NEPI Rockcastle S.A. ***(Société Anonyme)***
Incorporated and registered in the Grand Duchy of Luxembourg
Registered number: B267528
Share code: NRP
ISIN: IM00BDD7WV31
("**NEPI Rockcastle**"or "**the Company**" or "**the Group**")

NEPI ROCKCASTLE

BUSINESS UPDATE

All information below excludes joint ventures, unless otherwise stated

"Operational results for the first few months of 2022 indicate an almost complete recovery from the effects of the Covid-19 pandemic. Customers returned as soon as trading restrictions lifted, and we are impressed that most tenants achieved turnovers similar to 2019. However, during this period, new challenges emerged, specifically a devastating military conflict in neighbouring Ukraine and rising inflation. Fortunately, the business suffered no direct negative impacts, but we will continue to monitor the situation closely.

We are committed to the highest Environmental, Social and Governance (ESG) standards, and are pleased to announce a €37 million investment in photovoltaic plants at thirty of our shopping centres. This programme should conclude by the end of 2023, minimising our carbon footprint and stabilising energy costs.

We are grateful for stakeholders' support during our parent company relocation from the Isle of Man to the Netherlands, via Luxembourg. This strategic move better positions the Company to attract new investors, enhancing the long-term sustainability of the business."
Rüdiger Dany, Chief Executive Officer (CEO)

OPERATIONAL HIGHLIGHTS

- During the first quarter ('Q1') of 2022, throughout Central and Eastern Europe ('CEE'), all remaining Covid-19 restrictions were lifted and 100% of NEPI Rockcastle's (hereafter referred to as the Group and the Company) Gross Lettable Area ('GLA') was operational. As of mid-May, no indications that trading restrictions could be reintroduced in the foreseeable future exist.

- The military conflict in Ukraine, commencing in February 2022, did not directly impact Group operations. No significant tenants are subject to sanctions, and the Company owns no assets in Ukraine or Russia. While some international tenants have assets in these countries, there are no indications of any serious financial difficulties. Management will monitor the situation rigorously and update investors regarding material developments.

- Footfall in Q1 2022 was 35% higher than the previous year, due to the gradual lifting of restrictions. Tenant sales (excluding hypermarkets) in Q1 2022 were 53% higher than Q1 2021, and in February and March exceeded Q1 2019, indicating a return to pre-pandemic levels.

- No significant rent concessions were required during Q1 2022, as all remaining Covid-19 restrictions were lifted. Since the start of 2022, NEPI Rockcastle has not negotiated any new concessions, except for very limited, specific cases (€0.3 million).

- As of mid-May 2022, the collection rate was 99% of reported revenues for 2021 (adjusted for concessions) and respectively 96% for Q1 2022.

- Net Operating Income ('NOI') for the three months ending 31 March 2022 was €95 million, 32% higher compared to Q1 2021, mainly due to lower rent concessions (€0.3 million Q1 2022 versus €24.6 million Q1 2021) partly offset by the impact of disposal of two Serbian properties July 2021 (€1.2 million NOI Q1 2021).

- During Q1 2022, driven by high inflation and much greater energy costs, property operating expenses increased over 47% compared to Q1 2021. This trend is expected to continue throughout 2022, especially if the war between Russia and Ukraine is not resolved quickly. One Company's action to mitigate rising energy prices is the photovoltaic plants programme that should produce green energy at thirty Romanian shopping centres by the end of 2023.

- As of 31 March 2022, the European Public Real Estate Association ('EPRA') occupancy rate was 96%.

- The Group appealed against Arbitral Tribunal's decision in relation to the discontinued acquisition of Serenada and Krokus Shopping Centres in Poland (referred to in note 27 of the 2021 Annual Report).

FINANCIAL HIGHLIGHTS

- As of 31 March 2022, liquidity was very strong: €1 billion (including €620 million in available committed credit facilities).

- As of 31 March 2022, the loan-to-value ratio ('LTV') was 32.5%, below the 35% strategic threshold.

- Following the January 2022 issue of green bonds maturing 2030 and early redemption of bond notes maturing May 2023, each worth €500 million, the Group has no significant debt due in 2022 or 2023. Of the remaining total outstanding debt, 60% is labelled green.

- The Company is investment grade credit rated as BBB by S&P and Fitch, with Positive Outlook by Fitch, and stable outlook by S&P Global Ratings.

- As of 31 March 2022, EPRA Net Reinstatement Value ('NRV') per share was €6.42, which is 1.4% lower than at 31 December 2021 (€6.51) due to the second half ('H2') 2021 dividend paid during Q1 2022.

- The property portfolio's value of €5.9 billion is marginally higher (+0.5%) compared to December 2021, due to investments in developments made during Q1 2022. In line with Company policy, no property valuations were undertaken during Q1 2022. Independent valuations are included in half-year and year-end financial reports.

- Previous earnings guidance for the 2022 financial year is maintained.

OPERATING PERFORMANCE

Status of trading restrictions and government measures

Throughout Q1 2022, all GLA was operational, except for Slovakian leisure and entertainment, which remained closed until 18 January 2022. Other restrictions on entry, such as green certification proving vaccination or mandatory mask wearing, were gradually lifted from February 2022. By the end of March, there were no trading restrictions in any countries where NEPI Rockcastle operates.

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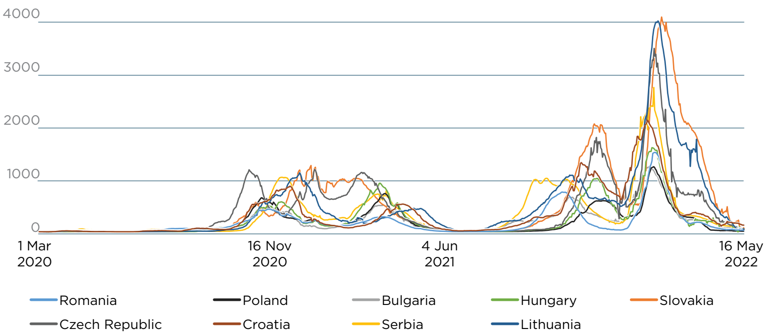
The relatively mild nature of Omicron, which swept through CEE Q1 2022, meant lighter restrictions were required compared to previous waves. Throughout CEE, infections peaked during February (see Chart One), fell abruptly and remained at very low levels. High immunity, either due to vaccination or previous infection, contributed to fewer medical emergencies during this latest phase.

Daily new confirmed Covid-19 cases per million people (Chart One)

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.



Source: Johns Hopkins University CSSE Covid-19 Data

Currently, there is no reason to anticipate the introduction of new Covid-19 restrictions in CEE.

Tenant support

All tenants now operate without restrictions, therefore rent concessions are unnecessary. Exceptions are limited to a few specific cases that are expected to finish shortly. No government regulated concessions or subsidies affected Q1 2022 results.

Trading update

Total visits were 35% higher in Q1 2022 compared to Q1 2021 (32% like-for-like ('LFL')). Compared to Q1 2019, footfall was 17% lower in Q1 2022 (21% LFL). The variance in visits compared to the corresponding period during 2019 improved from month-to-month during Q1 2022 (from -22% in January to -11% in March) reflecting the ongoing relaxation of restrictions.

Tenant sales (LFL, excluding hypermarkets) in Q1 2022 were 53% higher than in Q1 2021 (1% lower than Q1 2019). During February 2022, monthly sales slightly exceeded February 2019 (+0.4%), while in March 2022 these were higher than March 2019 (+3%). All product categories recorded increased sales Q1 2022 compared to Q1 2019, except for Fashion (-12%) and Entertainment (-25%). The best performing categories were Health and Beauty (+19%) and Electronics (+20%).

The complete recovery in sales up to, and beyond, 2019 levels was driven by a strong increase in average basket size (+26% Q1 2022 versus Q1 2019).

Leasing activity

During Q1 2022, the Group signed 297 leases for over 48,500m^2 (2.4% GLA), of which 38% are new. International tenants accounted for 40% of newly leased GLA.

New leases signed Q1 2022 include Douglas (Mammut Shopping Centre), Dr.Max (Shopping City Sibiu), HalfPrice (Mammut Shopping Centre), Pull&Bear (Galeria Mlyny), RTV Euro AGD (Focus Mall Zielona Gora) and Sinsay (Shopping City Piatra Neamt).

New units opened Q1 2022 include ACTION! by Apollo (Ozas Shopping and Entertainment Centre), Dr.Max (Mega Mall), Foot Locker and HalfPrice (Arena Mall, Bonarka City Center) and JD Sports (Mega Mall).

DEVELOPMENT UPDATE

Construction commenced at Promenada Mall Craiova and Promenada Mall Bucharest extension, after respective building permits were issued. Vulcan Residence, the Group's first housing project, remains on schedule.

NEPI Rockcastle's development pipeline under construction, or permitting, is worth €610 million, of which €32 million was spent Q1 2022.

The Group's latest project is the installation of photovoltaic plants at thirty Romanian shopping centers. This programme should conclude by the end of 2023, and requires an investment of €37 million. Producing energy will provide more flexibility and resilience, mitigate rising electricity prices and improve sustainability.

CASH MANAGEMENT AND DEBT

As of 31 March 2022, NEPI Rockcastle had a very strong liquidity profile, with €397 million in cash and €620 million in undrawn committed credit facilities.

The Group's gearing ratio* (interest bearing debt less cash, divided by investment property) was 32.5%, comfortably below the 35% threshold.

As of 31 March 2022, ratios for unsecured loans and bonds showed ample headroom compared to covenants:

- Solvency Ratio: 39% actual versus maximum 60% requirement;
- Consolidated Coverage Ratio: 4.4 actual versus minimum 2 requirement;
- Unsecured consolidated total assets/unsecured consolidated total debt: 260% actual versus minimum 150% requirement.

The Q1 2022 average interest rate, including hedging, was 2.3%. Exposure to variable interest rates is 100% hedged. The Group's debt average maturity was 4.9 years at the end of Q1 2022.

** As of 31 March 2022, the reported gearing ratio (LTV) excludes the €32.9 million right-of-use assets and associated lease liabilities.*

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CORPORATE EVENTS

On 10 May 2022, NEPI Rockcastle celebrated an important corporate milestone, with shareholders voting resoundingly in favour of its migration from the Isle of Man to the Netherlands, via Luxembourg. Both moves received over 99% approval from voting shareholders. As a result, the Group has, with effect from 10 May 2022, established its registered office and place of effective management and central administration in Luxembourg as a public limited liability company (société anonyme). The subsequent Netherlands migration remains subject to the fulfilment of certain conditions precedent and should be completed by September 2022. Shareholders will be kept updated.

The Company's audit rotation policy is to regularly schedule tenders from the top audit firms. In 2022, the Group decided to appoint Ernst & Young as its new external auditor. The previous tender took place in 2018. Ernst & Young's mandate will commence with the review of the Interim Financial Report for first half ('H1') of 2022.

OUTLOOK

The Company reaffirms the guidance released in February 2022 that distributable earnings per share for the year will be at least 24% higher relative to the 2021 distributable earnings per share.

This guidance does not consider the impact of potential regional political instability or major disruptions (such as comprehensive lockdowns, trading restrictions or other measures impacting purchasing) and assumes current trading trends continue. This guidance can be modified, or withdrawn, in the future if material changes unfold.

By order of the Board of Directors

Rüdiger Dany
Chief Executive Officer (CEO)

Eliza Predoiu
Chief Financial Officer (CFO)

17 May 2022

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