

DIRECTORS' COMMENTARY

All information below excludes joint ventures, unless otherwise stated

CEO STATEMENT

“NEPI Rockcastle delivered operational excellence against a backdrop of resilient growth in CEE economies underpinned by higher consumer spending and retail sales in our markets. We have achieved a very strong increase in net operating income driven by solid rental growth, lower vacancy rates and disciplined cost control, together with the positive contribution of the acquisitions completed in the second half of 2022.

Economic growth is predicted for the majority of the markets that we operate in, and inflationary pressures seem to be receding, although the macroeconomic environment remains challenging. We continue to see growing interest from international retailers seeking to establish or expand their presence across the CEE in our shopping centres attracted by the solid underlying market fundamentals.

We continue to maintain high levels of liquidity and a conservative loan to value ratio, while also rewarding our shareholders. The scrip dividend for the H2 2022 distribution, which had an 85% take-up rate, contributed to bringing down the loan to value ratio to below our 35% threshold. An upward revaluation of the Group's property portfolio reflected the increasing operational performance of our shopping centres and further reduced the LTV. Distributable earnings per share increased by 25% in H1 2023 year-on-year and we are on track to deliver the estimated growth for the entire year.”

Rüdiger Dany, Chief Executive Officer (CEO)

BUSINESS HIGHLIGHTS

Distributable earnings per share increased by 24.9% in first half-year

- Distributable earnings per share (“DEPS”) were 28.52 eurocents for the six months to 30 June 2023, 24.9% higher than in H1 2022.
- The Board has declared a dividend of 25.67 eurocents per share for H1 2023, corresponding to a 90% dividend pay-out ratio, to be settled as capital repayment (default option). Shareholders may also elect for the settlement of the same dividend amount as ordinary cash distribution out of distributable profits or alternatively to receive an amount of 27.10 eurocents, corresponding to a 95% pay-out ratio, as a return of capital by way of an issue of new shares (“scrip issue”).

Higher rental and better cost recovery drive up NOI by 15% (LFL), 23% (including acquisitions)

- Net operating income (“NOI”) increased 23% to €241 million in H1 2023 (H1 2022: €196 million). On a like for like (“LFL”) basis NOI was 15% higher in H1 2023 compared to H1 2022, excluding the contribution of the acquisitions completed in 2022 (Forum Gdansk Shopping Centre, Copernicus Shopping Centre in December and 50% of Shopping City Ploiesti in September).
- The operational costs recovery increased by 2% between H1 2022 and H1 2023, from 91% to 93%, despite a 30.5% increase in property operating expenses.
- Administrative expenses were 11% lower in H1 2023 than in H1 2022 in the absence of one-off fees that impacted the prior period and due to the implementation of tighter controls over costs.

Traffic and tenant sales continue their post-pandemic growth

- Footfall in H1 2023 was 9.8% higher than H1 2022, in LFL properties.
- Tenant sales in H1 2023 increased by 16.3% compared to H1 2022 (LFL, excluding hypermarkets). The average basket size was 8% higher over the same period.
- The collection rate for H1 2023 reported revenues reached 97% by mid-August.
- European Public Real Estate Association (“EPRA”) occupancy rate was 97.2% on 30 June 2023 (97.5% for retail only).

Loan to Value ratio (“LTV”) down to 33.4% due to scrip issue and upward property valuation

- The Group had a strong liquidity position of €967 million on 30 June 2023, consisting of cash and cash equivalents of €347 million and undrawn available credit facilities of €620 million.
- There are no debt maturities in 2023.
- On 30 June 2023, the property portfolio was independently valued by external appraisers, resulting in a fair value gain in relation to investment property of €103.7 million (+1.6% compared to 31 December 2022). The valuation result is once again confirmation of portfolio quality and improving operational performance of our shopping centres.
- LTV was 33.4% on 30 June 2023, below the 35% strategic threshold.
- The Group has an investment grade credit rating from Fitch (BBB+) and S&P reaffirmed the Group's rating at BBB, stable outlook, in July 2023.
- EPRA Net Reinstatement Value (“NRV”) per share was €6.92, a 1.2% increase compared to €6.84 on 31 December 2022, which was mostly due to the property portfolio's positive revaluation, offset by the increase in the number of shares as a result of the scrip issue.

OPERATING PERFORMANCE

Trading update

The number of visitors attracted by NEPI Rockcastle's portfolio continued to grow, increasing each month of H1 2023 compared to the corresponding month in the previous year. Footfall was 9.8% higher in H1 2023 than H1 2022, in LFL properties. The largest increases were in Bulgaria (14.6%) and Slovakia (13.1%). In Romania and Poland, NEPI Rockcastle's largest markets, footfall increased by 9.7% and 9.9% respectively LFL, in line with the portfolio average. Tenant sales in H1 2023 were 16.3% higher than H1 2022, in LFL properties. The pace of growth remained strong in Q2 2023, although slightly lower as compared to Q1 2023. Tenant sales across all retail categories were higher in H1 2023 compared to H1 2022. A shift in consumer preferences resulted in strong growth for Entertainment (29%) and Services (27%), while the categories that performed best during lockdowns (such as Electronics, Furnishings & DIY or Sporting Goods) increased by less than the overall average.

DIRECTORS’ COMMENTARY » continued

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The robust increase in tenant sales helped to reduce occupancy cost ratios (‘OCR’), even as rents and tenants’ contributions to operating expenses increased. In H1 2023, OCR was 12.9% (excluding supermarkets), down from 13.2% in H1 2022.

The military conflict in Ukraine continued throughout the first half of 2023 and there are few signs it will be resolved soon. The Group’s operations remain unaffected by the war in any significant way. All the markets where NEPI Rockcastle operates are outside the conflict area and continue to function normally. The indirect macroeconomic effects that the conflict had in the CEE region, such as the increase in energy and other commodities costs, had a lower impact in the period compared to the previous year, as the local economies adapted to the new context.

Leasing activity

The Group signed 534 new leases and lease extensions for a total area of 123,600m² in H1 2023. There were 228 new leases, accounting for 55,000m² (2.6% of total gross lettable area (‘GLA’)), which helped reduce overall vacancies. International retailers, some of them entering our markets for the first time, accounted for 62% of the leasing activity. This demonstrates the appeal of NEPI Rockcastle’s portfolio to retailers wishing to invest and expand into the CEE.

The average rental uplift in H1 2023 was 7.5% on top of indexation, 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 7.3%.

Significant new leases signed in H1 2023 include Half Price (Shopping City Sibiu), Sinsay (Aura Centrum), CCC (Shopping City Sibiu and Aura Centrum), Martes (Galeria Wolomin), Sportisimo (Promenada Craiova), Pepco (Promenada Craiova), Cropp (Mammut Shopping Centre).

New units opened in H1 2023 include Reserved (Forum Liberec Shopping Centre), Sinsay (Paradise Center and Alfa Centrum Bialystok), Sports Direct (Forum Gdansk Shopping Center), CCC (Forum Liberec Shopping Centre and Shopping City Sibiu), Xtreme Kids (Karolinka Shopping Centre), Bershka (Paradise Center), dm (Karolinka Shopping Centre), Rossmann (Mammut Shopping Centre), House (Ozas Shopping and Entertainment Centre), Zoo City (Arena Centar and Retail Park).

DEVELOPMENT UPDATE

During H1 2023, NEPI Rockcastle invested approximately €70 million in development costs and capital expenditure (‘capex’).

Promenada Craiova, our largest development to complete this year, is scheduled for opening in October 2023. Leases have been agreed and signed for 99% of the shopping centre’s 53,700m² GLA and 85% of the retail park’s 10,000m² GLA.

Construction is ongoing at the extension to Promenada Mall Bucharest, where works are on schedule and on budget. Opening is estimated for Q4 2025.

The Group’s first residential project Vulcan Residential was completed, with approximately 60% of the 254 units already sold.

The installation of photovoltaic panels across our Romanian shopping centres is progressing well, with 12 units completed and functional. The project is expected to be completed by year-end 2023.

The total costs of projects under construction, or permitting, is approximately €722 million (of which €287 million has already been invested). The total planned development and capex for H2 2023 is approximately €150 million.

CORPORATE GOVERNANCE AND SUSTAINABILITY

NEPI Rockcastle updated its Green Finance Framework (‘GFF’) in June 2023, further strengthening the Group’s commitment to sustainability. The GFF introduced more stringent eligibility criteria for “Eligible Green Projects” i.e. the financing, refinancing, or expenditure on investment assets. The enhanced GFF, which will apply to both newly issued and outstanding green financing, increases the minimum BREEAM certification eligibility criteria from ‘very good’ to at least ‘excellent,’ or equivalent.

The introduction of a more rigorous GFF ensures that the Group continues to align with international standards for sustainable finance, including industry best practices and the EU Taxonomy Technical Screening Criteria.

NEPI Rockcastle publicly committed in June 2023 to the Science Based Targets initiative, in order to validate its key sustainability targets in line with the 1.5°C warming scenario. This shows the Group’s commitment to set ambitious and relevant goals contributing to the climate change mitigation efforts.

VALUATION OVERVIEW

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

Appraiser	Locations	Percentage of portfolio
Colliers International	Romania, Bulgaria	45%
Cushman & Wakefield and Affiliate Partners	Poland, Hungary, Croatia, Czech Republic, Serbia, Slovakia, Lithuania	55%

The external appraisers generally increased estimated rental values, which assessment was supported by the excellent performance of the assets, and slightly increased valuation yields (by 15-20 basis points on average) as compared to the valuations on 31 December 2022.

DIRECTORS' COMMENTARY » continued

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The Company recognised a fair value gain in relation to the investment property portfolio for H1 2023 of €103.7 million.

EPRA Indicators

	30 June 2023	31 December 2022	30 June 2022
EPRA Earnings (€ thousand)	177,599	317,870	139,335
EPRA Earnings per share (€ cents per share)	27.93	52.29	22.88
EPRA Net Initial Yield ('NIY')*	7.00%	6.80%	6.70%
EPRA topped-up NIY*	7.08%	6.86%	6.75%
EPRA vacancy rate	2.80%	2.70%	3.40%
EPRA Net Reinstatement Value ('NRV') (€ per share)	6.92	6.84	6.64
EPRA Net Tangible Assets ('NTA') (€ per share)	6.89	6.81	6.61
EPRA Net Disposal Value ('NDV') (€ per share)	6.59	6.58	6.38
EPRA Cost ratio (including direct vacancy cost)	9.58%	11.70%	12.50%
EPRA Cost ratio (excluding direct vacancy cost)	9.44%	11.60%	12.30%

* Does not include investment property held for sale

CASH MANAGEMENT AND DEBT

The Company maintained a strong liquidity profile, with €347 million in cash and €620 million in undrawn committed credit facilities on 30 June 2023. NEPI Rockcastle's LTV (interest bearing debt less cash, divided by investment property) was 33.4%, below the 35% threshold.

At the end of June 2023, ratios for unsecured loans and bonds showed ample headroom compared to covenants and were:

- Solvency ratio: 0.39 actual compared to 0.60 maximum.
- Consolidated coverage ratio: 6.4 actual compared to minimum of 2.
- Unencumbered consolidated total assets/unsecured consolidated total debt: 261% actual compared to 150% minimum.

The average interest rate, including hedging, was 2.5% for H1 2023. Fixed-coupon bonds represented 77% of NEPI Rockcastle's outstanding debt on 30 June 2023. Of the remaining long-term debt exposed to Euribor, 79% was hedged with interest rate caps and 21% with interest rate swaps.

The Group has a long-term corporate credit rating of BBB+ (stable outlook) from Fitch Ratings and BBB (stable outlook) from Standard & Poor's Rating Services (the latter reaffirmed in July 2023).

NEPI Rockcastle secured a €200 million green loan in March, demonstrating the Group's ability to navigate demanding financing environment through ensuring continuous access to new debt financing. 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.

Finance costs (including bank charges) increased by 13% from H1 2022 to H1 2023, mainly due to additional interest on the €200 million used for the financing of the acquisitions completed in 2022 and the €50 million vendor loan related to the acquisition of Forum Gdansk Shopping Centre.

NEPI Rockcastle extended the contractual maturities related to unsecured committed revolving credit facilities in H1 2023, as follows:

- the revolving credit facility from BRD-Groupe Société Générale and Garanti Bank was extended for one year, until July 2026, with the maximum principal available maintained at €170 million
- the revolving credit facility from ING Bank was extended for one year, until July 2026, with the maximum principal available maintained at €100 million.

DIVIDEND DECLARATION

The Board has declared a dividend of 25.67 euro cents per share for H1 2023, corresponding to a 90% 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.

Alternatively, shareholders may elect to receive an amount of 27.10 euro cents per share, corresponding to a 95% pay-out ratio, as a return of capital by way of an issue of new shares, each credited as fully paid up ('scrip issue'), based on the ratio that 27.10 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 of NEPI Rockcastle's share price on JSE, less dividend declared of 25.67 euro cents per share.

In line with Dutch legislation, the capital repayment will be paid to shareholders unless they elect to receive either the scrip issue 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.

DIRECTORS' COMMENTARY » continued*All information below excludes joint ventures, unless otherwise stated***OUTLOOK**

Based on the strong operational results, the Company is on track for robust growth in 2023 and revises the guidance released in February this year, expecting that DEPS for the year will be approximately 12% higher than recurring 2022 DEPS (and 5% higher than nominal DEPS in 2022).

This guidance does not consider any impact of potential geopolitical instability in the company's CEE markets, or major macroeconomic disruptions, and assumes current trading trends continue. In particular, it does not factor in an escalation of the military conflict currently going on in Ukraine that might affect the CEE markets.

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)

22 August 2023

BASIS OF PREPARATION

The Interim Condensed Consolidated Financial Statements for the six months ended 30 June 2023 have been prepared in accordance with the International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council.

They have been reviewed by EY South Africa who expressed an unmodified review report thereon, with an electronic copy available on <https://nepirockcastle.com/wp-content/uploads/2023/08/Interim-Financial-Report-H1-2023.pdf>. A copy of the auditors review report is available for inspection at the Company's registered office together with the reviewed Interim Condensed Consolidated Financial Statements identified in the auditors review report. The auditor's review report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the

nature of the auditor's review engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the Company's registered office.

The accounting policies are consistent with those applied for the preparation of the Annual Consolidated Financial Statements as at 31 December 2022.

The directors are responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements, which give a true and fair view on the state of affairs of the Group for the six months ended 30 June 2023, as well as on the comparative periods presented.

The Interim Condensed Consolidated Financial Statements are presented in Euro thousand (€' 000), rounded off to the nearest thousand, unless otherwise specified.

EPRA MEASURES

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 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

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
All amounts in €'000 unless otherwise stated

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30 Jun 2023	31 Dec 2022
ASSETS		
Non-current assets	6 950 868	6 764 255
Investment property	6 778 681	6 596 137
– Investment property in use	6 464 432	6 331 793
– Investment property under development	314 249	264 344
Goodwill	76 804	76 804
Deferred tax assets	60 259	54 679
Other long-term assets	12 352	11 050
Derivative financial assets at fair value through profit or loss	22 772	25 585
Current assets	476 752	367 300
Trade and other receivables	92 359	85 496
Inventory property	23 766	20 694
Cash and cash equivalents	347 249	250 631
Derivative financial assets at fair value through profit or loss	13 378	10 479
Assets held for sale	10 986	18 685
TOTAL ASSETS	7 438 606	7 150 240
EQUITY AND LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	4 129 556	3 898 721
Equity attributable to equity holders	4 129 556	3 898 721
Share capital	6 358	6 070
Share premium	3 172 435	3 190 735
Other reserves	(7 688)	(4 656)
Accumulated profit	958 451	706 572
Total liabilities	3 309 050	3 251 519
Non-current liabilities	3 030 206	3 052 373
Bank loans	493 558	546 744
Bonds	1 981 709	1 978 708
Deferred tax liabilities	445 802	419 554
Lease liabilities	35 464	36 368
Loans from third parties	33 333	33 333
Other long-term liabilities	40 340	37 666
Current liabilities	277 789	198 028
Trade and other payables	179 404	155 002
Bank loans	53 950	11 157
Bonds	26 603	14 263
Lease liabilities	1 067	832
Loans from third parties	16 765	16 774
Liabilities directly associated with assets held for sale	1 055	1 118
TOTAL EQUITY AND LIABILITIES	7 438 606	7 150 240
Net Asset Value per share (euro)	6.49	6.42
EPRA Net Reinstatement Value per share (euro)*	6.92	6.84
Number of shares for Net Asset Value/EPRA Net Reinstatement Value per share	635 830 268	607 000 000

* 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.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2023	30 Jun 2022
Net rental and related income	241 178	196 303
Gross rental income	250 963	204 197
Service charge income	133 009	99 460
Property operating expenses	(142 794)	(109 444)
Partial forgiveness of receivables (Covid-19 forgiveness)	-	2 090
Administrative expenses	(14 265)	(16 001)
EBIT*	226 913	180 302
Fair value adjustments of investment property	103 713	59 199
Foreign exchange loss	(169)	(164)
Gain on disposal of assets held for sale	1 637	-
Profit before net finance costs and other items	332 094	239 337
Finance income	3 095	1 215
Finance costs	(34 124)	(28 629)
Bank charges, commissions, and fees	(1 286)	(2 615)
Fair value adjustments of derivatives	(2 794)	21 792
Losses on extinguishment of financial instruments	-	(21 925)
Share of profit of joint ventures	-	2 781
Profit before tax	296 985	211 956
Income tax expense	(37 436)	(40 819)
Current tax expense	(16 830)	(11 820)
Deferred tax expense	(20 606)	(28 999)
Profit after tax	259 549	171 137
Total comprehensive income for the period	259 549	171 137
Profit attributable to:		
Non-controlling interest	-	106
Equity holders	259 549	171 031
Total comprehensive income attributable to:		
Non-controlling interest	-	106
Equity holders	259 549	171 031
Basic weighted average number of shares	619 549 161	608 994 907
Diluted weighted average number of shares	620 614 293	608 994 907
Basic earnings per share (euro cents) attributable to equity holders	41.89	28.08
Diluted earnings per share (euro cents) attributable to equity holders	41.82	28.08

* 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)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Other reserves	Accumulated profit	Non-controlling interest	Total
Balance at 1 January 2022	6 090	3 550 061	(3 384)	162 155	5 320	3 720 242
Transactions with owners	-	(350 000)	(1 443)	248 284	(5 426)	(108 585)
— Share premium reduction [^]	-	(350 000)	-	350 000	-	-
— Shares purchased for LTSIP-	-	-	(2 852)	-	-	(2 852)
— Share based payment expense	-	-	1 409	-	-	1 409
— Final distribution for 2021 out of accumulated profit*	-	-	-	(102 189)	-	(102 189)
— Acquisition of Non-controlling interest	-	-	-	473	(5 426)	(4 953)
Total comprehensive income	-	-	-	171 031	106	171 137
— Profit for the period	-	-	-	171 031	106	171 137
Balance at 30 June 2022/1 July 2022	6 090	3 200 061	(4 827)	581 470	-	3 782 794
Transactions with owners	(20)	(9 326)	171	(139 034)	-	(148 209)
— Repurchase of shares	(20)	(9 326)	-	-	-	(9 346)
— LTSIP reserve release	-	-	108	-	-	108
— Share based payment expense	-	-	63	-	-	63
— Interim distribution for 2022 out of accumulated profit*	-	-	-	(139 034)	-	(139 034)
Total comprehensive income	-	-	-	264 136	-	264 136
— Profit for the period	-	-	-	264 136	-	264 136
Balance at 31 December 2022/1 January 2023	6 070	3 190 735	(4 656)	706 572	-	3 898 721
Transactions with owners	288	(18 300)	(3 032)	(7 670)	-	(28 714)
— Share capital movements**	18 231	(18 231)	-	-	-	-
— Final distribution for 2022 - capital repayment	(18 231)	-	-	-	-	(18 231)
— Final distribution for 2022 - dividend out of accumulated profit*	-	-	-	(7 670)	-	(7 670)
— Final distribution for 2022 - impact of foreign exchange hedges*	-	219	-	-	-	219
— Final distribution for 2022 - scrip issue*	288	(288)	-	-	-	-
— Shares purchased for LTSIP	-	-	(5 032)	-	-	(5 032)
— Share based payment expense	-	-	2 000	-	-	2 000
Total comprehensive income	-	-	-	259 549	-	259 549
— Profit for the period	-	-	-	259 549	-	259 549
Balance at 30 June 2023	6 358	3 172 435	(7 688)	958 451	-	4 129 556

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

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

^{*}The parent Company redomiciled from the Isle of Man to the Netherlands, effective from 6 September 2022. Starting the final distribution for 2022, declared in February 2023, as a result of the voting on the Extraordinary General Meeting (‘EGM’) held in November 2021, the Company implemented three possible alternatives for settlement of its distribution: capital repayment (default option), dividend out of accumulated profit and scrip issue, the latter one at the discretion of the Board. Previous to the above-mentioned redomiciliation and voting on the EGM, the two alternatives for settlement of the distribution were dividend out of profit (default option) and scrip issue, the latter one at the discretion of the Board.

^{**}Share capital movements relate to the net increase of the nominal value of the shares in respect to the shareholders that elected the final distribution related to 2022 as capital repayment.

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RECONCILIATION OF PROFIT FOR THE PERIOD TO DISTRIBUTABLE EARNINGS	30 Jun 2023	30 Jun 2022
Profit per IFRS Statement of comprehensive income attributable to equity holders	259 549	171 031
Accounting specific adjustments	(78 189)	(31 973)
Fair value adjustments of investment property for controlled subsidiaries	(103 713)	(59 199)
Depreciation in relation to property, plant, and intangible assets of an administrative nature	729	698
Fair value adjustments of derivatives	2 794	(21 792)
Losses on extinguishment of financial instruments	-	21 925
Amortisation of financial assets	(1 308)	(975)
Deferred tax expense for controlled subsidiaries	20 606	28 999
Gain on disposal of assets held for sale	(1 637)	-
Adjustments related to joint ventures:	-	(1 636)
Fair value adjustment of investment property for joint ventures	-	(1 632)
Fair value adjustments of derivatives	-	(325)
Deferred tax expense for joint ventures	-	321
Adjustments related to non-controlling interest:	-	7
Deferred tax income for non-controlling interest	-	7
Antecedent earnings	4 340	-
Distributable earnings	181 360	139 058
Number of shares outstanding at end of period	635 830 268	608 994 907
Distributable earnings per share (euro cents)	28.52	22.83
Distribution declared	163 224	139 058
Distribution declared per share (euro cents)	25.67	22.83
Earnings not distributed*	18 136	-
Earnings not distributed per share (euro cents)*	2.85	-
Number of shares entitled to distribution	635 830 268	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.

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2023	30 Jun 2022
Net cash flows from operating activities	203 790	150 632
Expenditure of investment property under development	(72 688)	(45 892)
Settlements of deferred consideration for prior years acquisitions	(1 858)	-
Acquisition of investment property and land	-	(18 439)
Proceeds from disposal of assets held for sale	9 142	-
Net cash flows used in investing activities	(65 404)	(64 331)
Payment to acquire shares for LTSIP**	(5 032)	(2 852)
Acquisition of non-controlling interest	-	(9 377)
Net movements in bank loans, bonds and other long-term liabilities	(7 506)	(20 226)
Proceeds from bank loans	200 000	-
Proceeds from bonds	-	493 566
Repayment of bank loans (including revolving credit facilities)	(207 506)	(3 864)
Repayment of bonds	-	(492 078)
Cash received from derivative financial instruments	-	4 075
Premium paid on repurchase of bond	-	(21 925)
Other payments	(29 230)	(102 734)
Repayments of lease liabilities	(668)	(545)
Premium paid on acquisitions of derivatives	(2 880)	-
Final distribution for 2022 – Capital repayment and dividend out of accumulated profit*	(25 682)	-
Final distribution for 2021 out of accumulated profit	-	(102 189)
Net cash flows used in financing activities	(41 768)	(135 189)
Net increase/decrease in cash and cash equivalents	96 618	(48 888)
Cash and cash equivalents brought forward	250 631	498 623
Cash and cash equivalents carried forward before the adjustment for held for sale assets	347 249	449 735
Cash and cash equivalents classified as held for sale	-	(100)
Cash and cash equivalents carried forward	347 249	449 635

* The parent Company redomiciled from the Isle of Man to the Netherlands, effective from 6 September 2022. Starting the final distribution for 2022, declared in February 2023, as a result of the voting on the Extraordinary General Meeting ('EGM') held in November 2021, the Company implemented three possible alternatives for settlement of its distribution: capital repayment (default option), dividend out of accumulated profit and scrip issue, the latter one at the discretion of the Board. Previous to the above-mentioned redomiciliation and voting on the EGM, the two alternatives for settlement of the distribution were dividend out of profit (default option) and scrip issue, the latter one at the discretion of the Board.

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

RECONCILIATION OF PROFIT FOR THE PERIOD TO HEADLINE EARNINGS	30 Jun 2023	30 Jun 2022
Profit for the period attributable to equity holders	259 549	171 031
Fair value adjustments of investment property	(103 713)	(59 199)
Gain on disposal of assets held for sale	(1 637)	-
Tax effects of adjustments for investment property and gain on disposal of assets held for sale	16 220	8 522
Fair value adjustment of investment property for joint ventures	-	(1 632)
Tax effects of adjustments for joint ventures	-	261
HEADLINE EARNINGS	170 419	118 983
Basic weighted average number of shares	619 549 161	608 994 907
Diluted weighted average number of shares	620 614 293	608 994 907
Headline earnings per share (euro cents)	27.51	19.54
Diluted headline earnings per share (euro cents)	27.46	19.54

LEASE EXPIRY	2023	2024	2025	2026	2027	2028	2029	2030	2031	>=2032	Total
Total based on rental income	3.0%	19.0%	17.9%	15.6%	12.5%	11.2%	4.5%	2.2%	1.4%	12.7%	100.0%
Total based on rented area	5.3%	12.2%	14.7%	13.7%	11.3%	11.2%	5.6%	2.8%	2.0%	21.2%	100.0%

INFORMATION EXTRACTED FROM THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

All amounts in €'000 unless otherwise stated

RECONCILIATION OF IFRS NET ASSET VALUE TO EPRA NET REINSTATEMENT VALUE	30 Jun 2023	31 Dec 2022
Net Asset Value (per the Statement of financial position)	4 129 556	3 898 721
Deferred tax liabilities for controlled subsidiaries	445 802	420 665
Deferred tax assets for controlled subsidiaries	(60 259)	(54 679)
Goodwill	(76 804)	(76 804)
Derivative financial assets at fair value through profit or loss	(36 150)	(36 064)
EPRA Net Reinstatement Value	4 402 145	4 151 839
Number of shares	635 830 268	607 000 000
Net Asset Value per share (euro)	6.49	6.42
EPRA Net Reinstatement Value per share (euro)	6.92	6.84

SEGMENTAL ANALYSIS	Retail	Office	Industrial	Residential	Corporate	Total
Six months ended 30 June 2023						
Net rental and related income	237 932	2 115	1 131	-	-	241 178
Gross rental and service charge income	379 140	3 656	1 176	-	-	383 972
Property operating expenses	(141 208)	(1 541)	(45)	-	-	(142 794)
Profit/(Loss) before Net finance costs and other items	336 185	693	703	(92)	(5 395)	332 094
Total Assets	7 106 798	74 479	20 296	28 094	208 939	7 438 606
Total Liabilities	1 153 244	3 513	2 346	4 987	2 144 960	3 309 050
Year ended 31 December 2022						
Net rental and related income	397 879	4 968	1 718	-	-	404 565
Gross rental and service charge income	612 108	7 435	2 320	-	-	621 863
Property operating expenses	(216 326)	(2 460)	(602)	-	-	(219 388)
Partial forgiveness of receivables	2 097	(7)	-	-	-	2 090
Profit/(Loss) before Net finance costs and other items	527 719	3 183	1 791	(185)	7 387	539 895
Total Assets	6 848 591	75 231	20 208	25 081	181 129	7 150 240
Total Liabilities	905 225	3 694	2 389	4 545	2 335 666	3 251 519
Six months ended 30 June 2022						
Net rental and related income	192 617	2 735	951	-	-	196 303
Gross rental and service charge income	298 659	3 837	1 161	-	-	303 657
Property operating expenses	(108 132)	(1 102)	(210)	-	-	(109 444)
Partial forgiveness of receivables	2 090	-	-	-	-	2 090
Profit/(Loss) before Net finance costs and other items	244 218	2 621	1 258	(37)	(8 723)	239 337
Total Assets	6 251 578	76 064	20 082	16 484	344 209	6 708 417
Total Liabilities	800 373	2 776	2 197	2 183	2 118 094	2 925 623