

NEPI Rockcastle Plc

Summary Letter

NEPI ROCKCASTLE PORTFOLIO, ROMANIA

Bucharest Office / July 28, 2021

PREPARED BY:

Colliers Valuation and Advisory

PREPARED FOR:

NEPI ROCKCASTLE PLC

July 28, 2021

To: NEPI ROCKCASTLE PLC
2nd Floor, 30 Athol Street, Douglas Isle of Man IM1 1JB

Re: Summary of the valuation report of the real estate portfolio owned by NEPI Rockcastle and its special purchase vehicles in the group.

In accordance with our valuation agreements no. V2779-V2807, we are pleased to submit the present valuation report regarding the real estate properties owned NEPI Rockcastle and its special purchase vehicles in the group. The portfolio consists in 48 properties representing retail, industrial properties and several vacant land plots.

The valuation has been completed in accordance to the International Valuation Standards (IVS) (2020) and ANEVAR Valuation Standards - 2020 Edition, as published by the National Association of Authorized Romanian Valuers (ANEVAR), which are including the International Valuation Standards.

Based on the property inspections, on the provided information by the client and the current and prospective market conditions, we have arrived at a conclusion about the Fair Values of the subject properties.

Raluca Buciu, Sorin Bolontoc, Mihai Pana and Ionut Mandanac have been the signatories for the Romanian portfolio valuation report as of June, 2021.

Our opinion of value should be read taking into consideration all the aspects included in the valuation report issued at July 28, 2021 by Colliers Valuation and Advisory, where we have estimated the Fair Value of NEPI Rockcastle portfolio as of June 30, 2021.

The present report will be used by the client for financial reporting purposes.

Therefore, we will measure the fair values of the subject properties, which according to the ANEVAR valuation standards in force is defined as follows

“The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” (SEV 420 – Valuation for financial reporting, para G1 and SEV 104, Basis of value, para 90)

According to IFRS 13: “Because Fair Value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity’s intention to hold an asset or to settle or otherwise fulfill a liability is not relevant for measuring Fair Value.”

The definition from ANEVAR Valuation Standards and the associated commentary in IFRS 13 clearly indicate that fair value under IFRS is a different concept to fair value as defined and discussed in the IVS Framework. The commentary in IFRS 13 and, in particular, the references to market participants, an orderly transaction, the transaction taking place in the principal or the most advantageous market and to the highest and best use of an asset, make it clear that fair value under IFRSs is generally consistent with the concept of market value as defined and discussed in the SEV Framework. For most practical purposes, therefore, market value under IVS will meet the fair value measurement requirement under IFRS 13 subject to some specific assumptions required by the accounting standard such as stipulations as to the unit of account or ignoring restrictions on sale.

As stated in the above-mentioned standards, the Market Value is defined as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.”

We have not made any allowance for vendor’s sale costs nor for any tax liabilities which may arise upon the disposal of any of the properties.

A full explanation of the Assumptions made in our valuation and details of the resources of information are contained within our full valuation reports.

The Company has provided us with the floor areas and rent rolls of the properties that are relevant to our valuations. As instructed, we have relied on these areas and commercial data as provided and have not checked them on site or against the leasing contracts.

We have read the related documents provided to us by the Company and their various legal advisers. We have made an Assumption that copies of all relevant documents have been sent to us and that they are complete and up to date.

Certain properties are subject to budgeted works of repair or fit out for the next 12 months and in these cases the Company has advised us the amount of the estimated costs, which have been incorporated into our valuations.

In respect of the properties held in joint ventures, our reports include our opinion of the Fair Value of the interests held by the joined ventures. In the table below, we have not included the apportioned of the values based on the company’s share of the property interests in the joint ventures.

Our opinion of value should be read taking into consideration the assumptions, comments and limiting conditions expressed in the valuation report. Based on these assumptions, we have estimated the Fair Value of NEPI Rockcastle portfolio as of June 30, 2021:

EUR 2,145,745,000

(Two Billion One Hundred and Forty-Five Million Seven Hundred and Forty-Five Thousand Euros)

The above value represents the sum of the values of all the subject properties as detailed below:

Crt. No.	Type of property	Estimated Fair Value (EUR)
1	Retail Properties (land plots in excess included)	2,128,650,000
2	Industrial Properties	17,095,000
	Total	2,145,745,000

The above values are exclusive of VAT.

The total value for retail properties includes the entire market value of Ploiesti Shopping City.

More details for each of the analyzed properties are included in our valuation reports provided directly to the client.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “pandemic” on 11.03.2020, has impacted many aspects of the macro-economic environment, including the real estate markets which generally experiencing significantly lower levels of transactional activity and liquidity, especially in what regards the non-residential sector. The lock down back in April-June 2020 period has affected especially the retail shopping centers, but also the office or HoReCa industry. As at the valuation date, property markets in certain sectors have begun to function with transaction volumes providing some comparable market evidence upon which to base opinions of value. Also, the negotiations between tenants and owners of the commercial assets determined by the lower sales in the retail schemes already took place and settled some specific patterns in order to allow the valuers to draw some conclusions. Therefore, we consider that there is not the case to invoke the Uncertainty Clause anymore in our valuation report. However, given the potential future impact that COVID-19 might have on the real estate market, with many business practices and behaviours changing either temporarily or permanently, we recommend that you keep the valuation contained within this report under frequent review.

This summary report is confidential to the party to whom it is addressed for the specific purpose to which it refers, and no responsibility is accepted to any third parties. This summary is to be used in whole and not in part.

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Taking into account the purpose of the present summary valuation report, we have assumed that the analyzed portfolio will remain in the property of NEPI Rockcastle group and therefore we did not consider the adjustments that might appear, should the entire portfolio or a substantial number of properties be marketed.

We have welcomed the opportunity of preparing this summary report on your behalf.

Respectfully submitted,

Colliers Valuation and Advisory

