NEPI ROCKCASTLE

SUSTAINABILITY-LINKED FINANCING FRAMEWORK

19 OCTOBER 2023

EXCELLENCE. INNOVATION. EXPERIENCE.

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I. Introduction

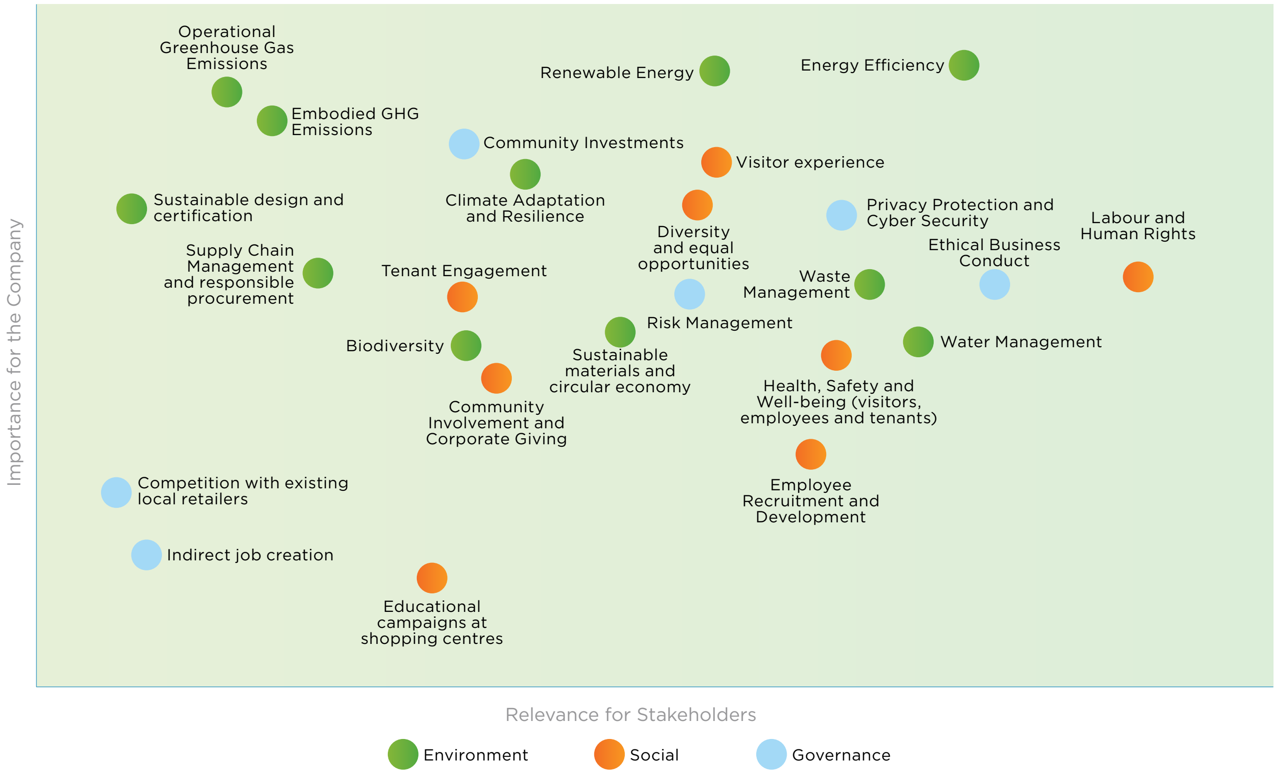
1. About NEPI Rockcastle

NEPI Rockcastle ("the Company" or "the Group") owns and operates shopping centres located in urban areas in Central and Eastern Europe ("CEE"). The Group's management team operates an integrated platform that includes key functions such as asset management, leasing, investment, development, sustainability and finance. NEPI Rockcastle owns and operates 59 properties, which attracted more than 295 million visits in 2022, making it the leading strategic partner for major retailers in the CEE countries. The Group is looking to generate a positive impact on its communities and the environment, by going beyond simple mitigation, towards a restoring and regenerating mindset.

2. Sustainability Strategy overview

Sustainability is at the heart of the Group's business decisions, and we cultivate a mindset of investing into the initiatives that will not only enable us to meet our ESG goals, but also generate a positive bottom-line impact. During 2022, the Group reviewed its sustainability initiatives, strategy, and financial investment necessary to upgrade to more sustainable operations and development and diligently assessed its environmental, social and governance objectives, refining its sustainability strategy and formalizing a comprehensive roadmap to achieve its goals by 2030.

To ensure that NEPI Rockcastle's priorities and actions were in line with its material issues, the Company conducted a thorough materiality assessment and sought input from key internal stakeholders, comprising of Board Members, including the Sustainability Committee members and employees. In efforts to further prioritize its material topics in the future, NEPI Rockcastle remains committed to continue engaging with both internal and external stakeholders. The matrix below reflects the outcomes of the 2022 materiality assessment, and the Company plans to update this on a regular basis.



Drawing from the materiality assessment, NEPI Rockcastle has identified three strategic pillars to concentrate its efforts on, in the forthcoming years, aiming to decrease its environmental impact and enhance socio-economic performance.

Invest in healthy and sustainable buildings

- Prepare plan for portfolio decarbonization;
- Purchase renewable energy;
- Increase energy efficiency;
- Reduce emissions from operations and development;
- Achieve reduction to zero of avoidable waste to landfill from operations;
- Avoid water waste;
- Ensure transition to a circular economy;
- Continue BREEAM In-Use buildings certification and launch BREEAM in Construction certification;
- Protect natural resources and biodiversity.

Be a trusted partner for stakeholders

- Optimise customer engagement level;
- Enhance collaboration on green leases and tenant initiatives;
- Support local communities;
- Advocate and support decarbonization of supply chain;
- Promote digitalization and efficiency.

Create an attractive, professional, and ethical work environment

- Ensure compliance with regulations, policies and procedures;
- Assess supplier risk and make informed decisions;
- Provide an attractive place to work and develop.

By focusing on these pillars, NEPI Rockcastle endeavors to proactively address sustainability challenges, foster positive change, and reinforce its commitment to responsible business practices.

Based on its revised sustainability strategy, the Group contributes to 10 out of 17 UN SDGs, with a strong focus on the communities and the sustainable cities objectives:

Pillar 1, "Invest in healthy and sustainable buildings" defines NEPI Rockcastle's aim to lower the use of primary energy, greenhouse gas emissions, potable water, non-recycled waste output, and pollution, through specific targets and active management. The Group strives to maintain highest standard in its assets, including green building certifications and biodiversity in the surrounding areas.

Pillar 2, "Be a trusted partner for our stakeholders". As the owner and operator of shopping centres in the CEE, the Group aims to be a trusted business partner for the key local stakeholders. NEPI Rockcastle is creating a positive experience for the community visiting the shopping malls on a daily basis. The Group ensures, for both visitors and retailers, healthy and safe environment.

NEPI Rockcastle is committed to leading the change to a better future by continuously increasing the sustainability efforts, therefore intends to extend its positive influence and advocate the change in its supply chain. The Group commits to influence business partners to join efforts and share similar ambitions around positive environmental impact, climate change mitigation, carbon footprint reduction, circularity, ethics and social responsibility.

Through the Sustainable Procurement Policy the Group can positively influence its upstream value chain and ensure that suppliers implement aligned sustainable principles in their line of business. During 2022, the Group prioritised a review for key suppliers across all jurisdictions and core operations (construction and assets management) and carried out a detailed assessment, checking compliance with key points in its ESG pillars. NEPI Rockcastle strongly believes in collaborating with partners sharing the same values, based on a win-win partnership governed by probity and integrity, and therefore is committed to reviewing the supplier's sustainable practices.

Pillar 3, "Create an attractive, professional and ethical working environment". NEPI Rockcastle has a diversified internal management team that possesses strong asset management, sustainability, development, investment, leasing, and financial expertise. The Company is able to efficiently pursue property opportunities in CEE due to its geographically diverse management skills, resulting in a strategic advantage in acquiring, developing, and managing properties. The Group's focus on generating long-term performance is driven by skills, engagement, and teamwork of its employees, leading to the creation of value. The Company is committed to maintaining the highest ethical standards and ensuring compliance with applicable laws and regulations in all of the jurisdictions in which it operates.

Climate performance and carbon reduction pathway

A carbon reduction pathway has been established for the Group and is endorsed by the Board of Directors, encompassing development and redevelopment, renovations, operations, engagement with key stakeholders, management of own offices and own operations. The carbon pathway outlines how NEPI Rockcastle plans to reduce its greenhouse gas emissions and reach its climate goals of reducing operations carbon footprint by 70% and embedded carbon by 30% by 2030. This serves as a roadmap for transitioning the organization and the assets portfolio to a low-carbon economy. The roadmap sets out ambitious actions, policies, and technologies to be implemented year on year to achieve the carbon reduction commitments. The Group commits to extending this pathway in the following years by further defining long-term goals until 2050.

NEPI Rockcastle aims to contribute to a more sustainable environment, by:

- reducing the carbon footprint of its buildings, both during construction and in operation,
- meeting stringent green building standards for new constructions, redevelopment, or refurbishment projects, and
- integrating renewable electricity production in the core of its business strategy.

NEPI Rockcastle aims to contribute to a more sustainable environment, by reducing the carbon footprint of its buildings, both during construction and in operation. In 2022, the Group decreased its carbon footprint by 13% compared to 2021, as a result of the increase of the renewable energy share and the reduction of gas and district heating consumption across its portfolio. Detailed information on environmental performance is included in the Group's annual report[1].

The Company continues to certify[2] its properties in accordance with BREEAM standards, illustrating the commitment to guide operations and development towards greener cities in the regions where it operates.

The Group has identified and planned investments to be implemented across its assets, including initiatives resulting from the BREEAM certification process. Investments cover, amongst other areas, implementation of smart meters and improvements of the building management systems. These are meant to enable collecting data from the assets in a more efficient way, facilitating decisions on modernization, retrofitting or adjusting in real time the equipment parameters. NEPI Rockcastle is committed to use energy from renewable sources, either by investment in the on-site production, such as solar panels, or by procurement from the market. In addition, the Group plans to invest in green roofs as well as sustainable transport in its local communities, by providing parking for bikes and charging facilities for electric vehicles, as well as by ensuring access to public transport.

Environmentally conscious practices are rolled out in all assets. The Group makes active efforts to engage with tenants and business partners, in order to create awareness and obtain support for the Company's initiatives, as well as positively impact the carbon footprint upstream and downstream in the supply chain.

Energy, water and waste management data is collected and analyzed in a dedicated platform on a monthly basis. An annual report on the collected data, key insights, lessons learned, and the main investments required to meet the annual targets is disclosed by the Group, as part of the Integrated Report, Sustainability Performance section. NEPI Rockcastle utilizes the Carbon Risk Real Estate Monitor (CRREM) methodology and tool to monitor its portfolio alignment with the Paris Agreement and assess carbon-related as well as stranding risks. The tool helps in prioritizing CAPEX and OPEX allocation to mitigate the prioritised risks.

In June 2023, NEPI Rockcastle publicly committed to get its targets aligned and set new science-based targets, with the Science Based Target initiative (SBTi)[3], in line with the 1.5°C warming scenario.

1. https://nepirockcastle.com/wp-content/uploads/2023/03/NEPI_Rockcastle_Annual_Report_2022.pdf
2. Focus and performance – NEPI Rockcastle
3. Companies taking action - Science Based Targets

II. Alignment with the Sustainability-Linked Loan Principles

This Sustainability-Linked Financing Framework (the "Framework") is aligned with the five components of the Sustainability-Linked Loan Principles 2022[4] (SLLP) established by the Loan Markets Association (LMA): Selection of Key Performance Indicators (Section 1), Calibration of Sustainability Performance Targets (Section 2), Characteristics of the Finance Instruments (Section 3), Reporting (Section 4) and Verification (Section 5).

The Framework is applicable for bank financing such as Sustainability-Linked term loans, revolving credit facilities etc. (collectively referred to as "Finance Instruments").

Further, the Framework is reviewed by an impartial firm, S&P Global Ratings, which has provided a Second Party Opinion to confirm its alignment with the applicable principles and verifies that the Sustainability Performance Targets outlined in this Framework are ambitious in the context of NEPI Rockcastle's broader sustainability and business strategy. For more information about commitment to ongoing reporting please read the reporting section in this Framework.

1. Selection of Key Performance Indicators (KPIs)

KPI 1: Reduction of the intensity of greenhouse gas emissions (Scope 1 and 2) from operations.

- Scope 1 and 2 greenhouse gas emissions intensity reduction by 40% by the end of 2030, measured in kg CO2 e/m²;

- The KPI covers GHG emissions generated in the Company's standing assets portfolio[5] and is calculated in line with the GHG Protocol[6]. The Company includes in Scope 1 (direct) the emissions generated from the use of natural gas in its operational assets, and in Scope 2 (indirect) the emissions generated by use of purchased electricity, heating and cooling in the common areas in the operational assets. Common area includes service and technical area, shared area, shared equipment. To measure the consumption in the common areas, the Group uses the meters reading data to ensure data completeness and accuracy in the data collection platform.

- Target Observation Dates: end of 2024/2025/2026 /2027/2028/2029/2030 (with annual sustainability reporting on the progress to reach set targets published no later than 180-days from the end of the calendar year);

- 2022 has been chosen as the baseline year as it is the first representative year of Company's operations, showing full recovery after the pandemic years. The Real Estate industry has been significantly affected by the 2020-2021 lockdowns and restrictions, adversely impacting operations and resulting in lower utilities consumption and therefore lower emissions;

- The KPI will be computed as follows: total Scope 1 and 2 greenhouse gas emissions calculated using the market-based method, divided by the average annual common areas;

- Carbon emissions offsets are not planned by the Company and will not be considered for calculation of achievement of this KPI;

- Rationale: The KPI is significantly contributing to delivering the Group's Sustainability Strategy, pillar 1, "Invest in Healthy and Sustainable Buildings", centered on climate change mitigation and adaptation. Key initiatives under the pillar umbrella, aimed at addressing Scope 1 and 2 emissions cover purchasing of energy from renewable sources, on-site renewable electricity production and ambitious decarbonization pathways;

- The Company has chosen an intensity-based KPI to enable better comparability over time as well as to allow benchmarking with industry peers, therefore facilitating better assessment of ambitiousness. The Company follows EPRA reporting guidelines for the normalization of its data and has achieved an EPRA Silver Badge in the most recent reporting year (2022), for compliance with Best Practices Recommendations[7] for sustainability reporting (sBPR).

- Through the measures planned by the Company, achievement of this KPI contributes to the following UN SDGs:
  - » 7: Affordable and clean energy
  - » 11: Sustainable cities and communities
  - » 12: Responsible consumption and production
  - » 13: Climate action

4. SLLP published in 2023 are voluntary process guidelines for Sustainability-Linked loans established by Loan Market Association (LMA). Link: https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/
5. Portfolio – NEPI Rockcastle
6. Corporate Standard | GHG Protocol

Carbon emissions in NRP Group are calculated and disclosed on an annual basis and historical data is included below:

Year	Scope 1&2 greenhouse gas emissions intensity (kg CO2/m²)
2019	46.335
2020*	31.598
2021*	23.372
2022**	18.726

**Covid-19 Pandemic restrictions*
***Three assets acquired in the end of 2022 (Ploiesti Shopping City, Forum Gdańsk and Copernicus) which were not included in the 2022 annual report figures are added to the 2022 baseline in this document. Historical data has been collected in the meantime and the figures were updated.*

The Company based its emissions reduction strategy during 2019 – 2022 on a cumulous of reducing the energy intensity and increasing the purchase of electricity from renewable sources, with more weight on the latter. Given the market context in NEPI Rockcastle's jurisdictions, we believe the Company reached a high point in its renewable electricity purchasing, based on availability in the markets where it operates. Therefore, starting 2024 the Company will be focusing its efforts to accelerate the investment pace. The investments will be allocated to three major directions:
- increasing the energy efficiency in the assets through retrofits and implementation of new equipment and technology;
- developing highly energy performant assets;
- increasing the on-site renewable electricity production.

As part of the Group's decarbonization strategy, we consider a long-term investment delivery path, as the investment- intensive measures require a longer implementation timeline, necessary for planning, permitting and the actual construction process. While the pace of the carbon reduction will decrease, this new set of measures will bring steadier, more sustainable and longer-term carbon reduction rates.

The Group is confident that while more ambitious, the above can be achieved based on regular allocation of the necessary investment budget, constant monitoring of new technology and seizing of opportunities brought by emerging regulations and markets context.

In order to check the targets ambitiousness, NEPI Rockcastle made, in preparation of this Framework, a dedicated benchmark of its emissions intensity level in 2022 and the cumulated reduction target up to 2030. The benchmark covered the Company's main peer group, with operations in Europe, UK or across the Globe, and the Company concluded that, based on its historical data trend, its decarbonization strategy approach and on the comparison with its peers, the KPI is ambitious.

7. Guidelines: EPRA - European Public Real Estate

KPI 2: Common areas energy intensity reduction

- Common area energy intensity reduction by 30% by the end of 2030, measured in kWh/m²;
- The KPI covers the energy consumed in the Company's standing assets' common areas (all operational assets are considered), including gas, electricity, district heating and cooling;
- Target observation dates: end of 2024/2025/2026 /2027/2028/2029/2030 (with annual sustainability reporting on the progress to reach set targets published no later than 180-days from the end of the calendar year);
- 2022 has been chosen as the baseline year as it is the first representative year of Company's operations, showing full recovery after the pandemic years. The Real Estate industry has been significantly affected by the 2020-2021 lockdowns and restrictions, impacting operations adversely and resulting in lower utilities consumption and therefore lower emissions;
- Energy intensity is calculated based on kWh consumption in the common areas (as defined in KPI 1) divided by the average annual common areas;
- Rationale: The KPI is significantly contributing to delivering the Group's Sustainability Strategy, pillar 1, "Invest in Healthy and Sustainable Buildings", concentrating on climate change mitigation and adaptation. Key initiatives include: improvements into technologies and implementation of new technologies, retrofits, investment in highly efficient equipment;
- The Company has chosen an intensity based KPI to enable better comparability over time as well as to allow benchmarking with industry peers, therefore facilitating better assessment of ambitiousness. The Company follows EPRA reporting guidelines for the normalization of its data and has achieved an EPRA Silver Badge in the most recent reporting year (2022), for compliance with Best Practices Recommendations for sustainability reporting (sBPR).
- Through the measures planned by the Company, achievement of this KPI contributes to the following UNSDGs:
  - 11: Sustainable cities and communities
  - 12: Responsible consumption and production
  - 13: Climate action

Historical data for energy intensity is included below:

Year	Intensity of energy in the common areas (kWh/m²)
2019	128.1
2020*	99.9
2021*	111
2022**	100.6

*Covid 19 Pandemic restrictions
**Three assets acquired in the end of 2022 (Ploiesti Shopping City, Forum Gdańsk and Copernicus) which were not included in the 2022 annual report figures are added to the 2022 baseline in this document. Historical data has been collected in the meantime and the figures were updated.

In preparation of this Framework, in order to check the target ambitiousness, NEPI Rockcastle made a dedicated benchmark of its energy consumption intensity level in 2022 and the cumulated reduction target up to 2030. The benchmark covered the Company's main peer group, operating in Europe, UK or across the Globe. The Company concluded that, both, based on its historical data trend and on the comparison with its peers, the energy intensity KPI is ambitious.

2. Calibration of Sustainability Performance Targets (SPTs)

SPT1 (based on KPI 1) – Scope 1&2 GHG emissions. Decrease Scope 1&2 GHG emissions intensity by 40% over 2024-2030 period, compared to the 2022 baseline.

GHG intensity	2022 (baseline)	2024	2025	2026	2027	2028	2029	2030
Of the baseline	100%	95%	90%	85%	80%	75%	70%	60%

SPT2 (based on KPI 2) – energy intensity for common areas. Decrease energy intensity in common areas by 30% over 2024-2030 period, compared to the 2022 baseline.

Energy intensity	2022 (baseline)	2024	2025	2026	2027	2028	2029	2030
Of the baseline	100%	95%	93%	90%	85%	80%	75%	70%

Measures contemplated to achieve the SPTs

SPT1 and SPT2

Energy efficiency
- LED program
- Building Management System improvements, sensors, new technologies and smart meters, digitalization of the utility collection process;
- Various improvements at asset level covering the building envelope, air tightness, presence sensors, heating, ventilation and cooling systems;
- HVAC system efficiency improvements;
- Improvements resulting from BREEAM certification recommendations;
- Improvements of day-to-day operations and energy performance of the assets.

Energy from renewable sources
- Procurement of electricity from renewable sources, based on the Certificates of origin.
- Roll out of the installation of solar panels program (37 million allocated for Romanian portfolio, expected to be completed during 2023, delivering a 40 MW total capacity).

Green Lease Program with the Tenants
- Increase data collection to complete Scope 3 emissions, categorize renewable versus non-renewable electricity, advocating increase of renewable electricity use by tenants;
- Tenant involvement and cooperation driving more sustainable operations at asset level.

3. Characteristics of the Finance Instruments

The structural characteristics of the Finance Instruments issued under this Framework will be specified in its corresponding finance documentation including but not limited to the KPIs, SPTs, calculation methodology along with the date in which the relevant SPTs are to be achieved (the "Target Observation Date"). Depending on NEPI Rockcastle's performance in relation to the applicable SPTs per the Target Observation Date, the structural characteristics of a Finance Instrument will change ("Trigger Event"). The Trigger Event may result in step-up/step-down option in the margin of the Finance Instruments.

The size of the increase in the step-up and/or step-down option will be specified in the finance documentation for each respective Finance Instrument issued under this Framework.
Various situations could lead to recalculation of the baselines, the KPIs, the SPTs and their respective reported values[8]. Such situations could be, but are not limited to, changes to the corporate structure (including acquisitions and divestments), regulatory changes as well as changes to the methodology for calculation of any KPI to reflect changes, or for better alignment to market practice and / or relevant market standards (e.g. GHG Protocol).
All such changes will be reported in accordance with section "4. Reporting" and verified by a qualified external reviewer.

Any future Finance Instrument with the same KPI as any previously issued Finance Instrument must utilise an SPT of equal or greater ambition. Furthermore, at the issuance of such Finance Instrument, all outstanding Finance Instruments will have their equivalent SPT adjusted to Sustainability-Linked Financing Framework to reflect the greater ambition level. This is referred to as the "most ambitious target" clause, and it is done for three reasons:

- To enable the increase of ambition over time and allow NEPI Rockcastle to adapt to new circumstances
- To avoid the coexistence of Finance Instruments with SPTs reflecting different levels of ambition
- To facilitate reporting, i.e. avoid the need to validate one KPI against multiple SPTs.

No more than one step-up and/or step-down option in the margin shall be applied cumulatively over the life of a given Finance Instrument.

4. Reporting

To be fully transparent towards banks and other funding partners, NEPI Rockcastle commits to reporting on an annual basis until no Finance Instruments are outstanding.

For the envisaged Finance Instruments, the Sustainability-Linked Financing Progress Report will form the basis for evaluating the impact on the respective Finance Instrument's structural characteristics as outlined in Section 3 as well as in the respective finance documentation.

The Sustainability-Linked Financing Progress Report will be made available to the banks and funding partners and it may be published on the Nepi Rockcastle's website at the discretion of the Group. The report will cover some of the following areas:

- The performance of the KPIs and SPTs as per the relevant reporting period including the calculation methodology and baselines, where relevant,
- Information about recalculations, if any, of the baselines (if applicable),
- A verification report relative to the KPIs outlining the performance against the SPTs and the related impact, and timing of such impact, on the Finance Instruments' characteristics,
- Any other information deemed being relevant to the lenders in NEPI Rockcastle's Finance Instruments.

8. Recalculation to be considered at Nepi Rockcastle's discretion.

5. Verification

While the SLLP only recommends to obtain a pre-signing SPO on the Framework and /or KPIs and SPTs, NEPI Rockcastle has opted for a best in class approach and has engaged S&P Global Ratings to provide a Second Party Opinion on the Framework and to confirm alignment with the LMA Green Loan Principles.

The Framework and the Second Party Opinion from S&P Global Ratings are available on NEPI Rockcastle's website: https://nepirockcastle.com/sustainability/focus-and-performance/.

NEPI Rockcastle will obtain an external and independent verification of the KPIs performance relative to the applicable SPTs on an annual basis, for each Target Observation Date. Failure to provide the annual verification by the dates defined in the specific finance documentation will result in an automatic adjustment in the financial characteristics, also as outlined in the specific finance documentation.

Disclaimer

The information provided in this document (the "Sustainability-Linked Financing Framework", or the "Framework") is presented in good faith and is intended for general informational purposes. NEPI Rockcastle has taken reasonable care to ensure the accuracy and reliability of the information contained herein; however, it does not guarantee the completeness or accuracy of the content.

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S&P Global Ratings has issued an independent opinion, dated 19 October 2023, on this Framework (referred to as the "Second Party Opinion"). The Second Party Opinion focuses on certain environmental and related considerations and is not intended to address credit, market, or other aspects of investing in securities or financial instruments. It should be noted that the Second Party Opinion does not evaluate market price, marketability, investor preference, or the suitability of any security. The Second Party Opinion represents an opinion rather than a statement of fact. Additionally, it should not be construed as a recommendation by NEPI Rockcastle or any other entity to buy, sell, or hold any securities or financial instruments. The Second Party Opinion is current as of its initial issuance date and should be considered in that context. The criteria and considerations underlying the Second Party Opinion may change at any time, and the Second Party Opinion itself may be amended, updated, supplemented, replaced, or withdrawn.

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