

NEPI Rockcastle plc
(Incorporated and registered in the Isle of Man)
(Registered number 014178V)
JSE share code: NRP
Euronext share code: NRP
ISIN: IM00BDD7WV31
("NEPI Rockcastle" or "the Company")



ACQUISITION OF PARADISE CENTER, BULGARIA

INTRODUCTION

NEPI Rockcastle is pleased to announce that, on 21 September 2017, through its subsidiary NEPI Project two EOOD, it has acquired all the issued shares in, and claims against, BULFELD EOOD, the owner of Paradise Center in Sofia, Bulgaria ("the Transaction"). The Transaction will be effective upon obtaining approval of the Bulgarian Competition Authority.

This acquisition strengthens NEPI Rockcastle's position as the largest listed retail real estate company in Central and Eastern Europe ("CEE"), and together with the acquisition of Serdika Center earlier this year, its presence in the Bulgarian market.

RATIONALE FOR THE TRANSACTION

With a gross lettable area of 82,000m², Paradise Center is the largest retail centre in Sofia, the capital city of Bulgaria. The centre is located in the wealthy southern part of the city, which is undergoing strong development. Opened in 2013 and benefitting from a corner location at the intersection between two main traffic arteries and direct access to the newly built M2 metro line, Paradise Center has an annual footfall in excess of 10 million visitors. The mall is let to major national and international tenants such as Bershka, Cinema City, Forever 21, H&M, LC Waikiki, Massimo Dutti, New Yorker, Pull & Bear, Reserved, Sephora, Sport Vision, Sofia Event Center (a conference facility), Stradivarius, Technopolis and Zara. The centre has a strong food and entertainment area, which includes both a complete fast and slow food line up, a fitness facility with a 25m swimming pool, as well as a playground. Several asset management initiatives, including major improvements to the basement and the terrace level together with enhancements to the tenant mix, will further strengthen its dominant market position.

With a growing population of over 1.32 million inhabitants, Sofia is the economic and cultural centre of Bulgaria and an attractive head office destination for international companies. Benefitting from a developing infrastructure and strategic location, Sofia is a major hub for international railway and automobile transport, with three Pan-European corridors crossing the city. During the last couple of years, Bulgaria's economy has shown robust growth, with GDP growth of 3.6% in 2015 and 3.3% in 2016. Growth is forecast to remain strong at 2.8%-2.9% per year in 2017-21 (compared to a forecast growth of 1.4%-1.5% in the European Union), as domestic and external demand continues to increase (according to the Economist Intelligence Unit).

PURCHASE CONSIDERATION

The aggregate purchase price for the Transaction is EUR 252.9 million, resulting in an acquisition yield of approximately 7%. The acquisition has initially been funded by a combination of the Company's existing cash resources and debt facilities, combined with sale of listed securities held, in line with management's strategy of decreasing this exposure.

CATEGORISATION

The transaction is not categorisable in terms of the JSE Listings Requirements and the information in this announcement is presented for information purposes only.

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