



**NEPI  
ROCKCASTLE**

# PROPERTY TOUR

June 2022





# COMPANY OVERVIEW

June 2022

# NEPI Rockcastle profile

- Active in 9 countries in CEE with robust economic outlook, above the European average
- Investments in high-quality commercial real estate with strong fundamentals and prospects
- Strong record of consistent growth, backed-up by prudent financial policy, since 2007
- Highly experienced management team, operating an integrated platform which includes internalised key functions such as asset management, leasing, investment and development, and finance
- Active management of properties providing investors with sustainable cash flows, with a history of distributing 90% - 100% of earnings



**BBB** investment grade rating

Standard & Poor's: stable outlook  
Fitch: positive outlook



**EPRA BPR Gold Award**



**EPRA sBPR Bronze Award**



**Top 10** Sustainalytics  
rated companies

(low risk - 11.4/100)



**AA ESG rating leader**

# A leading commercial real estate company in CEE

98% of the properties are located in EU investment-grade countries

CEE countries where the Group operates^	
Population (m inhabitants)	104
Total GDP (€m)	1 423 756
Average GDP per country (€m)	299 133
GDP per capita (€)	13 749
Purchasing power per inhabitant (€)	6 801
Number of Group's properties	56
Visits to Group's properties in 2019 (m)	325

^ Source: GfK, World Bank (2020 and 2021)

Country	S&P Credit rating	Fitch Credit rating	Weight in the portfolio (by property value)
Romania	BBB- stable	BBB- negative	35%
Poland	A- stable	A- stable	25%
Hungary	BBB stable	BBB stable	10%
Slovakia	A+ stable	A stable	9%
Bulgaria	BBB stable	BBB positive	8%
Croatia	BBB- stable	BBB positive	5%
Czech Republic	AA- stable	AA- stable	3%
Lithuania	A+ stable	A stable	3%
Serbia	BB+ stable	BB+ positive	2%





# NEPI Rockcastle at a glance

as of March 2022

**€5.9bn**  
Investment property value

**2 million**  
m<sup>2</sup> of GLA



**32.5%**  
Loan-to-value

**96.0%**  
EPRA Occupancy rate

**€6.42**  
EPRA NRV per share

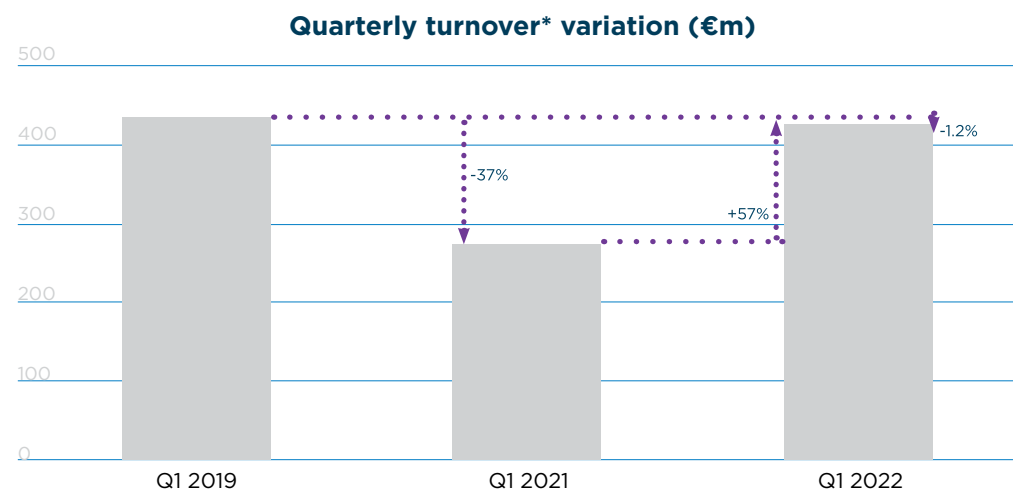
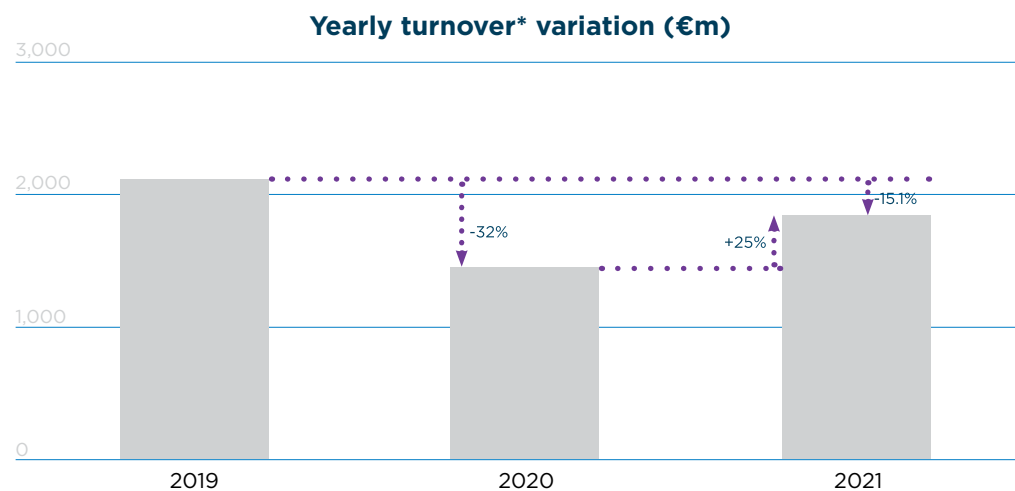
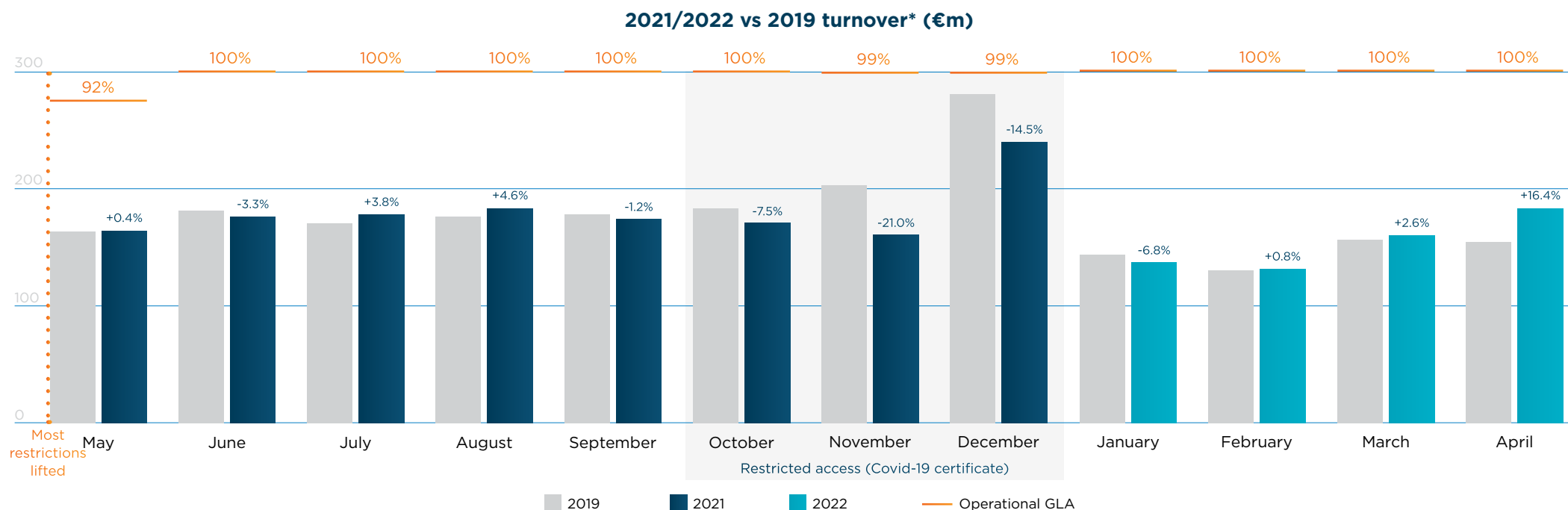
**6.0%**  
Dividend yield\*



\* Dividend yield computed based on 2021 distribution and mid-May 2022 share price

# Performance recovery once restrictions have been lifted

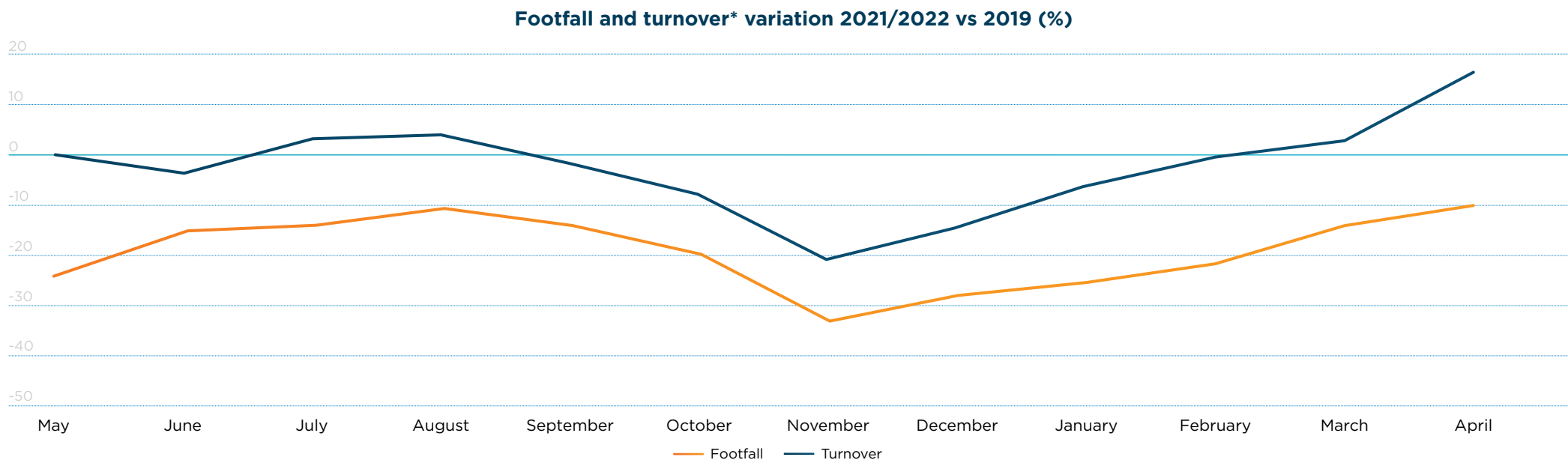
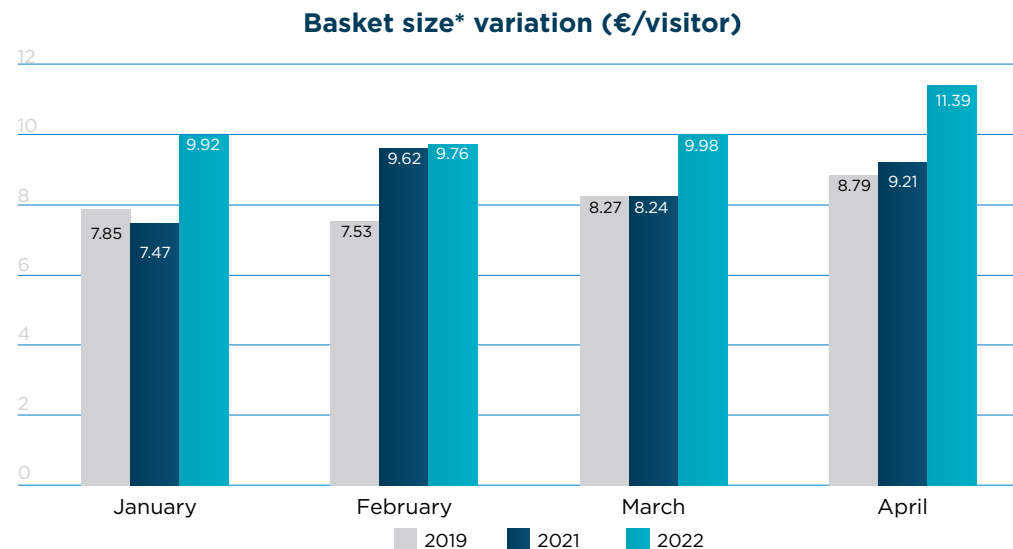
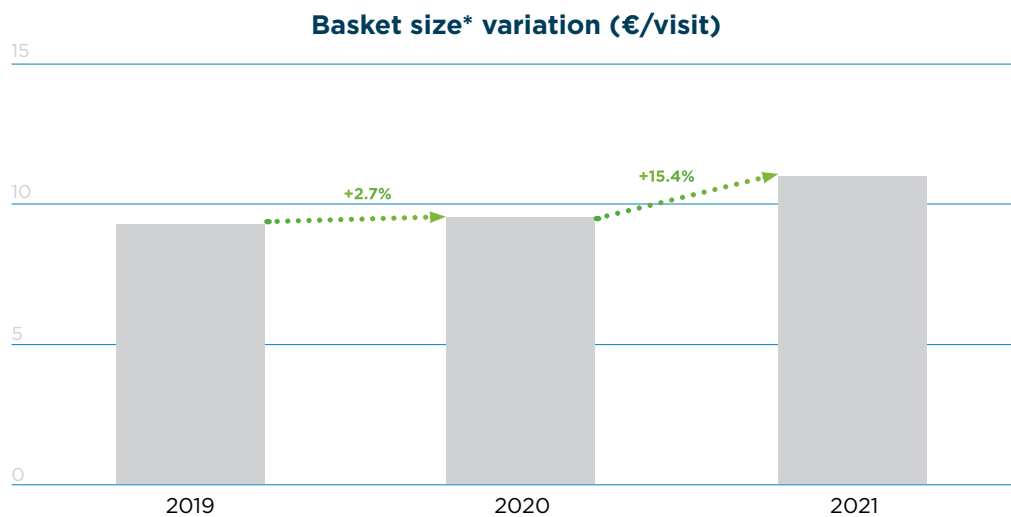
Turnovers in 2022 recovered and even exceeded 2019 levels





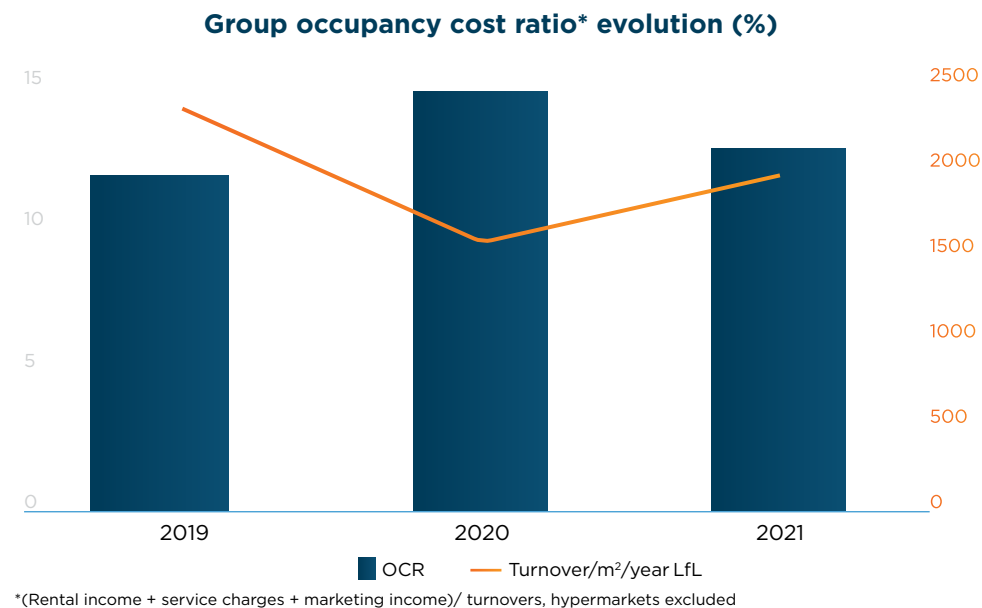
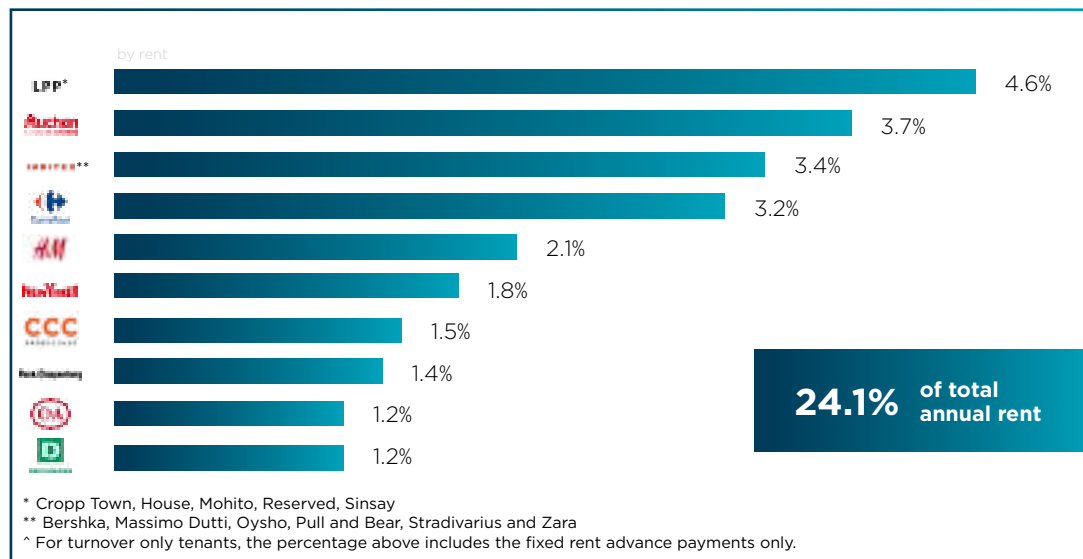
# Performance recovery once restrictions have been lifted » continued

**For the first four months of 2022, turnover recovered at faster pace compared to footfall (+3.9% vs -18.3%), leading to increase in basket size (+27%) compared to 2019**

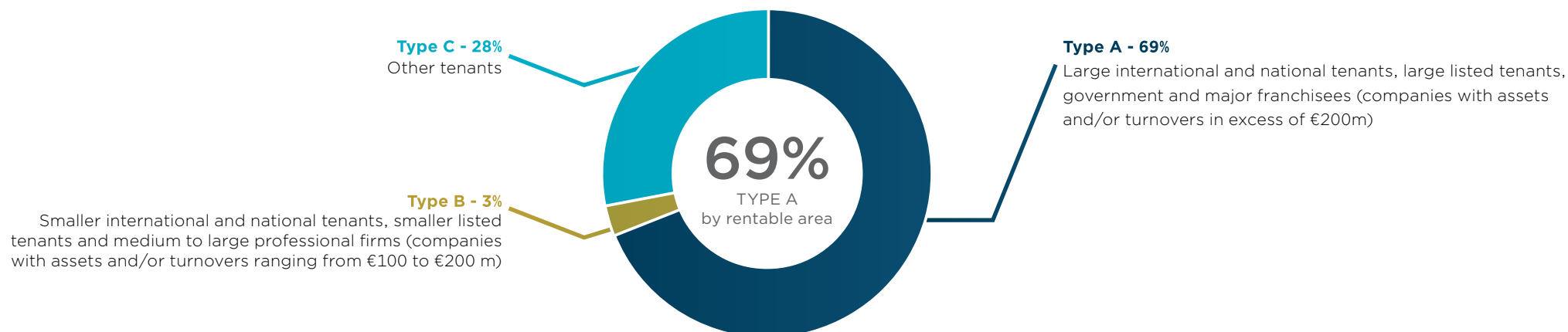


# Sustainable retail environment

## Sustainable anchor tenant base as at 31 December 2021, with limited exposure to concentration risk



## Tenant profile as at 31 December 2021





# Sustainable retail environment» continued

## General lease terms not changed following Covid-19 pandemic

### RENT

A large portion of retail tenants have a contractual obligation to report turnovers and pay the higher between base rent and turnover rent. Turnover (variable) rent and overage rent (on top of fixed rent) were 5.0% and 3.1% of gross rental income respectively for FY 2021 (4.4% and 3.1% respectively for FY 2020)

### TRIPLE-NET LEASES

The Group's vast majority of lease agreements are triple net, where taxes, insurance, property management fees, utility costs, maintenance and common area costs are mostly recovered from tenants

### CURRENCY

Leases are negotiated in **EUR**; rent is invoiced in local currency equivalent and currency differences above a particular threshold between invoice date and collection date are recovered from tenants

### TERM TO FIRST BREAK OPTION

Typically ten years for hypermarkets, DIYs and cinemas, and three to five years for other tenants

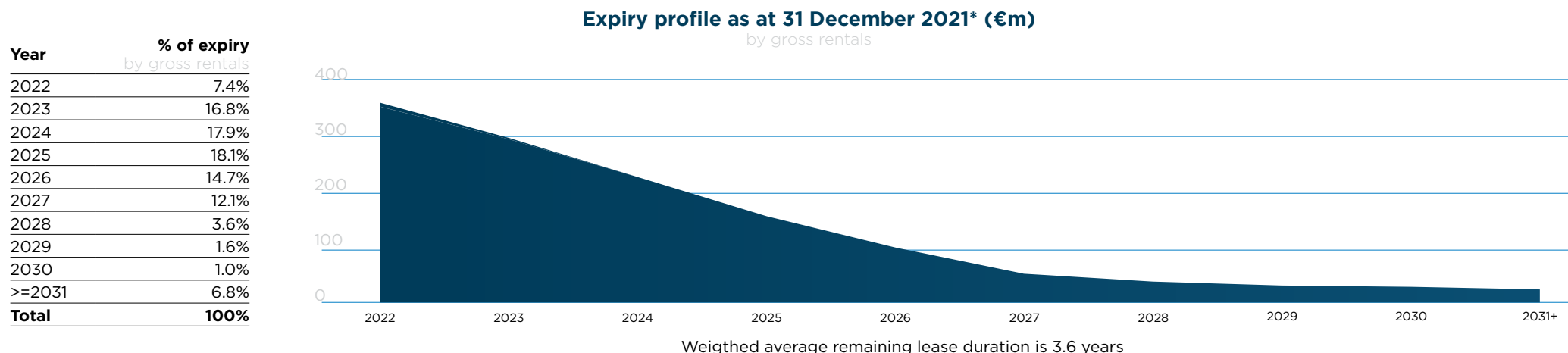
### INDEXATION

Rent and marketing charges are adjusted annually in line with indices of consumer prices (HICP, MUICP, etc); selective lockup clause for conversion of turnover rent to base rent

### GUARANTEES

Typically equivalent to three months' rent, service charge and VAT; parent company guarantee required for major retail tenants

## Sustainable long-term lease duration post-Covid-19



\* 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

**32.5%**  
Prudent LTV

with **35%** long term strategic threshold

**€1bn**  
Liquidity

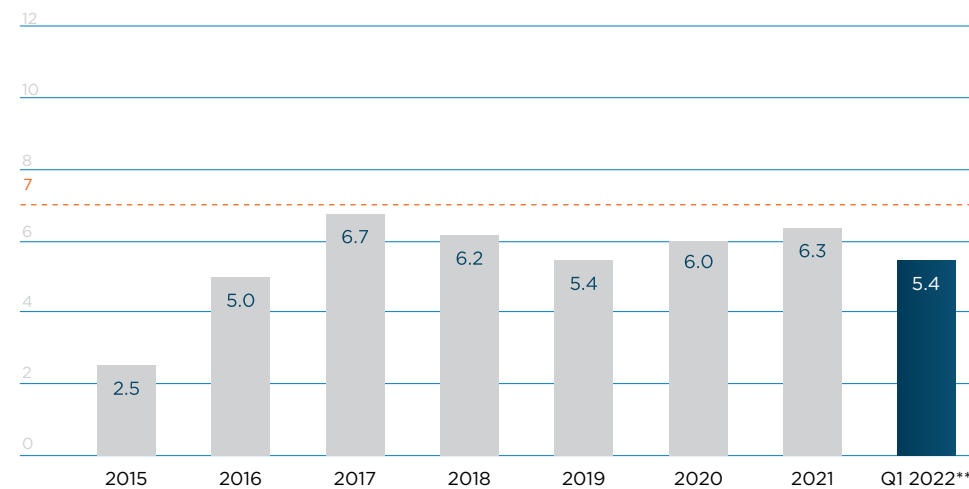
including cash (€397m) and available revolving facilities (€620m)

**BBB**  
Investment grade rating

Standard & Poor's (stable outlook) and Fitch (positive outlook)

- **Weighted average remaining debt term: 4.9 years**
- **Interest rate risk fully hedged**
- **Cost of debt: 2.34%** (2020: 2.3%)

**Net debt/EBITDA\***



\* IFRS accounts  
\*\* annualised

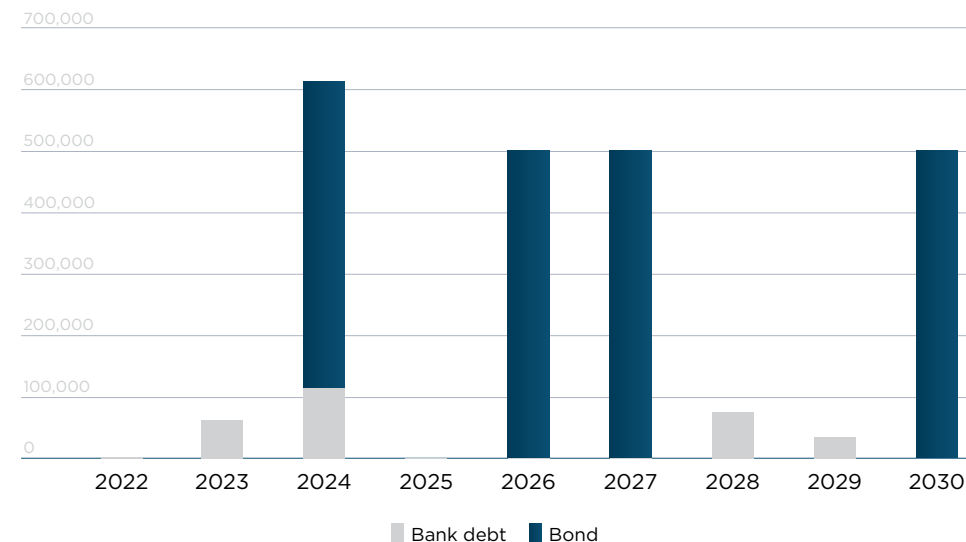
-- Threshold monitored by management and rating agencies



# Liquidity and funding » continued

- Current undrawn revolving facilities of €620 milion
- Strategic issue of €500 million 8 year green bond, to refinance previously issued bond (maturing in 2023)
- No significant debt obligation in 2022 and 2023
- Ensured that 91% of the portfolio is unencumbered

Debt maturity profile as of March 2022 (€m)



# Development pipeline - Opportunity 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**

- **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

**€610m**  
investments under  
permitting and construction



## Developments under construction

Promenada Mall	Romania	Mall/Office	Extension
Promenada Craiova	Romania	Mall	Development
Bonarka City Center	Poland	Mall	Refurbishment
Vulcan Residence	Romania	Residential	Development

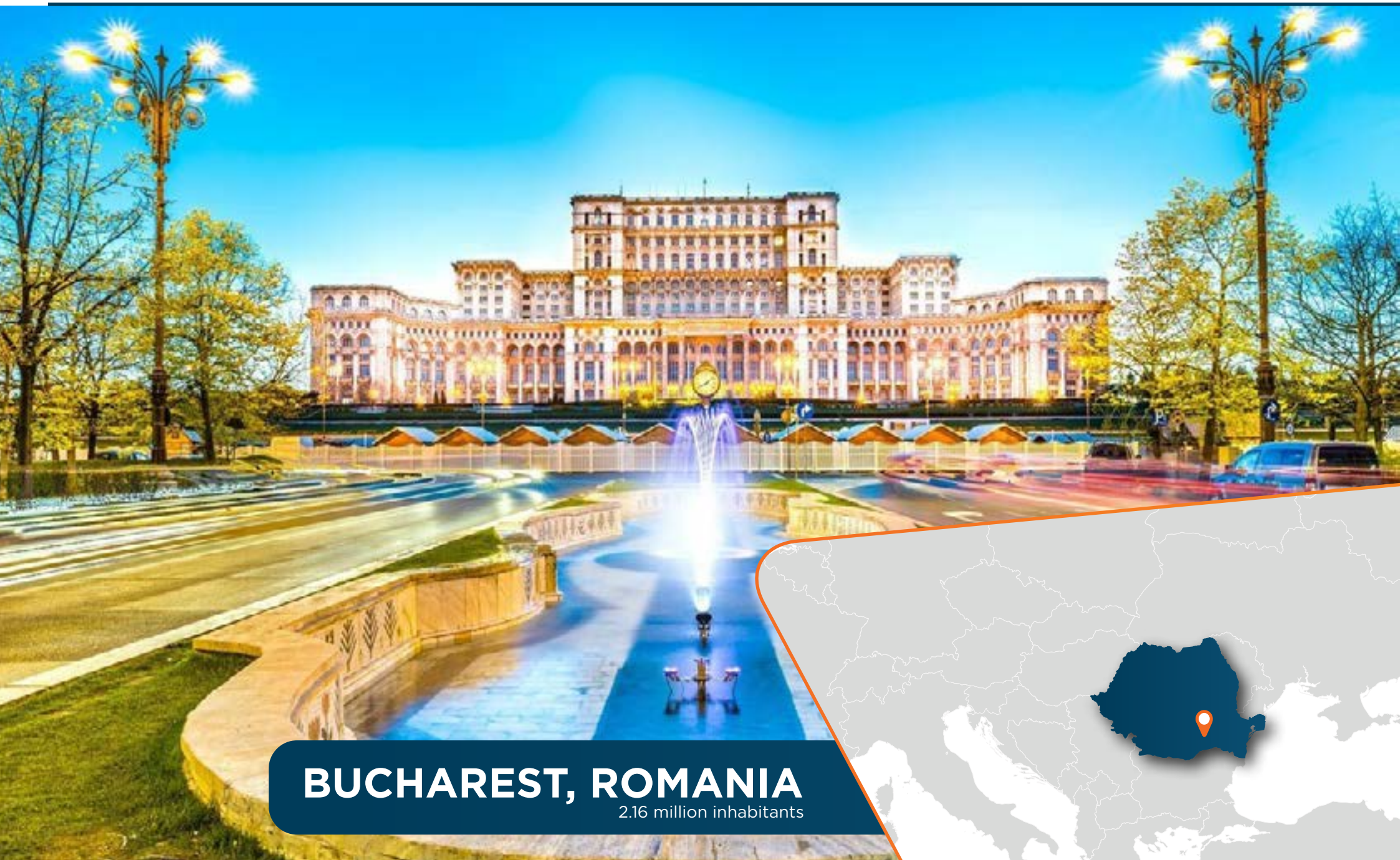
## Developments under permitting and pre-leasing

Promenada Plovdiv	Bulgaria	Mall	Development
Galati Retail Park	Romania	Mall	Development



# Tour map





## BUCHAREST, ROMANIA

2.16 million inhabitants



# Mega Mall



**2015**  
opening date

**75,900m<sup>2</sup>**  
GLA

**€20.6**  
Average rental (€/m<sup>2</sup>/month)

**€17.8m**  
Passing rent

**€287.3m**  
Valuation

Main tenants



**CINEMA CITY**

**Dr.Max<sup>+</sup>**

**H&M**

**HUMANIC MANGO**



Peek.Cloppenburg

RESERVED

**SAMSUNG** SEPHORA



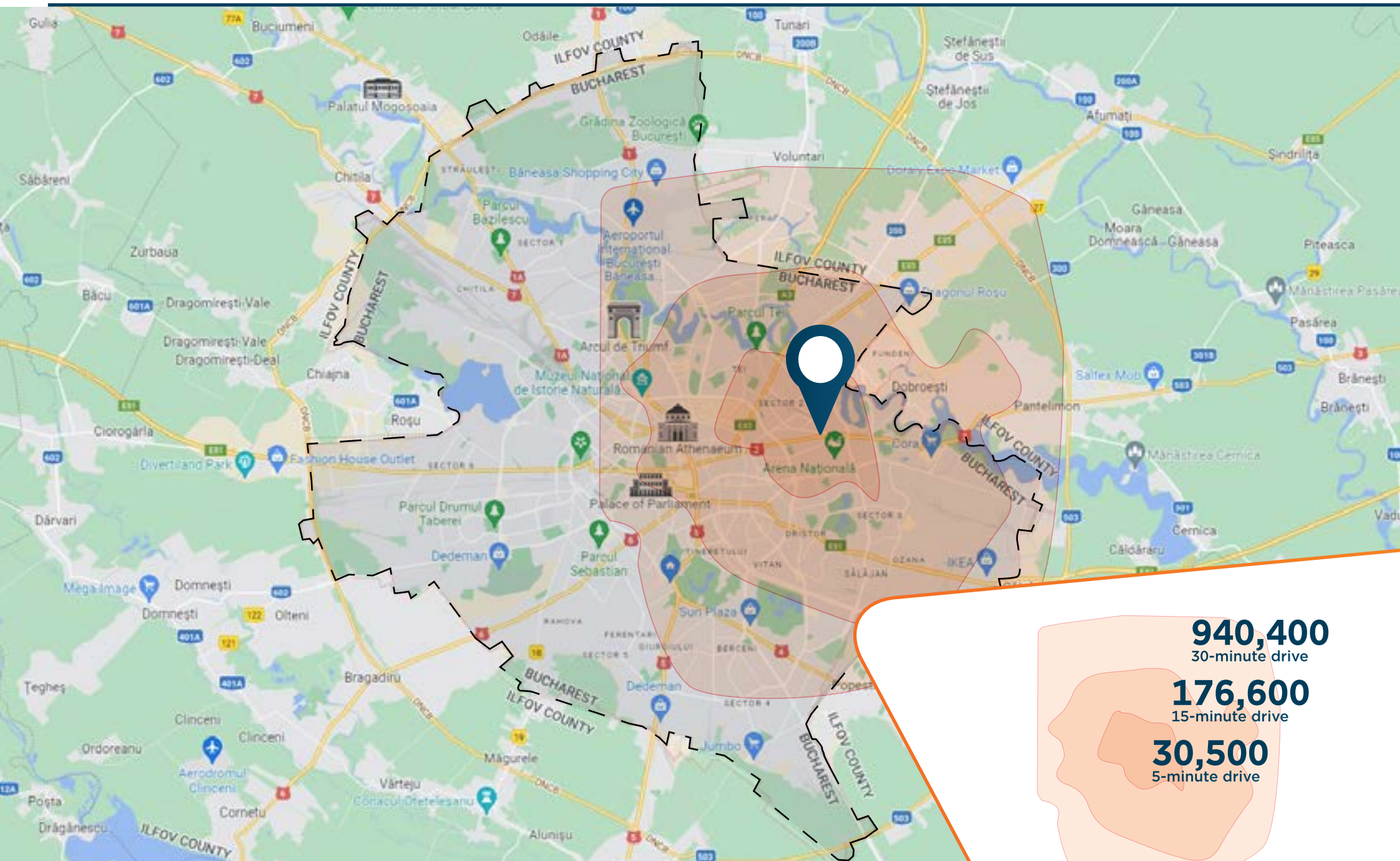
**World Class**

**ZARA**

**94.4%**  
EPRA Occupancy



# Catchment area





# Vulcan Residence



**2023**  
opening date

**18,300m<sup>2</sup>**  
Gross Sellable Area

**252**  
residential units

**27%**  
units sold in 7 months



# Vulcan Residence» continued





## Vulcan Residence» continued





# Promenada Bucharest



## 2014

acquisition date

## 39,300m<sup>2</sup>

GLA

## €27.2

Average rental (€/m<sup>2</sup>/month)

## €12.6m

Passing rent

## €179.1m

Valuation

Main tenants

Bershka



H&M



Massimo Dutti next

Peek & Cloppenburg

Sizeer

SEPHORA

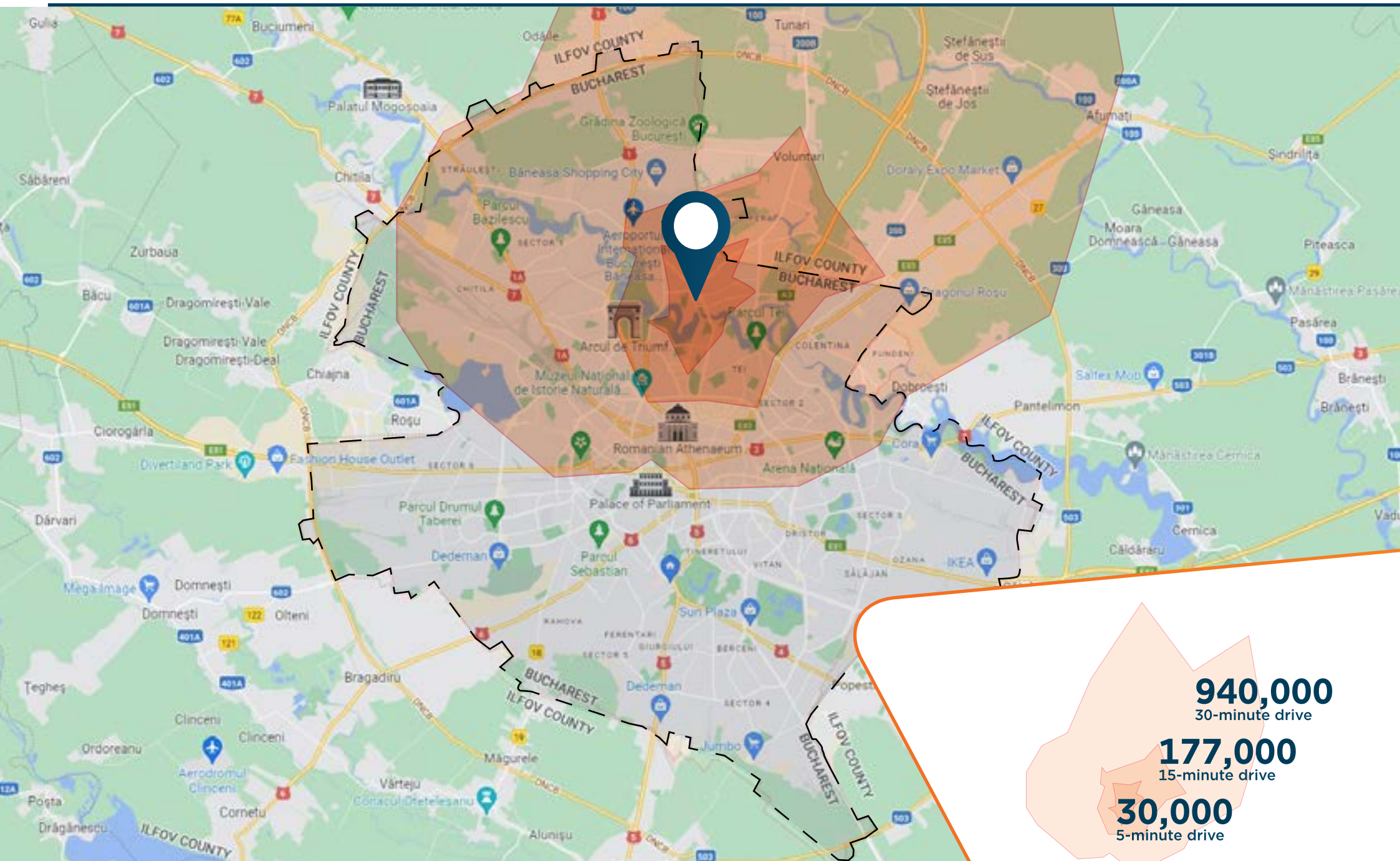


World Class

ZARA



# Catchment area





58,400m<sup>2</sup> ongoing extension





58,400m<sup>2</sup> ongoing extension» continued





# Romania



## CONSTANTA, ROMANIA

305,000 inhabitants



# City Park



Main tenants



DOUGLAS



RESERVED SEPHORA



## 2013

acquisition date

## 51,900m<sup>2</sup>

GLA

## €21.3

Average rental (€/m<sup>2</sup>/month)

## €13.0m

Passing rent

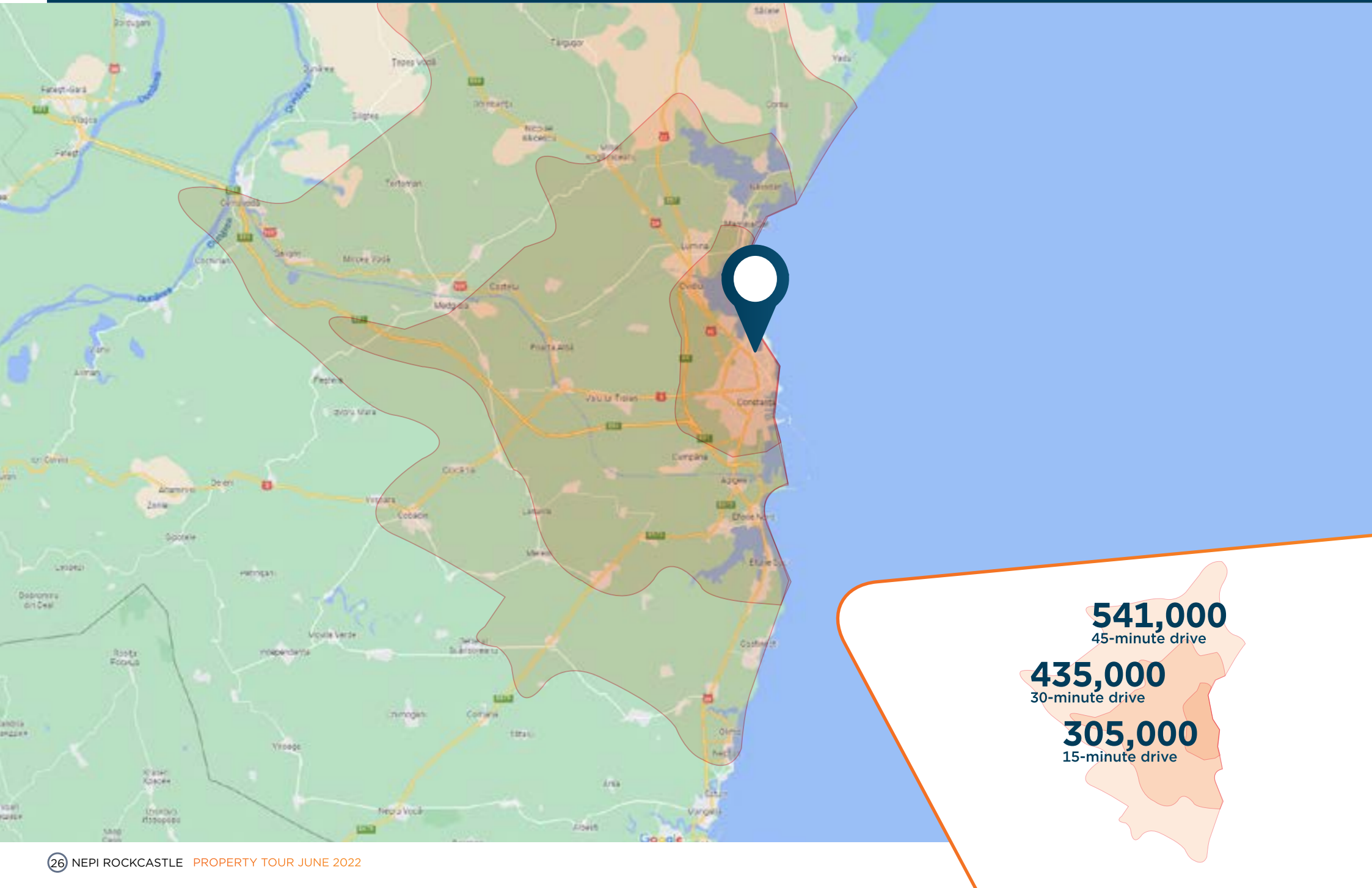
## €189.3m

Valuation

## 96.2%

EPRA Occupancy

# Catchment area







## CRAIOVA, ROMANIA

293,000 inhabitants



# Promenada Craiova



**Q3 2023**

opening date

**52,300m<sup>2</sup>**

GLA



Bershka



CROPP



MOHITO



NEWYORKER

OYSHO

Peek.Cloppenburg

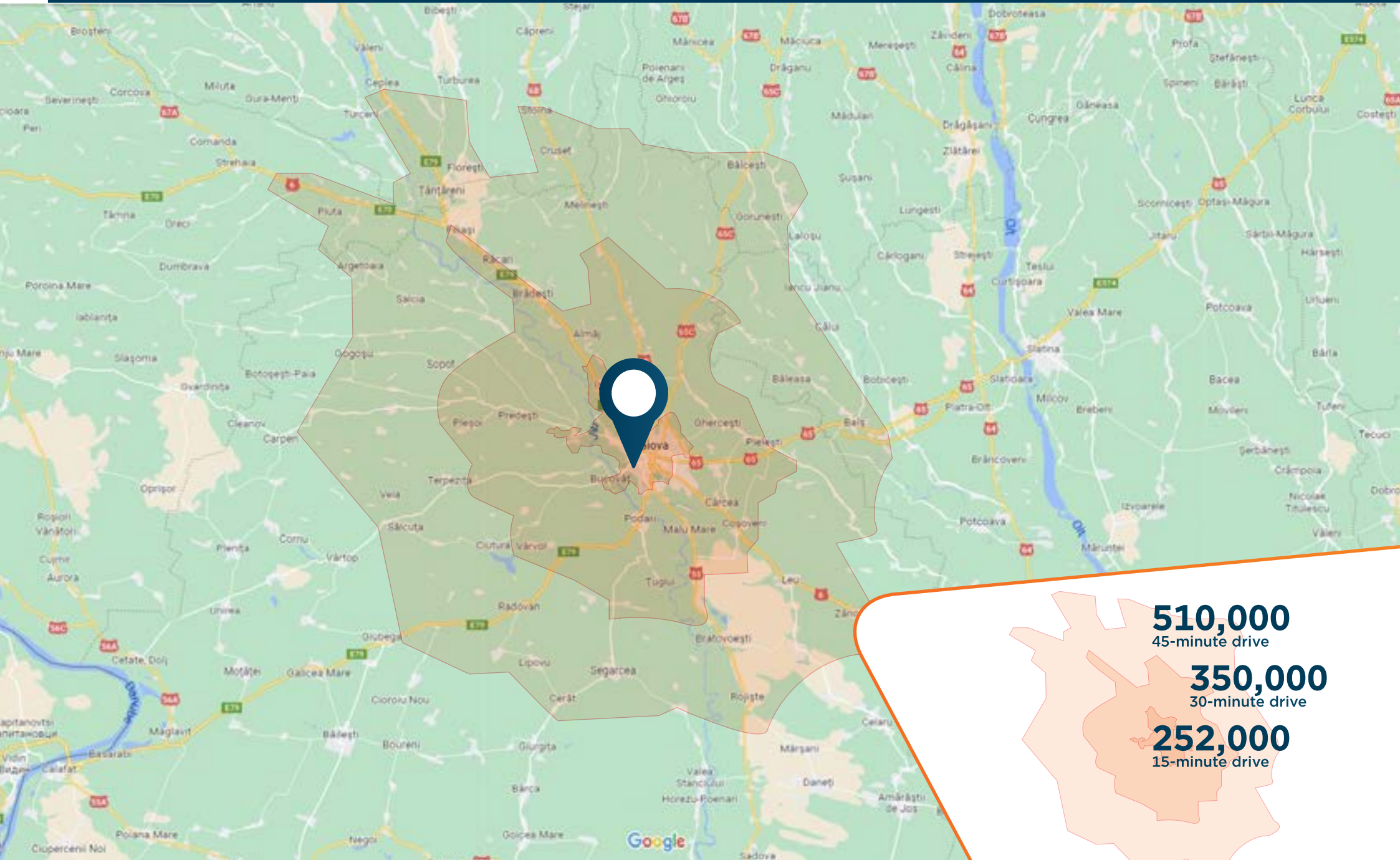
PULL&BEAR

RESERVED

Stradivarius

ZARA

# Catchment area





# Development in progress







## ZIELONA GORA, POLAND

141,000 inhabitants



# Focus Mall Zielona Gora



## 2016

acquisition date

## 44,100m<sup>2</sup>

GLA

## €18.2

Average rental (€/m<sup>2</sup>/month)

## €7.7m

Passing rent

## €174.8m

Valuation

Bershka

market

CCC

CINEMA  
CITY

CROPP

H&M

Kappahl

MediaMarkt

NEWYORKER

RESERVED

RTVEUROAGD

sinsay

stradivarius

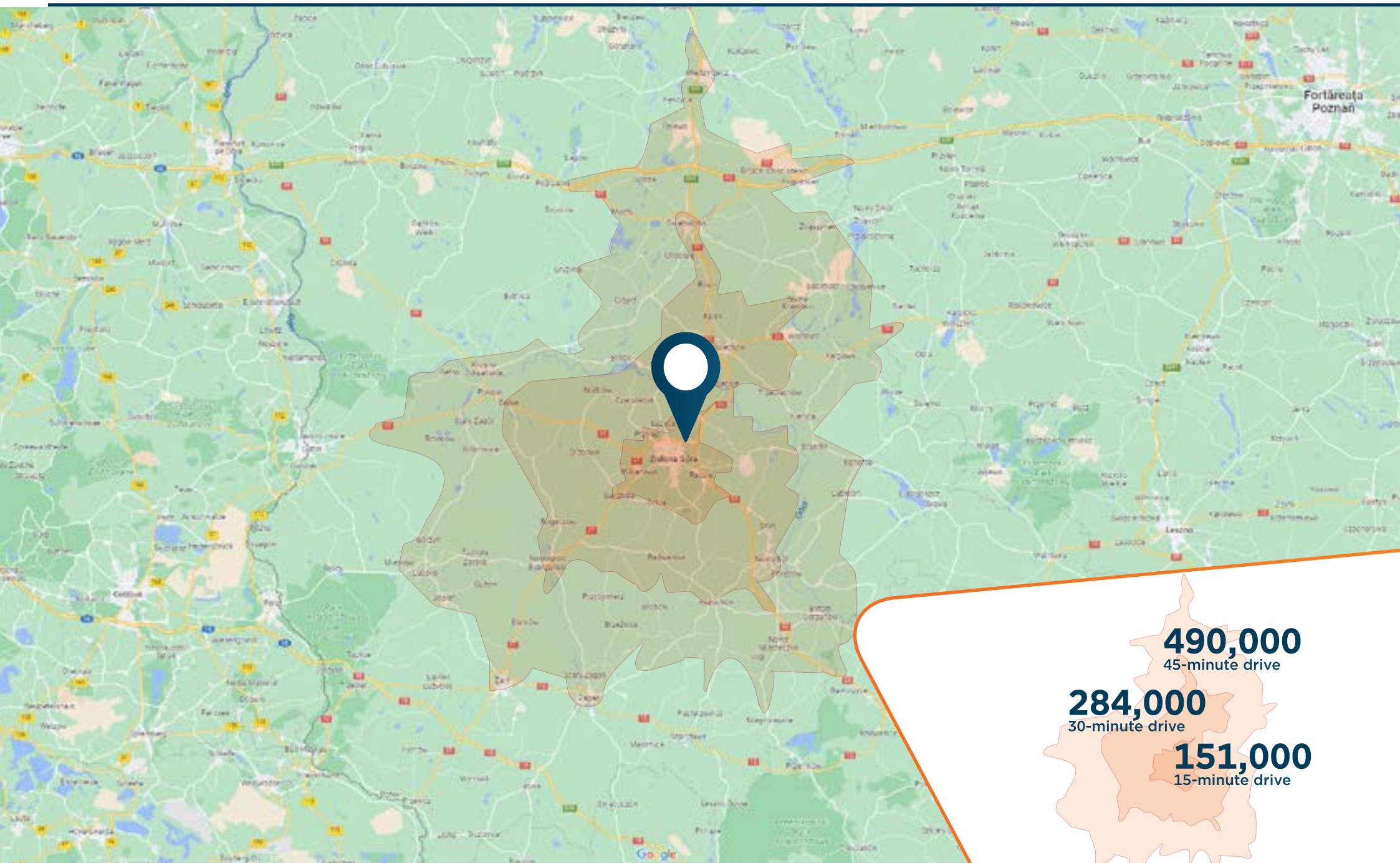
TKmaxx

## 81.0%

EPRA Occupancy



# Catchment area







## KRAKOW, POLAND

770,000 inhabitants



# Bonarka City Center



**2016**

acquisition date

**74,700m<sup>2</sup>**  
GLA

**€23.2**

Average rental (€/m<sup>2</sup>/month)

**€20.3m**

Passing rent

**€393.2m**

Valuation

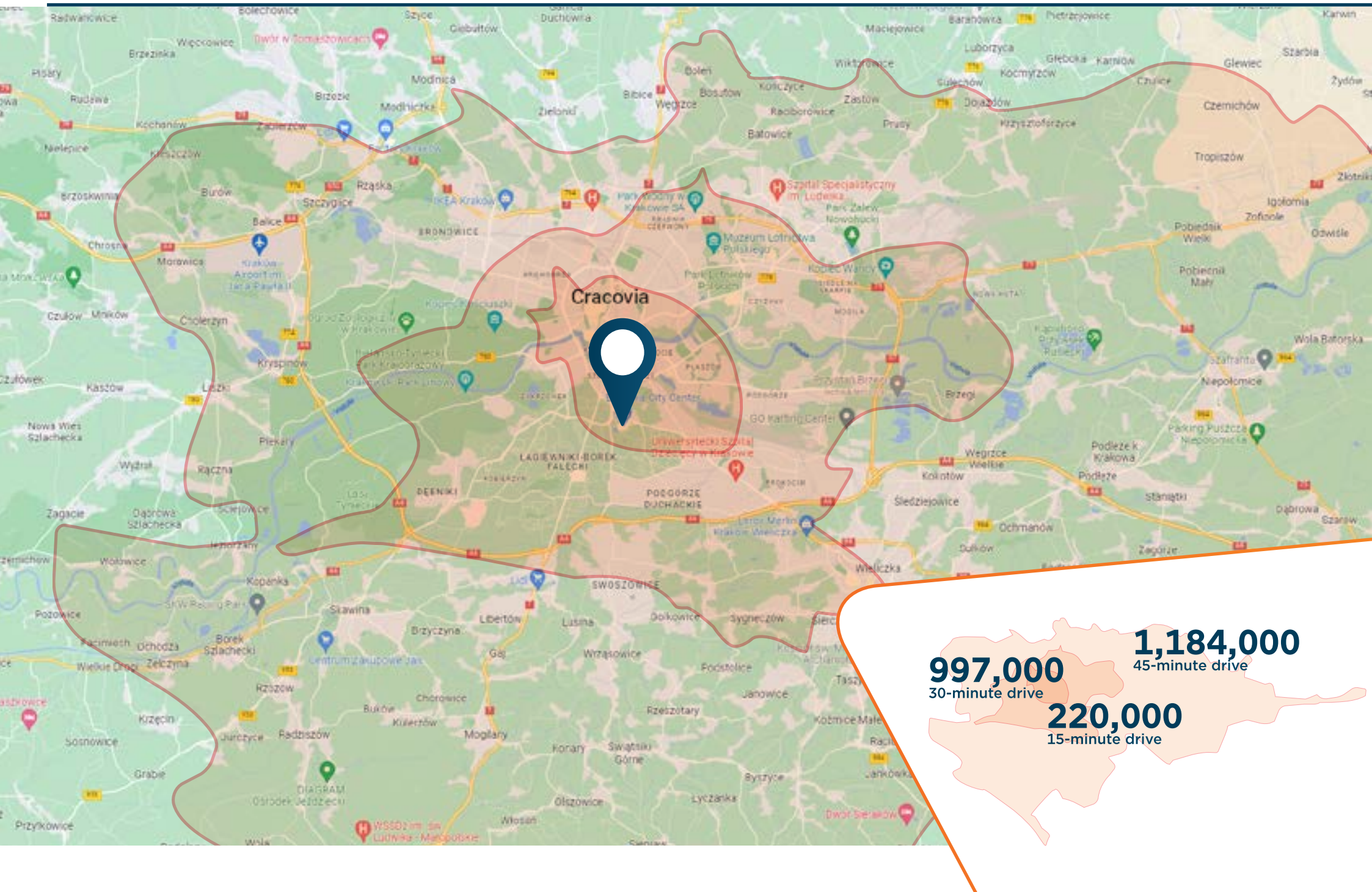


**97.2%**

EPRA Occupancy



# Catchment area

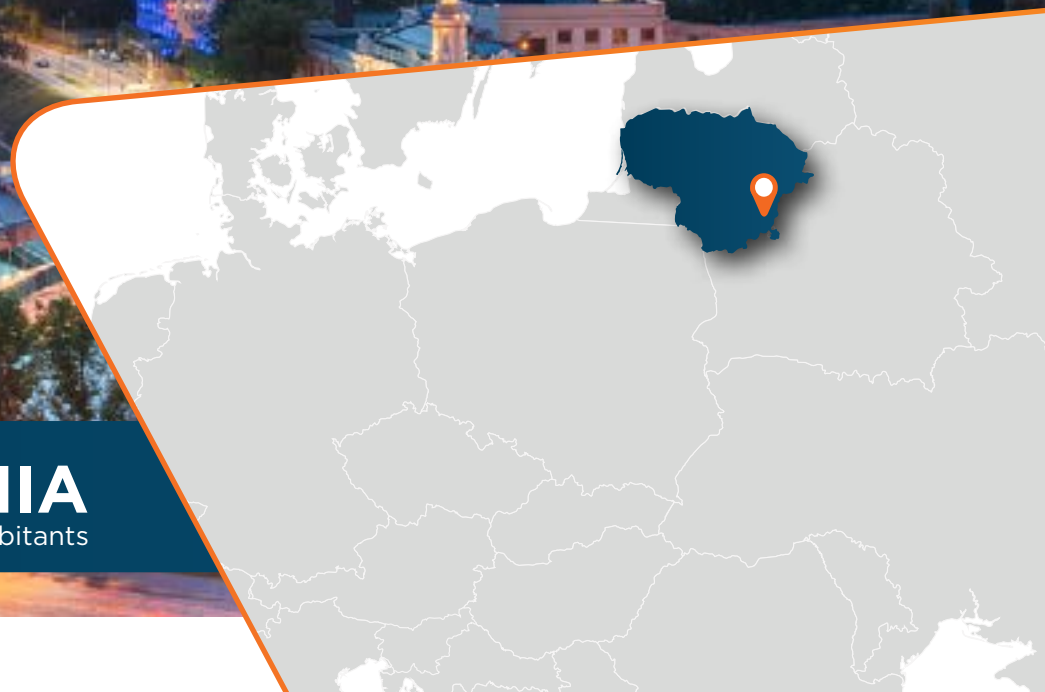






## VILNIUS, LITHUANIA

541.000 inhabitants





# Ozas Shopping and Entertainment Centre



## 2018

acquisition date

## 67,800m<sup>2</sup>

GLA

## €13.9

Average rental (€/m<sup>2</sup>/month)

## €11.3m

Passing rent

## €143.8m

Valuation

Main tenants

**ACTION!**  
at APOLLO

**ADVENTICA**

Bershka

**D**  
DEICHMANN

**H&M**

**JYSK**

**MAXIMA**

**Multikino**

Peek.Cloppenburg

**PULL&BEAR**

**RESERVED**

**sinsay**

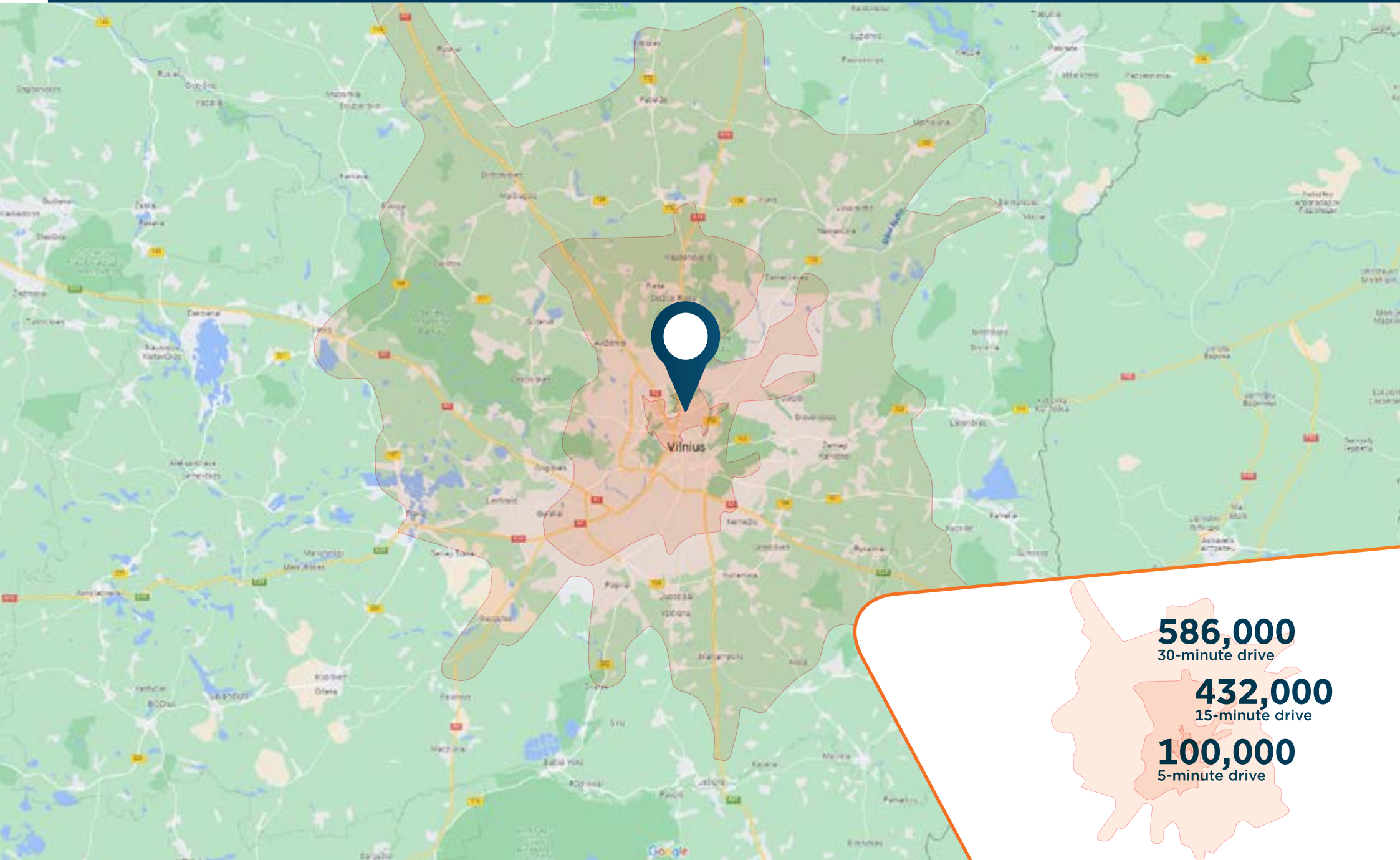
**Stradivarius**

**ZARA**

## 99.8%

EPRA Occupancy

# Catchment area



**586,000**  
30-minute drive

**432,000**  
15-minute drive

**100,000**  
5-minute drive





## TARGU MURES, ROMANIA

144,000 inhabitants



# Shopping City Targu Mures



## 2020

opening date

## 40,200m<sup>2</sup>

GLA

## €14.7

Average rental (€/m<sup>2</sup>/month)

## €6.9m

Passing rent

## €90.4m

Valuation

## 99.1%

EPRA Occupancy

Main tenants



Bershka

CCC

DeFacto



EMAG



LCwaikiki

NEWYORKER

PULL&BEAR

RESERVED

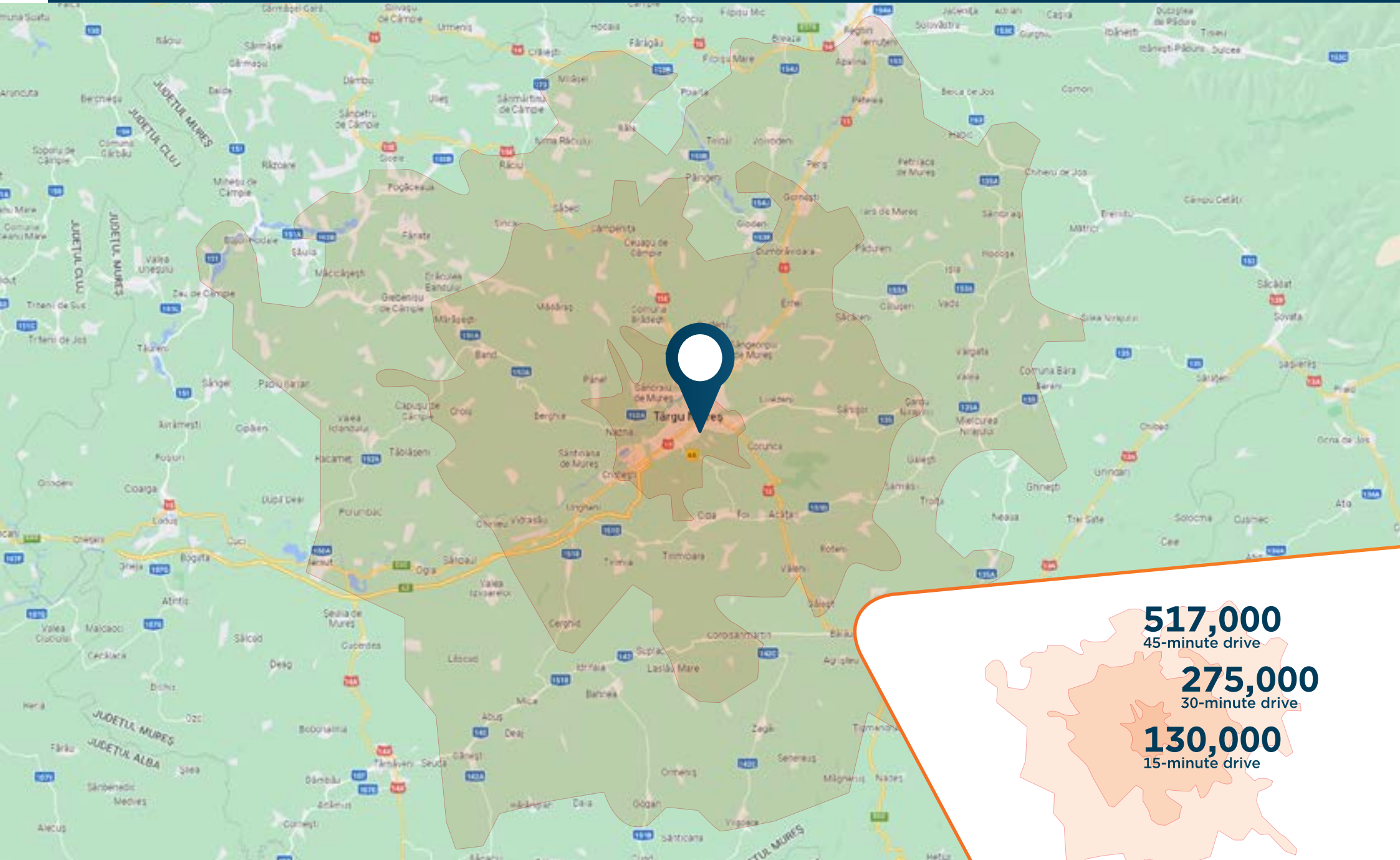
sinsay

Sizeer

Stradivarius



# Catchment area







## SIBIU, ROMANIA

166,000 inhabitants



# Promenada Sibiu



## 2019

opening date

## 42,500m<sup>2</sup>

GLA

## €16.4

Average rental (€/m<sup>2</sup>/month)

## €8.0m

Passing rent

## €99.7m

Valuation

Main tenants

Bershka **EMAG** GANT GUESS



MANGO Massimo Dutti

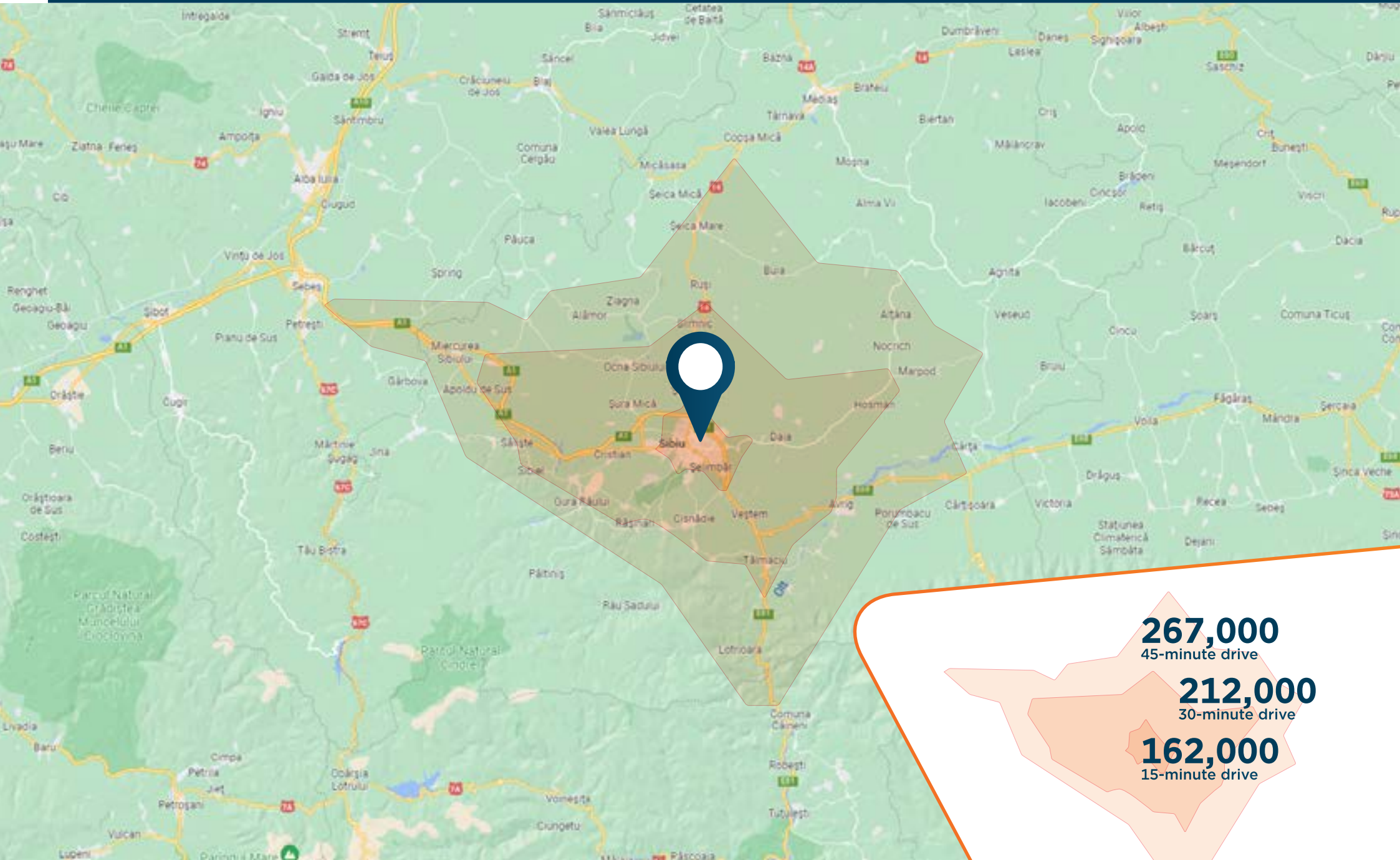
PULL&BEAR RESERVED SEPHORA Stradivarius TOMMY HILFINGER U.S. POLO ASSN.

**ZARA**

## 96.3%

EPRA Occupancy

# Catchment area



**267,000**  
45-minute drive

**212,000**  
30-minute drive

**162,000**  
15-minute drive



