NEPI ROCKCASTLE

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

BUSINESS UPDATE

All information below excludes joint ventures, unless otherwise stated

OPERATIONAL AND FINANCIAL HIGHLIGHTS

NEPI Rockcastle had a strong operational performance during the three months ended 31 March 2019.

- Continued execution of the Group’s strategy across nine Central and Eastern European (“**CEE**”) countries;
- Strengthened the portfolio positioning by extending successful retail concepts in the region, such as Monki (first store in Poland), Xiaomi (first MI store in Romania), GAP and Ted Baker (first in NEPI Rockcastle portfolio);
- Increased quarterly EBITDA to €92.2 million, 21% higher than Q1 2018, with a strong EBITDA margin of 95.1% (Q1 2018: 94.7%);
- Total assets of over €6.6 billion, of which the value of the direct property portfolio exceeds €5.9 billion;
- Listed securities portfolio fair value of €227 million, representing 3% of total assets;
- Loan to Value ratio (“**LTV**”) of 32%, below the Group’s strategic target of 35%;
- 72% of the property portfolio remains unencumbered;
- EPRA NAV per share of €7.28 (IFRS NAV per share of €6.82) compared to €7.09 at 31 December 2018 (IFRS NAV per share of €6.66);
- Tenant turnover on like-for-like property portfolio up by 6.8% compared to Q1 2018, including joint-ventures;
- Collection rate maintained at 99.9%; and
- Occupancy rate across the portfolio was 96.3% at 31 March 2019, slightly decreased from 97.2% at 31 December 2018 due to refurbishment and extension works. Further to the completion of part of these works in May 2019 (detailed below), the occupancy rate increased to 97.1%.

OTHER HIGHLIGHTS

In March 2019 the Financial Services Conduct Authority (“**FSCA**”) in South Africa announced it had closed its investigations into possible insider trading concerning NEPI Rockcastle and, in May 2019, it also announced it had closed its investigation into possible false and misleading reporting concerning the Company. In neither case was any fault found with the Company or its Directors. Following these announcements, the FSCA’s only pending investigation related to the Company concerns possible prohibited trading practices. As stated by the FSCA, this investigation is not into the affairs of the Company but into trading of its shares on stock exchanges by third parties.

In April 2019, Sustainalytics, a leading independent global provider of Environmental, Social and Governance (“**ESG**”) research and ratings, rated NEPI Rockcastle’s ESG Risk as Low (16.4/100). Sustainalytics concluded that the Company is at low risk of experiencing material financial impacts from ESG factors, due to its low exposure to and appropriate management of material ESG issues. The Company is commended by Sustainalytics for its strong corporate governance performance, which is reducing its overall risk.

During April 2019, shareholders representing approximately 37% of the issued share capital of the Company elected to receive the final dividend for the year ended 31 December 2018 as a return of capital by way of an issue of new NEPI Rockcastle shares.

UPDATE ON THE DEVELOPMENTS AND STRATEGIC DISPOSALS PIPELINE

SOLARIS EXTENSION (OPOLE, POLAND, MAY 2019)

The Company finalised the construction of an approximately 8,900m^2 extension, including the development of a multi-level underground car park and a new town square in front of the main entrance. New tenants include C&A, CCC, Deichmann, Guess, Just Gym, KFC, Mohito, Reserved, McDonald’s and Smyk.

ARENA RETAIL PARK (ZAGREB, CROATIA, MAY 2019)

Arena Retail Park, an over 8,000m^2 centre adjacent to the Group’s 65,700m^2 Arena Centar in Zagreb, was inaugurated in May 2019, after 8 months of construction. The retail park is fully occupied, hosting tenants such as CCC, Intersport, Jysk, Pepco and LC Waikiki.

PARADISE CENTER (SOFIA, BULGARIA, APRIL 2019)

Paradise Center’s first retail level is under refurbishment, creating additional retail units and reconfiguring the former hypermarket space. The first phase of the project, inaugurated in March 2019, added a large Billa supermarket and additional local and international brands. The remaining phases of the refurbishment, expected to further improve the tenant mix, are estimated to be finalised in Q1 2020.

PROMENADA SIBIU (SIBIU, ROMANIA, DECEMBER 2019)

NEPI Rockcastle is currently developing a 42,200m^2 modern retail and entertainment destination in the centre of Sibiu, a significantly developed and affluent city in Romania.

Located in the inner city, with a unique architectural design allowing it to seamlessly blend into the city’s medieval skyline, the development is within the reach of 267,000 people in a 45-minute drive catchment area.

The project is anchored by the first hypermarket in Romania leased by Kaufland and has over 1,700 parking bays. The mall will have a diverse mix of tenants, including regional and international fashion and beauty brands as well as a leisure and entertainment area. Tenants include: CineGold, H&M, Inditex (Bershka, Massimo Dutti, Oysho, Pull&Bear, Stradivarius, Zara) and New Yorker. Promenada Sibiu is scheduled to open in December 2019.

SALE OF THE OFFICE CLUJ-NAPOCA (CLUJ, ROMANIA, MAY 2019)

In April 2019, the Group signed a sale and purchase agreement for the sale of its 50% stake in The Office Cluj-Napoca property. The transaction was closed in May 2019, following the fulfilment of several conditions precedent. The selling price includes a 1.4% premium to book value.

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POTENTIAL DIVESTMENT OF THE OFFICE PORTFOLIO IN ROMANIA

The Group focuses its investment strategy on core dominant retail properties, and thus has initiated an open tender process for the sale of its Romanian office portfolio.

CASH MANAGEMENT AND DEBT

The Group has a strong liquidity profile, with €155 million in cash, €211 million in available unsecured revolving facilities and €227 million listed securities as at 31 March 2019. NEPI Rockcastle's gearing ratio (interest bearing debt less cash, divided by investment property and listed securities) was 32%, below the gearing ratio target of 35%.

As at 31 March 2019, the ratios calculated for unsecured loans and bonds showed ample headroom compared to the covenants:

	31 March 2019	Threshold
Solvency ratio	36%	<60%
Consolidated coverage ratio	7.7	>2
Unsecured Consolidated Total Assets/ Unsecured Consolidated Total Indebtedness	322%	>180% / 150%

In March 2019, the Company refinanced €140 million of unsecured financing expiring in 2019 with a loan maturing in March 2022.

In May 2019, after a roadshow with European fixed-income investors, the Group issued €500 million of unsecured, 4 year Eurobonds, carrying a 2.625% fixed coupon, with an issue price of 98.15%. This successful transaction enables the Group to compete more effectively in the Central and Eastern European real estate markets in the long-term. The Group has a broad bondholder base, which was further diversified through this issue, ranging from large asset managers, banks, pension and insurance companies to international financial institutions such as the European Bank for Reconstruction and Development. The proceeds will be used for debt refinancing, developments, acquisitions and working capital.

OUTLOOK

The Company reaffirms its guidance released on 27 February 2019 that, based on strategic options currently under management's control, distributable earnings per share for 2019 are expected to be approximately 6% higher than the 2018 distribution. This guidance is based on the assumptions that a stable macroeconomic environment prevails, no major corporate failures occur, and controlled developments remain on schedule. This forecast has not been audited or reviewed by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

24 May 2019

GLOSSARY

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) represents the Group's Operating profit, defined as Net rental and related income less Administrative expenses.

EBITDA margin represents EBITDA divided by Net rental and related income.

EPRA Net Asset Value (EPRA NAV): Net assets per the statement of financial position, excluding goodwill, deferred taxation net balance and mark-to-market of interest rate derivatives.