

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 ANNOUNCEMENT: CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

“The Group went through the most challenging period in its history in 2020. The COVID-19 pandemic took the world by surprise and upended the way people everywhere live, work, learn, travel, socialise and shop. The business of running shopping and entertainment centres has been one of the most affected by the restrictions implemented to combat the pandemic. Most of the tenants in our properties had to close their shops to the public for long periods of time, first during the spring and then (to a lesser extent) again in Q4. Faced with a sudden drop in business, our tenants sought and received our support to get them through lockdowns. This naturally had a strong impact on the results we are now reporting for 2020.

The past year also confirmed the robustness of our business model, its resilience and flexibility in highly demanding circumstances. We managed to continue the smooth and safe running of our operations with adequate levels of liquidity and capital throughout. Our team adapted quickly to new ways of working, stepped up to unprecedented challenges (such as over 6,000 negotiations successfully completed with tenants in about seven months) and, most importantly, kept themselves and others safe in the process.

Beyond the immediate impact on results, we managed to keep our income-generating capacity intact through difficult, but temporary, conditions. Occupancy held strong at 95.7% across our portfolio. The collection rate for the year, thanks to the quality of our tenant mix and the efforts of our team, was 95% as at year end and grew higher since. We also managed to improve and extend our tenant mix with the addition of new brands and categories. Properties were well-maintained and secure, as evidenced by the certifications received and the absence of any health incidents. We continued to invest in the refurbishment and extension of existing properties and in the development of new ones.

We managed to preserve and enhance our capital and liquidity. In July we completed a €500 million green bond issue, significantly extending the average maturity of our debt in the process. We extended revolving credit facilities with new terms and conditions tied to achieving our ESG objectives, which we are fully committed to. Credit rating agencies reconfirmed NEPI Rockcastle’s investment grade status. In two strategic transactions, we sold in August the Romanian office portfolio (at the same commercial terms negotiated in 2019) and in Q4 completed the disposal of the listed securities portfolio (reallocating the capital to a share repurchase, with accretive results on EPRA NRV and Distributable earnings per share). As a result, we concluded 2020 with a very comfortable LTV ratio of 31.5% and liquidity resources of €1.2 billion, which positions us strongly for the coming period.

Still, the shopping environment is changing. Some effects of the pandemic will be short lived, but some longer-term trends were accelerated. People have already started returning to more communal forms of leisure, entertainment and

shopping where possible (and we strive to ensure that they do so safely) and continue to enjoy visiting our centres. As retail is changing, we are working on adapting our business model to capitalise on these changes. The future of retail is omnichannel, with more digital engagement, and we are taking steps to adjust our offering in that direction.

We expect that 2021 will be a better year for NEPI Rockcastle. The pandemic in CEE countries has recently started to abate and the ongoing vaccination programme will accelerate over the next few months. The European Union approved a significant support plan that will start producing effects in 2021. National governments in CEE indicated that they will continue fiscal and monetary stimulus. There are no signs that monetary conditions will tighten soon. All these make a strong economic rebound likely, with a particularly pronounced effect on personal consumption. In the physical retail sector, the CEE region is not blighted by the overcapacity affecting Western European real estate and still has lower e-commerce penetration rates. Our Group is well-positioned to benefit from improving economic conditions and return to a steady and sustainable growth path.” Alex Morar, CEO

DISTRIBUTABLE EARNINGS

The Group achieved 18.76 euro cents in distributable earnings per share for the six months ended 2020, which combined with the 19.66 euro cents in distributable earnings per share for the six months ended 30 June 2020 resulted in a total distributable earnings per share of 38.42 euro cents, 31.8% lower than for the year ended 31 December 2019 (56.33 euro cents) and in line with the latest guidance.

2020 EARNINGS DISTRIBUTION

The Board has declared a dividend of 16.88 euro cents per share for the second half of 2020, corresponding to 90% of the distributable earnings per share for this period. This decision is in line with NEPI Rockcastle’s policy of distributing at least 90% of its distributable earnings and allows the Company to retain some capital as reserve, given the challenging macroeconomic environment. The dividend will be paid in cash during March 2021, and further detailed announcements will follow.

As previously announced, the Company did not declare a dividend for the six-month period ended 30 June 2020. The Company has instead allotted and issued fully paid ordinary shares as a *capitalisation issue* to the Company’s shareholders, pro-rata to their shareholding, at a ratio of 4.2920 ordinary shares for every 100 ordinary shares held.

KEY FINANCIAL INFORMATION

	31 December 2020	31 December 2019	% Change
Net rental and related income (€ thousand)	322,964	400,738	(19.4%)
Distributable earnings (€ thousand)	232,415	333,811	(30.4%)
EPRA Earnings (€ thousand)	240,770	330,623	(27.2%)
Distributable earnings per share (€ cents)	38.42	56.33	(31.8%)
EPRA Earnings per share (€ cents)	39.81	55.79	(28.6%)
Headline earnings per share (€ cents)*	18.12	49.25	(63.2%)
Basic/diluted (loss)/earnings per share (€ cents)*	(27.99)	68.09	(141.1%)

Net asset value (NAV) per share (€)	6.05	6.83	(11.4%)
EPRA Net Reinstatement Value (NRV) (€)	6.45	7.32	(11.9%)
EPRA Net Tangible Assets (NTA) (€)	6.42	7.25	(11.4%)
EPRA Net Disposal Value (NDV) (€)	5.79	6.61	(12.4%)
EPRA Net Initial Yield (NIY)	6.70%	6.65%	0.75%
EPRA ‘topped-up’ NIY	6.75%	6.71%	0.60%
EPRA vacancy rate	4.30%	2.10%	104.8%

*Weighted average number of shares adjusted for each period presented in respect of the *capitalisation issue* on 21 September 2020, as required by IAS 33 *Earnings per Share*

EXTERNAL AUDIT AND KEY AUDIT MATTERS

The audit report on the Group’s consolidated financial statements has been issued by PwC Isle of Man, after having audited and obtained the necessary documentation from PwC local offices in jurisdictions where the Group operates through subsidiaries. The local PwC offices audit the separate financial statements of the relevant subsidiaries prepared under IFRS and issue their interoffice audit reports to PwC Isle of Man. The audit opinion is unmodified. Also, the emphasis of matter present in the June review report is no longer applicable, as the material valuation uncertainty clause was removed from all valuation reports. A copy of the audit opinion, together with the underlying audited annual financial statements is available on the Company’s website at https://nepirockcastle.com/wp-content/uploads/2021/02/Financial_Statements_2020.pdf.

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 key audit matters identified in relation to the 2020 audit were the valuation of investment property and the impact of COVID-19 on the Group.

For detailed information on the key audit matters, reference is made to the full text of the Independent Auditor’s opinion, contained in the 2020 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/2021/02/Financial_Statements_2020.pdf

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

https://nepirockcastle.com/wp-content/uploads/2021/02/Condensed_Consolidated_Financial_Results_H2_2020.pdf

and on the JSE’s website at: <https://senspdf.jse.co.za/documents/2021/jse/isse/NRPE/H22020.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 (6th Floor, 1 Park Lane, Wierda Valley, Sandton, 2196) at no charge during normal business hours from Thursday, 25 February 2021 to Friday, 5 March 2021.

For further information please contact:

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