

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”)



SHORT-FORM: CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

DISTRIBUTABLE EARNINGS

“We are delighted to report that the Group has achieved the targeted results in a competitive market. Twelve years since inception and three since the successful merger, our assets continue to outperform. Solidly growing footfall and retail sales are driven by our continued asset management efforts, focused on delivering locally-optimal tenant mixes and customer experience. The retail portfolio has further increased with the opening of high-quality developments and remains the largest and most dominant in the CEE. As we maintain a sound business profile with strong liquidity, we are delivering on our growing development pipeline and are confident of our ability to take advantage of all attractive opportunities in our markets.” Alex Morar, CEO.

The Group achieved 27.31 eurocents in distributable earnings per share for the second half of 2019, which, aggregated with the 29.02 eurocents distribution for the six months ended 30 June 2019, resulted in a total distribution of 56.33 eurocents for the year ended 31 December 2019. The 2019 distribution is 6.6% higher than 2018’s 52.86 eurocents, and slightly above previously issued guidance. The strong results reflect the solid performance of assets and management, and the quality of developments completed.

The Board of Directors declares a distribution of 27.31 eurocents per share for the second half of 2019.

Shareholders can elect to receive the distribution either in cash or as an issue of fully-paid shares based on a ratio between distribution declared and the reference price. The reference price will be calculated based on the five-day volume-weighted average traded price, less distribution, of NEPI Rockcastle shares on the JSE. The Group reserves the right to limit the total allocation of shares as a percentage 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, A2X and Euronext Amsterdam will be issued in due course.

Distributable earnings per share for 2020 are expected to be approximately 6% higher than the 2019 distribution. This guidance is based on the assumptions that acquisitions are concluded as planned, developments are delivered as scheduled, a stable macroeconomic environment prevails and no major corporate failures occur.

KEY FINANCIAL INFORMATION

	31 December 2019	31 December 2018	% Change
Net rental and related income (€ thousand)	400,738	346,070	15.80%
Distributable earnings (€ thousand)	333,811	305,413	9.30%
EPRA Earnings (€ thousand)	330,623	308,704	7.10%
Distribution per share (€ cents)	56.33	52.86	6.56%
EPRA Earnings per share (€ cents)	55.12	53.43	3.17%
Headline earnings per share (€ cents)	51.42	20.72	148.15%
Earnings per share (€ cents)	71.09	38.40	85.13%
Net asset value (NAV) per share (€)	6.83	6.66	2.55%
EPRA NAV per share (€)	7.32	7.09	3.24%
EPRA Net Initial Yield (NIY)	6.65%	6.74%	-1.34%

EPRA ‘topped-up’ NIY	6.71%	6.82%	-1.68%
EPRA vacancy rate	2.10%	2.80%	-25.00%
EPRA cost ratio	8.00%	8.80%	-9.09%

EXTERNAL AUDIT AND KEY AUDIT MATTERS

The audit report on the Group’s Consolidated Financial Statements has been issued by PricewaterhouseCoopers Isle of Man, after having reviewed and obtained the necessary comfort from PwC local offices in the jurisdictions where the Group operates through its subsidiaries. The local PwC offices audit the stand alone IFRS financial statements of the respective subsidiaries and issue their interoffice audit reports to PricewaterhouseCoopers Isle of Man.

The auditors have issued their unmodified audit report on the annual financial statements for the year ended 31 December 2019 and a copy of the audit opinion, together with the underlying audited annual financial statements is available on the Company’s website.

Key audit matters are those matters that, in the auditor’s professional judgement, were of most significance in the audit of the financial statements. The only key audit matter identified in relation to the 2019 audit was Valuation of investment property, which is significant due to its magnitude and because the valuation is complex and highly dependent on a range of estimates (amongst others, rental value, vacancy rates, non-recoverable expenses, lease incentives, maintenance costs, discount rates and estimated terminal value). The directors used external appraisers to support their determination of the individual fair values of the investment property semi-annually.

PwC’s procedures in relation to the key audit matter included evaluation of the objectivity, independence and expertise of the external appraisers; assessing the methodologies used and the appropriateness of the key assumptions based on their knowledge of the property industry; using auditor’s experts in valuation of real estate to assess the appropriateness of the estimates used; and checking on a sample basis, the appropriateness of the inputs, by reconciling them to contracts and rent roll data. PwC noted that investment property related data and the key valuation assumptions were supported by available evidence. PwC also assessed the appropriateness of the disclosures relating to the assumptions. For more information reference is made to the full text of the Independent Auditor’s opinion, attached to the 2019 Consolidated financial statements.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the board of directors of NEPI Rockcastle. This short-form announcement is only a summary of the information in the full announcement and does not contain complete details. Any investment decision should be based on consideration of the Consolidated financial statements published on the Company’s website at:

https://nepirockcastle.com/wp-content/uploads/2020/02/Financial_Statements_2019.pdf

and on the long-form announcement (condensed consolidated financial results) available on the Company’s website at:

https://nepirockcastle.com/wp-content/uploads/2020/02/Condensed_Consolidated_Financial_Results_H2_2019.pdf

and on the JSE website at: <https://senspdf.jse.co.za/documents/2020/jse/isse/NRPE/FYRes2019.pdf>.

The full announcement is also available for inspection at the registered offices of the Company (2nd Floor, 30 Athol Street Douglas, Isle of Man, IM1 1JB) and at the offices of the JSE sponsor, Java Capital (2nd Floor, 6A Sandown Valley Crescent, Sandown, Sandton, 2196) at no charge during normal business hours from Thursday, 20 February 2020 to Friday, 28 February 2020.

For further information please contact:

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