

NEPI Rockcastle plc

Incorporated and registered in the Isle of Man

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("NEPI Rockcastle")



COVID-19 UPDATE: NEPI ROCKCASTLE EXPECTS ITS OPERATING GROSS LEASABLE AREA TO INCREASE TO 90% IN THE NEXT TWO WEEKS

Shareholders are advised that as of today, tenants occupying approximately 70% of the Group's GLA are welcoming their visitors, in the best sanitary conditions. The proportion of the GLA hosting open stores is expected to increase to approximately 90% by mid-June and approximately 94% by the end of June; this estimate is based on the expected further easing of trading restrictions for stores located in large shopping centres in Romania around mid-June (although the final decision has not yet been announced by the authorities) and progressive reopening of entertainment facilities in most countries.

Indoor and outdoor restaurants, food courts and gyms have opened in all countries, except for Romania. Entertainment facilities will be reopened in Poland starting 6 June, while in Romania the reopening date will be communicated at a later stage. Although allowed to trade in some locations, most cinemas have not yet opened, due to industry supply issues.

Romania commenced the easing of lockdown restrictions on 15 May, reopening shops with direct street access and retail parks with a built area below 15,000 m²; outdoor terraces, bars, restaurants and coffee shops reopened on 1 June, with social distancing measures in place. Further easing of restrictions is expected to be announced during the following week, potentially lifting trading bans for stores in large shopping centres in mid-June, except for entertainment facilities.

Since the gradual ending of trading restrictions during April and May in most of the CEE countries, the shopping centres' footfall has been continuously increasing, despite the restrictions on entertainment areas, and reached levels above the ones anticipated by the Group. Most of the Group's shopping centres in Poland, Czech Republic, Serbia and Croatia, where trading restrictions ended in early May, show footfall already exceeding 70% of the levels recorded in the same period of 2019.

While the formal May sales reporting is still in progress, tenants have generally seen higher conversion rates and larger basket sizes than expected, as a result of customers focusing on efficient shopping.

Though many retailers placed most new investments temporarily on hold, there is still demand for letting, some also coming from new brands looking to enter the CEE market. Lease renewals continue mainly within previously agreed long-term conditions.

Overall collection of rent and other charges due by 30 April increased to 89%; for April and May a 60-day rent deferral has been granted to most tenants affected by the lockdowns. Discussions related to tenant discounts are ongoing, with long-term rent largely unaffected.

"The post-lockdown performance of our shopping centres is very encouraging, and the higher-than-expected footfall is notable especially considering that many dining and entertainment areas are just opening. Our top priority remains maintaining the health and safety of our customers, tenants and staff, and we have implemented all necessary measures for safe visits to our properties. The coming period will require significant collaboration between stakeholders in our industry to ensure the speedy recovery of the retail environment."

Alex Morar, CEO - NEPI Rockcastle

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