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 THE CONTROLLING STAKE IN MAMMUT SHOPPING CENTRE IN BUDAPEST, HUNGARY

---

1. INTRODUCTION

NEPI Rockcastle is pleased to announce the acquisition of 100% of Mammut 2 and 81% of Mammut 1 ("**the Project**"), which jointly form the Mammut shopping centre in Budapest, Hungary ("**Mammut**" or "**the Shopping Centre**").

2. RATIONALE

Mammut is one of the largest and most successful shopping and entertainment destinations in Budapest. It is prominently located at Kalman Square, the busiest interchange hub in the Buda side of the city, and benefits from a strong annual footfall of 15.6 million people. The Shopping Centre offers 61,300 m^2 of total gross lettable area ("**GLA**") in two buildings connected via a double-level pedestrian bridge.

With a GLA of 56,400 m^2 (weighted for control), the Project is 89% let, including key anchors such as Cinema Pink, Hervis, H&M, Interspar, Media Markt and Reserved, as well as a New Yorker which is opening in November 2018. The existing vacant space is primarily due to intense asset management initiatives, a redevelopment of existing units that is currently being undertaken, and the process of acquiring additional retail condominium units in Mammut 1, all of which are expected to significantly improve the net operating income of the Project once completed.

The weighted average rental of the Project is EUR 22.1/m^2 per month, based on rent rolls as at the effective date of the acquisition. It has a current net operating income of EUR 14.6 million per annum, excluding potential income from vacancies.

Budapest is inhabited by 1.75 million people and is the most populous city in Hungary and one of the largest in Central and Eastern Europe. Due to its capital status and size, it is the primary centre of economic activity in Hungary and the country's main office destination. Budapest also benefits from its close proximity to Vienna (250km) and Bratislava (200km).

The acquisition of the Project positions NEPI Rockcastle as the largest shopping centre owner in Budapest, following last year's purchase of Arena Plaza located on the opposite side of the city centre. The Company's strengthened position in the city and its retail expertise allows for the development of an ambitious asset management plan for Mammut.

3. TERMS OF THE ACQUISITION

3.1. The acquisition

On 11 September 2018, NE Property Cooperative U.A., a wholly-owned subsidiary of NEPI Rockcastle, entered into an agreement (the "**agreement**") to acquire 100% of the shares in Mammut Zrt, Tummam Kft and Mammut Management Kft (the "**acquisition entities**") from MANTAPRO Investments Limited, LSREF3 TUMMAM Holdings sarl and LSREF3 Mammut Dutch BV (together, the "**sellers**") (the "**acquisition**"). The acquisition entities together own 100% of Mammut 2 and 81% of Mammut 1, respectively. The acquisition was effective on 11 September 2018 (the "**effective date**") and there are no outstanding conditions precedent.

3.2. Purchase price and funding

The aggregate net purchase price for the acquisition is EUR 254 million, which was paid to the sellers in cash, funded by existing liquidity resources and debt facilities. The value of the net assets that are the subject of the acquisition, as determined by the directors of NEPI Rockcastle, is EUR 254 million.

The purchase price of the Project is considered to be its fair market value as at the effective date, as determined by the directors of NEPI Rockcastle. The directors of NEPI Rockcastle are not independent and are not registered as professional valuers or as professional associate valuers in terms of the South African Property Valuers Professional Act, No 47 of 2000.

3.3. Material terms

The agreement contains warranties typically associated with transactions of this nature.

The acquisition entities will become subsidiaries of NEPI Rockcastle. The Company will ensure that there are no provisions in the constitutional documents of either of the acquisition entities that will frustrate or relieve NEPI Rockcastle from compliance with the JSE Listings Requirements.

4. FINANCIAL INFORMATION

Set out below are the forecast revenue, operational net income, net profit after tax and earnings available for distribution of the acquisition ("**the forecast**") for the periods from the effective date to 31 December 2018 and the 12 months ending 31 December 2019 ("**the forecast period**").

The forecast includes forecast results for the duration of the forecast period.

The forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the Company. The forecast has not been reviewed or reported on by independent reporting accountants.

The forecast presented in the table below has been prepared in accordance with the Company's accounting policies, which are in compliance with International Financial Reporting Standards.

	Forecast for the period ending 31 Dec 2018 EUR’000	Forecast for the 12 months ending 31 Dec 2019 EUR’000
Revenue	5,723	19,351
Property operating expenses	(1,283)	(4,322)
Net operating profit	**4,440**	**15,029**
Other costs	(114)	(342)
Net profit after tax attributable to NEPI Rockcastle shareholders	4,326	14,687
Profit available for distribution	**4,326**	**14,687**

The forecast incorporates the following material assumptions in respect of revenue and expenses for the acquisition entities, post the effective date:

1. The forecast is based on information derived from the management accounts, budgets, and rental contracts provided by the sellers and reviewed by the Company.
2. Rental income is derived from the rental agreements in place provided to the Company by the Sellers.
3. The effects of straight lining rental income are negligible and are accordingly not provided for.
4. Contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid and enforceable.
5. Leases expiring during the forecast period have been forecast on a lease-by-lease basis, and have been assumed to renew at current market rates unless the lessee has indicated its intention to terminate the lease. The near-contracted portion is not material.
6. Property operating expenditure has been forecast by the property manager on a line-by-line basis based on management’s review of historical expenditure, where available, and discussion with the property manager.
7. Finance costs have not been forecasted at property level as the acquisition has been funded by the Company’s existing liquidity resources and debt facilities.
8. No fair value adjustment is recognised.
9. There will be no unforeseen economic factors that will affect the lessee's ability to meet their commitments in terms of existing lease agreements.

5. CATEGORISATION OF THE ACQUISITION

The acquisition is classified as a category 2 transaction in terms of the JSE Listings Requirements and is accordingly not subject to approval by shareholders.

For further information please contact:

NEPI Rockcastle plc Alex Morar	+40 21 232 1398
JSE sponsor Java Capital	+27 11 722 3050
Euronext Listing Agent ING Bank	+31 20 563 6799
Media relations Brunswick Group LLP	+44 20 7404 5959 NEPI@brunswickgroup.com

13 September 2018