REVIEWED CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

NEPI Rockcastle plc is incorporated and registered in the Isle of Man with registered number 014178V
Registered office: 2nd Floor, 30 Athol Street Douglas, Isle of Man, IM1 1JB
JSE share code: NRP Euronext share code: NRP ISIN: IM00BDD7WV31 ('NEPI Rockcastle', 'the Group' or 'the Company')

DIRECTORS' COMMENTARY

All information below excludes joint ventures, unless otherwise stated

NEPI Rockcastle is the largest listed real-estate group focused on Central and Eastern Europe ("CEE"). The group was formed from the merger of New Europe Property Investments ("NEPI") and Rockcastle Global Real Estate Company Limited ("Rockcastle") in July 2017.

FINANCIAL HIGHLIGHTS

- Total value of direct property portfolio owned and managed by NEPI Rockcastle of over €5 billion (including joint-ventures);
- Acquisitions and developments finalised during 2017 of €947 million, with 339,800m² added to Gross Lettable Area ("GLA");
- Net Operating Income ("NOI") of €267 million in 2017 (including €35 million reported by Rockcastle for the first half of the year), representing the income from properties acquired and developments finalised in 2017 only from their effective date; annualised passing rent amounts to €319 million;
- Collection of 99.91% of annual contractual rental income and expense recoveries;
- Service charge costs 98% recovered;
- Occupancy of 96.5%, slightly lower than 2016 due to new acquisitions and extensions;
- Net listed securities portfolio represented 10% of total assets; as previously stated, this will decrease in 2018, as the acquisitions and development programme is implemented;
- Adjusted NAV per share of €7.10, reflecting a growth of 19% compared to NEPI's adjusted NAV as at 31 December 2016, and a growth of 11% compared to the pro-forma combined adjusted NAV at 31 December 2016 published in the NEPI Rockcastle Prospectus;
- Distributable earnings per share for the second half of 2017 of 24.80 euro cents; together with the first half distribution of 23.46 euro cents per share, the total pay-out for the year is 48.26 euro cents per share, 17.10% higher than the 2016 pro-forma distribution of 41.21 euro cents per share published in the NEPI Rockcastle Prospectus;
- Loan to Value ratio ("LTV") of 26%, below the group's target of 35%;
- Investment grade credit rating by all three major rating agencies;
- Successful €500 million Eurobond issue in November 2017, further reducing weighted average cost of debt to 2.2%, and increasing the remaining weighted average maturity to 4.4 years;
- Currently, all interest rate exposure related to long-term loans is 100% hedged, with a remaining weighted average hedge term of 5.1 years.

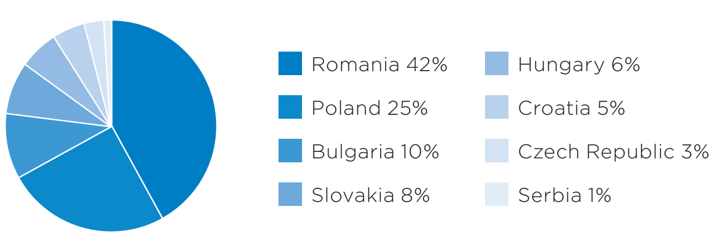
OPERATIONAL HIGHLIGHTS

- Successful completion of the merger of NEPI and Rockcastle created CEE's leading retail property investment and development group, with a portfolio of 56 income-producing properties (including joint-ventures) and five properties under development;
- Market entry into Bulgaria and Hungary, with the acquisition of prime assets in Sofia and Budapest, taking NEPI Rockcastle's presence to a total of eight CEE markets. NEPI Rockcastle now controls the two leading shopping centres in the Bulgarian capital (Serdika Center and Paradise Center);
- Consolidation of the Group's significant position on the Polish retail market, through the acquisition of Alfa Bialystok and the secured acquisition of Serenada and Krokus Shopping Centres, which is expected to be finalised in Q3 2018;
- Completion of five developments or extensions, primarily in Romania, with lettings to leading international retailers including Carrefour, Cinema City, Douglas, Hervis, New Yorker, Orsay, Sephora, Starbucks, and multiple Inditex brands;
- Five developments and 11 extensions or redevelopment projects ongoing in CEE, totalling 294,600m², across five different markets;
- Tenants' turnover increased by 8.3%, while turnover/ m² increased by 6.3% (like-for-like);
- Footfall increased by 3.5% (like-for-like).

COMPANY PROFILE

NEPI Rockcastle owns and manages a portfolio of dominant retail properties in the following high-growth CEE countries: Romania, Poland, Slovakia, Hungary, Bulgaria, Croatia, Czech Republic and Serbia. The Group benefits from a highly-skilled internal management team which combines asset management, investment, development, leasing and financial expertise. The Group is well positioned for growth, driven by its best-in-class operating platform, as well as its historically proven capacity to deploy existing capital resources into attractive direct property investments. Geographically diverse management skills allow NEPI Rockcastle to pursue CEE property opportunities more efficiently, benefitting from a strategic advantage in the acquisition, development and management of properties. NEPI Rockcastle continues the active investment policy that supported the growth of NEPI and Rockcastle over recent periods, with a strong pipeline of acquisitions and developments currently being pursued in its targeted region.

NEPI Rockcastle's direct property geographic profile as at 31 December 2017 by asset value was:



NEPI Rockcastle also holds a portfolio of liquid, listed securities of large companies that operate primarily in the US, UK, and Continental Europe. This portfolio provides easily-accessible resources to fund suitable acquisitions. Management expects to convert the majority of this portfolio to direct property investments during 2018.

The Group's financial profile includes maintaining high liquidity, low gearing, and a diverse debt structure, which combines secured and unsecured bank debt with unsecured bonds listed on the Irish Stock Exchange. NEPI Rockcastle is investment-grade rated by Moody's (Baa3, positive outlook), Standard & Poor's (BBB, stable outlook) and Fitch (BBB, stable outlook).

NEPI Rockcastle's shares are listed on the Johannesburg Stock Exchange ("JSE") and Euronext Amsterdam ("Euronext"). The Group plans to distribute at least 90% of its distributable earnings on a semi-annual basis.

ACQUISITIONS OF INVESTMENT PROPERTY

The Group completed the acquisition and development of a number of properties during 2017, discussed below. The country and effective or opening date are included in brackets. Populations are estimates.

NEPI Rockcastle completed acquisitions of €827 million during 2017, adding a total of over 265,000m² GLA to its direct property portfolio. The Group entered the Bulgarian market through the acquisition of Serdika Center, and a few months later consolidated its dominant position in Bulgaria by acquiring Paradise Center, Sofia. The Group also entered its eighth CEE market, Hungary, through the acquisition of Arena Plaza in the capital city Budapest.

Serdika Center and Office (Sofia, Bulgaria - 22 August 2017)
NEPI Rockcastle acquired Serdika Center, a 51,500m² GLA modern shopping centre with a strong tenant mix, benefitting from an excellent location close to Sofia's city centre and Serdika Office, a Class A office situated atop the shopping centre, with 28,500m² GLA. Sofia, the capital city of Bulgaria, has a population of 1.32 million residents, with 327,000 inhabitants within a 15-minute drive from Serdika Center. The centre has an annual footfall in excess of 6.5 million people.

Arena Plaza (Budapest, Hungary - 15 September 2017)
The Group acquired Arena Plaza, a shopping mall in Budapest with 66,000m² GLA, enjoying a modern layout over two floors, convenient parking and an attractive tenant mix. In addition, the Group acquired a plot of land of circa 21,800m² adjoining Arena Plaza that will be used for further expansion. Budapest, the capital city of Hungary has a population of 1.75 million, and 716,000 inhabitants are within a 15-minute drive from the shopping centre. More than 10 million people visit Arena Plaza on an annual basis.

Alfa Bialystok (Bialystok, Poland - 9 November 2017)
With a GLA of 37,000m², Alfa Bialystok is the largest, dominant fashion destination in Białystok, Poland. The city is inhabited by approximately 297,000 people and is the most populous urban area within a radius of 200km in the north-east region of the country. It is a modern three-level shopping mall with 150 retail units and footfall exceeding 5.5 million in the last year.

Paradise Center (Sofia, Bulgaria - 1 December 2017)
The Group acquired Paradise Center, the largest modern shopping centre in Sofia with 82,000m² GLA, and consolidated its position in the Bulgarian market with ownership of the two best performing retail assets in the capital city. Paradise Center is the best performing shopping centre in Sofia, a city-wide destination located in the wealthy southern part of the city, with an annual footfall in excess of 10.4 million visitors. Over 286,000 inhabitants are located within a 15-minute drive from the shopping centre.

Serenada and Krokus Shopping Centres (Krakow, Poland)
NEPI Rockcastle entered into an agreement to acquire Serenada and Krokus Shopping Centres, which will be effective subject to satisfaction or waiver of a number of conditions precedent, which is expected to occur in Q3 2018. The shopping centres have a current GLA of 68,900m² and the envisaged extension will result in a single integrated shopping centre with a GLA of over 100,000m² with a planned completion date in 2021. This acquisition consolidates the Group's position as one of the largest retail owners in Poland. Krakow, Poland's second largest city, has a population of 767,000 residents, and 336,000 inhabitants are within a 15-minute drive of the two shopping centres.

DEVELOPMENTS AND EXTENSIONS

The Group invests strategically in developments that contribute significantly to growth in distributable earnings per share. NEPI Rockcastle is pursuing a development pipeline which exceeds €1,200 million (including redevelopments and extensions, estimated at cost), of which €190 million were spent during 2017. Undertaking redevelopments and extensions to existing properties is a driver for future growth, ensuring that the Group maintains its pre-eminent position in the market and its superior retail relationships thus de-risking the business and delivering higher quality earnings.

COMPLETED DEVELOPMENTS AND EXTENSIONS

The Office Cluj-Napoca third phase (Romania, 30 June 2017)
The Group, together with its joint venture partner, completed the 20,200m² GLA third phase of The Office, Cluj–Napoca. The total GLA of the office complex is now 63,600m². The building is 99% let. Tenants include renowned corporations such as 3 Pillar Global, 8x8, Betfair, Bombardier, Magneti Marelli, Telenav, Thomsons and Wolters Kluwer.

Victoriei Office Bucharest (Romania, 30 June 2017)
Outstanding permits for internal fit-out of the 7,800m² GLA landmark office located in central Bucharest were received and the development was completed during the year. The building is fully let to renowned corporations such as Fitbit, General Electric and Philip Morris.

Galeria Wolomin (Poland, 31 August 2017)
The retail park with 6,600m² GLA adjoins the existing Galeria Wolomin shopping centre. It opened for trading on 31 August 2017, and increased the total retail GLA to 30,700m².

Shopping City Galati extension (Romania, 26 November 2017)
The Group successfully completed construction of the 21,000m² GLA extension to Shopping City Galati. Shopping City Galati is now a 49,100m² GLA regional mall, located in Galati, a city of 305,000 residents. The centre is the prime shopping destination for the 559,000 inhabitants that live within a 45-minute catchment area. The centre is 84.9% let. The extension was leased to tenants such as: Bershka, Cinema City, Douglas, Hervis, Pandora, Pull&Bear, Sephora, Sport Vision, Starbucks and Stradivarius.

Shopping City Ramnicu Valcea (Romania, 7 December 2017)
NEPI Rockcastle completed the 28,200m² GLA regional mall in Ramnicu Valcea, a city of 119,000 residents. The centre services 315,000 inhabitants within a 45-minute catchment area. 95.3% of the centre is leased to tenants such as: Altex, Carrefour, Cinema City (not yet opened), Douglas, Hervis, Jysk, NewYorker and Orsay.

DEVELOPMENTS AND EXTENSIONS PIPELINE

Shopping City Satu Mare (Romania)
NEPI Rockcastle has received the required permits for the development of a 28,700m² shopping mall in Satu Mare. The city has a population of 123,000 residents and 288,000 inhabitants live within a 45-minute drive thereof. Tenants include: Carrefour, with a 10,000m² hypermarket, and key fashion retailers. Construction will start in the next month, and management targets opening by the end of 2018.

Promenada Novi Sad (Serbia)
Construction has started on the first phase of a shopping mall of approximately 49,400m² GLA. The city has a population of 319,000 residents and 607,000 inhabitants live within a 45-minute drive of the site. Tenant demand is strong and various international brands are planning to join the scheme. Numerous retailers such as: Adidas, Calvin Klein, Cineplexx, Converse, Diesel, Guess, Lacoste, Levi's, Nike, Replay, Sport Vision, Superdry, Timberland, Under Armour and Univerexport (with a 3,300m² supermarket) have already been signed. The project has a unique central location and will include a large food-court and dining area (1,400m²), a fitness operator and a cinema. The Group plans to open the centre in the fourth quarter of 2018.

Platan Shopping Centre (Poland)
Extension and refurbishment works, including the construction of a multi-level car park, food court and entertainment level, started in June 2017. The extension is scheduled to open in November 2018 and will increase the shopping centre's GLA to over 39,700m².

Solaris Shopping Centre (Poland)
The building permit has been received and construction has started to extend the shopping centre by approximately 9,000m². The project includes the development of multi-level basement parking and a new town square in front of the centre's main entrance. Tenant demand is strong and the extension area is scheduled to be completed in the first quarter of 2019.

Promenada Mall extension (Bucharest, Romania)
There has been limited traction in obtaining the required approvals and permits for the retail extension and integrated office building of Promenada Mall, a shopping centre located in Bucharest's central business district. Progress has been made, however at a significantly slower rate than expected due to reasons outside of the Group's control. The retail extension will include new fashion brands, a 14-screen Cinema City, additional leisure and entertainment facilities and 1,600 new parking spaces.

Shopping City Sibiu reconfiguration and extension (Romania)
The Group received zoning for refurbishing, reconfiguring and extending Shopping City Sibiu, a 78,200m² mall. The centre serves a catchment area of 286,000 inhabitants within a 45-minute drive. The extension will add approximately 9,700m² GLA and will improve the centre's fashion offering and will further strengthen its market positioning. NEPI Rockcastle expects to finalise the extension in December 2019.

Shopping City Targu Mures (Romania)
The Group is pursuing zoning approvals and permitting to develop a 32,900m² (in phase I) mall in Targu Mures, a city with a population of 150,000 residents. The centre will serve a catchment area of 306,000 inhabitants within a 45-minute drive. A large number of tenants have already expressed their interest regarding the development which will represent the first new generation shopping centre in the city. The hypermarket (Carrefour) has signed a lease agreement for 10,000m² GLA.

Aurora Shopping Mall – extension (Buzau, Romania)
The Group intends to start the refurbishment, reconfiguration and extension of Aurora Shopping Mall, a mall that currently has 18,000m² GLA and will be extend with an additional 5,900m² GLA. The centre is located in Buzau, a city with a population of 136,000 residents and services a catchment area of 430,000 inhabitants within a 45-minute drive. The following tenants are already present: Altex, Animax, Benvenuti, Carrefour, CCC, Deichmann, Intersport, Kendra, KFC, New Yorker, Noriel, Orsay, Pepco, Sensiblu and Top Shop. Cinema City (a 6-screen multiplex), has been signed and will enter the centre following the extension. Subject to permitting and receipt of required approvals, the Group will start the development in H1 2018 and targets opening the extended centre by the end of 2018.

Korzo Shopping Center - extension (Slovakia, Prievidza)
The Group is planning a 9,300m² GLA extension of Korzo Prievidza (Slovakia) including a refurbishment of the existing part. The city of Prievidza has a population of 48,000 residents and the centre services a catchment area of 308,000 inhabitants within a 45-minute drive. The extension is aimed at improving the retail mix with new fashion brands, extend the leisure offering (larger food-court, additional cinema halls) and improving the overall shopping experience with a 50% larger parking, improved amenities and easier client access. Currently the project is in the design and permitting stage. The extension is planned to be opened in Q3 2019.

Festival Sibiu – development (Romania) – subsequent event
In February 2018, the Group acquired Festival project, a 3.4ha land in the centre of Sibiu which is permitted for the development of a 43,000m² GLA shopping centre. Sibiu has a population of 170,000 residents and Festival is expected to service a catchment of 162,000 inhabitants within a 15-min drive. Key international tenants are secured: Kaufland (with its first leased hypermarket in Romania), Inditex (with several brands including Zara), H&M and a cinema operator. Management believes that this development will complement its other retail property in the city (Shopping City Sibiu). The centre is expected to open by the end of 2019.

Other extensions
The group is also pursuing several other extensions to its existing assets which will be announced in due course.

LISTED SECURITY PORTFOLIO

NEPI Rockcastle invests in listed securities primarily to provide liquidity for the execution of attractive acquisitions and developments. There has been an increasing focus on diversifying the portfolio to facilitate the efficient deployment of capital into direct property assets during 2018.

Various changes have been implemented in this respect:
- During 2017 the portfolio has been tilted more towards Continental Europe than other regions.
- Additionally, the portfolio has been diversified further and exposure increased to highly liquid counters, while the exposure to the US dollar has been reduced since Q3 2016;

Following the merger of NEPI and Rockcastle and due to the above mentioned changes within the portfolio, the functional currency of the entity owning the listed securities portfolio was changed from US dollar to Euro.

As indicated, the Group's current pipeline of acquisitions and developments expected to be completed this year is substantial and will be in part funded through the listed security portfolio.

A portion of the funds raised by the Group through equity and debt issues during 2017 was temporarily invested in the listed portfolio, awaiting the gradual implementation of the current acquisition pipeline.

NEPI Rockcastle uses physical shares and equity derivative positions to obtain exposure to listed real estate companies. The principal counter parties in all listed securities transactions are Morgan Stanley, Goldman Sachs and BoA Merrill Lynch.

CASH MANAGEMENT AND DEBT

Following the merger, Moody's have revised the outlook on the Baa3 rating from stable to positive, and Standard and Poor's have upgraded NEPI Rockcastle from BBB- to BBB, with a stable outlook. The Group also obtained a BBB rating with a stable outlook from Fitch. After a roadshow with European fixed-income investors in November 2017, the Group issued €500 million of unsecured, 7-year Eurobonds maturing on 23 November 2024, carrying a 1.75% fixed coupon, with an issue price of 99.051%. This is the second time the Group has raised material amounts from European investors, enabling it to compete more effectively in the Central and Eastern European real estate markets in the long term. The Group has a broad bondholder base, ranging from large asset managers, banks, pension and insurance companies to international financial institutions such as the International Finance Corporation (part of the World Bank group) and the European Bank for Reconstruction and Development. The proceeds have been partly used for the acquisition of Paradise Center (Sofia, Bulgaria), while the balance of the proceeds will be used for funding the acquisitions and developments pipeline.

During the year, the Group contracted on a combined basis €250 million in unsecured revolving facilities from ING, Societe Generale and Garanti Bank, and €196 million in secured debt from Berlin Hyp, Erste Bank, ING, Helaba, PBB and Raiffeisen Bank (including joint ventures). NEPI Rockcastle benefits from a diversified funding base, and was complying with all debt covenants as at 31 December 2017. NEPI Rockcastle's Loan to Value (interest bearing debt less cash divided by investment property and listed securities) was 26%, below the gearing ratio target of 35%. The average interest rate, including hedging costs, was 2.2% during 2017, due to contracting new debt at lower rates and decreasing the interest margin on the existing debt. As at 31 December 2017, fixed-coupon bonds represented 53% of NEPI Rockcastle's outstanding debt, and out of the remaining debt exposed to Euribor, 38% was hedged with interest rate caps and 62% with interest rate swaps (including joint ventures).

The Group raised €593 million during 2017 pre-and post-merger by issuing new ordinary shares, comprising €397 million from accelerated book builds and €196 million from scrip dividends (which represented approximately 73% of the total dividend declared for the corresponding period).

As at 31 December 2017, the Group had a strong liquidity profile, with €196 million in cash, €380 million in available unsecured revolving facilities, and €593 million net available in the listed security portfolio.

NEPI ROCKCASTLE BUSINESS COMBINATION

In accordance with IFRS 3 – Business Combinations, the merger between NEPI and Rockcastle was classified as a purchase of Rockcastle by NEPI. The attached condensed financial statements and notes include:
- A consolidated statement of financial position, which includes all assets of the resulting entity, NEPI Rockcastle; the comparative is NEPI's statement of financial position at 31 December 2016;
- A statement of comprehensive income, which includes the financial results of NEPI until the merger date (11 July 2017), and the results of the combined group afterwards; the comparative is NEPI's statement of comprehensive income for the year ended 31 December 2016.

For the calculation of distributable earnings, an antecedent dividend equal to Rockcastle's distribution for the first half of the year was added.

Goodwill of €886 million resulted from Rockcastle's premium to net asset value at the date of the merger. All assets and liabilities were recognized at fair value at the acquisition date, therefore the resulting goodwill was considered a mechanical result of the merger accounting, and consequently unallocated and requiring an accounting impairment.

This impairment of goodwill does not impact any of the key indicators: recurring earnings per share, adjusted net asset value per share, cash flow, distributable earnings, overall financial profile, synergies from the merger or the forecasted earnings per share. Consequently, the Group's balance sheet includes almost exclusively tangible assets, marked to market every six months, in line with the industry practice (e.g. Unibail – Rodamco and Kleppiere – Corio mergers).

VALUATION

NEPI Rockcastle assesses the valuation of its property portfolio twice a year. Fair value is determined by external, independent professional valuers, with appropriate and recognised qualifications, and recent experience in the locations and category of properties being valued. The valuations as at 31 December 2017 were performed by Cushman & Wakefield and Colliers.

Information relating to fair value measurement using significant unobservable inputs (Level 3 according to IFRS 13 - Fair value measurement) for 2017 is presented in the table below:

Segment	Valuation technique	Weighted average estimated rental values (yearly amount in '000 euro)	Weighted average discount rate (%)	Weighted average capitalisation rate for terminal value (%)
Retail	Discounted cash flow	10,838	7.96%	6.94%
Office	Discounted cash flow	5,916	9.00%	7.50%
Industrial	Discounted cash flow	910	11.25%	9.75%

SHARE PRICE MOVEMENT

Considering the unusual share price movement that NEPI Rockcastle has experienced since the start of 2018, the Board felt it appropriate to draw shareholders' attention to the following points:
- The Board of NEPI Rockcastle confirms there has been no change in the Group's operations or financial position that would justify the recent movements in its share price;
- The Board and management of NEPI Rockcastle have always been, and remain, committed to the highest standards of transparency and corporate governance. The Group maintains an open dialogue with equity and credit investors;
- The Group does not hold any shares in Resilient, Fortress or Greenbay, nor does it have any financing arrangements with any of these parties.

In terms of the Articles of Association of the Company and the approval granted by the Board of Directors, the Company may implement a repurchase of NEPI Rockcastle shares.

DISTRIBUTABLE EARNINGS AND DECLARATION OF DISTRIBUTION

The Group achieved 24.80 euro cents in distributable earnings per share for the six months ended 31 December 2017. Aggregated with the combined distribution achieved by NEPI and Rockcastle for the first half of 2017, and declared by NEPI Rockcastle, of 23.46 euro cents per share, it results in 48.26 euro cents per share; this is 17.1% higher than the 2016 pro-forma distribution of 41.21 euro cents per share for 2016, as published in the NEPI Rockcastle Prospectus. This growth is in line with previously announced guidance, and is due to the strong performance of the Group's assets and acquisitions and developments completed during the year.

The Board of Directors declares a distribution of 24.80 euro cents per share for the second half of 2017, which will be paid in cash in March 2018. An announcement in this respect will be issued on the Stock Exchange News Service (SENS) of the JSE and Euronext Amsterdam in due course.

PROSPECTS AND EARNINGS GUIDANCE

Distributable earnings per share for the year 2018 are expected to be approximately 10% higher than the 2017 combined distribution of 48.26 euro cents per share. This guidance is based on the assumptions that a stable macroeconomic environment prevails, no major corporate failures occur, and planned developments and acquisitions remain on schedule. This forecast has not been audited or reviewed by NEPI Rockcastle's auditors and is the responsibility of the Board.

By order of the Board of Directors,

Alex Morar
Co-Chief Executive Officer

Spiro Noussis
Co-Chief Executive Officer

Mirela Covasa
Chief Financial Officer

20 February 2018

BASIS OF PREPARATION

All amounts in €'000 unless otherwise stated

In accordance with IFRS 3 – Business Combinations, the merger between NEPI and Rockcastle was classified as a purchase of Rockcastle by NEPI, with NEPI Rockcastle being assessed in substance as a continuation of NEPI. Consequently, in these consolidated financial statements, in accordance with IFRS, NEPI Rockcastle presents the results of former NEPI Group before the merger date (11 July 2017), and the results of the combined Group from the merger date onwards. The comparatives are the audited consolidated financial results of NEPI for the year ended 31 December 2016.
These reviewed condensed consolidated financial results for the year ended 31 December 2017 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports. These require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies which have been applied are consistent with those used in the preparation of the NEPI financial statements for the year ended 31 December 2016, except for accounting policies in relation with the listed securities portfolio, which are detailed within the related section below. PricewaterhouseCoopers LLC have issued an unmodified review report on the condensed consolidated financial statements for the year ended 31 December 2017 which is available for inspection at the Company's registered office, and is expected to issue an unmodified audit report on the full set of financial statements.

The listed securities investments are measured at fair value being the quoted closing price at the reporting date and are categorized as Level 1 investments, according to IFRS 13 - Fair value measurement. Realised and unrealised gains and losses arising from changes in the fair value of these investments are recognised in profit or loss in the period in which they arise. Attributable transaction costs are recognised in the statement of comprehensive income as incurred. The listed security portfolio includes physical shares with a fair value of €326.6 million presented within the Financial investments at fair value through profit or loss within the Consolidated Statement of Financial Position. The equity derivative collateral of €265.5 million represents the cash held at Prime Brokers and provides the Group with gross exposure to equity derivative swaps. The Group's equity derivatives swaps have a net fair value of €998 thousand from Financial assets at fair value through profit or loss of €11.9 million and Financial liabilities at fair value through profit or loss of €10.9 million. Within the Consolidated Statement of Comprehensive Income, the Income from financial investments at fair value through profit or loss of €18.1 million includes the gross income from dividends that the Group earns on the gross exposure netted off with the interest expense on the gross liability. The Fair value and net result on sale of financial investments shows the change in fair value of the financial instruments as well as the net result on sales of such instruments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31 Dec 2017	31 Dec 2016
ASSETS		
Non-current assets	**5 127 197**	**2 674 176**
Investment property	4 927 509	2 546 772
Investment property in use	4 725 093	2 370 760
Investment property under development	202 416	176 012
Goodwill	82 582	58 390
Deferred tax assets	12 490	-
Investments in joint ventures	40 856	22 023
Long-term loans granted to joint ventures	25 792	31 015
Other long-term assets	36 175	15 299
Interest rate derivatives financial assets at fair value through profit or loss	1 793	677
Current assets	**860 366**	**107 538**
Trade and other receivables	60 793	40 539
Financial investments at fair value through profit or loss	326 565	18 979
Equity derivative collateral	265 541	-
Financial assets at fair value through profit or loss	11 923	-
Cash and cash equivalents	195 544	48 020
Investment property held for sale	**10 238**	**15 525**
Total assets	**5 997 801**	**2 797 239**
EQUITY AND LIABILITIES		
Total equity attributable to equity holders	**3 914 719**	**1 814 552**
Share capital	5 778	3 215
Share premium	3 625 568	1 368 171
Share-based payment reserve	-	4 797
Currency translation reserve	-	(1 229)
Accumulated profit	282 897	439 598
Non-controlling interest	476	-
Total liabilities	**2 083 082**	**982 687**
Non-current liabilities	**1 937 282**	**831 995**
Bank loans	734 493	260 593
Bonds	889 917	394 819
Deferred tax liabilities	271 105	158 864
Other long-term liabilities	37 089	17 403
Interest rate derivatives financial liabilities at fair value through profit or loss	4 678	316
Current liabilities	**145 800**	**150 692**
Trade and other payables	113 553	71 536
Financial liabilities at fair value through profit or loss	10 934	-
Bank loans	10 568	17 999
Bonds	10 745	61 157
Total equity and liabilities	**5 997 801**	**2 797 239**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	31 Dec 2017	31 Dec 2016
Net rental and related income	**232 085**	**145 532**
Revenues from rent and expense recoveries	336 977	209 890
Property operating expenses	(104 892)	(64 358)
Administrative expenses	(15 191)	(8 186)
EBITDA	**216 894**	**137 346**
Net result from financial investments	**(6 028)**	**14**
Income from financial investments at fair value through profit or loss	18 084	738
Fair value and net result on sale of financial investments at fair value through profit or loss	(24 112)	(724)
Acquisition fees	(10 681)	(4 339)
Fair value adjustments of investment property	162 022	143 163
Foreign exchange loss	(1 255)	(127)
Gain/(Loss) on disposal of investment property	9	(485)
Profit before net finance expense	**360 961**	**275 572**
Net finance expense	**(22 906)**	**(13 059)**
Finance income	2 567	4 784
Finance expense	(25 473)	(17 843)
Fair value adjustment of Interest rate derivatives financial assets and liabilities	500	228
Share of profit of joint ventures	16 068	6 383
Impairment of goodwill*	(886 167)	-
(Loss)/Profit before tax	**(531 554)**	**269 124**
Income tax	**(47 870)**	**(36 472)**
Current tax expense	(1 671)	(1 664)
Deferred tax expense	(46 199)	(34 808)
(Loss)/Profit after tax	**(579 414)**	**232 652**
Total comprehensive (loss)/profit for the year	**(579 414)**	**232 652**
Non-controlling interest	(280)	2 316
(Loss)/Profit for the year attributable to equity holders	**(579 694)**	**234 968**
Profit for the year attributable to equity holders excluding impairment of goodwill	**306 473**	**234 968**
Weighted average number of shares in issue	436 806 684	309 760 628
Diluted weighted average number of shares in issue	436 809 203	309 778 913
Basic (loss)/earnings per share (euro cents)	(132.71)	75.85
Diluted (loss)/earnings per share (euro cents)	(132.71)	75.85
Basic earnings per share (euro cents) excluding impairment of goodwill	70.16	75.85
Diluted earnings per share (euro cents) excluding impairment of goodwill	70.16	75.85

*** Impairment of goodwill arising from the merger with Rockcastle, computed as the difference between Rockcastle's market capitalisation and its net asset value at merger date. Further information is provided in the above Directors' Commentary.**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Share-based payment reserve	Currency translation reserve	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2016	**2 986**	**1 213 325**	**4 797**	**(1 229)**	**275 042**	**1 629**	**1 496 550**
Transactions with owners	229	154 846	-	-	(70 412)	687	85 350
- Issue of shares	229	154 800	-	-	-	-	155 029
- Sale of shares issued under the Initial Share Scheme	-	46	-	-	-	-	46
- Earnings distribution	-	-	-	-	(48 288)	-	(48 288)
- Acquisition of non-controlling interest	-	-	-	-	(22 124)	687	(21 437)
- Profit for the year	-	-	-	-	234 968	(2 316)	232 652
Total comprehensive income	-	-	-	-	234 968	(2 316)	232 652
Balance at 31 December 2016	**3 215**	**1 368 171**	**4 797**	**(1 229)**	**439 598**	**-**	**1 814 552**
Balance at 1 January 2017	**3 215**	**1 368 171**	**4 797**	**(1 229)**	**439 598**	**-**	**1 814 552**
Transactions with owners	2 563	2 257 397	(4 797)	1 229	422 993	196	2 679 581
- Issue of shares	514	395 596	-	-	-	-	396 110
- Sale of shares issued under the Initial Share Scheme	-	18	-	-	-	-	18
- Issue of shares for the acquisition of Rockcastle	2 049	2 747 950	(4 797)	1 229	(424 152)	196	2 322 475
- Transfer of goodwill impairment on acquisition of Rockcastle Group to share premium	-	(886 167)	-	-	886 167	-	-
- Earnings distribution	-	-	-	-	(39 022)	-	(39 022)
Total comprehensive income	-	-	-	-	(579 694)	280	(579 414)
- Impairment of goodwill	-	-	-	-	(886 167)	-	(886 167)
- Profit for the year excluding impairment of goodwill	-	-	-	-	306 473	280	306 753
Balance at 31 December 2017	**5 778**	**3 625 568**	**-**	**-**	**282 897**	**476**	**3 914 719**

RECONCILIATION OF PROFIT FOR THE YEAR TO DISTRIBUTABLE EARNINGS	31 Dec 2017	31 Dec 2016
(Loss)/Profit for the year attributable to equity holders	**(579 694)**	**234 968**
Reverse indirect result	776 019	(108 683)
Foreign exchange loss	1 255	127
Acquisition fees	10 681	4 339
Fair value adjustments of investment property for controlled subsidiaries	(162 022)	(143 163)
(Gain)/Loss on disposal of investment property	(9)	485
Fair value and net result on sale of financial investments at fair value through profit or loss	24 112	724
Income from financial investments at fair value through profit or loss	(18 084)	(738)
Fair value adjustment of Interest rate derivatives financial assets and liabilities for controlled subsidiaries	(500)	(228)
Deferred tax expense for controlled subsidiaries	46 199	34 808
Impairment of goodwill	886 167	-
Adjustments related to joint ventures		
Fair value adjustments of investment property for joint ventures	(14 344)	(7 252)
Fair value adjustment of Interest rate derivatives financial assets and liabilities for joint ventures	(439)	227
Deferred tax expense for joint ventures	2 903	2 034
Foreign exchange gain for joint ventures	100	(46)
Company specific adjustments	17 004	(558)
Amortisation of financial assets	(1 807)	(3 730)
Realised foreign exchange loss for controlled subsidiaries	(769)	(101)
Realised foreign exchange gain for joint ventures	3	7
Accrued dividend for financial investments	19 803	1 202
Accrued interest on share-based payments	-	2
Fair value adjustment of Investment property for non-controlling interest	(392)	2 514
Deferred tax expense for non-controlling interest	166	(452)
Antecedent dividend	6 861	3 974
Antecedent dividend - Rockcastle distribution Jun 2017	49 531	-
Distributable earnings	**269 721**	**129 701**
Less: Distribution declared	(269 721)	(126 688)
Antecedent dividend for the first half of 2016	-	(3 013)
Interim distribution*	(126 438)	(59 566)
Final distribution	(143 283)	(70 135)
Earnings not distributed	-	-
Number of shares entitled to interim distribution*	538 953 794	302 714 153
Number of shares entitled to final distribution	577 800 734	321 486 204
Distributable earnings per share (euro cents)	**48.26**	**40.50**
Less: Distribution declared per share (euro cents)	(48.26)	(40.50)
Interim distribution per share (euro cents)*	(23.46)	(18.68)
Final distribution per share (euro cents)	(24.80)	(21.82)
Earnings not distributed (euro cents)	-	-

** Interim distribution, interim distribution per share and number of shares entitled to interim distribution computed on a combined basis for H1 2017.*
The growth in distributable earning per share of 17.10% was computed by comparison to the combined pro-forma distribution of 41.21 euro cents per share as published in the NEPI Rockcastle Prospectus.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	31 Dec 2017	31 Dec 2016
(Loss)/Profit after tax	(579 414)	232 652
Adjustments	801 695	(93 262)
Interest and coupon paid	(24 034)	(10 164)
Changes in working capital	14 829	15 230
Cash flows from operating activities	**213 076**	**144 456**
Proceeds from issue of shares	396 128	155 075
Earnings distribution	(39 022)	(48 288)
Net movements in bank loans and bonds	422 048	134 890
Other proceeds / payments	196	(24 500)
Cash flows used in financing activities	**779 350**	**217 177**
Investments in acquisitions and developments	(947 245)	(627 385)
Net cash flow from/(used in) investments in financial assets	102 712	(18 961)
Other investments	(369)	6 123
Cash flows used in investing activities	**(844 902)**	**(640 223)**
Net increase / (decrease) in cash and cash equivalents	**147 524**	**(278 590)**
Cash and cash equivalents brought forward	48 020	326 610
Cash and cash equivalents carried forward	**195 544**	**48 020**

RECONCILIATION OF PROFIT FOR THE YEAR TO HEADLINE EARNINGS	31 Dec 2017	31 Dec 2016
(Loss)/Profit for the year attributable to equity holders	**(579 694)**	**234 968**
Fair value adjustments of investment property for controlled subsidiaries	(162 022)	(143 163)
(Gain)/Loss on sale of investment property held for sale	(9)	485
Impairment of goodwill	886 167	-
Tax effects of adjustments for controlled subsidiaries	27 089	24 446
Fair value adjustments of investment property for joint ventures	(20 928)	(7 252)
Tax effects of adjustments for joint ventures	2 295	1 160
Headline earnings	**152 898**	**110 644**
Weighted average number of shares in issue	436 806 684	309 760 628
Diluted weighted average number of shares in issue	436 809 203	309 778 913
Headline earnings per share (euro cents)	35.00	35.72
Diluted headline earnings per share (euro cents)	35.00	35.72

RECONCILIATION OF NET ASSET VALUE TO ADJUSTED NET ASSET VALUE	31 Dec 2017	31 Dec 2016
Net Asset Value per the Statement of financial position	3 914 719	1 814 552
Loans in respect of the Initial Share Scheme	-	18
Deferred tax liabilities for controlled subsidiaries	271 105	158 864
Deferred tax assets for controlled subsidiaries	(12 490)	-
Goodwill	(82 582)	(58 390)
Deferred tax liabilities for joint ventures	8 856	5 952
Adjusted Net Asset Value	**4 099 608**	**1 920 996**
Net Asset Value per share (euro)	**6.78**	**5.64**
Adjusted Net Asset Value per share (euro)	**7.10**	**5.98**
Number of shares for Net Asset Value per share	577 800 734	321 479 204
Number of shares for adjusted Net Asset Value per share	577 800 734	321 486 204

BUSINESS COMBINATIONS	Paradise Center	Serdika Center and Office	Arena Plaza	Rockcastle merger	Total
Investment property	254 700	206 978	285 794	1 205 521	1 952 993
Investment property under development	-	-	-	10 819	10 819
Current assets	3 614	2 920	10 909	430 389	447 832
Current liabilities	(2 824)	(3 044)	(8 212)	(23 217)	(37 297)
Non current assets	-	-	-	340 358	340 358
Non current liabilities	-	-	(1 247)	(501 398)	(502 645)
Deferred tax liabilities	(10 659)	(2 465)	(17 472)	(26 359)	(56 955)
Total identifiable net assets at fair value	**244 831**	**204 389**	**269 772**	**1 436 113**	**2 155 105**
Goodwill arising on acquisition	9 311	-	7 905	886 167	903 383
Total consideration payable	**254 142**	**204 389**	**277 677**	**2 322 280**	**3 058 488**
Receivable from sellers	(1 508)	-	-	-	(1 508)
Total consideration paid*	**252 634**	**204 389**	**277 677**	**2 322 280**	**3 056 980**

** Consideration paid in cash for Paradise Center, Serdika Center and Office and Arena Plaza. Consideration paid through issue of shares for Rockcastle merger.*
From the effective date of their acquisitions, the above retail business combinations have contributed to the Group's profit after tax and recoveries and contractual rental income with the amounts below. In respect of the Rockcastle merger it is impracticable to disclose the equivalent information as the combined group has been strategically integrated and all operational, financing and investment decisions have been optimised, producing different results than if the two entities had not been merged.

Profit after tax	2 724	13 042	16 231
Recoveries and contractual rental income	1 755	8 207	7 899

SEGMENTAL ANALYSIS	Retail	Office	Industrial	Corporate	Total
Year ended 31 December 2017					
Revenues from rent and expense recoveries	299 862	35 089	2 026	–	336 977
Profit before Net finance expense	340 489	37 584	2 205	(19 317)	360 961
Total Assets	4 113 095	361 999	12 344	1 510 363	5 997 801
Total Liabilities	1 103 046	53 076	2 567	924 392	2 083 082
Year ended 31 December 2016					
Revenues from rent and expense recoveries	177 614	30 263	2 013	–	209 890
Profit before Net finance expense	249 753	27 167	1 023	(2 371)	275 572
Total Assets	2 338 444	388 883	16 243	53 669	2 797 239
Total Liabilities	369 027	49 105	2 519	562 036	982 687

LEASE EXPIRY PROFILE	2018	2019	2020	2021	2022	2023	2024	2025	2026	≥2027	Total
Total based on rental income	6.4%	17.2%	18.9%	14.5%	12.2%	11.8%	4.7%	2.3%	2.1%	9.9%	100%
Total based on rented area	4.1%	13.5%	16.9%	13.7%	11.8%	12.7%	5.0%	3.7%	3.7%	14.9%	100%

DEBT REPAYMENT PROFILE	Lender	Type	Secured/Unsecured	Ownership	Outstanding amount*	Available for drawdown	2018	2019	2020	2021	2022	2023	2024
Aupark Kosice Mall & Tower	Tatra Banka	Term loan	Secured	100%	93 947	-	5 526	5 526	82 895	-	-	-	-
Aupark Zilina	VUB	Term loan	Secured	100%	62 702	-	2 379	2 462	2 548	2 636	52 677	-	-
Aupark Piestany	Komercni Banka	Term loan	Secured	100%	19 107	-	396	396	396	17 919	-	-	-
Ploiesti Shopping City (joint venture)	BRD - Societe Generale	Term loan	Secured	50%	14 144	-	1 095	1 095	1 095	1 095	1 095	1 095	7 574
The Office, Cluj-Napoca (joint venture)	Raiffeisen Bank	Term loan	Secured	50%	31 399	-	1 950	1 950	1 950	1 950	23 599	-	-
Karolinka Shopping Centre	PBB/Helaba/ING	Term loan	Secured	100%	87 200	-	436	872	872	85 020	-	-	-
Pogoria Shopping Centre	PBB/Helaba/ING	Term loan	Secured	100%	44 900	-	225	449	449	43 777	-	-	-
Platan Shopping Centre	PBB/Helaba/ING	Term loan	Secured	100%	31 500	-	158	315	315	30 712	-	-	-
Focus Park Zielona Gora	PBB/Helaba/ING	Term loan	Secured	100%	67 145	-	336	671	671	65 467	-	-	-
Solaris Shopping Centre	ING	Term loan	Secured	100%	34 800	-	-	-	34 800	-	-	-	-
Bonarka City Center	ING/BerlinHyp/NN	Term loan	Secured	100%	188 899	-	965	965	186 969	-	-	-	-
Forum Liberec Shopping Centre	Erste Bank	Term loan	Secured	100%	41 000	-	-	308	410	410	564	615	38 693
Galeria Warminska	Berlin Hyp	Term loan	Secured	100%	76 000	-	-	-	-	-	380	1 520	74 100
NE Property Cooperatief	Public	Fixed coupon bonds	Unsecured	100%	900 000	-	-	-	-	400 000	-	-	500 000
NE Property Cooperatief	Raiffeisen Bank	Revolving facility	Unsecured	100%	-	130 000	-	-	-	-	-	-	-
NE Property Cooperatief	ING	Revolving facility	Unsecured	100%	-	100 000	-	-	-	-	-	-	-
NE Property Cooperatief	Societe Generale/Garanti	Revolving facility	Unsecured	100%	-	150 000	-	-	-	-	-	-	-
Total					**1 692 743**	**380 000**	**13 466**	**15 009**	**313 370**	**648 986**	**78 315**	**3 230**	**620 367**

** The outstanding amounts represent the principal payable on bank loans and bonds, and does not include accrued interest or capitalised finance raising costs.*