail destination in town.
Focus Mall Zielona Góra	Focus Mall Zielona Gora in Zielona Gora, Poland has a GLA of 28 909m <sup>2</sup> . It is the largest retail destination in Zielona Gora, with a population of 138 000 and the joint-capital city of a region with over 1 million inhabitants.

<b>Property name</b>	<b>Location</b>	<b>GLA (m<sup>2</sup>)</b>	<b>Year Completion</b>	<b>WAULT</b>	<b>Market rent (EUR annual)</b>
Solaris	Opole	17 689	2009	2.62	3 854 096
Karolinka	Opole	69 994	2008	3.37	9 627 424
Pogoria	Dąbrowa Górnicza	36 706	2011	3.32	4 952 065
Platan Shopping Centre	Zabrze	25 336	2003	4.10	3 423 211
Platan Retail Park	Zabrze	3 277	2014	7.2	402 510
Wołomin	Wołomin	24 153	2016	5.67	3 881 312
Bonarka	Kraków	72 543	2008	3.75	20 185 535
Tomaszów	Tomaszów Mazowiecki	18 466	2016	5.81	2 675 593
Galeria Warmińska	Olsztyn	42 695	2014	3.82	9 729 999
Focus Mall	Piotrków Trybunalski	35 147	2009	3.55	4 992 115
Focus Mall	Zielona Góra	28 909	2008	2.71	7 697 757

In respect of the properties, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in each individual detailed property valuation report.

## 6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

#### **7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS**

To my knowledge there are no contractual arrangements on the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties. (Section 13.23 (g)).

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the properties. (Section 13.23 (h)).

#### **8. INTRA-GROUP OR RELATED PARTY LEASES (SECTION 13.23 (A) (XI))**

Having inspected only the tenant schedules we understand that there are no intra-group or related party leases.

#### **9. CURRENT STATE OF DEVELOPMENT**

Extensions to two of the properties are currently planned, namely Wołomin, which is to be extended with a retail park of 6,574 sqm and, Platan, where the existing retail park is to be redeveloped to allow for the extension of the shopping centre.

We understand that as at the date of valuation the Wołomin development has received a valid building permit and construction works commenced in February with completion scheduled for October 2017. The property is 70% let as at the date of valuation. The total development costs are EUR 5,174,917 with Gross Development Value of the completed project at EUR 7,462,466, resulting in current Market value of land for this development at EUR 2,200,000. The extension has been separately valued as a property under development and is not taken into account in the valuation of Galeria Wolomin.

The Platan extension awaits permit however we have not been presented with specific plans or schedules. Platan Retail Park has been separately valued according to its current income and is not taken into account in the valuation of Platan Shopping Centre.

Apart from the above there are spare land capacity for expansion on certain properties but no specific plans were presented. (Section 13.24 and 13.25).

#### **10. RENTALS USED IN VALUATIONS**

Note that all these properties are all generally rented out. The current annual rental and future annual rentals have been calculated separately. It is noted that there are no material rental reversions.

#### **11. EXTERNAL PROPERTY**

All of the properties are situated in Poland (Section 13.28).

#### **12. OTHER GENERAL MATTERS AND VALUATION SUMMARY (SECTIONS 13.30 AND 13.31)**

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Rockcastle and will be available for inspection at the offices of Rockcastle. It is recommended investors review the full valuation report together with its appendices.

Rockcastle has undertaken to indemnify Cushman & Wakefield from and against any losses, claims, demands, damages or liabilities relating to or arising out of activities performed or services provided pursuant to this valuation.

#### **13. ALTERNATIVE USE FOR A PROPERTY (13.27)**

The properties have been valued in accordance with their existing use which represents their market value. No alternative use for the properties have been considered in determining their value.

#### 14. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

#### 15. CAVEATS

##### 15.1 Source of information and verification (Section 13.23 (a) (xiii))

Information on the properties regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents. We have relied on the accuracy of the information provided.

##### 15.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself.

I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 15.3 below.

##### 15.3 Leases (Section 13.23 (a) (ix))

Our valuation has been based on a review of tenancy schedules in respect of all properties and other pertinent details supplied to us by the managing agents and by Rockcastle. All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the monthly property report supplied to us. Option terms and other lease information important in terms of property income have been supplied to us by the owners and managing agents.

##### 15.4 Lessee's credibility

In arriving at our valuation, cognizance has been taken of the lessee's general standing in the market.

##### 15.5 Mortgage bonds, loans, etc.

The properties have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

##### 15.6 Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished. In this regard, reliance was placed on the information submitted by the managing agents.

##### 15.7 Structural condition

The properties have been valued in their existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

##### 15.8 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

##### 15.9 Town planning (Section 13.23 (a) (vi) and (vii))

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to any of the properties which infringement could decrease the value of the properties as stated.

## 16. MARKET VALUE

I am of the opinion that the aggregate market value of the income producing properties as at 31 December 2016 is EUR 1,113,400,000 (excluding VAT). A summary of the individual valuations and details of each of the properties is attached.

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 20 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

### Schedule 1 – Properties, values, valuation & inspection dates

#### Income producing properties

Property	Address	Valuation date	Inspection date	Value (EUR)
Karolinka	Wroclawska 152/154, 45-837 Opole	31/12/2016	2/01/2017	147,400,000
Pogoria	Jana III Sobieskiego 6A, 41-300 Dąbrowa Górnicza	31/12/2016	2/01/2017	77,000,000
Solaris	plac Kopernika 16, 45-040 Opole	31/12/2016	2/01/2017	58,500,000
Platan Zabrze	plac Teatralny 12, 41-800 Zabrze	31/12/2016	4/01/2017	52,000,000
Bonarka	Kamieńskiego 11, 30-644 Kraków	31/12/2016	4/01/2017	374,100,000
Galeria Wołomin	Geodetów 2, 05-200 Wołomin	31/12/2016	5/01/2017	53,100,000
Galeria Tomaszów	Warszawska 1, 97-200 Tomaszów Mazowiecki	31/12/2016	2/02/2017	32,000,000
Galeria Warmińska	Tuwima 26, 10-748 Olsztyn	31/12/2016	17/02/2017	154,000,000
Focus Mall	Słowackiego 123, 97-300 Piotrków Trybunalski	31/12/2016	21/02/2017	49,000,000
Focus Mall	Wroclawska 17, 65-001 Zielona Góra	31/12/2016	23/02/2017	116,300,000
<b>Total</b>				<b>1,113,400,000</b>

#### Properties under development

Property	Address	Valuation date	Inspection date	Value (EUR)
Galeria Wołomin – extension	Geodetów 2, 05-200 Wołomin	31/12/2016	5/01/2017	2,200,000

#### Properties under permitting and pre-leasing

Property	Address	Valuation date	Inspection date	Value (EUR)
Platan Zabrze Retail Park	plac Teatralny 12, 41-800 Zabrze	31/12/2016	5/01/2017	4,900,000

## 17. CONFIDENTIALITY

To the fullest extent permitted by the law (including any mandatory responsibility arising from the listing rules of any stock exchange) we do not assume any responsibility to and we hereby exclude all liability arising from use of and/or reliance on this report by any person or persons for the purposes of determining whether or not to take up their entitlement to new ordinary shares in the Company other than those parties to whom this report is addressed and to whom we have issued a reliance letter.

## 18. DISCLOSURE AND PUBLICATION

Save in relation to its publication in the prospectus of NEPI Rockcastle plc, to which we have provided our written consent, you must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

You must not modify, alter (including altering the context in which the report is displayed) or reproduce the contents of this valuation report (or any part) without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same, including indemnifying Cushman & Wakefield Polska Sp. z o. o. against all consequences of the contravention. Cushman & Wakefield Polska Sp. z o. o. accepts no liability for any use of the Report that is in contravention of this section.

Responsibility for the valuation and report:

Yours faithfully,

for Cushman & Wakefield Polska Sp. z o.o.

**MARK FREEMAN MRICS**

**CIS HYPZERT (MLV)**

*Partner, Head of Valuation & Advisory*

Direct: +48 22 222 30 85

Mobile: +48 607 558 680

mark.freeman@cushwake.com

Pl. Piłsudskiego 1

00-079 Warszawa

**SCHEDULE OF PROPERTIES**

No	Property name	Physical address	Registered legal description	Property description and use	Valuer's inspection date	Freehold/Leasehold	Rentable area (GLA) (m <sup>2</sup> )	Approximate age of building (years)	Assumed perpetual void/vacancy	Valuation (€) as at 31 December 2016
1	Solaris	Wroclawska 152/154, 45-837 Opole	OP1O/00089719/5, OP1O/0017110/9 OP1O/00103297/5 OP1O/00113731/3.	Shopping Centre	2/01/2017	Freehold	17 689	7	0%	58,500,000
2	Karolinka	Jana III Sobieskiego 6A, 41-300 Dąbrowa Górnicza	OP1O/00102373/5 OP1O/00119550/2.	Shopping Centre & retail park	2/01/2017	Freehold	69 994	8	0%	147,400,000
3	Pogoria	plac Kopernika 16, 45-040 Opole	KA1D/00026354/9 KA1D/00023417/8 KA1D/00023417/8 KA1D/00027234/9 KA1D/00019503/7 KA1D/00027234/9 KA1D/00026554/1 KA1D/00028853/1 KA1D/00023417/8 KA1D/00029915/1 KA1D/00029915/1 KA1D/00030111/5	Shopping Centre	2/01/2017	Perpetual usufruct over the land and freehold ownership over the property	36 706	5	0%	77,000,000
4	Platan	plac Teatralny 12, 41-800 Zabrze	GL1Z/00024395/2, GL1Z/00040911/4, GL1Z/00040566/0	Shopping Centre & retail park	4/01/2017	Perpetual usufruct over the land and freehold ownership over the property	25 336	13/2	0%	52,000,000
5	Wolomin	Geodetów 2, 05-200 Wolomin	WA1W/00121931/1	Shopping Centre	4/01/2017	Perpetual usufruct over the land and freehold ownership over the property	24 153	0	0%	53,100,000
6	Bonarka	Kamieńskiego 11, 30-644 Kraków	KR1P/00401564/7, KR1P/00217094/4, KR1P/00219733/0, KR1P/00042984/77 KR1P/00235286/9	Shopping Centre	5/01/2017	Perpetual usufruct over the land and freehold ownership over the property	72 543	8	0%	374,100,000

No	Property name	Physical address	Registered legal description	Property description and use	Valuer's inspection date	Freehold/Leasehold	Rentable area (GLA) (m <sup>2</sup> )	Approximate age of building (years)	Assumed perpetual void/vacancy	Valuation (€) as at 31 December 2016
7	Tomaszów	Warszawska 1, 97-200 Tomaszów Mazowiecki	PT1T/00068576/1, PT1T/00072555/9, PT1T/00039369/5, PT1T/0001811/4, PT1T/00016622/0, PT1T/0001827/9, PT1T/0002570/9, PT1T/0001196/6, PT1T/00071920/2.	Shopping Centre	2/02/2017	Freehold	18 466	0	0%	32,000,000
8	Galeria Warmińska	Tuwima 26, 10-748 Olsztyn	OL1O/00139000/6	Shopping Centre	17/02/2017	Freehold	42 695	3	0%	154,000,000
9	Focus Mall	Słowackiego 123, 97-300 Piotrków Trybunalski	PT1P/00053687/1, PT1P/00052960/2, PT1P/00065196/9, PT1P/00064943/4, PT1P/00049533/6, PT1P/00053690/5	Shopping Centre	21/02/2017	Perpetual usufruct over the land and freehold ownership over the property	35 147	8	0%	49,000,000
10	Focus Mall	Wrocławska 17, 65-001 Zielona Góra	ZG1E/00088147/8, ZG1E/00055302/3, ZG1E/00054181/1	Shopping Centre	23/02/2017	Perpetual usufruct over the land and freehold ownership over the property	28 909	9	0%	116,300,000
<b>Total</b>										<b>1,113,400,000</b>

**PROPERTIES UNDER DEVELOPMENT**

Property	Address	Registered title number	Property Description	Type	Inspection date	Tenure	Site area	GLA of development	Permission has been applied for/ date	Expected date of completion	Estimated cost development* (excluding land purchase)	Estimated Value after Completion based on fully leased status	Estimated Value after Completion based on fully leased status	Market Value
Wolomin – retail park	Geoderów 2, 05-200 Wolomin	WA1W/00121931/1	Development land	Retail Park	4/01/2017	Perpetual usufruct over the land and freehold ownership over the property	100,000	6,574	Yes/23 May 2016	Q4 2017	5,174,917	Not available	Not available	2,200,000

\* Estimated cost of development stated are the Company's expected costs under their current business plan. These may not necessarily be the same costs that would be applied by an alternative investor or by Cashman@Wakefield in valuing the properties.

\* The market value of the Wolomin retail park extension as at 31 December 2016 is not included in the market value of Galeria Wolomin set out above.

**PROPERTIES UNDER PERMITTING AND PRE-LEASING**

Property name	Physical address	Registered title number	Property description and use	Inspection date	Inspection date	Tenure of leasehold	Rentable area (GLA) (m <sup>2</sup> )	Town planning (if any)	Nature of proposed development	Estimated cost of carrying out development	Planning permission applied for (Y/N)	Expected date of completion	Market Value €
Platan	plac Teatralny 12, 41-800 Zabrze	GL1Z/ 00040566/0	Existing retail park to be redeveloped	4/01/2017	Perpetual usufruct over the land and freehold ownership over the property	N/A	No master plan only	Extension of the develop- ment study for large scale retail	Unknown	Unknown	Y	Unknown	4,900,000

\* The market value of the Platan Retail Park as at 31 December 2016 is not included in the market value of Platan Shopping Centre set out above.

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## INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (JLL)

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17 May 2017  
 The Directors  
 Rockcastle Global Real Estate Company Limited  
 Level 3, Alexander House  
 35 Cybercity, Ebene 72201  
 Mauritius

Dear Sirs

**RE: INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON ROCKCASTLE GLOBAL REAL ESTATE COMPANY LIMITED'S ("ROCKCASTLE") PROPERTY SITUATED IN THE CZECH REPUBLIC ("PROPERTY")**

In accordance with your instruction of September 2016, I confirm that we have visited and inspected the property listed in the attached schedule ("the property") during October 2016 (Section 13.23 (a) (iii)) and have received all necessary details required to perform a valuation in order to provide you with my opinion of the property's market value as at 30 September 2016 (Section 13.23 (c)).

### 1. INTRODUCTION

The valuation of the property has been carried out by the valuer who has carefully considered all aspects of the property. The property has a detailed valuation report which has been given to the management of Rockcastle. The detailed report include commentary on the current economy, nature of the property, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the valuation report of the property. The detailed report have further addressed the tenancy income capability and expenditure for the property and tenant. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for the property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto, for the property. There is one property and the important aspects of the detailed valuation report including the property market value for the property have been summarised in the attached schedule.

### 2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

### 3. VALUE CALCULATION

The calculation of the market value of the property has been based on income capitalisation. This is the fundamental basis on which commercial income producing property are traded on the market in the Czech Republic. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market. (Section 13.23 (d)).

Property traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The discounted cash flow value has, however, also been calculated for the property as a check to ensure that the capitalised value calculated is consistent with market norms and expectations.

The considerations for the capitalised valuations are as follows:

- 3.1 calculating the forward cash flow of all contractual and other income from the property;
- 3.2 calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;
- 3.3 the current area vacancy as a percentage of the property is approximately 17%. In order to apply a conservative approach, I have deducted approximately 5% of the net income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. The current vacancy is market related. The void provision used in the valuation is therefore adequate. (Section 13.23 (f) (i));
- 3.4 generally the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the property valued, in terms of rental per square metre. The property is 1.7% under-rented therefore there is, a positive upside potential for real growth in rental, given the low base off which the average rentals flow. This is provided that the economy remains in a slow recovery pattern as currently being experienced as that there are no major economic fluctuations which may upset the economy. (Section 13.23 (f) (iii));
- 3.5 capitalising the net contractual income derived from the property for a period of 1 year in advance, calculated from 1st October 2016;
- 3.6 the valuation has considered published market statistics regarding rental rates and expenditure for the different types of property. It is also considered numerous other portfolios of similar property in order to determine if any property are over rented or have excessive expenditure; and
- 3.7 various provisions for capital contingencies were deducted from the capitalised value.

#### **4. BRIEF DESCRIPTION**

The property represents a modern shopping centre with associated parking. The property have been well constructed, have good architectural merit, aesthetic appeal, sufficient parking facilities and is of 84% leased. The leases tend to be of a general contractual rental nature with provision for the recovery of services consumed by the lessee's and turnover rental from various retail outlets. Escalations are market related but are high enough to ensure a more than positive growth rate is ensured without creating an over rent potential in the medium term. The property is generally highly visible and dominate their environment.

In respect of the property, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in the detailed property valuation report.

#### **5. VALUATION QUALIFICATIONS**

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised property; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the property. There is no property that is prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these property that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

#### **6. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS**

To my knowledge there are no contractual arrangements on the property other than the leases as detailed in the provided tenancy schedule that have a major benefit or are detrimental to the fundamental value base of the property. (Section 13.23 (g)).

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the property. (Section 13.23 (h)).

#### **7. INTRA-GROUP OR RELATED PARTY LEASES (SECTION 13.23 (A) (XI))**

Having inspected all the tenant schedules and sample of leases it is noted that there are no intra-group or related party leases to our knowledge.

## 8. CURRENT STATE OF DEVELOPMENT

There is no property which is currently being developed.

## 9. RENTALS USED IN VALUATIONS

Note that the property is rented out. The current annual rental and future annual rentals have been calculated in a separate discounted cash flow check schedule. It is noted that there are no material rental reversions and that the rentals for all the property increase on average by approximately – 1.7% compounding per annum.

## 10. EXTERNAL PROPERTY

No property is situated outside the Czech Republic. (Section 13.28).

## 11. OTHER GENERAL MATTERS AND VALUATION SUMMARY (SECTIONS 13.30 AND 13.31)

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Rockcastle and will be available for inspection at the offices of Rockcastle.

## 12. ALTERNATIVE USE FOR A PROPERTY (13.27)

The property have been valued in accordance with their existing use which represents their market value. No alternative use for the property have been considered in determining their value.

## 13. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

## 14. CAVEATS

### 14.1 Source of information and verification (Section 13.23 (a) (xiii))

Information on the property regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents.

We have not been instructed to review copies of all of the leases of the existing property.

I have further compared certain expenditures given to me, to the market norms of similar property. This has also been compared to historic expenditure levels of the property themselves. Historical contractual expenditures and municipal utility services were compared to the past performance of the property in order to assess potential expenditure going forward. The municipal values on the property are very low. At the current transaction values there is some potential for the municipal value to increase by a considerable amount, should the municipality revalue these property, in which event the rates could increase to 3 or 4 times their current amount.

### 14.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself.

I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 14.3 below.

### 14.3 Leases (Section 13.23 (a) (ix))

Our valuation has been based on a review of actual tenancy schedule and other pertinent details supplied to us by the managing agents and by Rockcastle.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases, option terms and other lease information have been disclosed within provided tenancy schedule.

### 14.4 Lessee's credibility

In arriving at our valuation, cognizance has been taken of the lessee's security and rating. In some cases this has influenced the capitalisation rate by way of a risk consideration.

#### 14.5 Mortgage bonds, loans, etc.

The property have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the property.

#### 14.6 Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents.

The property generally appear to have the stated square meterage which could only be more accurately determined if remeasured by a professional. The reported square meterage is considered as correct as possible without full a remeasurement exercise being undertaken.

#### 14.7 Structural condition

The property have been valued in their existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

#### 14.8 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the property are environmentally impaired or contaminated, unless otherwise stated in our report.

#### 14.9 Town planning (Section 13.23 (a) (vi) and (vii))

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the property have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these property.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to any of the property which infringement could decrease the value of the property as stated.

### 15. MARKET VALUE

I am of the opinion that the aggregate market value of the property as at 30 September 2016 is €82,100,000 (excluding VAT). A summary of the valuation and details of the property is attached.

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 7 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the property.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

**Jan Zibura MRICS**  
*Head of Valuation Department*  
*RICS Registered Valuer*  
JLL  
Na Prikope 21  
110 00 Prague1  
Czech Republic

**Petra Piskova MRICS**  
*Associate Director*  
*RICS Registered Valuer*  
JLL  
Na Prikope 21  
110 00 Prague1  
Czech Republic

**SCHEDULE OF PROPERTY**

Property name	Physical address	Property description and use	Valuer's inspection date	Freehold/Leasehold	Rentable area (GLA) (m <sup>2</sup> )	Approximate age of building	Building grade	Assumed perpetual vacancy	Gross Rental income (Day 1)	Valuation as at 30 September 2016*
Forum Liberec	nám. Soukenné 669/2A, 460 01 Liberec	Shopping centre	10/10/2016	Freehold	47 231	8 years	A	17%	€4 541 140	€82 100 000

\* The valuation as at 31 December 2016 is unchanged

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## INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (QUADRANT)

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17 May 2017

The Directors  
 Rockcastle Global Real Estate Company Limited  
 Level 3, Alexander House  
 35 Cybercity, Ebene 72201  
 Mauritius

Dear Sirs

**RE: INDEPENDENT PROPERTY VALUERS SUMMARY VALUATION REPORT IN RESPECT OF COSMOPOLITAN SHOPPING CENTRE (LUSAKA ZAMBIA) BELONGING TO COSMOPOLITAN SHOPPING CENTRE LIMITED AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE IS A DETAILED VALUATION REPORT HELD BY ROCKCASTLE GLOBAL REAL ESTATE COMPANY LIMITED (“ROCKCASTLE”).**

In accordance with your instruction of November 2016, I confirm that I have inspected the property listed in the attached schedule (“**the property**”) during November 2016 (Section 13.23 (a) (iii)) and have received all necessary details required to perform a valuation, to provide you with my opinion of the property’s market value as at 31 December 2016 (Section 13.23 (c)).

### 1. INTRODUCTION

The valuation of the property has been carried out by myself. My detailed valuation report has been given to the management of Rockcastle. The detailed report includes commentary on the current economy, nature of the property, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk.

All these aspects have been considered in the valuation report of the property. The report has further addressed the tenancy income and expenditure of the property. Current expenditure profiles as well as future expenditure increases have also been considered. The value calculated indicates the fair market value for the property. This is detailed in the report and has been summarised in the attached table.

### BASIS OF VALUATION

The valuation is based on market value.

Market value is “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.” (IVS 8th edition)

Furthermore the principals of fair value measurement have been applied in the determination of value which is defined as “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” (IFRS 13)

Note that the values and calculation methodology have been sensitivity tested by way of quantitative analysis by analysing the capitalisation rates, discount rates, rental growth potential, expenditure increase, risk consideration and other inputs in various discounted cash flow models.

### 2. VALUE CALCULATION

The calculation of the market value has been based on a discounted cash flow. This is an accurate value calculation basis for the property. This is appropriate methodology for large commercial properties that are traded in African and international markets.

This method relies on capitalisation rate inputs and risk rate considerations which are reported and understood in the market.

These rates may also be determined by simple analysis of sales in the market (Section 13.23 (d)).

The discounted cash flow value has been calculated for the property regarding fair value reporting to ensure the reported value is fair and reasonable compared to the current market.

The considerations for the valuation are as follows:

- 2.1 the cash flow of all contractual revenue and other income derived from the property, less expenses, has been calculated and discounted;
- 2.2 expenses include provisions for expenses to provide for void or future capital expenditure to which the property may be exposed;
- 2.3 the current area vacancy as a percentage of the property is 0%. In order to apply a conservative approach, I have applied approximately 0.2% void of the gross income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. This has penalised the property value in perpetuity. The current vacancy is less than the market average (weighted at approximately 6.3% for Zambia) for this nature of property. The void provision used in the valuation is considered adequate. (Section 13.23 (f) (i));
- 2.4 provisional expenses have been deducted from the cash flow for future repair contingencies. A further small deduction has been made to the building capital value to provide for unforeseen expenses. There are minimal deductions as this is a newly constructed building and is still under various construction contract guarantees;
- 2.5 there is no loss of rental due to renovations or refurbishments. There is some small external maintenance work on sections of the buildings and some minor internal tenant installation fitting that are currently in progress. There is no loss of rental as a result of these activities. (Section 13.23 (f) (ii));
- 2.6 generally, the rentals are market related. There are no leases with rentals that are significantly higher or lower than market. Market trend for the area has still to be established from trading densities. The building tenant profile and trade patterns need to be established and to settle. The market relationship of rent for the building has been determined by comparing similar buildings in Zambia to the property valued, in terms of rental per square metre. The property is not over-rented and there are no areas that cannot be re-rented at the same or a higher rental rate, should such space become vacant. There are various retailers wanting space in the buildings due to its desirability.

There is minimal potential for rental flow reversion, but this is mainly a function of the economy. There is some positive upside potential for real growth in rental, given the low base off which some of the rentals flow.

The economy is in an average performance pattern currently but there are no major economic fluctuations which may upset the status. Current growth rate of approximately 1.5% for 2016 for South Africa and approximately 5.5% for Zambia. Note that most of the leases are USD currency denominated. (Section 13.23 (f) (iii));

- 2.7 the valuation has considered published market statistics regarding rental rates and expenditure for the property. It has also considered other similar properties to benchmark and determine if the property is over rented or has excessive expenditure.

### 3. SPARE LAND

Cosmopolitan Shopping Centre does not have spare land. No value has only been attributed to any land. Some spare land is leased for additional parking space alongside the mall.

No planning permission has been applied for in respect of applying for additional bulk. (Section 13.26).

### 4. BRIEF DESCRIPTION

**COSMOPOLITAN SHOPPING CENTRE (LUSAKA – Zambia)** – This is newly constructed “A” grade shopping centre that has been trading for approximately 2 months. High grade of new retail shopping facility. Appropriate design and construction for the demographic in the area. Industrial style steel and concrete frame but with large amount of internal fitting and shop finishing of a high grade. Footprint is a basic rectangle L-shape with diagonal configurations positioned on three street frontages and main road frontage. The centre comprises numerous smaller shops within a central enclosed mall walkway. The general height is approximately 7 metres at roof apex and 4.5 metres surround height. General shop height is 3.2 meters.

In respect of the properties, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in each individual detailed property valuation report.

**5. VALUATION QUALIFICATIONS**

Qualifications are usually detailed as a consequence of leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of the property. The property is not prejudiced in value by the influence of the above factors.

I am however not responsible for the competent daily management of this property that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile, or legal dispute which may result in any cash flow hiatus. (Section 13.23 (e)).

**6. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS**

To my knowledge there are no contractual arrangements on the property other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the property. (Section 13.23 (g)).

To the best of my knowledge, there are no options in favour of any parties for any purchase arrangement on any of the property. (Section 13.23 (h)).

**7. INTRA-GROUP OR RELATED PARTY LEASES (SECTION 13.23 (A) (XI))**

Having inspected all the tenant schedules and leases it is noted that there are no intra-group or related party leases.

**8. CURRENT STATE OF DEVELOPMENT**

The property is new as it was recently constructed and completed within the last year. (Section 13.24, 13.25 and 13.26).

**9. EXTERNAL PROPERTY**

The property is situated outside the Republic of South Africa. (Section 13.28).

**10. RENTALS USED IN VALUATIONS**

Note that this property is rented out. The current annual rental and future annual rentals have been calculated in a separate discounted cash flow schedule. It is noted that there are no material rental reversions apparent and that the rentals for the property increase on average by approximately 1.64% compounding per annum. No valuation has been done to consider the effect of currency fluctuation on the value of the property.

**11. OTHER GENERAL MATTERS AND VALUATION SUMMARY (SECTIONS 13.30 AND 13.31)**

A full valuation report is available in respect of the property detailing tenancy, town planning, valuer's commentary, expenditure, and other details. This has been given to the directors of Rockcastle.

**12. ALTERNATIVE USE FOR A PROPERTY (13.27)**

The property has been valued in accordance with its existing use which represents its best use. No alternative uses for the property has been considered in determination of its value.

**13. OTHER COMMENTS**

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

## 14. CAVEATS

### 14.1 Source of information and verification (Section 13.23 (a) (xiii))

Information on the property regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents.

I have received copies of all of the leases of the existing property where such leases are the major tenant or tenants comprising anything higher than 5% occupancy of the property. The leases have been read to check against management detail records, in order to ensure that management has correctly captured tenant information as per the contractual agreements. This has been done to test management information.

I have further compared certain expenditures given to me, to the market norms of similar properties. This has also been compared to historic expenditure levels of the property its selves. Historical contractual expenditures and municipal utility services were compared to the past performance of the property in order to assess potential expenditure going forward. The municipal value on the property is generally market related and reasonable with little potential to increase dramatically.

### 14.2 Full disclosure

This valuation has been prepared on the basis that full disclosure of all revenue and expenditure information and factors that may affect the valuation have been made to myself.

I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 14.3 below.

### 14.3 Leases (Section 13.23 (a) (ix))

Our valuation has been based on a review of actual tenants' leases (which includes material terms such as repair obligations, escalations, break options etc.) and other pertinent details which have been supplied to us by the managing agents and by Rockcastle. These have been detailed in the tenant schedules attached to each individual valuation report.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the monthly tenant invoices and summary schedule supplied to us. Option terms and other lease information have been supplied to us by the owners and managing agents and we are familiar with such documents.

### 14.4 Lessee's credibility

In arriving at our valuation, cognizance has been taken of the lessee's security and rating. In some cases this has influenced the capitalisation rate by way of a risk consideration.

### 14.5 Mortgage bonds, loans, etc.

The property has been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the property.

### 14.6 Calculation of areas

All areas quoted within the detailed valuation report are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents and lease information.

Updated plans were not available for the property in respect of internal configuration. The property generally appears to have the stated square meterage as per lease, which could only be more accurately determined if remeasured by a professional.

### 14.7 Structural condition

The property has been valued in its existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

### 14.8 Contamination

The valuation assumes that a formal environmental assessment is not required and further that the property is not environmentally impaired or contaminated, unless otherwise stated in our report.

#### 14.9 Town planning (Section 13.23 (a) (vi) and (vii))

Full town planning details and title deeds have been noted in the detailed valuation report including conditions and restrictions and the property has been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by the property. There is minimal information regarding town planning. Note however that the plans have been approved by Lusaka council which would indicate an approval for the development and the scheme.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection the improvements are in accordance with the relevant town planning regulations and approved plans for this property.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to the property which infringement could decrease the value of the property as stated as at current date of local authority legislation.

Note that the property has a leasehold claim over part of the parking area which has 59 years of lease duration still to run. (Section 13.23(a)(vii))

#### 15. MARKET VALUE

I am of the opinion that the aggregate market value of the property as at 31 December 2016 is \$ 74 000 000.00 (excluding VAT). A summary of the individual valuation and details of the property is attached.

To the best of my knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 30 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the property.

Yours faithfully,

**Peter Parfitt**

**Quadrant Properties (Pty) Ltd**

Dunkeld Court

16 North Road, corner Jan Smuts Avenue

Dunkeld West, 2196

*Professional Associated Valuer*

Dip. Val. MIV(SA) RICS

Registered Professional Property Valuer (no. 2712/2)

(Registered without restriction in terms of the Property Valuers Act, No. 47 of 2000)

**SCHEDULE OF PROPERTIES**

<b>Property name</b>	<b>Physical address</b>	<b>Registered legal description</b>	<b>Property description and use</b>	<b>Valuer's inspection date</b>	<b>Freehold/Leasehold</b>	<b>Tenure of leasehold</b>	<b>Rentable area (GLA) (m<sup>2</sup>)</b>	<b>Approximate age of building</b>	<b>Building grade</b>	<b>Zoning, town planning and statutory contravention (if any)</b>	<b>Assumed perpetual void/vacancy</b>	<b>Income projection (US\$) for the period Jan 2017 to Dec 2017</b>	<b>Valuation (US\$) as at 31 December 2016</b>
Cosmopolitan Shopping Centre (Lusaka - Zambia)	Cnr Kafue and Chawama road, Makeni, Central South Lusaka	Remaining extent of subdivision No. 9 of Farm No. 397a, Makeni, Lusaka with lease on adjoining land for 200 parking bays.	Small regional shopping centre	November 2016	Leasehold	59 Years Expiry 2075	25 718	9 Months	A	Special for retail in part of town zoned for retail purposes.	0.20%	5 848 368	74 000 000

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## INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (C&W LLP)

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The Directors  
 Rockcastle Global Real Estate Company Limited  
 Level 3, Alexander House  
 35 Cybercity, Ebene 72201  
 Mauritius

17 May 2017

Dear Sirs

**RE: INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT OF 1 WHEATFIELD WAY, KINGSTON UPON THAMES, KT1 2TU, UNITED KINGDOM.**

In accordance with your instruction of 10 January 2017, I confirm that we have visited and inspected the property listed above and have received all necessary details required to perform a valuation in order to provide you with my opinion of the property's market value as at 31 December 2016.

### 1. INTRODUCTION

The valuation of the property has been carried out by the valuer who has carefully considered all aspects of the property. There is a detailed valuation report which has been given to the management of Rockcastle. The detailed report includes commentary on the current economy, nature of the property, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation report of the property. The detailed report has further addressed the tenancy income capability and expenditure for each property and tenant. The value thus indicates the fair market value for the property. The important aspects of the valuation report have been summarised in the attached schedule.

### 2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

### 3. VALUE CALCULATION

The calculation of the market value of the property has been based on a residual development basis as the income capitalization approach does not reflect the full market value of the property. This is the fundamental basis on which commercial income producing property with development potential is traded on the market in the United Kingdom. This is also due to there being strong supporting evidence of open market sales, rental rates and capitalisation rates which are evidenced by sales in the market. (Section 13.23 (d)).

Property traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate. The considerations for the capitalised valuations are as follows:

- 3.1 calculating the forward cash flow of all contractual and other income from the property;
- 3.2 calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;

- 3.3 the current area vacancy as a percentage of the properties is approximately 14.6%. Letting voids, agency fees and incentives where appropriate have been applied in our calculations. The current vacancy is market related. The void provision used in the valuation is therefore adequate. (Section 13.23 (f) (i));
- 3.4 there is no loss of rental due to renovations or refurbishments currently being carried out;
- 3.5 generally the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the property valued, in terms of rental per square meter and sales performance. (Section 13.23 (f) (iii)); and
- 3.6 no provisions for capital contingencies were deducted from the capitalised value.

#### 4. SPARE LAND

There is no spare land.

#### 5. BRIEF DESCRIPTION

The property is of masonry construction arranged over ground and first floors. There are 12 car parking spaces that are part of the freehold title. With the exception of Rockcastle's accommodation, which benefits from LG7 lighting and is newly refurbished space, the specification would be considered Grade B office space.

It is let as follows:

Unit/ Floor	Tenant	Start	Expiry	Term	RR Frq	Rent (£pa)	Rent (£psf)	Rental Value (£pa)	Rental Value (£psf)
Part Ground	Vacant	–	–	–	–	–	–	22 800	26
Part Ground	Cisiv	24/03/15	23/03/17	10	–	75 625	24.24	55 200	26
Part Ground	Svenska Handlesbanken	06/02/19	05/02/19	10	–	34 390	15.58	78 000	26
<b>Total</b>						<b>110 015</b>		<b>156 000</b>	

#### 6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the property.

I have not been prejudiced in value by the influence of the above factors. I am however not responsible for the competent daily management of the property to ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

#### 7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the property other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties. (Section 13.23 (g)).

Of note is that Rockcastle occupy the part of the property denoted vacant in the schedule above for their own use. We have been informed that they intend to occupy Cisiv's demise on lease expiry. To the best of my knowledge, there are no options in favour of any parties for any purchase of the property. (Section 13.23 (h)).

#### 8. INTRA-GROUP OR RELATED PARTY LEASES (SECTION 13.23 (A) (XI))

Having inspected only the tenant schedules we understand that there are no intra-group or related party leases.

## 9. **CURRENT STATE OF DEVELOPMENT**

The property is not currently being developed or held for development, however has been valued on a residual development basis in recognition of its development potential. (Section 13.24 and 13.25).

## 10. **RENTALS USED IN VALUATIONS**

Note that the property is generally rented out. The current annual rental and future annual rentals have been calculated separately. It is noted that there are no material rental reversions.

## 11. **EXTERNAL PROPERTY**

The property is situated in the UK. (Section 13.28).

## 12. **OTHER GENERAL MATTERS AND VALUATION SUMMARY (SECTIONS 13.30 AND 13.31)**

A full valuation report is available for the property detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Rockcastle and will be available for inspection at the offices of Rockcastle.

## 13. **ALTERNATIVE USE FOR A PROPERTY (13.27)**

The property has been valued in accordance with its existing use and a change of use to residential. This residential change of use value represents market value.

## 14. **OTHER COMMENTS**

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

## 15. **CAVEATS**

### 15.1 Source of information and verification (Section 13.23 (a) (xiii))

Information on the properties regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents. We have relied on the accuracy of the information provided.

### 15.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself. I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 15.3 below.

### 15.3 Lessee's credibility

In arriving at our valuation, cognizance has been taken of the lessee's general standing in the market.

### 15.4 Mortgage bonds, loans, etc.

The property has been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition. The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

### 15.5 Calculation of areas

We have measured the property in accordance with RICS "Code of Measuring Practice" 6th Edition.

### 15.6 Structural condition

The property has been valued in its existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

#### 15.7 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

#### 15.8 Town planning (Section 13.23 (a) (vi) and (vii))

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property. There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to any of the properties which infringement could decrease the value of the properties as stated.

### 16. MARKET VALUE

I am of the opinion that the market value of the property is GBP £2,100,000 (excluding VAT).

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 30 years experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

for Cushman & Wakefield LLP

**John O'Neill BLE FRICS**

*Partner*

Cushman & Wakefield LLP

43/45 Portman Square

London

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john.oneill2@cushwake.com

**SCHEDULE OF PROPERTIES**

<b>Property name</b>	<b>Physical address</b>	<b>Registered legal description</b>	<b>Property description and use</b>	<b>Valuer's inspection date</b>	<b>Freehold/Leasehold</b>	<b>Rentable area (GLA) (m<sup>2</sup>)</b>	<b>Approximate age of building</b>	<b>Building grade</b>	<b>Zoning, town planning and statutory contravention (if any)</b>	<b>Assumed perpetual void/vacancy</b>	<b>Income projection (US\$) for the period Jan 2017 to Dec 2017</b>	<b>Valuation (US\$) as at 31 December 2016</b>
Wheatfield Way	1 Wheatfield Way, Kingston upon Thames	N/A	Office	13/02/2017	Freehold	580	35 years	B	N/A	N/A	110 000	2 100 000

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## DETAILS OF ACQUISITIONS AND VENDORS

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Details of the vendors of material assets, including immovable properties, subsidiaries and investments, acquired by the group during the three years preceding the last practicable date, are detailed in the table below:

### 1. MATERIAL ASSETS ACQUIRED BY NEPI ROCKCASTLE

<b>Description</b>	NEPI sale assets
<b>Entity which acquired the asset</b>	NEPI Rockcastle
<b>Date of acquisition</b>	Merger implementation date
<b>Consideration</b>	NEPI Rockcastle will ultimately issue 334 027 068 ordinary shares to NEPI shareholders in consideration for the NEPI sale assets. The number of ordinary shares to be issued to NEPI shareholders has been determined with reference to the swap ratio, which has been agreed between NEPI and Rockcastle as further described in the NEPI circular
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	All of the issued share capital of the subsidiary undertakings directly held by NEPI (excluding any shares in NEPI Rockcastle), together with all assets and liabilities of NEPI, as at the merger implementation date
<b>Name of vendor</b>	NEPI
<b>Address of vendor</b>	2nd Floor, Anglo International House, Lord Street, Douglas, Isle of Man, IM1 4LN
<b>Name and address of the vendor shareholder</b>	NEPI's issued share capital is listed and traded on the JSE and Bucharest Stock Exchange
<b>Price paid by vendor and date of acquisition by vendor if within preceding three years</b>	N/A
<b>Description</b>	Rockcastle sale assets
<b>Entity which acquired the asset</b>	NEPI Rockcastle
<b>Date of acquisition</b>	Merger implementation date
<b>Consideration</b>	NEPI Rockcastle will ultimately issue 204 926 789 ordinary shares to Rockcastle shareholders in consideration for the Rockcastle sale assets. The number of ordinary shares to be issued to Rockcastle shareholders has been determined with reference to the swap ratio, which has been agreed between NEPI and Rockcastle as further described in the Rockcastle circular
<b>Goodwill paid and manner in which it was accounted for</b>	€739.38 million. See note 8.2 to the <i>pro forma</i> Statement of Financial Position set out in <b>Annexure 18</b>
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	All of the issued share capital of the subsidiary undertakings directly held by Rockcastle (excluding any shares in NEPI Rockcastle), together with all assets and liabilities of Rockcastle, as at the merger implementation date
<b>Name of vendor</b>	Rockcastle
<b>Address of vendor</b>	Level 3, Alexander House, 35 CyberCity, Ebene 72201, Mauritius
<b>Name and address of the vendor shareholder</b>	Rockcastle's issued share capital is listed and traded on the JSE and the Stock Exchange of Mauritius Ltd
<b>Price paid by vendor and date of acquisition by vendor if within preceding three years</b>	N/A

## 2. MATERIAL ASSETS ACQUIRED BY THE GROUP

<b>Description</b>	Promenada Mall
<b>Entity which acquired/ will acquire the asset</b>	NE Property Cooperatief UA (subsidiary of NEPI)
<b>Date of acquisition</b>	31 October 2014
<b>Consideration</b>	€148 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	100% of the issued shares and claims in Floreasca City Center SRL
<b>Name of vendors</b>	(1) RE Project Development SRL (2) Manierita Limited
<b>Address of vendors</b>	(1) 175 Calea Floreasca, Floor No. 1, Room No. 1, District 1, Bucharest, Romania (2) 118 Agias Fylaxeos Avenue, Christabel House, 3087 Limassol, Cyprus
<b>Name and address of the vendor shareholder</b>	Raiffeisen Evolution Project Development (which in the interim became STRABAG Real Estate GmbH) Ernst-Melchior-Gasse 22, 1020 Wien, Austria
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A (developed by vendor)
<b>Description</b>	Aupark Kosice Mall and Aupark Kosice Tower
<b>Entity which acquired/ will acquire the asset</b>	NE Property Cooperatief US (subsidiary of NEPI)
<b>Date of acquisition</b>	18 December 2014
<b>Consideration</b>	€165 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	€83 million
<b>Nature of asset acquired</b>	100% of the issued shares and claims in AUPARK Kosice spol. s.r.o., AUPARK Kosice SC s.r.o., AUPARK Tower Kosice, s.r.o. and INLOGIS VI s.r.o.
<b>Name of vendors</b>	HB Reavis Group B.V.
<b>Address of vendors</b>	Arlandaweg 12, Amsterdam 1043EW, The Netherlands
<b>Name and address of the vendor shareholder</b>	HB Reavis Group; HB Reavis Holding S.à r.l. 6, rue Jean Monnet L-2180 Luxembourg
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A (developed by vendor)
<b>Description</b>	Iris Titan Shopping Centre
<b>Entity which acquired/ will acquire the asset</b>	Nepi Sixteen Real Estate Investment SRL and Nepi Bucharest Two SRL (both subsidiaries of NEPI)
<b>Date of acquisition</b>	1 July 2015
<b>Consideration</b>	€86 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	100% of the issued shares and claims in Degi Titan SRL
<b>Name of vendors</b>	(1) Aberdeen Asset Management Deutschland AG (2) Degi Beteiligungs GmbH
<b>Address of vendors</b>	(1) Bettinastrasse 53–55, 60325 Frankfurt am Main, Germany (2) Bettinastrasse 53–55, 60325 Frankfurt am Main, Germany
<b>Name and address of the vendor shareholder</b>	Aberdeen Asset Management PLC 10 Queens Terrace, Aberdeen, UK

**Price paid by vendors and date of acquisition by vendor if within preceding three years** N/A (acquired in 2008)

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<b>Description</b>	Forum Usti nad Labem
<b>Entity which acquired/ will acquire the asset</b>	NE Property Coöperatief U.A.
<b>Date of acquisition</b>	29 February 2016
<b>Consideration</b>	€82.6 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	100% shareholding interest in FORUM Ústí s.r.o.
<b>Name of vendors</b>	Velvet JV S.à r.l.
<b>Address of vendors</b>	L-1882 Luxembourg, 12C, Impasse Drosbach, Grand Duchy of Luxembourg
<b>Name and address of the vendor shareholder</b>	Meyer Bergman European Retail Partners London – Head Office 20 Air Street London

**Price paid by vendors and date of acquisition by vendor if within preceding three years** N/A (acquired in 2011)

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<b>Description</b>	Shopping City Sibiu
<b>Entity which acquired/ will acquire the asset</b>	NE Property Coöperatief U.A. and NEPI BUCHAREST TWO S.R.L. (both subsidiaries of NEPI)
<b>Date of acquisition</b>	31 March 2016
<b>Consideration</b>	€100 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	100% of the issued shares and claims in NRE SIBIU SHOPPING CITY S.R.L and BEL ROM TREI S.R.L
<b>Name of vendors</b>	(1) NORTH REOF SIBIU S.A.R.L (2) MELANDRA FINANCE BV (3) NORTH REOF HOLDING S.A.R.L
<b>Address of vendors</b>	(1) 7 Rue Robert Stumper, L-2557 Luxembourg (2) Amsterdam, Zuidoost, 1101 CM, 238 Herikerbergweg, Luna Arena, Netherlands (3) 7 Rue Robert Stumper, L-2557 Luxembourg
<b>Name and address of the vendor shareholder</b>	ARGO Real Estate Opportunities Fund Old Bank Chambers La Grande Rue, St Martin's, Guernsey GY4 6RT

**Price paid by vendors and date of acquisition by vendor if within preceding three years** N/A (the vendor developed part of the centre and acquired the other part in 2006)

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<b>Description</b>	Arena Centar
<b>Entity which acquired/ will acquire the asset</b>	NE Cooperatief UA (subsidiary of NEPI)
<b>Date of acquisition</b>	4 November 2016
<b>Consideration</b>	€237.5 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A

<b>Nature of asset acquired</b>	100% of the issued shares and claims in Granit Polus Laniste d.o.o.
<b>Name of vendors</b>	Lobularia Ventures Limited
<b>Address of vendors</b>	Lampousas 1, 1095 Nicosia, Cyprus
<b>Name and address of the vendor shareholder</b>	(1) Granit Polus Group 1062 Budapest, Váci út 3. Hungary Phone: +36 1 374 6500 (2) Heitman LLC 8 Hanover Street 3rd Floor London, England W1S 1YQ
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A (Granit Polus is the successor of the developer and Heitman acquired its stake in 2011)
<b>Description</b>	Solaris Shopping Centre
<b>Entity which acquired/ will acquire the asset</b>	Gontar sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	12 March 2015
<b>Consideration</b>	€51.9 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title
<b>Name of vendors</b>	Coucal sp. z.o.o.
<b>Address of vendors</b>	68 Piękna Street, 00-672 Warsaw, Poland
<b>Name and address of the vendor shareholder</b>	Michael Scully; address unknown
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A
<b>Description</b>	Karolinka Shopping Centre
<b>Entity which acquired/ will acquire the asset</b>	Karolinka Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	1 December 2015
<b>Consideration</b>	€145.5 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title
<b>Name of vendors</b>	Jantar Investments sp. z o.o. Karolinka Investments sp. k.
<b>Address of vendors</b>	56C al. Jerozolimskie, 00-803 Warsaw, Poland
<b>Name and address of the vendor shareholder</b>	BR June II S. à r.l.; address unknown
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A
<b>Description</b>	Pogoria Shopping Centre
<b>Entity which acquired/ will acquire the asset</b>	Pogoria Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	1 December 2015
<b>Consideration</b>	€75.3 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A

<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title
<b>Name of vendors</b>	Jantar Investments sp. z o.o. Pogoria Investments sp. k.
<b>Address of vendors</b>	56C al. Jerozolimskie, 00–803 Warsaw, Poland
<b>Name and address of the vendor shareholder</b>	BR June II S. à r.l.; address unknown
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A
<b>Description</b>	Platan Shopping Centre
<b>Entity which acquired/ will acquire the asset</b>	Platan Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	2 December 2015
<b>Consideration</b>	€51.8 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title
<b>Name of vendors</b>	OIK Zabrze Retail Centre sp. z o.o.; OIK Zabrze Retail Centre II sp. z o.o.
<b>Address of vendors</b>	ul. Szwedzka 5; 55–040 Bielany Wrocławskie, Poland
<b>Name and address of the vendor shareholder</b>	TRIUVA KAPITALVERWALTUNGSGESELLSCHAFT MBH, The Square 18, Am Flughafen, 60549 Frankfurt, Germany
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A
<b>Description</b>	Platan Retail Park
<b>Entity which acquired/ will acquire the asset</b>	Platan Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	31 May 2016
<b>Consideration</b>	20 800 000 Polish Zloty/€4.7 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title
<b>Name of vendors</b>	PLAN 40 sp. z o.o.
<b>Address of vendors</b>	5A Korczaka Street, 41–300 Dąbrowa Górnicza, Poland
<b>Name and address of the vendor shareholder</b>	Bartłomiej Arnold, Filip Kaczkowski; address unknown
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A
<b>Description</b>	Forum Liberec Shopping Centre
<b>Entity which acquired/ will acquire the asset</b>	Liberec Property s.r.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	24 June 2016
<b>Consideration</b>	Shares: €35.9 million Asset: €80.4 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A

<b>Nature of asset acquired</b>	100% of the issued shares and claims in Liberec Property s.r.o., with freehold title to property
<b>Name of vendors</b>	(1) Tesco Holdings B.V. (2) Tesco Stores CR a.s.
<b>Address of vendors</b>	(1) Willemsparkweg 150 H, 1071 HS Amsterdam, the Netherlands (2) Vršovická 1527/68b, Vršovice, post code 100 00, the Czech Republic
<b>Name and address of the vendor shareholder</b>	(1) Tesco Overseas Investments Limited; Tesco House Delamare Road Cheshunt, Hertfordshire EN8 9SL, United Kingdom (2) Tesco Europe B.V.; 1075 HJ Amsterdam, De Lairessestraat 137, The Netherlands
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A

<b>Description</b>	Bonarka City Center
<b>Entity which acquired/ will acquire the asset</b>	Bonarka Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	20 September 2016
<b>Consideration</b>	Shares: €130.4 million Asset: €371.3 million
<b>Goodwill paid and manner in which it was accounted for</b>	€15 599 145 treated as goodwill
<b>Loans incurred to finance acquisition</b>	External senior debt transferred as part of the acquisition of the SPV of €190.1 million
<b>Nature of asset acquired</b>	100% of the issued shares and claims in Bonarka Property sp. z o.o., with freehold title to property
<b>Name of vendors</b>	Trios Dutch Holdings B.V.
<b>Address of vendors</b>	Prins Bernhardplein 200, 1097JB Amsterdam, Netherlands
<b>Name and address of the vendor shareholder</b>	Trios Holdings S. à r.l., 5, rue Eugène Ruppert, L-2453 Luxembourg
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A

<b>Description</b>	Focus Mall Piotrkow Trybunalski
<b>Entity which acquired/ will acquire the asset</b>	Piotrków Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	30 November 2016
<b>Consideration</b>	€48.7 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title
<b>Name of vendors</b>	Focus Park Piotrków Trybunalski sp. z o.o.
<b>Address of vendors</b>	25 Jana Pawła II Street; 00-854 Warsaw; Poland
<b>Name and address of the vendor shareholder</b>	AVIVA Investors Polish S. à r.l., 16 Av. de la Gare, L-1610, Luxembourg
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A

<b>Description</b>	Focus Mall Zielona Gora
<b>Entity which acquired/ will acquire the asset</b>	Zielona Góra Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	30 November 2016
<b>Consideration</b>	€111.3 million

<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title
<b>Name of vendors</b>	Focus Mall Zielona Góra sp. z o.o.
<b>Address of vendors</b>	25 Jana Pawła II Street; 00–854 Warsaw; Poland
<b>Name and address of the vendor shareholder</b>	AVIVA Investors Polish S. à r.l., 16 Av. de la Gare, L–1610, Luxembourg
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A
<b>Description</b>	Galeria Warminska
<b>Entity which acquired/ will acquire the asset</b>	Olsztyn Property sp. z o.o. (subsidiary of Rockcastle)
<b>Date of acquisition</b>	15 December 2016
<b>Consideration</b>	€150.0 million
<b>Goodwill paid and manner in which it was accounted for</b>	N/A
<b>Loans incurred to finance acquisition</b>	N/A
<b>Nature of asset acquired</b>	Freehold title to vendor business, including shopping centre
<b>Name of vendors</b>	Galeria Warmińska sp. z o.o. sp. k.
<b>Address of vendors</b>	20 gen. W. Sikorskiego Street; 59–300 Lubin; Poland
<b>Name and address of the vendor shareholder</b>	(1) Galeria Warmińska sp. z o.o.; 20, Generała Władysława Sikorskiego Street, 59–300 Lubin (2) Aurum Invest SCSP, address unknown
<b>Price paid by vendors and date of acquisition by vendor if within preceding three years</b>	N/A

### 3. ADDITIONAL DISCLOSURE IN RESPECT OF THE VENDORS

- 3.1 No vendor has guaranteed the book debts of the material assets acquired or to be acquired by the group. The agreements in respect of which the above material assets are to be or were acquired (the “**vendor agreements**”) contain warranties that are usual for transactions of their nature.
- 3.2 The vendor agreements do not preclude the vendors from carrying on business in competition with the company nor do the vendor agreements impose any other restrictions on the vendors, and therefore no payment in cash or otherwise has been made in this regard.
- 3.3 There are no liabilities for accrued taxation that will be settled in terms of the vendor agreements.
- 3.4 Save as pursuant to the merger transaction, NEPI Rockcastle has not purchased any other securities in any company or other entity that will be accounted for as a subsidiary.
- 3.5 No cash or securities have been paid or any benefit given within the three preceding years of this prospectus or is proposed to be paid or given to any promoter (not being a director).
- 3.6 Save as disclosed in **Annexure 2** and in paragraph 22 of the NEPI and Rockcastle circulars, no director (or any partnership, syndicate or other association in which a director had an interest) had any beneficial interest, direct or indirect, in the acquisition of the material assets set out in this **Annexure 17**.
- 3.7 The NEPI sale assets and Rockcastle sale assets will be transferred into the name of NEPI Rockcastle on the merger implementation date. All other material assets have been transferred into the name of the relevant group entity. No material asset set out in this **Annexure 17** has been ceded or pledged to any party.
- 3.8 Full details of the merger transaction are set out in each of the circulars. The salient terms of the merger transaction agreements are set out in **Annexure 9**.

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## CONSOLIDATED *PRO FORMA* FINANCIAL INFORMATION

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Set out below is the consolidated *pro forma* statement of comprehensive income and the consolidated *pro forma* statement of financial position (“**the *pro forma* financial statements**”) of NEPI Rockcastle, reflecting the effects of the merger transaction on NEPI Rockcastle.

The *pro forma* financial statements have been prepared for illustrative purposes only to provide information about how the merger transaction may have affected the financial position of NEPI Rockcastle assuming that the merger transaction had been implemented on 31 December 2016 for statement of financial position purposes and implemented on 1 January 2016 for statement of comprehensive income purposes. Due to their nature, the *pro forma* financial statements may not fairly represent NEPI Rockcastle’s financial position, changes in equity and results of operations or cash flows after the merger transaction.

The *pro forma* financial statements of NEPI Rockcastle, including the assumptions on which they are based and the financial information from which they have been prepared, are the responsibility of the board of directors of NEPI Rockcastle.

The *pro forma* financial statements have been prepared in compliance with IFRS, The Guide on *Pro forma* Financial Information issued by SAICA and the accounting policies of the company set out in **Annexure 20**.

The *pro forma* financial statements have been reviewed by the independent reporting accountants whose report on the *pro forma* financial statements is set out in **Annexure 19**.

**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	NEPI Rockcastle as at 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI as at 31 December 2016 Note 3 €'000	NEPI adjustment for subsequent events Note 4 €'000	NEPI adjustments Note 5 €'000	Rockcastle as at 31 December 2016 Note 6 €'000	Rockcastle adjustment for subsequent events Note 7 €'000	Rockcastle adjustments Note 8 €'000	Impairment of NEPI Rockcastle goodwill Note 9 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 10 €'000	<i>Pro forma</i> after the adjustments €'000
<b>ASSETS</b>											
<b>Non-current assets</b>	<b>10</b>	-	<b>2 674 176</b>	-	-	<b>1 649 828</b>	-	<b>739 375</b>	<b>(739 375)</b>	-	<b>4 324 014</b>
Investment property	-	-	2 546 772	-	-	1 199 504	-	-	-	-	3 746 276
Investment property in use	-	-	2 370 760	-	-	1 194 181	-	-	-	-	3 564 941
Investment property under development	-	-	176 012	-	-	5 323	-	-	-	-	181 335
Goodwill	-	-	58 390	-	-	16 538	-	<b>739 375</b>	<b>(739 375)</b>	-	74 928
Investments in joint-ventures	-	-	22 023	-	-	19 202	-	-	-	-	41 225
Loans granted to joint-ventures	-	-	31 015	-	-	15 899	-	-	-	-	46 914
Other long-term assets	-	-	15 299	-	-	33 210	-	-	-	-	48 509
Financial assets at fair value through profit or loss	10	-	677	-	-	-	-	-	-	-	687
Financial investments at fair value through profit and loss	-	-	-	-	-	364 286	-	-	-	-	364 286
Deferred tax assets	-	-	-	-	-	1 189	-	-	-	-	1 189
<b>Current assets</b>	-	-	<b>1 07 538</b>	<b>(15 426)</b>	<b>(2 100)</b>	<b>322 758</b>	<b>(8 070)</b>	<b>(686)</b>	-	-	<b>404 014</b>
Trade and other receivables	-	-	40 539	-	-	50 850	-	-	-	-	91 389
Financial investments at fair value through profit or loss	-	-	18 979	-	-	-	-	-	-	-	18 979
Financial assets at fair value through profit and loss	-	-	-	-	-	249 054	-	-	-	-	249 054
Cash and cash equivalents	-**	-	48 020	(15 426)	(2 100)	22 854	(8 070)	(686)	-	-	44 592
<b>Investment property held for sale</b>	-	-	15 525	-	-	-	-	-	-	-	15 525
<b>Total assets</b>	<b>10</b>	-	<b>2 797 239</b>	<b>(15 426)</b>	<b>(2 100)</b>	<b>1 972 586</b>	<b>(8 070)</b>	<b>738 689</b>	<b>(739 375)</b>	-	<b>4 743 553</b>

	NEPI Rockcastle as at 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI as at 31 December 2016 Note 3 €'000	NEPI adjustment for subsequent events Note 4 €'000	NEPI adjustments Note 5 €'000	Rockcastle as at 31 December 2016 Note 6 €'000	Rockcastle adjustment for subsequent events Note 7 €'000	Rockcastle adjustments Note 8 €'000	Impairment of NEPI Rockcastle goodwill Note 9 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 10 €'000	<i>Pro forma</i> after the adjustments €'000
<b>EQUITY AND LIABILITIES</b>											
<b>Equity attributable to equity holders</b>	(14)	(631)	1 814 552	57 143	(2 100)	1 476 242	(8 070)	738 689	(739 375)	–	3 336 436
Share capital	**	–	3 215	125	–	1 312 662	37 625	(1 348 238)	–	–	5 389
Share premium	–	–	1 368 171	72 444	2 153 189	–	–	2 204 812	(739 375)	–	5 059 241
Share-based payment reserve	–	–	4 797	–	(4 797)	–	–	–	–	–	–
Currency translation reserve	**	–	(1 229)	–	1 229	(28 758)	–	28 758	–	–	–
Accumulated profit	(14)	(631)	439 598	(15 426)	(424 172)	352 402	(45 695)	(306 707)	–	–	(645)
Acquisition reserve	–	–	–	–	(1 727 549)	–	–	–	–	–	(1 727 549)
Non-distributable reserve	–	–	–	–	–	(160 064)	–	160 064	–	–	–
Non-controlling interest	–	–	–	–	–	505	–	–	–	–	505
<b>Total equity</b>	(14)	(631)	1 814 552	57 143	(2 100)	1 476 747	(8 070)	738 689	(739 375)	–	3 336 941
<b>Total liabilities</b>	24	631	982 687	(72 569)	–	495 839	–	–	–	–	1 406 612
<b>Non-current liabilities</b>	–	–	831 995	(72 569)	–	427 428	–	–	–	–	1 186 854
Bank loans	–	–	260 593	(72 569)	–	397 966	–	–	–	–	585 990
Bonds	–	–	394 819	–	–	–	–	–	–	–	394 819
Deferred tax liabilities	–	–	158 864	–	–	24 022	–	–	–	–	182 886
Other long-term liabilities	–	–	17 403	–	–	5 440	–	–	–	–	22 843
Financial liabilities at fair value through profit or loss	–	–	316	–	–	–	–	–	–	–	316

	NEPI Rockcastle as at 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI as at 31 December 2016 Note 3 €'000	NEPI adjustment for subsequent events Note 4 €'000	NEPI adjustments Note 5 €'000	Rockcastle as at 31 December 2016 Note 6 €'000	Rockcastle adjustment for subsequent events Note 7 €'000	Rockcastle adjustments Note 8 €'000	Impairment of NEPI Rockcastle goodwill Note 9 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 10 €'000	<i>Pro forma</i> after the adjustments
<b>Current liabilities</b>	<b>24</b>	<b>631</b>	<b>150 692</b>	-	-	<b>68 411</b>	-	-	-	-	<b>219 758</b>
Trade and other payables	-	631	71 536	-	-	60 659	-	-	-	-	132 826
Loans payable	10	-	-	-	-	-	-	-	-	-	10
Bank loans	-	-	17 999	-	-	1 459	-	-	-	-	19 458
Bonds	-	-	61 157	-	-	-	-	-	-	-	61 157
Other liabilities	14	-	-	-	-	-	-	-	-	-	14
Financial liabilities at fair value through profit or loss	-	-	-	-	-	6 293	-	-	-	-	6 293
<b>Total equity and liabilities</b>	<b>10</b>	-	<b>2 797 239</b>	<b>(15 426)</b>	<b>(2 100)</b>	<b>1 972 586</b>	<b>(8 070)</b>	<b>738 689</b>	<b>(739 375)</b>	-	<b>4 743 553</b>

	NEPI Rockcastle as at 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI as at 31 December 2016 Note 3 €'000	NEPI adjustment for subsequent events Note 4 €'000	NEPI adjustments Note 5 €'000	Rockcastle as at 31 December 2016 Note 6 €'000	Rockcastle adjustment for subsequent events Note 7 €'000	Rockcastle adjustments Note 8 €'000	Impairment of NEPI Rockcastle goodwill Note 9 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 10 €'000	<i>Pro forma</i> after the adjustments €'000
<b>Reconciliation of Net Asset Value to Adjusted Net Asset Value</b>											
Net Asset Value per the Statement of Financial Position	(14)	(631)	1 814 552	57 143	(2 100)	1 476 242	(8 070)	738 689	(739 375)	-	3 336 436
Goodwill	-	-	(58 390)	-	-	(16 538)	-	-	-	-	(74 928)
Intangible assets	-	-	-	-	-	(6 964)	-	-	-	-	(6 964)
<b>Tangible Net Asset Value</b>	<b>(14)</b>	<b>(631)</b>	<b>1 756 162</b>	<b>57 143</b>	<b>(2 100)</b>	<b>1 452 740</b>	<b>(8 070)</b>	<b>738 689</b>	<b>(739 375)</b>	<b>-</b>	<b>3 254 544</b>
Deferred tax liabilities	-	-	158 864	-	-	24 022	-	-	-	-	182 886
Deferred tax liabilities for joint-ventures	-	-	5 952	-	-	-	-	-	-	-	5 952
Loans in respect of the Initial Share Scheme	-	-	18	-	-	-	-	-	-	-	18
<b>Adjusted Net Asset Value</b>	<b>(14)</b>	<b>(631)</b>	<b>1 920 996</b>	<b>57 143</b>	<b>(2 100)</b>	<b>1 476 762</b>	<b>(8 070)</b>	<b>738 689</b>	<b>(739 375)</b>	<b>-</b>	<b>3 443 400</b>
Net Asset Value per share (Euro) from the acquisition of Rockcastle											6.19
Net Tangible Asset Value per share (Euro)											6.04
Adjusted Net Asset Value per share (Euro)											6.39
Number of shares for Net Asset Value per share purposes*	11	-	-	334 020 068	-	-	204 926 789	-	-	(11) 538 946 857	
Number of shares for Adjusted Net Asset Value per share purposes*	11	-	-	334 027 068	-	-	204 926 789	-	-	(11) 538 953 857	

\* The issued share capital of the company will comprise 538 953 857 ordinary shares of €0.01 each.

\*\* Less than EUR 1 000.

## Notes and assumptions:

1. Extracted, without adjustment, from NEPI Rockcastle's audited financial statements for the period ended 31 December 2016, presented in **Annexure 20** to this prospectus.
2. Represents the adjustment for the once-off transaction costs of €0.63 million, as set out in paragraph 12 of the prospectus.
3. Extracted, without adjustment, from NEPI's audited consolidated financial statements for the year ended 31 December 2016.
4. Represents the adjustment for the equity raise on 1 March 2017 in terms of which NEPI issued 6 849 315 new NEPI shares at ZAR146.00 per share, raising the equivalent of €72.56 million used to partially settle bank loans. Further adjustments are made for the distribution declaration whereby NEPI shareholders were given the option to receive their distribution for the six months ended 31 December 2016 either as a cash dividend or as a return of capital. In accordance with the result of the dividend election, 5 691 549 new NEPI shares were issued at an issue price of €9.88 per share, with the balance being paid out as a cash dividend totalling €15.426 million. The return of capital is recorded by NEPI at the par value of EUR0.01 per share, in line with NEPI's accounting policy.
5. Represents the adjustment for NEPI's transaction costs and the acquisition of the NEPI sale assets, in terms of which all of NEPI's assets and liabilities, including 100% of the issued share capital of the subsidiary undertakings directly held by NEPI are acquired by NEPI Rockcastle in consideration for the issue, ultimately, to NEPI shareholders of 334 027 068 NEPI Rockcastle shares determined with reference to 321 486 204 NEPI shares in issue at 31 December 2016 adjusted for 12 540 864 shares issued subsequent to year-end and the swap ratio. The aggregate value of the consideration shares is assumed to be €3 597.14 million, based on closing prices on 12 May 2017, being the last practicable date, of ZAR157.12 per NEPI share and an exchange rate of €1.00:ZAR14.59.
  - 5.1 Cash and cash equivalents are reduced by €2.1 million. This represents NEPI's once-off transaction costs of €2.1 million relating to the merger transaction.
  - 5.2 In terms of IFRS 3 Business Combinations, NEPI is regarded as the acquirer. NEPI Rockcastle therefore accounts for the acquisition of the NEPI sale assets at the book value of the underlying assets and liabilities, being a combined net asset value of €1 869.60 million including the impact on the net asset value of the subsequent events.
  - 5.3 Share capital and share premium is adjusted by €2 153.19 million, being the differential between the aggregate purchase consideration of €3 597.14 million and the share capital and share premium in NEPI after the equity raise and the return of capital. An acquisition reserve is created with a debit balance of €1 727.55 million, which is a result of the difference between the aggregate purchase consideration of €3 597.14 and the book value of NEPI's assets and liabilities acquired of €1 869.60 million, (including NEPI's once-off transaction costs of €2.1 million relating to the merger transaction).
  - 5.4 Accumulated profit, the share-based payment reserve and currency translation reserve are eliminated.
6. Rockcastle's statement of financial position as at 31 December 2016 is extracted from the *pro-forma* Translation and Reclassification Adjustments as set out in **Annexure 18.1**.
7. Represents the adjustment for the return of capital and the related costs of US\$29 224 whereby Rockcastle shareholders were given the option to receive their dividend for the six months ended 31 December 2016 either in cash or as a return of capital. In accordance with the result of the dividend election, 17 653 890 new Rockcastle shares were issued at an issue price of US\$2.29 per share, with the remainder of the dividend being paid out in cash totalling €8.070 million.
8. Represents the adjustment for Rockcastle's transaction costs and the acquisition of the Rockcastle sale assets, in terms of which all of Rockcastle's assets and liabilities, including 100% of the issued share capital of the subsidiary undertakings directly held by Rockcastle were acquired by NEPI Rockcastle in consideration for the issue, ultimately, to Rockcastle shareholders of 204 926 789 NEPI Rockcastle shares determined with reference to 945 502 019 Rockcastle shares in issue at 31 December 2016, 17 653 890 shares issued as a result of the return of capital, and the swap ratio of 4.7 Rockcastle shares for 1 NEPI Rockcastle share. The aggregate value of the consideration shares is €2 206.86 million, based on closing prices on 12 May 2017, being the last practicable date, of ZAR157.12 per share and an exchange rate of €1.00:ZAR14.59.
  - 8.1 Cash and cash equivalents is reduced by €0.686 million. This represents Rockcastle's once-off transaction costs, converted from US\$ (Rockcastle's reporting currency) to EUR using an exchange rate of €1.00:US\$1.106 in line with the adjustment in the *pro forma* statement of comprehensive income.
  - 8.2 The acquisition of the Rockcastle sale assets is accounted for in terms of IFRS 3: Business Combinations with the resultant recognition of goodwill arising in NEPI Rockcastle, of €739.38 million, in addition to €16.5 million goodwill previously recognised in Rockcastle. The goodwill amount was computed based on a provisional fair value allocation exercise, being the difference in the aggregate purchase consideration of EUR2 206.86 million and the fair value of Rockcastle's assets and liabilities acquired of EUR1 467.48 million, including the effect on the net asset value as a result of the return of capital and once-off transaction costs relating to the merger transaction.
  - 8.3 Finalisation of the fair value allocation will be performed within the time period allowed for in IFRS 3: Business Combinations, being 12 months from the acquisition date.
  - 8.4 Accumulated profit, non-distributable reserves, and currency translation reserves are eliminated. Share capital is adjusted by €1 348.2 million and share premium is adjusted by €2 204.81 million, being the difference in the net asset value of Rockcastle, including the impact of subsequent events and Rockcastle's share capital of €1 350.28 million. The adjustment to share capital ensures that the share capital accounted for is based on the number of Rockcastle shares in issue in NEPI Rockcastle based on the swap ratio (204 926 789) and the par value of €0.01 per share. The remaining difference is adjusted for in the share premium. Save for the adjustments set out above, there are no other material events requiring adjustment to the *pro forma* statement of financial position.
  - 8.5 No effect has been recognised for the acquisition share issue whereby NEPI Rockcastle subscribed for a specified number of shares in Rockcastle to meet the Rockcastle shareholder elections of those shareholders electing to receive the distribution in specie as a return of capital pursuant to the merger transaction.
9. According to NEPI Rockcastle's accounting policy, goodwill is measured at cost less any accumulated impairment losses and goodwill is tested annually for impairment. Goodwill arising from the transaction is expected to be impaired and an impairment of EUR739.38 million is recognised. The additional goodwill arising from the merger transaction of EUR739.38 million is assumed to represent the future potential increase in fair value of the acquired portfolio of properties but is not expected to be recoverable through the sale of the assets and liabilities as the assets and liabilities are measured at fair value in the financial statements of NEPI Rockcastle. NEPI Rockcastle expects, subsequent to the goodwill impairment through profit and loss, to transfer the loss arising from the goodwill impairment to share premium, off-setting the effect of the impairment charge within accumulated profit.
10. On 27 March 2017, the company's share capital was sub-divided into 1,100 shares of EUR0.01 each. On 15 May 2017, an additional 2 shares of EUR0.01 each, were issued to the existing sole shareholder. Any NEPI Rockcastles shares held by each of NEPI and Rockcastle will be repurchased by NEPI Rockcastle at nominal value on the same day on which NEPI Rockcastle shares are issued to NEPI and Rockcastle shareholders.
11. NEPI and Rockcastle's investment property is classified as level three in terms of IFRS13 fair value hierarchy. Please refer to the respective financial statements as at 31 December 2016.

**PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle adjustments Note 9 €'000	<i>Pro forma</i> after the adjustments
<b>Net rental and related income</b>	-	-	145 532	-	-	<b>29 610</b>	-	-	-	-	<b>175 142</b>
Revenues from rent and expense recoveries	-	-	209 890	-	-	39 794	-	-	-	-	249 684
Property operating expenses	-	-	(64 358)	-	-	(10 184)	-	-	-	-	(74 542)
Administrative expenses	(14)	-	(8 186)	-	-	(4 221)	-	-	-	-	(12 421)
Dividends received from financial instruments	-	-	738	-	-	70 882	-	-	-	-	71 620
<b>EBITDA</b>	<b>(14)</b>	-	<b>138 084</b>	-	-	<b>96 271</b>	-	-	-	-	<b>234 341</b>
Acquisition fees	-	(631)	(4 339)	(2 100)	-	-	(686)	-	-	-	(7 756)
Fair value adjustments of investment property	-	-	143 163	-	-	39 084	-	-	-	-	182 247
Fair value gain/(loss) of financial investments at fair value through profit or loss	*	-	(369)	-	-	42 383	-	-	-	-	42 014
Net result on sale of financial investments	-	-	(355)	-	-	-	-	-	-	-	(355)
Foreign exchange gain/(loss)	-	-	(127)	-	-	9 895	-	-	-	-	9 768
Loss on disposal of investment property held for sale	-	-	(485)	-	-	-	-	-	-	-	(485)
Gain on acquisition of subsidiaries	-	-	-	-	-	1 565	-	-	-	-	1 565
Impairment of goodwill	-	-	-	-	-	-	-	-	(739 375)	-	(739 375)
<b>Profit/(loss) before net finance (expense)/income</b>	<b>(14)</b>	<b>(631)</b>	<b>275 572</b>	<b>(2 100)</b>	-	<b>189 198</b>	<b>(686)</b>	-	<b>(739 375)</b>	-	<b>(278 036)</b>

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle adjustments Note 9 €'000	<i>Pro forma</i>
<b>Net finance (expense)/ income</b>	-	-	(13 059)	-	-	(13 708)	-	-	-	-	(26 767)
Finance income	-	-	4 784	-	-	1 769	-	-	-	-	6 553
Finance expense	-	-	(17 843)	-	-	(15 477)	-	-	-	-	(33 320)
Changes in fair value of financial instruments	-	-	228	-	-	(8 256)	-	-	-	-	(8 028)
Share of profit of joint- ventures	-	-	6 383	-	-	6 920	-	-	-	-	13 303
<b>Profit before tax</b>	(14)	(631)	269 124	(2 100)	-	174 154	(686)	-	(739 375)	-	(299 528)
<b>Income tax</b>	-	-	(36 472)	-	-	(5 930)	-	-	-	-	(42 402)
Current tax expense	-	-	(1 664)	-	-	(168)	-	-	-	-	(1 832)
Deferred tax expense	-	-	(34 808)	-	-	(5 762)	-	-	-	-	(40 570)
<b>Profit after tax</b>	(14)	(631)	232 652	(2 100)	-	168 224	(686)	-	(739 375)	-	(341 930)

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 9 €'000	<i>Pro forma</i> after the adjustments
<b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>											
<b>Items that may be reclassified to profit or loss</b>											
Exchange differences on translation of foreign operations – equity holders of the Company	*	–	–	–	–	(32 412)	–	–	–	–	(32 412)
Exchange differences on translation of foreign operations – non-controlling interest	–	–	–	–	–	(109)	–	–	–	–	(109)
Exchange differences on joint ventures on sale of investments	–	–	–	–	–	1 498	–	–	–	–	1 498
	*	–	–	–	–	(31 023)	–	–	–	–	(31 023)
<b>Total comprehensive income for the year</b>	(14)	(631)	232 652	(2 100)	–	137 201	(686)	(739 375)	–	–	(372 953)
(Profit)/loss attributable to non-controlling interest	–	–	2 316	–	–	(580)	–	–	–	–	1 736
Equity holders of the Company	(14)	(631)	234 968	(2 100)	–	167 644	(686)	–	(739 375)	–	(340 194)

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 9 €'000	<i>Pro forma</i> after the adjustments
Total comprehensive income/loss attributable to non-controlling interest	-	-	2 316	-	-	(471)	-	-	-	-	1 845
Total comprehensive income for the year attributable to equity holders	(14)	(631)	234 968	(2 100)	-	136 730	(686)	-	(739 375)	-	(371 108)
Weighted average number of shares in issue	11	-	-	322 301 492	-	-	202 036 583	-	-	(11)	524 338 075
Diluted weighted average number of shares in issue	11	-	-	322 319 777	-	-	202 036 583	-	-	(11)	524 356 360
Basic earnings per share (Euro cents)	-	-	-	-	-	-	-	-	-	-	(64.88)
Diluted earnings per share (Euro cents)	-	-	-	-	-	-	-	-	-	-	(64.88)
Basic earnings per share (Euro cents) – before goodwill impairment	-	-	-	-	-	-	-	-	-	-	76.13
Diluted earnings per share (Euro cents) – before goodwill impairment	-	-	-	-	-	-	-	-	-	-	76.13

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle adjustments Note 9 €'000	<i>Pro forma</i> after the adjustments
<b>DISTRIBUTABLE EARNINGS PER SHARE</b>											
<b>Profit for the period attributable to equity holders</b>	(14)	(631)	234 968	(2 100)	–	167 644	(686)	–	(739 375)	–	(340 194)
<b>Reverse indirect result</b>	–	631	(108 683)	2 100	–	(134 842)	686	–	739 375	–	499 267
Foreign exchange (gain)/ loss	–	–	127	–	–	(9 895)	–	–	–	–	(9 768)
Acquisition fees	–	631	4 339	2 100	–	–	686	–	–	–	7 756
Fair value adjustments of investment property for controlled subsidiaries	–	–	(143 163)	–	–	(39 084)	–	–	–	–	(182 247)
Dividends received from financial investments	–	–	(738)	–	–	(70 882)	–	–	–	–	(71 620)
Loss on disposal of investment property held for sale	–	–	485	–	–	–	–	–	–	–	485
Fair value (gain)/loss on financial investments at fair value through profit and loss	–	–	369	–	–	(42 383)	–	–	–	–	(42 014)
Fair value adjustments of financial assets and liabilities for controlled subsidiaries	–	–	(228)	–	–	–	–	–	–	–	(228)
Deferred tax expense for controlled subsidiaries	–	–	34 808	–	–	6 012	–	–	–	–	40 820
Changes in fair value of financial instruments	–	–	–	–	–	9 668	–	–	–	–	9 668

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 9 €'000	<i>Pro forma</i> after the adjustments €'000
Finance expense	-	-	-	-	-	18 872	-	-	-	-	18 872
Net result on sale of financial investments	-	-	355	-	-	-	-	-	-	-	355
Adjustments related to joint ventures	-	-	(5 037)	-	-	(5 585)	-	-	-	-	(10 622)
Gain on acquisition of subsidiary	-	-	-	-	-	(1 565)	-	-	-	-	(1 565)
Goodwill impairment	-	-	-	-	-	-	-	-	739 375	-	739 375
Company-specific adjustments	-	-	(558)	-	-	51 199	-	-	-	-	(50 641)
Amortisation of financial assets	-	-	(3 730)	-	-	-	-	-	-	-	(3 730)
Realised foreign exchange (loss)/gain for controlled subsidiaries	-	-	(101)	-	-	-	-	-	-	-	(101)
Realised foreign exchange loss joint ventures	-	-	7	-	-	-	-	-	-	-	7
Accrued dividend from financial investments	-	-	1 202	-	-	51 199	-	-	-	-	52 401
Accrued interest on share-based payments	-	-	2	-	-	-	-	-	-	-	2
Fair value adjustment of investment property for non-controlling interest	-	-	2 514	-	-	-	-	-	-	-	2 514
Deferred tax expense for non-controlling interest	-	-	(452)	-	-	-	-	-	-	-	(452)
Antecedent dividend	-	-	3 974	-	-	610	-	1 592	-	-	11 262

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle adjustments Note 9 €'000	<i>Pro forma</i>
<b>Distributable earnings</b>	(14)	-	129 701	-	5 086	84 611	-	1 592	-	-	220 976
Less: Distribution declared	-	-	(126 688)	-	-	(84 611)	-	-	-	-	(211 299)
Antecedent dividend for equity issues prior to ex div date	-	-	(3 013)	-	(5 086)	-	-	(1 592)	-	-	(9 691)
Interim distribution	-	-	(59 566)	-	(2 336)	(40 252)	-	(764)	-	-	(102 918)
Final distribution	-	-	(70 135)	-	(2 750)	(44 359)	-	(828)	-	-	(118 072)
<b>Earnings not distributed</b>	(14)	-	-	-	-	-	-	-	-	-	(14)
Number of shares entitled to distribution: interim	(11)	-	-	331 384 049	-	-	201 840 044	-	-	(11)	533 224 093
Number of shares entitled to distribution: final	(11)	-	-	334 027 068	-	-	204 926 789	-	-	(11)	538 953 857
<b>Distributable earnings per share (Euro cents)</b>	-	-	-	-	-	-	-	-	-	-	41.21
Less: Distribution declared per share (Euro cents)	-	-	-	-	-	-	-	-	-	-	(41.21)
Interim distribution per share (Euro cents)	-	-	-	-	-	-	-	-	-	-	(19.30)
Final distribution per share (Euro cents)	-	-	-	-	-	-	-	-	-	-	(21.91)
<b>Earnings not distributed (Euro cents)</b>	-	-	-	-	-	-	-	-	-	-	-

	NEPI Rockcastle for the period ended 31 December 2016 Note 1 €'000	Adjustment for NEPI Rockcastle transaction costs Note 2 €'000	NEPI for the 12 months ended 31 December 2016 Note 3 €'000	NEPI adjustments for transaction Note 4 €'000	NEPI for subsequent events Note 5 €'000	Rockcastle for the 12 months ended 31 December 2016 Note 6 €'000	Rockcastle adjustments for transaction costs Note 7 €'000	Rockcastle subsequent events Note 5 €'000	Impairment of NEPI Rockcastle goodwill Note 8 €'000	Subsequent share split and share repurchase in NEPI Rockcastle Note 9 €'000	<i>Pro forma</i> after the adjustments
<b>RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS</b>											
<b>Profit for the period attributable to equity holders</b>	(14)	(631)	234 968	(2 100)	–	167 644	(686)	–	(739 375)	–	(340 194)
Fair value adjustments of investment property	–	–	(143 163)	–	–	(39 084)	–	–	–	–	(182 247)
Loss on sale of investment property held for sale	–	–	485	–	–	–	–	–	–	–	485
Tax effects of adjustment for controlled subsidiaries	–	–	24 446	–	–	–	–	–	–	–	24 446
Fair value adjustments of investment property for joint ventures	–	–	(7 252)	–	–	(4 846)	–	–	–	–	(12 098)
Gain on acquisition of subsidiary	–	–	–	–	–	(1 565)	–	–	–	–	(1 565)
Tax effects of adjustment for joint ventures	–	–	1 160	–	–	–	–	–	–	–	1 160
Goodwill impairment	–	–	–	–	–	–	–	–	739 375	–	739 375
Headline earnings	(14)	(631)	110 644	(2 100)	–	122 149	(686)	–	–	–	229 362
Headline earnings per share (Euro cents)											43.74
Diluted headline earnings per share (Euro cents)											43.74

\* Less than EUR 1 000

#### Notes and assumptions:

1. Extracted, without adjustment, from NEPI Rockcastle's audited financial statements for the period ended 31 December 2016, presented in **Annexure 20** to this prospectus.
2. Represents the adjustment for NEPI Rockcastle's once-off transaction costs of €0.63 million, as set out in paragraph 12 of the prospectus.
3. Extracted, without adjustment, from NEPI's audited consolidated financial statements for the year ended 31 December 2016.
4. Represents the adjustment for NEPI's once-off transaction costs of €2.1 million relating to the merger transaction.
5. Subsequent to the year-end, both NEPI and Rockcastle issued shares either by way of equity issue or as a return of capital, as detailed in notes 4 and 7 to the *pro forma* statement of financial position above. No effect has been given to distributable earnings for the equity raise or cash distributions as the impact is deemed immaterial and no adjustment is provided for. However, for illustrative purposes, should these shares have been raised during the 12 months ended 31 December 2016, they would have been entitled to the interim and final distributions and therefore an antecedent dividend has been recognised for both distribution periods. The antecedent dividend impacts the distributable earnings of NEPI Rockcastle but not the IFRS net income.
6. Rockcastle's results for the twelve months ended 31 December 2016 are extracted from the *Pro-Forma* Translation and Reclassification Adjustments as set out below in **Annexure 18.1**.
7. Represents the adjustments for Rockcastle's once-off transaction costs of €0.686 million relating to the merger transaction converted from US\$ (Rockcastle's reporting currency) to EUR using the average exchange rate of EUR 1.00: US\$1.054 for the 12 months ended 31 December 2016.
8. Goodwill arising from the transaction is assumed to be impaired and a charge of EUR 739.38 million is recognised.
9. On 27 March 2017, the company's share capital was sub-divided into 1,100 shares of EUR0.01 each. On 15 May 2017, an additional 2 shares of EUR0.01 each, were issued to the existing sole shareholder. Any NEPI Rockcastle shares held by each of NEPI and Rockcastle will be repurchased by NEPI Rockcastle at nominal value on the same day on which NEPI Rockcastle shares are issued to NEPI and Rockcastle shareholders.
10. All adjustments, save for adjustments for once-off transaction costs and impairment of goodwill, are expected to have a continuing effect.
11. Save for the adjustments set out above, there are no other material events requiring adjustment to the *pro forma* statement of comprehensive income.

## PRO FORMA TRANSLATION AND RECLASSIFICATION ADJUSTMENT

Certain *pro forma* reclassification adjustments have been made to Rockcastle's financial statements to conform to NEPI's financial presentation for the consolidation of NEPI and Rockcastle. These *pro forma* adjustments set forth in the table below, reflect NEPI Rockcastle's best estimates based upon the information currently available to NEPI Rockcastle.

### PRO FORMA STATEMENT OF FINANCIAL POSITION

	Rockcastle as at 31 December 2016 Note 1 US\$'000	Exchange rate Note 2	Rockcastle as at 31 December 2016 Note 3 €'000	<i>Pro forma</i> reclassification adjustments Note 4 €'000	Restated Rockcastle as at 31 December 2016 €'000
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>1 739 084</b>	<b>0.95</b>	<b>1 649 828</b>		<b>1 649 828</b>
Investment property	1 258 786	0.95	1 194 181	5 323	1 199 504
Investment property in use	–	0.95	–	1 194 181	1 194 181
Investment property under development	5 611	0.95	5 323	–	5 323
Straight-lining of rental revenue adjustment	199	0.95	189	(189)	–
Intangible assets	7 341	0.95	6 964	(6 964)	–
Goodwill	17 433	0.95	16 538	–	16 538
Listed security investments	383 994	0.95	364 286	(364 286)	–
Financial investments at fair value through profit and loss	–	0.95	–	364 286	364 286
Property, plant and equipment	499	0.95	473	(473)	–
Investment in and loans to joint ventures	37 000	0.95	35 101	(35 101)	–
Investments in joint-ventures	–	0.95	–	19 202	19 202
Long-term loans granted to joint ventures	–	0.95	–	15 899	15 899
Rockcastle management incentive loans	26 968	0.95	25 584	(25 584)	–
Other long-term assets	–	0.95	–	33 210	33 210
Deferred tax assets	1 253	0.95	1 189	–	1 189
<b>Current assets</b>	<b>340 218</b>	<b>0.95</b>	<b>322 758</b>	<b>–</b>	<b>322 758</b>
Equity derivative collateral	244 524	0.95	231 974	(231 974)	–
Financial assets at fair value through profit or loss	18 004	0.95	17 080	231 974	249 054
Investment income receivable	2 810	0.95	2 666	(2 666)	–
Trade and other receivables	50 376	0.95	47 791	3 059	50 850
Income tax receivable	414	0.95	393	(393)	–
NEPI Rockcastle shares for distribution	–	0.95	–	–	–
Cash and cash equivalents	24 090	0.95	22 854	–	22 854
<b>Total assets</b>	<b>2 079 302</b>	<b>0.95</b>	<b>1 972 586</b>	<b>–</b>	<b>1 972 586</b>

	Rockcastle as at 31 December 2016 Note 1 US\$'000	Exchange rate Note 2	Rockcastle as at 31 December 2016 Note 3 €'000	<i>Pro forma</i> reclassification adjustments Note 4 €'000	Restated Rockcastle as at 31 December 2016 €'000
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity attributable to equity holders</b>	<b>1 556 106</b>	<b>0.95</b>	<b>1 476 242</b>	<b>(1 476 242)</b>	<b>–</b>
<b>Equity attributable to equity holders</b>	<b>–</b>	<b>0.95</b>	<b>–</b>	<b>1 476 242</b>	<b>1 476 242</b>
Stated capital	1 383 676	0.95	1 312 662	(1 312 662)	–
Share capital	–	0.95	–	1 312 662	1 312 662
Retained income	371 467	0.95	352 402	(352 402)	–
Accumulated profit	–	0.95	–	352 402	352 402
Non-distributable reserves	(168 723)	0.95	(160 064)	–	(160 064)
Currency translation reserve	(30 314)	0.95	(28 758)	–	(28 758)
Non-controlling interest	532	0.95	505	–	505
<b>Total equity</b>	<b>1 556 638</b>	<b>0.95</b>	<b>1 476 747</b>	<b>–</b>	<b>1 476 747</b>
<b>Total liabilities</b>	<b>522 664</b>	<b>0.95</b>	<b>495 839</b>	<b>–</b>	<b>495 839</b>
<b>Non-current liabilities</b>	<b>450 552</b>	<b>0.95</b>	<b>427 428</b>	<b>–</b>	<b>427 428</b>
Interest-bearing borrowings	425 230	0.95	403 406	(403 406)	–
Bank loans	–	0.95	–	397 966	397 966
Other long-term liabilities	–	0.95	–	5 440	5 440
Deferred tax liabilities	25 322	0.95	24 022	–	24 022
<b>Current liabilities</b>	<b>72 112</b>	<b>0.95</b>	<b>68 411</b>	<b>–</b>	<b>68 411</b>
Financial liabilities at fair value through profit or loss	6 633	0.95	6 293	–	6 293
Interest-bearing borrowings	1 538	0.95	1 459	(1 459)	–
Bank loans	–	0.95	–	1 459	1 459
Trade and other payables	63 872	0.95	60 594	65	60 659
Income tax payable	69	0.95	65	(65)	–
<b>Total equity and liabilities</b>	<b>2 079 302</b>	<b>0.95</b>	<b>1 972 586</b>	<b>–</b>	<b>1 972 586</b>

**Notes and assumptions:**

1. Extracted, without adjustment, from Rockcastle's audited consolidated financial statements for the 18 months ended 31 December 2016.
2. Represents the exchange rate at 31 December 2016.
3. Represents Rockcastle's results for the 12 months ended 31 December 2016, translated in EUR.
4. Rockcastle and NEPI recognise some of their assets and liabilities in different financial statement line items. In terms of IFRS 3 Business Combinations, NEPI is regarded as the acquiring party. The *pro forma* reclassification ensures that Rockcastle's financial statement line items are classified on a basis consistent with the classification criteria used by NEPI.

STATEMENT OF COMPREHENSIVE INCOME

	Eighteen months ended 31 December 2016	Six months ended 31 December 2015	Twelve months ended 31 December 2016	Exchange rate	Twelve months ended 31 December 2016	<i>Pro forma</i> reclassification adjustments	Restated 12 months ended 31 December 2016
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
	US\$'000	US\$'000	US\$'000		€'000	€'000	€'000
Net rental and related revenue	36 942	(4 619)	32 323	0.90	29 225	(29 225)	–
Recoveries and contractual rental revenue	49 417	(5 404)	44 013	0.90	39 794	(39 794)	–
Straight-lining of rental revenue adjustment	199	(625)	(426)	0.90	(385)	385	–
Rental revenue	49 616	(6 029)	43 587	0.90	39 409	(39 409)	–
Revenues from rent and expense recoveries	–	–	–	0.90	–	39 794	39 794
Property operating expenses	(12 674)	1 410	(11 264)	0.90	(10 184)	–	(10 184)
Net rental and related income	–	–	–	0.90	–	29 610	29 610
Administrative expenses	–	–	–	0.90	–	(4 221)	(4 221)
Dividends received from financial investments	–	–	–	–	–	70 882	70 882
<b>EBITDA</b>	–	–	–	<b>0.90</b>	–	<b>96 271</b>	<b>96 271</b>
Income from derivatives and listed securities	90 254	(32 730)	57 524	0.90	52 010	(52 010)	–
Income from joint ventures	8 263	(609)	7 654	0.90	6 920	(6 920)	–
Gain on acquisition of subsidiary	1 731	–	1 731	0.90	1 565	(1 565)	–
Gain on acquisition of subsidiaries	–	–	–	0.90	–	1 565	1 565
Fair value gain on investment property, security investments and derivatives	134 200	(63 076)	71 124	0.90	64 305	(64 305)	–
Adjustment resulting from straight-lining of rental revenue	(199)	625	426	0.90	385	(385)	–
Fair value gain on investment property	43 228	–	43 228	0.90	39 084	(39 084)	–
Fair value adjustments on investment property	–	–	–	0.90	–	39 084	39 084
Fair value loss of financial instruments at fair value through profit or loss	(19 407)	–	(19 407)	0.90	(17 547)	17 547	–
Fair value gains on financial investments at fair value through profit and loss	–	–	–	0.90	–	42 383	42 383
Fair value gain on listed security investments	110 578	(63 701)	46 877	0.90	42 383	(42 383)	–
Foreign exchange gain/(loss)	12 169	(1 225)	10 944	0.90	9 895	–	9 895
Operating expenses	(5 974)	1 305	(4 669)	0.90	(4 221)	4 221	–
<b>Profit before net finance costs</b>	<b>277 585</b>	<b>(100 954)</b>	<b>176 631</b>	<b>0.90</b>	<b>159 699</b>	<b>(159 699)</b>	<b>–</b>

	Eighteen months ended 31 December 2016	Six months ended 31 December 2015	Twelve months ended 31 December 2016	Exchange rate	Twelve months ended 31 December 2016	<i>Pro forma</i> reclassification adjustments	Restated 12 months ended 31 December 2016
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
	US\$'000	US\$'000	US\$'000		€'000	€'000	€'000
<b>Profit/(loss) before net finance (expense)/income</b>	–	–	–	0.90	–	189 198	189 198
<b>Net finance costs</b>	(2 656)	18 644	15 988	0.90	14 455	(14 455)	–
<b>Net finance (expense)/income</b>	–	–	–	0.90	–	(13 708)	(13 708)
Finance income	3 359	(1 402)	1 957	0.90	1 769	–	1 769
Interest income	3 359	(1 402)	1 957	0.90	1 769	(1 769)	–
Finance costs	(6 015)	20 046	14 031	0.90	12 686	(12 686)	–
Finance expense	–	–	–	0.90	–	(15 477)	(15 477)
Interest on borrowings	(7 871)	10 294	2 423	0.90	2 191	(2 191)	–
Capitalised interest	1 856	(524)	1 332	0.90	1 204	(1 204)	–
Changes in fair value of financial instruments	–	–	–	0.90	–	(8 256)	(8 256)
Fair value adjustment on interest rate derivatives	–	10 276	10 276	0.90	9 291	(9 291)	–
Fair value adjustment on bond shorts	–	–	–	0.90	–	–	–
Share of profit of joint-ventures	–	–	–	0.90	–	6 920	6 920
<b>Profit before income tax expense</b>	<b>274 929</b>	<b>(82 310)</b>	<b>192 619</b>	0.90	<b>174 154</b>	<b>(174 154)</b>	–
<b>Profit before tax</b>	–	–	–	0.90	–	<b>174 154</b>	<b>174 154</b>
Income tax expense	(6 838)	279	(6 559)	0.90	(5 930)	5 930	–
Current tax expense	–	–	–	0.90	–	(168)	(168)
Deferred tax expense	–	–	–	0.90	–	(5 762)	(5 762)
<b>Profit after tax</b>	–	–	–	<b>0.90</b>	–	<b>168 224</b>	<b>168 224</b>
<b>Profit for the period</b>	<b>268 091</b>	<b>(82 031)</b>	<b>186 060</b>	<b>0.90</b>	<b>168 224</b>	<b>(168 224)</b>	–

	Eighteen months ended 31 December 2016 Note 1 US\$'000	Six months ended 31 December 2015 Note 2 US\$'000	Twelve months ended 31 December 2016 Note 3 US\$'000	Exchange rate Note 4	Twelve months ended 31 December 2016 Note 5 €'000	<i>Pro forma</i> reclassification adjustments Note 6 €'000	Restated 12 months ended 31 December 2016 €'000
<b>OTHER COMPREHENSIVE INCOME NET OF TAX</b>							
<b>Items that may be reclassified to profit or loss</b>							
Exchange differences on translation of foreign operations – equity holders of the Company	(32 775)	(3 073)	(35 848)	0.90	(32 412)	–	(32 412)
Exchange differences on translation of foreign operations – non-controlling interest	(121)	–	(121)	0.90	(109)	–	(109)
Exchange differences on joint ventures on sale of investments	1 657	–	1 657	0.90	1 498	–	1 498
	<b>(31 239)</b>	<b>(3 073)</b>	<b>(34 312)</b>	0.90	<b>(31 023)</b>	–	<b>(31 023)</b>
<b>Total comprehensive income for the period</b>	<b>236 852</b>	<b>(85 104)</b>	<b>151 748</b>	0.90	137 201	(137 201)	–
<b>Total comprehensive income for the year</b>	–	–	–	0.90	–	137 201	137 201
<b>Profit for the period attributable to:</b>							
Equity holders of the Company	267 449	(82 031)	185 418	0.90	167 644	(167 644)	–
Non-controlling interest	642	–	642	0.90	580	(580)	–
	<b>268 091</b>	<b>(82 031)</b>	<b>186 060</b>	0.90	168 224	(168 224)	–
(Profit)/loss attributable to non-controlling interest	–	–	–	0.90	–	580	580
Profit for the year attributable to equity holders	–	–	–	0.90	–	167 644	167 644
<b>Total comprehensive income/(loss) for the period attributable to:</b>							
Equity holders of the Company	236 331	(85 104)	151 227	0.90	136 731	(136 731)	–
Non-controlling interest	521	–	521	0.90	470	(470)	–
	<b>236 852</b>	<b>(85 104)</b>	<b>151 748</b>	0.90	137 201	(137 201)	–
Total comprehensive income/loss attributable to non-controlling interest	–	–	–	0.90	–	471	471
Total comprehensive income for the year attributable to equity holders	–	–	–	0.90	–	136 730	136 730

	Eighteen months ended 31 December 2016 Note 1 US\$'000	Six months ended 31 December 2015 Note 2 US\$'000	Twelve months ended 31 December 2016 Note 3 US\$'000	Exchange rate Note 4	Twelve months ended 31 December 2016 Note 5 €'000	<i>Pro forma</i> reclassification adjustments Note 6 €'000	Restated 12 months ended 31 December 2016 €'000
<b>RECONCILIATION OF PROFIT FOR THE PERIOD TO DIVIDEND DECLARED</b>							
Profit for the period	267 449	(82 031)	185 418	0.90	167 644	(167 644)	–
Profit for the year attributable to equity holders	–	–	–	0.90	–	167 644	167 644
Foreign exchange (gain)/loss	(12 169)	1 225	(10 944)	0.90	(9 895)	–	(9 895)
Fair value gain of financial investments at fair value through profit and loss	–	–	–	0.90	–	(42 383)	(42 383)
Fair value gain on listed security investments	(110 578)	63 701	(46 877)	0.90	(42 383)	42 383	–
Unrealised fair value loss of financial instruments at fair value through profit or loss	20 969	–	20 969	0.90	18 959	(18 959)	–
Fair value gain on investment property	(43 228)	–	(43 228)	0.90	(39 084)	39 084	–
Fair value adjustments of investment property for controlled subsidiaries	–	–	–	0.90	–	(39 084)	(39 084)
Income from derivatives and listed securities	(90 254)	32 730	(57 524)	0.90	(52 010)	52 010	–
Dividends received from financial instruments	–	–	–	0.90	–	(70 882)	(70 882)
Finance expense	–	–	–	0.90	–	18 872	18 872
Fair value loss on interest rate derivatives	–	(10 276)	(10 276)	0.90	(9 291)	9 291	–
Change in fair value of financial instruments	–	–	–	0.90	–	9 668	9 668
Gain on acquisition of subsidiary	(1 731)	–	(1 731)	0.90	(1 565)	–	(1 565)
Accrued income from listed securities investments	102 118	(45 491)	56 627	0.90	51 199	–	51 199
Adjustment related to joint-ventures	(5 360)	(816)	(6 176)	0.90	(5 585)	–	(5 585)
Fair value adjustments of investment property	(6 066)	–	(6 066)	0.90	(5 485)	5 485	–
Fair value adjustments of investment property for joint ventures	–	–	–	0.90	–	(5 485)	(5 485)
Adjustment to income on joint ventures	–	(816)	(816)	0.90	(738)	–	(738)
Adjustment on sale of interest in joint ventures	706	–	706	0.90	638	–	638
Shares issued cum dividend	1 977	(1 302)	675	0.90	610	(610)	–
Antecedent dividend	–	–	–	0.90	–	610	610
Deferred tax expense	6 649	–	6 649	0.90	6 012	(6 012)	–
Deferred tax expense for controlled subsidiaries	–	–	–	0.90	–	6 012	6 012

	Eighteen months ended 31 December 2016 Note 1 US\$'000	Six months ended 31 December 2015 Note 2 US\$'000	Twelve months ended 31 December 2016 Note 3 US\$'000	Exchange rate Note 4	Twelve months ended 31 December 2016 Note 5 €'000	<i>Pro forma</i> reclassification adjustments Note 6 €'000	Restated 12 months ended 31 December 2016 €'000
Transaction costs	-	-	-	0.90	-	-	-
Profit on sale of net assets	-	-	-	0.90	-	-	-
Distributable earnings for the year	135 842	(42 260)	93 582	0.90	84 611	-	84 611
<b>RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS</b>							
Basic earnings – profit for the period attributable to equity holders	267 449	(82 031)	185 418	0.90	167 644	(167 644)	-
Profit for the year attributable to equity holders	-	-	-	0.90	-	167 644	167 644
Adjusted for:							
– fair value gain on investment property of joint ventures	(5 360)	-	(5 360)	0.90	(4 846)	4 846	-
– fair value adjustment of investment property for joint-ventures	-	-	-	0.90	-	(4 846)	(4 846)
– fair value adjustment on sale of interest in joint ventures	706	(706)	-	0.90	-	-	-
– fair value gain on investment property	(43 228)	-	(43 228)	0.90	(39 084)	-	(39 084)
– transaction costs	-	-	-	0.90	-	-	-
– profit on sale of net assets	-	-	-	0.90	-	-	-
– gain on acquisition of subsidiary	(1 731)	-	(1 731)	0.90	(1 565)	-	(1 565)
<b>Headline earnings</b>	<b>217 836</b>	<b>(82 737)</b>	<b>135 099</b>	<b>0.90</b>	<b>122 149</b>	<b>-</b>	<b>122 149</b>

**Notes and assumptions:**

1. Extracted, without adjustment, from Rockcastle's audited consolidated financial statements for the 18 months ended 31 December 2016.
2. Extracted, without adjustment, from Rockcastle's summarised unaudited consolidated interim financial statements for the six months ended 31 December 2015.
3. Represents the trading results of Rockcastle for the 12 months ended 31 December 2016.
4. Represents the average exchange rate for the 12 months ended 31 December 2016.
5. Represents the trading results of Rockcastle for the 12 months ended 31 December 2016 in EUR.
6. In terms of IFRS 3 Business Combinations, NEPI is regarded as the acquiring party. The *pro forma* reclassification ensures that Rockcastle's financial statement line items are classified on a basis consistent with the classification criteria used by NEPI.

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## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE CONSOLIDATED *PRO FORMA* FINANCIAL STATEMENTS

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17 May 2017

The Board of Directors  
NEPI Rockcastle Plc  
2nd Floor, Anglo International House  
Lord Street  
Douglas  
Isle of Man

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF NEPI ROCKCASTLE PLC ("NEPI ROCKCASTLE" OR "THE COMPANY")

#### INTRODUCTION

New Europe Property Investment Plc ("**NEPI**") and Rockcastle Global Real Estate Company ("**Rockcastle**") have agreed to merge their respective businesses through the acquisition by NEPI Rockcastle Plc ("**NEPI Rockcastle**" or "**the Company**") of 100% of the assets and liabilities of each of NEPI and Rockcastle, including ownership interests in their respective subsidiaries ("**the Merger Transaction**"). In consideration, NEPI Rockcastle will undertake to issue ordinary shares to NEPI and Rockcastle shareholders, such that they hold a number of NEPI Rockcastle shares determined in accordance with a swap ratio. The issued ordinary shares of NEPI Rockcastle will then be listed on the Main Board of the JSE Limited ("**the JSE**") ("**the Listing**").

At your request and for the purposes of the Prospectus to be dated on or about 31 May 2017, we present our assurance report on the compilation of the *pro forma* financial information of NEPI Rockcastle by the directors. The *pro forma* financial information, presented in paragraph 39 and **Annexure 18** to the Prospectus, consists of the *pro forma* statement of financial position as at 31 December 2016, the *pro forma* statement of comprehensive income for the 12 months ended 31 December 2016 and the *pro forma* financial effects ("**the Pro forma Financial Information**"). The *Pro forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *Pro forma* Financial Information has been compiled by the directors to illustrate the impact of the Merger Transaction on the Company's reported financial position as at 31 December 2016, and the Company's financial performance for the period then ended, as if the Merger Transaction had taken place at 31 December 2016 and 1 January 2016, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the period ended 31 December 2016, on which a Reporting Accountants' assurance report is presented within this Prospectus.

#### DIRECTORS' RESPONSIBILITY

The directors of NEPI Rockcastle are responsible for the compilation, contents and presentation of the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 39 and **Annexure 18**. The directors of NEPI Rockcastle are also responsible for the financial information from which it has been prepared.

#### OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro forma* Financial Information.

As the purpose of *Pro forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *Pro forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OPINION

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 39 and **Annexure 18** of the Prospectus.

**PricewaterhouseCoopers Inc.**

**Victor Muguto**

*Director*

*Registered Auditor*

Sunninghill

17 May 2017

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**HISTORICAL FINANCIAL INFORMATION OF NEPI ROCKCASTLE**


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Set out below are the audited financial statements of NEPI Rockcastle as at 31 December 2016. These financial statements are the responsibility of the board of directors of NEPI Rockcastle.

The financial statements were prepared in accordance with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board and were audited by PWC Isle of Man, who issued an unqualified audit opinion thereon.

The audited financial statements as at 31 December 2016 are available for inspection on NEPI's website at [www.nepinvest.com/agm](http://www.nepinvest.com/agm) and Rockcastle's website at [www.rockcastleglobalre.mu/investor-relations/reports/](http://www.rockcastleglobalre.mu/investor-relations/reports/).

The independent reporting accountants' report on the historical financial information is presented in **Annexure 21**.

**STATEMENT OF FINANCIAL POSITION**

	Note	Company 31 December 2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets at fair value through profit or loss	6	9 591
<b>Current assets</b>		
Cash and cash equivalents		824
<b>Total assets</b>		<b>10 415</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders</b>		
Share capital	7	11
Retained earnings		(13 647)
Functional currency translation reserve		105
<b>Total liabilities</b>		<b>24 062</b>
<b>Current liabilities</b>		
Loans payable	8, 9	10 475
Other liabilities	9	13 587
<b>Total equity and liabilities</b>		<b>10 415</b>

All amounts in Euro unless otherwise stated

The notes on pages 222 to 228 are an integral part of these financial statements.

The financial statements on pages 219 to 221 were approved and authorised for issue on 12 April 2017 by:

**Cornelius Eduard Cassell**  
*Sole Director*

## STATEMENT OF COMPREHENSIVE INCOME

	Note	1 December – 31 December 2016
Revenue		–
Administrative expenses	9	(13 587)
Fair value losses of financial investments at fair value through profit or loss	6	(176)
Profit/(loss) before net finance (expense)/income		(13 763)
<b>Loss before tax</b>		<b>(13 763)</b>
<b>Income tax expense</b>		<b>–</b>
<b>Loss after tax</b>		<b>(13 763)</b>
<b>Total comprehensive income for the year</b>		<b>105</b>
<b>Loss for the year attributable to equity holders</b>		<b>(13 658)</b>

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Functional currency translation	Total
Balance at 1 December 2016	–	–		–
Transactions with owners	11	–		11
– Issue of shares	11	–		11
<b>Total comprehensive income</b>	<b>–</b>	<b>(13 763)</b>		<b>(13 763)</b>
– Profit for the year	–	(13 763)		(13 763)
<b>Other comprehensive income</b>			<b>105</b>	<b>105</b>
Functional currency translation			105	105
<b>Balance at 31 December 2016</b>	<b>11</b>	<b>(13 763)</b>	<b>105</b>	<b>(13 647)</b>

All amounts in Euro unless otherwise stated

The notes on page 222 to 228 are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

	Note	1 January – 31 December 2016
<b>OPERATING ACTIVITIES</b>		
Loss after tax		(13 763)
Adjustments for:		
– Accrued expenses	9	13 587
– Fair value losses on financial investments at fair value through profit or loss	6	176
<b>Operating result before changes in working capital</b>		–
<b>Cash flows from operating activities</b>		–
<b>INVESTING ACTIVITIES</b>		
Payments for financial investments at fair value through profit or loss	6	(9 888)
<b>Cash flows used in investing activities</b>		<b>(9 888)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans taken		10 730
<b>Cash flows from financing activities</b>		<b>10 730</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>842</b>
Cash and cash equivalents brought forward		–
Effect of exchange rates on cash and cash equivalents		(18)
<b>Cash and cash equivalents carried forward</b>		<b>824</b>

All amounts in Euro unless otherwise stated

The notes on pages 222 to 228 are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL

NEPI Rockcastle plc (“**the Company**”) is a limited liability company incorporated in the Isle of Man on 1 December 2016 whose registered office is at Anglo International House, 2nd floor, Lord Street, Douglas, Isle of Man.

The Company’s intended business is to develop, acquire and hold commercial properties, either directly or indirectly through the acquisition of listed equities.

These financial statements for the year ended 31 December 2016 were authorised for issue in accordance with the written resolution of the Sole Director of the Company on 12 April 2017.

### 2. COMPARATIVE PERIOD

These are the Company’s first financial statements for the period from 1 December 2016 (date of incorporation) to 31 December 2016 and there are no comparative periods to present.

### 3. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Isle of Man company law and International Financial Reporting Standards (IFRS). The accounting policies set out below have been consistently applied to all periods presented unless otherwise stated.

#### 3.1 Functional and presentation currency

The financial statements are presented in Euro (€, EUR) unless otherwise stated. The Company’s functional currency is Great British pound sterling (£, GBP).

The functional currency is determined by the relevant, primary economic environment. One determining factor is the currency in which the majority of cash flows, goods and services are denominated and settled in the respective country. When the functional currency cannot be clearly identified, International Accounting Standard (IAS) 21 allows management to use judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Any change in the functional currency must be made prospectively in accordance with IAS 21.

#### 3.2 Basis of preparation

The financial statements are prepared on a historical cost basis, except for financial investments at fair value through profit or loss.

Management prepared these financial statements on a going concern basis. There are no uncertainties relating to events and conditions that cast a significant doubt upon the Company’s ability to continue as a going concern. The Company has received a letter from the sole director, confirming they will provide ongoing financial support.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and associated assumptions are based on experience and other factors believed to be reasonable under the circumstances, and enable judgements to be made about the carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised and future periods if applicable.

#### 3.3 Statement of compliance

The financial statements have been consistently prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board (IASB) and the requirements of relevant Isle of Man company law.

#### 3.4 Borrowings

Borrowings are recognised initially at the fair value of the liability (determined using the prevailing market rate of interest if significantly different from the transaction price) and net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Any difference between the

fair value of the borrowing at initial recognition and the proceeds received is recognised in accordance with the substance of the transaction: to equity, if the premium or discount at initial recognition effectively represents a capital transaction with the Company's owners, or in the Statement of comprehensive income, within finance activity.

Foreign currency translation differences are recognised in the Statement of Comprehensive Income within net realised foreign exchange gain/loss as foreign exchange differences within finance income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Company derecognises its financial liability (or part of a financial liability) from its Statement of financial position when, and only when, it is extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires. An exchange between the Company and a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

If the Company repurchases a part of a financial liability, it allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid for the part derecognised, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of comprehensive income.

### 3.5 Financial instruments

Financial instruments include cash and cash equivalents, loans payable, accrued and investments in listed property shares.

The Company has investments in listed property shares which are initially recognised at cost and subsequently re-measured at fair value. The fair value of the shares is determined by referring to published price quotations in an active market.

These financial investments are classified as current or non-current assets, based on the estimated selling date.

#### 3.5.1 *Initial recognition and subsequent measurement*

Financial instruments are initially measured at fair value, which, except for financial instruments at fair value through profit or loss and derivatives, include directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as follows:

FINANCIAL INSTRUMENT	MEASUREMENT METHOD
Trade and other receivables	Carried at amortised cost using the effective interest rate method, net of impairment losses
Borrowings and other financial liabilities	Measured at amortised cost using the effective interest rate method
Financial investments at fair value through profit or loss	Carried at fair value with changes therein recognised in the Statement of comprehensive income, fair value losses of financial investments

The fair values of the financial assets and liabilities are estimates of the amount that the instrument could be exchanged for in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- cash and cash equivalents, accrued expenses and borrowings are estimated at their carrying amounts due to the short-term maturities of these instruments; and
- the fair values of financial investments are estimated based on quoted prices in active markets as at the balance sheet date.

The financial assets and liabilities are categorised according to the following levels:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### 3.5.2 **Derecognition**

#### *Financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### *Financial liabilities*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of comprehensive income.

### 3.5.3 **Offset**

3.5.4 Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax and VAT assets and liabilities are the main items offset, and these are assessed at each property level.

## 3.6 **Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for receivables at a specific asset level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate and is recognised through an allowance account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of comprehensive income for the year.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through the Statement of comprehensive income for the year.

Uncollectable assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the Statement of comprehensive income for the year.

## 3.7 **Cash and cash equivalents**

Cash and cash equivalents include liquid funds held as client money by service providers with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 3.8 **Share capital**

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

### 3.9 **Accumulated profit**

The balance on the Statement of comprehensive income is transferred to accumulated profit at the end of each financial period.

### 3.10 **Administrative expenses**

Administrative expenses are recognised on an accrual basis.

### 3.11 **Standards issued but not yet effective and not early adopted**

#### **IFRS 9 Financial instruments (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018)**

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL). Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a “three stage” approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Company is currently assessing the impact of the new standard on its financial statements. The Company does not intend to adopt IFRS 9 before its mandatory date.

#### **Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)**

The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Company will comply with this disclosure in the 2017 financial statements.

There are no other standards and interpretations that are not yet effective and that would be expected to have an impact on the Company's financial position or performance.

## 4. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The estimates and associated assumptions are based on experience and various other factors which are considered reasonable under the circumstances. These are used to make judgements about the carrying values of assets and liabilities that are not apparent from other sources. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period when the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both.

Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year are those related to the fair value of financial investments.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company has exposure to credit risk due to its use of financial instruments. This note presents information about the Company's exposure to each, as well as its objectives, policies and processes for measuring and managing risk.

The Sole director has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's policies are established to identify and analyse the risks it may encounter by performing its activities, to set appropriate limits and controls, and to monitor risks and adherence to limits. These policies and systems are reviewed regularly to reflect changes in market conditions and Company activities. The fair value of all financial instruments is the same as the carrying amounts reflected on the Statement of financial position.

### 5.1 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's financial investments at fair value through profit or loss.

The carrying amount of financial investments represents the maximum credit exposure.

The Company manages credit risk through investment in the use of reputable service providers. The Company's financial investments are placed in custody with the Company's investment manager, Sabre Private Wealth.

The Company's liquid funds are held as client money by Sabre Fiduciary Limited and Sabre Private Wealth, which both have client money procedures and are licenced by the Isle of Man Financial Services Authority under the Isle of Man Financial Services Act and as such both are subject to the comprehensive rules in this regard in the Isle of Man Financial Services Rule Book.

### 5.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when due. While the loan from the sole director is payable on demand, the Company's assets are highly liquid, thus the risk is mitigated.

### 5.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Company's fair value or future cash flows of financial instruments. Changes in market prices can also affect the valuation of the Company's financial investments. The objective of market risk management is to manage market risk exposures within acceptable parameters, while optimising returns.

#### 5.3.1 Currency risk

The Company's current assets and liabilities are exposed to foreign currency risk principally from the Company's financial investments at fair value through profit or loss and cash and cash equivalents denominated in United States dollar (\$, US\$). At 31 December 2016 the net exposure to US\$ was €9 696.

A weakening/strengthening of 100 basis points in the US\$ exchange rate would have increased/(decreased) equity and profit or loss by €97. The calculations are based on the balances as at 31 December 2016. These balances are subject to changes over the period, therefore the calculations are not representative of the period as a whole. This analysis assumes that all other variables remain constant.

Cash inflows received in currencies other than Euro are converted to Euro using the spot rate available on the collection date. The amount converted to Euro is the net amount of cash inflow in a foreign currency and the estimated cash outflow in the same currency. The Company applies this policy to control its exposures in respect of monetary assets and liabilities denominated in currencies other than the one cash inflows are received in.

### 5.3.2 *Market risk for listed property shares*

The Company is susceptible to market price risk arising from uncertainties about future values of the listed property shares in Simon Property Company Inc. The investments are monitored by the Sole Director on a regular basis.

5.3.3 A change of 100 basis points in the market values of the listed property shares held by the Company would have increased/(decreased) equity and profit or loss by €96. The calculations are based on the market values of the listed property shares' outstanding balances as at 31 December 2016. These balances are subject to changes over the year, therefore the calculations are not representative of the year as a whole. This analysis assumes that all other variables remain constant.

## 6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 December 2016 the fair value of the Company's holding of Simon Property Company Inc share was €9 591.

The financial investments have been designated as financial assets at fair value through profit or loss and classified as non-current assets.

The fair value of financial investments is determined based on quoted prices in active markets: therefore, they are classified, from acquisition to disposal date, as Level One on the fair value hierarchy as defined in IFRS 7.

## 7. SHARE CAPITAL

At a nominal value of €1, the Company issued one share upon incorporation and 10 shares on 12 December 2016. As at 31 December 2016 the Company's sole shareholder is Sabre Nominees Limited. The shares are unpaid and the nominal value has been netted off the loan from the sole director (note 8).

It is the Company's policy to maintain its capital base in order to:

- satisfy the requirements of its contract holders, creditors and regulators; and
- match the profile of its assets and liabilities, taking account of the risks inherent in the business.

## 8. LOANS PAYABLE

On 12 December 2016 the Company took a £9 000 loan from its sole director. The loan is taken on an interest free and repayable on demand basis.

## 9. RELATED PARTY TRANSACTIONS

### **Identity of related parties with whom material transactions have occurred**

#### **Ultimate controlling party**

The ultimate controlling party is considered to be Cornelius Eduard Cassell.

Parties related to the Company are as follows:

- Cornelius Eduard Cassel – sole director;
- Sabre Nominees Limited – based on common directorship;
- Sabre Fiduciary Limited – based on common directorship.

#### **Material related party transactions**

The borrowing from the sole director is disclosed in note 8.

The issue of share capital to Sabre Nominees Limited is disclosed in note 7. On 1 December 2016, the Company has also entered into agreement with Sabre Fiduciary Limited related to formation of the Company, statutory and general administration, secretarial and other sundry services. As at 31 December 2016, €1 887 of fees are payable to Sabre Fiduciary Limited under this contract and are included as other liabilities in the Statement of financial position.

## 10. SUBSEQUENT EVENTS

### **NEPI-Rockcastle transaction**

During the fourth quarter of 2016, New Europe Property Investments plc (NEPI), a property investment and development group incorporated in the Isle of Man and listed on the Main Board of the Johannesburg Stock Exchange Limited (JSE) and the regulated market of the Bucharest Stock Exchange (BVB) and Rockcastle Global Real Estate Company Limited (Rockcastle), a property investment company established in Mauritius and listed on the JSE and the Stock Exchange of Mauritius (SEM), issued joint cautionary announcements regarding a potential transaction.

On 14 December 2016, a framework agreement was announced (Framework Agreement), pursuant to which their respective businesses would be merged into the Company. This is expected to be implemented with reference to an effective share swap ratio of 4.7 Rockcastle shares for one NEPI share (the Swap Ratio). In accordance with the Framework Agreement, NEPI and Rockcastle will transfer all assets and liabilities, including ownership interests in their respective subsidiaries, effectively transferring their entire businesses to the Company. In exchange, the Company will issue ordinary shares (Company Shares) to NEPI and Rockcastle, in line with the Swap Ratio.

The Company is expected to benefit from enhanced liquidity, and be the largest listed real estate company in Central and Eastern Europe (CEE). Company Shares are expected to be listed on the Main Board of the JSE and Euronext Amsterdam, as well as any other stock exchange NEPI and Rockcastle agree upon. The transaction will integrate two complementary management teams, unlocking strategic synergies and creating additional value for shareholders.

These transactions will be implemented following the fulfilment, or waiver, of several conditions precedent, including approval by Boards of Directors and shareholders, as well as all relevant authorities, on or before, 30 June 2017. Circulars detailing this transaction, accompanied by announcements on the relevant stock exchanges, is expected to be issued by 30 April 2017.

### **Sub-division of shares in issue**

On 27 March 2017, the Company's share capital was sub-divided into 1 100 shares of €0.01 each. This change did not affect the value of the Company's share capital.

### **Change in ownership**

As of 27 March 2017, the sole shareholder of the Company is Cornelius Eduard Cassell.

There are no other subsequent events from 31 December 2016 and up to the date of signing these financial statements, not arising in the normal course of business, which are likely to have a material effect on these financial statements.

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**INDEPENDENT REPORTING ACCOUNTANT’S AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF NEPI ROCKCASTLE**

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17 May 2017

The Board of Directors  
 NEPI Rockcastle Plc  
 2nd Floor, Anglo International House  
 Lord Street  
 Douglas  
 Isle of Man

Dear Sirs

**INDEPENDENT REPORTING ACCOUNTANT’S AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION**

**To the director of NEPI Rockcastle Plc**

**OUR OPINION**

NEPI Rockcastle Plc (“**NEPI Rockcastle**” or “**the Company**”) has been incorporated to acquire the assets and liabilities of New Europe Property Investment Plc (“**NEPI**”) and Rockcastle Global Real Estate Company (“**Rockcastle**”) (“**the Merger Transaction**”) in consideration for the right to receive NEPI Rockcastle shares, which right will be distributed to NEPI and Rockcastle shareholders, respectively, and ultimately fulfilled by the issue to such shareholders of NEPI Rockcastle shares. The issued ordinary shares of NEPI Rockcastle will then be listed on the Main Board of the JSE Limited (“**the JSE**”) (“**the Listing**”). NEPI Rockcastle (“**the Company**”) is issuing a prospectus (“**the Prospectus**”) pursuant to the Listing.

In our opinion, the historical financial information present fairly, in all material respects, the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and JSE Listing Requirements

**What we have audited**

At your request and solely for the purpose of the Prospectus to be dated on or about 29 May 2017, NEPI Rockcastle’s historical financial information as set out in **Annexure 20** of the Prospectus comprises:

- statement of financial position as at 31 December 2016;
- the statement of comprehensive income, for the period then ended;
- the statement of changes in equity for the period then ended;
- the statement of cash flows for the period then ended; and
- the notes to the historical financial information, which include a summary of significant accounting policies and other explanatory information.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Reporting accountant’s responsibilities for the audit of the historical financial information section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**INDEPENDENCE**

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of historical financial information in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA

Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

### **Purpose of this report**

This report has been prepared for the purpose of the Prospectus and for no other purpose.

### **Responsibilities of the directors for the historical financial information**

The directors are responsible for the preparation and fair presentation of the historical financial information in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Reporting Accountant's responsibilities for the audit of the historical financial information**

Our objectives are to obtain reasonable assurance about whether the historical financial information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the historical financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the historical financial information. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **PricewaterhouseCoopers Inc.**

#### **Victor Muguto**

*Director*

*Registered Auditor*

Sunninghill

17 May 2017

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## REPORT BY THE AUDITOR IN TERMS OF REGULATION 79 OF THE SA COMPANIES ACT

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### REPORT OF FACTUAL FINDINGS

**The Board of Directors**  
**NEPI Rockcastle Plc**  
**2nd Floor, Anglo International House**  
**Lord Street**  
**Douglas**  
**Isle of Man**

**Dear Sirs**

We have performed the procedures agreed with you and enumerated below with respect to the Prospectus. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed on the financial information presented in Annexure 20 to the NEPI Rockcastle prospectus to be dated on or about 29 May 2017 (“the Regulation 79 financial information”), solely to assist you in ensuring that NEPI Rockcastle plc (“**NEPI Rockcastle**” or “**the Company**”) complies with Regulation 79 of the Companies Act and are summarised as follows:

1. Agree the profit before tax and the profit after tax of NEPI Rockcastle in respect of the period ended 31 December 2016, as set out in the Regulation 79 financial information, to the audited financial statements for the period then ended;
2. Agree the asset and liability balances of NEPI Rockcastle, as presented in the Regulation 79 financial information, to the audited financial statements for the period ended 31 December 2016;
3. Confirm the nature of debtors and creditors balances of NEPI Rockcastle as at 31 December 2016 as presented in the Regulation 79 financial information;
4. Confirm that the provision for doubtful debts of NEPI Rockcastle as at 31 December 2016, as included in the Regulation 79 financial information, does not appear to be materially misstated;
5. Confirm that the provision for inventory obsolescence or inventory overvaluation of NEPI Rockcastle as at 31 December 2016, as included in the Regulation 79 financial information, does not appear to be materially misstated;
6. Confirm that inter-company profits of NEPI Rockcastle have been eliminated from the amounts presented in the Regulation 79 financial information;
7. Read the latest management accounts of the Company following the date of the latest audited financial statements and compare the categories of assets and liabilities to the audited financial statements for the period ended 31 December 2016, in order to identify movements in excess of 20%;
8. Read the minutes of meetings of the board of directors of the Company since the date of the last financial statements, and up to the date of this report, to identify any matters regarding material changes in assets or liabilities, e.g. the sale or purchase of a significant asset; and
9. Obtain a letter of representation from management of NEPI Rockcastle confirming that there have been no material changes in the assets and liabilities of the Company from the date of the last audited financial statements.

If no annual financial statements were made out by or for the Company in respect of any part of the 3 years ending on a date 3 months before the issue of the prospectus, state the fact.

We report our findings below:

1. The profit before tax and profit after tax of NEPI Rockcastle in respect of the period ended 31 December 2016, as set out in the Regulation 79 financial information agreed to the audited financial statements.
2. The assets and liability balances of NEPI Rockcastle as presented in the Regulation 79 financial information agreed to the audited financial statements for the period ended 31 December 2016.
3. This procedure is not applicable. The Regulation 79 financial information did not include debtors and creditors balances.

4. This procedure is not applicable. The Regulation 79 financial information did not include provision for doubtful debts as at 31 December 2016. NEPI Rockcastle did not have debtor balances as at 31 December 2016.
5. This procedure is not applicable. The Regulation 79 financial information did not include provision for inventory obsolescence or inventory overvaluation as at 31 December 2016. NEPI Rockcastle did not have an inventory balance as at 31 December 2016.
6. This procedure is not applicable. NEPI Rockcastle did not have intercompany transactions during the period ended 31 December 2016.
7. This procedure is not applicable. The Company did not have management accounts dated after the date of the latest audited financial statements, being 31 December 2016.
8. This procedure is not applicable. There has been no meetings of the board of directors of the Company since the date of the last audited financial statements, being 31 December 2016.
9. Obtained a letter of representation from management confirming that there have been no material changes in the assets and liabilities of the Company and its subsidiaries from the date of the 31 December 2016 financial statements to the date of this report.
10. This procedure is not applicable. NEPI Rockcastle was incorporated on 1 December 2016. The latest set of audited financial statements was for the period ended 31 December 2016.

Because the above procedures do not constitute either an audit, review or other assurance engagement made in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, we do not express any assurance on the historical results as per the Prospectus as of 31 December 2016.

Had we performed additional procedures or had we performed an audit or review of, or other assurance engagement on the historical results as per the Prospectus in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, other matters might have come to our attention that would have been reported to you.

The report is supplied on the basis that it is for the sole use of the parties to whom it is addressed and exclusively for the purposes set out herein. No party other than those to whom it is addressed may rely upon this report for any purpose whatsoever.

Copies of our report may be made available to your professional advisers provided that it is clearly understood by the recipients that they enjoy such receipt for information only and that we accept no duty of care to them in respect of our reports and letters. Furthermore, the reports and letters are to be used by them only for the purposes stated herein. The report must not be made available or copied in whole or in part to any other party without our prior written consent, which consent may be given or withheld at our absolute discretion. This limitation will obviously not apply to the provision of this report in compliance with any order or court, subpoena or other judicially enforceable directive.

This report relates only to the accounts and items specified above and does not extend to any financial statements of NEPI Rockcastle, taken as a whole.

**Victor Muguto**

*Director*

2 Eglin Road, Sunninghill

17 May 2017

## CAPITALISATION AND INDEBTEDNESS

The table below sets forth NEPI Rockcastle's consolidated capitalisation and indebtedness. The information below the column headed "Actual" is derived from NEPI Rockcastle's financial statements as at 31 December 2016. The column headed "Pro forma" is derived from the *pro forma* financial statements set out in **Annexure 18**. As explained in **Annexure 18**, the *pro forma* financial statements have been prepared for illustrative purposes only to provide information about how the merger transaction may have affected the financial position of NEPI Rockcastle assuming that the merger transaction had been implemented on 31 December 2016. Due to their nature, the *pro forma* financial statements may not fairly represent NEPI Rockcastle's financial position, changes in equity and result of operations or cash flows after the merger transaction.

The information included in this **Annexure 23** has been prepared by the Company and included in terms of the requirements of the AFM in respect of the Euronext listing. It has not been prepared in terms of the JSE Listings Requirements, nor has it been reviewed or reported on by the independent reporting accountant or the auditor.

Although the information set out below is older than 90 days, no significant change has occurred since that date other than the merger transaction.

This table should be read in conjunction with the consolidated *pro forma* financial information in **Annexure 18**.

(Amounts x €1 000)	Actual (unaudited)	<i>Pro forma</i> for the merger (unaudited)
Guaranteed	–	(71 406)
Secured	–	(9 209)
Unguaranteed/unsecured	–	–
<b>Total current debt</b>	<b>–</b>	<b>(80 615)</b>
Guaranteed	–	417 250
Secured	–	563 559
Unguaranteed/unsecured	(10)	–
<b>Total non-current debt (excluding current position of long-term debt)</b>	<b>(10)</b>	<b>980 809</b>
<b>Total debt</b>	<b>(10)</b>	<b>1 061 424</b>
<b>Shareholders' equity</b>		
a Share capital	–	5 390
b Legal reserve	–	–
c Other reserves	(14)	3 331 046
<b>Total shareholders' equity attributable to shareholders</b>	<b>(14)</b>	<b>3 336 426</b>
Non-controlling interest	–	505
<b>Total shareholders' equity</b>	<b>(14)</b>	<b>3 336 941</b>
<b>Total capitalisation</b>	<b>(4)</b>	<b>4 398 365</b>
A+B Cash and cash equivalents	–	44 591
C Trading securities	(10)	632 320
<b>D Liquidity (A+B+C)</b>	<b>–</b>	<b>676 911</b>
<b>E Current financial receivable</b>	<b>–</b>	<b>91 388</b>
F Current bank debt	–	19 458
G Current portion of non-current debt	–	–
H Other current financial debt	10	61 157
<b>I Current financial debt (F+G+H)</b>	<b>10</b>	<b>80 615</b>
<b>J Net current financial indebtedness (I-E-D)</b>	<b>–</b>	<b>(687 684)</b>
K Non-current bank loans	–	585 990
L Bonds issued	–	394 819
M Other non-current loans	–	–
<b>N Non-current financial indebtedness (K+L+M)</b>	<b>–</b>	<b>980 809</b>
<b>O Net financial indebtedness (J+N)</b>	<b>–</b>	<b>293 125</b>

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## CAPITAL STRUCTURE

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### 1. SHARE CAPITAL

- 1.1 Immediately prior to the merger transaction and the listing on the JSE:
- 1.1.1 the authorised share capital of the company will comprise 2 000 000 000 ordinary shares of €0.01 each;
  - 1.1.2 the issued share capital of the company will comprise 1 102 ordinary shares of €0.01 each;
  - 1.1.3 there will be no treasury shares in issue; and
  - 1.1.4 the share premium account will reflect a value of €0.
- 1.2 Assuming the merger transaction is implemented in accordance with its terms, upon listing on the JSE:
- 1.2.1 the authorised share capital of the company will comprise 2 000 000 000 ordinary shares of €0.01 each;
  - 1.2.2 the issued share capital of the company will comprise 538 953 857 ordinary shares of €0.01 each;
  - 1.2.3 there will be no treasury shares in issue; and
  - 1.2.4 the share premium account will reflect a value of approx. €5 100 000 000.

### 2. AUTHORISATIONS

Since incorporation of the company, the following resolutions, authorisations and approvals by which ordinary shares have been created and/or issued have been duly passed by the requisite majority of shareholders:

- 2.1 On 27 March 2017, it was resolved that the company's issued share capital be sub-divided into 1 100 ordinary shares of €0.01 each.
- 2.2 On 15 May 2017, it was resolved that:
- 2.2.1 an additional 2 ordinary shares be issued to Cornelius Eduard Cassell
  - 2.2.2 the company adopt the articles of association;
  - 2.2.3 in completion of the merger transaction, the company issue (i) up to 334 027 068 ordinary shares to such entity/ies identified in order to facilitate the listing of the issued ordinary shares of the company on the JSE and Euronext Amsterdam, with beneficial ownership of such shares vesting in NEPI shareholders such that NEPI shareholders recorded on the NEPI register as at the relevant record date receive beneficial ownership of 1 ordinary share in the company for every 1 NEPI share held and (ii) up to 204 926 789 ordinary shares to such entity/ies identified in order to facilitate the listing of the issued ordinary shares of the company on the JSE and Euronext Amsterdam, with beneficial ownership of such shares vesting in Rockcastle shareholders such that Rockcastle shareholders recorded on the Rockcastle register as at the relevant record date receive beneficial ownership of 1 ordinary share in the company for every 4.7 Rockcastle shares held, free from any rights of pre-emption;
  - 2.2.4 the company and/or any subsidiary of the company be authorised, by way of a general authority, to acquire ordinary shares in the capital of the company (either directly or through a subsidiary) upon such terms and conditions and in such amounts as the directors may from time to time determine, in terms of and subject to:
    - 2.2.4.1 once the JSE listing has taken place, the Listings Requirements of the JSE ("**JSE Listings Requirements**") from time to time, being, as at the date of the resolution, that:
      - 2.2.4.1.1 any acquisition of ordinary shares shall be purchased through the order book of the trading system of the JSE, and done without any prior understanding or arrangement between the company and/or the relevant subsidiary and the counterparty (provided that if the company purchases its own ordinary shares from any wholly-owned subsidiary of the company for the purposes of cancelling such treasury shares pursuant to this general authority, the above provisions will not be applicable to such purchase transaction);

- 2.2.4.1.2 the general repurchase by the company, and by its subsidiaries, of the company's ordinary shares is authorised by its memorandum of incorporation;
  - 2.2.4.1.3 this general authority shall be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of adoption of the resolution, whichever period is shorter;
  - 2.2.4.1.4 repurchases of shares in aggregate in any one financial year may not exceed 20% (twenty percent) (or 10% (ten percent) where the repurchase is effected by a subsidiary) of the aggregate number of ordinary shares in issue as at the date of the JSE listing;
  - 2.2.4.1.5 repurchases must not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected and the JSE should be consulted for a ruling if the applicants securities have not traded in such 5 (five) business day period;
  - 2.2.4.1.6 at any point in time the company may only appoint one agent to effect any repurchase on the company's behalf or on behalf of any subsidiary of the company;
  - 2.2.4.1.7 the passing of a resolution by the board of directors authorising the repurchase, that the company and the relevant subsidiaries passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;
  - 2.2.4.1.8 subject to the exceptions contained in the JSE Listings Requirements, the company and the relevant subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
  - 2.2.4.1.9 the company's sponsor will confirm the adequacy of the company's working capital for the purpose of undertaking the repurchase, in writing prior to the repurchase of any shares; and
  - 2.2.4.1.10 an announcement complying with paragraph 11.27 of the JSE Listings Requirements will be published by the company or its subsidiary (i) when the company and/or its subsidiary/ies have cumulatively repurchased 3% (three percent) of the ordinary shares in issue as at the date of the JSE listing ("**the initial number**") and (ii) for each 3% (three percent) in the aggregate of the initial number of the ordinary shares acquired thereafter by the company and/or its subsidiaries.
- 2.2.4.2 the directors be authorised, once the JSE listing has taken place (and without thereby limiting those authorities which they may already have during the period up to listing) by way of a general authority, to allot and issue equity securities in the capital of the company for cash, including within the scope of such authority the ability to issue options and securities (including any convertible preference shares in the authorised capital of the company) that are convertible into ordinary shares, as if article 5.2 (pre-emption rights on allotment) of the articles of association, did not apply subject to the provisions of the Companies Act, 2006, the JSE Listings Requirements and the rules and regulations of any other exchange on which the ordinary shares of the company are listed, on the following basis:
- 2.2.4.2.1 the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such equity securities or rights that are convertible into a class of equity securities already in issue;
  - 2.2.4.2.2 there will be no restrictions in regard to the persons to whom the equity securities may be issued, provided that such equity securities are to be issued to public shareholders (as defined by the JSE Listing Requirements) and not to related parties (as defined by the JSE Listing Requirements);

- 2.2.4.2.3 the total aggregate number of equity securities which may be issued for cash in terms of this authority may not exceed 53 895 386, being 10% (ten percent) of the aggregate number of ordinary shares expected to be in issue as at the date of the JSE listing. Accordingly, any equity securities issued under this authority prior to it lapsing shall be deducted from the 53 895 386 equity securities the company is authorised to issue for the purpose of determining the remaining number of equity securities that may be issued in terms of this authority;
- 2.2.4.2.4 in the event of sub-division or consolidation of equity securities prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- 2.2.4.2.5 this authority shall be valid until the company's next annual general meeting or for 15 months from the date of the passing of the ordinary resolution, whichever is the earlier, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- 2.2.4.2.6 the maximum discount at which the equity securities may be issued is 10% (ten percent) of the weighted average traded price of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed between the company and the party/ies subscribing for the equity securities. The JSE should be consulted for a ruling if the company's equity securities have not traded in such 30 (thirty) business day period; and
- 2.2.4.2.7 upon any issue of ordinary shares which, together with prior issues of ordinary shares during the same financial year, will constitute 5% (five percent) or more of the total number of ordinary shares in issue prior to that issue, the company shall publish an announcement in terms of section 11.22 of the JSE Listings Requirements, giving full details hereof, including (i) the number of ordinary shares issued, (ii) the average discount to weighted average traded price of the ordinary shares over the 30 (thirty) business days prior to the date that the issue is agreed in writing between the company and the party/ies subscribing for the shares; and, (iii) in respect of the issue of options and convertible securities issued for cash, the effects of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share; or (iv) in respect of an issue of shares for cash, an explanation including supporting information (if any), of the intended use of funds.

### 3. RIGHTS ATTACHING TO SHARES

- 3.1 Extracts of the articles of association, including those provisions relating to rights attaching to ordinary shares, are set out in **Annexure 5**.
- 3.2 During any vote at any general meeting every shareholder present in person or by proxy and entitled to exercise voting rights shall be entitled, on a show of hands, to one vote and on a poll every shareholder shall have one vote for each share of which he is the holder, whether exercised in person or by proxy.
- 3.3 Ordinary shareholders are entitled to participate proportionally in any distribution made by the company and to receive proportionally the net assets of the company upon its liquidation, after payment of all creditors.
- 3.4 Any variation in rights attaching to ordinary shares will require the consent in writing of the holders of not less than three quarters of the issued ordinary shares or with the sanction of a special resolution passed at a separate general meeting of the ordinary shareholders requiring at least a majority of seventy-five percent or more of the voting rights exercised in person or by proxy in relation thereto at the meeting.
- 3.5 All dividends and interest will be paid to those shareholders whose names are on the company's register either on a date subsequent to the date of declaration of the dividend or the date of confirmation of the dividend, whichever is the later date.

3.6 In terms of section 160 of the IOM Companies Act, a squeeze out right applies where under a scheme or contract involving the transfer of shares or any class of shares in the company, the scheme has within 16 weeks after the making of the offer in respect thereof been approved by the holders of not less than 90 per cent in value of the shares affected.

#### 4. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES

4.1 Save as set out in paragraph 2.5 of **Annexure 2**, there are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any NEPI Rockcastle shares.

4.2 There are no preferential conversion and/or exchange rights in respect of any NEPI Rockcastle shares.

#### 5. ALTERATIONS TO SHARE CAPITAL

5.1 The company was incorporated on 1 December 2016 with one ordinary share of €1.00 in issue. A further 10 ordinary shares of €1.00 were issued to the sole shareholder of the company on 12 December 2016.

5.2 On 27 March 2017, it was resolved that the company's issued share capital be sub-divided into 1 100 ordinary shares of €0.01 each.

5.3 No share repurchases have been undertaken by the company since its incorporation.

5.4 Save as set out in paragraph 5.2 above, there have been no sub-divisions or consolidations of shares since incorporation of the company.

5.5 Save as provided in this paragraph 5, there have been no alterations to the share capital of the company since incorporation of the company.

#### 6. ISSUES AND REPURCHASES OF SHARES

6.1 Save as set out below, there have been no issues, repurchases or offers of securities of the company or its major subsidiaries from the date of incorporation of the company to the last practicable date. There were no assets acquired or to be acquired out of the proceeds of the below issues of ordinary shares.

Date	Nature	Counterparty	Number of securities	Price per security (EUR)	Reason
1 December 2016	Issue of ordinary shares	Cornelius Eduard Cassel	1	1.00	Increase of issued share capital
12 December 2016	Issue of ordinary shares	Cornelius Eduard Cassel	10	1.00	Increase of issued share capital
15 May 2017	Issue of ordinary shares	Cornelius Eduard Cassel	2	0.01	Increase of issued share capital

6.2 Pursuant to the implementation of the merger transaction, the company will issue:

6.2.1 to NEPI shareholders, 334 027 068 ordinary shares, in settlement of the rights to receive NEPI Rockcastle shares issued to NEPI in consideration for the NEPI sale assets; and

6.2.2 to Rockcastle shareholders, 204 926 789 ordinary shares, in settlement of rights to receive NEPI Rockcastle shares issued to NEPI in consideration the Rockcastle sale assets.

6.3 In terms of the articles of association, all unissued shares in NEPI Rockcastle are at the disposal of the board and they may allot, grant options over or otherwise deal with or dispose of them to such persons, at such times and on such terms as the board may decide, provided that any such corporate action(s) are subject to the rules and regulations applicable to any stock exchange on which the company is listed (including the JSE) and have been approved by all such relevant stock exchange to the extent required.

- 6.4 Unissued equity securities in the capital of NEPI Rockcastle to be allotted for cash are subject to *pro rata* pre-emptive rights in favour of the existing shareholders of the company. The pre-emptive right is not applicable to an allotment of shares for a consideration other than cash; in connection with any employee share scheme; a capitalisation issue, bonus issue, scrip dividend or issue pursuant to a dividend reinvestment plan; to an allotment of shares for cash, which has been approved by the shareholders, either by way of a general authority (which may be either conditional or unconditional) or a specific authority; the acquisition of assets, a vendor consideration placing or an issue for the purposes of an amalgamation or merger; or an issue pursuant to options or conversion rights.
- 6.5 Subject to the provisions of the IOM Companies Act, the articles of association, the rules and regulations applicable to any regulated stock exchange upon which the shares of the company are listed and traded from time to time (including but not limited to the JSE), and to any rights for the time being attached to any shares, the company may purchase, redeem or otherwise acquire its own shares for any consideration provided that the company continues to have at least one member at all times. Unless shares are expressed to be redeemable, the company may only purchase, redeem or otherwise acquire them pursuant to either (i) an offer to all shareholders which, if accepted, would leave the relative rights of shareholders unaffected and which affords each shareholder a period of not less than 14 days within which to accept the offer, or an offer to one or more shareholders to which all shareholders have consented in writing or in respect of which the directors have passed a resolution stating that in their opinion the transaction benefits the remaining shareholders and the terms of the offer are fair and reasonable to the company and the remaining shareholders. The company may only offer to purchase, redeem or otherwise acquire shares if the directors are satisfied, on reasonable grounds, that the company will, immediately after the purchase, redemption or other acquisition, satisfy the solvency test.
- 6.6 On 15 May 2017, the sole shareholder of the company resolved in terms of and subject to article 14 of the articles of association, that the company and/or any subsidiary of the company be authorised, by way of a specific authority, to acquire ordinary shares in the capital of the company (either directly or through a subsidiary) from each of NEPI and Rockcastle upon such terms and conditions and in such amounts as the directors may from time to time determine. Any NEPI Rockcastle shares held by each of NEPI and Rockcastle will be repurchased by the company in terms of this authority at nominal value on the same day on which NEPI Rockcastle shares are issued to NEPI and Rockcastle shareholders pursuant to the implementation of the merger transaction.

**7. CONVERTIBLE DEBT SECURITIES, EXCHANGEABLE DEBT SECURITIES OR DEBT SECURITIES WITH WARRANTS ATTACHED**

There are no convertible debt securities, exchangeable debt securities or debt securities with warrants attached in respect of the company.

## MATERIAL LOANS AND BORROWINGS

### 1. MATERIAL LOANS PAYABLE BY THE GROUP

1.1 As at 31 December 2016, the following material loans were made to the NEPI Rockcastle group:

No	Loan facility and ownership	Description and origination	Lender	Outstanding amount (GBP)	Terms and conditions of repayment and renewal	Maturity date	Details of security provided
1	NEPI Rockcastle	Shareholder loan	Cornelius Eduard Cassell	9 000	Interest free; payable on demand	–	N/A

1.2 As at 31 December 2016, the following material loans made to the subsidiaries forming part of the NEPI sale assets and Rockcastle remain outstanding. Such subsidiaries will form part of the group with effect from the merger implementation date, and as such the material loans set out below will be material loans payable by the group as at the JSE listing date.

No	Loan facility and ownership	Description and origination	Lender	Outstanding amount (GBP)	Terms and conditions of repayment and renewal	Maturity date	Details of security provided
1	Aupark Kosice Mall & Tower (100%)	Term loan	Tatra banka and Československa obchodna banka	99.5	Quarterly instalments	September 2020	General security over the land and building, current assets, cash inflows from operating activities, accounts and receivables
2	Aupark Zilina (100%)	Term loan	VUB banka	55.0	Quarterly instalments	December 2022	General security over the land and building, current assets, cash inflows from operating activities, accounts and receivables
3	Aupark Piestany	Term loan	Komerční banka	19.5	Quarterly instalments	March 2021	General security over the land and building, current assets, cash inflows from operating activities, accounts and receivables
4	Ploiesti Shopping City (50%)	Term loan	BRD Groupe Societe Generale	15.2	Quarterly instalments	March 2024	General security over the land and building, current assets, cash inflows from operating activities, accounts and receivables

No	Loan facility and ownership	Description and origination	Lender	Terms and conditions of		Maturity date	Details of security provided
				Outstanding amount (GBP)	repayment and renewal		
5	The Office (50%)	Term loan	Raiffeisen Bank	20.9	Monthly instalments	June 2021	General security over the land and building, current assets, cash inflows from operating activities, accounts and receivables
6	NE Property Cooperatief (100%)	Fixed coupon bonds with coupon rate of 3.75%	Listed instrument	400.0	Single instalment	February 2021	Unsecured
7	NE Property Cooperatief (100%)	Fixed coupon bonds	Private placement	50.0	Single instalment	February 2017	Unsecured
8	NE Property Cooperatief (100%)	Revolving facility	Raiffeisen Bank International	95.0	Multiple instalments	December 2018	Unsecured
9	New Europe Property Investment plc	Revolving facility	Morgan Stanley	10.2	Single instalment	The lender reserves the right to redeem the debt anytime	Unsecured
10	Cosmopolitan Mall (50%)	Term loan	Standard Bank	12.5	Single instalment	July 2018	General security over land and buildings, shares in the subsidiary controlling the underlying investment and a corporate guarantee for a maximum amount of US\$13 million
11	Solaris Shopping Centre	Term Loan	ING Bank Slaski	34.7	Single instalment	November 2020	General security over land and buildings, current assets, cash inflows from operating activities and accounts receivable; general security over the shares in in Polish SPV in which property is held
12	Galeria Tomaszow (85%)	Shareholder loan	Acteum Investments	3.4			Unsecured
13	Galeria Wolomin (90%)	Shareholder loan	Acteum Investments	2.0			Unsecured

No	Loan facility and ownership	Description and origination	Lender	Outstanding amount (GBP)	Terms and conditions of repayment and renewal	Maturity date	Details of security provided
14	Karolinka Shopping Centre	Term loan	ING Bank Slaski, Helaba & Deutsche Pfandbrief	86.7	Quarterly instalments from year three onwards at 1% per annum with a final bullet repayment	August 2021	General security over land and buildings, current assets, cash inflows from operating activities and accounts receivable; general security over the shares in Polish SPV in which property is held
15	Platan Shopping Centre	Term loan	ING Bank Slaski, Helaba & Deutsche Pfandbrief	31.3	Quarterly instalments from year three onwards at 1% per annum with a final bullet repayment	August 2021	General security over land and buildings, current assets, cash inflows from operating activities and accounts receivable; general security over the shares in Polish SPV in which property is held
16	Pogoria Shopping Centre	Term loan	ING Bank Slaski, Helaba & Deutsche Pfandbrief	44.6	Quarterly instalments from year three onwards at 1% per annum with a final bullet repayment	August 2021	General security over land and buildings, current assets, cash inflows from operating activities and accounts receivable; general security over the shares in Polish SPV in which property is held
17	Bonarka City Center	Term Loan	ING Bank Slaski, Berlin Hyp & Nationale Nederlanden	190.5	Quarterly instalments	February 2020	General security over land and buildings, current assets, cash inflows from operating activities and accounts receivable; general security over the shares in Polish SPV in which property is held

## Notes

1. NEPI's material borrowings as at 31 December 2016 are set out in items 1–9, while Rockcastle's material borrowings as at 31 December 2016 are set out in items 10–17.
2. The weighted average interest rate of the loans payable at items 1–9, including hedging costs, was approximately 3.7% during 2016, down from 3.9% in 2015, due to contracting new debt at lower rates and decreasing the interest margin on the existing debt. As at 31 December 2016, the debt was fully hedged against EURIBOR-based interest rate movements, with 62% of the base interest rate being hedged with interest rate caps and 38% with interest rate swaps.
3. The weighted average interest rate attributable to the loans payable at items 10–17 including hedging costs was approximately 1.87% during 2016. As of 31 December 2016, the debt is fully hedged against EURIBOR-based interest rate movements on long-term debt via interest rate swaps and caps. This weighted average interest rate includes the interest rate attributable to the two shareholder loans at items 12–13, which have been advanced by the Rockcastle group's co-ownership partners as part of the capital structure of the Rockcastle group entities that hold Galeria Wolomin and Galeria Tomaszow, respectively (the "Galeria SPVs"). These loans are mirrored by Rockcastle shareholder loans in proportion to the group's ownership interest in the relevant Galeria SPV at an identical interest rate, and are therefore considered a reflection of the equity ownership in the Galeria SPVs as opposed to third party debt funding. As IFRS requires disclosure of the shareholder loans in the manner set out above, the related interest rate has been reflected in the determination of the weighted average interest rate attributable to all of Rockcastle's material borrowings as at 31 December 2016 for the purposes of this prospectus. The weighted average interest rate excluding the loans payable at items 12–13 is below 1.75%.
4. The fixed coupon bonds at item 7 have been refinanced through new €75 million private fixed coupon bonds, maturing in June 2017. Upon maturity, it is intended that the fixed coupon bonds will be repaid from the group's cash resources.
5. The loans at items 10–17 are denominated in US\$ and have been converted to Euro at the US\$:EUR exchange rate on 31 December 2016 of US\$1.00:€0.05101.

## 6. MATERIAL LOANS RECEIVABLE BY THE GROUP

- 6.1 As at the last practicable date, there are no material loans made by the NEPI Rockcastle group.
- 6.2 As at the last practicable date, there are no material loans made by the subsidiaries forming part of the NEPI sale assets and Rockcastle sale assets that remain outstanding.

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## CORPORATE GOVERNANCE STATEMENT

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The board recognises the importance of sound corporate governance and endorses and monitors compliance with the King IV Report on Corporate Governance in South Africa (“**King IV**”). The board confirms that the company will, from the date of the JSE listing, be compliant with the provisions of King IV in all material respects.

The directors recognise that, through good governance, the company will realise an ethical culture, good performance, effective control and legitimacy. The directors in particular recognise the need to manage the group with integrity and to provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to shareholders and other stakeholders, that provide a proper and objective overview on the company and its activities, directing the strategy and operations of the group with the intention of building a sustainable business, and considering the short- and long-term impact of this strategy on the economy, society and the environment. The board will ensure that the group is a responsible corporate citizen through the corporate governance policies detailed below.

### 1. BOARD OF DIRECTORS

The board comprises six independent non-executive directors and five executive directors. The roles of chairman and joint chief executive officers are clearly defined to ensure a balance of power. The board’s main functions include:

- adopting strategic plans and ensuring they are carried out by management;
- considering and approving major issues, including acquisitions, disposals and reporting;
- monitoring NEPI Rockcastle’s operational performance, and
- overseeing the effectiveness of the internal controls designed to ensure that assets are safeguarded, proper accounting records are maintained and that the financial information on which business decisions are made and which is issued for publication is reliable.

The directors’ varied backgrounds and experience provide NEPI Rockcastle with an appropriate mix of knowledge and expertise that is necessary to manage the business effectively. Furthermore, a clear division of responsibilities at board level will ensure a balance of power and authority, so that no individual can take unilateral decisions. The board aims to meet formally at least quarterly. There are no external advisors who will regularly attend, or be invited to attend, board committee meetings. Company policies and procedures will be adopted by all subsidiaries.

The board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

The board has constituted the following committees:

#### 1.1 Investment Committee

Members: Desmond de Beer (Chair), Alex Morar, Spiros Noussis and Andre van der Veer

The Investment Committee considers all acquisitions, developments and disposal of held-for-sale investments. Appropriate investments or disposals are subsequently presented to the board for consideration.

#### 1.2 Remuneration Committee

Members: Desmond de Beer (Chair), Andre van der Veer and Robert Reinhardt Emslie

The Remuneration Committee assesses and recommends to the board the remuneration and incentivisation of the company’s directors. The Remuneration Committee meets at least four times per financial year. *Ad hoc* meetings are held to consider special business, as required. The joint chief executive officers attend meetings of the Remuneration Committee, or part thereof, if needed to contribute pertinent insights and information.

#### 1.3 Nomination Committee

Members: Dan Pascariu (Chair), Michael Mills and Robert Reinhardt Emslie

The Nomination Committee oversees the process for nominating, electing and appointing members of the board, succession planning for directors and the evaluation of the performance of the board. The Nomination Committee meets at least once per financial year. *Ad hoc* meetings are held to consider special business, as required. The joint chief executive officers attend meetings of the Nomination Committee, or part thereof, if needed to contribute pertinent insights and information.

#### 1.4 Risk Committee

Members: Antoine Dijkstra (Chair), Michael Mills and Nick Matulovich

The Risk Committee develops a risk management policy and monitors its implementation. The group's risk management policies identify and analyse group risks, set appropriate limits and controls and monitor risks and adherence to limits. The directors have overall responsibility for the group's internal control and for reviewing its effectiveness. The controls identify and manage group risks rather than completely eliminating failure. Therefore, internal controls provide reasonable, but not absolute, assurance against material misstatement or loss. The implementation and operation of these systems is the responsibility of management and processes are communicated regularly to employees informing them of their responsibilities. Systems include strategic planning, appointment of qualified staff, regular reporting and monitoring of performance and effective control over investments. Internal financial control is appropriate for the size and activities of the group. Significant risks identified are communicated to the board, together with the recommended actions.

The Risk Committee meets at least four times per financial year. *Ad hoc* meetings are held to consider special business, as required. The joint chief executive officers and/or other executive directors attend meetings of the Risk Committee, or part thereof, if needed to contribute pertinent insights and information.

#### 1.5 Audit Committee

Members: Michael Mills (Chair), Robert Reinhardt Emslie and Antoine Dijkstra

The Audit Committee, comprising three independent non-executive directors, meets at least four times a year and is primarily responsible for providing independent oversight of among others, the effectiveness of the company's assurance functions and services, with particular focus on combined assurance arrangements, external assurance service providers, internal audit and the finance function, as well as the integrity of the annual financial statements and external reports issued by the company. The Committee adopts a model that incorporates and optimises all assurance services and functions so that, taken as a whole, an effective control environment is achieved, the integrity of information used for internal decision-making by management, the board and its committees is supported, and the integrity of external reports is supported. The Committee further oversees that this combined assurance model is implemented so as to effectively cover the company's significant risks and material matters.

The Audit Committee ensures that the group's financial performance is being properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, internal control systems and procedures, and accounting policies. The Committee further oversees the management of financial and other risks that affect the integrity of external reports issued by the company and monitors whether the group's assurance model is effective and sufficiently robust to ensure that the board is able to place reliance on the assurance underlying statements that the board makes concerning the integrity of the group's external reports. Internal financial controls are based on comprehensive and regular reporting. Detailed revenue, cash flow and capital forecasts are prepared and updated throughout the year, and approved by the board.

The board will approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit on an annual basis. The Committee is satisfied that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and will supplement internal audit as required. The Committee monitors on an ongoing basis that internal audit follows an approved risk-based internal audit plan, reviews the organisational risk profile and proposes adaptations to the internal audit plan accordingly.

The Audit Committee ensures the scope of the auditor's work is sufficient and that they are fairly remunerated. In accordance with company policy, the Committee also supervises the appointment of the auditor for non-audit services and reviews external audit plans and the results of their work. The Committee meets with the external auditor at least annually to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum, as well as to discuss and review the accounts and audit procedures.

The board has concluded that Committee members have the necessary financial literacy, skills and experience to execute their duties effectively and make worthwhile contributions to the Committee's deliberations. Additionally, the Chair has the requisite accounting and financial management experience. The Committee has considered and found the expertise and experience of the Chief Financial Officer appropriate for the position. In order to fulfil its responsibility of monitoring the integrity of financial reports issued to shareholders, the Audit Committee will review the accounting principles, policies and practices adopted during the preparation of financial information and examine documentation relating to any Annual Reports and interim financial statements of the company. The clarity of disclosures included in financial statements will also be reviewed by the Audit Committee, as well as the basis for significant estimates and judgements.

The Audit Committee meets at least four times a year. *Ad hoc* meetings are held to consider special business, as required. The joint chief executive officers and/or other executive directors attend meetings of the Audit Committee, or part thereof, if needed to contribute pertinent insights and information.

#### 1.6 **Social and Ethics Committee**

Members: Antoine Dijkstra (Chair), Dan Pascariu and Marek Noetzel

The Social and Ethics Committee oversees and reports on the group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Company's activities and of its products or services), sustainable development and stakeholder relationships. The Social and Ethics Committee draws to the attention of the board matters within its mandate as occasion requires and reports to shareholders at the company's annual general meeting.

The Social and Ethics Committee meets a minimum of four times per financial year. *Ad hoc* meetings are held to consider special business, as required.

### 2. **APPOINTMENT OF DIRECTORS**

Directors are appointed by the board or by shareholders. Board appointed directors need to be re-appointed by the shareholders at the company's next annual general meeting ("AGM"). The longest serving third of the directors must be re-appointed by the shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the Nomination Committee.

### 3. **DIRECTORS' DEALINGS**

Dealing in company securities by directors, their associates, and company officials is regulated and monitored in accordance with the JSE Listings Requirements and the requirements on any other stock exchange on which the company is listed from time to time. NEPI Rockcastle will maintain a closed period from the end of a financial period to publication of the financial results.

### 4. **INSIDER TRADING**

The group prohibits all directors and employees from using confidential information, not generally known or available to the public, for personal gain.

### 5. **EMPLOYEES**

The group's employees are essential to its success and the company is committed to treating them with dignity, trust and respect, and to build long-term relationships based on enforceable employment legislation and respect for human rights.

### 6. **CUSTOMERS**

Customer satisfaction is an overriding concern for the group, and plays a vital role in property management. In the current highly competitive environment, the group's success depends on meeting customers' needs.

### 7. **GOVERNMENT**

The group seeks to build and manage a sound relationship with governmental authorities on an arm's-length basis. No attempts to improperly influence governmental decisions by offering, paying, soliciting, or accepting bribes, in any shape or form are tolerated.

### 8. **SOCIAL AND ENVIRONMENTAL RESPONSIBILITY**

The group is an integral part of the community in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. NEPI Rockcastle therefore is dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

## KING IV

So as to allow shareholders to make an informed assessment of the quality of governance insofar as the application of each of the 17 principles of King IV is concerned, set out below is a narrative explanation of the company's application of each principle.

### 1. **The board of directors should lead ethically and effectively**

NEPI Rockcastle is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the group's strategic objectives and positive outcomes over time. The directors of the company are required to individually and collectively exhibit the following characteristics in their conduct.

#### 1.1.1 ***Integrity***

Individuals are responsible for their own ethical behaviour, and are expected to act, at all times and in all ways, in good faith and in the best interests of the company, and ethical behaviour beyond mere legal compliance is encouraged. A conflict of interest arises whenever there is a direct or indirect conflict, in fact or in appearance, between the interests of an individual and that of the company or where an individual's position or responsibilities present an opportunity for personal gain inconsistent with the group's best interest. Conflicts of interest should be avoided. If and when a conflict of interest does arise, the company's compliance officer is to be notified immediately, such that it can be proactively managed. A dedicated compliance register is regularly updated and submitted to the board for review and approval.

#### 1.1.2 ***Competence***

Directors are required to take steps to ensure that they have sufficient working knowledge of the company, its industry, the context of the economy, society and environment in which it operates, the capitals (financial, manufactured, intellectual, human, social and relationship) it uses and affects as well as of the key laws, rules, codes, and standards applicable to the group. Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision. Directors are also required to continuously develop their competence to lead effectively.

#### 1.1.3 ***Responsibility***

Directors of the company assume collective responsibility for steering and setting the direction of the group; approving policy and planning; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance. Directors are also responsible for anticipating, preventing and otherwise ameliorating the negative outcomes of the organisation's activities and outputs on the context of the economy, society and environment in which it operates, and the capitals (financial, manufactured, intellectual, human, social and relationship) that it uses and affects.

Risks are taken and opportunities sought in a responsible manner and in the best interests of the company. Directors attend board meetings and board committee meetings and devote sufficient time and effort to prepare for those meetings.

#### 1.1.4 ***Accountability***

Directors are willing to answer for the execution of their responsibilities, even when these were delegated.

#### 1.1.5 ***Fairness***

Directors adopt a stakeholder-inclusive approach in the execution of their governance role and responsibilities, and the Company is directed in a way that does not adversely affect the natural environment, society or future generations.

#### 1.1.6 ***Transparency***

1.1.7 Directors are transparent in the manner in which they exercise their governance role and responsibilities.

### 2. **The board of directors should govern the ethics of the company in a way that supports the establishment of an ethical culture**

The directors of the company recognise that they are ultimately responsible for the governance of ethics within the group, and for setting the direction for how ethics are approached and addressed, and that it is their role to set the tone for an ethical organisational culture where the above characteristics are cultivated across the business

and adopted by all employees. For this purpose, the company will adopt a code of conduct and ethics policy to provide for arrangements that familiarise employees and other stakeholders with the company's ethical standards.

The group maintains the highest ethical standard and complies with all applicable legislation, rules, and regulations. The group's continued success depends on employing the most qualified people and establishing a working environment free from discrimination, harassment, intimidation or coercion based on race, religion, gender, age, nationality or disability.

The board has delegated the responsibility for implementation and execution of the codes of conduct and ethics policies to management, however, exercises ongoing oversight of the management of ethics.

**3. The board of directors should ensure that the company is and is seen to be a responsible corporate citizen**

The Company's core purpose and values, strategy and conduct are consistent with it being a responsible corporate citizen in all markets in which it conducts business, and the strategy and operations of the group are intended to build a sustainable business that is considerate of the short- and long-term impact on the economy, society and the environment.

It is recognised that the group is an integral part of the communities in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. NEPI Rockcastle is therefore dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

The board of directors is responsible for ensuring the company's corporate citizenship on an ongoing basis and sets the direction for how the achievement of this corporate citizenship is to be approached and addressed, ensuring that the company's efforts in this regard are in compliance with all applicable laws, leading standards and its own codes of conduct and policies. The oversight and monitoring of the company's corporate citizenship is performed against measures and targets agreed with management in terms of the workplace, the economy, society and the environment.

**4. The board of directors should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**

Responsibility for the organisation performance of the company lies with the board of directors, who steer and set the direction of the group for the realisation of its core purpose and values through its strategy. The formulation and development of the group's short-, medium- and long-term strategy, including policies and operational plans to give effect to this strategy, has been delegated to management, for approval by the board of directors. Actual implementation and execution of approved policies and operational plans has also been delegated to management, with ongoing oversight against agreed performance measures and targets.

**5. The board of directors should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance and its short-, medium- and long-term prospects**

The board of directors approves management's determination of the group's reporting frameworks and reporting standards to be used, taking into account legal requirements and the intended audience and purpose of each report. In particular, the board oversees that annual financial statements, sustainability reports, social and ethics committee reports and other information or reports that are issued comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders.

The board accepts its accountability to shareholders for the group's performance and activities. NEPI Rockcastle communicates with shareholders principally through its website, Annual Report and announcements. The annual general meeting and any other general meetings give the directors the opportunity to inform shareholders about current, and proposed, operations and enables them to express their views on business activities.

The board of directors also ensures the integrity of external reports.

6. **The board of directors should serve as the focal point and custodian of corporate governance in the company**

The board of directors exercises its leadership role by:

- 6.6.1 steering the organisation and setting its strategic direction;
- 6.6.2 approving policy and planning that gives effect to the direction provided;
- 6.6.3 overseeing and monitoring implementation and execution by management; and
- 6.6.4 ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure.

The roles, responsibilities, membership requirements and procedural conduct of the board of directors is documented in the board charter, which is regularly reviewed in order to guide its effective functioning.

The board aims to meet formally at least quarterly. There are no external advisors who will regularly attend, or be invited to attend, board committee meetings. Company policies and procedures will be adopted by all subsidiaries.

The board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

7. **The board of directors should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**

The board of directors comprises a majority of non-executive directors, the majority of which are independent. There are five executive directors, including joint chief executive officers and a chief financial officer, ensuring multiple points of direct interaction with management.

Dan Pascariu is the independent non-executive chairman of the company and leads the board of directors in the objective and effective discharge of its governance roles and responsibilities. As the Chair is an independent non-executive director, the board does at this time not consider it necessary to appoint a separate independent non-executive director as lead independent.

The board of directors will at all time maintain an appropriate balance of power, skills and experience (including business, commercial and industry experience), diversity and independence to objectively and effectively discharge its governance role and responsibilities. In determining the make-up of the board of directors, factors considered include the appropriate mix of executive, non-executive and independent non-executive directors, regulatory requirements, and diversity targets.

The board of directors promotes diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance. The group recognises and embraces the benefits of having a diverse board as an essential element in maintaining a competitive advantage and supports the principles of race and gender diversity at board level.

Although no voluntary target has been set, the approach to gender diversity adopted by the group is that as long as a vacancy on the board arises, or there is a requirement for an additional board appointment, consideration will be given to the appointment of female director(s) so as to attain and maintain a level of gender diversity within the board that is considered appropriate at the time, having due regard to the skills, expertise, experience and background required to fill any such board position(s), the availability of suitable candidates, the development potential of candidates and any additional requirements that may be necessary to ensure a mix of skills, and experience on the board and its committees, that will best serve the interests of the company and its stakeholders.

The Nomination Committee is mandated to assist the board in managing such a policy. The Nomination Committee reviews and assesses board composition and the board's gender representation on an ongoing basis on behalf of the board and recommends the appointment of new directors. Should a vacancy on the board arise and, in the opinion of the Nomination Committee, should a suitable female candidate be available to fill the position, the Nomination Committee makes recommendations to the board regarding the suitability of her appointment.

7.1 ***Nomination, election and appointment of directors***

Directors are appointed by the board or by shareholders. Board appointed directors need to be re-appointed by the shareholders at the company's next annual general meeting ("AGM"). The longest serving third of the directors must be re-appointed by the shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the Nomination Committee.

## 7.2 *Independence and conflicts*

Each director is required to submit to the board a declaration of all financial, economic and other interests held by that director and related parties at least annually, or whenever there are significant changes.

Directors are required to declare whether any of them has any conflict of interest in respect of any matter on the agenda of any meeting of the board or board committee. Conflicts of interest are managed as set out under Principle 1 above.

### 8. **The board of directors should ensure that its arrangements for delegation within its own structures promote independent judgment, and assist with balance of power and the effective discharge of its duties**

The board has delegated particular roles and responsibilities to the committees set out below, each of which has the collective knowledge, skills, experience and capacity to execute its duties effectively. Such delegation is subject to formal terms of reference that are approved and renewed annually by the board. The delegation by the board of directors of its responsibilities to any committee does not by or of itself constitute a discharge of the board's accountability, and the board will continue to apply its collective mind to the information, opinions, recommendations, reports and statements presented by any committee or director.

Executive directors and senior management will be invited to attend committee meetings on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility. Every director is entitled to attend any committee meeting as an observer.

### 9. **The board of directors should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness**

The board is responsible for evaluating its own performance, that of its committees, chair and individual members, and determines how such evaluation is to be approached and conducted in terms of a formal process undertaken at least every two years where performance is considered, reflected on and discussed so as to ensure that performance and effectiveness is always improving.

Desmond de Beer has been appointed to lead the evaluation of the chair's performance.

### 10. **The board of directors should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility**

The board has appointed Alex Morar and Spiros Noussis as joint chief executive officers, to be jointly responsible for leading the implementation and execution of the group's approved strategy, policy and operational planning, and together to serve as a link between management and the board. Alex will focus primarily on countries in which NEPI was originally invested (namely, Romania, Czech Republic, Serbia, Croatia and Slovakia) and Spiro will focus primarily on countries in which Rockcastle was originally invested (namely Poland and Czech Republic). Both joint chief executive officers are accountable and report to the board of directors.

The board has access to professional and independent guidance on corporate governance and its legal duties, as well as support to coordinate the functioning of the board and its committees. All directors have access to the advice of the Company Secretary, who provides professional corporate governance services and guidance to the board and to individual members regarding how to properly discharge their responsibilities. The board has considered and endorsed the Company Secretary's ability to perform his duties, including his qualifications, experience, competence, effectiveness, gravitas and objectivity, and will continue to do so on an annual basis. While the Company Secretary has unfettered access to the board, the directors have concluded that the relationship with the Company Secretary, who is not be a member of the board of directors and who is not involved in the day to day management of the company, is at arm's-length and that there is no conflict of interests. The board is also satisfied that the office of the Company Secretary is empowered and carries the necessary authority.

The Company Secretary reports to management on all duties performed and administrative matters.

The direction and parameters for the powers of the board of directors, and those delegated to management via the joint chief executive officers, including a delegation of authority framework that contributes to role clarity and the effective exercise of authority and responsibilities, are set out in a board charter. The board is responsible for ensuring that key management functions are headed by an individual with the necessary competence and authority and adequately resourced.

While there is currently no succession planning in place, succession planning for the chief executive officer position, executive management and other key positions is reviewed by the board of directors periodically, providing for both succession in emergency situations and continuity of leadership over the longer term. The performance of the joint chief executive officers is formally evaluated against agreed performance measures and targets at least annually.

Neither joint chief executive officer has any other professional commitments or membership of governing bodies outside of the group.

The salient terms of each joint chief executive officer's executive service contract are set out in **Annexure 4** of the company's prospectus.

**11. The board of directors should govern risk in a way that supports the company in setting and achieving its strategic objectives**

The company treats risk as integral to the way it makes decisions and executes its duties. The group's risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives. While the board exercises ongoing oversight of risk management, the group's risk governance function is delegated to the Risk Committee on the terms of reference set out above, with the responsibility for implementing and executing effective risk management delegated to management.

**12. The board of directors should govern technology and information in a way that supports the company setting and achieving its strategic objectives**

The board is responsible for the governance of and ongoing oversight of technology and information and the management thereof, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage. Management is in turn responsible for implementing and executing effective technology and information management.

**13. The board of directors should govern compliance with applicable law and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen**

Compliance with applicable laws and adopted non-binding rules, codes and standards is the responsibility of the board. Management is in turn responsible for implementing and executing effective compliance management. Where the group incurs material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this will be disclosed to shareholders.

**14. The board of directors should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objects and positive outcomes in the short-, medium- and long-term**

The board has adopted and oversees the implementation and execution of a policy that articulates and gives effect to fair, responsible and transparent remuneration across the group. Responsibility for the governance of remuneration has been delegated to the Remuneration Committee, on the terms of reference set out above. Remuneration policy is aligned with the group's strategic objective of creating long-term sustainable value for shareholders. Directors receive base pay only. Executive salaries are competitive and increases are determined by reference to individual performance, inflation and market-related factors.

A remuneration report, incorporating a background statement, overview of the main provisions of the remuneration policy and implementation report, will be disclosed to stakeholders annually.

**15. The board of directors should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports**

The board has delegated responsibility for overseeing that arrangements for assurance services and functions are effective in:

- (i) enabling an effective internal control environment;
- (ii) supporting the integrity of information used for internal decision-making by management, the board and its committee; and
- (iii) supporting the integrity of external reports

- (iv) to the Audit Committee, on the terms of reference set out above. The board and its committees will assess the output of the company's combined assurance with objectivity and professional scepticism, and by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment has been achieved.

#### **External audit**

The external auditor is required to confirm to the Audit Committee its independence from the group during each financial year. The Committee considers the information pertaining to the external auditor's relationships with the group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and employees' objectivity, as well as related safeguards and procedures, in order to conclude whether the external auditor's independence is impaired. The Committee is also responsible for approving the external auditor's terms of engagement and scope of work.

#### **Internal audit**

The group's internal audit function will be performed by an internal audit manager who will report directly to the joint chief executive officers and the Chair of the Audit Committee. The internal audit manager optimises business processes as well as identifies and mitigates related operational risks. The internal audit manager carries out risk-oriented audits of operational and functional activities, based on the guidance of the Audit Committee. The Audit Committee also examines and discusses with the auditor the appropriateness of internal controls and the utilisation of the internal audit manager and made recommendations to the board. The board will conduct an external, independent quality review of the group's internal audit function at least once every five years.

**16. In the execution of its governance role and responsibilities, the board of directors should adopt a stakeholder-inclusive approach that balances the needs, interests and expectation of material stakeholders in the best interests of the company over time**

The board exercises ongoing oversight of stakeholder relationship management, but responsibility for implementation and executive of effective stakeholder relationship management has been delegated by the board to management. The company's main stakeholders are considered to be shareholders, bond holders, employees, tenants, suppliers, banks and fiscal administrations of the locations where the group carries out its activities. NEPI Rockcastle has a transparent information communication policy, to enable stakeholders to assess the group's economic value and prospects.

The company encourages proactive engagement with shareholders, including at the company's annual general meetings, where all directors are available to respond to shareholders' queries on how the board has executive its governance duties.

The board is responsible for governance across the group and ensures that a group governance framework is implemented across the group.

**17. The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it investments**

Not applicable, as the company is not an institutional investor.

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## **SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS**

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NEPI Rockcastle has obtained SARB Exchange Control approval for the JSE listing. Subsequent to the JSE listing, and in line with the Exchange Control approval obtained from the SARB, ordinary shares in the company will only be issued on market as listed shares. Any subscription for ordinary shares and trade in ordinary shares subsequent to the JSE listing may only be done in terms of the Exchange Control Regulations.

Set out below is a summary of the Exchange Control Regulations relating to any subscription for ordinary shares or the trade in ordinary shares in South Africa.

This summary of the Exchange Control Regulations is intended as a guide only and is therefore not comprehensive. If you are in any doubt you should consult an appropriate professional advisor immediately.

### **1. SOUTH AFRICAN PRIVATE INDIVIDUALS**

Any subscription for ordinary shares or the acquisition of ordinary shares on the market by a South African private individual will not affect such person's foreign investment allowance under Exchange Control Regulations.

A South African private individual need not take any additional administrative actions and can instruct its broker to accept, buy and sell ordinary shares on its behalf as it would with any other listed security on the JSE. Such ordinary shares are on the South African share register and are Rand-denominated.

### **2. SOUTH AFRICAN INSTITUTIONAL INVESTORS**

As announced by the Minister of Finance in the 2011 Medium-Term Budget Policy Statement, all inward listed shares on the JSE traded and settled in Rand are now classified as domestic for the purposes of Exchange Control. Accordingly, South African retirement funds, long-term insurers, collective investment scheme management companies and asset managers who have registered with the SARB Exchange Control Department as institutional investors for Exchange Control purposes and Authorised Dealers approved as such by SARB may now invest in such shares without affecting their permissible foreign portfolio investment allowances or foreign exposure limits.

South African institutional investors may therefore subscribe for ordinary shares or acquire ordinary shares on the market without affecting their foreign portfolio investment allowances or foreign exposure limits.

### **3. MEMBER BROKERS OF THE JSE**

The Exchange Control Rulings provides for a special dispensation to local brokers to facilitate the trading in inward listed shares. South African brokers are now allowed, as a book-building exercise, to purchase ordinary shares offshore and to transfer the ordinary shares to the South African share register. This special dispensation is confined to inward listed shares and brokers may warehouse such shares for a maximum period of 30 days only.

### **4. SOUTH AFRICAN CORPORATE ENTITIES, BANKS, TRUSTS AND PARTNERSHIPS**

South African corporate entities, banks, trusts and partnerships may subscribe for ordinary shares or acquire ordinary shares on the market without restriction.

### **5. NON-RESIDENTS OF THE COMMON MONETARY AREA**

Non-residents of the common monetary area may subscribe for ordinary shares or acquire ordinary shares on the market, provided that payment is received in foreign currency or Rand from a non-resident account.

Non-residents may sell ordinary shares on the market and repatriate the proceeds without restriction.

Former residents of the common monetary area who have emigrated may use emigrant blocked funds to subscribe for ordinary shares or acquire ordinary shares on the market. The ordinary shares will be credited to their blocked share accounts at the Central Securities Depository Participant controlling their blocked portfolios. The sale proceeds derived from the sale of ordinary shares will be transferred to the Authorised Dealer in foreign exchange controlling the emigrants' blocked assets for credit to the emigrants' blocked account.

## 6. MOVEMENT OF ORDINARY SHARES BETWEEN REGISTERS

Once listed on the JSE and Euronext Amsterdam, NEPI Rockcastle ordinary shares will be fully fungible and may be transferred between registers, subject to investors obtaining necessary exchange control approvals where necessary.

South African resident investors may only acquire ordinary shares, *via* the JSE, that are already on the South African share register maintained by the company's South African transfer secretaries.

Member brokers of the JSE may acquire ordinary shares on foreign exchanges and transfer ordinary shares to the South African register as described in paragraph 3 above.

Non-residents are not subject to Exchange Control Regulations and may freely transfer ordinary shares between branch registers.

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## TAX CONSIDERATIONS

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### SOUTH AFRICAN TAXATION

#### General

The commentary below is based on the current South African taxation laws as contained in the Income Tax Act and the Securities Transfer Tax Act, 25 of 2007. South African tax legislation and principles are subject to change occasioned by future legislative amendments and court decisions. The commentary below does not constitute tax advice and is intended only as a high-level guide on the indicative South African tax treatment of:

- foreign dividend distributions by NEPI Rockcastle to South African tax resident shareholders only in respect of those NEPI Rockcastle ordinary shares that are listed on the JSE;
- foreign return of capital distributions by NEPI Rockcastle to South African tax resident shareholders only in respect of those NEPI Rockcastle ordinary shares that are listed on the JSE; and
- the future disposal of the NEPI Rockcastle shares by South African tax resident shareholders only in respect of those NEPI Rockcastle ordinary shares that are listed on the JSE.

Accordingly, the commentary does not consider the South African tax treatment in the hands of South African tax resident shareholders who hold NEPI Rockcastle ordinary shares on the company's European share register following the Euronext listing, nor does it consider the South African tax treatment in the hands of shareholders who are not tax resident in South Africa who hold NEPI Rockcastle ordinary shares that are listed on the JSE.

The commentary applies only to South African tax resident shareholders who are the beneficial owners of the NEPI Rockcastle ordinary shares that are listed on the JSE.

We have limited our commentary to cover only South African tax resident shareholders that constitute individuals and companies.

**As noted above, on the basis that the commentary below does not constitute tax advice and is intended only as a high-level guide, South African tax resident shareholders who will hold shares listed on the JSE should consult their own professional advisers to confirm their tax position. Furthermore, prospective investors who are in any doubt as to their tax position, or who own their shares on the European share register following the Euronext listing, or who are subject to tax in a jurisdiction other than South Africa, are strongly advised to consult their own professional advisers.**

### 3. SOUTH AFRICAN INCOME TAX CONSIDERATIONS ON CASH SETTLED FOREIGN DIVIDEND DISTRIBUTIONS

If NEPI Rockcastle makes a distribution to South African tax resident shareholders in respect of NEPI Rockcastle ordinary shares listed on the JSE, the South African tax implications for such shareholders will depend on whether such a distribution is classified as a "foreign dividend" or a "foreign return of capital" as defined in the Income Tax Act. Such classification will depend on the classification of the distribution under the laws of the Isle of Man. Broadly speaking, distributions made by NEPI Rockcastle exclusively from its retained earnings should be classified as dividends under the laws of the Isle of Man and should accordingly constitute "foreign dividends" for South African tax purposes.

The summary below sets out the tax implications arising upon the receipt or accrual of foreign dividends settled in cash. The South African tax implications in respect of a foreign dividend comprising of assets *in specie* or where the dividend comprises of further shares in NEPI Rockcastle may be different. Shareholders should consult their own professional advisers in order to establish the South African tax implications which may arise in the event that the foreign dividend is not settled in cash.

#### 3.1 Individual shareholders

Cash settled foreign dividends received by or accrued to individual shareholders in NEPI Rockcastle are exempt from income tax, where such foreign dividends are received or accrued in respect of the NEPI Rockcastle shares that are listed on the JSE.

### 3.2 Company shareholders

Cash settled foreign dividends received by or accrued to a company that holds shares in NEPI Rockcastle are exempt from income tax, if such foreign dividends are received or accrued in respect of the NEPI Rockcastle shares that are listed on the JSE.

## 4. IMPOSITION OF SOUTH AFRICAN DIVIDENDS TAX ON CASH SETTLED FOREIGN DIVIDEND DISTRIBUTIONS

Cash settled foreign dividends paid by NEPI Rockcastle in respect of shares that are listed on the JSE are subject to South African dividends tax at a rate of 20% subject to certain exemptions that may apply, depending on the nature of the shareholder.

### 4.1 Individual shareholders

Individuals are not exempt from dividends tax. Therefore, South African dividends tax will be withheld at a rate of 20% on any foreign dividends paid to the individual shareholders in respect of the NEPI Rockcastle shares listed on the JSE.

### 4.2 Company shareholders

South African tax resident company shareholders are exempt from dividends tax. In order to ensure that no dividends tax is withheld from the cash foreign dividends paid to South African tax resident company shareholders, these shareholders must submit a declaration and an undertaking (in the form prescribed by the South African Revenue Service) to the CSDP or broker by the date determined by the CSDP or broker, or if a date has not been so determined, by the date of payment of the foreign dividend.

## 5. SOUTH AFRICAN TAX CONSIDERATIONS ON FOREIGN RETURN OF CAPITAL DISTRIBUTIONS

**Should a South African tax resident shareholder receive a distribution from NEPI Rockcastle that is not a foreign dividend (which may be the case in respect of distributions made other than from retained earnings, such as distributions made from share premium), the distribution will constitute a “foreign return of capital”. In such a scenario, the shareholder will be required to reduce the base cost of his/her NEPI Rockcastle shares with the amount of the foreign return of capital. If the amount of the foreign return of capital exceeds the base cost of the NEPI Rockcastle shares in the hands of the shareholder, the excess will constitute a capital gain in his/her hands and the shareholder must account for capital gains tax on such capital gain, unless the shareholder can rely on a capital gains tax exemption.**

A shareholder that holds at least 10% of the shares and voting rights in NEPI Rockcastle (whether alone or together with any other person forming part of the same group of companies as that shareholder) must disregard any capital gain in respect of the foreign return of capital. Accordingly, such a shareholder is effectively exempt from capital gains tax in respect of the foreign return of capital.

A foreign return of capital will not be subject to South African dividends tax.

## 6. TAXATION ON DISPOSAL OF THE NEPI ROCKCASTLE SHARES LISTED ON THE JSE

South African tax residents are subject to tax on their worldwide income including gains and losses on the sale of any assets, including shares.

The South African tax system distinguishes between the tax treatment of receipts and accruals of a revenue nature and those of a capital nature. Capital receipts and accruals are subject to capital gains tax, while revenue receipts and accruals are subject to income tax.

### 6.1 Tax implications where the NEPI Rockcastle shares are held as trading stock

To the extent that the shares in NEPI Rockcastle are held for trading purposes, any gains or losses arising from the disposal of such shares will be revenue in nature and should be subject to South African income tax.

Companies are subject to income tax at a corporate income tax rate of 28%, whilst individuals are taxed on a sliding scale. The statutory tax rates for individuals range between 18% and 45%.

However, where the NEPI Rockcastle shares were held as shares listed on the JSE for a continuous period of at least three years, any gains or losses derived from the disposal of the shares will be deemed to be capital in nature and therefore subject to capital gains tax as opposed to income tax (even if the shares were held for trading

purposes), in terms of section 9C of the Income Tax Act. This provision will not apply in certain instances where the shareholder is a connected person in relation to NEPI Rockcastle.

## 6.2 Tax implications where the NEPI Rockcastle shares are held for investment purposes

Receipt or accruals of a capital nature are subject to capital gains tax at an effective rate of 22.4% for companies (which is the inclusion rate of the capital gain into taxable income at 80% multiplied by the corporate income tax rate of 28%), and at a maximum effective rate of 18% for individuals (which is the inclusion rate at 40% multiplied by the highest marginal income tax rate of 45%).

For individual shareholders, an annual exclusion from capital gains can be applied against any capital gain.

A capital gain or loss is calculated as the difference between the proceeds realised on the disposal of the NEPI Rockcastle shares and the base cost of such shares (broadly speaking, the cost incurred to acquire the shares). Where the proceeds derived from the disposal of the NEPI Rockcastle shares exceed the base cost, a capital gain will arise in the hands of the shareholders. However, where the base cost of the NEPI Rockcastle shares exceeds the proceeds, a capital loss will arise.

In certain instances where a shareholder disposes of the NEPI Rockcastle shares on capital account, depending on the facts and circumstances, such shareholder may rely on the participation exemption from capital gains tax, subject to meeting very specific requirements. Accordingly, this should be examined on a case-by-case basis.

## 7. CONTROLLED FOREIGN COMPANY IMPLICATIONS

In terms of the South African controlled foreign company (“CFC”) rules, there must be included in the income for the year of assessment of any South African tax resident who directly or indirectly holds participation rights in a CFC a proportionate amount of the net income of that CFC, subject to certain provisos. In this regard, we note that only South African tax resident shareholders who hold (together with any connected person) 10% or more of the participation rights, or who are able to exercise 10% or more of the voting rights, in NEPI Rockcastle should obtain advice from their professional advisers as to whether the South African CFC rules may be of application.

## 8. SECURITIES TRANSFER TAX IMPLICATIONS

Securities transfer tax is levied in respect of every transfer of the NEPI Rockcastle shares that are listed on the JSE at a rate of 0.25% of the consideration (in some instances the securities transfer tax may be calculated with reference to the closing price of the shares). The member (i.e. broker) or the participant (i.e. CSDP), as the case may be, effecting the transfer of the NEPI Rockcastle shares will be liable for payment of the securities transfer tax but may recover the securities transfer tax from the person to whom the shares were transferred.

## 9. ISLE OF MAN TAXATION

### 9.1 Tax Residence in the Isle of Man

NEPI Rockcastle is incorporated in the Isle of Man and centrally controlled in the Isle of Man and as such is resident for taxation purposes in the Isle of Man.

### 9.2 Withholding Tax on Dividends

Dividend payments by NEPI Rockcastle, as an Isle of Man tax resident company, to a South African tax resident individual or Company shareholder, are not subject to withholding tax in the Isle of Man.

### 9.3 Disposal of Shares by Foreign Shareholder

The disposal of shares in an Isle of Man company by its foreign shareholder (e.g. a South African tax resident shareholder) is considered a capital disposal. There is no capital gains tax in the Isle of Man.

### 9.4 Capital gains and capital losses

There is no capital gains tax in the Isle of Man. Capital gains are not included in the taxable income of the company.

Capital losses are not tax-deductible since there is no capital gains tax.