INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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

"The last six months were the most economically challenging in recent history. The measures taken by governments in the fight against the spread of COVID-19 have led to the temporary closure of non-essential retailers in all the countries where NEPI Rockcastle operates, which had an adverse impact on the first half ('H1') of 2020 results. The same strengths that made NEPI Rockcastle the premier shopping centre owner in Central and Eastern Europe ('CEE'), such as a well-balanced portfolio of high-quality properties, conservative financial management and exceptional employees, are now helping it to successfully overcome this period. Evidence is already very encouraging, as 96% of total gross leasable area ('GLA') is now functional and fully-operating tenant sales are gradually returning to prior year levels (88% in June). NEPI Rockcastle engaged constructively with its business partners and the wider communities, prioritising safety and aiming for a fair and equitable approach that would ensure the long-term success of our retail ecosystem. Moving forward, we will accelerate the digital transformation of our operations and the transition to a more integrated, omnichannel business model. At the same time, we appreciate that the COVID-19 context might still impact the economies of our region and we will continue to manage our capital, prioritising long-term sustainability, while also returning value to shareholders even through these unprecedented times. To this end we decided to propose a capitalisation issue that benefits shareholders while ensuring that the Group maintains a strong balance sheet and ample liquidity." Alex Morar, CEO

BUSINESS HIGHLIGHTS

- On 30 June, 96% of the total GLA was functional (this includes approximately 4% vacant GLA, as disclosed below). All stores are now trading except for indoor food services in Romania, and cinemas in Romania, Croatia and Serbia. The non-essential stores in NEPI Rockcastle's centres were closed for 58 days on average due to lockdown measures;
- Since reopening, footfall has gradually recovered and reached 75% of the prior year level in July (on a like-for-like ('LfL') basis);
- Tenant sales recovered faster than footfall, reaching 88% of last year's value in June (LfL tenant and LfL property, excluding entertainment, food service and hypermarkets);
- By mid-August, agreement had been reached in tenant negotiations for deferral of payments and rent concessions for tenants representing 66% of the Gross Rental Income ;
- Rent collection rate was 72% over H1 2020 relative to initial contractual rental income (before concessions or deferrals);
- As over 95% of the leases were not subject to formally agreed modifications by 30 June 2020, government-imposed reliefs and negotiated concessions relative to the contractual receivables up to 30 June 2020 were recognised in the Income Statement of the period (the former as a reduction of rental income and the latter as an expense with partial forgiveness of receivables); this approach translated into a significant impact on the H1 2020 results (Net Operating Income 'NOI' was 19.8% lower than in H1 2019), which reflects the current business circumstances and is transparently portrayed in the financial statements; more details are presented in the "Accounting of COVID-19 impact on H1 2020 results" section below;
- Distributable earnings per share in H1 2020 were 19.66 euro cents , 32% lower compared to 29.02 euro cents in H1 2019, the decrease being directly attributable to the impact of COVID-19;
- European Public Real Estate Association ('EPRA') occupancy rate as at 30 June 2020 was 95.8%, slightly lower compared to 97.9% at 31 December 2019;
- The liquidity position at 30 June was strong, with €379 million in cash, cash collateral and undrawn credit facilities;
- Loan-to-value ratio ('LTV') was 36.1% at 30 June 2020, marginally above the 35% strategic target. The increase in LTV is due to the devaluation of the property portfolio, of 3.4% on a like-for-like basis compared to December 2019. The Group retains significant headroom under its debt covenants;
- The launch of the Green Finance Framework and successful issuance of €500 million unsecured green bonds in July 2020 further improved liquidity, which increased to €862 million in cash balances, cash collateral and undrawn credit lines; in addition, it extended average debt maturity from 3.6 years at 30 June to 4.5 years post-issuance;
- Active liability management during the second half ('H2') of 2019 and H1 2020 decreased weighted average cost of debt to 2.1% (from 2.4% in H2 2019);
- Investment grade credit ratings reaffirmed at BBB by Fitch Ratings (stable outlook) and S&P Global Ratings (negative outlook);
- EPRA Net Reinstatement Value per share at €6.65 at 30 June 2020, a 9% decrease compared to €7.32 at 31 December 2019;
- Environmental, Social and Corporate Governance (ESG) Risk Rating from Sustainalytics improved to 12.5/100 from 15.1/100 at the end of 2019, making the Group one of the top five rated companies in its sub-industry, Real Estate Management;
- Despite the challenging circumstances, the Company successfully opened a new shopping centre in Targu Mures, Romania (GLA: 40,200m²) and completed extension and refurbishment works in Shopping City Buzau (Romania) and Forum Liberec Shopping Centre (Czech Republic) (some openings were completed in July 2020);
- In August 2020, the Group concluded an agreement to sell its Romanian office portfolio for a transaction value of €307 million (estimated net cash proceeds of €290 million).

OPERATING PERFORMANCE

Status of trading restrictions and government measures

Between mid-March and June 2020, CEE governments imposed strict lockdown measures to contain the spread of COVID-19, which led to the temporary closure of all the stores in the shopping centres, except for the essential ones (mostly food stores and pharmacies). Lockdowns ranged from 42 days (Lithuania) to 84 days (Romania), an average of 58 days across the portfolio.

During lockdown, some governments introduced tenant support schemes, which either led to direct losses of rental income due to mandated suspension of lease agreements (Poland), or provided a framework for tenant negotiations while undertaking part of the financial burden from both tenants and landlord (Lithuania, Czech Republic, Slovakia).

By the end of June, the lockdown measures had been lifted across the Group's portfolio and all GLA is now operational, except for 4% corresponding to indoor food service tenants in Romania and cinemas in Romania, Croatia and Serbia. A summary of government measures in each country is set out below:

Romania (93% GLA currently operational) - Non-essential stores in shopping centres were closed 23 March and reopened 15 June. In July and August, resurgence in the number of new COVID-19 cases prompted the government to delay the reopening of indoor cinemas, restaurants, food courts, coffee shops and children playgrounds (indoor food service units can perform delivery and take away operations).

Poland (100% GLA currently operational) – Non-essential stores in shopping centres closed 14 March and reopened 4 May (cinemas 6 June). Authorities imposed lease agreement suspensions during lockdown, effectively waiving tenants' contractual obligation to pay any rents, service charges and marketing income. The measure was accompanied by the mandatory extension of lease agreements by six months plus the lockdown duration.

Slovakia (100% GLA currently operational) – Non-essential stores in shopping centres closed 16 March and reopened 20 May. Authorities introduced a support scheme for tenants, whereby if landlords grant a rent discount of up to 50% for the closed period, the government subsidises the same discount rate.

Hungary (100% GLA currently operational) – Non-essential stores in shopping centres closed 28 March and reopened 18 May (cinemas 2 July).

Bulgaria (100% GLA currently operational) – Non-essential stores in shopping centres closed 13 March and reopened 18 May. Some restrictions are still in place: restaurants and cafes operate at limited capacity, working hours are reduced.

Croatia (95% GLA currently operational) – Non-essential stores in shopping centres closed 19 March and reopened 11 May (except cinemas). Some restrictions are still in place: restaurants and cafes operate at limited capacity.

Serbia (93% GLA currently operational) – Non-essential stores in shopping centres closed 20 March and reopened 8 May (except cinemas

NEPI Rockcastle Results Presentation June 2020 will be available on the Company's website starting 21 August 2020.

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DIRECTORS' COMMENTARY » continued

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and children playgrounds). Some restrictions still in place: reduced working hours for restaurants and cafes, social distancing requirements.

Czech Republic (100% GLA currently operational) – Non-essential stores in shopping centres closed 14 March and reopened 11 May. Authorities introduced a tenant support scheme, whereby if landlords grant a rent discount of 30% for the closed period, the government subsidises 50% of the rent.

Lithuania (100% GLA currently operational) – Non-essential stores in shopping centres closed 14 March and reopened 25 April. Authorities introduced a tenant support scheme, whereby if landlords grant a rent discount of 30% for the closed period, the government subsidises 50% of the rent.

Since July, new cases of COVID-19 infections increased in some countries, and new restrictions or further delays in lifting existing restrictions cannot be ruled out, but are considered unlikely at the moment in the CEE.

Tenant support

The Group engaged constructively with all tenants to mitigate the impact of this unprecedented situation on their operations and businesses. The tenant support actions taken by NEPI Rockcastle can be grouped in two broad categories: 1) measures aimed at helping all tenants that had their stores closed by administrative decisions; and 2) specific deferrals and concessions negotiated on a case by case basis.

General tenant support measures included:

- Lockdown rent deferral for 60 days without penalty, for all closed units;
- Monthly advance invoicing instead of quarterly invoicing, where possible;
- Marketing contribution relief for April and May, for all closed units; and
- Reduction of non-critical operating expenses included in service charges.

Individual negotiations were carried out based on a few key principles and criteria:

- Fair and balanced approach, beneficial to both parties. In exchange for rent deferrals and concessions, the Group typically agreed to:
  - extended lease terms,
  - higher sales-based rents with more frequent reconciliation,
  - concession reversal, if turnovers or occupancy cost ratios are better than specific thresholds,
  - cancellation of certain tenant unilateral extension options,
  - improved occupancy cost clauses, and/or
  - higher base rent over the lease term via the introduction or increase of step rents;
- Extent to which the tenant's business was affected;
- Support by authorities;
- Tenant's long-term commitment and viability;
- Maintaining a vibrant and diverse tenant and category mix; and
- For businesses with more than one location, negotiations were held for all outlets as a package (as opposed to property by property).

Most negotiations were completed once post-reopening footfall and turnover data were available. By mid-August, agreements were reached for 66% of the Gross Rental Income, including most anchors and international tenants. The vast majority of remaining negotiations will be finalised by the end of the third quarter ('Q3') of 2020.

Post-reopening trading update

After a strong start of the year (footfall was up 4.3% and tenant sales 8.5% year on year during January-February on a LfL basis), there was a significant decrease during lockdown. After reopening, footfall and tenants' sales gradually recovered throughout the portfolio. In July, weekly footfall reached 75% of prior year levels, while tenant sales on a LfL basis (excluding entertainment, food service units and hypermarkets) were 88% in June (figures for July were not fully available when this report was published).

Recovery was stronger in secondary cities and smaller shopping centres. Larger, centrally located properties in primary cities (Bucharest, Budapest, Sofia) are more reliant on traffic from office workers and recovery is slower. This pattern explains to a large extent the differences in June tenant sales between countries, with Bulgaria and Hungary (where NEPI Rockcastle is present with capital cities properties) being the worst performers in terms of LfL declines compared to prior year levels (-26% and -24%, respectively), while Czech Republic and Poland are recovering faster (-5.5% and -8.5%, respectively). Serbia was the only country where tenant sales in June 2020 exceeded the level recorded in June 2019 (by 25.3%), due to a strong performance in both Serbian properties (+28% in Promenada Novi Sad and +21% in Kragujevac Plaza).

Tenant bankruptcies were limited to a few small local operators. As a result, the vacant GLA has only marginally increased, to approximately 4% at the end of July (calculated by reference to current GLA). By country, the highest vacant GLA was registered in Poland (7.5%) and Hungary (6.3%), and the lowest in Lithuania (0.8%) and Romania (2.0%).

Leasing activity

Throughout this unprecedented disruption, the Group continued to sign new leases and renew existing ones. In H1 2020 there were 234 new lease agreements signed (excluding renewals), which shows the continuing appeal of NEPI Rockcastle's properties. Lease terms are generally very similar to those pre-COVID-19. Weighted average unexpired lease term ('WAULT') was largely unchanged at 30 June 2020 compared to 31 December 2019 (4.0 years) and is expected to further increase as tenant negotiations result in extended lease terms in exchange for short-term rent concessions. The Group has received requests from some tenants to replace base rent with variable rent but no significant concessions have been made in this direction for the short term and none for the long term. Vacancy is expected to remain low going forward provided that the general economic environment does not further deteriorate.

The Company has welcomed new tenants and strengthened its shopping centres by improving the mix and quality of its offering. Some of the additions are set out below:

- **Shopping City Buzau, Buzau, Romania:** the extension and refurbishment completed in June and included the city's first Carturesti, Hervis, LC Waikiki, Office Shoes, Sinsay, and Tom Tailor. Cinema City will open once restrictions on indoor cinemas are lifted;
- **Bonarka City Center, Krakow, Poland:** new openings include Douglas (with the biggest store in Krakow – 530m²), Fikolki (a new education and play area for children – 580m²), Greenpoint, Kiehl's, Salomon and Tchibo. Ochnik and Peek & Cloppenburg extended their units;
- **Forum Liberec Shopping Centre, Liberec, Czech Republic:** new units include Aurayum, JRC Games, Running Sushi and Tchibo;
- **Arena Mall, Budapest, Hungary:** Lindt and Sloggi opened new stores;
- **Mammut Shopping Centre, Budapest, Hungary:** Regio Jatek opened a 1,000m² toy store;
- **Ozas Shopping and Entertainment Centre, Vilnius, Lithuania:** the centre's offering was significantly strengthened by the opening of the largest family entertainment park in the country, Adventica (4,300m²);
- **Aupark Kosice Mall, Kosice, Slovakia:** Burger King and Nordsee opened first Slovakian stores outside Bratislava.

HEALTH AND SAFETY

Maintaining the health and safety of customers, tenants and staff has been the Group's overriding priority. NEPI Rockcastle implemented an operational plan for re-opening which adheres to authorities' recommendations and industry best practices. As of 30 June 2020, sixteen malls have been audited and certified "COVID-19 Safe Retail Destinations" by SAFE Shopping Centers, a global certification and advisory company within risk and security management. These are the first such accreditations received by any mall operator in Bulgaria, Croatia, Poland, Romania, Lithuania and Serbia. The international certification is proof of safe and responsible operations of shopping centres that offer clients a safe shopping experience.

All our centres are continuously implementing recommended safety measures, such as: selective temperature testing, customers' flow control and limiting the number of customers present at one point in the shopping centre, maintaining social distancing, cleaning and disinfection measures including new sanitizers, daily disinfection on critical areas and increased frequency in HVAC maintenance.

DIRECTORS' COMMENTARY » continued

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COMMUNITY SUPPORT

The Group contributed to the fight against the spread of COVID-19 by providing support for Red Cross and Red Crescent Movement in CEE.

In Romania, over 90% of shopping centres implemented programmes to help local communities cope with the effects of the pandemic such as: a national food collecting campaign in partnership with "dm" at ten shopping centres; "doneaza.nepirockcastle.com" was launched facilitating donations to the Romanian Red Cross and was promoted on all Romanian shopping centres' websites; providing sanitary containers for the country's first private COVID-19 hospital set-up by Auchan and Leroy Merlin; more than ten shopping centres ran community campaigns rewarding front-line medical workers with vouchers.

In Serbia, a platform was implemented in the shopping centres to support fund raising for Red Cross of Vojvodina.

In Bulgaria, NEPI Rockcastle supported the local United Against COVID fund, and Paradise Center donated protective clothing, safety face shields and goggles to seventeen neonatal wards.

In Poland, the initiative #MallsOpenForHelp provided personal protection equipment, including masks, safety face shields and disinfectant to medical units.

EPRA INDICATORS

In October 2019, EPRA introduced new asset value metrics noting that while Net Asset Value ('NAV') is a key performance measure used in the real estate industry, NAV reported in the financial statements under IFRS may not provide stakeholders with the most relevant information on the fair value of the assets and liabilities. As property companies have evolved into actively managed entities, including non-property operating activities, this has resulted in more active ownership, higher asset turnover, and balance sheet financing has shifted from traditional bank lending to capital markets.

The new guidelines are meant to reflect this nature of property companies. Hence, EPRA NAV and EPRA NNNAV are replaced by three new Net Asset Valuation metrics: EPRA Net Reinstatement Value, EPRA Net Tangible Assets and EPRA Net Disposal Value.

	30 Jun 2020	31 Dec 2019	30 Jun 2019
EPRA Earnings (€ thousand)	123,710	330,623	168,077
EPRA Earnings per share (€ cents per share)	20.59	55.79	28.69
EPRA Net Initial Yield ('NIY')	6.83%	6.65%	6.64%
EPRA topped-up NIY	6.89%	6.71%	6.71%
EPRA vacancy rate	4.20%	2.10%	2.60%
EPRA Net Reinstatement Value ('NRV')*	6.65	7.32	7.26
EPRA Net Tangible Assets ('NTA')*	6.59	7.25	7.20
EPRA Net Disposal Value ('NDV')*	6.13	6.61	6.62

**NRV, NTA and NDV measures implemented effective from 1 January 2020; the comparative measures have been restated/computed in line with the current EPRA guidance. For the Group, EPRA NRV corresponds to former EPRA NAV and EPRA NDV corresponds to former EPRA NNNAV.*

OMNICHANNEL FOCUS / RETAIL TRANSFORMATION

The COVID-19 crisis has accelerated several pre-existing trends, particularly the adoption of online retail, while simultaneously illustrating the limitations of online only approaches, and further evidenced that the future of retail is omnichannel: an experience tailored to suit the preferences and convenience of customers, regardless of the sales channels used.

The Group owns centrally located and dominant shopping centres in regions that, even after the impact of COVID-19, show lower e-commerce penetration levels compared to Western Europe or the US. Online sales in the food and grocery sector are expected to only increase marginally, or even decrease over the next three years, as customers forced to shop online during the pandemic return to stores.

COVID-19 accelerated the adoption of all digital devices and media. According to McKinsey & Company "COVID-19 Digital insight survey" digital adoption rates (percentage of population that used at least one digital service during the last six months) in Europe increased from 81% to 94% during pandemic, which would have taken two to three years based on previous growth, providing an ideal opportunity to expand electronic services.

The Company is working towards a strategic deployment of an omnichannel approach, which will provide a unified customer experience, online and offline. This will increase the convenience, engagement and loyalty of existing offline customers, as well as existing tenant sales via incremental online transactions and increased in-store basket size, while testing new business models which should further increase asset efficiency.

During the second quarter ('Q2'), NEPI Rockcastle's digital media strategy was strengthened by utilising recent developments in data acquisition and analysis to improve performance marketing and extending audiences to new targets (especially millennials).

DEVELOPMENT UPDATE

The Group has revised its expenditure on the development pipeline focusing on committed on-going projects, in line with its flexible approach to development, enabling it to adapt the project pipeline as needed. Construction costs are committed gradually, with the majority of projects utilizing a package-contracting approach. Use of general contractors is limited, enabling the Group to suspend or terminate development activities with relative ease, exercising a high degree of control over the quality and timing of works and cash flow management.

The development projects completed in H1 2020 or committed as of 30 June 2020, are listed below:

- **Shopping City Targu Mures (Targu Mures, Romania):** a new 40,200m² shopping mall was completed in Targu Mures, a vibrant, multicultural and central Romanian city of 148,000 residents and home to one of the country's largest urban Hungarian communities. The opening had two phases, the first in June and the second in July. Currently the mall is 94% leased, with 85% of tenants (34,100m² of GLA) already trading; the cinema and children's playground are temporarily closed, as per national regulations. Tenants include Carrefour, CCC, Cineplexx, Defacto, Douglas, Flanco, eMag, Hervis Sports, Intersport, KFC, LC Waikiki, LPP (Cropp, House, Reserved and Sinsay), New Yorker, Pepco and Sephora.
- **Shopping City Buzau (Buzau, Romania):** the last phase of the refurbishment project including a new outdoor terrace and a six-screen Cinema City was completed. The centre now has 23,700m² GLA with a tenant mix that includes Altex, Carrefour, CCC, Cinema City, Hervis Sports, Intersport, KFC, LC Waikiki, LPP (Sinsay), Noriel, New Yorker and Pepco. The newly refurbished centre opened in June, when the trading ban on non-essential shops (excluding restaurants and cinemas) was lifted.
- **Bonarka City Center (Krakow, Poland):** major construction works for the redevelopment of several units were completed. Common areas continue to be improved, with completion scheduled for the fourth quarter ('Q4') of 2020. Apart, Costa, Greenpoint, Jubitom, Pandora and Pinko opened their stores after extensions and renovations.
- **Forum Liberec Shopping Centre (Liberec, Czech Republic):** refurbishment was completed, and the occupancy permit obtained in May 2020, as scheduled. The opening of several brands has been postponed to H2 2020 (Apart, Bata, Corial, Cross Café, Desigual, Eiffel Optic, Rituals, and Xiaomi).
- **Focus Mall Zielona Gora (Zielona Gora, Poland):** construction of the 15,700m² GLA extension is progressing, with the opening expected in Q1 2021. New tenants include: Apart, Express Marche, Millennium Bank and Time Trend.

During H1 2020, NEPI Rockcastle spent €84 million on development projects. Following a comprehensive review, the Group actively implemented various measures to optimise capital allocation, which included deferring non-committed development and capital expenditure projects. However, as of this date no development project has been

DIRECTORS' COMMENTARY » continued

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cancelled. Several projects are in the permitting phase, including, notably, the extension of Promenada Mall Bucharest and the development of Promenada Craiova, a new 56,500m^2 GLA modern retail and entertainment destination in one of Romania's major cities. The Group will continue to pursue its strategy of investing in developments that contribute to growth and improve long-term portfolio prospects and will constantly monitor and revise its pipeline in line with evolving business objectives and constraints. The Group estimates to invest a further €78 million in H2 2020 in development and capital expenditure in its operating assets.

ROMANIAN OFFICE PORTFOLIO DISPOSAL

As already announced, the Group concluded an agreement with AFI Europe on 6 August 2020 to dispose of 100% of the shares in the subsidiaries holding the Romanian office portfolio for a transaction value of €307 million and an estimated cash consideration of approximately €290 million. Closing is agreed to occur by the end of 2020. The Group received a cash advance of €15 million as guarantee for completing the transaction. The arbitration between NEPI Rockcastle and AFI Europe has been settled as part of this new agreement.

CORPORATE GOVERNANCE

Changes to the Board of Directors

As announced on 28 April 2020, Sipho Vuso Majija has terminated his appointment as a non-independent non-Executive Director. The Board has approved the appointment of Steven Brown as a non-independent non-Executive Director of the Company, with Mr. Majija acting as alternate Director to Mr. Brown.

Mr. Brown has a strong background within the property industry, currently acting as Chief Executive Officer and Managing Director of Fortress REIT Limited, a company that he joined in December 2015, following the acquisition by Fortress REIT Limited of Capital Property Fund.

As announced on 28 May 2020, Desmond de Beer has retired from the Board of Directors, together with Alan Keith Olivier who acted as alternate Director. Mr. de Beer was a non-independent non-Executive Director of NEPI with effect from 2008 and also the Chairman of the Investment Committee of NEPI, being appointed as a non-independent non-Executive Director of NEPI Rockcastle on 15 May 2017. The Company values Mr. de Beer's contribution to the operations of NEPI and NEPI Rockcastle.

The Board appointed Andries de Lange as non-independent non-Executive Director of the Company with effect from 27 May 2020. Mr. de Lange has extensive experience in leadership roles, with core specialties in corporate finance and the property industry.

Environmental, Social and Governance focus

NEPI Rockcastle has increased its long-term commitment to sustainability by having implemented a Green Finance Framework and enhancing the transparency of its portfolio and business operations, as well as disclosures. The Company has committed to use proceeds from green bonds to finance and/or refinance existing and/or future projects which improve the environmental performance of the Group's property portfolio. The Green Framework (available on NEPI Rockcastle's website) defines eligibility criteria according to two types of green assets/initiatives: certified green buildings and energy efficiency projects. A successful €500 million green bond issuance followed soon after the Green Framework has been implemented (for further details, refer to section "Cash management and debt").

As detailed in the "Community support" section above, NEPI Rockcastle undertook a number of social initiatives aimed at supporting communities through this difficult period. Most of the initiatives contributed to the fight against COVID-19 through donations to national Red Cross societies and the organisation of collection campaigns for various front-line beneficiaries (hospitals and other medical units, medical workers).

Design assessment of the corporate governance framework

During H1 2020, PricewaterhouseCoopers ('PwC') Isle of Man, through phase one of an advisory agreement, completed their advisory design assessment of the corporate governance framework during H1 2020. The framework was developed to ensure material compliance with the King IV application register, as well as to voluntarily cover significant aspects from the Dutch and UK governance codes. PwC concluded that significant enhancement has been made to the Group's governance framework in the past year and made minor improvement observations, the implementation of which would serve to further strenghten an otherwise robust and comprehensive framework. These design recommendations have been addressed, and the revised framework has been endorsed by the Audit Committee in July and approved by the Board in August 2020.

ACCOUNTING, AUDIT AND VALUATION MATTERS

Accounting of COVID-19 impact on H1 2020 results

Rent discounts

During H1 2020, the Group results reflected rent concessions worth €48 million, as follows:

Rent reliefs imposed by governments: Poland

The Polish Government imposed a rent-free period for tenants, including service charge and marketing costs, during the state of emergency. Such relief without changes to the lease contract, covered by the law in force, have been recognised in the Statement of Comprehensive Income, as a reduction of Gross Rental Income (impact of €8.6 million) and Service Charge Income (impact of €2.4 million), and as a decrease of Tenants and Other Receivables, in the Statement of Financial Position.

Partial forgiveness of receivables

In its efforts to maintain a functioning retail environment for the long-term, and based on negotiations with tenants, partial forgiveness of contractual receivables for the period under lockdown and/or immediately after lockdown was granted. Discussions with retailers regarding COVID-19 support were ongoing in all countries and only for about 5% of tenants (by Gross Rental Income), they have been signed by 30 June 2020. Lease modifications (see definition in the next paragraph) not signed as at 30 June 2020 have not been recognized as lease incentives in the interim condensed consolidated financial statements, and therefore their financial impact was not straight-lined over the new lease term. As such, the effect of the concessions estimated to be granted to tenants (once negotiations are finalised) corresponding to the six months ended 30 June 2020, amounting to €37 million, were fully accounted for in the Statement of Comprehensive Income as "Partial forgiveness of receivables (COVID-19 forgiveness)", in correspondence with "Trade and other receivables" in the Statement of Financial Position. This accounting treatment was applied in accordance with IFRS 9 "Financial Instruments" (in relation to impairment of receivables) for the vast majority of the tenant receivables balance at 30 June due to the low rate of concession agreements being signed until that date. The accounting treatment is also in line with IFRS 16, which allows rental income to be recognised even if recoverability is uncertain and which requires rental modifications to be accounted for from the effective date of the modification. The presentation in the interim condensed consolidated financial statements is in line with the Group's commitment to fair and transparent reporting of the impact of COVID-19 and of related lockdowns on the financial results.

Contractually agreed and signed modifications expected in H2 2020 subject to straight lining from the effective date of the modification

Contractually agreed and signed concessions granted to, and obtained from, tenants are treated according to International Financial Reporting Standard 16 ('IFRS 16'), "Leases".

IFRS 16 defines a "lease modification" as a change in scope or consideration, not part of original terms and conditions, such as rent discounts, lease extensions, increase in overage/turnover rents, introduction of break options, etc. IFRS 16 requires lease modifications to be recognized prospectively, over the new lease term and be accounted for by the lessor as from the date the modification is contractually agreed and signed between the parties. IFRS 16 requires lease modifications to be recognized prospectively, over the new lease term and be accounted for by the lessor as from the date the modification is contractually agreed and signed between the parties.

DIRECTORS' COMMENTARY » continued

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Lease modifications not agreed and signed as at 30 June 2020 have not been recognized as lease incentives in the interim condensed consolidated financial statements, but estimated as "Partial forgiveness of receivables", as per the above section. Subsequent to the reporting date, contract modifications are expected to be signed across the Group, producing their effect prospectively, from the date the modification is agreed. Such modifications will be straight-lined over the new lease term.

Trade receivables

On 30 June 2020, uncollected receivables amounted to €83 million (VAT included) out of which €49 million were overdue. This balance is adjusted for rent relief and concessions, either imposed by law or negotiated. The collection rate for H1 2020 was 72%, based on contractual rental for the six months ending 30 June 2020. The Group expects to collect the full outstanding balance when negotiations with tenants are finalised, in line with the pattern already noticed for negotiations completed since June which led to a significant improvement in collection.

External Independent Auditor's Review report

The limited review report on the Group's interim condensed consolidated financial statements has been issued by PwC 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 review the stand alone IFRS financial statements of the respective subsidiaries and issue their interoffice review reports to PwC Isle of Man.

The PwC review report includes an emphasis of matter in respect of material valuation uncertainty statements included by the external appraisers in their valuation reports, considering the lack of transactions since the start of the pandemic. PwC's review report is unmodified and this emphasis of matter only highlights that assumptions included in the valuation reports may change until the next valuation in December 2020. The external appraisers' valuation can still be relied upon. See more details in the sub-section "Valuation" below and additional disclosures included in the interim condensed consolidated financial statements.

Valuation

NEPI Rockcastle fair values its 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	Locations	Percentage of total portfolio
Colliers International	Romania	33%
Jones Lang LaSalle	Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia	31%
Cushman & Wakefield	Hungary, Lithuania, Poland	31%
DTZ (Cushman & Wakefield affiliate)	Romania	5%

The appraisals as at 30 June 2020 were performed amidst the uncertainties associated with the current COVID-19 pandemic characterised by lack of transactions and difficulties to estimate future market prospects. As a result, the assumptions used by external appraisers as at 30 June 2020 might differ significantly for year-end 2020. The appraisers have factored in the potential impact of COVID-19 by modifying two sets of assumptions:

- Assumptions affecting short-term cash flows: depending on the country and function of specific asset performances, the appraisers took into account various levels of rent holidays, prolonged void periods and higher levels of unpaid rents for the period 2020/2021. The appraisers also factored in lower levels of tenants' sales-based rents and of ancillary income over the same period; and
- Assumptions affecting long-term cash flows and values: the appraisers increased discount rates and exit cap rates in most countries, despite lower inflation prospects, to reflect greater uncertainty over long-term cash flows, liquidity and value and growth prospects on exit.

The appraisers have included a "material valuation uncertainty" statement in their reports. This statement is used following guidance from the Royal Institution of Chartered Surveyors ('RICS') to indicate that, in the current extraordinary circumstances, less certainty can be attached to the valuation than would otherwise be the case. The appraisers confirmed that valuations can be relied upon.

As at 30 June 2020, the fair value loss recognised in relation to the investment property portfolio amounted to €237 million, split as follows:

Country*	Market value December 2019	Market value June 2020	Fair value loss H1 2020**
Romania	2,091,482	2,055,457	(70,334)
Poland	1,433,069	1,408,330	(50,919)
Hungary	603,900	585,400	(19,769)
Slovakia	554,872	533,503	(22,603)
Bulgaria	514,770	486,593	(29,778)
Croatia	275,600	262,030	(13,568)
Serbia	201,130	192,139	(14,695)
Czech Republic	182,900	170,400	(15,752)
Lithuania	132,580	138,180	2,076
Total	**5,990,303**	**5,832,032**	**(235,343)**

**Excluding Romanian office portfolio held for sale properties, joint ventures, other properties held for sale and IFRS 16 impact with total impact in FV of €1.2 million*
***Includes additional capital expenditures incurred in the year*

CASH MANAGEMENT AND DEBT

The Group had a strong liquidity profile at 30 June, with €379 million in cash, cash collateral and undrawn credit facilities as at 30 June 2020.

NEPI Rockcastle's gearing ratio* (interest bearing debt less cash and cash collateral, divided by investment property, including investment property held for sale, plus listed securities) was 36.1%, due to the devaluation of property portfolio in the COVID-19 context. The Group estimates that the planned Romanian office portfolio sale, if completed, would trigger a decrease of the gearing ratio to below 35%.

As of 30 June 2020, ratios for unsecured loans and bonds showed ample headroom compared to covenants:

- Solvency Ratio: 40% actual, vs maximum requirement of 60%;
- Consolidated Coverage Ratio: 5.8 actual, vs minimum requirement of 2;
- Unencumbered consolidated total assets/unsecured consolidated total debt: 268% actual, vs minimum requirement of 150%.

Liability management and bond issue

In January 2020, the Group successfully repurchased the outstanding bond notes due February 2021, with a nominal value of €198 million. In addition, in June 2020, additional €5 million were repurchased from the outstanding bonds as at that date.

In July 2020, after a roadshow with European fixed-income investors, NEPI Rockcastle issued a €500 million inaugural green unsecured bond, with a seven year maturity and carrying a 3.375% fixed coupon, with an issue price of 98.172%. The green bond issue improved the liquidity position of the Group, which had a total liquidity of approximately €862 million in cash balances and undrawn credit lines as at 31 July 2020. In addition, the bond issue increased the weighted average debt maturity from 3.6 years as at 30 June 2020 to 4.5 years as at 31 July.

Cost of debt

The average interest rate, including hedging, was 2.1% for the six months ended 30 June 2020, lower compared to the same period last year, mainly due to the liability management initiatives implemented by the Group in H2 2019 and H1 2020, with effect on H1 2020 cost of finance.

** The reported gearing ratio (LTV) excludes the €31.8 million in right-of-use assets and associated lease liabilities as at 30 June 2020.*

All information below excludes joint ventures, unless otherwise stated

DIVIDEND DECLARATION

Shareholders are advised that the Company has not declared a dividend for the six-month period ended 30 June 2020.

CAPITALISATION ISSUE

NEPI Rockcastle's Board has resolved to allot and issue fully paid ordinary shares as a capitalisation issue to the Company's shareholders, pro-rata to their current shareholding.

An anouncement containing full details of the capitalisation issue will be released separately on the JSE, A2X and Euronext Amsterdam.

OUTLOOK

On 1 April 2020 and subsequently on 20 May 2020, the Group indicated that its earnings guidance, published with its 2019 full-year results in February 2020, is no longer applicable due to developments driven by the COVID-19 context. There is still significant uncertainty in relation to the macroeconomic and health environment and its effects on employment and consumption, as well as the level of activity for retailers present in the centres.

As a result, NEPI Rockcastles expects a contraction in distributable earnings per share for the year ending 31 December 2020 to be approximately 30% compared to the prior year. The guidance does not consider the impact of potential further macroeconomic disruptions (such as those induced by a new broad lockdown in CEE countries), assumes a continuation of the trading trends observed to date and can be modified or withdrawn in the future if material changes unfold.

This guidance has not been reviewed or reported on by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

The decision on declaring a dividend for H2 2020 will be made in February 2021.

By order of the Board of Directors

Alex Morar
Chief Executive Officer

Mirela Covasa
Chief Financial Officer

21 August 2020

BASIS OF PREPARATION

The reviewed interim condensed consolidated financial statements for the six months ended 30 June 2020 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. Shareholders 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 condensed 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 2019.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements, which give a true and fair view on the state of affairs of the Group for the six months ended 30 June 2020, as well as on the comparative periods presented.

The interim condensed consolidated financial statements are presented in Euro thousand (€' 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 Net Reinstatement Value (EPRA NRV): Assumes that entities never sell assets and aims to represent the value required to rebuild the entity

EPRA Net Tangible Assets (EPRA NTA): Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax

EPRA Net Disposal Value (EPRA NDV): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

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

EPRA Net Initial Yield: Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the portfolio

EPRA 'topped-up' Yield: EPRA Net Initial Yield adjusted in respect of the annualised rent free at the balance sheet date

EPRA Vacancy Rate: Vacancy rate computed based on estimated rental value of vacant space compared to the estimated rental value of the entire property

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 Jun 2020	31 Dec 2019
ASSETS		
Non-current assets	**6 018 352**	**6 169 170**
Investment property	5 863 805	6 022 600
Investment property in use	5 676 572	5 800 759
Investment property under development	187 233	221 841
Goodwill	76 804	76 804
Deferred tax assets	25 004	15 209
Investments in joint ventures	21 372	22 844
Long-term loans granted to joint ventures	22 064	21 220
Other long-term assets	7 528	7 590
Derivative financial assets at fair value through profit or loss	1 775	2 903
Current assets	**357 362**	**467 191**
Trade and other receivables	113 438	89 383
Financial investments at fair value through profit or loss	60 293	169 062
Cash collateral	45 485	-
Cash and cash equivalents	138 146	208 746
Assets held for sale	**339 310**	**337 739**
TOTAL ASSETS	**6 715 024**	**6 974 100**
EQUITY AND LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	**3 736 369**	**4 096 880**
Equity attributable to equity holders	**3 730 629**	**4 090 672**
Share capital	6 009	5 998
Share premium	3 625 337	3 625 348
Other reserves	(6 456)	(3 627)
Accumulated profit	105 739	462 953
Non-controlling interest	**5 740**	**6 208**
Total liabilities	**2 978 655**	**2 877 220**
Non-current liabilities	**2 802 667**	**2 687 397**
Bank loans	909 641	574 112
Bonds	1 478 012	1 677 779
Deferred tax liabilities	337 441	354 756
Other long-term liabilities	71 340	74 036
Derivative financial liabilities at fair value through profit or loss	6 233	6 714
Current liabilities	**137 204**	**150 785**
Trade and other payables	101 220	130 411
Bank loans	28 328	9 815
Bonds	7 656	10 559
Liabilities held for sale	**38 784**	**39 038**
TOTAL EQUITY AND LIABILITIES	**6 715 024**	**6 974 100**
Net Asset Value per share (euro)	6.21	6.83
EPRA Net Reinstatement Value per share (euro)	6.65	7.32
Number of shares for Net Asset Value / EPRA Net Reinstatement Value per share	600 921 133	599 797 201

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2020	30 Jun 2019
Net rental and related income	**160 257**	**199 773**
Gross rental income	193 159	200 988
Service charge income	81 565	86 536
Property operating expenses	(77 588)	(87 751)
Partial forgiveness of receivables (COVID-19 forgiveness)	(36 879)	-
Administrative expenses	(10 588)	(9 390)
EBITDA*	**149 669**	**190 383**
Net result from financial investments	**(103 253)**	**5 709**
Income from financial investments at fair value through profit or loss	5 517	5 692
Fair value (loss)/gain and net result on sale of financial investments at fair value through profit or loss	(108 770)	17
Transaction fees	-	(1 603)
Fair value adjustments of investment property	(236 572)	90 104
Foreign exchange loss	(1 032)	(476)
Gain on disposal of joint venture	-	3 588
(Loss)/Profit before net finance expense	**(191 188)**	**287 705**
Net finance expense	**(26 044)**	**(24 739)**
Interest income	926	961
Interest expense	(25 877)	(24 901)
Other net finance expense	(1 093)	(799)
Fair value adjustments of derivatives and losses on extinguishment of financial instruments	(10 302)	(10 074)
Share of profit of joint ventures	(1 472)	3 708
(Loss)/Profit before tax	**(229 006)**	**256 600**
Income tax expense	**21 984**	**(31 981)**
Current tax expense	(4 895)	(5 435)
Deferred tax expense	26 879	(26 546)
(Loss)/Profit after tax	**(207 022)**	**224 619**
Total comprehensive (loss)/ income for the period	**(207 022)**	**224 619**
(Loss)/Profit attributable to:		
Non-controlling interest	(468)	(110)
Equity holders	(206 554)	224 729
Total comprehensive (loss)/ income attributable to:		
Non-controlling interest	(468)	(110)
Equity holders	(206 554)	224 729
Weighted average number of shares in issue	600 325 014	580 524 775
Diluted weighted average number of shares in issue	600 325 014	580 524 775
Basic/ diluted (loss)/earnings per share (euro cents)	(34.41)	38.71

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

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	Other reserves reserve	Accumulated profit	Non-controlling interest	Total
Balance at 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/ 1 July 2019	**5 858**	**3 625 488**	**-**	**337 724**	**5 991**	**3 975 061**
Transactions with owners	**140**	**(140)**	**(3 627)**	**(66 277)**	**-**	**(69 904)**
— Issue of shares^	140	(140)	-	-	-	-
— Shares purchased under LTSIP*	-	-	(3 842)	-	-	(3 842)
— Share based payment expense	-	-	215	-	-	215
— Earnings distribution	-	-	-	(66 277)	-	(66 277)
Total comprehensive income	-	-	-	**191 506**	**217**	**191 723**
— Profit for the period	-	-	-	191 506	217	191 723
Balance at 31 December 2019/ 1 January 2020	**5 998**	**3 625 348**	**(3 627)**	**462 953**	**6 208**	**4 096 880**
Transactions with owners	**11**	**(11)**	**(2 829)**	**(150 660)**	**-**	**(153 489)**
— Issue of shares^	11	(11)	-	-	-	-
— Shares purchased under LTSIP*	-	-	(3 696)	-	-	(3 696)
— Share based payment expense	-	-	867	-	-	867
— Earnings distribution	-	-	-	(150 660)	-	(150 660)
Total comprehensive loss	**-**	**-**	**-**	**(206 554)**	**(468)**	**(207 022)**
— Loss for the period	-	-	-	(206 554)	(468)	(207 022)
Balance at 30 June 2020	**6 009**	**3 625 337**	**(6 456)**	**105 739**	**5 740**	**3 736 369**

** LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.*
^ In the first six months period ended at 30 June 2020 the Group issued 1,123,932 ordinary shares at €7.32/share (share capital €0.01/share). On 30 April 2019 the Group issued 8,038,153 ordinary shares at €7.0852/share (share capital €0.01/share) and on 1 November the Group issued 13,958,314 ordinary shares at €7.4314/share (share capital €0.01/share).

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

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	Group 30 Jun 2020
Loss per IFRS Statement of Comprehensive Income attributable to equity holders	**(206 554)**
Accounting specific adjustments	**324 722**
Fair value adjustments of investment property for controlled subsidiaries	236 572
Fair value (loss)/gain and net result on sale of financial investments at fair value through profit or loss	108 770
Depreciation in relation to property, plant and equipment of an administrative nature	285
Fair value adjustments of derivatives and losses on extinguishment of financial instruments	10 302
Amortisation of financial assets	(430)
Deferred tax expense for controlled subsidiaries	(26 879)
Income from financial investments at fair value through profit or loss	(5 517)
Accrued income for financial investments at fair value through profit or loss	-
Adjustments related to joint ventures:	**1 986**
Fair value adjustment investment property for joint ventures	2 137
Fair value adjustments of derivatives and losses on extinguishment of financial instruments for joint ventures	(29)
Deferred tax expense for joint ventures	(122)
Adjustments related to non-controlling interest:	**(487)**
Fair value adjustment investment property for non-controlling interest	(622)
Deferred tax expense for non-controlling interest	135
Antecedent dividend	**120**
Distributable earnings	**118 168**
Number of shares outstanding at end of period	600 921 133
Distributable earnings per share (euro cents)	**19.66**
Interim distribution	-
Earnings not distributed	**118 168**

RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	Group 30 Jun 2019
Profit for the period attributable to equity holders	**224 729**
Reverse indirect result	**(61 882)**
Foreign exchange loss	476
Transaction fees	1 603
Fair value adjustments of investment property for controlled subsidiaries	(90 104)
Fair value (loss)/gain and net result on sale of financial investments at fair value through profit or loss	(17)
Income from financial investments at fair value through profit or loss	(5 692)
Fair value adjustment of derivatives and losses on extinguishment of financial instruments	10 074
Deferred tax expense for controlled subsidiaries	26 546
Gain on disposal of joint venture	(3 588)
Adjustments related to joint ventures	
Fair value adjustments of investment property for joint ventures	(1 792)
Fair value adjustments of derivatives and losses on extinguishment of financial instruments for joint ventures	114
Deferred tax expense for joint ventures	451
Foreign exchange loss for joint ventures	47
Company specific adjustments	**5 682**
Amortisation of financial assets	(708)
Realised foreign exchange loss for controlled subsidiaries	(152)
Realised foreign exchange loss for joint ventures	(6)
Accrued income for financial investments at fair value through profit or loss	6 534
Deferred tax expense for non-controlling interest	14
Antecedent dividend	**1 501**
Distributable earnings	**170 030**
Earnings not distributed	**170 030**
Number of shares entitled to interim distribution	585 838 887
Distributable earnings per share (euro cents)	**29.02**
Interim distribution	(170 030)
Earnings not distributed	**-**

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2020	30 Jun 2019
(Loss)/Profit after tax	(207 022)	224 619
Adjustments	355 504	(32 131)
Changes in working capital	(56 834)	(11 734)
Net interest and coupon paid	(24 817)	(23 853)
Other operating payments	(3 135)	(7 587)
Cash flows from operating activities	**63 696**	**149 314**
Investments in acquisitions and developments	(73 747)	(99 566)
Net cash flow used in financial investments/assets at fair value through profit or loss	(39 968)	(8 215)
Other investments	(844)	57
Cash flows used in investing activities	**(114 559)**	**(107 724)**
Purchase of shares under the LTSIP	(3 696)	-
Earnings distribution	(150 660)	(95 431)
Net movements in bank loans and bonds	140 517	329 522
Other proceeds / payments	(795)	(1 410)
Cash flows (used) in/from financing activities	**(14 634)**	**232 681**
Net (decrease)/increase in cash and cash equivalents	**(65 497)**	**274 271**
Cash and cash equivalents brought forward	212 919	96 924
Cash and cash equivalents classified as held for sale	(9 276)	(5 029)
Cash and cash equivalents carried forward	**138 146**	**366 166**

RECONCILIATION OF (LOSS)/ PROFIT FOR THE PERIOD/YEAR TO HEADLINE EARNINGS	30 Jun 2020	31 Dec 2019	30 Jun 2019
(Loss)/profit for the period/year attributable to equity holders	**(206 554)**	**416 235**	**224 729**
Fair value adjustments of investment property	236 572	(134 709)	(90 104)
Gain on disposal of assets held for sale	-	(123)	-
Gain on acquisition of subsidiaries	-	(446)	-
Impairment of goodwill	-	5 956	-
Gain on disposal of joint venture	-	(3 588)	(3 588)
Tax effects of adjustments for controlled subsidiaries	(37 971)	20 453	13 034
Fair value adjustment of investment property for joint ventures	2 137	(3 227)	(1 792)
Tax effects of adjustments for joint ventures	(343)	515	286
HEADLINE (LOSS)/EARNINGS	**(6 159)**	**301 066**	**142 565**
Weighted average number of shares in issue	600 325 014	585 511 850	580 524 775
Diluted weighted average number of shares in issue	600 325 014	585 511 850	580 524 775
Headline (loss)/earnings per share (euro cents)	(1.03)	51.42	24.56
Diluted headline (loss)/earnings per share (euro cents)	(1.03)	51.42	24.56

LEASE EXPIRY PROFILE	2020	2021	2022	2023	2024	2025	2026	2027	2028	≥2029	Total
Total based on rental income	1.8%	14.1%	12.8%	15.2%	18.1%	16.9%	6.9%	3.0%	2.5%	8.7%	100%
Total based on rented area	1.7%	8.9%	12.0%	14.9%	17.0%	16.3%	8.3%	3.9%	3.7%	13.3%	100%

NEPI Rockcastle Results Presentation June 2020 will be available on the Company's website starting 21 August 2020.

NEPI ROCKCASTLE

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

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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

RECONCILIATION OF IFRS NET ASSET VALUE TO EPRA NET REINSTATEMENT VALUE	30 Jun 2020	30 Jun 2019
IFRS Equity atributable to shareholders	**3 730 629**	**3 975 061**
Deferred tax liabilities for controlled subsidiaries	366 947	380 832
Deferred tax assets for controlled subsidiaries	(25 004)	(16 838)
Goodwill	(87 114)	(93 070)
Derivatives financial assets at fair value through profit or loss	(1 775)	(2 803)
Derivatives financial liabilities at fair value through profit or loss	6 233	5 547
Deferred tax liabilities for joint ventures	5 177	4 845
Derivatives at fair value through profit or loss for joint ventures	781	975
EPRA Net Reinstatement Value	**3 995 874**	**4 254 549**
Number of shares	600 921 133	585 838 887
Net Asset Value per share (euro cents)	**6.21**	**6.79**
EPRA Net Reinstatement Value per share (euro cents)	**6.65**	**7.26**

SEGMENTAL ANALYSIS	Retail	Office	Industrial	Corporate	Total
Six months ended 30 June 2020					
Net rental and related income	144 990	14 379	888	-	160 257
Gross rental and service charge income	253 681	19 996	1 047	-	274 724
Property operating expenses	(71 992)	(5 437)	(159)	-	(77 588)
Partial forgiveness of receivables (COVID-19 forgiveness)	(36 699)	(180)	-	-	(36 879)
(Loss)/Profit before Net finance expense	(93 789)	13 092	654	(111 145)	(191 188)
Total Assets	6 114 893	419 341	18 502	162 288	6 715 024
Total Liabilities	982 334	47 282	2 814	1 946 225	2 978 655
Year ended 31 December 2019					
Net rental and related income	369 067	29 756	1 915	-	400 738
Gross rental and service charge income	540 272	41 558	2 150	-	583 980
Property operating expenses	(171 205)	(11 802)	(235)	-	(183 242)
Profit before Net finance expense	481 923	33 282	3 062	17 120	535 387
Total Assets	6 237 784	416 422	18 576	301 318	6 974 100
Total Liabilities	1 027 902	49 223	2 895	1 797 200	2 877 220
Six months ended 30 June 2019					
Net rental and related income	183 627	15 146	1 000	-	199 773
Gross rental and service charge income	265 465	20 946	1 113	-	287 524
Property operating expenses	(81 838)	(5 800)	(113)	-	(87 751)
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

NEPI Rockcastle Results Presentation June 2020 will be available on the Company's website starting 21 August 2020.

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