



SHOPPING CITY
RÂMNICU VÂLCEA

RESULTS PRESENTATION

June 2021



**NEPI
ROCKCASTLE**

EXCELLENCE. INNOVATION. EXPERIENCE.

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Overview

H1 2021 overview

Restrictions have been lifted

Turnovers and NOI improved

Consumer confidence restored

Strong tenant base

Valuations stabilised



Key business figures: operational performance recovery despite regional lockdowns

H1 2020	H1 2021 vs H1 2020	H1 2021	H1 2021 vs H1 2019	H1 2019
19.66 € cents Distributable earnings per share	-10.3%	17.64 € cents Distributable earnings per share	-39.2%	29.02 € cents Distributable earnings per share
€160m NOI	-3.0% +4.4% retail only	€155m NOI	-22.5% -17.6% retail only	€200m NOI
95.7% EPRA Occupancy	-0.1pp	95.6% EPRA Occupancy	-2.3pp	97.9% EPRA Occupancy
€1,324 Turnover/m ²	+25.9%^	€1,667 Turnover/m ²	-25.5%^	€2,237 Turnover/m ²
75.9m Footfall**	+2.2%	77.6m Footfall**	-34.3%	118.2m Footfall**

* Collection rate completed based on reported revenues adjusted for concessions

** like-for-like properties (comparable in all three periods)

^ Excluding hypermarkets

Key business figures: balance sheet and liquidity remain strong

Dec 2020	Jun 2021 vs Dec 2020	Jun 2021	Jun 2021 vs Dec 2019	Dec 2019
€5.8bn Investment property value*	-	€5.8bn Investment property value*	-7.9% (like-for-like -3.2%)**	€6.3bn Investment property value*
€6.45 EPRA NRV per share	+0.8%	€6.50 EPRA NRV per share	-11.2%	€7.32 EPRA NRV per share
31.5% Loan-to-value*	+0.3pp	31.8% Loan-to-value*	-0.2pp	32.0% Loan-to-value*
83% Unencumbered assets^	+8pp	91% Unencumbered assets^	+8pp	83% Unencumbered assets^
4.1 years Average debt maturity	+0.1 years	4.2 years Average debt maturity	+0.1 years	4.1 years Average debt maturity

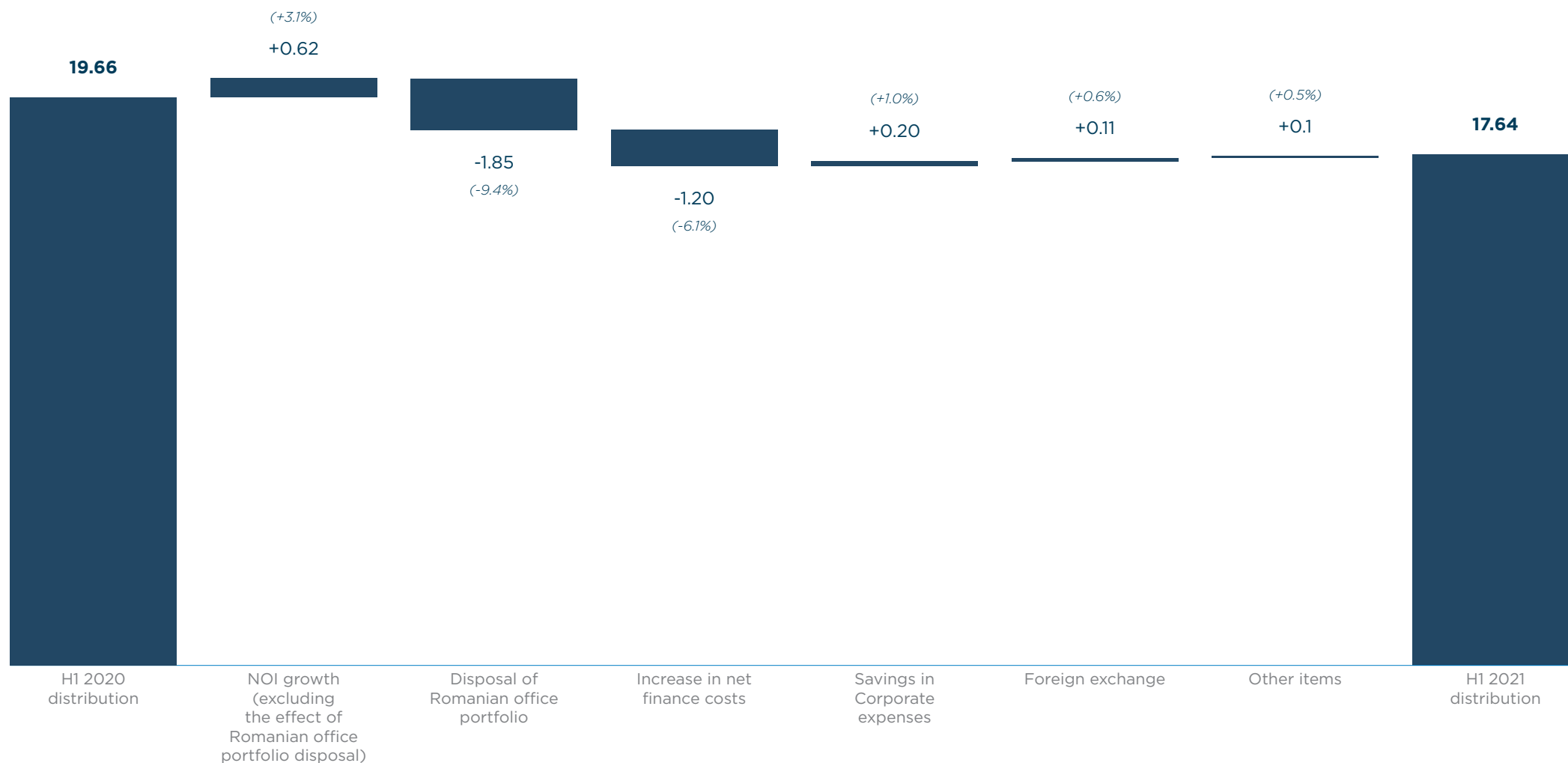
* Including investment property held for sale and excluding immaterial impact of right of use assets

** Investment property in use on a like-for-like basis (excluding other properties held for sale)

^ Percentage of investment property

Distributable earnings per share impacted by maintaining a high liquidity and disposal of the Romanian office portfolio

amounts in euro cents



Continuous focus on growth strategy

**Green light to restart
developments and new initiatives**

**Retailers eco-system -
focus on growth**

**Liquidity and stability
of balance sheet**



Developments and extensions and new initiatives

Promenada Mall - extension

- approx. 58,000m² GLA of mixed use retail and office extension bringing the total GLA close to 100,000m²



Promenada Craiova - greenfield development

- 56,500m² GLA of retail
- estimated opening in 2023



Developments and extensions and new initiatives» continued

Asset rotation initiative

- aim to focus on core dominant properties and increase presence in investment grade rating countries
- first step completed: disposed of secondary assets in Serbia (Kragujevac Plaza and Krusevac Shopping Park).



Residential projects

- several projects under various stages, totalling €85m
- first stages of apartments to be delivered in 2023



Strong liquidity position

31.8%
Prudent LTV

with **35%** long term strategic threshold

€950m
Liquidity

including cash (€380m) and available
revolving facilities (€570m)

BBB
Investment grade rating

assigned by Standard & Poor's (negative
outlook) and Fitch (stable outlook)



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Operations

Strong bounce back in performance once restrictions have been lifted

Footfall and turnovers bounce back rapidly after restrictions are lifted (consumer behaviour shows that confidence is up)

- As retail environment had a strong recovery in H1 2021, need for further retail support is limited. Retail support is down with 25% vs H1 2020
- Strong operational indicators: collection for H1 2021 is at 88% and EPRA Occupancy is stable at 95.6%
- No insolvency in top 20 tenants. Overall insolvencies were very limited

95.2%

EPRA
Occupancy
March 2021



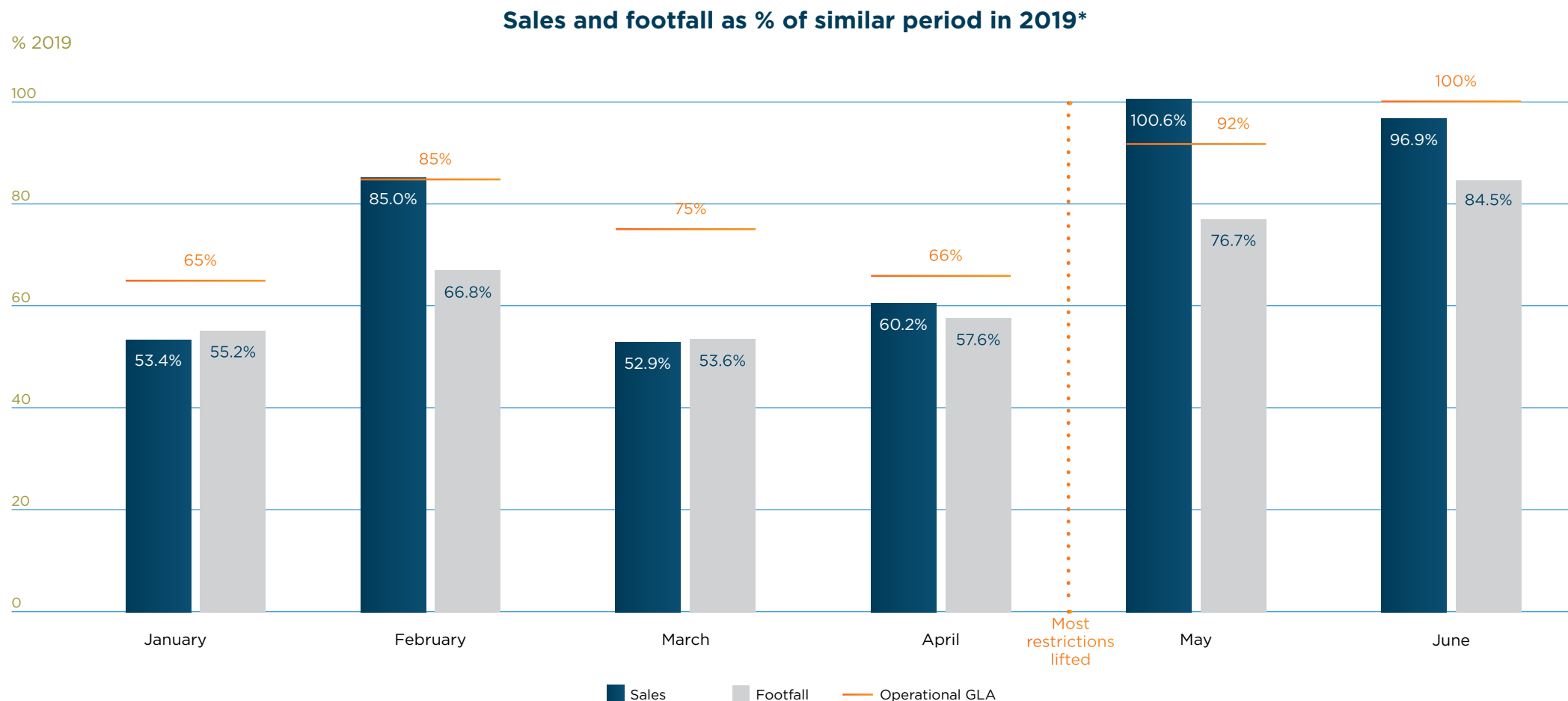
95.6%

EPRA
Occupancy
June 2021



Strong bounce back in performance once restrictions have been lifted» continued

Since May 2021, sales are back to 2019 level, customers enjoying offline shopping experience



* Like-for-like and excluding hypermarkets

Sustainable retail environment

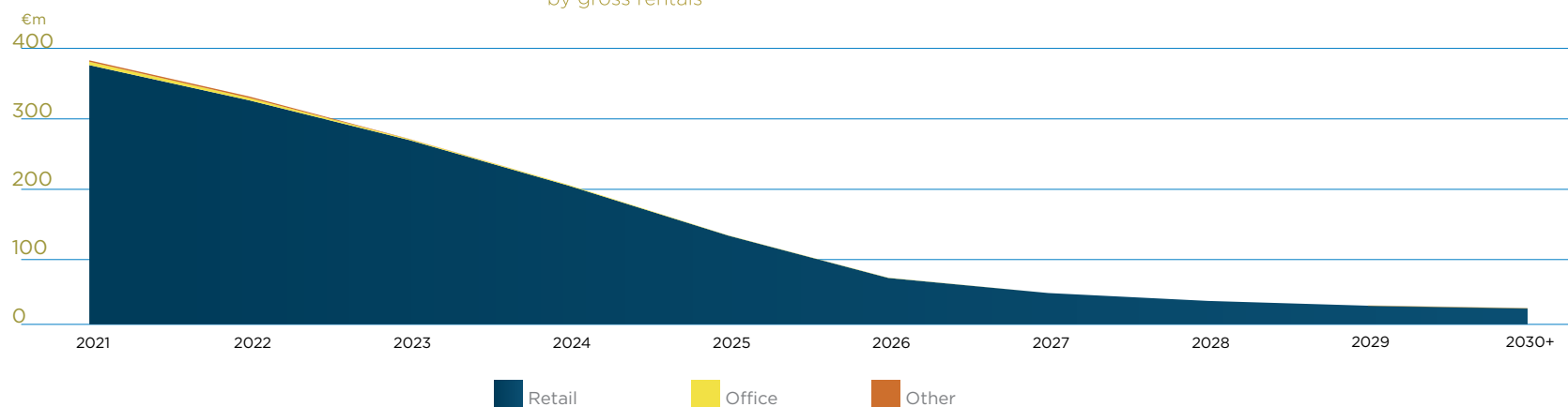
- Retailers confidence in Group's assets led to **increased leasing activity in H1 2021**
- Out of the leases expiring in 2021, **81% are already agreed** and **72% are already signed**



Sustainable long-term lease duration post-Covid-19

Year	% of expiry by gross rentals
2021	2.1%
2022	13.5%
2023	15.6%
2024	17.1%
2025	18.7%
2026	15.7%
2027	5.6%
2028	3.0%
2029	1.7%
>=2030	7.0%
Total	100%

Expiry profile as at 30 June 2021*
by gross rentals



Weighted average remaining lease duration is 3.7 years

* Expiry profile computed up to the first break option included in the lease agreements; for the lease agreements where the first break option elapsed, the lease agreement was considered to expire in the upcoming 12 months, irrespective of the actual contractual duration

Active management

New and strengthened partnership with tenants

Bonarka City Center



Enlargement

HalfPrice

New lease agreement

SAMSUNG

New lease agreement



New lease agreement

TEZENIS

New lease agreement

WÓLCZANKA

New lease agreement

Lilou

New lease agreement

MODIVO

New lease agreement

Paradise Center



Flagship store



1st
store in
Bulgaria

Focus Mall Piotrków Trybunalski



New lease agreement

City Park



1st
store in
Romania

Mammut Shopping Centre



New lease agreement



New lease agreement

Aupark Shopping Center Piastany



New lease agreement



Upgrade to new concept



New major retailer to expand in CEE region

Active management » continued

New and strengthened partnership with tenants

Forum Liberec Shopping Centre



New lease agreement



New lease agreement



New lease agreement



New lease agreement



New lease agreement



New lease agreement

Alfa Centrum Bialystok



New lease agreement



New lease agreement



Enlargement



Enlargement

Karolinka Shopping Centre



New lease agreement

Aupark Kosice Mall



Upgrade to new concept

Mega Mall



New lease agreement



Relocation and enlargement

Pop-up stores - local designers pop-up in shopping center space

- Initiative to promote local designers and diversification in the tenant mix



Strong Cinema recovery since reopening where restrictions were lifted

All entertainment was opened during June 2021 across all markets

- Where cinemas opened without restrictions, they show very good signs of recovery (Romania +24%, June 2021 vs June 2019; Bulgaria +4%, June 2021 vs June 2019). In countries with restrictions (on capacity and/or food and drinks), the recovery was limited, but still encouraging (Poland -4%, Serbia -9%, and Slovakia -40%, June 2021 vs June 2019)
- Starting end of July, only Poland, Slovakia and Lithuania have tighter restrictions for cinema with 75% maximum capacity rule; no food and drinks can be sold in Lithuania
- Performance expected to improve once content for cinema becomes available

Entertainment opening dates

Country	Opening dates
 Romania	end-May 2021
 Poland	end-May 2021
 Hungary	beginning of May 2021
 Slovakia	end-May 2021
 Bulgaria	mid-May 2021
 Croatia	operational in H1 2021
 Czech Republic	end-May 2021
 Serbia	operational in H1 2021*
 Lithuania	end of May 2021

* Except three weeks during April 2021



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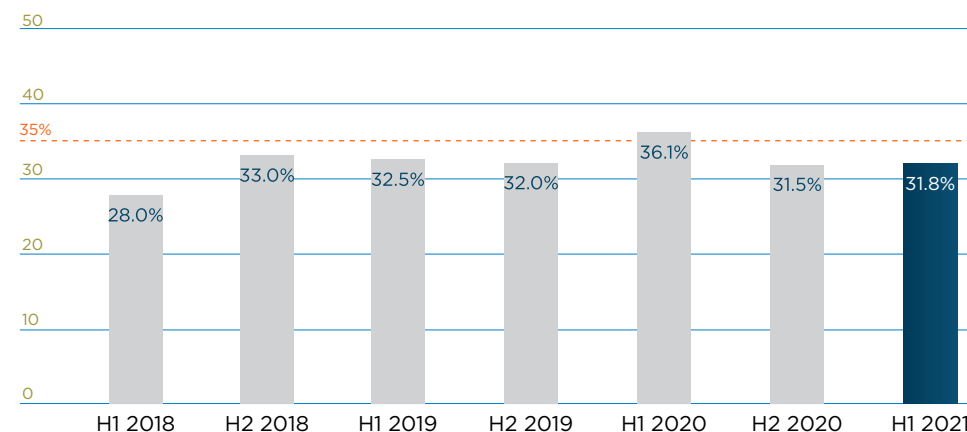


Finance

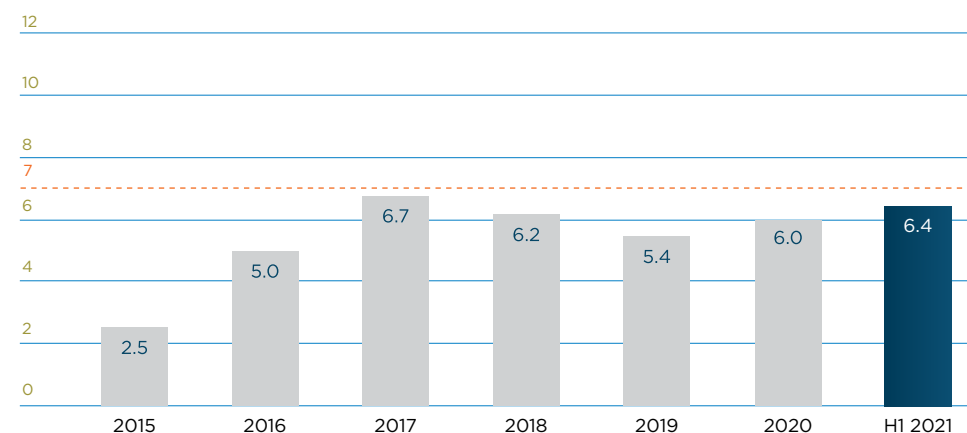
Prudent financial strategy

- **Investment grade credit ratings:**
 - » BBB, negative outlook - Standard & Poor's
 - » BBB, stable outlook - Fitch
- **LTV: 31.8%** (threshold: 35%)
- **91%** of the investment property **unencumbered**
- **Weighted average remaining debt term: 4.2 years**
- **Interest rate risk 99% hedged**
- **Cost of debt: 2.4%** (2020: 2.3%)
- **Liquidity of €950m** (increased to €1.1bn at 31 July)
- **Dividend payment in cash**
- **Strong collection rate of 88%** for H1 2021 reported revenues (net of concessions granted), further **improved to 94% as of mid-August**.

Prudent LTV (%)



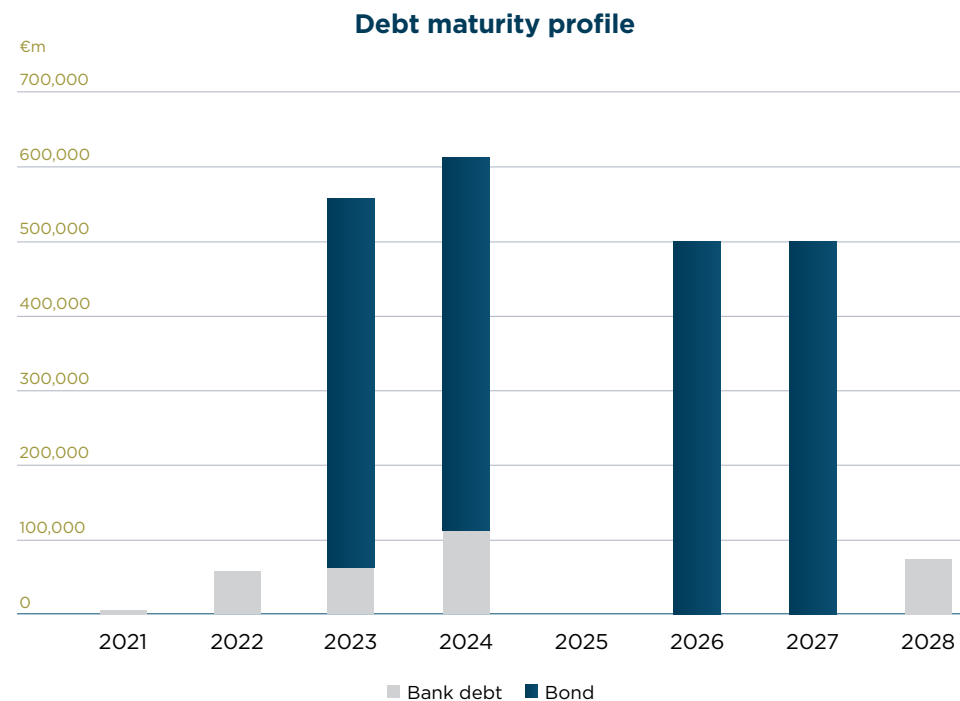
Net debt/EBITDA



-- Threshold monitored by management and rating agencies

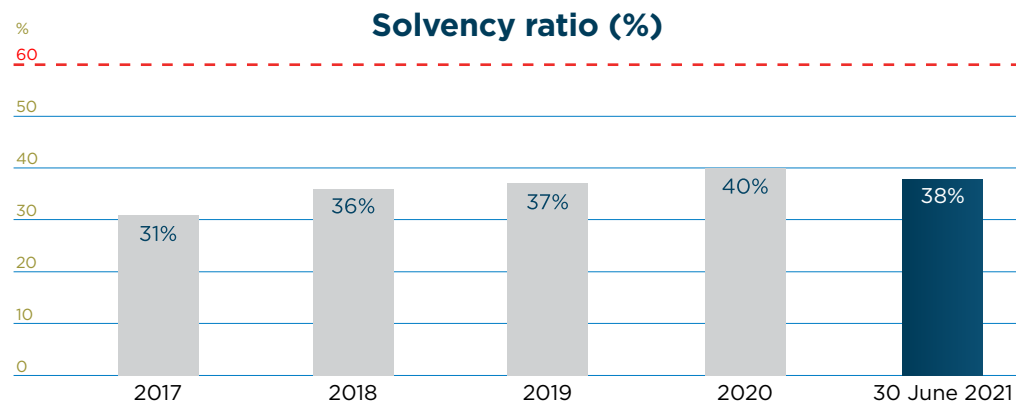
Intense funding activity in H1 2021

- Extension of €220m revolving credit facilities ('RCF'), with added sustainability-linked clauses
- Increased available principal in a club RCF by €25m
- All RCFs are now sustainability-linked and have two-year extension options
- RCF terms and conditions aligned with bond documentation
- Concluded a green unsecured financing agreement with the International Finance Corporation, for 7 years, disbursed in July 2021 (€73.5m)
- Repayment of five secured bank loans in Slovakia and Poland, in total amount of €242m
- Unsecured debt is now 89% of total debt (excluding revolving credit facilities, which are undrawn)
- No significant maturities in 2021 or 2022

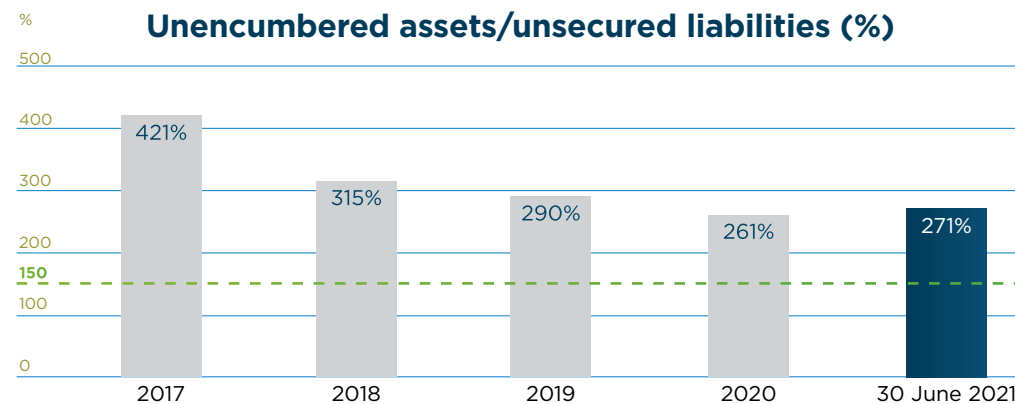
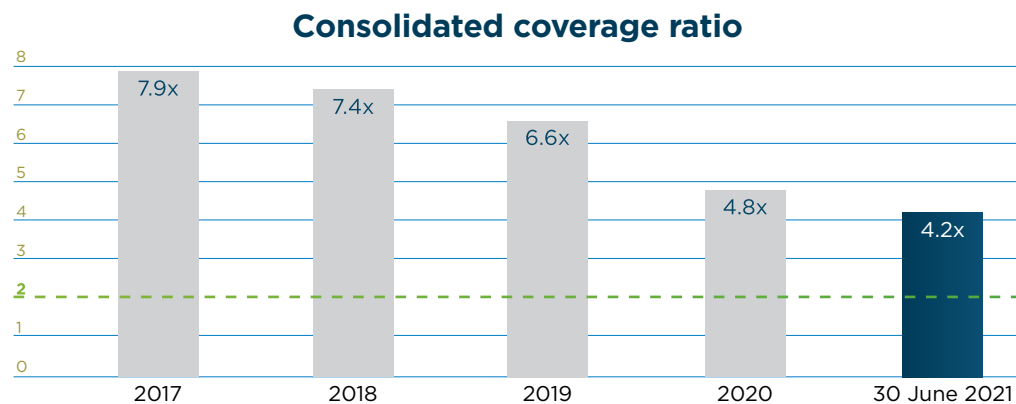


Significant headroom on unsecured debt covenants

Solvency ratio could be breached only by a 700bps deterioration of valuation yields, which is unlikely



Solvency ratio is computed on a gross basis, not adjusted for cash balances



Threshold as per unsecured debt terms and conditions
-- maximum -- minimum

Impact of concessions in NOI

- **Prior to signing** lease addendum: receivable accrued as per the agreements in place written off as partial forgiveness of receivables, fully reflected in NOI
- **After the signing** of lease addendums: concessions agreed straight-lined over the lease term
- Tenant reliefs governed by local legislation: fully recognised in NOI, as decrease in rental income and service charge income
- Variable discounts contingent upon tenants performance: recognised in NOI as negative turnover
- **P&L effect: €36.1m; Cash effect: €36.3m**

Accounting treatment for tenant **concessions**:

- rent reliefs governed by local legislation (Poland) **(€16.8m)**
- partial forgiveness of receivables in line with **IFRS 9 and IFRS 16** (no straight-lining applied) **(€15.4m)**
- variable discounts contingent on tenants' performance **(€2.8m)**
- discounts subject to straight-lining **(€1.1m)**



Impact recognised in H1 2021
Income statement: **€36.1m**

Tenant receivable reduced by the amount of concessions granted of **€36.1m**

Recoverable tenant receivable balance of **€43.8m**

Additional **€0.1m** net expected credit losses recognised in the period

88% of the reported revenues (adjusted for concessions) collected by 30 June 2021 (increased to 94% at mid-August 2021)

€2.8m balance of concessions from 2020 and 2021 subject to straight-lining over the remaining lease period (approx. 3 years)

Strong collection during the year

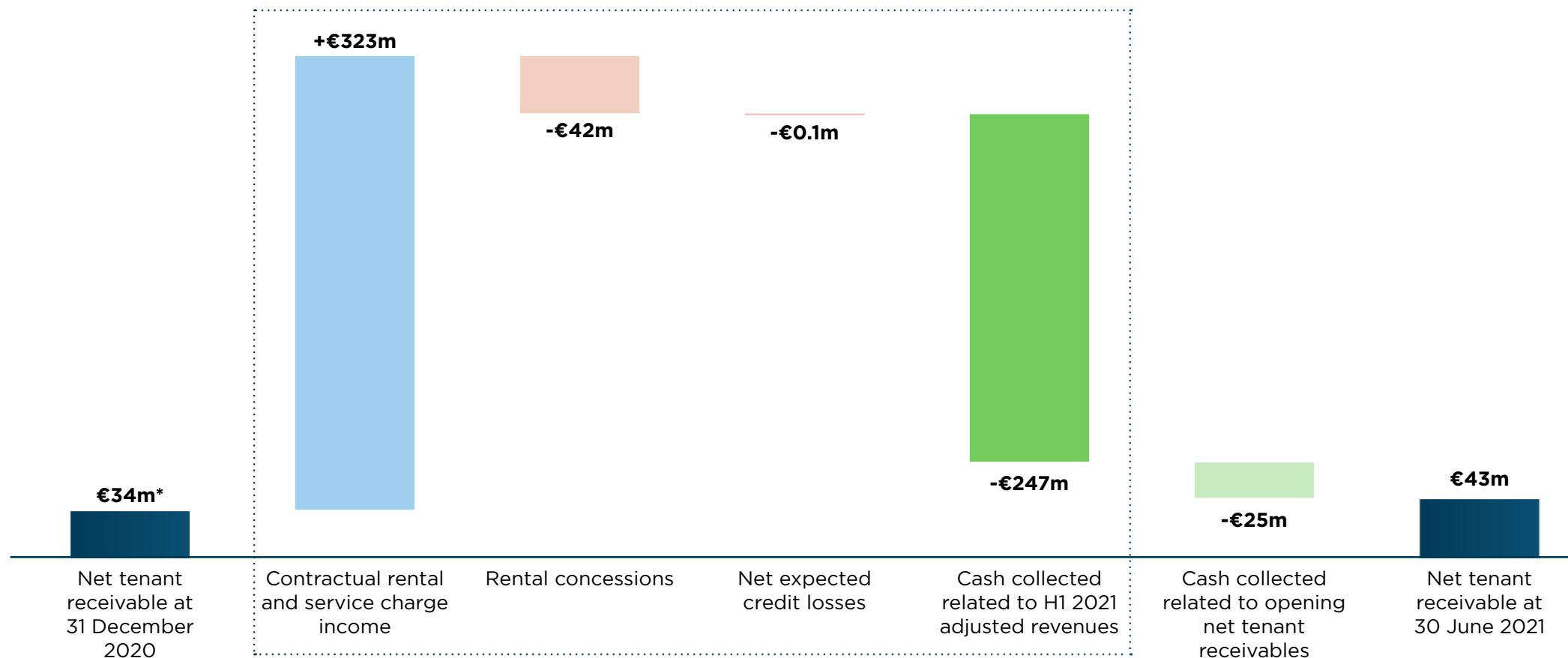
*amounts include VAT and
exclude straight-lining impact*

88%

Group collection rate at 30 June 2021

94%

Group collection rate at mid August 2021



*Out of which €9m deferred income related to 2021

Valuation uplift driven by portfolio performance

External appraisers covering NEPI Rockcastle's portfolio

	Countries covered	Share of total portfolio (%)
Colliers International	Romania	35%
Jones Lang LaSalle	Bulgaria, Croatia, Czech Republic, Hungary, Serbia and Slovakia	33%
Cushman and Wakefield	Poland, Hungary and Lithuania	32%

- Stable capitalisation rate over the last 6 months
- Fair value increase due to positive NOI variance

Country*	Investment property Dec 2020**	Investment property June 2021**	Fair value gain/(loss) H1 2021
Romania	2,026,644	2,050,289	11,669
Poland	1,386,995	1,392,774	(60)
Hungary	577,200	575,300	(2,330)
Slovakia	523,644	527,864	3,544
Bulgaria	486,807	492,887	5,611
Croatia	262,330	263,190	850
Serbia***	191,949	193,528	1,714
Czech Republic	171,000	174,300	2,485
Lithuania	141,980	144,795	2,228
Total	5,768,549	5,814,927	25,711

* Excluding joint ventures, other non-core properties held for sale and right-of-use assets with total impact in fair value of €(0.2) million

** Includes capital expenditures incurred

*** Includes Serbian retail portfolio held for sale

Investment property increased by 0.4%^ due to good performance of shopping centers

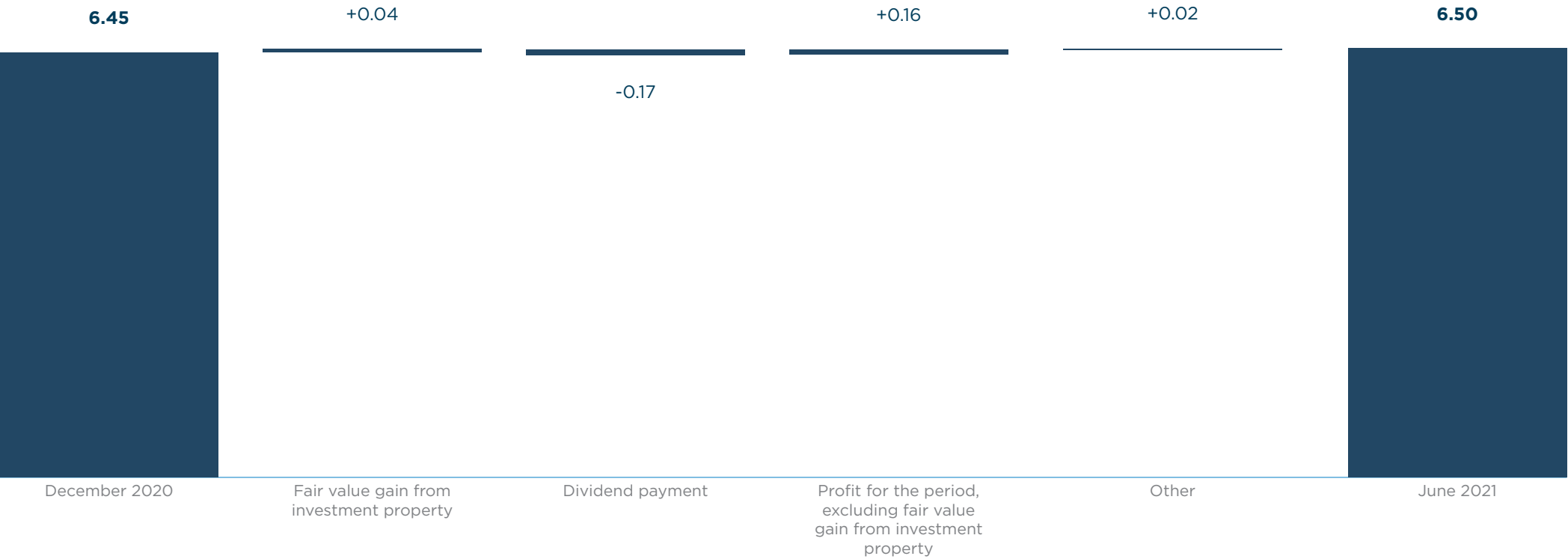
**0%
market effect**

**+0.4%^
cash-flow effect**

^ Relative to property portfolio value at 31 December 2020

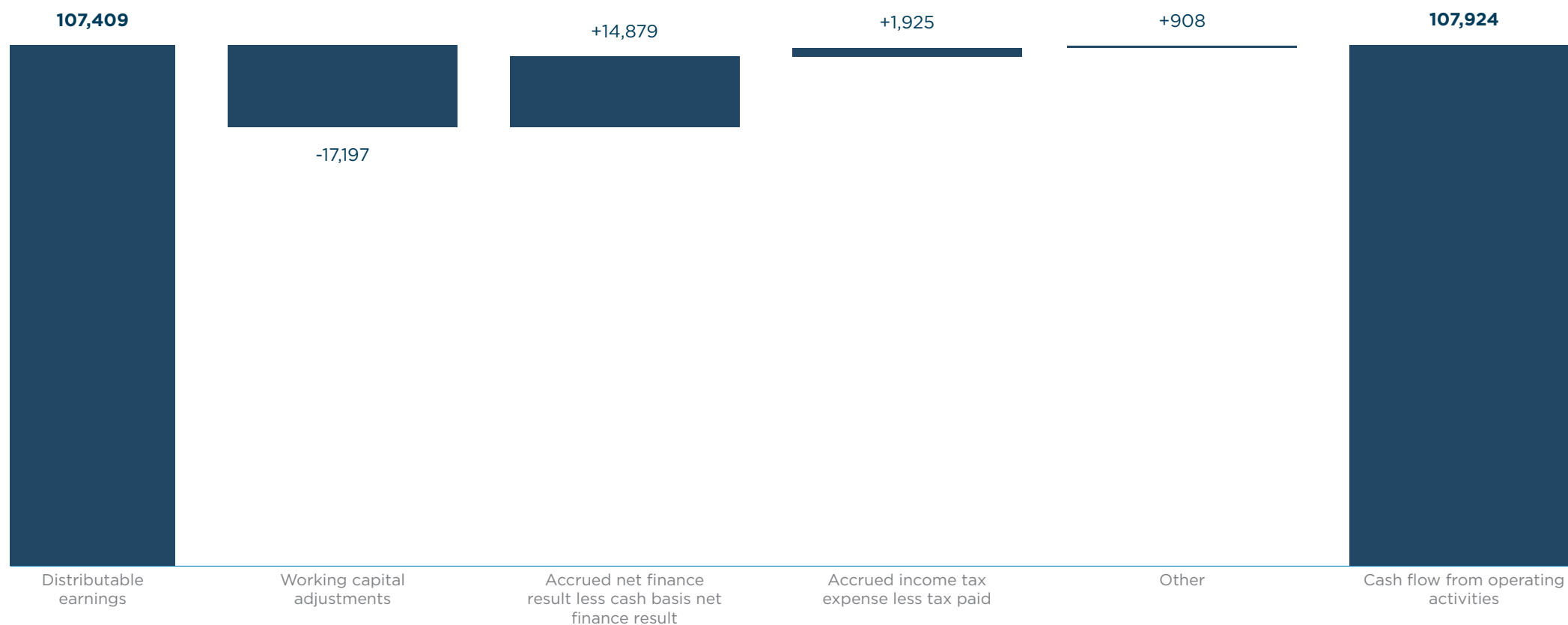
EPRA NRV: from December 2020 to June 2021

amounts in €



From distributable earnings to cash flow from operating activities

amounts in € thousand



Declaration of H1 2021 dividend

- H1 2021 dividend declared for 100% of the distributable earnings, to be settled in cash
- Distribution policy unchanged: 90% or more of distributable earnings
- LTV estimated to remain below 33% after H1 2021 dividend payment, still prudent
- Dividend settlement to be done on 16 September 2021



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Corporate governance

Changes to the Board of Directors

- George Aase replaced Robert Emslie as Chairman of the Board
- Two Independent non-Executive Directors appointed: Ana Maria Mihaescu and Jonathan Lurie

Appointment of Chief Operations Officer

- Rudiger Dany appointed as Chief Operations Officer effective 18 August 2021

Management succession planning

- Alexandru Morar (CEO) and Mirela Covasa (CFO) approached the Board to implement a succession plan

Company remains focused on sustainable growth and delivering value for its shareholders



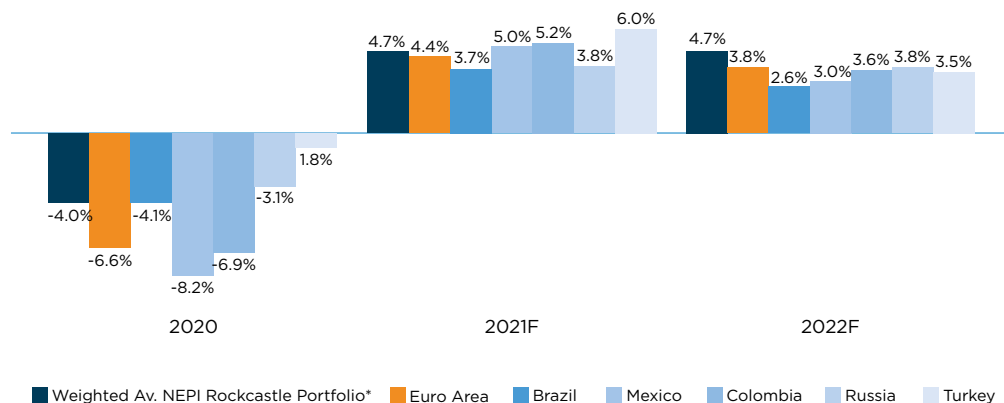
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Post Covid-19 economic recovery faster in CEE compared to Western Europe

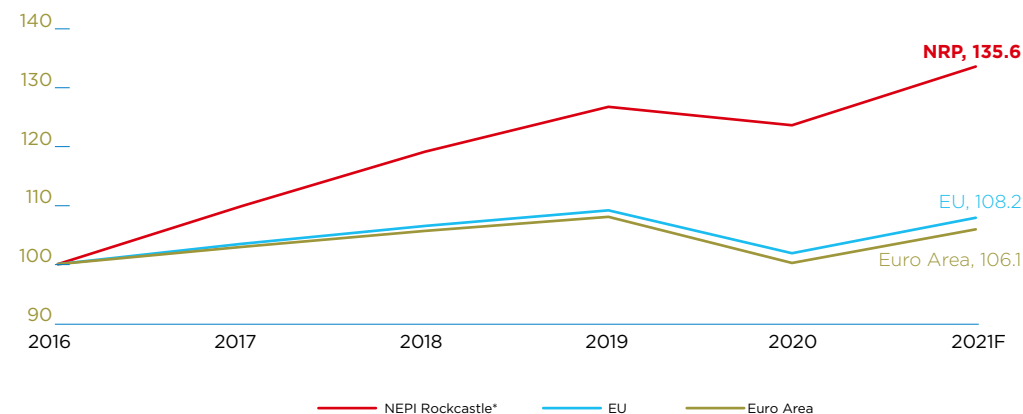
Real GDP growth (%)

NEPI Rockcastle's portfolio countries experiencing a more muted recession than the EU/Euro area as well as compared to other Emerging markets



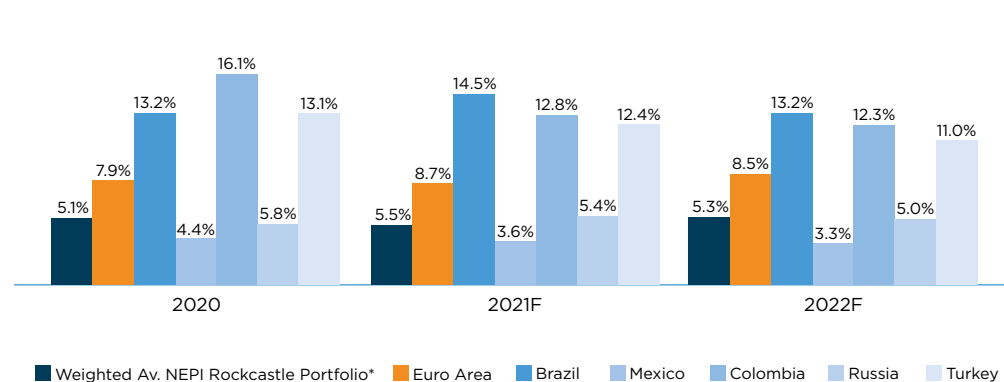
Private Consumption Growth Index**

Private consumption growth in CEE, above the EU average, to drive the growth in retail sales as well



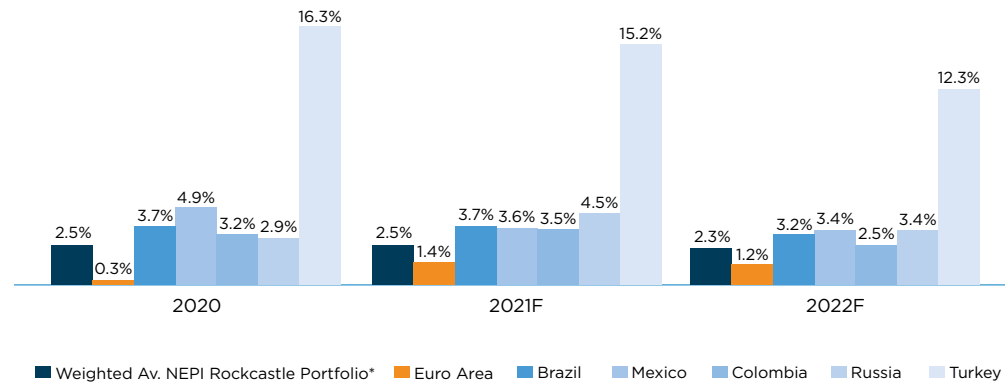
Unemployment (%)

NEPI Rockcastle's portfolio countries are more stable in terms of employment than the EU/Euro area as well as compared to other Emerging markets



Consumer Price Index (%)

CEE area to remain the most stable amongst the emerging economies



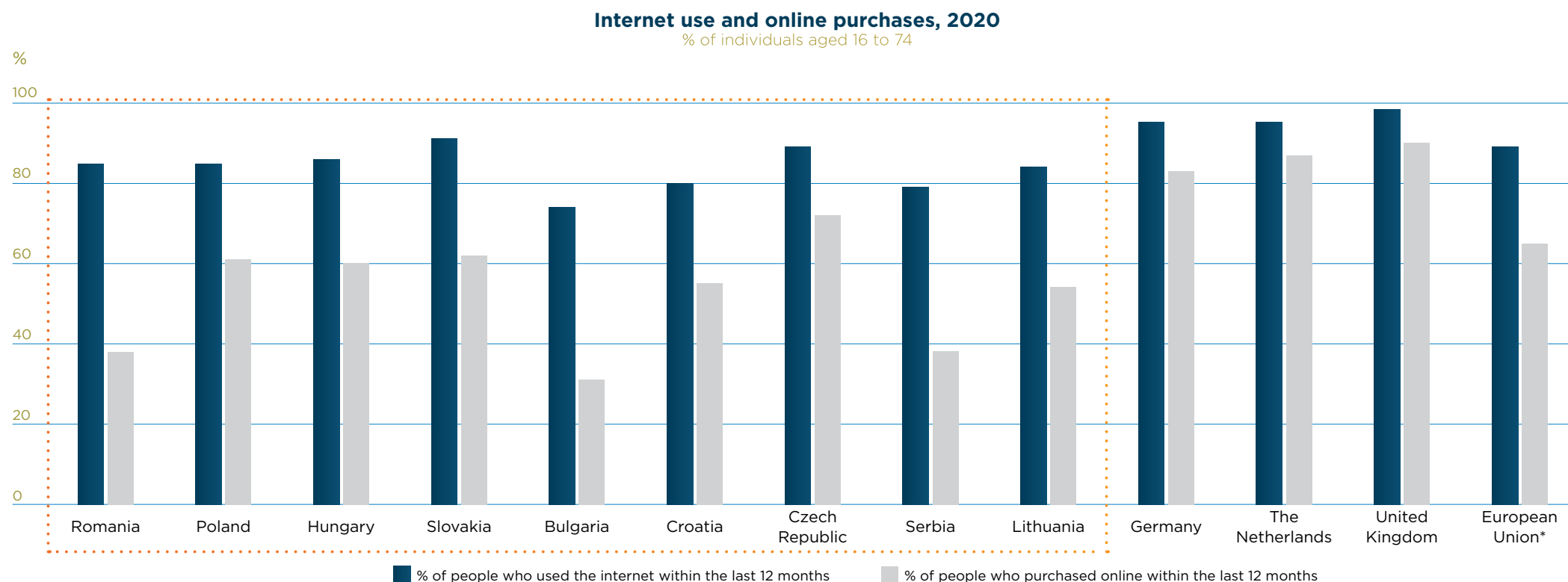
* Weighted average by country share in NEPI Rockcastle portfolio (CEE countries)

** Index based on growth of private consumption expenditure per year

Source: IMF, Thomson Reuters
All growth rates based on local currency

In CEE, lower conversion of internet users into online shoppers

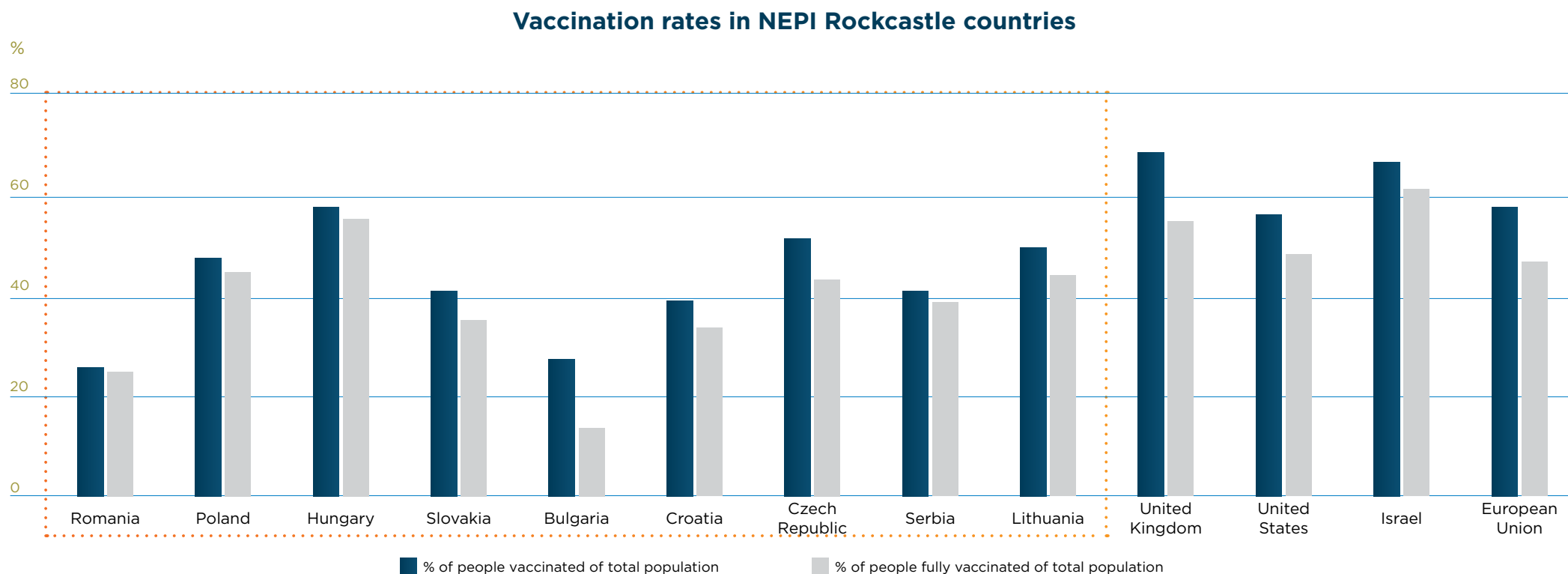
- Online purchases in 2020 bellow EU average and Western Europe
- Online acceleration slowed down, in favor of live socialising experience



* estimates
Source: Eurostat

Covid-19 vaccination progressing in CEE countries

- With vaccination progressing, future Covid-19 waves are expected to have less significant impact
- Governments' approach towards restrictions differ by country
- Social distancing and health and safety measures being favoured vs stricter lockdowns



Opportunities for long-term growth

Focus on sustainable long-term growth through development of retail and mixed-use projects and reinforcing dominance through extensions and redevelopment projects

- Approx. **€1 billion of development pipeline**
- **Diversification** of the portfolio through **mixed use** (retail/residential) and **residential** projects
- Extensions planned to **reinforce dominance** of our shopping centres

Assets recycling strategy with a view to further increase the overall quality of portfolio

- Disposal of assets that have reached maturity
- Re-deployment of capital in assets with growth prospects and increase exposure to better rated countries

€1 bn
development pipeline



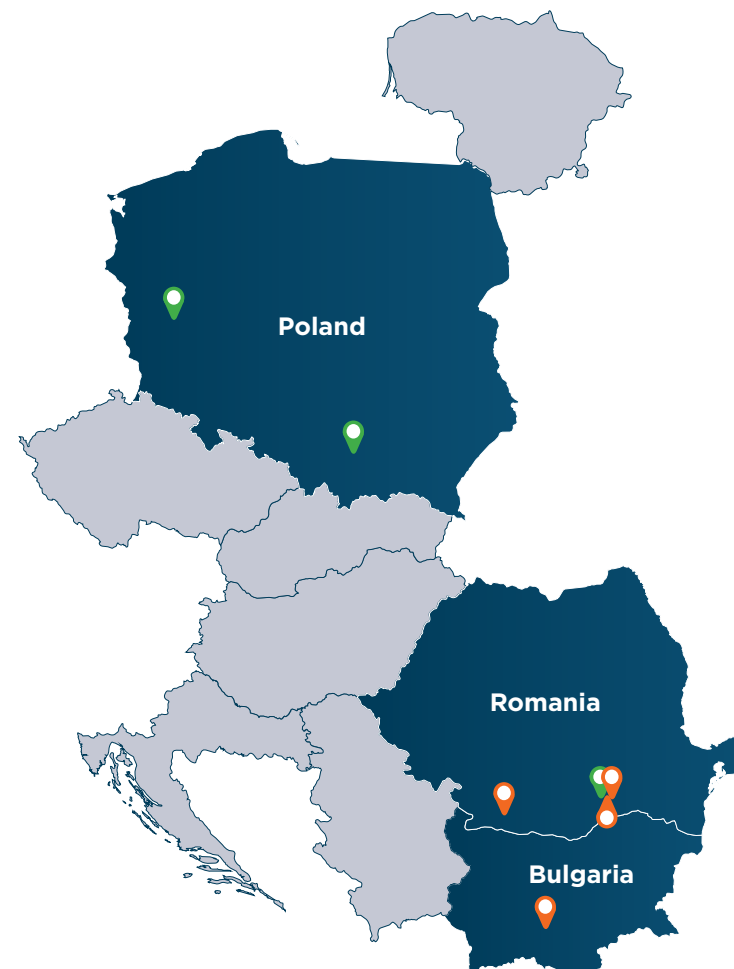
Development Projects

Developments committed

Bonarka City Center	Poland	Mall	Refurbishment
Focus Mall Zielona Gora	Poland	Mall	Refurbishment and extension
Vulcan Residential	Romania	Residential	Development

Developments under permitting and pre-leasing

Promenada Mall	Romania	Mall/Office	Extension
Promenada Craiova	Romania	Mall	Development
Mega Mall Residential	Romania	Residential	Development
Promenada Plovdiv	Bulgaria	Mall	Development



Outlook and strategy

2021 Focus

- Maximise sustainable NOI
- Further improve the asset base through asset recycling strategy
- Digital acceleration
- Committed development pipeline
- Maintain balance sheet safety
- Leverage on the Group's strengths to benefit from arising opportunities





Reconciliation of profit for the period to EPRA Earnings and distributable earnings

amounts in €'000

EPRA Earnings	Jun 2021	Jun 2020
Earnings in IFRS Consolidated Statement of Comprehensive Income	121 569	(206 554)
Fair value adjustments of investment property for controlled subsidiaries	(25 453)	236 572
Fair value loss and net result on sale of financial investments at fair value through profit or loss	-	108 770
Fair value adjustments of derivatives and losses on extinguishment of financial instruments	(2 306)	10 302
Deferred tax expense/(income) for controlled subsidiaries	13 675	(26 879)
Adjustments related to joint ventures	(282)	1 986
Adjustments related to non-controlling interest	(16)	(487)
EPRA Earnings (interim)	107 187	123 710
Basic number of shares for interim distribution	608 994 907	600 921 133
EPRA Earnings per Share (EPS interim)	17.60	20.59
Company specific adjustments:		
Amortisation of financial assets	(181)	(430)
Depreciation expense for property, plant, and equipment of an administrative nature	403	285
Income from financial investments at fair value through profit or loss	-	(5 517)
Antecedent earnings	-	120
Distributable Earnings (interim)	107 409	118 168
Distributable Earnings per Share (interim) (euro cents)	17.64	19.66

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