

NEPI Rockcastle plc

Incorporated and registered in the Isle of Man

Registered number 014178V

Share code: NRP

ISIN: IM00BDD7WV31

("NEPI Rockcastle" or "the company" or "the group")



DISPOSAL OF ROMANIAN OFFICE PORTFOLIO

1. INTRODUCTION

Shareholders are referred to the previous announcements released on 24 May 2019, 16 July 2019 and 20 November 2019, which indicated the intention of the company to dispose of its Romanian office portfolio. NEPI Rockcastle is pleased to announce that, through its wholly owned subsidiaries NE Property B.V., Ingen Europe B.V. and NEPI Bucharest Two SRL ("**the sellers**"), it has entered into an agreement ("**the agreement**") to dispose of the Romanian office portfolio ("**Portfolio**") to AFI Europe NV ("**AFI Europe**" or "**the purchaser**"), a wholly-owned subsidiary of Africa Israel Properties Limited.

2. RATIONALE AND USE OF PROCEEDS

As previously stated, the disposal of the Romanian office portfolio is in line with NEPI Rockcastle's investment strategy focused on core dominant retail properties. The proceeds from the disposal will be used to fund the group's pipeline of acquisitions and developments.

3. DETAILS OF THE PROPERTIES AND FINANCIAL INFORMATION AS AT 30 JUNE 2019

The Romanian office portfolio, with a fair value which is also the book value of €308 million, comprises the following properties:

Name of property	Location	Gross lettable area (m ²)*	Average rental €/m ² /month
Floreasca Business Park	Bucharest	36 300	18.0
The Lakeview	Bucharest	25 600	17.5
Victoriei Office	Bucharest	7 800	29.9
City Business Centre	Timisoara	47 800	14.7

**rounded to the nearest hundred square metres and excluding terraces and other seasonal GLA*

The above properties were fair valued by DTZ (Cushman & Wakefield Affiliate Partners), an external, independent professional valuer, with appropriate and recognised qualifications, and recent experience in the location and category of property being assessed.

The aggregated net operating income attributable to the Romanian office portfolio amounted to €11.8 million for the six months ended 30 June 2019. This information has been extracted from the reviewed consolidated interim results of the group for the first half of 2019.

All the assets and liabilities related to the Romanian office portfolio were reclassified as assets and liabilities held for sale as at 30 June 2019, as summarised below:

Romanian office portfolio	€ million
Investment property	308
Current assets	11
Current liabilities	(7)
Non-current assets	10
Non-current liabilities	(4)
Deferred tax liabilities	(28)
Total net asset	290

4. TERMS OF THE DISPOSAL

4.1. The disposal

On 15 December 2019, NEPI Rockcastle entered into an agreement with AFI Europe to dispose of 100% of the shares in the subsidiaries holding the Romanian office portfolio for an estimated aggregated cash consideration of €290 million, payable at the completion date, based on the net asset value of these subsidiaries. The final cash consideration will be determined at the completion date, taking into consideration the subsidiaries' financial statements as of that date.

The effective date of the transaction is subject to the unconditional approval of the Romania Competition Council and the successful conclusion of formalities with Trade Registry. The long stop date for the completion of the transaction is 15 May 2020, with the possibility to extend it by a further month. The purchaser has put in place guarantees with regard to completion.

4.2. Material terms

The agreement is based on the English law and contains warranties, indemnities and undertakings which are typically associated with transactions of this nature and were given by the sellers under the transaction documents.

5. CATEGORISATION OF THE TRANSACTION

The disposal is classified as a category 2 transaction in terms of paragraph 9.5(a) of the JSE Listings Requirements and accordingly, is not subject to approval by shareholders.

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