



NEPI
ROCKCASTLE




Promenada

ZARA

PULL&BEAR

Bershka

Stradivarius

OYSHO

RESULTS PRESENTATION

June 2022



**NEPI
ROCKCASTLE**

EXCELLENCE. INNOVATION. EXPERIENCE.

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Overview

H1 2022 highlights

Strong recovery of retailers, with sales 8% higher compared to H1 2019

Excellent operational results, with like-for-like NOI higher by 4.3% vs first half of 2019

EPRA Vacancy decreasing from 4.0% at end of 2021 to 3.4%

Property valuation at June 2022 up by €59 million

Earnings guidance for 2022 revised to approximately 33% growth relative to 2021



Key business figures: excellent operational results translated into distributable earnings per share higher by 29.4% relative to H1 2021

H1 2021	H1 2022 vs H1 2021	H1 2022	H1 2022 vs H1 2019	H1 2019
€17.64 cents Distributable earnings per share	29.4%	€22.83 cents Distributable earnings per share	-21.3%	€29.02 cents Distributable earnings per share
€155m NOI	26.5%	€196m NOI	-2.0% (+4.3% LFL)	€200m NOI
95.6% Collection rate	0.4pp	96.0% Collection rate*	-1.9pp	97.9% Collection rate
€1,667 Turnover/m ²	+38.5%	€2,308 Turnover/m ²	3.2%	€2,237 Turnover/m ²
106.3m Footfall	28.2%	136.3m Footfall	-12.2%	155.3m Footfall

* Collection rate increased to almost 98% as of mid-August 2022

Key business figures: balance sheet improving, liquidity remains strong

Dec 2021	Jun 2022 vs Dec 2021	June 2022	Jun 2022 vs Dec 2019	Dec 2019
€5.8bn Investment property value	1.7%	€5.9bn Investment property value	-6.3%	€6.3bn Investment property value
€6.51 EPRA NRV per share	2.0%	€6.64 EPRA NRV per share	-9.3%	€7.32 EPRA NRV per share
30.9% Loan-to-value	0.4pp	31.3% Loan-to-value	-0.7pp	32.0% Loan-to-value
91% Unencumbered assets^	-	91% Unencumbered assets^	8pp	83% Unencumbered assets^
3.7 years Average debt maturity	1 years	4.7 years Average debt maturity	0.6 years	4.1 years Average debt maturity
96.0% EPRA Occupancy	0.6pp	96.6% EPRA Occupancy	-1.3pp	97.9% EPRA Occupancy

^ Percentage of investment property

2

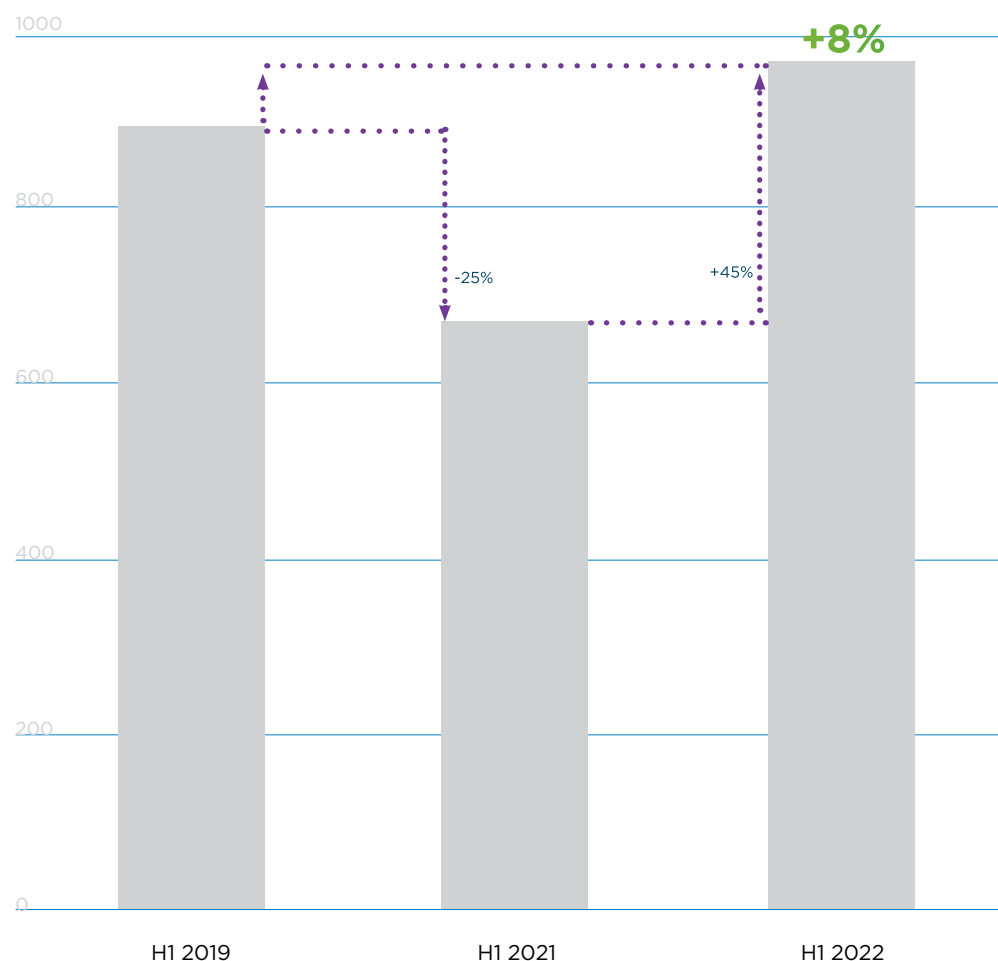


Operations

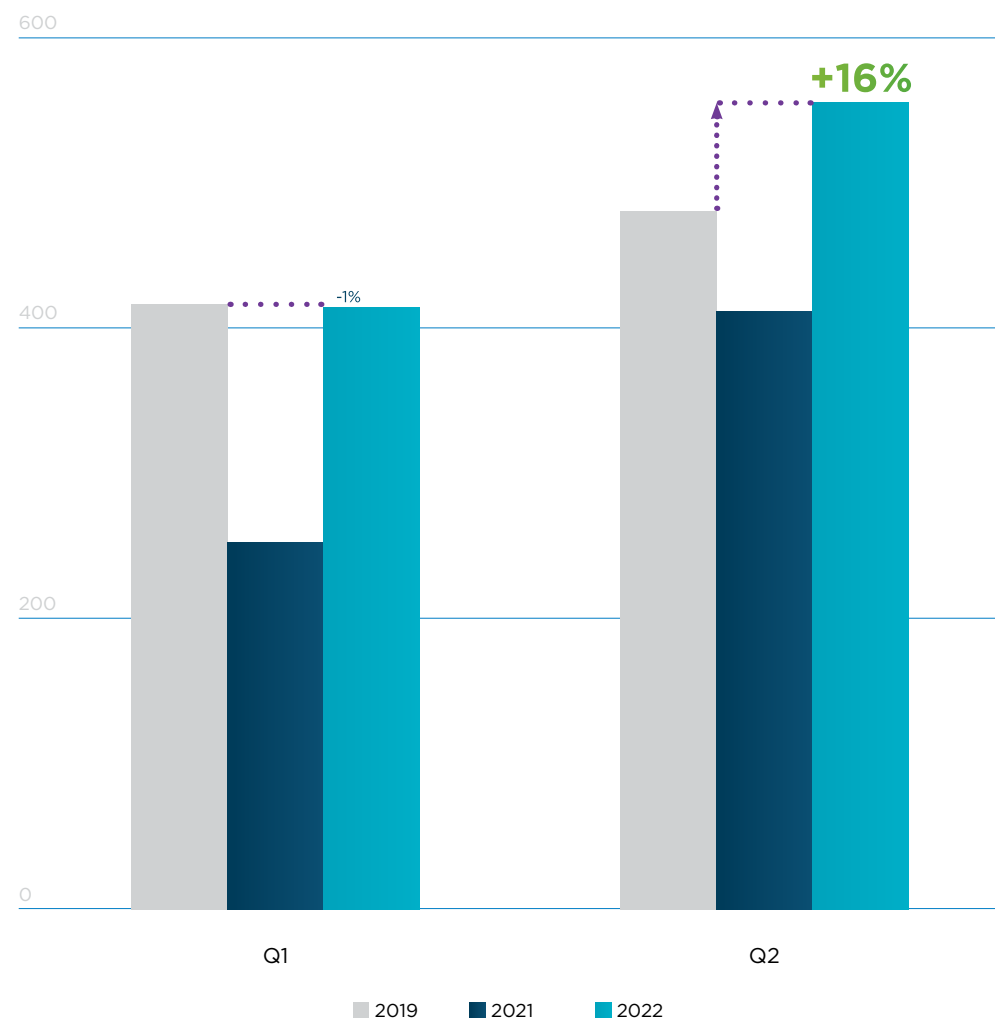
H1 2022 Status of the business – Turnover*

Strong turnover recovery in H1 2022 (8% vs H1 2019), driven by great Q2 performance (16% Q2 2022 vs Q2 2019)

Half-year turnover* variation (€m)



Quarterly turnover* change (€m)

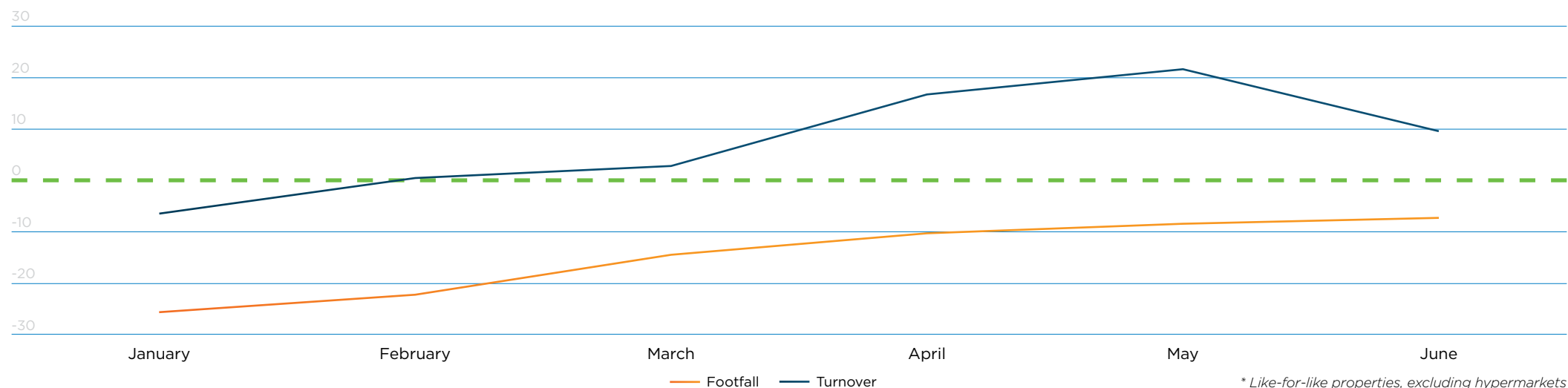


* Like-for-like properties, excluding hypermarkets

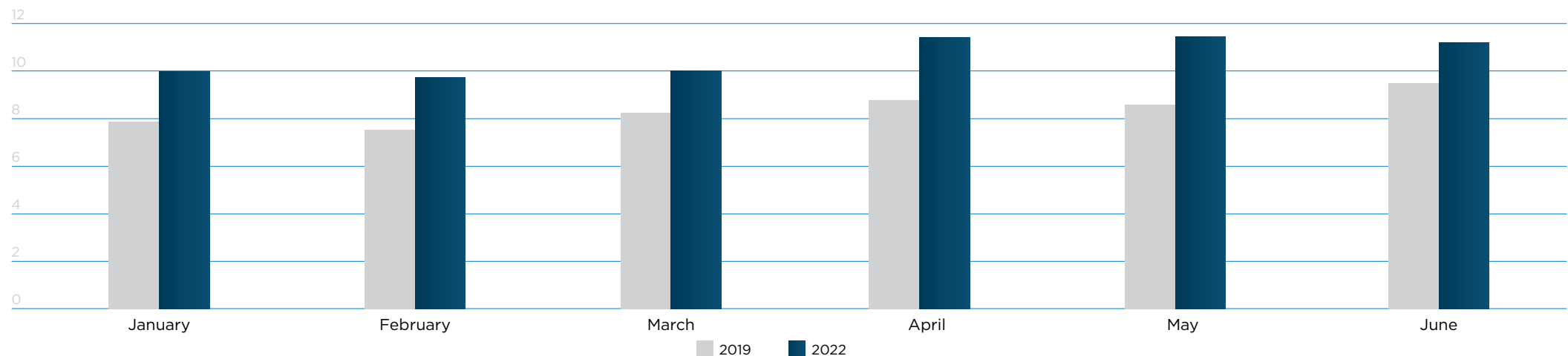
H1 2022 Status of the business – Basket size*

Basket size continues to increase (+27% vs H1 2019)

Footfall and turnover* variation H1 2022 vs H1 2019 (%)

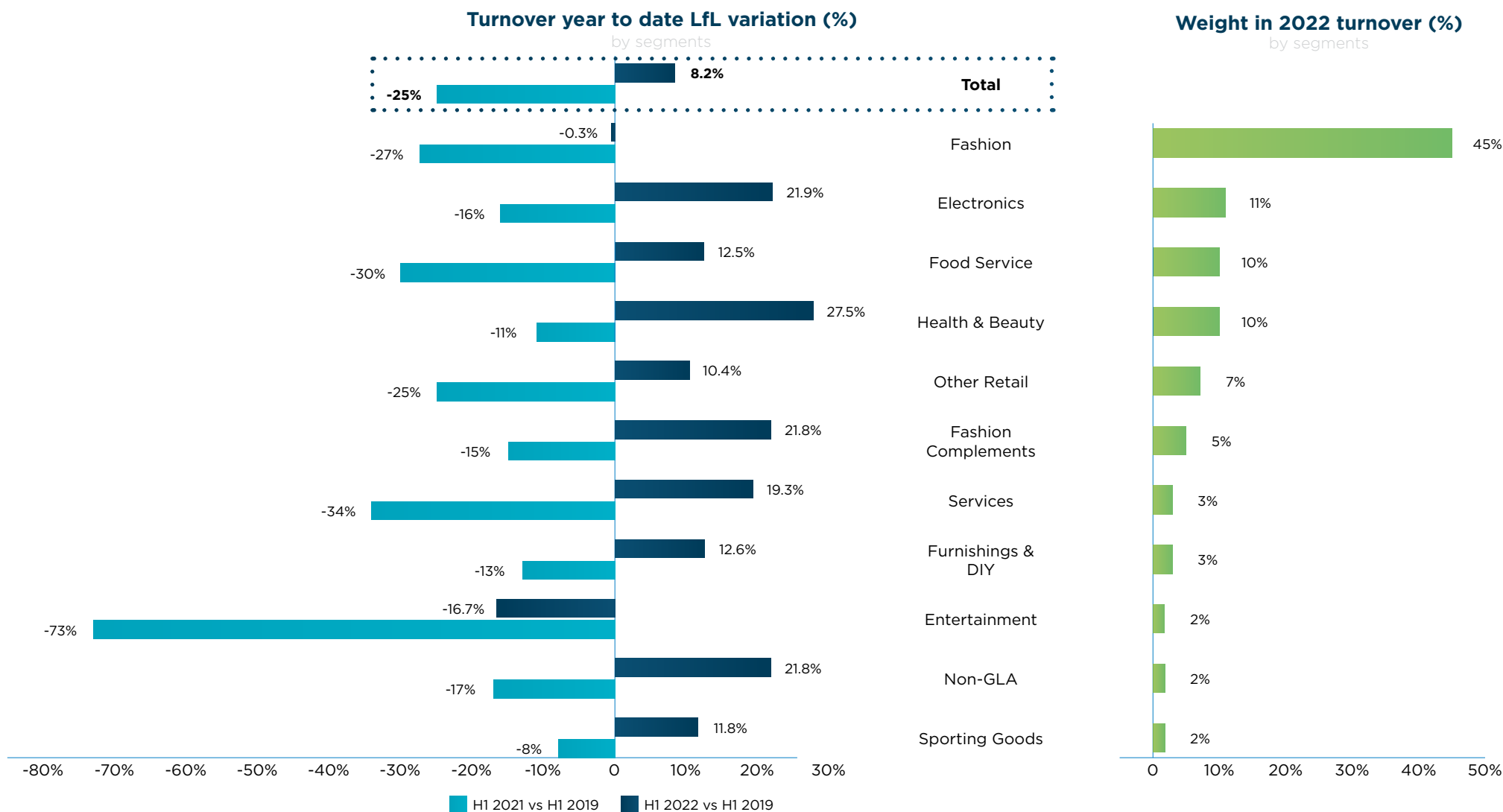


Basket size variation (€/visitor)



H1 2022 Status of the business – Retail segments

Fashion and entertainment catching up with 2019 results (-0.3% and -16.7%)

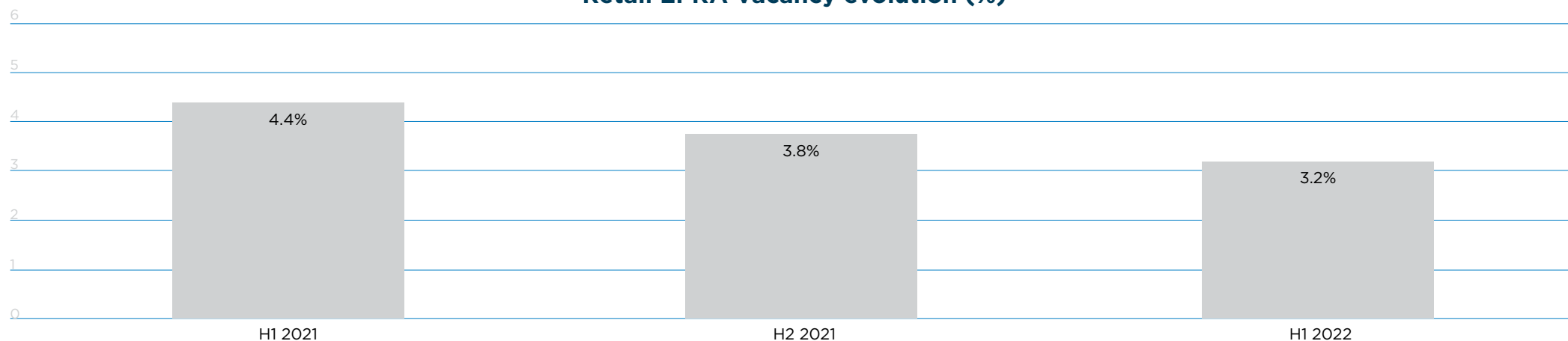


*Fashion complements includes Jewelry, sunglasses, fashion accessories;
Other retail includes Books, Office supplies, Gourmet, Tabaco, Toys, Pet Shop;
Non-GLA includes Kiosks, temporary displays;
Services includes Beauty centers, Telecom, Travel*

H1 2022 Status of the business – Leasing activity

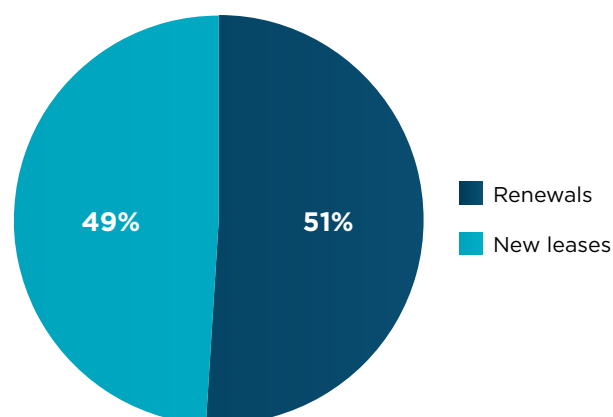
EPRA vacancy dropped to 3.4% from 4%. Over 80% of the leases expiring in the year have been renewed

Retail EPRA Vacancy evolution (%)



Split of signed leases in H1 2022

by GLA



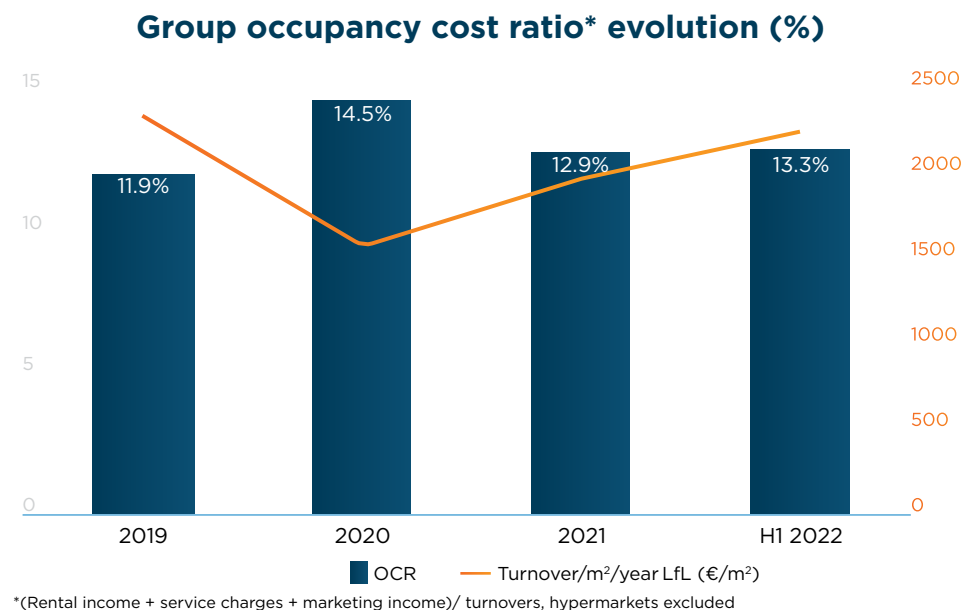
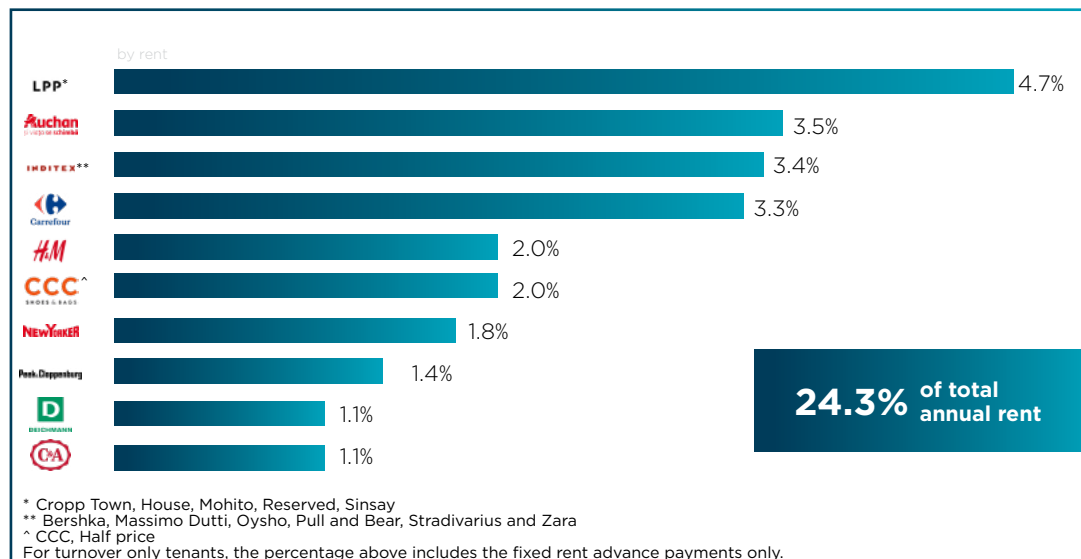
433 signed leases on 97,000m² GLA, out of which 53%* are new leases.

- **228 new leases** (47,300m² of GLA) were signed during H1 2022, representing 2.4% of the Groups GLA
- **205 leases renewed** during H1 2022
- **47% of the new leases GLA** was signed with international tenants
- By 30 June 2022, **70%** of the leases expiring in 2022 have been renewed, **increasing to 80%** by mid-August.

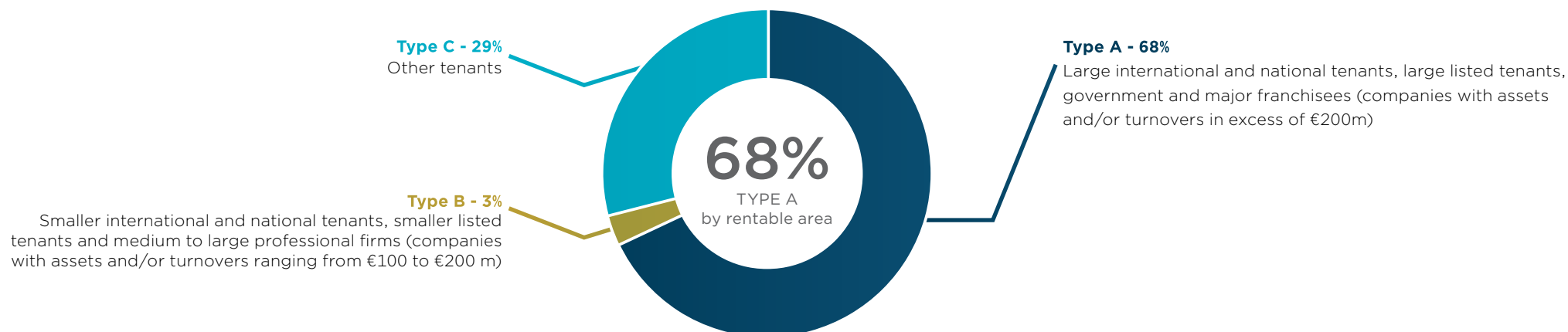
* By no. of leases signed

Sustainable retail environment

Sustainable anchor tenant base as at 30 June 2022, with limited exposure to concentration risk



Tenant profile as at 30 June 2022



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 5.6% and 3.1% of gross rental income respectively for FY H1 2022 (5.0% and 3.1% respectively for FY 2021)

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

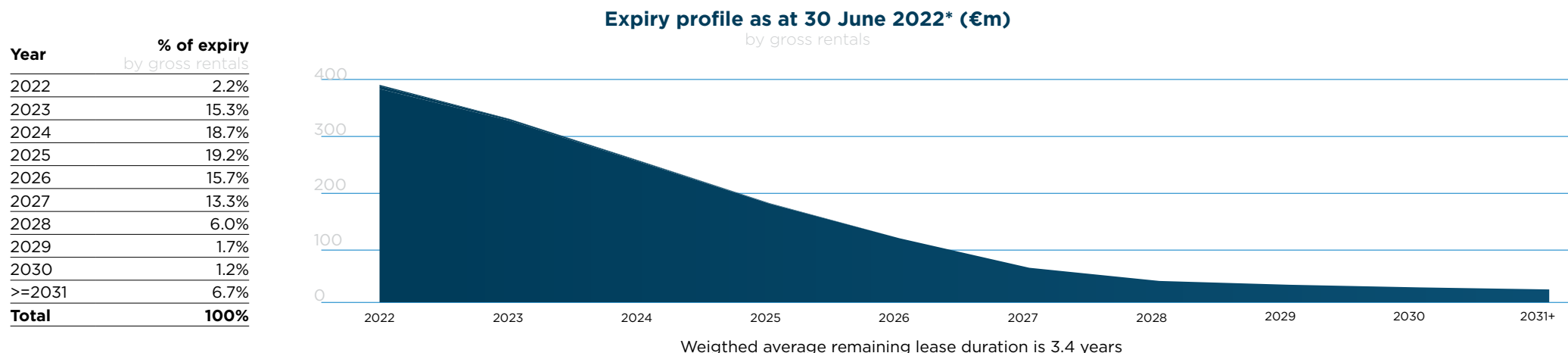
INDEXATION

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



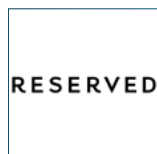
* Expiry profile computed up to the first break option included in the lease agreements; for the lease agreements where the first break option elapsed, the lease agreement was considered to expire in the upcoming 12 months, irrespective of the actual contractual duration

H1 2022 Status of the business – Leasing activity

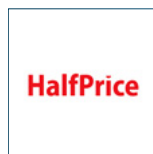
Anchor tenants signed in H1 2022



One lease
3,560m²



One lease
2,054m²



Two leases
2,942m²



Two leases
1,241m²



Two leases
1,835m²



Four leases
2,153m²



One lease
672m²



One lease
738m²



Three leases
1,283m²



One lease
540m²

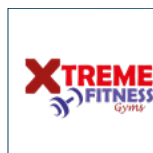
Other main leases



Shopping City
Galati, Romania
1,155m²



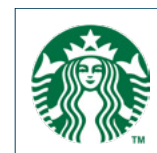
Sfantu Gheorghe
Retail Park,
Romania
711m²



Karolinka Shopping
Centre, Poland
1845m²



Mammut Shopping
Centre, Hungary
511m²



Aupark Kosice Mall,
Slovakia
257m²

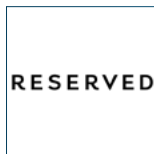


H1 2022 Status of the business – Leasing activity » continued

New openings in H1 2022



City Park,
Romania
2,695m²



Serdika Center,
Bulgaria
2,054m²



Alfa Centrum
Byalistok, Poland
2,051m²



Alfa Centrum
Byalistok, Poland
1.357m²



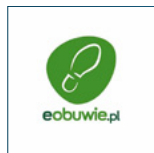
Mega Mall,
Romania
672m²



Focus Mall Zielona
Gora, Poland
811m²



Serdika Center,
Bulgaria
592m²



Focus Mall
Piotrkow
Trybunalski, Poland
426m²



Paradise Center,
Bulgaria
557m²



Mega Mall,
Romania
330m²



Zara new concept store in City Park

Omnichannel consumer interaction

In H1 2022, the Group continued the development of its omnichannel ecosystem



- **Consumer Loyalty App (SPOT)**

- » As of H1 2022, SPOT is available in 50% of the shopping centers operated by the Group, with more than 80 thousand consumer profiles;
- » More than 400 thousand receipts have been registered in the app, equivalent to more than €68 million sales.



- **Online marketplace**

- » Pilot test finished, the Group decided to further develop shoppingspot.bg as market place solution;
- » Implemented group wide capability to enable safe **collection of consumer data across all digital touchpoints**, and direct consumer communication personalised for individual shopping journey.



- To further strengthen Group omnichannel capabilities, a partnership with Placewise was established. Placewise is at the forefront of on-cloud, omnichannel solutions in Europe.

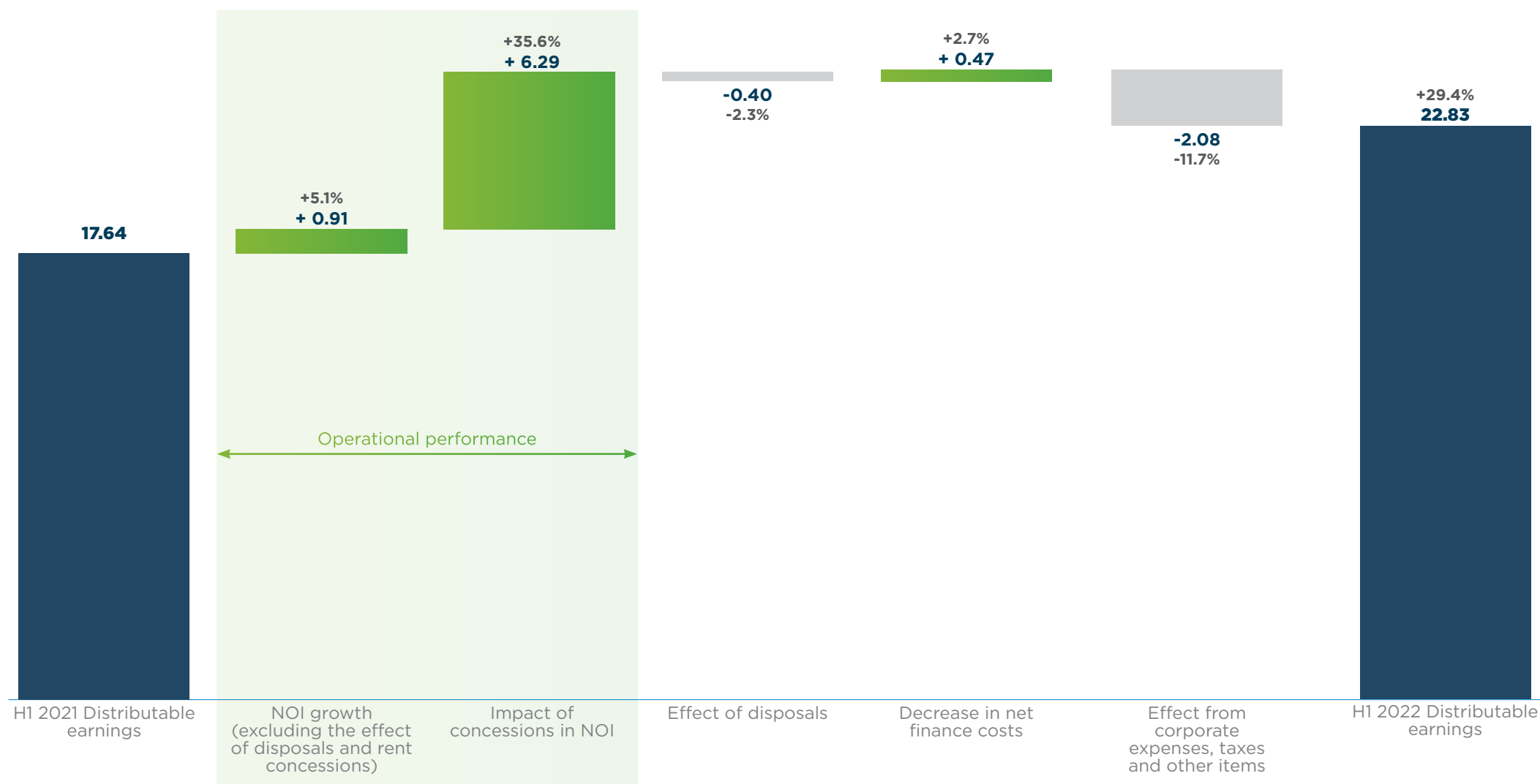


Finance

Key drivers of distributable earnings relative to H1 2021

amounts in € cents

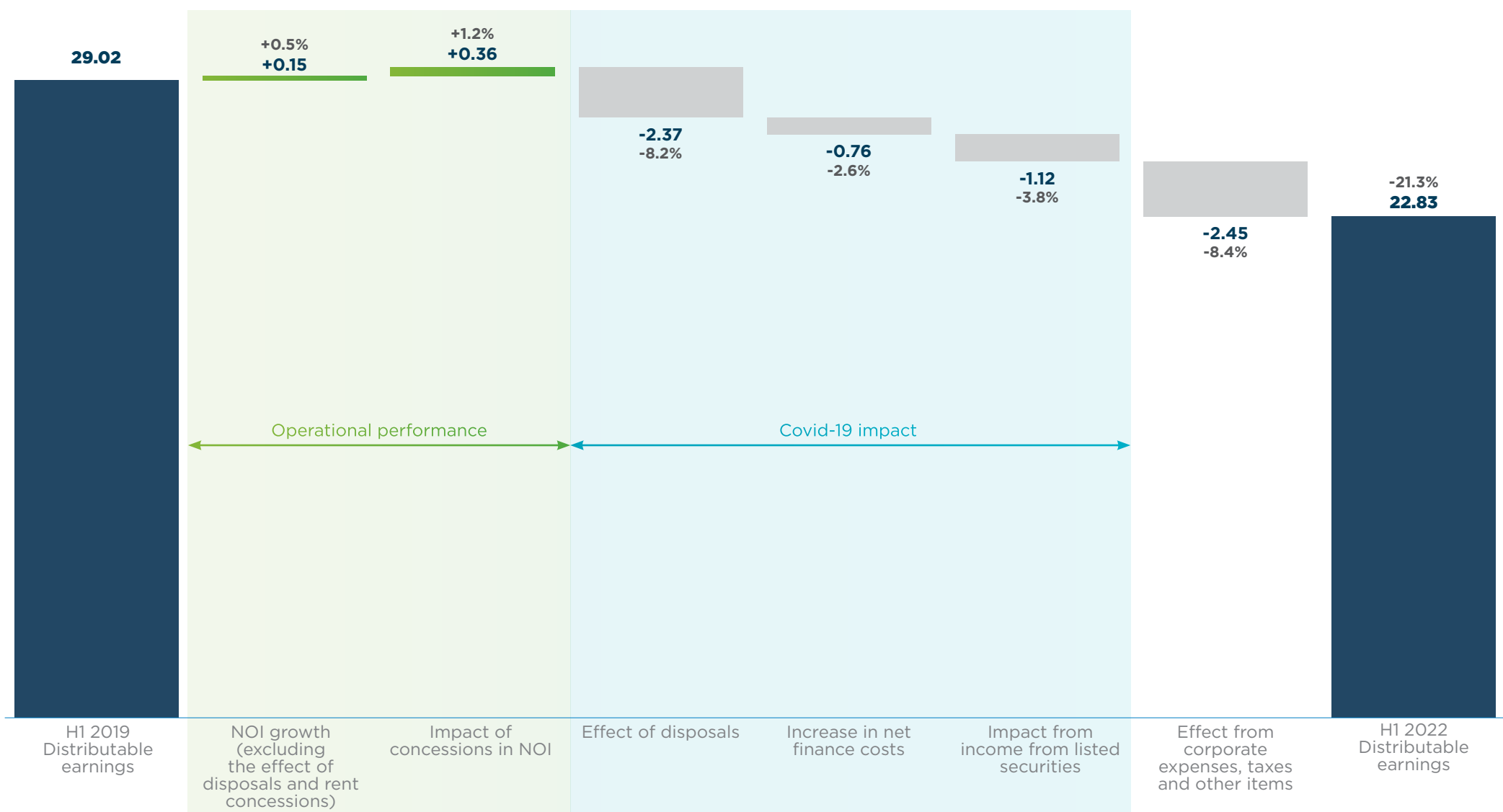
Distributable earnings growth driven by strong operational performance and impact of concessions.



Key drivers of distributable earnings relative to H1 2019

amounts in € cents

Distributable earnings driven by operational performance similar to H1 2019, offset by high level of liquidity during Covid-19 pandemic.



Liquidity and funding

31.3%
Prudent LTV

with **35%** long term strategic threshold

€1.1bn
Liquidity

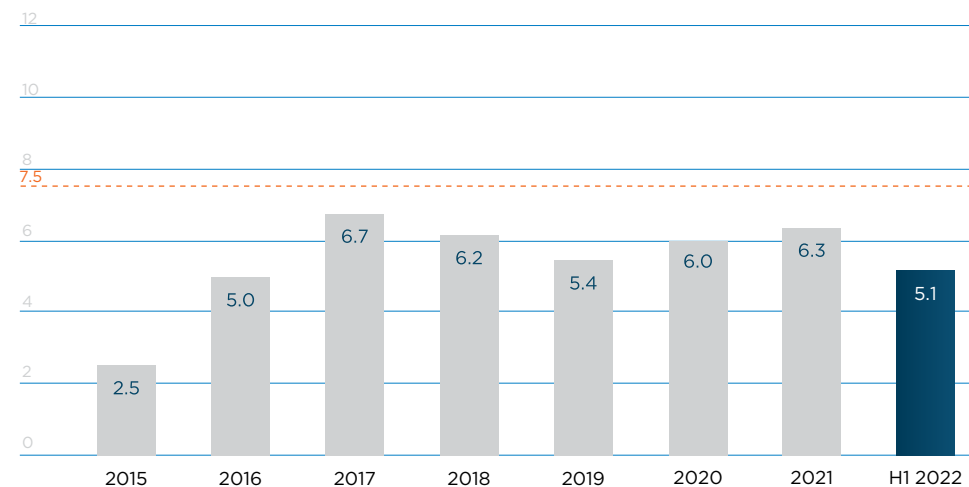
including cash (€450m) and available revolving facilities (€620m)

BBB
Investment grade rating

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

- **Weighted average remaining debt term: 4.7 years**
- **Interest rate risk 100% hedged**
- **Cost of debt: 2.4% (2021: 2.4%)**

Net debt/EBITDA

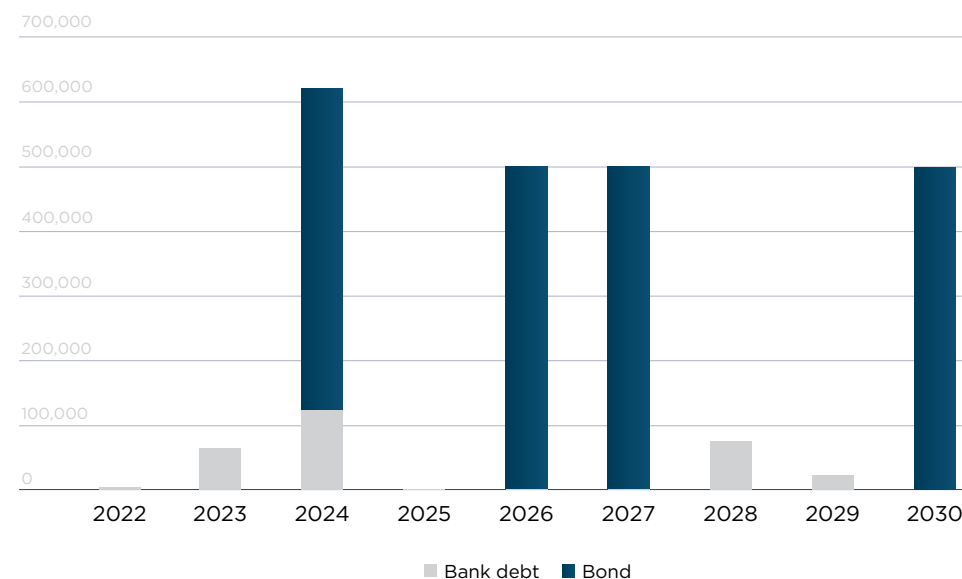


-- Threshold monitored by management and rating agencies

Liquidity and funding» continued

- Secured 2022 and 2023 with no significant debt obligations as we strategically issued €500 million 8-year green bond in Jan 2022
- Ensured that 91% of our portfolio is unencumbered
- Maintain the previously existing revolving facilities to €620 million

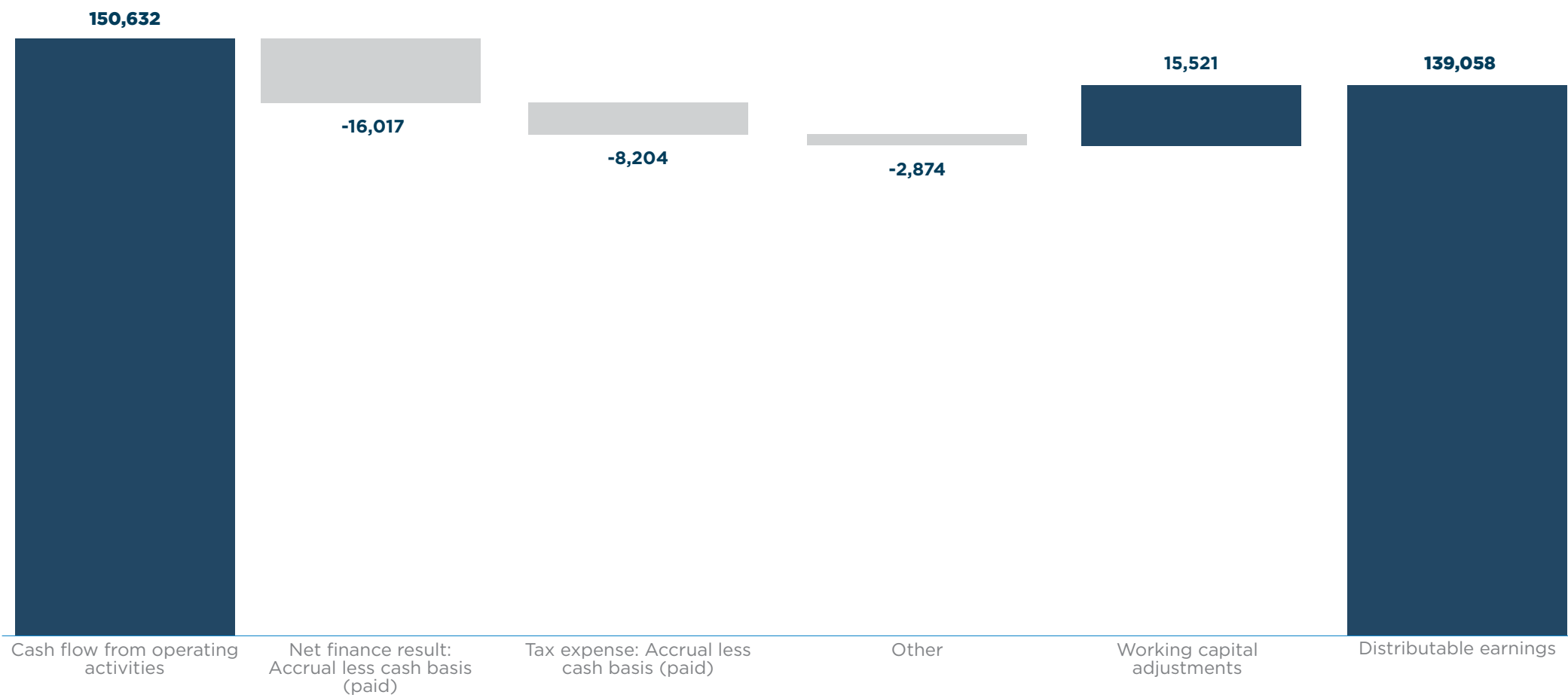
Debt maturity profile as of June 2022 (€m)



Cash flow from operating activities to distributable earnings

amounts in € thousand

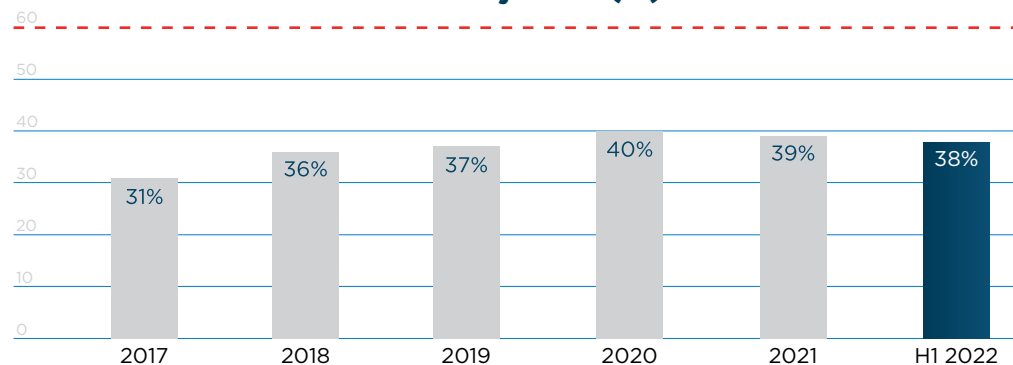
Distributable earnings fully supported by cash flow from operating activities



Significant headroom on unsecured debt covenants

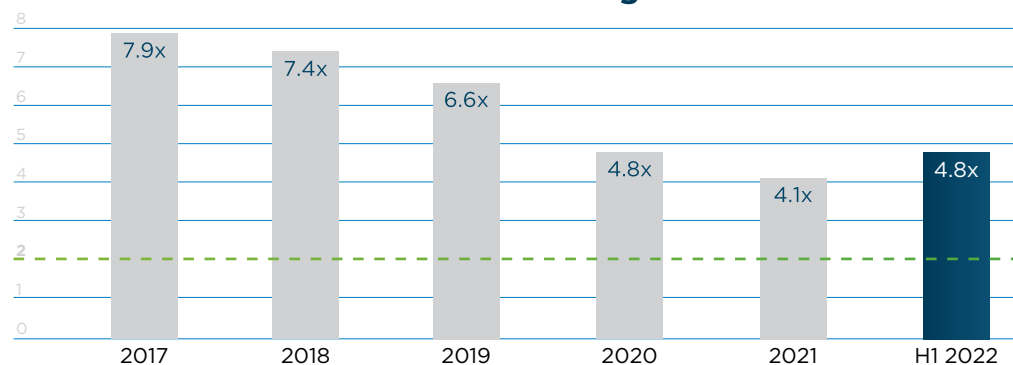
Solid unsecured debt covenants, safe from being breached

Solvency ratio (%)

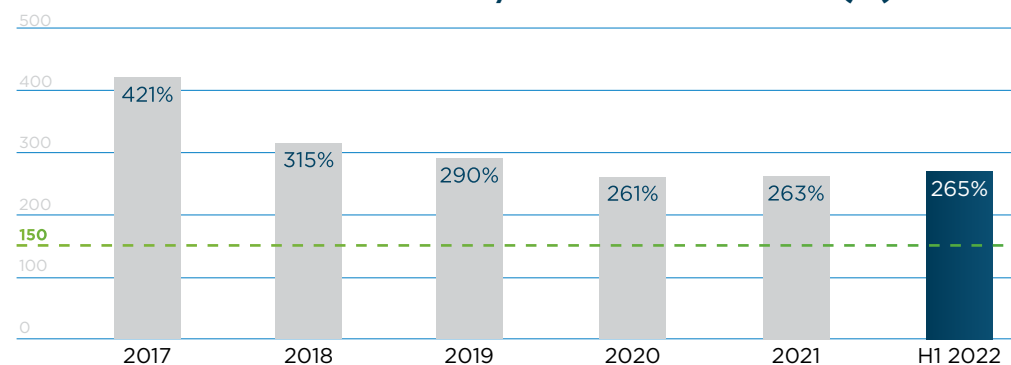


Solvency ratio is computed on a gross basis, not adjusted for cash balances

Consolidated coverage ratio



Unencumbered assets/unsecured liabilities (%)



Threshold as per unsecured debt terms and conditions

-- maximum -- minimum

Valuation uplift driven by portfolio performance

€59 million fair value gain on property valuation mainly driven from property performance

Valuer	Countries covered	Share of total portfolio (%)
Colliers International	Romania	36%
Jones Lang LaSalle	Bulgaria, Croatia, Czech Republic, Hungary, Serbia and Slovakia	32%
Cushman and Wakefield	Poland, Hungary and Lithuania	32%

- Capitalisation rate substantially unchanged over the last 12 months
- Fair value increase mainly due to positive NOI variance
- EPRA Net initial yield for the portfolio is 6.70%



4



ESG

Sustainability update

- a **€37 million investment in 30 photovoltaic plants** for shopping centres by the end of 2023, minimising the carbon footprint and stabilising energy costs
- **85% (by GLA)** of the Group's assets have "Very good" or "Excellent" BREEAM certifications, confirming they are resource-efficient



EPRA sBPR Bronze Award



Top 15 Sustainalytics rated Real Estate Management companies

(low risk - 10.5/100)



AA ESG rating leader

Action points in 2022

Planned	Status
<ul style="list-style-type: none"> Strengthen the team by bringing the required competence: <ul style="list-style-type: none"> » Group Head of ESG » Group Head of Property Management 	✓
<ul style="list-style-type: none"> Revise our environmental strategy 	✓
<ul style="list-style-type: none"> Align sustainability and remuneration by embedding sustainability targets in personal KPIs 	✓
<ul style="list-style-type: none"> Define the decarbonisation roadmap 	targeted Q4 2022
<ul style="list-style-type: none"> Strengthen data collection and review process of sustainability-related data points 	2022-2023
<ul style="list-style-type: none"> Roll-out of generating renewable energy across the portfolio 	2022-2023

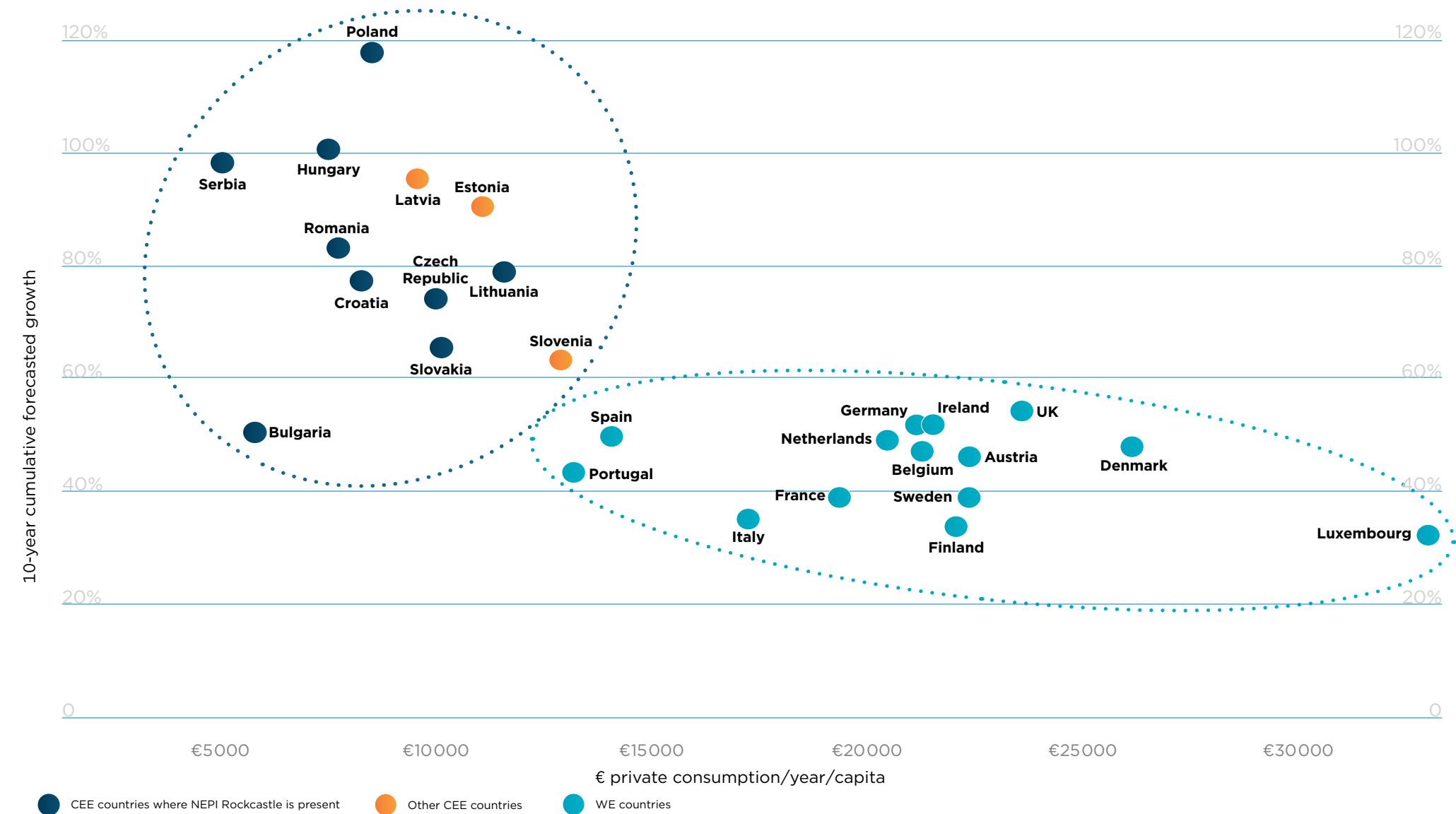
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Way forward

Macroeconomic fundamentals and prospects

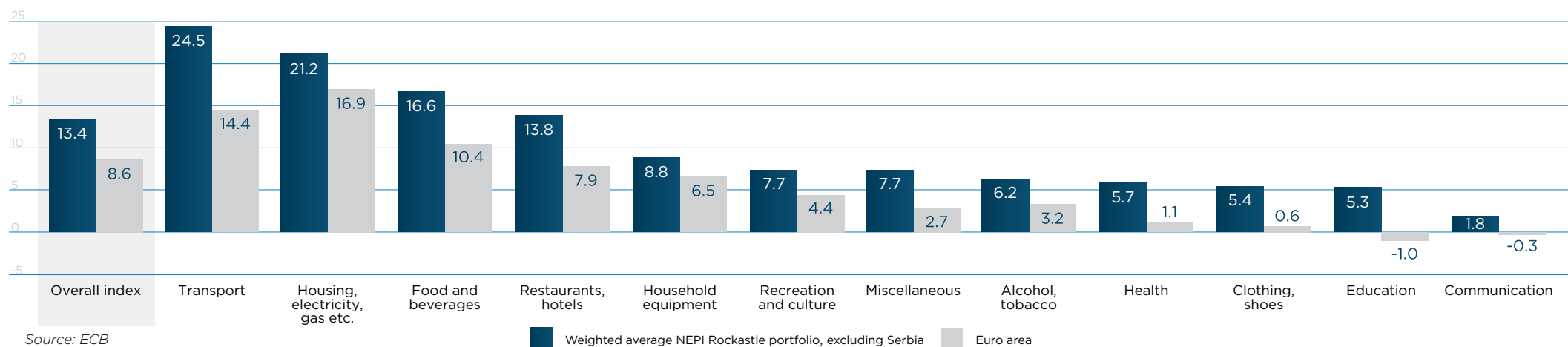
CEE private consumption growth remains well above WE average



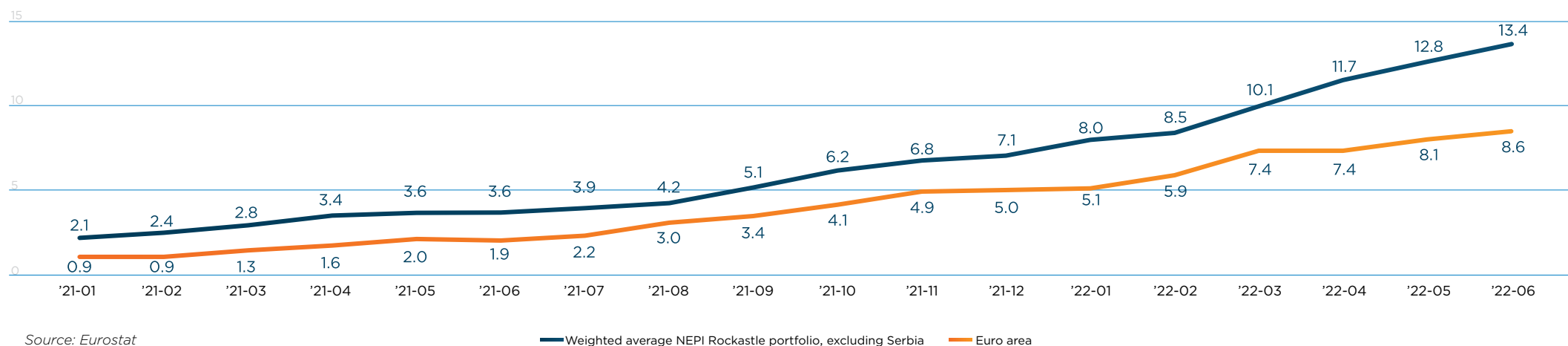
Source: Thomson Reuters August 2022

Inflation reached double digit levels in all CEE countries, while Western European countries are approaching 10% level as well

CPI by components June 2022 YoY (%)



CPI recent evolution (2021-2022) (%)



Looking ahead: consolidate and grow

Leveraging on strong position in the market combined with our in-house excellence of asset management

Consolidating the asset base in CEE by additional acquisitions

Delivering on the development pipeline including retail and mixed-use projects



Development Projects

€665m

investments under permitting
and construction

Country	Type	Category	Target opening date	GLA/GSA* of development	Total cost	
				m²	€m	
Developments under construction				144 900	435	
Promenada Bucharest	Romania	Mall/Office	Extension	Q4 2025	58 400	220
Promenada Craiova	Romania	Mall	Development	Q3 2023	63 700	121
Bonarka City Center	Poland	Mall	Refurbishment	Q4 2024	4 500	72
Vulcan Residence	Romania	Residential	Development	Q1 2023	18 300*	22
Developments under permitting and pre-leasing				93 800	230	
Promenada Plovdiv	Bulgaria	Mall	Development	Q4 2024	57 700	141
Galati Retail Park	Romania	Mall	Development	tba	33 200	48
Galeria Wolomin	Poland	Mall	Extension	Q3 2023	2 900	4
Photovoltaic projects						
	Romania	Green energy	Development	by Q4 2023	n/a	37
Total developments under construction, pre-leasing and permitting				238 700	665	

* Gross Sellable Area

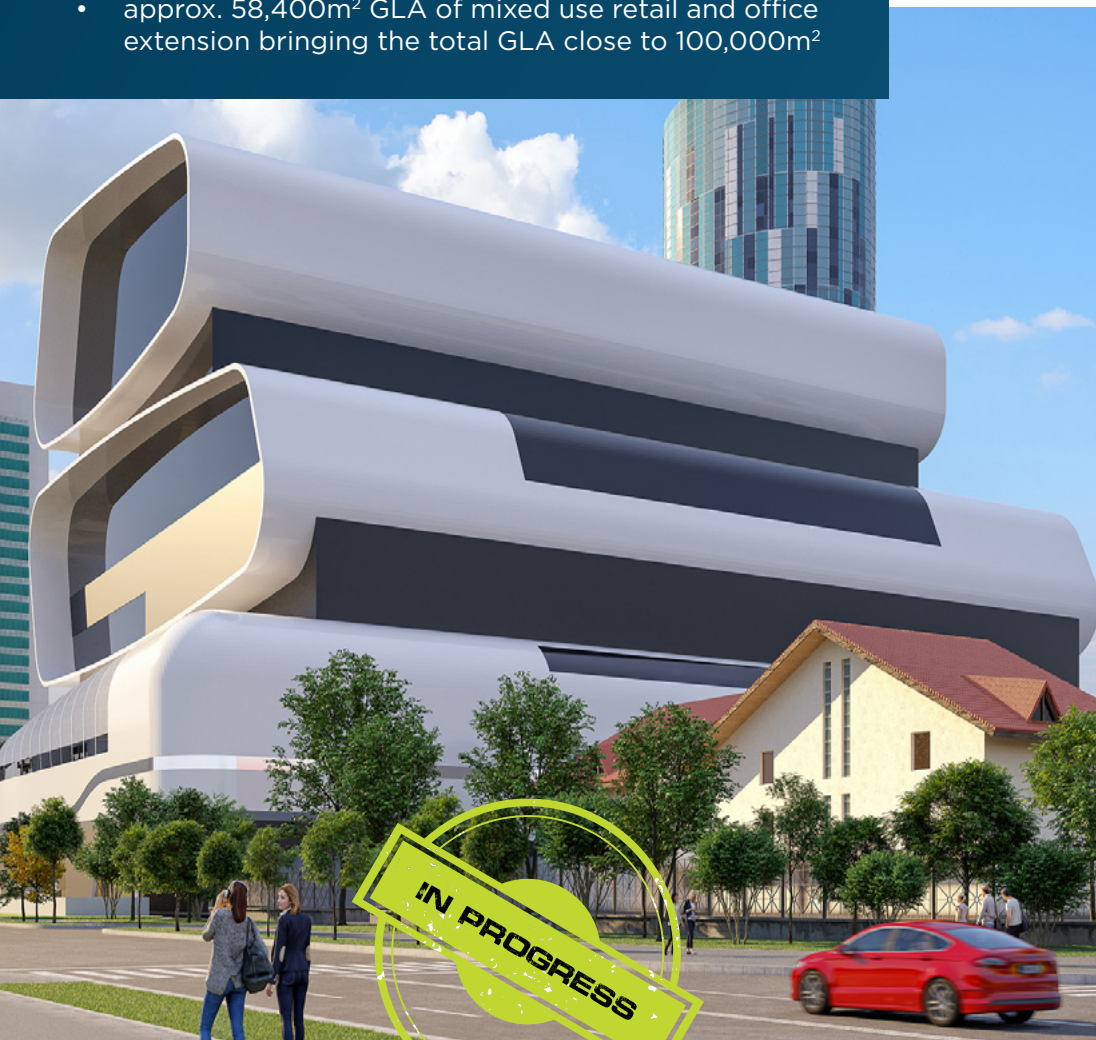
Notes:
Amounts included in this schedule are estimates and may vary according to permitting, pre-leasing and actual physical configuration of the finished developments.
Total cost includes development and land cost.



Actively working on new developments and extensions

Promenada Bucharest - extension

- approx. 58,400m² GLA of mixed use retail and office extension bringing the total GLA close to 100,000m²



Promenada Craiova - greenfield development

- 63,700m² GLA of retail
- estimated opening in 2023
- retail park added due to high tenant demand



Actively working on new developments and extensions continued

Bonarka City Center - redevelopment

- extension by 4,500m² of GLA and accommodation of a Primark unit
- the estimated completion date is in Q4 2024



Vulcan Residence - residential for sale

- first residential development started
- 18,300m² of residential space for sale (252 apartments) expected to be completed in Q1 2023



Actively working on new developments and extensions continued

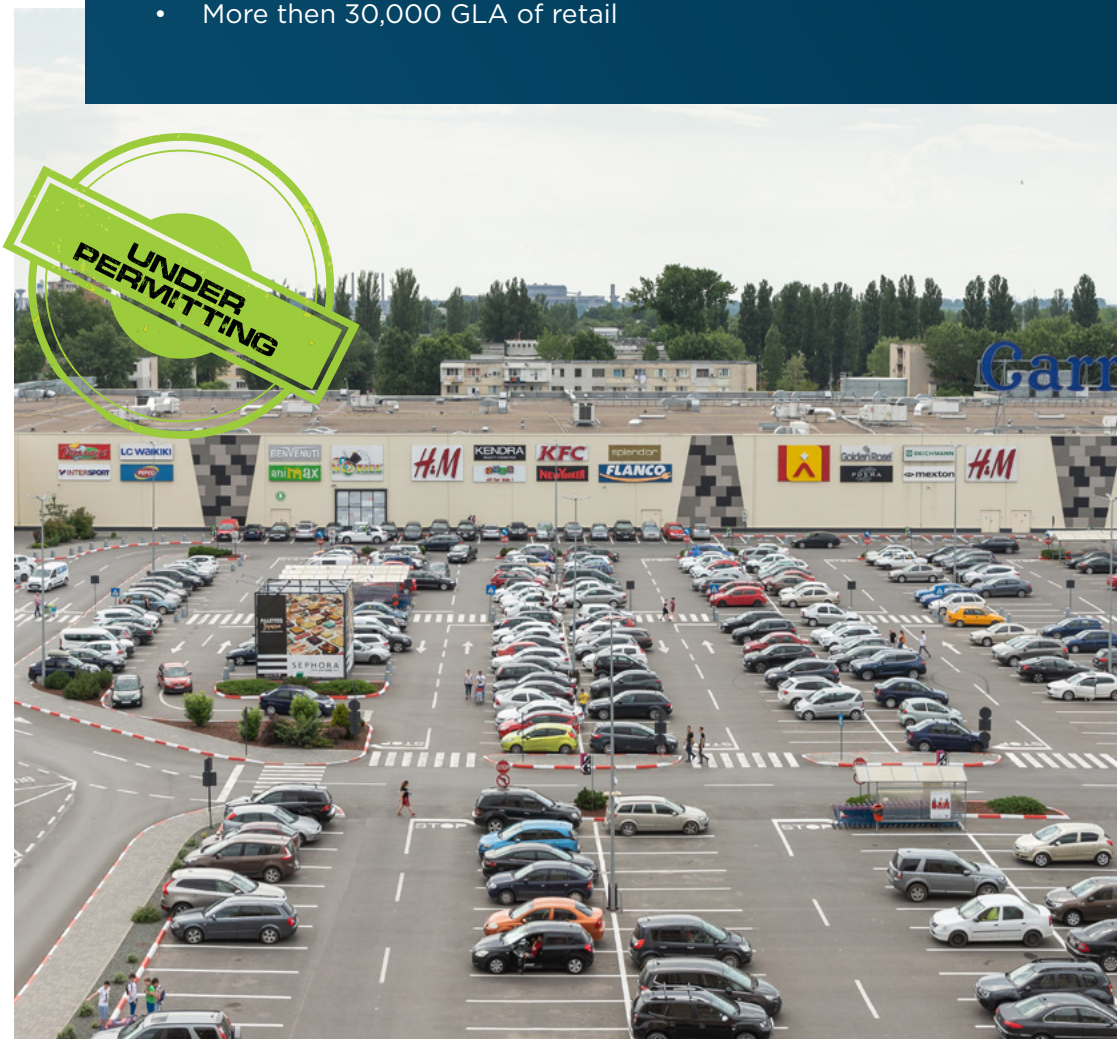
Promenada Plovdiv - greenfield development

- 57,700m² of retail GLA
- estimated date of delivery: end of 2024



Galati Retail Park - development

- More than 30,000 GLA of retail



Actively working on new developments and extensions continued

Galeria Wolomin - extension

- Retail park to be extended by 2,900m² of additional retail to be delivered in 2023



Photovoltaic projects - green energy development

- Projects to be delivered gradually in 2022-2023



Outlook 2022

2022 Focus

- Maximise sustainable NOI and reach increase of DEPS by approximately 33%
- Execute on development pipeline
- Actively looking for investments opportunities
- Consolidate ESG strategy
- Maintain balance sheet safety



