NEPI ROCKCASTLE

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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
Share code: NRP ISIN: IM00BDD7WV31 ('NEPI Rockcastle', 'the Group' or 'the Company')

DIRECTORS' COMMENTARY

All information below excludes joint ventures, unless otherwise stated

DIRECTORS' REPORT

"NEPI Rockcastle continues to leverage on its strengths and consolidate its position as the dominant, high-quality shopping centre owner with the most robust management platform in Europe's highest growth region. We constantly enhance our properties via extension, reconfiguration and modernising capital expenditure, active asset management and marketing activities. We focus on the implementation of technological solutions that would further enhance our CEE leadership and stakeholder value. We continue to pursue a development and acquisition pipeline that improves the overall quality of the portfolio and adds to the business's long-term sustainability. Our approach balances between pursuing commercial opportunities and maintaining a prudent balance sheet, and we are confident that our dominant position in the CEE will allow us to further grow our business." Alex Morar, CEO.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Strong growth in distributable earnings

- Distributable earnings of 29.02 eurocents per share for the first half (H1) of 2019 are 9.6% higher than the 26.49 eurocents per share for H1 2018, due to the concentration of acquisitions and developments completed during the second half (H2) of 2018;
- Distributable earnings per share for 2019 are expected to be approximately 6% higher than in 2018, in line with the guidance issued in February 2019.

Operational performance

- The Group recorded 158 million visits in its shopping centres during H1 2019, representing a 1.2% increase year-on-year (YoY) for like-for-like (LfL) properties. The countries driving this growth were Poland (+3.1%, despite the Sunday trading ban regulation, allowing shopping centres to open only one Sunday per month), Bulgaria (+1.9%) and Romania (+1.7%);
- Tenant sales increased by 8.2% across portfolio, in LfL properties, excluding hypermarkets (which do not report turnover data consistently across the portfolio);
  - » Romania's strong tenant sales growth (+10.3%) was driven mainly by successful marketing campaigns and/or reduction in vacancies in shopping centres such as Shopping City Ramnicu Valcea (+31.5%), Shopping City Timisoara (+21.7%), Shopping City Galati (+17.7%) and Shopping City Targu Jiu (+12.7%);
  - » In Poland (+3.3%), the Group's portfolio outperformed the average peers' growth as published by the Polish Council of Shopping centres; refurbishment works in Karolinka Shopping Centre and Alfa Centrum Bialystok negatively impacted the tenant sales growth;
  - » Growth in the Czech Republic (+10.4%) was driven by Forum Usti nad Labem, as Czech regions are converging to the economic growth of the area surrounding Prague;
  - » LfL increase in Serbia (+14.2%) resulted from the strong results of Kragujevac Plaza following refurbishments and gradual improvement of the retail mix over the past two years;
  - » The highest growth sectors were electronics (+14.2%), fashion accessories (+11.2%) and food service (restaurants, fast foods) (+11.1%). Noteworthy increases in the fashion sector were recorded in athletic wear (+11.3%) and family clothing (+7.1%) (which includes all the major fashion anchors).
- H1 2019 net rental and related income ("NOI") of €199.8 million, with a growth of 21.3% compared to €164.6 million in the same period of 2018;
- LfL NOI growth estimated for 2019 is 6%; the expected base rent increase is 4.4% YoY, accounting for 62% of the growth of total NOI. Base rent growth is driven by successful revisions of lease agreements in Romania and Poland and reduction of vacancies;
- Occupancy cost ratio was 13.4% at 30 June 2019 (excluding hypermarket sales, which if included would have a decreasing impact);
- EPRA vacancy of 2.6% as at June 2019, down from 2.8% in December 2018.

Active portfolio management and strong leasing activity

NEPI Rockcastle has maintained a strategic focus on dominant retail assets, with ongoing work on a significant development pipeline, including extensions and refurbishments:

- Strong leasing activity during H1 2019, with 319 new lease agreements signed, out of which 246 were renewals and new leases in existing assets, and the rest are related to developments;
- Five extensions and refurbishments finalised in Croatia, Romania and Poland;
- Notable brands entering markets where the Group is present include: Body Shop, Lacoste and Ted Baker in Arena Zagreb, Miniso (a Japanese household retailer) in Paradise Center (Sofia) and Notino (an online perfumery) in Arena Mall (Budapest);
- There have been no disruptive retail failures, despite important retailers that underwent strategic changes, such as: (i) Piotr and Pawel (a supermarket chain in Poland), acquired by SPAR (an international retail group); (ii) TXM (a fashion chain) closing down its operations in Romania and being replaced by new concepts such as 50 Style (a Polish premium athletic shoes retailer) and (iii) Takko (a German fashion retailer) refocusing its operations in Romania in retail parks and affordable retail concepts, and being replaced by Miniso, Notino and Smyk (a Polish toy and kids store);
- Process started for obtaining additional BREEAM in-use certifications for shopping malls, aiming to have 16 centres certified as "Excellent";
- Non-binding letter of intent signed for the disposal of four type A office buildings in Romania;
- Ambitious internal projects, such as implementing 100% paperless processes and Robotic Process Automation, will improve the quality of operations.

Robust balance sheet

- Portfolio valued at €6.1 billion, including Romanian offices held for sale and excluding carrying value of right-of-use asset related to leased land areas recognised as per IFRS 16, compared to €5.9 billion at the end of 2018;
- EPRA NAV per share of €7.26 (IFRS NAV per share of €6.79) compared to €7.09 (IFRS NAV per share of €6.66) at the end of 2018;
- Successful €500 million unsecured bonds issue in May 2019;
- Conservative Loan to Value ratio ("LTV") of 32.5%, below the Group's strategic target of 35%;
- Significant headroom to all debt covenants;
- Investment grade credit ratings reaffirmed by Standard & Poor's and Fitch at BBB, stable outlook;
- Weighted average cost of debt of 2.4%;
- 92% of interest rate exposure related to long-term loans is hedged (excluding revolving facilities), with a remaining weighted average hedge term of 3.7 years.

EPRA reporting

The Group joined European Public Real Estate Association (EPRA) in 2018 and started reporting EPRA indicators with the aim to enhance disclosure and transparency, while aligning to industry standards.

	30 June 2019	31 December 2018	30 June 2018
EPRA NAV per share (€)	7.26	7.09	7.14
EPRA Earnings (€ thousand)	168 077	308 704	164 104
EPRA Earnings per share (€cents per share)	28.69	53.43	28.40
EPRA Net Initial Yield (NIY)	6.64%	6.74%	6.70%
EPRA 'topped-up' NIY	6.71%	6.82%	6.77%
EPRA vacancy rate	2.6%	2.8%	3.8%

DIRECTORS' COMMENTARY » continued

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RETAIL TRANSFORMATION

NEPI Rockcastle operates in markets that have low e-commerce penetration, according to information from GlobalData. Brick-and-mortar retail sales growth is robust, with spending in Eastern Europe expected to increase at an average compound annual growth rate significantly higher than in Western Europe. Nevertheless, the Group is committed to embracing new trends in the retail industry and to continuously adapting and transforming its assets.

Popular leisure and entertainment concepts such as open-air terraces and cinemas are being expanded in the region. The Group extended its partnership with Austrian cinema operator Cineplexx (already present in Promenada Novi Sad and Shopping City Satu Mare) by signing two new leases in Romania, for Iris Titan Shopping Centre and Shopping City Sibiu.

Studies show a high correlation between growth of sales in physical stores and online. A growing number of successful online retailers are introducing physical stores in the Company's shopping centres. For example, Notino entered the Bulgarian and Hungarian offline markets through new stores in Paradise Center (Sofia) and Arena Mall (Budapest). Another Notino store opened in Mega Mall (Bucharest) in February 2019, after a successful opening in Promenada Mall (Bucharest) in 2018.

At the same time, leisure activities, which cannot be replaced by online offerings, gained a strategic prominence in the Group's shopping malls. Several centre's food courts and leisure areas have been refurbished, while new developments feature attractive leisure areas in line with the latest design trends. The most notable is the refurbishment of the Mega Mall food court (Bucharest), following an investment of €3.5 million. The contemporary design was created by architects specialised in the dining industry and combines wood, stone and interior landscaping, with a focus on new lighting. It includes new furniture, layout and flooring, and the ceiling was raised to improve the efficacy of the three generous skylights, while new vertical elements improve the visibility of the food-court from the lower levels.

DEVELOPMENTS AND EXTENSIONS

NEPI Rockcastle strategically invests in developments that contribute to growth in distributable earnings per share and improve long-term portfolio prospects. The development pipeline, including redevelopments and extensions, estimated at cost, exceeds €1.2 billion, of which €240 million was spent by 30 June 2019. Of the remaining investments, only 18% have been committed, providing flexibility regarding prioritisation of the projects.

COMPLETED DEVELOPMENTS AND EXTENSIONS

Solaris Shopping Centre extension and refurbishment (Opole, Poland - 9 May 2019)

Solaris Shopping Centre, located in the city centre of Opole, is the city's main fashion and lifestyle destination, boasting the latest trends in entertainment facilities and hosting the only cinema in the city. It appeals to a broad range of customers and is a popular meeting place for shopping, business and socialising. Opole is the historic capital of Upper Silesia and has 128,000 residents, with a 30-minute catchment area of 275,000 inhabitants.

The 9,000m^2 GLA extension was completed in May 2019, and incorporated a new multi-level underground car park and a new town square facing the main road. The extension unlocked the full potential of the centre, providing tenants additional space to introduce their newest concepts, attracting new brands to the city, creating a modern food-court and improving the access to the cinema. The design emphasises the visual and functional integration of the existing and new part of the centre. Not only were the common areas of the mall refurbished, but most of the shops were also renovated. The centre's appeal has been increased through the addition of selected fashion retailers such as 4F, Deichmann, Guess, LPP group (House, Mohito, Reserved), Sizeer, Smyk and Sneakers by Distance. Similarly, the service and beauty offering was significantly extended, with a new 24-hour fitness (Just Gym), and a 500m^2 kidsplay (Bajkowy Labirynt). The food court is Opole's largest, with well-known brands such as: KFC, McDonald's, Papa Diego, Pizza Hut and Thai Express.

The first two months' results exceeded expectations. Footfall increased by 26% in total and 33% on a LfL basis (adjusted to exclude the impact of the Sunday trade ban change), compared to the same period of 2018. Total turnover increased by over 100%, especially due to the growth generated by over 40 new stores.

Shopping City Sibiu extension and refurbishment (Sibiu, Romania - 4 April 2019)

Shopping City Sibiu is the largest shopping centre in its region, with 81,600m^2 GLA post-reconfiguration and extension, catering to diverse demand via its extensive fashion offering, two hypermarkets and DIY store. The Group finalised a 3,700m^2 GLA extension and 34,600m^2 refurbishment in April 2019, including a new level dedicated to dining and entertainment, with an open-air terrace. Several fashion anchors were added, such as Cropp, De Facto (first Romanian store), House, LC Waikiki, Mohito, Reserved and Smyk. Some existing stores were refurbished and extended, for instance CCC, Douglas, Humanic and Noriel. The new food-court combines international brands like KFC and Taco Bell with successful national tenants such as Insieme, Pepp&Pepper and Salad Box.

The last phase of the extension, the opening of a Cineplexx multiplex cinema, is expected to open in Q4 2019.

Pogoria Shopping Centre extension (Dabrowa Gornicza, Poland - 30 April 2019)

Pogoria Shopping Centre, located in the city centre, is the largest shopping and entertainment destination for the 121,000 residents. The extension involved increasing the size of the CCC and Deichmann stores. Construction works had limited impact on tenants' operations, and total turnover increased following the extension.

Braila Mall food court refurbishment (Braila, Romania - 20 April 2019)

The newly refurbished food court opened in April 2019, revitalising the mall in Braila, a county capital and a port-city on the Danube river with 205,000 residents. The ice rink was removed, while 100 new seats were added to the dining area, together with new fast-food units. Visitors also benefit from a new, modern children's playground.

Arena Park (Zagreb, Croatia – 17 May 2019)

The Company opened an over 8,000m^2 fully-occupied retail park in Zagreb, an European capital city with a population of 802,000 residents, in May 2019. Tenants include CCC, Intersport, Jysk, LC Waikiki (first Croatian store) and Pepco. When compared to the same period of 2018, the Groups' adjacent 67,200m^2 Arena Centar saw double digit increases for footfall and turnover, highlighting the synergy of the assets. The Arena retail scheme now totals 75,200m^2 GLA and consolidates its position as Croatia's premiere shopping destination.

DISPOSAL OF OFFICE PORTFOLIO

Focusing on sustainable long-term growth and considering the healthy liquidity of the Romanian office market, NEPI Rockcastle started disposing its Romanian office portfolio. In May 2019, the Company sold its 50% stake in The Office Cluj-Napoca at premium to book value.

In July 2019, NEPI Rockcastle signed a non-binding letter of intent with AFI Europe NV, a wholly-owned subsidiary of Africa Israel Properties Limited, granting exclusivity to conduct due diligence on the Group's remaining four Romanian type A office buildings. These offices had a book value of €307.9 million on 30 June 2019. NEPI Rockcastle expects to reinvest the proceeds in high-quality shopping centres.

NON-RETAIL STRATEGY

The Group continues to invest in the development of mixed-use properties providing synergies with its shopping malls. For example, NEPI Rockcastle is committed to the development of the office component of the Promenada Mall extension in Bucharest, for an estimated cost (including additional parking) of €55 million.

The Group is also planning residential developments adjacent to its shopping malls. These developments are currently in design and permitting phase, have an estimated construction cost of €83 million, and the first units are expected to be completed in two years.

DEVELOPMENTS AND EXTENSIONS PIPELINE

Promenada Sibiu (Sibiu, Romania)

The Group is developing a second project in Sibiu, one of Romania's most developed and affluent cities, a major tourist destination and home to over 169,000 residents. The two projects will service the 267,000 residents living within 45 minutes, and complement each other.

Promenada Sibiu is conveniently located in the inner city, within walking distance of the historic city center and next to the train station. The unique design seamlessly blends into the existing, renowned architecture. With an estimated 42,200m^2 GLA, the mall will attract locals and tourists with exclusive brands, a generous food court and outdoor terrace planned to host enticing events. The dining and entertainment area comprise 18% of GLA aligned with the Group's strategy of increasing leisure footprints.

Promenada Sibiu will have Romania's first Kaufland supermarket located in a mall, generous entertainment facilities and numerous fashion brands, including

DIRECTORS' COMMENTARY » continued

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CCC, CineGold, Deichmann, Douglas, Guess, H&M, Hervis, Inditex (Bershka, Massimo Dutti, Oysho, Pull&Bear, Stradivarius and Zara), LC Waikiki, Mango, NewYorker, Reserved, Sephora, Sport Vision, Tommy Hilfiger and US Polo. Tenant interest is strong, and the centre will open Q4 2019.

Shopping City Buzau extension and refurbishment (Buzau, Romania)

Already a top performer due to its location and access, this mall is under reconfiguration and extension (work started in October 2018) to include a Cinema City, food court and several new fashion brand. Buzau, a city with 133,000 residents, is a major hub linking Bucharest to Moldavia, and capital of a county with approximately 430,000 residents, the majority within the centre's 45-minute catchment.

The first phase was successfully opened at the beginning of August 2019, fully let. New tenants include Bigotti, Marionnaud, Office Shoes, Tezyo and Tutti Cafe. Some existing tenants, such as Altex, CCC, Deichmann, Intersport and NewYorker, relocated to the extension with updated interiors.

The next phases will consist of a food court with outdoor terrace, scheduled for Q4 2019, and a cinema opening planned for Q2 2020. When completed, the centre will have 23,500m² GLA.

Targu Mures Shopping City (Targu Mures, Romania)

The Company obtained building permit for a 40,000m² GLA mall in south-eastern Targu Mures, the capital of Mures. Vibrant and multicultural, with 149,000 inhabitants, Targu Mures is home to Romania's largest, urban Hungarian community. The project will be completed in H1 2020 and anchored by Carrefour.

Bonarka City Center redevelopment (Kraków, Poland)

In April 2019, NEPI Rockcastle started the first phase of the Bonarka City Center redevelopment, a dominant 93,200m² GLA shopping mall (including the Auchan owned unit of 20,600m²) located in Krakow, Poland's second largest city, with 767,000 inhabitants and 1,184,000 residents in greater metropolitan area.

During this phase, the centre will be extended by 1,100m², increasing NEPI Rockcastle's owned area to 73,700m² (94,300m² including Auchan). The Zara anchor will be increased up to 3,500m² (becoming the biggest Zara store in Poland), Peek & Cloppenburg up to 3,900m² and Reserved up to 2,600m².

This phase will be completed in Q4 2019 and further redevelopment is expected.

Forum Liberec refurbishment (Liberec, Czech Republic)

In April 2019, the refurbishment of Forum Liberec, a 46,100m² GLA, centrally located mall, began. Liberec is Bohemia's third-largest city, and the fifth-largest in the Czech Republic, and, including suburbs, has 150,000 inhabitants.

The refurbishment involves a complete redesign, that improves access between floors, modernises communal areas and includes a cutting-edge, relocated food court, hosting tenants such as Burger King, McDonalds, Pizza Hut and Starbucks. Other well-known tenants include Bushman, Dracik, Farma Natura, Luxor, Sizeer, TANYA and Terranova.

Work will be completed in H1 2020.

Retail Park Krusevac (Krusevac, Serbia)

Development for an 8,600m² GLA retail park in Krusevac, a central Serbian city and capital of Rasina, hosting one of the country's fourteen free economic zones, is ongoing. The city's has 58,000 residents, with 128,000 inhabitants in the greater metropolitan area. The centre is fully leased, with tenants such as CCC, Deichman, DM Drogherie Markt, LC Waikiki, NewYorker, Sinsay and Sport Vision, and will open in Q3 2019.

CASH MANAGEMENT AND DEBT

Following a successful bond issue of €500 million during the period, NEPI Rockcastle has strong liquidity: €366 million in cash, €300 million in available, unsecured revolving facilities, and €60 million net available in the listed securities portfolio at 30 June 2019.

The Group's gearing ratio (Interest bearing debt less lease liabilities (IFRS 16) less cash, divided by investment property (including investment property held for sale) less right of use assets (IFRS 16) plus listed securities) was 32.5%, below the 35% target.

There is significant headroom for covenants on all unsecured and secured debt. For unsecured bonds and revolving facilities, solvency ratio is 39% (maximum 60%), consolidated coverage ratio is 6.86 (minimum 2), and unsecured assets / unsecured indebtedness is 282% (minimum 150% / 180%).

The average interest rate, including hedging, was 2.4% during H1 2019. As at 30 June 2019, fixed-coupon bonds represented 57% of NEPI Rockcastle's outstanding debt. Out of the remaining long-term debt exposed to Euribor, excluding revolving facilities, 49% was hedged with interest rate caps and 43% with interest rate swaps.

During June 2019, the Group repurchased €2.2 million bonds due in February 2021. Depending on market conditions, the Group may repurchase its bonds or shares in the next period.

ACCOUNTING AND AUDIT MATTERS

Valuation

NEPI Rockcastle fair values 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 location and category of property being assessed.

Appraiser	Property location	% of total portfolio
JLL	Slovakia / Serbia / Bulgaria / Hungary / Croatia / Czech Republic	32.6%
Cushman & Wakefield	Poland / Hungary / Lithuania	31.2%
Colliers	Romania	30.9%
DTZ (Cushman & Wakefield Affiliate Partners)	Romania	5.3%
Total		**100%**

The property portfolio generated a fair value gain of €90 million during the period, arising mostly from the increase in NOI.

Impact of adoption of IFRS 16 Leases

The IFRS 16 "Leases" standard has replaced the IAS 17 standard, effective from 1 January 2019. The standard provides reporting entities with instructions on the accounting treatment of leases in the lessee's financial statements, changes the definition of leasing and sets the principles regarding the recognition of leases in the balance sheet, both as a right-of-use asset and a lease liability. The application of the standard did not result in any changes to the accounting treatment of leases where the group acts as the lessor.

Nonetheless, for the majority of the Group's leases where NEPI Rockcastle acts as the lessee, the interim financial statements present assets and liabilities pertaining to these leases. NEPI Rockcastle has recognised right-of-use assets from leases of land areas as part of "Investment property", in amount of €32.5 million as at 1 January 2019. The lease liability has been valued to a similar amount, by discounting the lease payment liabilities of the leases to their present value, using as the discounting factor the incremental borrowing rate as at 1 January 2019 in the market where the lease agreement was concluded.

The impact on the interim statement of comprehensive income and on the interim statement of cash flows is immaterial. Further details are presented in note 3 to the interim condensed consolidated financial statements.

Supplemental Disclosures

To improve the clarity of disclosures in its stand-alone annual financial statements for the year ended 31 December 2017 (which became the comparative period for 31 December 2018), the Company considered appropriate to provide supplemental disclosures. These disclosures relate to the "Impairment of investments in and loans to subsidiaries" in the Company financial statements, and specifically the impairment of the investment in and loan to NRP's direct subsidiary, Rockcastle Europe Limited, and are included in note 16 of NRP's interim financial report for the six months ended 30 June 2019. The publication of the supplemental disclosures is made pursuant to the conclusion of a proactive monitoring process by the JSE on the annual financial statements for the year ended 31 December 2017.

External audit

The Group's interim condensed consolidated financial statements have been reviewed by PwC Isle of Man, by relying on the work of PwC firms in

DIRECTORS' COMMENTARY » continued

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the jurisdictions where the Group operates. The local PwC firms review the standalone IFRS special purpose financial information of the subsidiaries, for the purpose of issuing a report on the Interim condensed consolidated financial statements of the Group, prepared in accordance with IAS 34.

CORPORATE GOVERNANCE AND OTHER HIGHLIGHTS

The Financial Services Conduct Authority in South Africa (FSCA) closed all pending investigations related to NEPI Rockcastle: insider trading (4 March 2019), false or misleading reporting (6 May 2019) and prohibited trading practices (13 June 2019). The FSCA found no substance in the allegations raised and closed the investigations with no claims against the Company. NEPI Rockcastle welcomes the conclusion of these investigations, and notes that the Group adheres to best practice in financial reporting and corporate governance.

On 17 April 2019, the Company welcomed its newest independent non-executive director, Mr. Andreas Klingen, an experienced professional with strong expertise in financial markets, investments, real estate and retail.

On 23 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 has a low risk of experiencing material financial impacts from ESG factors, due to its low exposure to and average management of material ESG issues. The Group will continue to further improve its ESG policies and procedures.

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.

On 18 June 2019, NEPI Rockcastle's shares started trading on A2X, South Africa, a licensed stock exchange authorised to provide a secondary listing venue for companies, regulated by the FSCA.

DISTRIBUTABLE EARNINGS

The Group achieved 29.02 eurocents in distributable earnings per share for H1 2019 and the Board of Directors declares a distribution of 29.02 eurocents per share for this period. Shareholders can either receive distribution in cash or fully-paid shares, based on a ratio between distribution declared and the reference price. The reference price will be calculated using a maximum 5% discount to the five-day volume-weighted average traded price, less distribution, of NEPI Rockcastle shares on the JSE. The Company reserves the right to limit the total allocation of shares as a percent of the total distribution. A circular containing full details of the election being offered to shareholders, accompanied by announcements on the Stock Exchange News Service (SENS) of the JSE and Euronext Amsterdam will be issued in due course.

PROSPECTS AND EARNINGS GUIDANCE

Based on strategic options currently under management's control, the Group reconfirms the guidance issued in February 2019, that 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.

By order of the Board of Directors

Alex Morar
Chief Executive Officer

Mirela Covasa
Chief Financial Officer

23 August 2019

BASIS OF PREPARATION

The reviewed interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

The interim condensed consolidated financial statements have been reviewed by PwC Isle of Man, who have expressed an unmodified review report thereon. A copy of the auditors review report is available for inspection at the company's registered office together with the reviewed interim condensed consolidated financial statements identified in the auditors review report. The auditor's review report does not necessarily report on all of the information contained in this announcement. Shareholder are therefore advised that in order to obtain a full understanding of the nature of the auditor's review engagement, they should obtain a copy of the auditor's report together with the accompanying financial information form the company's registered office.

An electronic copy of the reviewed interim consolidated financial statements accompanied by the auditors' review report can be found on the company's website: www.nepirockcastle.com

The accounting policies are consistent with those applied for the preparation of the annual consolidated financial statements as at 31 December 2018, except for the application of IFRS 16 "Leases".

The directors are responsible for the preparation and presentation of these interim financial statements, which give a true and fair view on the state of affairs of the Group for the six months ended 30 June 2019, as well as on the comparative periods presented.

The interim condensed consolidated financial statements are presented in thousand of Euro, (€' 000), rounded off to the nearest thousand, unless otherwise specified.

EPRA DEFINITIONS

EPRA Earnings: Profit after tax attributable to the equity holders of the Company, excluding non-controlling interest, fair value adjustments of investment property, profits or losses on investment property disposals and related tax adjustment for losses on disposals, gains on acquisition of subsidiaries, acquisition costs, fair value and net result on sale of financial investments at fair value through profit or loss and deferred tax expense.

EPRA Earnings Per Share: EPRA Earnings divided by the number of shares outstanding at the period or year-end.

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

EPRA NAV Per Share: EPRA NAV divided by the number of shares outstanding at the period or year-end.

EPRA Vacancy Ratio: vacancy ratio computed based on estimated rental value of vacant space compared to the estimated rental value of the entire property.

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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
Share code: NRP ISIN: IM00BDD7WV31 ('NEPI Rockcastle', 'the Group' or 'the Company')

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 June 2019	31 Dec 2018
ASSETS		
Non-current assets	**6 006 836**	**6 116 059**
Investment property	5 849 204	5 911 070
— Investment property in use	5 578 576	5 688 610
— Investment property under development	270 628	222 460
Goodwill	82 760	93 070
Deferred tax assets	16 664	13 739
Investments in joint ventures	20 680	49 185
Long-term loans granted to joint ventures	20 457	21 311
Other long-term assets	14 268	19 039
Interest rate derivatives financial assets at fair value through profit or loss	2 803	8 645
Current assets	**662 902**	**374 628**
Trade and other receivables	93 112	80 750
Financial investments at fair value through profit or loss	190 714	168 339
Cash collateral	12 910	27 784
Financial assets at fair value through profit or loss	-	831
Cash and cash equivalents	366 166	96 924
Assets held for sale	**339 630**	**11 957**
TOTAL ASSETS	**7 009 368**	**6 502 644**
EQUITY AND LIABILITIES		
Equity attributable to equity holders	**3 975 061**	**3 845 873**
Share capital	5 858	5 778
Share premium	3 625 488	3 625 568
Accumulated profit	337 724	208 426
Non-controlling interest	5 991	6 101
Total liabilities	**3 034 307**	**2 656 771**
Non-current liabilities	**2 645 397**	**2 221 338**
Bank loans	832 134	930 048
Bonds	1 382 852	892 397
Deferred tax liabilities	352 324	351 187
Other long-term liabilities	72 540	44 981
Interest rate derivatives financial liabilities at fair value through profit or loss	5 547	2 725
Current liabilities	**350 074**	**435 433**
Trade and other payables	140 076	159 786
Bank loans	204 349	265 006
Bonds	5 649	10 641
Liabilities held for sale	**38 836**	**-**
TOTAL EQUITY AND LIABILITIES	**7 009 368**	**6 502 644**
Net Asset Value per share (euro)	6.79	6.66
EPRA Net Asset Value per share (euro)	7.26	7.09
Number of shares for Net Asset Value/EPRA Net Asset Value per share	585 838 887	577 800 734

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 June 2019	30 June 2018
Gross rental income	200 988	164 939
Service charge income	86 536	71 304
Property operating expenses	(87 751)	(71 608)
Net rental and related income	**199 773**	**164 635**
Administrative expenses	(9 390)	(8 979)
EBITDA*	**190 383**	**155 656**
Net result from financial investments	**5 709**	**(42 527)**
Income from financial investments at fair value through profit or loss	5 692	29 564
Fair value and net result on sale of financial investments at fair value through profit or loss	17	(72 091)
Acquisition fees	(1 603)	(3 241)
Fair value adjustments of investment property	90 104	86 143
Foreign exchange loss	(476)	(1 157)
Profit on disposal of joint venture	3 588	-
Profit before net finance expense	**287 705**	**194 874**
Net finance expense	**(24 739)**	**(18 963)**
Interest income	961	1 386
Interest expense	(24 901)	(20 349)
Other net finance expense	(799)	-
Fair value adjustment of interest rate derivatives financial assets and liabilities	(10 074)	94
Share of profit of joint ventures	3 708	4 971
Profit before tax	**256 600**	**180 976**
Income tax expense	**(31 981)**	**(31 931)**
Current tax expense	(5 435)	(4 015)
Deferred tax expense	(26 546)	(27 916)
Profit after tax	**224 619**	**149 045**
Total comprehensive income for the period	**224 619**	**149 045**
Non-controlling interest	110	(3)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS	**224 729**	**149 042**
Weighted average number of shares in issue	580 524 775	577 800 734
Diluted weighted average number of shares in issue	580 524 775	577 800 734
Basic/ diluted earnings per share (euro cents)	38.71	25.79

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

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INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED 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 2018	**5 778**	**3 625 568**	**-**	**-**	**282 897**	**476**	**3 914 719**
Transactions with owners	**-**	**-**	**-**	**-**	**(143 306)**	**-**	**(143 306)**
— Issue of shares	-	-	-	-	-	-	-
— Earnings distribution	-	-	-	-	(143 306)	-	(143 306)
Total comprehensive income	**-**	**-**	**-**	**-**	**149 042**	**3**	**149 045**
— Profit for the period	-	-	-	-	149 042	3	149 045
Balance at 30 June 2018/ 1 July 2018	**5 778**	**3 625 568**	**-**	**-**	**288 633**	**479**	**3 920 458**
Transactions with owners	**-**	**-**	**-**	**-**	**(153 020)**	**5 775**	**(147 245)**
— Issue of shares	-	-	-	-		5 775	5 775
— Earnings distribution	-	-	-	-	(153 020)		(153 020)
Total comprehensive income	**-**	**-**	**-**	**-**	**72 813**	**(153)**	**72 660**
— Profit for the period	-	-	-	-	72 813	(153)	72 660
Balance at 31 December 2018/ 1 January 2019	**5 778**	**3 625 568**	**-**	**-**	**208 426**	**6 101**	**3 845 873**
Transactions with owners	**80**	**(80)**	**-**	**-**	**(95 431)**	**-**	**(95 431)**
—Issue of shares	80	(80)	-	-	-	-	-
—Earnings distribution	-	-	-	-	(95 431)	-	(95 431)
Total comprehensive income	**-**	**-**	**-**	**-**	**224 729**	**(110)**	**224 619**
—Profit for the period	-	-	-	-	224 729	(110)	224 619
Balance at 30 June 2019	**5 858**	**3 625 488**	**-**	**-**	**337 724**	**5 991**	**3 975 061**

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RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	Group 30 June 2019	Group 30 June 2018
Profit for the period attributable to equity holders	**224 729**	**149 042**
Reverse indirect result	**(61 882)**	**(13 409)**
Foreign exchange loss	476	1 157
Acquisition fees	1 603	3 241
Fair value adjustments of investment property for controlled subsidiaries	(90 104)	(86 143)
Fair value and net result on sale of financial investments at fair value through profit or loss	(17)	72 091
Income from financial investments at fair value through profit or loss	(5 692)	(29 564)
Fair value adjustment of interest rate derivatives financial assets and liabilities for controlled subsidiaries	10 074	(94)
Deferred tax expense for controlled subsidiaries	26 546	27 916
Profit on disposal of joint venture	(3 588)	-
Adjustments related to joint ventures		
Fair value adjustments of investment property for joint ventures	(1 792)	(3 108)
Fair value adjustment of interest rate derivatives financial assets and liabilities for joint ventures	114	(92)
Deferred tax expense for joint ventures	451	1 176
Foreign exchange loss for joint ventures	47	11
Company specific adjustments	**5 682**	**17 408**
Amortisation of financial assets	(708)	(911)
Realised foreign exchange loss for controlled subsidiaries	(152)	(476)
Realised foreign exchange loss for joint ventures	(6)	(2)
Accrued income for financial investments at fair value through profit or loss	6 534	18 733
Fair value adjustment of investment property for non-controlling interest	-	15
Deferred tax expense for non-controlling interest	14	49
Antecedent dividend	1 501	-
Distributable earnings	**170 030**	**153 041**

Earnings not distributed	**170 030**	-
Number of shares entitled to interim distribution	585 838 887	577 800 734
Distributable earnings per share (euro cents)	**29.02**	**26.49**

LEASE EXPIRY PROFILE	2019	2020	2021	2022	2023	2024	2025	2026	2027	≥2028	Total
Total based on rental income	2%	16.5%	15.2%	11.9%	13.5%	16.4%	7.5%	3.1%	2.5%	11.4%	100%
Total based on rented area	1.5%	10.9%	12.2%	11.1%	13.1%	15.9%	8.9%	4.7%	3.7%	18%	100%

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2019	30 Jun 2018
Profit after tax	224 619	149 045
Adjustments	(32 131)	8 341
Interest and coupon paid	(25 420)	(22 089)
Changes in working capital	(17 754)	(21 603)
Cash flows from operating activities	**149 314**	**113 694**
Earnings distribution	(95 431)	(143 306)
Net movements in bank loans and bonds	329 522	75 367
Other proceeds / payments	(1 410)	(12 845)
Cash flows used in financing activities	**232 681**	**(80 784)**
Investments in acquisitions and developments	(99 566)	(288 926)
Net cash flow from financial investments/assets at fair value through profit or loss	(8 215)	170 833
Other investments	57	10 208
Cash flows used in investing activities	**(107 724)**	**(107 885)**
Net increase/(decrease) in cash and cash equivalents	**274 271**	**(74 975)**
Cash and cash equivalents brought forward	96 924	195 544
Cash and cash equivalents classified as held for sale	(5 029)	-
Cash and cash equivalents carried forward	**366 166**	**120 569**

RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS	30 Jun 2019	31 Dec 2018	30 June 2018
Profit for the period/year attributable to equity holders	**224 729**	**221 855**	**149 042**
Fair value adjustments of investment property in use	(90 104)	(108 411)	(86 143)
Gain on acquisition of subsidiaries	-	(6 933)	-
Profit on disposal of joint venture	(3 588)	-	-
Tax effects of adjustments for controlled subsidiaries	13 034	16 888	13 258
Fair value adjustment of investment property for joint ventures	(1 792)	(4 374)	(3 108)
Tax effects of adjustments for joint ventures	286	700	497
HEADLINE EARNINGS	**142 565**	**119 725**	**73 546**
Weighted average number of shares in issue	580 524 775	577 800 734	577 800 734
Diluted weighted average number of shares in issue	580 524 775	577 800 734	577 800 734
Headline earnings per share (euro cents)	24.56	20.72	12.73
Diluted headline earnings per share (euro cents)	24.56	20.72	12.73

NEPI Rockcastle Results Presentation June 2019 will be available on the Company's website starting 23 August 2019.

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INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

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RECONCILIATION OF NET ASSET VALUE TO EPRA NET ASSET VALUE	30 Jun 2019	30 Jun 2018
Net Asset Value (per the Statement of financial position)	**3 975 061**	**3 920 458**
Deferred tax liabilities for controlled subsidiaries	380 832	302 571
Deferred tax assets for controlled subsidiaries	(16 838)	(14 148)
Goodwill	(93 070)	(82 582)
Interest rate derivatives financial assets at fair value through profit or loss	(2 803)	(13 724)
Interest rate derivatives financial liabilities at fair value through profit or loss	5 547	3 599
Deferred tax liabilities for joint ventures	4 845	10 032
Interest rate derivatives at fair value through profit or loss for joint ventures	975	-
EPRA Net Asset Value	**4 254 549**	**4 126 206**
Net Asset Value per share (euro)	**6.79**	**6.79**
EPRA Net Asset Value per share (euro)	**7.26**	**7.14**
Number of shares for Net Asset Value / EPRA Net Asset Value per share	585 838 887	577 800 734

SEGMENTAL ANALYSIS	Retail	Office	Industrial	Corporate	Total
Six months ended 30 June 2019					
Revenues from rent and expense recoveries	265 465	20 946	1 113	-	287 524
Profit before Net finance expense	267 545	17 161	2 181	818	287 705
Total Assets	6 084 526	418 127	17 748	488 967	7 009 368
Total Liabilities	1 337 560	60 502	2 812	1 633 433	3 034 307
Year ended 31 December 2018					
Revenues from rent and expense recoveries	314 229	29 946	1 895	-	346 070
Profit before Net finance expense	421 592	16 789	1 311	(130 217)	309 475
Total Assets	5 786 204	450 217	16 237	249 986	6 502 644
Total Liabilities	1 270 674	52 051	2 522	1 331 524	2 656 771
Six months ended 30 June 2018					
Revenues from rent and expense recoveries	214 275	20 860	1 108	-	236 243
Profit before Net finance expense	230 927	9 795	545	(46 393)	194 874
Total Assets	5 180 492	452 435	16 240	462 076	6 111 243
Total Liabilities	1 144 265	52 445	2 623	991 452	2 190 785

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