

## NEPI Rockcastle N.V. (Formerly NEPI Rockcastle S.A.)

Incorporated and registered in the Netherlands

Registered number: 87488329

Share code: NRP

ISIN: NL0015000RT3

("NEPI Rockcastle" or "the Company" or "the Group")



# BUSINESS UPDATE

## STRONG OPERATIONAL PERFORMANCE CONTINUES

NEPI Rockcastle generated a 27% rise in net operating income (NOI) in the first quarter (Q1) of 2023 versus Q1 2022, to €120 million. The sharp uptick in performance extends the trend that was accelerating through 2022 and was driven by higher base rents, tight management of operating costs and an €8.8 million contribution from the three acquisitions - Forum Gdansk Shopping Center, Copernicus Shopping Centre, 50% of Ploiesti Shopping City - made by the Group in the second half (H2) of 2022. The increase in NOI was 17% on a like-for-like (LFL) basis.

Tenant sales were 25% higher in Q1 2023 versus the same period a year ago, underpinned by a 14% increase in LFL footfall and an 8% rise in spend per visit.

**Rüdiger Dany, NEPI Rockcastle's CEO, said** *"The exceptional performance NEPI Rockcastle achieved in the first quarter, reflects the continued momentum in the very positive retail market trends coming out of the pandemic. These have been more powerful in CEE than equivalent Western European markets because our consumers have proved to be more resilient and shopping centres play a much greater economic and societal role in regional cities. International retailers have duly taken note of the higher growth prospects on offer in CEE and are signing up for leases in our properties in increasing numbers as a result."*

Key retail metrics improved with retail vacancy falling to 2.4%, on the back of strong interest from international retailers looking to expand their presence in the region. As of Q1 2023, the Group has a recovery rate of over 92% for operating costs, despite property expenses rising by 34%, driven by higher energy costs and overall inflation. Rent collection for Q1 2023 was 94% and 99% for the 2022 full year as of end of April 2023.

## ROBUST BALANCE SHEET, WITH SOLID LIQUIDITY

NEPI Rockcastle secured a €200 million green loan in March, demonstrating the Group's ability to continue to access new debt financing, despite the current challenging environment. The loan proceeds were used to repay the revolving credit facilities utilised for the acquisition of Forum Gdansk Shopping Center and Copernicus Shopping Centre, restoring the revolving facility capacity to €620 million.

The Group has no significant debt due in 2023 and liquidity remains very strong with €926 million in cash and available committed credit facilities.

Shareholders were offered an option to receive scrip dividends for the H2 2022 dividend distribution which saw an almost 85% take-up rate. This was the equivalent of raising €145 million of equity and contributed to reducing the loan-to-value ratio (LTV) to 34.7%, below the Company's 35% strategic threshold.

The property portfolio's value of €6.6 billion is marginally higher (+0.4%) compared to December 2022 due to investments in developments made during Q1 2023. In line with Company policy, no property valuations were undertaken during Q1 2023. Independent valuations are included in half-yearly and year-end financial reports.

## OPERATING PERFORMANCE

### Trading update

Total visits were 22% higher in Q1 2023 compared to Q1 2022 (14% LFL).

Tenant sales (LFL, excluding hypermarkets) in Q1 2023 were 25% higher than in Q1 2022. All product categories recorded increased sales in Q1 2023 compared to Q1 2022. The best performing categories were Entertainment (+47%) and Services (+43%). In the largest segment, Fashion, tenant sales increased by 22%.

The overperformance of sales compared to footfall was driven by an 8% increase in average basket size between Q1 2023 and Q1 2022.

### Leasing activity

In Q1 2023, the Group signed 219 new leases and lease renewals, for more than 47,200m<sup>2</sup> (2.2% of total GLA), of which 61% by gross lettable area (GLA) are new leases. International tenants accounted for 66% of newly leased GLA.

Significant new leases signed in Q1 2023 include Lefties (Promenada Craiova), Peek & Cloppenburg (Paradise Center), Reserved (Promenada Craiova, Ozas Shopping and Entertainment Centre), Sports Direct (Forum Gdansk Shopping Center), Sinsay (Promenada Craiova), Half Price (Platan Shopping Centre).

New units opened in Q1 2023 include Reserved (Ploiesti Shopping City), Sinsay (Ozas Shopping and Entertainment Centre), Xtreme Fitness (Karolinka Shopping Centre), dm (Paradise Center), Takko (Shopping City Sibiu).

## DEVELOPMENT UPDATE

Works at development projects under construction are on schedule and within budget. Promenada Craiova (including the retail park component) is scheduled to open in Q3 2023. The pre-lease rate for the mall section is 97% of GLA (91% signed); and, for the retail park it is 76% of GLA. Lease terms were agreed for 46% of the additional GLA in Promenada Mall Bucharest, whose extension is scheduled for completion in Q4 2025. Vulcan Residence, the Group's first residential project, will be completed in Q2 2023. Of the 30 photovoltaic plants envisaged to be installed by Q4 2023, 10 are already functional and construction agreements were signed for all the other 20.

NEPI Rockcastle's development pipeline under construction or under permitting amounts to €677 million, of which a total of €271 million has been spent by 31 March 2023.

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## CASH MANAGEMENT AND DEBT

The revolving facility capacity was restored to its previous level of €620 million, by using the proceeds from a €200 million, 5-year term secured green loan, concluded in March, to repay the amounts used for the acquisitions of Forum Gdansk Shopping Center and Copernicus Shopping Centre in December 2022. As of 31 March 2023, NEPI Rockcastle has a very strong liquidity profile, with €926 million in cash and undrawn committed credit facilities. The Group's gearing ratio\* (interest bearing debt less cash, divided by investment property) was reduced to 34.7%, below the 35% strategic threshold.

As of 31 March 2023, ratios for unsecured loans and bonds showed ample headroom compared to covenants:

- Solvency Ratio: 41% actual versus maximum 60% requirement.
- Consolidated Coverage Ratio: 6.4 actual versus minimum 2 requirement.
- Unsecured consolidated total assets/unsecured consolidated total debt: 246% actual versus minimum 150% requirement.

The Q1 2023 average interest rate, including hedging, was 2.47%. As of April 2023, exposure to variable interest rates is 100% hedged.

## OUTLOOK

The Company reaffirms its guidance released in February 2023 that distributable earnings per share for the year will be approximately 11% higher than recurring 2022 distributable earnings per share (and 4% higher than nominal distributable earnings per share in 2022).

This guidance does not consider the impact of higher political instability in the region or major macroeconomic disruptions and assumes current trading trends continue. This guidance can be modified or withdrawn in the future if material changes unfold. 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)

17 May 2023

\* As of 31 March 2023, the reported gearing ratio (LTV) excludes the €36.3 million right-of-use assets and equal amount of lease liabilities, related to long-term land concessions associated to part of the Group's properties located in Poland.