Reviewed preliminary condensed consolidated financial statements
31 December 2022

NEPI ROCKCASTLE N.V.

PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

Management Report

Reviewed preliminary condensed consolidated financial statements 31 December 2022

Other information

Directors’ Commentary

CEO’S STATEMENT

“NEPI Rockcastle’s net operating income surged to a record level last year, driven by strong tenant turnover and base rental growth. This was underpinned by the resilience of CEE consumers and their willingness to spend, on average, greater amounts per visit, coming out of the pandemic. The performance was even more remarkable as it was achieved against a challenging economic background, marked by high inflation, rising interest rates and the energy crisis triggered by the war in Ukraine.

Despite the opaque economic outlook, we do not anticipate the momentum of NEPI Rockcastle’s growth slowing this year. The major investments we made in 2022, particularly the acquisition of the high -performing, dominant, Forum Gdansk and Copernicus shopping centres in the Polish market, will significantly contribute to operating income in the months ahead. The completion of our development projects scheduled for this year will also generate additional income.

Consumers have a strong preference for visiting shopping centres in CEE, which generally play a much more important role in local economies and communities than in Western Europe, where high street retail is more present. This also tends to mean inflation has less of an impact on spending in our CEE shopping centres than in malls in other European regions. Tenant demand for the Group’s retail space is very strong. Many international retailers entered new markets or expanded their presence in CEE countries by opening new stores in NEPI Rockcastle’s shopping centres.

Our lease agreements have built-in inflation protection through indexation and property operating expenses are tightly under control, particularly for energy, where our renewable solar power output is ramping up.

We also have a solid liquidity position, with a safe level of debt. NEPI Rockcastle’s loan-to-value (LTV) ratio stands at 35.7%, after the significant investments made in 2022. We will continue to maintain a robust and efficient capital structure, designed to ensure that the Company has enough liquidity to support growth and can meet its obligations at all times.

Excellent operating performance translated into a valuation uplift of the Group’s property portfolio, which outweighed the rise in yields.

We continued to make our business more sustainable this year. We adopted a revised and more comprehensive ESG strategy in 2022 and have a dedicated team to deliver it, together with all our employees and in cooperation with tenants and other partners. We have already met some of our objectives, such as the installation of photovoltaic plants in 10 locations (20 more to be completed in 2023) and BREEAM certification (Excellent or Very Good) for all eligible assets.

The business recovered completely after the two years of the Covid-19 pandemic, which shows the resilience of physical retail in CEE, the quality of the Group’s properties and the great work of our team. We remain positive about the prospects for the business in 2023.”

Rüdiger Dany, Chief Executive Officer (CEO)

NEPI ROCKCASTLE N.V.

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HIGHLIGHTS

Annual increase of 51.5% in earnings per share and declared dividend

- Distributable earnings per share (DEPS) for the second half (H2) of 2022 were 29.32 euro cents, which, combined with the interim DEPS of 22.83 euro cents, produces an annual DEPS of 52.15 euro cents, 51.5% higher than in 2021 (34.42 euro cents).
- DEPS for H2 2022 include a non-recurring positive impact of 3.51 euro cents from the reversal of a provision with litigation related to the discontinued acquisition of Serenada and Krokus shopping centres in Poland, recognised in 2021. On a recurring basis, i.e. excluding the impact of accounting for these litigation claims, DEPS for 2022 were 48.68 euro cents, 20% higher than for 2021 (40.55 euro cents).

The Board has declared a dividend of 27.85 euro cents per share for H2 2022, corresponding to a 95% dividend pay-out ratio, to be settled as capital repayment (default option). Shareholders can also elect for the settlement of the same dividend amount as ordinary cash distribution out of distributable profits.

As an alternative, the shareholders may elect to receive a dividend of 29.32 euro cents, corresponding to a 100% pay-out ratio, as a return of capital by way of an issue of new shares.

Strong rebound in performance

- Net rental and related income (referred to as 'Net Operating Income' or 'NOI') was up 17% from 2021 at approximately €405 million (excluding the share from joint venture shown separately in the financial statements for the first eight months).
- Gross rental income increased by 14.3%, from €369 million in 2021 to €422 million in 2022 driven by rental uplifts, higher occupancy and significantly higher tenant sales.
- Temporary rent concessions granted to tenants decreased from €40.8 million in 2021 to an insignificant level of discounts in 2022.
- A net gain of €2.1 million was recognised due to the reversal of Covid-19 related discounts accrued in 2021 but not subsequently granted.
- Unrecovered operational expenses increased from €4.7 million in 2021 to €19.5 million in 2022, in the context of increasing utility expenses.

Tenant sales, footfall and spend per basket all rose on the back of consumer confidence

- Tenant turnover increased by 31.4% (excluding hypermarkets) compared to 2021 and was 11.7% higher than in the benchmark year of 2019, on a like-for-like (LFL) basis.
- There were more than 295 million visits in 2022, a 20.8% increase compared to 2021. On a LFL basis, footfall increased by 19.5% vs 2021 and was lower by 11.8% vs 2019.
- The superior dynamic of turnovers compared to footfall reflects an increase in the average basket size by 27% compared to 2019.

Strong post-Covid recovery

- Occupancy cost ratio (OCR) continued to decrease, from 13% in 2021 to 12.1% in 2022 (excluding hypermarkets), almost the same as the benchmark of 2019 (11.9%).

- The collection rate also recovered to pre-pandemic levels: 98% of 2022 reported revenues were collected as of 31 December 2022, increasing to over 99% by the end of January 2023.
- Covid-19 trading restrictions in Central and Eastern Europe (CEE) were lifted during the first quarter of 2022, and the Company's gross lettable area (GLA) was fully operational since the end of March.

Market beating uplift on property values

- Investment property as of 31 December 2022 was valued at €6.6 billion, compared to €5.8 billion at the end of 2021. The increase is due to the acquisitions made during the year, the investments in developments and capital expenditures ('capex'), as well as to the uplift in the value of properties of €142 million for 2022. The revaluation reflects the significant improvement in trading conditions compared to previous year and the quality and resilience of the Group's property portfolio.
- European Public Real Estate Association (EPRA) occupancy increased to 97.3%, compared to 96.0% in 2021.
- EPRA Net Reinstatement Value (NRV) per share was €6.84 as of 31 December 2022, a 5% increase compared to €6.51 as of 31 December 2021, mostly due to the revaluation of the property portfolio.

Growth strategy continues

- NEPI Rockcastle invested €154 million in developments and capex expenditures.
- The Group's ongoing development projects are on schedule.
- Promenada Craiova (including the adjacent retail park) and Vulcan Residence will be completed in 2023.
- The Company acquired two retail properties in Poland, Forum Gdansk Shopping Center (GLA 63,500 m^2) and Copernicus Shopping Centre (GLA 48,000 m^2), for a total transaction value of €377 million in December 2022. The two assets will consolidate NEPI Rockcastle's leading position on the Polish retail property market and significantly contribute to the Group's NOI growth starting 2023.
- It also acquired its joint venture partner's 50% stake in Ploiesti Shopping City, for a consideration of €55.5 million (net cash outflow, adjusted for working capital items, less cash and cash equivalents acquired amounted to €37 million, as explained in the notes to the financial statements) in September 2022.

Enhanced balance sheet with solid liquidity

- Liquidity position as of 31 December 2022 was €671 million, including €251 million in cash and €420 million in undrawn committed credit facilities. The decrease of cash balance during 2022 was mainly the result of investments made in quarter four (Q4).
- Loan-to-value (LTV) was 35.7% as of 31 December 2022, a safe level and comfortably within debt covenants. The Company intends to reduce the LTV below 35%, its strategic threshold, within the upcoming 12-18 months.
- The average debt maturity increased from 3.7 years as of 31 December 2021 to 4.6 years as of 31 December 2022 (excluding the effect of the disbursed revolving credit facilities). During the year

the Group completed a €500 million eight-year unsecured green bond issue and used the proceeds to redeem bond notes maturing in May 2023.

- The average interest rate, including hedging, was 2.3% for 2022 (2.4% for 2021).
- In November 2022, Fitch Ratings upgraded NEPI Rockcastle's credit rating from BBB to BBB+, reflecting the agency's view of the Group's recent years' improvements in operational metrics, with increasing occupancy, footfall and tenants' sales exceeding pre-pandemic levels. S&P Global Ratings reaffirmed the Company's BBB investment grade credit rating in July 2022.

Pushing forward with sustainability

- At the end of the year, 100% of the Company's eligible properties (by GLA) were Building Research Establishment Environmental Assessment Method (BREEAM) certified Very Good and Excellent (excluding strip centers and industrial properties, for which the Group does not currently pursue such certification).
- The first stage of the Group's green energy program was completed with the installation of photovoltaic panels in 10 locations in Romania. The installation of panels in 20 more locations will be completed in 2023.

Successful corporate relocation and settlement of legal dispute

- In 2022, NEPI Rockcastle completed the relocation of its holding company from the Isle of Man to the Netherlands, a process supported by an absolute majority of shareholders.
- In November 2022, NEPI Rockcastle concluded a settlement of its dispute relating to the discontinued acquisition of Serenada and Krokus Shopping Centres. Pursuant to the settlement, the Company paid €16 million in exchange for the waiver of any and all other claims. As a provision of €37.3 million had previously been recorded in connection to this dispute and deducted from financial year (FY) 2021 distributable earnings, the settlement had a positive impact on FY 2022 distributable earnings of €21.3 million, representing the difference between the provision and the settlement amount.

OPERATING PERFORMANCE

Trading summary

Some Covid-19 restrictions were still in place in CEE at the start of 2022. All NEPI Rockcastle's GLA was operational (except for Slovakian leisure and entertainment, which opened in January 2022) but requirements such as vaccination certificates, or mandatory mask wearing, were only lifted in February. From the end of March, trading restrictions were removed in all the countries where NEPI Rockcastle operates and all tenants reverted to regular terms in their lease agreements. There is no reason to believe that any restrictions connected to Covid-19 will be reintroduced in CEE.

The recovery in 2022 was impressive and exceeded expectations at the beginning of the year. Customers returned to the Group's shopping centres, despite the challenging macroeconomic environment (inflation, higher interest rates, slower economic growth), and spent considerably more than in the benchmark pre-pandemic year of 2019, even though footfall was 11.8% (on a LFL basis) lower than in 2019. There was a strong +19.5% increase in footfall last year over 2021. The limited restrictions still in place in first quarter (Q1) 2022, however, negatively impacted the variance over the whole year. Since April 2022, month-on-month shortfalls compared with 2019 were generally less than 10%.

Tenant sales increased both on 2021 (+31.4% on a LFL basis) and on 2019 (+11.7% on a LFL basis). This comparison was again affected by a weaker Q1, when some restrictions were still in place. The better relative performance compared to footfall is explained by customers buying more per visit, a trend that started in 2020 at the peak of the Covid-19 pandemic and has continued, or even accelerated, since. The average basket size in 2022 was 27% higher than in 2019. Even after accounting for inflation during this interval, the increase in spend is significant and indicates a persistent change in customers' shopping behaviour.

The robust increase in tenant sales helped to reduce occupancy cost ratios, even as rent concessions had been withdrawn. In 2022 the OCR was 12.1% (excluding hypermarkets), down from 13% in 2021 and about the same level as in 2019 (11.9%).

The retail categories with the highest increase in tenant sales compared to the 2019 benchmark were Health and Beauty (+33%) and Fashion Complements (+24%). The only category that still lags 2019 is Entertainment (-4%), despite having the best relative performance compared to 2021 (+103%). Tenant sales in Fashion, the largest segment, were 25% higher than 2021 and 4% higher than 2019.

The military conflict that started in Ukraine in February 2022 has not had a direct impact on NEPI Rockcastle's operations. It has however contributed to a significant rise in the price of energy and other operating costs throughout most of the year, which led to an increase in property operating expenses of 28% compared to 2021 (the property operating expenses basis for comparison in 2021 was lower, as trading restrictions or lockdowns affected the shopping centres' activity).

During 2022, NEPI Rockcastle implemented an internal process aimed at better integrating and streamlining roles, functions, and procedures across the nine countries where the Group operates. As part of this process, the Group commenced the internalisation of the property management for those assets where property management was outsourced to different external companies.

Leasing

Tenant demand continued to be very strong in 2022, after the significant rebound in 2021. Numerous international and regional brands have either entered CEE or expanded their presence in the region during the year. NEPI Rockcastle concluded 506 new leases (for 117,000 m^2, 5.4% of total GLA) in 2022, 13% more than in 2021. International tenants accounted for 51% of new leases signed. Another 541 leases (113,000 m^2 of GLA) were renewed during the year. More GLA was leased in 2022 than covered by lease agreements expiring in the year, which led to a decrease in vacancy by 1.3%. The average rental uplift in 2022 was 8.7%, supported by asset management initiatives (e.g. re-sizing, merging of units etc.). The base rental uplift on renewals and reletting on a LFL basis was 5.7%.

Some of the major new leases signed in 2022 are set out below (some stores will open after 31 December 2022):

- **Arena Mall, Budapest, Hungary**: Primark (first store in Hungary, 4,300 m²).
- **Paradise Center, Sofia, Bulgaria**: Zara (flagship store, 3,500 m²).
- **Ploiesti Shopping City, Ploiesti, Romania**: Reserved (2,300 m²).
- **Serdika Center, Sofia, Bulgaria**: Reserved (2,000 m²).
- **Karolinka Shopping Centre, Opole, Poland**: Half Price (2,000 m²), Xtreme Fitness (1,800 m²), Reserved (1,650 m²), dm (800 m²).
- **Mega Mall, Bucharest, Romania**: epantofi.ro and Modivo (first stores in Romania, 1,900 m²).
- **Focus Mall Piotrkow Trybunalski, Piotrkow Trybunalski, Poland**: Half Price (1,600 m²).
- **Ozas Shopping and Entertainment Centre, Vilnius, Lithuania**: Sinsay (1,400 m²).
- **Mammut Shopping Centre, Budapest, Hungary**: Half Price (1,350 m²).

DEVELOPMENT UPDATE

During 2022, the Group invested approximately €154 million in developments and capex. All ongoing development projects are on track for completion within the envisaged schedule.

A status summary for the main ongoing development projects is presented below:

- **Extension of Promenada Mall (Bucharest, Romania)**: The Group is adding 58,400 m² of GLA of retail and office space to the existing 39,300 m² of retail GLA. Construction started in March 2022 and is planned to be completed in Q4 2025. Leasing terms have already been agreed for 46% of the additional GLA.

- **Development of Promenada Craiova (Craiova, Romania)**: The initial plan was to build a shopping centre with 52,300 m² of GLA. The project attracted very high demand from retailers, so the Company decided to increase its size by adding a retail park next to the mall. The retail scheme will have more than 63,700 m² of GLA in total. Construction started in February 2022 and should be completed in Q3 2023. Lease agreements have already been signed for 78% of the mall's GLA with terms agreed on an additional 16% of the mall's GLA and 75% of the retail park GLA.

- **Development of Vulcan Residence (Bucharest, Romania)**: The construction of the Group's first residential project is planned to complete in the second quarter of 2023. The project will deliver 254 apartments (18,300 m² of residential space).

- **Installation of photovoltaic panels (30 locations)**: In 2022 the Group decided to start producing green energy by installing photovoltaic panels on some of its properties. The first phase of this project includes 30 locations in Romania and requires an investment of approximately €37 million to build a total installed power capacity of 40 MW. Installation started in October 2022 across multiple locations and 10 of the 30 units have already been completed until the end of 2022. The remaining 20 units of the first phase of the project are expected to be completed by Q4 2023.

ACQUISITIONS

The Group acquired two shopping centres in Poland, Forum Gdansk Shopping Center and Copernicus Shopping Centre, in line with its strategy to increase the concentration of its portfolio in countries with investment grade credit rating and focus on core dominant properties.

The acquisition of Forum Gdansk Shopping Center completed in December 2022 was one of the biggest single retail asset transactions by value in Europe in 2022. Forum Shopping Center is a 63,500 m² GLA shopping centre in Gdansk, the sixth largest city in Poland by population (470,000 inhabitants). The transaction value is €250 million, of which €50 million comprises vendor financing payable by NEPI Rockcastle within a maximum of three years, at a fixed interest rate of 6.5%.

Copernicus Shopping Centre (48,000 m² GLA) is the dominant retail asset in Torun, a prosperous city in Poland of 200,000 inhabitants. The acquisition was signed in November 2022 and completed in December 2022. The transaction value was €127 million (including €2 million for the adjacent development plot).

The Company completed the acquisition of its joint venture partner's 50% stake in Ploiesti Shopping City for a consideration of €55.5 million in September 2022, becoming the sole asset owner.

ESG FOCUS

Environmental and social initiatives

In 2022, the Company established a new environmental, social and corporate governance (ESG) department that reviewed its environmental, social and governance goals and supported the Company in refining its sustainability strategy. The ESG team will assist the rest of the business to execute the strategy and enable goals achievement, monitoring and reporting.

NEPI Rockcastle continued to roll-out its sustainability strategy in 2022:

- 100% of the Group's eligible properties (excluding strip centres and industrial properties) now have Very Good or Excellent BREEAM certifications (up from 71% at the end of 2021).
- The transition to on-site produced green energy progressed well, with the installation of photovoltaic plants in 10 locations across Romanian properties (and other 20 to be installed by the end of 2023).
- An energy co-generation unit was built in Platan Shopping Centre (Zabrze, Poland), following a €0.8 million investment.
- LED lights have been implemented in 69% of the Group's properties (by GLA).
- The green financing framework published in 2020 has further supported the issue of a €500 million green bond in January 2022.
- The Group extended its electric cars charging network, based on partnerships with Tesla (in Romania, Poland, Bulgaria) and with Enel (in Romania).

Corporate governance

On 27 May 2022, the company announced that Rüdiger Dany (CEO) and Eliza Predoiu (CFO) were permanently confirmed in their respective roles, with effect from 1 June 2022. The Board also appointed Executive Director Marek Noetzel as Chief Operations Officer (COO) with effect from 1 June 2022.

On 10 May 2022, NEPI Rockcastle's shareholders voted in favour of migrating from the Isle of Man to the Netherlands, via Luxembourg. Both moves received over 99% approval from voting shareholders. On 6 September 2022, the Company successfully completed its migration to the Netherlands, under the name NEPI Rockcastle N.V.. This marks the completion of a significant corporate milestone for the Group and its shareholders. Under the Board's oversight, the Company fully aligned its corporate governance framework to the Dutch Corporate Governance Code.

On 6 September 2022, Mr. Alex Florescu was appointed as Company Secretary, replacing Mr. Philippe Vanderhoven, who served as NEPI Rockcastle's Company Secretary whilst incorporated in Luxembourg.

INDEPENDENT AUDITOR'S REVIEW REPORT

The review report on the Group's preliminary condensed consolidated financial statements has been issued by Ernst & Young Inc. (EY South Africa), a JSE accredited auditor, who expressed an unmodified review report thereon.

The consolidated and separate financial statements for the year ended 31 December 2022 are scheduled for publication on 22 March 2023, together with the annual integrated report. The audit report on the consolidated and separate financial statements is expected to be issued by Ernst & Young Inc. (EY South Africa) together with Ernst & Young Accountants LLP (EY Netherlands).

ACCOUNTING AND VALUATION MATTERS

Valuation

NEPI Rockcastle fair values its portfolio biannually. Fair value is determined by external, independent professional valuers, with appropriate and recognised qualifications and recent experience in the location and category of property being assessed.

Appraiser	Locations	Percentage of portfolio
Colliers International	Romania	36%
Cushman & Wakefield	Hungary, Lithuania, Poland	34%
Jones Lang LaSalle	Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia	30%

For the year ended 31 December 2022, the Group recognised a fair value gain in relation to investment property portfolio of €142 million.

NEPI ROCKCASTLE N.V.

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EPRA INDICATORS

EPRA indicators	31 December 2022	31 December 2021
EPRA Earnings (€ thousand)	317,870	210,159
EPRA Earnings per share (€ cents per share)	52.29	34.51
EPRA Net Initial Yield ('NIY')	6.80%	6.75%
EPRA topped-up NIY	6.86%	6.79%
EPRA vacancy rate	2.7%	4.0%
EPRA Net Reinstatement Value ('NRV') (€ per share)	6.84	6.51
EPRA Net Tangible Assets ('NTA') (€ per share)	6.81	6.48
EPRA Net Disposal Value ('NDV') (€ per share)	6.58	5.82
EPRA Cost ratio (including direct vacancy cost)^	11.7%	8.3%
EPRA Cost ratio (excluding direct vacancy cost)^	11.6%	8.2%

^ *The increase in the EPRA cost ratio is due to the higher level of administrative expenses in the period and higher net service charges, as a result of net utility costs rising.*

CASH MANAGEMENT AND DEBT

The Group had strong liquidity as of 31 December 2022, with €251 million in cash and €420 million in undrawn committed credit facilities.

NEPI Rockcastle's gearing ratio* (interest bearing debt less cash, divided by investment property) was 35.7% as of 31 December 2022, a safe level and comfortably within debt covenants.
As of 31 December 2022, ratios for unsecured loans and bonds showed ample headroom compared to covenant thresholds.
• Solvency Ratio: 0.4 actual, compared to maximum 0.6 requirement.
• Consolidated Coverage Ratio: 6.20 actual, compared to minimum 2 requirement.
• Unencumbered consolidated total assets/unsecured consolidated total debt: 251% actual compared to a minimum 150% requirement.
The Consolidated Coverage Ratio adjusted for the effect of the reversal of litigation provision for 2022 would have been 5.88.

**The reported gearing ratio (LTV) excludes the €37.2 million right-of-use assets and associated lease liabilities as of 31 December 2022.*

Funding and liability management

In January 2022, the Group issued its second green €500 million unsecured eight-year Eurobond, carrying a 2% fixed coupon, with an issue price of 98.713%. The bond's interest rate was partially pre-hedged via a swap instrument. When the bond was issued, the interest rate swap position was closed for a profit of €4.1 million, recognised in the Statement of Comprehensive Income.
The proceeds from the eight-year Eurobond were used for liability management, to repay a €500 million bond maturing in 2023. The repurchase of this 2023 bond was made at market price during

January and February 2022, with the premium on the bond's carrying value (amounting to €22 million) recognised in the Statement of Comprehensive Income.

In 2022, NEPI Rockcastle extended the contractual maturities related to unsecured committed revolving credit facilities as follows:
– the revolving credit facility from BRD-Groupe Société Générale and Garanti Bank with a maximum limit of €170 million was extended for one year, until July 2025;
– the revolving credit facility from ING Bank with a maximum limit of €100 million was extended for one year, until July 2025;
- the revolving credit facility from Raiffeisen Bank International with a maximum limit of €150 million was extended for one year, until January 2025, and
- the revolving credit facility from a four-bank syndicate with a maximum limit of €200 million was maintained, with a maturity in December 2024.

In Q4 2022, the Group partially funded its acquisitions by using €200 million from its revolving credit facilities. The remaining undrawn revolving facility stands at €420 million as at year-end 2022. The committed revolving credit facilities are a strategic source of liquidity for the Group, which can support in bridging growth driving projects, such as developments or acquisitions.

In addition, a new secured green loan of €60 million was concluded in December 2022 for a 7-year term. The financed property holds a BREEAM In-Use Excellent sustainable certification rating, and a Class A energy performance certificate. This loan further supports the Group's liquidity position and strengthens the relationship with the Group's funding partners, both traditional and newly added ones.

The Group extended a €62 million secured loan maturing in 2023 for a 7-year term, at good commercial terms, within the ranges of its average cost of debt.

Cost of debt

The average interest rate of the Group's debt, including hedging, was approximately 2.3% during 2022, similar to 2021.
As of 31 December 2022, fixed-coupon bonds represented 78% of NEPI Rockcastle's outstanding debt. Out of the remaining long-term debt exposed to Euribor, 59% was hedged with interest rate caps and 21% with interest rate swaps. The unhedged portion represents less than 5% of the total outstanding debt and relates to a part of the revolving credit facilities disbursed as of year-end.

EARNINGS DISTRIBUTION 2022

The Board has declared a dividend of 27.85 euro cents per share for H2 2022, corresponding to a 95% dividend pay-out ratio, to be settled as capital repayment (default option). The shareholders can also elect for the settlement of the same dividend amount as ordinary cash distribution out of distributable profits.

As an alternative, shareholders may elect to receive a dividend of 29.32 euro cents per share, corresponding to a 100% pay-out ratio, as a return of capital by way of an issue of new shares, each credited as fully paid up ('scrip dividend'), based on the ratio that 29.32 euro cents per share bears to the scrip reference price. The scrip reference price will be calculated based on a 3% discount to the five-day volume-weighted average traded price of NEPI Rockcastle share price on JSE, less dividend declared of 27.85 euro cents per share.

In line with the Dutch legislation, the capital repayment will be paid to shareholders unless they elect to receive either the scrip dividend or the ordinary cash distribution options described above.

A circular containing full details of the election being offered to shareholders, accompanied by announcements on the Stock Exchange News Service (SENS) of the JSE, A2X and Euronext Amsterdam will be issued in due course.

PROSPECTS AND EARNINGS GUIDANCE

Distributable earnings per share for 2023 are expected to be approximately 11% higher than the recurring 2022 distributable earnings per share of 48.68 euro cents (i.e. excluding the effect of litigation settlement), which corresponds to a 4% growth in DEPS relative to the 2022 nominal distributable earnings per share of 52.15 euro cents. This guidance does not consider the impact of potential further political instability in the region, or systemic macroeconomic disruptions, and assumes a continuation of the trading trends observed to date. This guidance can be modified or withdrawn in the future if material changes unfold.

The Board anticipates that the Company will have an increasing number of value-adding investment opportunities going forward. To achieve its plans for sustainable growth, it will seek to diversify and expand its sources of funding to include internally generated resources. In this context, the Board of Directors will consider applying flexibility in determining the dividend by applying a pay-out ratio of at least 90% of the distributable earnings.

This guidance has not been reviewed or reported on by NEPI Rockcastle's auditors and is the responsibility of the Board of Directors.

By order of the Board of Directors

Rüdiger Dany

Chief Executive Officer (CEO)

Eliza Predoiu

Chief Financial Officer (CFO)

21 February 2023

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Independent auditor's review report on preliminary condensed consolidated financial statements

To the shareholders of NEPI Rockcastle N.V.

We have reviewed the preliminary condensed consolidated financial statements of NEPI Rockcastle N.V., contained in the accompanying preliminary report, which comprise the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condense consolidated statement of cash flows for the year then ended, and selected explanatory notes as set out on the pages numbered 16 to 61.

Directors' responsibility for the preliminary condensed consolidated financial statements
The directors are responsible for the preparation and presentation of these preliminary condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 3 ''Basis of preparation'' to the preliminary condensed consolidated financial statements, and for such internal control as the directors determine is necessary to enable the preparation of preliminary condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express a conclusion on these preliminary condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the preliminary condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of the preliminary condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these preliminary condensed consolidated financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the preliminary condensed consolidated financial statements of NEPI Rockcastle N.V. for the year ended 31 December 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 3 ''Basis of preparation'' to the preliminary condensed consolidated financial statements.

Other matter

The financial statements of NEPI Rockcastle N.V. for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 23 February 2022.

DocuSigned by:

Ernst & Young Inc

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Ernst & Young Inc.
Gerhard Jacobus van Deventer CA(SA)
Director
Registered Auditor
21 February 2023

NEPI ROCKCASTLE N.V.

PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € thousand	Note	31 Dec 2022	31 Dec 2021*,**
ASSETS			
Non-current assets		**6,764,255**	**6,027,271**
Investment property		6,596,137	5,841,676
— Investment property in use	4	6,331,793	5,670,776
— Investment property under development	5	264,344	170,900
Goodwill		76,804	76,804
Deferred tax assets		54,679	48,669
Investments in joint ventures	16	–	23,659
Long-term loans granted to joint ventures	16	–	22,466
Other long-term assets		11,050	9,455
Derivative financial assets at fair value through profit or loss		25,585	4,542
Current assets		**367,300**	**569,117**
Trade and other receivables		85,496	60,972
Inventory property		20,694	9,522
Derivative financial assets at fair value through profit or loss		10,479	–
Cash and cash equivalents	6	250,631	498,623
Assets held for sale	7	**18,685**	**1,752**
TOTAL ASSETS		**7,150,240**	**6,598,140**
EQUITY AND LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY		**3,898,721**	**3,720,242**
Equity attributable to equity holders		**3,898,721**	**3,714,922**
Share capital		6,070	6,090
Share premium		3,190,735	3,550,061
Other reserves		(4,656)	(3,384)
Accumulated profit		706,572	162,155
Non-controlling interest		–	**5,320**
Total liabilities		**3,251,519**	**2,877,898**
Non-current liabilities		**3,052,373**	**2,716,314**
Bank loans	8	546,744	297,155
Bonds	8	1,978,708	1,977,191
Deferred tax liabilities		419,554	371,366

in € thousand	Note	31 Dec 2022	31 Dec 2021*,**
Lease liabilities*		36,368	32,779
Loans from third parties	9	33,333	–
Other long-term liabilities		37,666	34,612
Derivative financial liabilities at fair value through profit or loss		–	3,211
Current liabilities		**198,028**	**161,584**
Trade and other payables		155,002	104,969
Provisions for litigations**		–	37,304
Bank loans	8	11,157	7,431
Bonds	8	14,263	11,048
Lease liabilities*		832	832
Loans from third parties		16,774	–
Liabilities directly associated with assets held for sale	7	**1,118**	–
TOTAL EQUITY AND LIABILITIES		**7,150,240**	**6,598,140**
Net Asset Value per share (euro)		6.42	6.10
EPRA Net Reinstatement Value per share (euro) ***		6.84	6.51
Number of shares for Net Asset Value/EPRA Net Reinstatement Value per share		607,000,000	608,994,907

*At 31 December 2021, "Lease liabilities" (with a carrying amount of €33,612 thousand) were presented in line "Other long-term liabilities". At 31 December 2022, these are presented on separate lines within "Non-current liabilities" (long term portion) and "Current liabilities" (short term portion), with corresponding comparatives re-classified accordingly, to enhance presentation.

** At 31 December 2021, "Provisions for litigations" (with a carrying amount of €37,304 thousand) were presented in line "Trade and other payables". At 31 December 2022, these are presented on a separate line, with corresponding comparative re-classified accordingly, to enhance presentation.

***EPRA Net Reinstatement Value per share (non-IFRS measure) is Net Asset Value per share adjusted for the effect of non-monetary balance sheet items, such as deferred tax, goodwill and interest rate derivatives.

The preliminary condensed consolidated financial statements on pages 16 to 61 were approved by the Board of Directors on 20 February 2023, authorized for publication on 21 February 2023 and signed on its behalf by:

Rüdiger Dany
Chief Executive Officer
Officer

Eliza Predoiu
Chief Financial

NEPI ROCKCASTLE N.V.

PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	**Note**	**31 Dec 2022**	**31 Dec 2021**
Gross rental income		422,051	369,395
Service charge income		199,812	167,324
Property operating expenses		(219,388)	(172,063)
Partial forgiveness of receivables (Covid-19 forgiveness)		2,090	(17,765)
Net rental and related income*	10	**404,565**	**346,891**
Administrative expenses	11	(30,381)	(24,665)
Reversal of/(expenses) with litigation claim	12	21,304	(37,304)
EBIT**		**395,488**	**284,922**
Fair value adjustments of investment property	13	141,701	34,650
Foreign exchange gain/(loss)		1,585	(935)
Gain on disposal of assets held for sale		1,121	1,995
Profit before net finance costs and other items		**539,895**	**320,632**
Finance income		3,511	1,423
Finance costs		(56,802)	(62,649)
Bank charges, commissions and fees		(4,298)	(4,496)
Fair value adjustments of derivatives		37,946	5,174
Losses on extinguishment of financial instruments		(21,925)	–
Share of profit of joint ventures	16	3,280	1,902
Profit before tax		**501,607**	**261,986**
Income tax expense		**(66,334)**	**(26,917)**
Current tax expense		(23,068)	(10,274)
Deferred tax expense		(43,266)	(16,643)
Profit after tax		**435,273**	**235,069**
Total comprehensive income for the year		**435,273**	**235,069**
Profit attributable to:			
Non-controlling interest		106	65
Equity holders		435,167	235,004

in € thousand	Note	31 Dec 2022	31 Dec 2021
Total comprehensive income attributable to:			
Non-controlling interest		106	65
Equity holders		435,167	235,004
Basic weighted average number of shares		607,756,809	608,994,907
Diluted weighted average number of shares		608,529,063	608,994,907
Basic earnings per share (euro cents) attributable to equity holders		71.60	38.59
Diluted earnings per share (euro cents) attributable to equity holders		71.51	38.59

** Out of the total Net rental and related income for 2021, €2.5 million relates to the two Serbian properties (disposed of on 12 July 2021).*
***EBIT (Earnings Before Interest and Taxes) represents the Group's Operating profit, defined as Net rental and related income less Administrative expenses (Depreciation and Amortisation are included in Administrative expenses)*
^Subheadings "Net finance costs" and "Other items" shown in the statement of comprehensive income at 31 December 2021 were removed in this statement of comprehensive income, to ease understanding.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € thousand	Share capital	Share premium	Other reserves	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2021	**6,090**	**3,550,061**	**(6,456)**	**137,373**	**5,255**	**3,692,323**
Transactions with owners	**–**	**–**	**3,072**	**(210,222)**	**–**	**(207,150)**
—Share premium reduction^	–	(1,500,000)	–	1,500,000	–	–
—Share premium increase^	–	1,500,000	–	(1,500,000)	–	–
—Shares purchased for LTSIP*	–	–	(1,978)	–	–	(1,978)
—Share based payment expense	–	–	5,050	–	–	5,050
—Earnings distribution	–	–	–	(210,222)	–	(210,222)
Total comprehensive income	**–**	**–**	**–**	**235,004**	**65**	**235,069**
—Profit for the year	–	–	–	235,004	65	235,069
Balance at 31 December 2021/1 January 2022	**6,090**	**3,550,061**	**(3,384)**	**162,155**	**5,320**	**3,720,242**
Transactions with owners	**(20)**	**(359,326)**	**(1,272)**	**109,250**	**(5,426)**	**(256,794)**
—Share premium reduction^^	–	(350,000)	–	350,000	–	–
— Repurchase of shares	(20)	(9,326)	–	–	–	(9,346)
—Shares purchased for LTSIP*	–	–	(2,744)	–	–	(2,744)
—Share based payment expense	–	–	1,472	–	–	1,472
—Earnings distribution	–	–	–	(241,223)	–	(241,223)
— Acquisition of Non-controlling interest (Note 15)	–	–	–	473	(5,426)	(4,953)
Total comprehensive income	–	–	–	**435,167**	**106**	**435,273**
—Profit for the year	–	–	–	435,167	106	435,273
Balance at 31 December 2022	**6,070**	**3,190,735**	**(4,656)**	**706,572**	–	**3,898,721**

**LTSIP = debt free Long-Term Share Incentive Plan with a vesting component.*

^ Share premium movement – In June 2021, the Group transferred €1,500,000 thousand from share premium to accumulated profit. After a thorough reassessment, the Company decided to maintain the reserves as they were accounted for previously to the transfer from June, and thus, unwound the respective transfer in December 2021.

^^ During 2022, €350,000 thousand were transferred from share premium to accumulated profit, to ensure positive retained earnings at stand-alone parent company level.

NEPI ROCKCASTLE N.V.

PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	Note	31 Dec 2022	31 Dec 2021
CASH FLOWS FROM OPERATIONS	18	**375,362**	**324,031**
Interest paid on loans and borrowings	8	(5,972)	(8,160)
Interest paid on lease liabilities		(577)	(582)
Bond coupon paid	8	(44,024)	(48,003)
Income tax paid		(9,479)	(6,405)
Bank charges paid		(4,327)	(4,366)
Cash paid for litigation claim settlement		(16,000)	–
Interest received		3,624	1,516
NET CASH FLOWS FROM OPERATING ACTIVITIES		**298,607**	**258,031**
INVESTING ACTIVITIES			
Investments in acquisitions and developments		**(493,559)**	**(12,903)**
Expenditure on investment property under development		(142,941)	(71,171)
Settlements of deferred consideration for prior years acquisitions		–	(2,825)
Acquisition of investment property	15	(316,998)	–
Acquisition of the remaining 50% stake in joint venture	15	(36,980)	–
Proceeds from disposal of assets held for sale		3,360	61,093
Other investments		–	**154**
Loans receivable from joint ventures - amounts granted		–	(1,106)
Loans receivable from joint ventures - amounts repaid		–	1,260
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(493,559)**	**(12,749)**
FINANCING ACTIVITIES			
Payment to acquire shares for LTSIP		(2,744)	(1,978)
Repurchase of shares		(9,346)	–
Acquisition of non-controlling interest		(9,377)	–
Net movements in bank loans, bonds and other long-term liabilities		**209,905**	**(176,937)**
Proceeds from bank loans	8	260,000	73,521
Proceeds from bonds	8	493,566	–
Repayment of bank loans	8	(25,563)	(250,458)
Repurchase of bonds	8	(496,020)	–
Premium paid on repurchase of bond	8	(21,925)	–
Cash received from pre-hedge instrument		4,075	–
Repayment of other long-term liabilities		(4,228)	–
Other payments		**(255)**	**(819)**
Repayments of lease liabilities		(255)	(251)
Premium paid on acquisitions of derivatives		–	(568)
Earnings distribution		(241,223)	(210,222)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(53,040)**	**(389,956)**

in € thousand	Note	31 Dec 2022	31 Dec 2021
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(247,992)**	**(144,674)**
Cash and cash equivalents brought forward		**498,623**	**643,297**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	6	**250,631**	**498,623**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL

NEPI Rockcastle N.V. ("the Company", "NEPI Rockcastle", "the Group") is a public limited company domiciled in the Netherlands, having its registered office at Claude Debussylaan 7-29, 1082 MC Amsterdam. The Company's shares are listed on the Main Board of the Johannesburg Stock Exchange Limited ("JSE"), Euronext Amsterdam and A2X. NEPI Rockcastle is the premier owner and operator of shopping centres in Central and Eastern Europe ("CEE"). The Group benefits from a highly-skilled internal management team which combines asset management, development, investment, leasing and financial expertise.

The Company was incorporated in the Isle of Man on 1 December 2016. On 29 November 2021, the board of directors (the "Board") has approved the migration of NEPI Rockcastle from the Isle of Man to the Netherlands, via an initial migration to Luxembourg (together, the "Migration"). Structured in this way, the migration of the Company to the Netherlands ensured the corporate continuity of NEPI Rockcastle and the trading in Group shares, which remained available to be traded on the JSE, Euronext Amsterdam and A2X.

On 10 May 2022, the Migration was approved by the Shareholders of the Company. As a result, following fulfilment of certain conditions precedent, the Group has, with effect from 6 September 2022, established its registered office and place of effective management and central administration in the Netherlands as a public limited liability company.

The Group's preliminary condensed consolidated financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 20 February 2023 and authorised for publication on 21 February 2023. The financial statements are accompanied by the external auditors' review report.

2 SIGNIFICANT EVENTS IN THE YEAR: POST COVID-19 RECOVERY AND MILITARY CONFLICT IN UKRAINE

In 2022, the Group's performance was limitedly impacted by the Covid-19 restrictions during the first quarter of the year. The overall macroeconomic context has evolved rapidly, with the military conflict in Ukraine, increase in energy costs and high inflation levels, leading Central Banks to increase interest rates.

Overview of restrictions in the period

During the first quarter of 2022, throughout Central and Eastern Europe, all remaining Covid-19 restrictions were lifted and 100% of NEPI Rockcastle's gross lettable area ("GLA") was operational since the end of March.

As a result of the Covid-19 restrictions being lifted, there have been insignificant concessions granted in the period (2021: €40.8 million). Moreover, the Group recognised a net positive effect of €2.1 million from the reversal of the expected partial forgiveness of receivables in relation to tenants accrued for in 2021 and not subsequently granted. This was the result of negotiation with the tenants and their strong performance from Q4 2021 onwards. Tenant performance translated into an increase in Net Operating Income ("NOI") of 17% in 2022 compared to 2021. Excluding the impact of the disposal of two Serbian properties (completed in July 2021), NOI was 18% in 2022 vs 2021. Also, the fair value of the Group properties increased by €142 million in 2022.

The military conflict in Ukraine

The military conflict in Ukraine, commencing in February 2022, did not directly impact Group operations. No significant tenants were subject to sanctions, and the Group 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.
Other effects of the war in Ukraine, such as inflationary pressures and disruptions to supply chains, particularly for energy, can have a significant impact on the growth prospects of the economies of the countries in which the Group operates and particularly on consumption, putting pressure on the retail sector. Interest rates increased significantly with higher level of inflation exacerbated by the consequences of the war in Ukraine and Central Banks' monetary policy tightening, which also lead to increase in valuation of interest rate hedges. Management monitors the situation rigorously and updates investors regarding material developments.

3. BASIS OF PREPARATION

These reviewed preliminary condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the preliminary condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the new mandatory standards and interpretations effective as of 1 January 2022:

- IFRS 3 Business Combinations (Amendments);
- IAS 16 Property, Plant and Equipment (Amendments);
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments);

- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases and
- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)

These standards, amendments and interpretations did not have a significant impact on the preliminary condensed consolidated financial statements as at 31 December 2022.

The following standards have been issued but are not yet effective as at 31 December 2022, and were not early adopted by the Group:

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments);
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments);
- Amendment to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates;
- Amendments to IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- 16 Leases: Lease Liability in a Sale and Leaseback (amendments);
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group is currently assessing the impact of the amendments.

The preliminary condensed consolidated financial statements are presented in thousands of Euros ("€'000"), rounded off to the nearest thousand, unless stated otherwise.

4 INVESTMENT PROPERTY IN USE

Movement in investment property in use *in € thousand*	**31 Dec 2022**	**31 Dec 2021**
Carrying value at beginning of year	**5,670,776**	**5,591,463**
Additions from asset deals (Note 15)	367,769	12,530
Additions from the acquisition of the remaining 50% stake in joint venture (Note 15)	104,287	–
Transferred from investment property under development (Note 5)	51,139	92,528
Fair value adjustments (Note 13)	134,234	30,306
Additions to the right-of-use assets from asset deals (Note 15)	3,843	–
Fair value adjustment of right-of-use assets (Note 13)	(255)	(251)

Movement in investment property in use *in € thousand*	**31 Dec 2022**	**31 Dec 2021**
Investment property reclassified as held for sale (Note 7.1)	–	(55,800)
CARRYING VALUE	**6,331,793**	**5,670,776**

As at 31 December 2022, the balance of investment property included also right-of-use assets of €37,200 (2021: €33,611 thousand) representing long term land concessions for the Group Polish properties contracted from local government.

Investment property is carried at fair value and is independently assessed on a semi-annual basis, as at 30 June and 31 December.

For the year ended 31 December 2022 and 31 December 2021, the Group commissioned independent year-end appraisal reports on its investment property in use to Cushman&Wakefield, Colliers International and Jones Lang LaSalle, all members of the Royal Institution of Chartered Surveyors (RICS). Valuations are prepared in accordance with the RICS Valuation – Global Standards 2021 (the "Red Book") and ANEVAR Valuation Standards - 2022 Edition which incorporate the International Valuation Standards ("IVS").

All investment property in use is valued by the Income Method. For the years ended 31 December 2022 and 31 December 2021 respectively, the applied method used for all investment property in use was discounted cash flow ("DCF").

DCF uses explicit assumptions regarding the benefits and liabilities of ownership over the asset's life, including an exit, or terminal, value. As an accepted method within the Income Method to valuation, the DCF method involves the projection of a series of cash flows onto a real property interest. To these projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of cash inflows associated with the real property.

The duration of cash flow, and the specific timing of inflows and outflows, are determined by events such as rent reviews, lease renewal and related lease-up periods, re-letting, redevelopment or refurbishment. The appropriate duration is typically driven by market behaviour. In the case of investment property, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission fees, and other operating and management expenses. The series of periodic net cash inflows, combined with the estimated terminal value anticipated at the end of the projection period, is then discounted. For all investment property in use, the current use equates to the highest and best use.
The Group provides all information necessary for the valuations, including detailed tenancy schedules, comprising information on occupied and vacant units, unit areas and numbers, lease commencement and expiry dates, break options and indexation clauses. All

properties have been inspected by representatives of external valuers for the purpose of 31 December 2022 valuations.

The Group's valuers note in their valuation report that wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. Sustainability is taken to mean the consideration of such matters as environment and climate change, health and wellbeing and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management, and fiscal considerations.

As at 31 December 2022, the investment property in use had an EPRA Vacancy Rate of 2.7% (31 December 2021: 4.0%). EPRA Vacancy Rate is a non-IFRS measure which is defined in Appendix 1.

As at the same date, the Group's portfolio included retail, office and industrial properties. IFRS 13 defines fair value as the price that would be received for selling an asset or paid for transferring a liability in an orderly transaction between market participants at the measurement date. The Group currently discloses fair values according to a 'fair value hierarchy' (as per IFRS 13) which categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets or liabilities and the lowest priority (Level 3) to unobservable inputs. The fair value hierarchy is explained below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: use of a model with inputs (other than quoted prices included within Level 1) that are directly, or indirectly, observable market data, and
- Level 3: use of a model with inputs not based on observable market data.

The Group's investment property is categorised as Level 3. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between hierarchy levels during the year.

The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy of the Group's property portfolio, together with the impact of significant movements in these inputs on the fair value measurement, are detailed below:

Unobservable input	Impact on fair value of increase in input
Estimated rental value	Increase
Discount rate	Decrease
Capitalisation rate for terminal value	Decrease

Information relating to fair value measurement using significant unobservable inputs (Level 3) for 2022 is presented in the table below:

Segment	Valuation technique	Estimated market rental value (yearly amount in '000 €)	Discount rate (%)	Capitalisation rate for terminal value (%)
Retail	Discounted cash flow	294 – 24,411 (13,449*)	7.30% – 11.45% (8.94*)	5.45% – 9.25% (7.08*)
Office	Discounted cash flow	1,851 – 4,393 (3,675*)	8.50% – 8.75% (8.68*)	7.75% – 8.15% (8.04*)
Industrial	Discounted cash flow	645 – 1,727 (1,416*)	10.95% – 11.95% (11.66*)	8.75% – 9.75% (9.46*)

**Amounts or percentages represent weighted averages.*

Information relating to fair value measurement using significant unobservable inputs (Level 3) for 2021 is presented in the table below:

Segment	Valuation technique	Estimated market rental value (yearly amount in '000 €)	Discount rate (%)	Capitalisation rate for terminal value (%)
Retail^	Discounted cash flow	246 – 22,190 (12,702*)	7.00% – 11.00% (8.50*)	5.30% – 9.00% (6.90*)
Office	Discounted cash flow	1,840 – 4,419 (3,744*)	8.50% – 8.75% (8.57*)	7.50% – 7.90% (7.80*)
Industrial	Discounted cash flow	556 – 1,531 (1,261*)	10.00% – 11.00% (10.72*)	8.50% – 9.50% (9.22*)

**Amounts or percentages represent weighted averages.*
^Excluding joint ventures.

Portfolio valuation: sensitivity to changes in the discount rate and exit rate

The tables below present the change in the valuation of the shopping centre portfolio using different discount rate and exit rate assumptions than those used by the appraisers.

Discount rate variance				
Country	**(50 bps)**	**(25 bps)**	**25 bps**	**50 bps**
Romania	5.2%	2.5%	-2.4%	-4.7%
Poland	5.7%	2.8%	-2.6%	-5.1%
Croatia	5.8%	2.8%	-2.7%	-5.2%
Slovakia	6.9%	3.4%	-3.1%	-6.1%
Bulgaria	5.9%	2.9%	-2.7%	-5.3%
Serbia	5.6%	2.7%	-2.6%	-5.0%
Czech Republic	7.1%	3.4%	-3.2%	-6.3%
Lithuania	5.3%	2.6%	-2.4%	-4.8%
Hungary	6.5%	3.1%	-2.9%	-5.7%
TOTAL	**5.7%**	**2.8%**	**-2.6%**	**-5.1%**

Exit rate variance				
Country	**(50 bps)**	**(25 bps)**	**25 bps**	**50 bps**
Romania	6.8%	3.3%	-3.1%	-6.0%
Poland	7.9%	3.8%	-3.5%	-6.8%
Croatia	6.6%	3.2%	-3.0%	-5.8%
Slovakia	7.8%	3.7%	-3.5%	-6.7%
Bulgaria	6.8%	3.3%	-3.1%	-6.0%
Serbia	6.3%	3.0%	-2.9%	-5.6%
Czech Republic	8.1%	3.9%	-3.6%	-7.0%
Lithuania	7.0%	3.4%	-3.2%	-6.2%
Hungary	8.3%	4.0%	-3.7%	-7.1%
TOTAL	**7.3%**	**3.5%**	**-3.3%**	**-6.4%**

5 INVESTMENT PROPERTY UNDER DEVELOPMENT

Movement in investment property under development *in € thousand*	**31 Dec 2022**	**31 Dec 2021**
Carrying value at beginning of year	**170,900**	**210,935**
Additions from the acquisition of the remaining 50% stake in joint venture (Note 15)	1,700	–

Movement in investment property under development *in € thousand*	**31 Dec 2022**	**31 Dec 2021**
Additions from asset deals (acquisition of land for development) (Note 15)	18,201	–
Additions from construction in progress	136,083	55,154
Fair value adjustments (Note 13)	8,917	4,110
Assets which became operational and were transferred to Investment property in use (Note 4)	(51,139)	(92,528)
Investment property under development reclassified as held for sale (Note 7.1)	(20,318)	(2,550)
Transfer to inventory property	–	(4,221)
Carrying value	**264,344**	**170,900**

Land included in Investment property under development is carried at fair value and is independently assessed on a semi-annual basis. For the years ended 31 December 2022 and 2021, the Group commissioned independent year-end reports to Cushman&Wakefield, Colliers International and Jones Lang LaSalle, based on which the fair value of land was adjusted. Land included in Investment property under development is classified Level 3 on the fair value hierarchy as defined in IFRS 13.

The valuation technique is sales comparison or residual approach (in accordance with RICS Valuation Standards and ANEVAR Valuation Standards (for Romanian properties)). Land under sales comparison method was valued by the external appraisers using the recent transactions of similar land for development in the proximity of the subject property. The residual approach determines the residual land value by subtracting purchase and development cost from the expected gross development value of the project at completion. The construction works in the investment property under development are held at cost, and their carrying value is a reasonable approximation of their fair value. The methods have been consistently applied for the comparative period.

Borrowing costs capitalised in 2022 amount to €3,513 thousand (2021: €3,193 thousand) and were calculated using an average annual interest rate of 2.3% (2021: 2.4%).

The balance of Investment property under development split by land carried at fair value and additions from construction works held at cost (which approximate fair value) is detailed below:

Investment property under development *in € thousand*	**31 Dec 2022**	**31 Dec 2021**
Land (at fair value)	157,609	147,843
Construction works (at cost)	106,735	23,057
TOTAL	**264,344**	**170,900**

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents by currency *in € thousand*	**31 Dec 2022**	**31 Dec 2021**
EUR	161,035	418,751
RON	38,556	29,442
PLN	19,837	15,799
BGN	10,663	8,974
HUF	3,213	6,645
HRK	7,703	12,562
CZK	5,909	4,016
RSD	3,101	1,773
ZAR	614	572
USD	–	9
GBP	–	80
TOTAL	**250,631**	**498,623**

Cash and cash equivalents by type *in € thousand*	**31 Dec 2022**	**31 Dec 2021**
Current accounts	196,019	378,401
Deposits	50,079	120,000
Restricted cash	4,250	-
Petty cash and other values	283	222
TOTAL	**250,631**	**498,623**

7 ASSETS HELD FOR SALE

Investment property held for sale is carried at fair value and is independently assessed on a semi-annual basis, as at 30 June and 31 December. Based on IFRS 13, it is categorised within Level 3 of the fair value hierarchy.

In November 2022, the Group disposed of a plot of land in Sabac, Serbia held by Nepi Project Three d.o.o. in a share deal, for a transaction value of €3.3 million, with a net gain on disposal of €1.1 million.

In August 2022, the Group entered into a binding agreement for the sale of a plot of excess land owned by General Building Management SRL, owner of the development in Craiova, Romania. The transaction is expected to be completed in 2023, subject to conditions precedent to be fulfilled by the Group.

In July 2021, the Group disposed of two Serbian retail properties for a transaction value of €60.8 million, with a net gain on disposal of €2 million.

At 31 December 2022, the assets held for sale included a plot of land located in Slovakia together with two non-core properties and a plot of land located in Romania. One of the Romanian non-core properties was sold at book value in January 2023.

The major classes of assets and liabilities of subsidiaries which are presented as held for sale at the end of the reporting period are as follows:

in € thousand	**31 Dec 2022**	**31 Dec 2021**
Non-current assets	**18,666**	**1,752**
Investment property at fair value	1,730	1,752
Investment property under development	16,936	–
Current assets	**19**	–
Cash and cash equivalents	19	–
Assets held for sale	**18,685**	**1,752**
Non-current liabilities	**1,111**	–
Deferred tax liabilities	1,111	–
Current liabilities	7	–
Liabilities held for sale	**1,118**	–
Net assets held for sale	**17,567**	**1,752**

7.1 INVESTMENT PROPERTY HELD FOR SALE

in € thousand	**31 Dec 2022**	**31 Dec 2021**
Carrying value at beginning of year	1,752	1,752
Transfer from investment property in use (Note 4)	–	55,800
Transfer from investment property under development (Note 5)	20,318	2,550
Additions during the period	21	–
Fair value adjustments (Note 13)	(1,195)	485
Disposals	(2,230)	(58,835)
CARRYING VALUE	**18,666**	**1,752**

8 BORROWINGS (BONDS AND BANK LOANS)

The Group is currently assigned a long-term corporate credit rating of BBB (stable outlook) from Standard & Poor's Rating Services and BBB+ (stable outlook) from Fitch Ratings.

In 2022, NEPI Rockcastle extended the contractual maturities related to its unsecured committed revolving credit facilities, as follows:
- the revolving credit facility from BRD-Groupe Société Générale and Garanti Bank was extended for one year, until July 2025, with the maximum principal available maintained at €170 million;
- the revolving credit facility from ING Bank was extended for one year, until July 2025, with the maximum principal available maintained at €100 million; and
- the revolving credit facility from Raiffeisen Bank International was extended for one year, until January 2025, with the maximum principal available maintained at €150 million.

The above mentioned committed revolving credit facilities together with the revolving credit facility from a four-bank syndicate of a maximum limit of €200 million amount to a total of €620 million available unsecured committed revolving credit facilities, of which €420 million were undrawn as at 31 December 2022 (31 December 2021: €620 million).

In January 2022, the Group issued its second green €500 million unsecured 8-year Eurobond, carrying a 2% fixed coupon, with an issue price of 98.713%. The bond issue was used for liability management, to repay a €500 million bond maturing in 2023. The repurchase of 2023 bond was made at market price in January and February 2022, with the premium paid over its carrying value of €22 million, recognised in the Statement of comprehensive income.

The average interest rate of the Group's debt, including hedging result, was approximately 2.3% during 2022 (31 December 2021: 2.4%). As at 31 December 2022, fixed-coupon bonds represented 78% of NEPI Rockcastle's outstanding debt; out of the remaining long-term debt exposed to Euribor, 59% was hedged with interest rate caps and 21% with interest rate swaps. The unhedged portion represents less than 5% of the outstanding debt and relates to a proportion of the revolving credit facilities disbursed as of year-end.

The fair value of all financial instruments is substantially in line with their carrying amounts as reflected on the Statement of financial position, except for the bonds. For reference, as at 31 December 2022, the €499 million bonds issued in 2017 were trading on the market at 93.55% (31 December 2021: 102.81%), the €500 million bonds issued in 2019 were trading on the market at 84.13% (31 December 2021: 102.59%), the €500 million bonds issued in 2020 were trading on the market at 86.52% (31 December 2021: 110.65%) and the €500 million bonds issued in January 2022 were trading on the market at 69.04% (31 December 2021: n/a). However, the fair value of bonds presented above might not be relevant, as the liability towards bonds holders would not vary in line with the market price of its listed notes.

The repayment profile for outstanding loans, excluding future interest, is detailed below. In addition to these loans, the Group had loans and borrowings related to its joint ventures presented in Note 16, which were repaid in the second half of 2022 following acquisition of the remaining 50% stake in the joint-venture.

Interest bearing borrowings 31 Dec 2022 *in € thousand*	**Type**	**Payable in less than 1 year**	**Payable in 1-5 years**	**Payable over 5 years**	**Total**
Netherlands	Unsecured fixed coupon bonds	–	1,498,980	500,000	**1,998,980**
Netherlands	Revolving facilities	–	200,000	–	**200,000**
Netherlands	Unsecured loan	–	–	73,521	**73,521**
Poland	Secured loans	1,520	74,100	–	**75,620**
Slovakia	Secured loans	6,475	23,200	82,137	**111,812**
Czech Republic	Secured loans	615	38,694	–	**39,309**
Romania	Secured loans	2,727	10,908	46,365	**60,000**
Accrued interest on loans and deferred loan costs		(180)	(2,181)	–	**(2,361)**

Interest bearing borrowings 31 Dec 2022 *in € thousand*	**Type**	**Payable in less than 1 year**	**Payable in 1-5 years**	**Payable over 5 years**	**Total**
Accrued coupon on bonds		20,353	–	–	**20,353**
Deferred bond costs		(2,504)	(7,359)	(1,203)	**(11,066)**
Issue discount on bonds		(3,586)	(10,161)	(1,549)	**(15,296)**
Total		**25,420**	**1,826,181**	**699,271**	**2,550,872**

Interest bearing borrowings 31 Dec 2021 *in € thousand*	**Type**	**Payable in less than 1 year**	**Payable in 1-5 years**	**Payable over 5 years**	**Total**
Netherlands	Unsecured fixed coupon bonds	–	1,495,000	500,000	**1,995,000**
Netherlands	Unsecured loan	–	–	73,521	**73,521**
Poland	Secured loans	380	75,620	–	**76,000**
Slovakia	Secured loans	7,216	71,607	39,176	**117,999**
Czech Republic	Secured loans	564	39,309	–	**39,873**
Accrued interest on loans and deferred loan costs		(729)	(2,078)	–	**(2,807)**
Accrued coupon on bonds		18,856	–	–	**18,856**
Deferred bond costs		(2,772)	(6,846)	(430)	**(10,048)**
Issue discount on bonds		(5,036)	(9,909)	(624)	**(15,569)**
Total		**18,479**	**1,662,703**	**611,643**	**2,292,825**

Bonds and bank loans reconciliation

This section sets out an analysis of bonds and bank loans outstanding and the related movements for the periods presented.

in € thousand	**Bank loans**	**Bonds**	**Total*,****
Debt as at 31 December 2021	**304,586**	**1,988,239**	**2,292,825**
Cash repayments of principal	(25,563)	(496,020)	**(521,583)**
Loan taken over from the acquisition of the remaining 50% stake in joint venture	18,432	–	**18,432**
Cash proceeds from bank loans or bonds	260,000	493,566	**753,566**
Cash payments of interest on bank loans or coupon on bonds	(5,972)	(44,024)	**(49,996)**
Interest expense	6,288	45,522	**51,810**
Amortisation of capitalised borrowing costs	916	2,595	**3,511**
Amortisation of bond discount	–	3,824	**3,824**
Additional capitalised borrowing costs in the period	(786)	(4,674)	**(5,460)**
Costs released following bonds buy-back prior maturity	–	3,943	**3,943**
Debt as at 31 December 2022	**557,901**	**1,992,971**	**2,550,872**

**The carrying value of the bond repurchased during January and February 2022 was €492,078 thousand, consisting of its nominal value of €496,020 together with unamortised discount and capitalized borrowing costs of €3,943.*

*** The table above does not contain interest bearing loans from third parties in amount of €50,107 thousand as at 31 December 2022. The above finance costs also do not include interest capitalized on developments of €3,513 thousand (refer to Note 5), and interest on lease liabilities related to the right-of-use assets of €577 thousand.*

in € thousand	**Bank loans**	**Bonds**	**Total***
Debt as at 31 December 2020	**482,587**	**1,980,285**	**2,462,872**
Cash repayments of principal	(250,458)	–	**(250,458)**
Cash proceeds from bank loans or bonds	73,521	–	**73,521**
Cash payments of interest on bank loans or coupon on bonds	(7,169)	(48,003)	**(55,172)**
Interest expense	7,168	48,003	**55,171**
Amortisation of capitalised borrowing costs	1,209	2,769	**3,978**
Amortisation of bond discount	–	5,185	**5,185**
Additional capitalised borrowing costs in the period	(1,876)	–	**(1,876)**
Other non-cash items	(396)	–	**(396)**
Debt as at 31 December 2021	**304,586**	**1,988,239**	**2,292,825**

**The table above does not contain interest bearing loans from third parties in amount of €8,746 thousand as at 31 December 2021 (included in Other long-term liabilities and in Trade and other payables), and the associated finance cost. The above finance costs also do not include interest capitalized on developments of €3,193 thousand (refer to Note 5), and interest on lease liabilities related to the right-of-use assets of €582 thousand.*

Further details for the Group's loans and bonds are presented below.

Secured term loans

The Group has secured term loans contracted by some of its subsidiaries in Poland, Slovakia, Czech Republic and Romania. In December 2022, a Romanian subsidiary concluded a €60 million secured loan which matures in March 2030.

Securities

– General security over the properties (fair values as at 31 December 2022), current assets, cash inflows from operating activities, accounts and receivables; and
– General security over the shares in the property-owning entities.

Covenants

– Debt service cover ratio of a minimum between 120% and 130%; and
– Loan to value ratio of a maximum between 60% and 70%.

Unsecured green term loan

In June 2021, the Group concluded a green unsecured financing agreement which matures in June 2028 in amount of €73.5 million. The loan was fully disbursed in July 2021.

Covenants

– Solvency Ratio of maximum 0.60;
– Consolidated Coverage Ratio of minimum 2:1; and
– Unsecured Ratio of minimum 150%.

The loan is linked to the ESG performance of the Group through the sustainability rating provided by Sustainalytics.

Unsecured committed revolving facilities

At 31 December 2022, out of the €620 million revolving facilities, €420 million were available for drawdown following disbursement of €200 million in December 2022. The drawn amounts have the maturity of the revolving facilities from which they have been disbursed, in 2025, but they can be reimbursed earlier.

Covenants

- Solvency Ratio of maximum 0.60;
- Consolidated Coverage Ratio of minimum 2:1; and
- Unsecured Ratio of minimum 150%.

All available revolving facilities are linked to the ESG performance of the Group through the sustainability rating provided by Sustainalytics.
Management considers that the above ESG related variability feature does not meet the definition of a derivative, as defined in Appendix A of IFRS 9, on the basis that the external rating is a non–financial variable specific to the Group.

Unsecured fixed coupon bonds

The Group successfully issued fixed coupon bonds as follows:
- November 2017: €500 million of unsecured, 7-year Eurobonds. The bonds mature on 23 November 2024 and carry a 1.75% fixed coupon, with an issue price of 99.051%;
- October 2019: €500 million of unsecured, 7-year Eurobonds. The bonds mature on 9 October 2026 and carry a 1.875% fixed coupon, with an issue price of 98.927%;
- July 2020: €500 million of unsecured, 7-year Eurobonds. The bonds mature on 14 July 2027 and carry a 3.375% fixed coupon, with an issue price of 98.172%; and
- January 2022: €500 million of unsecured, 8-year Eurobonds. The bonds mature on 21 January 2030 and carry a 2.00% fixed coupon, with an issue price of 98.713%.

All the bonds include early redemption options. At each date of bond issue initial recognition, management has performed an assessment whether those options are closely related to the host contract, considering the IFRS 9 clauses, which states that early repayment options are closely related to the host debt, if either:
- the option's exercise price is approximately equal on each exercise date to the host debt instrument's amortised cost; or
- the exercise price of a prepayment option reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of the host contract.

Based on management assessment in case of the exercise of any of the early redemption options either first or second criteria will be met, therefore those were considered as closely related to the bond and thus not separately valued and disclosed.

Covenants
- Solvency Ratio of maximum 0.60;
- Consolidated Coverage Ratio of minimum 2:1; and
- Unsecured Ratio of minimum 150%.

NEPI Rockcastle has complied with all financial covenants of its borrowing facilities during 2022 and 2021. The ratios calculated for all unsecured loans and bonds showed ample headroom compared to the covenants:

- Solvency Ratio: 0.40 (31 December 2021: 0.39);
- Consolidated Coverage Ratio: 6.2* (31 December 2021: 4.06); and
- Unsecured Ratio: 251% (31 December 2021: 263%).

**The Consolidated Coverage Ratio as at 31 December 2022 is significantly higher compared to the previous year, due to the reversal of litigation provision following settlement of €21 million. Excluding the effect of the reversal, the Consolidated Coverage Ratio would have been 5.8 (2021: 4.6, excluding the effect of the expense with litigation claim).*

9 LOANS FROM THIRD PARTY

As disclosed in Note 15, as part of the deal for the acquisition of Forum Gdansk Sp. z o.o., , the Group obtained vendor financing in the form of a three-year unsecured loan from the seller, for part of the purchase price amounting to €50,000 thousand, bearing an interest rate of 6.5%. One third of the loan principal is repayable at each anniversary of the loan until maturity, however the loan can be repaid by the Group at any time at its own discretion. The fair value of the loan is substantially in line with its carrying amount.

10 NET RENTAL AND RELATED INCOME

in € thousand	**31 Dec 2022**	**31 Dec 2021**
Gross rental income	422,051	369,395
Service charge income	199,812	167,324
Gross rental and service charge income	**621,863**	**536,719**
Property management fees, tax, insurance and utilities	(138,651)	(102,605)
Property maintenance cost	(80,077)	(70,752)
Net expected credit (losses)/gains	(660)	1,294
Property operating expenses	**(219,388)**	**(172,063)**
Partial forgiveness of receivables (Covid-19 forgiveness)	2,090	(17,765)
TOTAL NET RENTAL AND RELATED INCOME	**404,565**	**346,891**

Property management fees, tax, insurance and utility costs presented above are split as follows:

in € thousand	**31 Dec 2022**	**31 Dec 2021**
Utility expenses^	(86,183)	(57,292)
Property related taxes	(25,433)	(23,236)
Property management fees	(24,973)	(20,276)
Property insurance expenses	(2,062)	(1,801)
Property management fees, tax, insurance and utilities	**(138,651)**	**(102,605)**

^The Group acts as principal in relation to the provision of utilities to its tenants. Thus, utility expenses and the corresponding utility recoveries are recognised, on a gross basis, in the Property operating expenses and Service charge income respectively.

Property maintenance cost presented above comprises of:

in € thousand	**31 Dec 2022**	**31 Dec 2021**
Cleaning and security	(32,862)	(29,685)
Maintenance and repairs	(23,545)	(21,462)
Marketing	(17,426)	(13,952)
Services and related costs	(2,688)	(3,077)
Other	(3,556)	(2,576)
Property maintenance cost	**(80,077)**	**(70,752)**

The Group rents its investment property under operating leases of various expiry terms. The standard terms of the leases comprise information relating to leased space, rent, rights and obligations of the landlord and tenant, including notice periods, renewal options and service charge arrangements. For most of the leases, the rent is indexed annually, over the term of the leases. Most retail leases have turnover rent clauses, which imply that if the agreed percentage of turnover from the retail unit under lease exceeds the base rent, the tenant will pay the difference to the Group.

A proportion of 4.4% (€18,758 thousand) of the Gross rental income is represented by the turnover rent (paid on top of fixed rent) as at 31 December 2022 (31 December 2021: 3.1% (€11,491 thousand)).

Lease incentives represent the non-recurring amount granted (in cash or as fit-out works) by the Group, to a new or an existing tenant, in connection with a new or renewed lease. Lease incentives are straight-lined over the lease term. The lease term corresponds to the contractual duration for the majority of the leases, except for the anchor tenants, for which the lease duration is assessed by the Group based on past experience and taking into account factors such as: GLA of the property where the anchor tenant is located, catchment area, dominance/competition in the catchment area or purchasing power.

The future minimum lease payments receivable under non-cancellable operating leases are detailed below:

in € thousand	**31 Dec 2022**	**31 Dec 2021**
No later than 1 year	397,217	359,971
Between 1-2 years	307,032	294,789
Between 2-3 years	221,625	225,156
Between 3-4 years	150,927	154,503
Between 4-5 years	93,167	97,318
Later than 5 years	147,887	165,611
TOTAL	**1,317,855**	**1,297,348**

The breakdown of the net rental and related income by country is disclosed in Note 17.

11 ADMINISTRATIVE EXPENSES

in € thousand	**31 Dec 2022**	**31 Dec 2021**
Staff costs*	(10,671)	(8,135)
Directors' remuneration (Note 20)	(4,744)	(2,356)
Advisory services	(7,683)	(4,007)
Audit and other assurance services	(1,740)	(1,138)
Companies' administration	(2,459)	(2,297)
Travel and accommodation	(1,015)	(311)
Stock exchange expenses	(597)	(482)
Share based payment expense	(1,472)	(5,050)
Transaction fees	–	(889)
TOTAL	**(30,381)**	**(24,665)**

**Staff costs capitalised on investment property under development and inventory property in 2022 amount to €1,947 thousand (2021: €1,805 thousand).*

Staff costs

The staff costs of the period have been revised and adjusted for inflation, increases in minimum and average wages in CEE, in order for the Company to remain competitive in the market. Moreover, for better managing the business, the Company strengthened its internal Group's organisational structure, in the area of environmental, social and corporate governance (ESG) function and the newly created procurement function. As a result of the relocation to Netherlands, the Company terminated its labour relationship with its employees in the Isle of Man.

Starting the last quarter of 2021, the Group embarked on a partial internalisation of property management and selected accounting activities in countries such as Poland, Lithuania, Czech Republic and Hungary, leading to a net increase in the staff costs for the period of €320 thousand. These expenses overcompensated for the fees with third parties included in the Net Operating Income. The full internalisation of property management activities and accounting in the above-mentioned countries is planned to be completed by mid- 2024, with envisaged improvement of the overall group performance.

Advisory services

In the year ended 31 December 2022, the Group incurred advisory fees of €2 million with companies which are related parties of former management.

Relocation costs

During the 2022, the relocation of the parent company from the Isle of Man to Netherlands via Luxembourg as stepping stone was approved by shareholders, with the majority of the implementation already in place. The relocation costs for the period amounted to €1.6 million (included in the Advisory services).

12 EXPENSES WITH LITIGATION CLAIM

in € thousand	31 Dec 2022	31 Dec 2021
Gain from reversal of/ (expenses) with litigation claim	21,304	(37,304)

In October 2017, one of the Group's subsidiaries entered into an agreement in relation to the conditional acquisition of an operating shopping centre and a related development, Serenada and Krokus Shopping Centres in Poland. On 1 January 2019, upon the lapse of the respective transaction's long stop date, the subsidiary notified the counterparty that it had exercised its right to terminate the transaction as the long stop date had passed and certain conditions precedent had not been met. The counterparty consequently initiated arbitration proceedings against the Group, claiming a contractual penalty in the amount of €30 million.

On 31 January 2022, the Group was informed by the Arbitral Tribunal that the arbitrators ordered that the Group is liable to pay the contractual penalty of €30 million plus accumulated interest and arbitration expenses. A litigation provision expense was previously recognised as a result in the 2021 financial statements for the amount of €37,304 thousand.

Following negotiations between the Company and the counterparty to the initial transaction, the parties agreed on 23 November 2022 on an amicable settlement. Pursuant to the settlement, the Group paid to the counterparty an amount of €16 million and the parties have reciprocally waived, definitely and irrevocably, all and any present and potential rights and claims arising out of or in connection with the initial purchase transaction and Arbitral Tribunal award. As a result, a gain from the reversal of the difference between the initially provided amount and the settled amount of €21,304 thousand was recognised in the 2022 financial statements.

13 FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTY

in € thousand	31 Dec 2022	31 Dec 2021
Fair value adjustments of investment property in use (Note 4)	134,234	30,306
Fair value adjustments of investment property under development (Note 5)	8,917	4,110
Fair value adjustments of investment property held for sale (Note 7.1)	(1,195)	485
Fair value adjustments of right-of-use assets (Note 4)	(255)	(251)
TOTAL	**141,701**	**34,650**

14 HEADLINE EARNINGS AND DILUTED HEADLINE EARNINGS PER SHARE

The starting point is for headline earnings per share calculation are earnings as determined in IAS 33, excluding "separately identifiable re-measurements", net of related tax (both current and deferred) and minority interest, other than re-measurements specifically included in headline earnings (referred to as included re-measurements), in terms of Circular 1/2021 issued by South African Institute of Chartered Accountants (SAICA).

The calculation of headline earnings per share for the year ended 31 December 2022 was based on headline earnings of €313,186 thousand (31 December 2021: of €204,177 thousand) and the weighted average number of shares.

Reconciliation of profit for the year to headline earnings *€ thousand, unless otherwise stated*	**31 Dec 2022**	**31 Dec 2021**
Profit for the year attributable to equity holders	435,167	235,004
Fair value adjustments of investment property (Note 13)	(141,701)	(34,650)
Gain on disposal of assets held for sale	(1,121)	(1,995)
Tax effects of fair value adjustments of investment property	22,212	5,204
Fair value adjustment of investment property for joint ventures	(1,632)	731
Tax effects of fair value adjustments for joint ventures	261	(117)
HEADLINE EARNINGS	**313,186**	**204,177**
Basic weighted average number of shares	607,756,809	608,994,907
Diluted weighted average number of shares	608,529,063	608,994,907
Headline earnings per share (euro cents)	51.53	33.53
Diluted headline earnings per share (euro cents)	51.47	33.53

15 SIGNIFICANT ASSET DEALS

Acquisition of land for development

In February 2022, NEPI Rockcastle acquired a land plot in Galati, Romania for a cash consideration €18,201 thousand, for a mixed-use real estate project. As part of the medium and long-term local expansion strategy, the envisaged development will consolidate the Group's position in Galati and in the region.

Acquisition of supplementary units in Mammut Shopping Center

During 2022, the Group acquired supplementary units (asset deal) in Mammut Shopping Center (Budapest, Hungary), for a consideration paid of €1.3 million (2021: €12.5 million).

Acquisition of non-controlling interest

In March 2022, the Group acquired the remaining non-controlling stakes in ACE3 Sp. z o.o. and Monarda Sp. z o.o. of 15% in 10% respectively, for a cash consideration of €9.4 million, thus obtaining 100% control in the two Polish entities.

Ploiesti Shopping City

On 1 September 2022, the Group completed the acquisition of joint-venture partner's remaining 50% stake in Ploiesti Shopping City SRL, the owner of Ploiesti Shopping City mall. The acquisition was recognized as a property asset acquisition as the entity acquired does not represent a business as defined by IFRS 3.

The Group followed the 'accumulated cost approach' for recognition of the previously held interest, whereby the carrying amount of the joint venture is considered the relevant cost in accounting for the acquisition of the subsidiary. Accordingly, no gain or loss was recorded on the acquisition of the subsidiary. The deemed cost of the previously held interest was €50,297. The consideration for the acquisition was allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax was recognised. The carrying amount of the identifiable assets and liabilities at the date of acquisition was as follows:

Investment property in use	104,287
Investment property under development	1,700
Trade and other receivables	3,595
Cash and cash equivalents	16,747
Identifiable acquired assets	**126,329**
Current financial debt	(18,432)
Other long-term liabilities	(552)
Trade and other payables	(1,746)
Identifiable acquired liabilities	**(20,730)**
Net identifiable assets	**105,599**

The net cash outflow connected with the acquisition (cash outflow adjusted for working capital items, less cash and cash equivalents acquired) amounted to €36,980 thousand for the purchase of the remaining 50% stake in the property. No acquisition costs were incurred.

Copernicus Shopping Centre

On 19 December 2022, the Group acquired Atrium Copernicus Sp. Zo.o., the legal entity that owns Copernicus Shopping Centre in Torun, Poland. The acquisition was recognized as a property asset acquisition as the entity acquired does not represent a business as defined by IFRS 3.

The consideration for the acquisition was allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax was recognised.

The carrying value of the identifiable assets and liabilities at the date of acquisition was as follows:

Investment property in use	122,841
Investment property under development	1,030
Trade and other receivables	853
Cash and cash equivalents	1,689
Identifiable acquired assets	**126,413**
Other long-term liabilities	(482)
Trade and other payables	(1,227)
Identifiable acquired liabilities	**(1,709)**
Net identifiable assets	**124,704**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to €124,704 thousand. The net cash outflow connected with the acquisition (cash outflow adjusted for working capital items, less cash and cash equivalents acquired) amounted to €121,645 thousand, the remaining difference to the net asset value being an accrued payable adjustment to the purchase price paid. Acquisition costs of €1,434 thousand were capitalised on the value of investment property.

The investment property reflected above does not include the right-of-use assets and related lease liability, of €3,843 thousand, connected to the land under concession of Copernicus Shopping Centre.

Forum Gdansk Shopping Centre

On 19 December 2022, the Group acquired Forum Gdansk Sp. Zo.o., the legal entity that owns Forum Gdansk Shopping Centre in Poland. The acquisition was recognized as a property asset acquisition as the company does not represent a business as defined by IFRS 3.

The consideration for the acquisition was allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax was recognised. The carrying amount of the identifiable assets and liabilities at the date of acquisition was as follows:

Investment property	243,646
Trade and other receivables	2,653
Cash and cash equivalents	7,815
Identifiable acquired assets	**254,114**
Other long-term liabilities	(1,176)
Trade and other payables	(3,308)
Identifiable acquired liabilities	**(4,484)**
Net identifiable assets	**249,630**

Net identifiable assets of the subsidiary acquired at the date of acquisition amounted to €249,630 thousand. The net cash outflow connected with the acquisition (cash outflow adjusted for working capital items, less cash and cash equivalents acquired) amounted to €195,101 thousand. In addition to the cash paid, the Group obtained vendor financing on the transaction in the form of a three-year unsecured loan from the seller, for part of the purchase price amounting to €50,000 thousand. Accrued receivable from the seller of €3,286 thousand was recognised as adjustment to the purchase price paid. Acquisition costs of €1,995 thousand were capitalised on the value of investment property.

16 JOINT VENTURES

The Group had an investment of 50% together with its joint venture partner, Carrefour Romania S.A., in Ploiesti Shopping City, a shopping centre located in Ploiesti, Romania. In September 2022 the Group completed the acquisition of the remaining 50% stake in Ploiesti Shopping City to become the sole owner of the property (Note 15).

The summarised financial statements of the joint ventures are presented below at 100%. The "Investments in joint ventures" line on the Consolidated Statement of financial position represents 50% of the line "Equity attributable to equity holders", as shown below. The "Share of profit of joint ventures" line on the Consolidated Statement of comprehensive income represents 50% of the line "Profit for the period attributable to equity holders", as presented below for the period in 2022 where Ploiesti Shopping City was a joint venture (up to 1 September 2022).

Statement of financial position

in € thousand	**Ploiesti Shopping City 31 Dec 2022**	**Ploiesti Shopping City 31 Dec 2021**
Non-current assets	–	109,130
Current assets	–	16,439
Total Assets	–	**125,569**
Non-current liabilities	–	(74,548)
Current liabilities	–	(3,703)
Total Liabilities	–	**(78,251)**
Equity attributable to equity holders	–	**(47,318)**
TOTAL EQUITY AND LIABILITIES	–	**(125,569)**
INVESTMENT IN JOINT VENTURES (50% of the equity attributable to equity holders)	–	**23,659**

Statement of comprehensive income

in € thousand	Ploiesti Shopping City 31 Dec 2022	Ploiesti Shopping City 31 Dec 2021
Revenue from rent and recoveries	8,648	12,971
Property operating expenses	(2,689)	(3,369)
Partial forgiveness of receivables (Covid-19 forgiveness)	48	(254)
Administrative expenses	(176)	(320)
Fair value adjustment investment property	3,264	(1,462)
Foreign exchange (loss)/gain	(122)	1
Profit before net finance costs and other items	**8,973**	**7,567**
Finance income	85	16
Finance costs	(2,452)	(3,695)
Bank charges, commissions, and fees	6	(7)
Fair value adjustments of derivatives	814	577
Profit before tax	**7,426**	**4,458**
Income tax expense	(866)	(654)
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS	**6,560**	**3,804**
Share of profit of joint venture (50% of the Profit of the period)	**3,280**	**1,902**

Shareholder loans to Ploiesti Shopping City were granted by NE Property B.V. Interest income from joint ventures in 2022 (period until Ploiesti Shopping City was still a joint venture) amounted to €889 thousand (2021: €1,282 thousand).

in € thousand	Ploiesti Shopping City 31 Dec 2022	Ploiesti Shopping City 31 Dec 2021
Long-term loans granted to joint ventures	–	22,466

Included within the balances above from the Statement of financial position are the following:

in € thousand	**Ploiesti Shopping City 31 Dec 2022**	**Ploiesti Shopping City 31 Dec 2021**
Cash and cash equivalents	–	13,297
Bank loans (non-current liabilities)	–	(17,316)
Bank loans (current liabilities)	–	(2,144)

The joint venture Ploiesti Shopping City had a secured term loan, which was repaid in full in September 2022.

17 SEGMENT REPORTING

Reporting segments are retail, office, residential, industrial and corporate, and the Group primarily manages operations in accordance with this classification.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. The measure of segment performance is Profit before net finance costs and other items, as disclosed in the tables below.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets. Segment assets represent investment property. Segment liabilities represent loans and borrowings, as these are the only liabilities reported on a segmental basis.

Segment results 31 Dec 2022 *€ thousand*	**Retail**	**Office**	**Industrial**	**Residential**	**Corporate and unallocated items**	**Total**
Gross rental income	414,712	5,375	1,964	–	–	422,051
Service charge income	197,396	2,060	356	–	–	199,812
Property operating expenses	(216,326)	(2,460)	(602)	–	–	(219,388)
Partial forgiveness of receivables (Covid-19 forgiveness)	2,097	(7)	–	–	–	2,090
Net rental and related income	**397,879**	**4,968**	**1,718**	–	–	**404,565**
Administrative expenses	(14,857)	(363)	(77)	(212)	(14,872)	(30,381)
Reversal of/(expenses) with litigation claim	–	–	–	–	21,304	21,304
EBIT*	**383,022**	**4,605**	**1,641**	**(212)**	**6,432**	**395,488**
Fair value adjustments of investment property	142,975	(1,421)	147	–	–	141,701
Foreign exchange gain/(loss)	1,722	(1)	3	27	(166)	1,585
Gain on disposal of assets held for sale	–	–	–	–	1,121	1,121
Profit before net finance costs and other items	**527,719**	**3,183**	**1,791**	**(185)**	**7,387**	**539,895**
Finance income					3,511	3,511
Finance costs					(56,802)	(56,802)
Bank charges, commissions and fees					(4,298)	(4,298)
Fair value adjustments of derivatives					37,946	37,946
Losses on extinguishment of financial instruments					(21,925)	(21,925)
Share of profit of Joint Ventures					3,280	3,280
Profit/(Loss) before tax					**(30,901)**	**501,607**

**EBIT (Earnings Before Interest and Taxes) represents the Group's Operating profit, defined as Net rental and related income less Administrative expenses (Depreciation and Amortisation are included in Administrative expenses).*

Segment results 31 Dec 2021 *€ thousand*	**Retail**	**Office**	**Industrial**	**Residential**	**Corporate and unallocated items**	**Total**
Gross rental income	362,321	5,310	1,764	–	–	369,395
Service charge income	165,129	1,853	342	–	–	167,324
Property operating expenses	(169,649)	(1,963)	(451)	–	–	(172,063)
Partial forgiveness of receivables (Covid-19 forgiveness)	(17,753)	(12)	–	–	–	(17,765)
Net rental and related income**	**340,048**	**5,188**	**1,655**	–	–	**346,891**
Administrative expenses	(12,939)	(328)	(60)	(153)	(11,185)	(24,665)
Expenses with litigation claim	–	–	–	–	(37,304)	(37,304)
EBIT*	**327,109**	**4,860**	**1,595**	**(153)**	**(48,489)**	**284,922**
Fair value adjustments of investment property	36,592	(3,299)	1,321	36	–	34,650
Foreign exchange (loss)/gain	(1,008)	(12)	(26)	(3)	114	(935)
Gain on disposal of assets held for sale	–	–	–	–	1,995	1,995
Profit/(Loss) before net finance costs and other items	**362,693**	**1,549**	**2,890**	**(120)**	**(46,380)**	**320,632**
Finance income					1,423	1,423
Finance costs					(62,649)	(62,649)
Bank charges, commissions and fees					(4,496)	(4,496)
Fair value adjustments of derivatives					5,174	5,174
Share of profit of Joint Ventures					1,902	1,902
Profit/(Loss) before tax					**(105,026)**	**261,986**

**EBIT (Earnings Before Interest and Taxes) represents the Group's Operating profit, defined as Net rental and related income less Administrative expenses (Depreciation and Amortisation are included in Administrative expenses).*
***Out of the total Net rental and related income associated to the Retail segment, €2.5 million relates to the two Serbian properties disposed of on 12 July 2021.*

Segment assets and liabilities 31 Dec 2022 *€ thousand*	**Retail**	**Office**	**Industrial**	**Residential**	**Corporate and unallocated items**	**Total**
SEGMENT ASSETS						
Non-current assets	**6,613,203**	**71,406**	**18,540**	**18**	**61,088**	**6,764,255**
Investment property	6,507,805	69,800	18,532	–	–	6,596,137
—Investment property in use	6,243,497	69,800	18,496	–	–	6,331,793
—Investment property under development	264,308	–	36	–	–	264,344
Goodwill	70,922	–	–	–	5,882	76,804
Deferred tax assets	26,779	1,573	–	–	26,327	54,679
Other long-term assets	5,183	33	8	18	5,808	11,050
Derivative financial assets at fair value through profit or loss	2,514	–	–	–	23,071	25,585
Current assets	**217,333**	**3,195**	**1,668**	**25,063**	**120,041**	**367,300**
Trade and other	75,583	947	143	4,000	4,823	85,496
Inventory property	–	–	–	20,694	–	20,694
Derivative financial assets at fair value	3,075	–	–	–	7,404	10,479
Cash and cash	138,675	2,248	1,525	369	107,814	250,631
Assets held for sale	**18,055**	**630**	–	–	–	**18,685**
TOTAL ASSETS	**6,848,591**	**75,231**	**20,208**	**25,081**	**181,129**	**7,150,240**

Segment assets and liabilities 31 Dec 2022 *€ thousand*	Retail	Office	Industrial	Residential	Corporate and unallocated items	Total
SEGMENT LIABILITIES						
Non-current liabilities	**760,126**	**2,230**	**1,927**	**3,427**	**2,284,663**	**3,052,373**
Loans from third party	–	–	–	–	33,333	33,333
Bank loans	274,122	–	–	–	272,622	546,744
Bonds	–	–	–	–	1,978,708	1,978,708
Deferred tax liabilities	416,529	1,438	1,587	–	–	419,554
Lease liabilities	36,368	–	–	–	–	36,368
Other long-term liabilities	33,107	792	340	3,427	–	37,666
Current liabilities	**143,981**	**1,464**	**462**	**1,118**	**51,003**	**198,028**
Trade and other payables	132,381	1,464	462	1,118	19,577	155,002
Loans from third party	–	–	–	–	16,774	16,774
Bank loans	10,768	–	–	–	389	11,157
Bonds	–	–	–	–	14,263	14,263
Lease liabilities	832	–	–	–	–	832
Liabilities associated with assets held for sale	**1,118**	–	–	–	–	**1,118**
TOTAL LIABILITIES	**905,225**	**3,694**	**2,389**	**4,545**	**2,335,666**	**3,251,519**

Segment assets and liabilities 31 Dec 2021 *€ thousand*	**Retail**	**Office**	**Industrial**	**Residential**	**Corporate and unallocated items**	**Total**
SEGMENT ASSETS						
Non-current assets	**5,889,465**	**72,168**	**17,985**	–	**47,653**	**6,027,271**
Investment property	5,752,991	70,700	17,985	–	–	5,841,676
—Investment property in use	5,582,091	70,700	17,985	–	–	5,670,776
—Investment property under development	170,900	–	–	–	–	170,900
Goodwill	70,922	–	–	–	5,882	76,804
Deferred tax assets	16,335	1,457	–	–	30,877	48,669
Investments in joint	23,659	–	–	–	–	23,659
Long-term loans granted to joint ventures	22,466	–	–	–	–	22,466
Other long-term assets	3,092	11	–	–	6,352	9,455
Derivative financial assets at fair value through profit or loss	–	–	–	–	4,542	4,542
Current assets	**228,760**	**2,555**	**1,600**	**10,868**	**325,334**	**569,117**
Trade and other	56,858	782	101	1,109	2,122	60,972
Inventory property	–	–	–	9,522	–	9,522
Cash and cash	171,902	1,773	1,499	237	323,212	498,623
Assets held for sale	**1,138**	**614**	–	–	–	**1,752**
TOTAL ASSETS	**6,119,363**	**75,337**	**19,585**	**10,868**	**372,987**	**6,598,140**

Segment assets and liabilities **31 Dec 2021** *€ thousand*	**Retail**	**Office**	**Industrial**	**Residential**	**Corporate and unallocated items**	**Total**
SEGMENT LIABILITIES						
Non-current liabilities	**663,259**	**1,847**	**1,748**	**217**	**2,049,243**	**2,716,314**
Bank loans	225,247	–	–	–	71,908	297,155
Bonds	–	–	–	–	1,977,191	1,977,191
Deferred tax liabilities	368,832	1,097	1,437	–	–	371,366
Lease liabilities	32,779	–	–	–	–	32,779
Other long-term liabilities	33,332	750	311	217	2	34,612
Derivative financial liabilities at fair value through profit or loss	3,069	–	–	–	142	3,211
Current liabilities	**100,313**	**859**	**253**	**32**	**60,127**	**161,584**
Trade and other payables	92,050	859	253	32	11,775	104,969
Provisions for litigations	–	–	–	–	37,304	37,304
Bank loans	7,431	–	–	–	–	7,431
Bonds	–	–	–	–	11,048	11,048
Lease liabilities	832	–	–	–	–	832
TOTAL LIABILITIES	**763,572**	**2,706**	**2,001**	**249**	**2,109,370**	**2,877,898**

The Group’s geographical breakdowns per country are detailed below:

Country results 31 Dec 2022 *€ thousand*	**Net rental and related income**	**Profit/(Loss) before tax**	**Investment property**
Romania**	158,182	305,661	2,441,758
Poland	80,371	59,623	1,802,833
Slovakia**	35,064	32,496	523,283
Hungary	35,101	25,086	585,900
Bulgaria	40,525	49,465	505,543
Croatia	20,978	28,733	272,490
Serbia	12,138	16,530	137,100
Lithuania	10,762	17,388	152,030
Czech Republic	11,444	11,909	175,200
Corporate*	-	(45,284)	-
Total	**404,565**	**501,607**	**6,596,137**

**The Corporate segment represents head office and administrative offices*
***Investment property excludes held for sale portfolio.*

Country results 31 Dec 2021 *€ thousand*	**Net rental and related income**	**Profit/(Loss) before tax**	**Investment property**
Romania**	140,186	173,326	2,081,853
Poland	62,728	40,071	1,426,810
Slovakia	32,075	35,490	531,485
Hungary	30,823	27,663	590,200
Bulgaria	30,220	35,991	493,765
Croatia	19,238	20,615	264,190
Serbia	12,723	13,824	134,778
Lithuania	9,740	10,483	144,095
Czech Republic	9,158	9,823	174,500
Corporate*	–	(105,300)	–
Total	**346,891**	**261,986**	**5,841,676**

**The Corporate segment represents head office, administrative offices, and listed securities entity disposed of in May 2021.*
*** Investment property excludes held for sale portfolio.*

RECONCILIATION OF PROFIT FOR THE YEAR TO DISTRIBUTABLE EARNINGS *€ thousand, unless otherwise stated*	**31 Dec 2022**	**31 Dec 2021**
Profit per IFRS Statement of comprehensive income attributable to equity holders	**435,167**	**235,004**
Accounting specific adjustments	**(118,112)**	**(25,391)**
Fair value adjustments of investment property for controlled subsidiaries	(141,701)	(34,650)
Depreciation and amortisation expense (in relation to property, plant and equipment of an administrative nature)	1,469	643
Fair value adjustments of derivatives	(37,946)	(5,174)
Losses on extinguishment of financial instruments	21,925	–
Amortisation of financial assets	(1,940)	(1,189)
Deferred tax expense for controlled subsidiaries	43,266	16,643
Gain on disposal of assets held for sale	(1,121)	(1,995)
Adjustments related to joint ventures:	**(1,727)**	**502**
Fair value adjustment investment property for joint ventures	(1,632)	731
Fair value adjustments of derivatives for joint ventures	(407)	(289)
Depreciation in relation to property, plant and equipment of an administrative nature for joint venture	(32)	–
Deferred tax expense for joint ventures	344	60
Adjustments related to non-controlling interest:	**7**	**(171)**
Fair value adjustment investment property for non-controlling interest	(1)	(120)
Deferred tax income/(expense) for non-controlling interest	8	(51)
Antecedent earnings	**(344)**	–
Distributable earnings	**317,055**	**209,613**
Interim distributable earnings	(139,058)	(107,409)
Final distributable earnings	(177,997)	(102,204)
Distributable earnings per share (euro cents)	**52.15**	**34.42**
Interim distributable earnings per share (euro cents)	22.83	17.64
Final distributable earnings per share (euro cents)	29.32	16.78
Distribution declared	**308,155**	**209,613**
Interim distribution	139,058	107,409
Final distribution	169,097	102,204
Distribution declared per share (euro cents)	**50.68**	**34.42**

RECONCILIATION OF PROFIT FOR THE YEAR TO DISTRIBUTABLE EARNINGS *€ thousand, unless otherwise stated*	31 Dec 2022	31 Dec 2021
Interim distribution per share (euro cents)	22.83	17.64
Final distribution per share (euro cents)	27.85	16.78
Earnings not distributed	**8,900**	_
Earnings not distributed per share (euro cents)	**1.47**	_
Number of shares entitled to interim distribution	**608,994,907**	**608,994,907**
Number of shares entitled to final distribution	**607,000,000**	**608,994,907**

Distributable earnings per share is prepared on a basis that is consistent with SA REIT funds from operations (SA REIT FFO) as set out in the SA REIT Association's Best Practice Recommendations Second Edition.

18 CASH FLOW FROM OPERATIONS

in € thousand	Note	31 Dec 2022	31 Dec 2021
OPERATING ACTIVITIES			
Profit after tax		435,273	235,069
Adjustments		**(56,340)**	**89,702**
Fair value adjustments of investment property	13	(141,701)	(34,650)
Foreign exchange (gain)/loss		(1,585)	935
Gain on disposal of assets held for sale	7	(1,121)	(1,995)
Net finance costs		57,589	65,722
Fair value adjustments of derivatives		(37,946)	(5,174)
Losses on extinguishment of financial instruments		21,925	-
Deferred tax expense		43,266	16,643
Current tax expense		23,068	10,274
Depreciation expense for property, plant and equipment		1,469	643
(Reversal of)/ Expense with litigation claim	12	(21,304)	37,304
Changes in working capital		**(3,571)**	**(740)**
(Increase) in trade and other receivables		(12,484)	(6,063)
Increase in trade and other payables		20,085	11,545
(Increase) in Inventory property		(11,172)	(6,222)
Net cash flow from operations		**375,362**	**324,031**

19 CONTINGENT ASSETS AND LIABILITIES

Guarantees

As at 31 December 2022, the Group had received letters of guarantee from tenants worth €108,406 thousand (31 December 2021: €107,078 thousand) and from suppliers worth € 62,692 thousand (31 December 2021: €16,351 thousand) related to ongoing developments.

In 2023, the Group estimates to invest €223 million in development and capital expenditure related to its ongoing projects or new development opportunities, out of which only a portion is already contracted at reporting date.

20 RELATED PARTY TRANSACTIONS

Identity of related parties with whom material transactions have occurred

The Directors and jointly controlled entities are related parties for the Group.

Material related party transactions

Fees paid to Directors, together with the performance bonus, during the current and previous year are detailed below. No other payments were made to Directors by NEPI Rockcastle, except reimbursements for travel and accommodation.

Transactions with joint ventures are presented in Note 16.

in € thousand				31 Dec 2022		31 Dec 2021
	Directors' fees	Performance bonus (related to 2022 performance)	Performance bonus (related to 2021 performance)	Bonus for interim period	Directors' fees	Performance bonus (related to 2020 performance)
Rüdiger Dany[1]	517	870	200	200	202	–
Eliza Predoiu[2]	253	490	–	150	–	–
Marek Noetzel[3]	329	518	225	–	300	30
Alex Morar[4]	188	–	–	–	600	60
Mirela Covasa[5]	147	–	–	–	400	40
Robert Emslie[6]*	–	–	–	–	78	–
George Aase[7]*	102	–	–	–	113	–
Antoine Dijkstra*	88	–	–	–	104	–

in € thousand	**31 Dec 2022**				**31 Dec 2021**	
Andre van der Veer*	98	–	–	–	116	–
Andreas Klingen*	89	–	–	–	103	–
Steve Brown	75	–	–	–	84	–
Andries de Lange	63	–	–	–	74	–
Jonathan Lurie[8]	68	–	–	–	25	–
Ana Maria Mihaescu[9]	74	–	–	–	27	–
TOTAL	**2,091**	**1,878**	**425**	**350**	**2,226**	**130**

[1]Mr. Rüdiger Dany was appointed as Executive Director and Chief Operating Officer of the Group with effect from 18 August 2021. From 1 February 2022 he was appointed as interim CEO and from 1 June 2022 he was confirmed in his role on a permanent basis.
[2]Ms. Eliza Predoiu was appointed as interim CFO of the Group with effect from 1 February 2022 and from 1 June 2022 she was confirmed in her role on a permanent basis.
[3]Mr. Marek Noetzel, an Executive Director of the Group, was appointed as Chief Operating Officer effective from 1 June 2022.
[4]Mr. Alex Morar resigned from his position of Chief Operating Officer effective from 1 February 2022. The fees for 2022 include a non-compete compensation of €120 thousand.
[5] Ms. Mirela Covasa resigned from her position of Chief Financial Officer effective from 1 February 2022. The fees for 2022 include a non-compete compensation of €100 thousand.
[6] Mr. Robert Emslie has retired from his position as non-Executive Director and Chairman of the Board of Directors effective 18 August 2021.
[7]Mr. George Aase was appointed as Chairman of the Board of Directors effective 18 August 2021.
[8]Mr. Jonathan Lurie was appointed as an Independent non-Executive Director with effect from 18 August 2021.
[9]Ms. Ana Maria Mihaescu was appointed as an Independent non-Executive Director with effect from 18 August 2021.
**The remuneration of the non-Executive Directors for the year includes a cumulative amount of €nil thousand (2021: €107 thousand) paid for one-off services performed during the previous year.*

(a) Shares held under the Share Purchase Schemes^:

Name of Director	Number of shares held as at 31 Dec 2022	Number of shares held as at 31 Dec 2021
Marek Noetzel	88,358	88,358
TOTAL	**88,358**	**88,358**

^Shares presented in the table above are pledged as security for the loan under Share Purchase Scheme.

(b) Shares unvested under the LTSIP

Name of Director	Number of shares unvested at 31 Dec 2022	Number of shares unvested at 31 Dec 2021
Rüdiger Dany	137,945	–

Name of Director	Number of shares unvested at 31 Dec 2022	Number of shares unvested at 31 Dec 2021
Eliza Predoiu	22,000	16,966
Marek Noetzel	78,394	93,995
TOTAL	**238,339**	**110,961**

As a result of the exit arrangements signed with the former CEO and CFO during 2021, the Company transferred to them 299,587 shares and 214,053 shares respectively, representing the total number of unvested shares as at exit date from the previous 2017 – 2021 awards. The shares have an associated selling restriction correlated with the initial vesting of each tranche. The Group accounted for the related expense associated with this transfer in the 2021 financial statements.

The share based payment expense related to the directors of the Group amounted to €262 thousand in 2022 (31 December 2021: €4,325 thousand).

The directors of the Group hold 739,612 shares as at 31 December 2022 (31 December 2021: 2,356,717 shares), which represents 0.12% of the outstanding shares (31 December 2021: 0.38% of the outstanding shares). Out of the above-mentioned shareholding, 283,397 shares (31 December 2021: 130,297 shares) which represent 0.05% of the outstanding shares (31 December 2021: 0.02% of the outstanding shares) are held by the non-executive directors. There were no changes to the Director's interests from 31 December 2022 to the approval of the preliminary condensed consolidated financial statements. Other than as set out in note 20(a) above, none of the shares of the Director are subject to security, guarantee, collateral and they are not encumbered in any way.

(c) Advisory services

As mentioned in Note 11 "Administrative expenses", in 2022 the Group incurred advisory fees of €2 million with companies which are related parties of former management.

21 SUBSEQUENT EVENTS

The Directors are not aware of any other subsequent events from 31 December 2022 and up to the date of signing these reviewed preliminary condensed consolidated financial statements which are likely to have a material effect on the financial information contained in this report.

OTHER INFORMATION

APPENDIX 1

EPRA PERFORMANCE MEASURES

European Public Real Estate Association ("EPRA") has established a set of Best Practice Recommendation Guidelines ("EPRA BPR"), which focus on the key measures of the most relevance to investors. These recommendations aim to give financial statements of public real estate companies more clarity, more transparency and comparability across European peers.

The Group has won for the last three years Gold Award for BPR for financial reporting, the highest standard for transparency of financial performance measures.

EPRA performance measures reported by NEPI Rockcastle are set out below:

EPRA indicators	31 Dec 2022	31 Dec 2021
EPRA Earnings (€ thousand)	317,870	210,159
EPRA Earnings per share (€ cents per share)	52.29	34.51
EPRA Net Initial Yield (NIY)	6.80%	6.75%
EPRA topped-up NIY	6.86%	6.79%
EPRA Vacancy Rate	2.7%	4.00%
EPRA Net Reinstatement Value (NRV) (€ per share)	6.84	6.51
EPRA Net Tangible Assets (NTA) (€ per share)	6.81	6.48
EPRA Net Disposal Value (NDV) (€ per share)	6.58	5.82
EPRA Cost ratio (including direct vacancy cost)	11.7%	8.3%
EPRA Cost ratio (excluding direct vacancy cost)	11.6%	8.2%

EPRA Earnings

EPRA Earnings presents the underlying operating performance of a real estate company excluding fair value gains or losses on investment property, profit or loss on disposals, deferred tax and other non-recurring items, that are not considered to be part of the core activity of the Group.

EPRA Earnings	31 Dec 2022	31 Dec 2021
Earnings in IFRS Consolidated Statement of comprehensive income	**435,167**	**235,004**
Fair value adjustments of investment property for controlled subsidiaries	(141,701)	(34,650)
Fair value loss and net result on sale of financial investments at fair value through profit or loss	–	–
Gain on disposal of assets held for sale	(1,121)	(1,995)
Fair value adjustment of derivatives and losses of extinguishment of financial instruments	(16,021)	(5,174)
Deferred tax expense for controlled subsidiaries	43,266	16,643
Adjustments above in respect of joint ventures	(1,727)	502
Non-controlling interest	7	(171)
EPRA Earnings (interim)	**139,335**	**107,187**
EPRA Earnings (final)	**178,535**	**102,972**
EPRA Earnings (total)	**317,870**	**210,159**
Number of shares for interim distribution	608,994,907	608,994,907
Number of shares for final distribution	607,000,000	608,994,907
EPRA Earnings per Share (EPS interim)*	**22.88**	**17.60**
EPRA Earnings per Share (EPS final)*	**29.41**	**16.91**
EPRA Earnings per Share (EPS)*	**52.29**	**34.51**
Company specific adjustments:		
Amortisation of financial assets	(1,940)	(1,189)
Depreciation expense for property, plant and equipment	1,469	643
Reverse income from financial investments at fair value through profit or loss	–	–
Antecedent earnings	(344)	–
Distributable Earnings (interim)	**139,058**	**107,409**
Distributable Earnings (final)	**177,997**	**102,204**
Distributable Earnings (total)	**317,055**	**209,613**
Distributable Earnings per Share (interim) (euro cents)	**22.83**	**17.64**
Distributable Earnings per Share (final) (euro cents)	**29.32**	**16.78**
Distributable Earnings per Share (total) (euro cents)	**52.15**	**34.42**

**Adjusted for interim and final number of shares.*

EPRA Net Asset Value metrics ("NAV")

The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.

In replacement of the EPRA NAV and EPRA NNNAV, new reporting standards introduced three new measures of net asset value: EPRA Net Reinstatement Value (NRV), EPRA Net Tangible Assets Value (NTA) and EPRA Net Disposal Value (NDV). As recommended by EPRA, these new standards have been applied with effect from 2020 first-half results.

EPRA Net Reinstatement Value ("NRV")

The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses are therefore excluded. Since the aim of the metric is to also reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA Net Tangible Assets ("NTA")

The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA Net Disposal Value ("NDV")

The EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments, and certain other adjustments are calculated as to the full extent of their liability, including tax exposure not reflected in the Balance Sheet, net of any resulting tax. This measure should not be viewed as a "liquidation NAV" because, in many cases, fair values do not represent liquidation values.

For more detailed explanations of EPRA adjustments and requirements please refer to the EPRA Best Practices Recommendations *(https://www.epra.com/application/files/3115/7287/4349/EPRA_BPR_Guidelines_241019.pdf)*

EPRA Net Asset Values as of 31 December 2022

	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	**3,898,721**	**3,898,721**	**3,898,721**
Exclude:			
Net deferred tax liabilities	365,986	347,687	–
Derivative financial assets at fair value through profit or loss	(36,064)	(36,064)	–
Goodwill	(76,804)	(76,804)	(76,804)
Include:			
Difference between the secondary market price and accounting value of fixed interest rate debt	–	–	173,939
NAV	**4,151,839**	**4,133,540**	**3,995,856**
Number of shares	607,000,000	607,000,000	607,000,000
NAV per share	**6.84**	**6.81**	**6.58**

EPRA Net Asset Values as of 31 December 2021

	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	**3,714,922**	**3,714,922**	**3,714,922**
Exclude:			
Net deferred tax liabilities	328,244	311,832	–
Derivative financial liabilities at fair value through profit or loss	(932)	(932)	–
Goodwill	(76,804)	(76,804)	(76,804)
Include:			
Difference between the secondary market price and accounting value of fixed interest rate debt	–	–	(96,092)
NAV	**3,965,430**	**3,949,018**	**3,542,026**
Number of shares	608,994,907	608,994,907	608,994,907
NAV per share	**6.51**	**6.48**	**5.82**

EPRA NIY and "topped-up" NIY

The EPRA NIY ("Net Initial Yield") is calculated as the annualized rental income based on passing cash rents, less nonrecoverable property operating expenses, divided by the gross market value of the property.
In EPRA "topped-up" NIY, the net rental income is "topped-up" to reflect rent after the expiry of lease incentives such as rent-free periods and rental discounts.

EPRA NIY^ and "topped-up" NIY[1] ^	31 Dec 2022	31 Dec 2021
Investment property as per Consolidated Financial Statements	6,596,137	5,841,676
Investment property under joint ventures (on a pro-rata basis)	–	53,616
Investment property held for sale	18,666	–
Less investment property under development	(264,344)	(170,900)
Total investment property in use, including joint ventures (on a pro-rata basis)	**6,350,459**	**5,724,392**
Estimated purchasers' costs	31,752	28,622
Gross up value of the investment property in use, including joint ventures (on a pro-rata basis)	**6,382,211**	**5,753,014**
Annualised cash passing rental income*	453,800	393,390
Non-recoverable property operating expenses	(19,610)	(4,866)
Annualised net rents	**434,190**	**388,524**
Notional rent expiration of rent-free periods or other lease incentives	3,582	2,292
Topped-up net annualised rent	**437,770**	**390,816**
EPRA Net Initial Yield (EPRA NIY)	**6.80%**	**6.75%**
EPRA "topped-up" NIY	**6.86%**	**6.79%**

**Annualised passing rent as at 31 December 2022 computed based on the contractual rental amounts effective as at that date.*
1.Adjustment for unexpired lease incentives such as rent-free periods, discounted rent periods and step rents. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive.
^Does not include investment property held for sale (2022: € 18.7, 2021: € 1.8)

EPRA Vacancy Rate

The EPRA Vacancy Rate estimates the percentage of the total potential rental income not received due to vacancy.

The EPRA Vacancy Rate is calculated by dividing the estimated rental value of vacant premises by the estimated rental value of the entire property portfolio if all premises were fully leased. The EPRA vacancy rate is calculated using valuation reports performed by independent experts.

EPRA Vacancy Rate	31 Dec 2022	31 Dec 2021
Estimated rental value of vacant space	13,454,619	17,274,062
Estimated rental value of the whole portfolio	502,583,364	437,113,717
EPRA Vacancy Rate*	**2.7%**	**4.0%**

** Excludes non-core properties.*

EPRA Cost ratio

EPRA Cost ratios reflect the relevant administrative and operating costs of the business and provide a recognised and understood reference point for analysis of a company's costs.

The EPRA Cost ratio (including direct vacancy costs) includes all administrative and operating expenses in the IFRS statements including the share of joint ventures' administrative and operating expenses (net of any service fees).

The EPRA Cost ratio (excluding direct vacancy costs) is calculated as above, but with an adjustment to exclude vacancy costs.

Both EPRA Cost ratios are calculated as a percentage of Gross rental income including a share of joint venture Gross rental income. The ground rent costs are nil for the Group and for its joint ventures.

EPRA Cost ratios	31 Dec 2022	31 Dec 2021
Administrative expenses (line per IFRS Consolidated Financial Statements)	30,381	24,665
Net service charge costs*	19,696	5,367
Share of joint ventures expenses	–	(340)
EPRA Costs (including direct vacancy costs)	**50,077**	**29,692**
Direct vacancy costs	663	423
EPRA Costs (excluding direct vacancy costs)	**49,414**	**29,269**
Gross rental income*	**424,261**	**351,630**
Add: share of joint ventures (Gross rental income less ground rents)	2,918	4,173
Gross rental income	**427,179**	**355,803**
EPRA Cost ratio (including direct vacancy costs) ^	**11.7%**	**8.3%**
EPRA Cost ratio (excluding direct vacancy costs) ^	**11.6%**	**8.2%**

**Out of €2.1 million Partial forgiveness of receivables, approximately €0.1 million corresponded to service charge income; this amount was considered into the computation of net service charge costs. The remaining amount of Partial forgiveness of receivables corresponding to Gross rental income has been deducted from the respective line as at 31 December 2022.*
^ The increase in the EPRA cost ratio is due to the higher level of administrative expenses in the period and higher net service charges, as a result of net utility costs rising

GLOSSARY

Collection rate: operational performance indicator computed as cash collected relative to the Gross rental income and Service charge income as recognized in the Consolidated Financial Statements (adjusted for concessions granted in the year, if any)

Committed projects: projects currently under construction, for which the Group owns the land or building rights and has obtained all necessary authorizations and permits

Like-for-like: operational measure computed based on the investment property excluding acquisitions, divestments, transfers to and from investment property under development and all other changes resulting in significant change to the square meters of a property

Loan-to-value (LTV): (Interest bearing debt – Lease liabilities – Cash)/(Investment property (including investment property held for sale) – right-of-use assets)

Occupancy cost ratio (Effort ratio): Annual Base rent, overage rent, service charge and marketing contribution, divided by tenant sales; excludes sales reported by hypermarkets

(Weighted) average cost of debt: a mathematical measure of the finance expense divided by the periodical average outstanding debt

EPRA measures

EPRA Cost ratio: The purpose of the EPRA Cost ratio is to reflect the relevant overhead and operating costs of the business. It is calculated by expressing the sum of property expenses (net of service charge recoveries and third-party asset management fees) and administration expenses (excluding exceptional items) as a percentage of Gross rental income

EPRA Earnings: Profit after tax attributable to the equity holders of the Company, excluding non-controlling interest, fair value adjustments of investment property, profits or losses on investment property disposals and related tax adjustment for losses on disposals, gains on acquisition of subsidiaries, acquisition costs, fair value and net result on sale of financial investments at fair value through profit or loss and deferred tax expense

EPRA Earnings Per Share: EPRA Earnings divided by the number of shares outstanding at the period or year-end

EPRA NAV Metrics:

EPRA Net Reinstatement Value ("EPRA NRV"): Highlights the value of net assets on a long-term basis. It is computed as the net assets per the Statement of financial position, excluding the goodwill, deferred taxation net balance and mark-to-market of interest rate derivatives (which represents assets and liabilities not expected to crystallise in normal course of business)

EPRA Net Tangible Assets ("EPRA NTA"): Assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax

EPRA Net Disposal Value ("EPRA NDV"): Represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax

EPRA Net Initial Yield: Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the portfolio

EPRA "topped-up" Yield: EPRA Net Initial Yield adjusted in respect of the annualised rent-free at the balance sheet date

EPRA Vacancy Rate: Vacancy rate computed based on estimated rental value of vacant space compared to the estimated rental value of the entire property