NEPI ROCKCASTLE

Reviewed condensed consolidated financial statements

31 December 2023

NEPI ROCKCASTLE N.V.

FINANCIAL STATEMENTS

31 DECEMBER 2023

Management Report

Reviewed condensed consolidated financial statements 31 December 2023

Other information

Directors' Commentary

CEO'S STATEMENT

"In 2023 NEPI Rockcastle generated the highest distributable earnings per share (DEPS) in its history, exceeding the previous record set in 2019. This marks not only a complete recovery from the effects of the Covid-19 pandemic, but also a sustainable step-up in performance determined by continuing investments in our portfolio. Throughout the year we updated our guidance to the upside as we took note of the strong results coming in. Even so, the 17% increase in recurring DEPS achieved (9.3% on a nominal basis) exceeded our latest update.

The bedrock of our results is the operational performance of the property portfolio. Several factors explain the jump in Net Operating Income (NOI) by 21% year-on-year to €491 million. The acquisitions made in late-2022 contributed significantly to performance as did a 13% increase in like-for-like NOI. Inflation protection through the indexation clauses embedded in our lease agreements has served NEPI Rockcastle well during the high inflationary environment in CEE over the past two years. Active asset management achieved rental uplifts averaging 8% above indexation on new lettings and renewals. The growth in turnover rents and short-term income outpaced that of base rents in 2023. The recovery of operating expenses through tenant contributions improved, leading to lower unrecovered costs than in 2022.

The Company's robust results were underpinned by strong sales from our tenants and a confident CEE consumer. We saw a significant improvement in all key trading data, with tenant sales up 12.6% and consumer spend per basket rising 7.8%, while footfall was 4.6% higher. The strong trading performance has helped to maintain balance between the Company's and our tenants' results, reflected in a stable occupancy cost ratio (OCR) of 12.2%. The drop in vacancy to 2.2% further proves the appeal of our properties for retailers.

We continued to strengthen our balance sheet to protect against macroeconomic risks and ensure the resources for future growth. To this end, we offered shareholders the option for scrip dividends, which increased liquidity and reduced the loan to value ratio (LTV) to 32.2%, well below our upper threshold of 35%. We also contracted a €387 million unsecured green loan from the International Finance Corporation (IFC) to enable the redemption of bonds maturing in November 2024 irrespective of the conditions in the capital markets. The strong operating performance of our properties led to a valuation uplift of €165 million, overcoming a negative shift in market yields.

Sustainable growth remains a key focus for NEPI Rockcastle. In 2023 we delivered Promenada Craiova in southern Romania, the largest new retail scheme to open in CEE in 2023, and completed the Group's first residential project, both on time and on budget. Sustainability lies at the core of our operations and developments and we are making significant progress to reduce emissions and increase the energy efficiency of our assets, as part of a comprehensive sustainability strategy launched in 2022. The shining example of our progress in this area is the fact that we are now producing solar energy at 27 of our Romanian properties.

NEPI Rockcastle has delivered remarkable results in 2023. The markets that we operate in are forecast to have some of the strongest GDP growth in Europe in 2024, which bodes well not only for *consumer confidence and the performance of our tenants, but also for NEPI Rockcastle's continued growth."*

Rüdiger Dany, Chief Executive Officer (CEO)

HIGHLIGHTS

Earnings per share beat guidance to increase by 17.1% (on a recurring basis)

- Distributable earnings per share (DEPS) for the second half (H2) of 2023 was 28.46 euro cents, which, when combined with the interim DEPS of 28.52 euro cents, results in annual DEPS of 56.98 euro cents, 9.3% higher than in 2022 (52.15 euro cents).
- DEPS for 2022 included the non-recurring positive impact of 3.51 euro cents from the reversal of a provision for litigation related to the discontinued acquisition of the 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 2023 were 17.1% higher than for 2022.
- Actual DEPS growth was 2.3 percentage points higher than the 7% latest guidance issued in December 2023. Half of the upside was due to better-than-expected operational results in fourth quarter (Q4) of 2023. The remaining portion of the upside resulted from €4 million lower than expected tax expenses due to the application of a fiscal unity regime for the Group's two companies domiciled in the Netherlands.
- The Board has declared a dividend of 25.61 euro cents per share for H2 2023, corresponding to a 90% dividend pay-out ratio, to be settled as capital repayment (default option). NEPI Rockcastle shareholders can also elect for the settlement of the same dividend amount as an ordinary cash dividend out of distributable profits.

Rental uplifts (including indexation), acquisitions, surging turnover rent and higher short-term income help NOI grow by 21%

- Net rental and related income (referred to as 'Net Operating Income' or 'NOI') was up 21% from 2022 at €491 million. Like-for-like (LFL) NOI growth was 13% excluding the impact from the three acquisitions made in 2022.
- Gross rental income increased by 21%, from €422 million in 2022 to €510 million in 2023. Base rent was up 18%, driven by indexation, rental uplifts and higher occupancy. Strong tenant sales led to a 29% increase in overage and turnover rent, while short-term income grew by 26%.
- Unrecovered operating costs declined slightly, despite a 25% increase in property operating expenses, helped by better tenant recoveries (+27%).

Strong operating performance continues, with increased tenant sales, footfall and average spend

- Tenant turnover increased by 12.6% (excluding hypermarkets) compared to 2022 on a LFL basis. The growth in sales easily exceeded inflation and shows continuing consumer confidence.
- There were more than 337 million visits to the Group's shopping centres in 2023, a 14.2% increase compared to 2022. On a LFL basis, footfall increased by 4.6% vs 2022.

- The average basket size went up by 7.8%, maintaining the trend of previous years and fuelling strong turnover growth.
- Occupancy cost ratio (OCR) was 12.2% in 2023 (excluding hypermarkets), almost the same as in 2022 (12.1%), as rental uplifts and better cost recoveries were offset by higher tenant sales. OCR has been on a downward path since 2020 and has now stabilised at a sustainable level.
- The collection rate was 98% of 2023 reported revenues as of 31 December 2023, increasing to over 99% by mid-February 2024.

Higher rents and lower vacancy drive up the fair value of the Group's properties

- Investment property as of 31 December 2023 was valued at €6.8 billion, compared to €6.6 billion at the end of 2022. The increase is due to investments in developments, as well as positive fair value adjustments of €165 million. Investment property held for sale were €152 million on 31 December 2023 (up from €19 million at the end of 2022), bringing the total value of the Group's portfolio to €6.9 billion.
- The revaluation uplift was driven by higher estimated rental values, supported in turn by the excellent performance of the assets in 2023. Valuation yields increased by 15 basis points on average to reflect changing capital markets conditions.
- European Public Real Estate Association (EPRA) vacancy decreased to 2.2%, from 2.7% in 2022. For retail properties the EPRA vacancy rate was 2.1% (down from 2.5% in the previous year).
- EPRA Net Reinstatement Value (NRV) per share was €6.98 as of 31 December 2023, a 2% increase compared to €6.84 as of 31 December 2022, mostly due to the revaluation of the property portfolio.

The Group delivers on ambitious plans for sustainable growth

- NEPI Rockcastle invested €197 million in developments and capex expenditures in 2023 (including investment in residential project, Vulcan Residence), up from €154 million in the previous year.
- In 2023 the Group completed the development of Promenada Craiova, a 63,700 m² Gross Leasable Area (GLA) retail scheme in one of Romania's largest regional cities, and Vulcan Residence, a residential project in Bucharest with 254 apartments. Promenada Craiova was the largest retail asset to open in the CEE region in 2023.
- Ongoing development projects include the extension of Promenada Bucharest, the redevelopment of Bonarka City Center and the extension of Ploiesti Shopping City. Other projects are currently under permitting.
- A green energy program launched in 2022 continued with the installation of photovoltaic panels in 17 new locations in 2023. The Group now produces solar energy at 27 of its Romanian properties, ensuring ca. 25% of those assets' energy needs. Management is currently assessing a major roll out of the program, which could become a significant source of income for the Group in future years.
- The Group's sustainability objectives go well beyond renewable electricity production. In 2023 it launched a Sustainability-Linked Finance Framework as an alternative green funding approach and aligned its sustainability targets to the Science Based Targets initiative (SBTi). Both actions raise the standard for environmental performance that the Group holds itself to, by introducing new and more stringent commitments for emissions reduction and energy efficiency.

Conservative funding structure (LTV 32%) with increasingly green features

- The Group's liquidity position as of 31 December 2023 was €909 million, including €339 million in cash and €570 million in undrawn committed credit facilities.
- Loan-to-value (LTV) was 32.2% as of 31 December 2023, comfortably below the strategic upper threshold of 35%.
- In December 2023 NEPI Rockcastle entered into a €387 million senior unsecured facility with the IFC, structured as a green loan with sustainability-linked features. The facility matures in January 2029 and was fully disbursed in February 2024. The facility gives the Group enough liquidity to cover almost 80% of the repayment of the bond maturing in November 2024.
- The average interest rate, including hedging, was 2.5% for 2023 (2.3% for 2022). Interest rates are either fixed or hedged for 100% of outstanding debt.
- Most of the Group's funding (64%) as of February 2024 has green or sustainability-linked features.
- 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.

OPERATING PERFORMANCE

Trading summary

We achieved a better than expected performance in 2023, after a strong post-pandemic recovery in 2022, supported by robust consumer demand and increasing tenant interest for the Group's properties. All major trading indicators (footfall, turnovers, average basket, occupancy) continued to increase steadily from the already high levels reached in 2022.

On a LFL basis footfall increased by 4.6% over the year. There was positive year on year (YOY) growth in each quarter, the pace accelerating slightly in Q4 (+1.9%) compared to third quarter (Q3) (+1.1%). The growth in traffic from the levels seen after fully reopening in 2022 post-Covid is very encouraging and demonstrates the strength of the CEE consumer, despite macroeconomic headwinds.

Tenant sales in 2023 were 12.6% higher on a LFL basis than in 2022. A double-digit growth rate was achieved every quarter except Q3 (+8.4%), accelerating again in Q4 when sales increased by 10.2% YOY. Customers continued to spend more per visit, the average basket size increasing by 7.8%.

The strong tenant performance allowed for a sustainable increase in rents and expense recoveries. In 2023 OCR was 12.2% (excluding hypermarkets), almost the same as in 2022 (12.1%), a relatively low level which is both attractive for tenants and leaves room for further rental uplifts, as well as providing some protection against possible future cost increases.

Tenant sales increased in all retail categories monitored by the Group. The strongest YOY performers were Health and Beauty (+24.4%) and Services (+23.9%). Entertainment did very well too, as the production of movie blockbusters resumed. Fashion, the largest segment, had one of the lowest growth rates of all categories but was still solid at 8.4%.

Energy costs and overall cost inflation continued to be relatively high throughout most of 2023 despite a reduction in the second half of the year. This pushed up property operating expenses by 25% YOY but was offset by improved recovery, which reached 93% in 2023 (compared to 91% in 2022). As a result, unrecovered expenses decreased slightly from €19.5 million in 2022 to €18.9 million in 2023.

Leasing

Strong tenant demand for space in the Group's properties led to a decrease in EPRA vacancy to 2.2% at the end of 2023 (from 2.7% on 31 December 2022). For retail properties, vacancy was 2.1% (down from 2.5%), while office and industrial properties had a vacancy rate of 10.1% (compared to 13.0% in 2022).

NEPI Rockcastle concluded 461 new leases (for 100,600 m², 5% of total GLA) in 2023. International tenants accounted for 57% of new leases signed. Another 846 leases (188,100 m² of GLA) were renewed during the year.

The average rental uplift in 2023 was 8.1% (excluding 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 7.2%.

New stores opened in 2023 include Zara (Promenada Craiova and Serdika Center), Lefties (Promenada Craiova), Reserved (Ploiesti Shopping City), Sinsay (Paradise Center), Half Price (Karolinka Shopping Centre).

DEVELOPMENT UPDATE

During 2023, the Group invested approximately €197 million in developments and capex.

The largest development project completed by NEPI Rockcastle in 2023, Promenada Craiova, opened to the public in October. Craiova is the largest city in the south-west of Romania, with a population of ca. 250,000 inhabitants. Comprising a shopping centre of 53,700 m² GLA and a retail park of 10,000 m² GLA, the property is the largest retail asset to open in CEE in 2023. It is also the Group's first development where renewable energy production was integrated over the parking areas, supplying 70% of the energy needed by the shopping centre and its tenants. Construction started in February 2022. A wide range of international brands opened stores in Promenada Craiova, including the first Lefties (an Inditex value brand) store in CEE.

The installation of photovoltaic panels on Romanian properties continued as planned in 2023. By the year end, the Group had built a total installed power capacity of 36 MW and was producing green energy in 27 locations. Management is now assessing options to expand the project.

Vulcan Residence in Bucharest, NEPI Rockcastle's first residential project, was also completed in 2023. Out of the 254 apartments (with a total area of 18,300 m²), 186 have been sold.

NEPI Rockcastle has a very promising development pipeline, with a total current cost of over €600 million (including extensions and redevelopments of existing assets together with the rollout of the green energy investment), which is expected to deliver significant growth over the coming years. All ongoing development projects are on track for completion within the envisaged schedule.

SUSTAINABILITY FOCUS

Environmental initiatives

In 2023, NEPI Rockcastle achieved substantial progress towards reaching its ambitious sustainability objectives:

- The Group's ESG ratings continued to improve, with Sustainalytics updating its risk rating from Low to Negligible, while the GRESB score increased by one notch, from two to three stars, in both operations and developments.
- Photovoltaic plants were installed in 27 locations across Romanian properties (17 more than at the end of 2022).
- The Group has affirmed its commitment to a net zero path, based on SBTi-aligned targets.
- NEPI Rockcastle has updated its Green Financing Framework (GFF) with the introduction of more stringent eligibility criteria for financing or refinancing the assets or expenditures defined as "Eligible Green Projects" and has launched its Sustainability-Linked Finance Framework as an alternative green funding approach.
- LED lights have been implemented in 91% of the Group's properties (by GLA).

Corporate governance

The Group applied for a Dutch fiscal unity regime for its two companies domiciled in the Netherlands (Nepi Rockcastle N.V. and NE Property B.V.) after the relocation of the parent company to the Netherlands in September 2022. The decision on the fiscal unity regime was granted in 2023 with retroactive effect from the relocation date of the parent company (6 September 2022). Consequently, starting 6 September 2022, NEPI Rockcastle N.V. became the sole Dutch income taxpayer of the Group. The application of the fiscal unity regime with retroactive effect lowered the expected tax expense by €4 million.

INDEPENDENT AUDITOR'S REVIEW REPORT

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

The consolidated and separate financial statements for the year ended 31 December 2023 are scheduled for publication on 20 March 2024, 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 twice a year. Fair value is determined by external, independent professional valuers, with appropriate and recognised qualifications and recent experience in the geography and category of properties being assessed.

Appraiser	Locations	Percentage of portfolio
Cushman & Wakefield	Croatia, Czech Republic, Hungary, Lithuania, Poland, Serbia and Slovakia	54%
Colliers International	Romania and Bulgaria	46%

For the year ended 31 December 2023, the Group recognised a fair value gain in relation to investment property portfolio of €165 million.

EPRA INDICATORS

EPRA indicators	31 December 2023	31 December 2022
EPRA Earnings (€ thousand)	365,593	317,870
EPRA Earnings per share (€ cents per share)	56.38	52.29
EPRA Net Initial Yield ('NIY')	6.94%	6.80%
EPRA topped-up NIY	6.97%	6.86%
EPRA vacancy rate	2.2%	2.7%
EPRA Net Reinstatement Value ('NRV') (€ per share)	6.98	6.84
EPRA Net Tangible Assets ('NTA') (€ per share)	6.95	6.81
EPRA Net Disposal Value ('NDV') (€ per share)	6.52	6.58
EPRA Cost ratio (including direct vacancy cost)	10.2%	11.7%
EPRA Cost ratio (excluding direct vacancy cost)	10.1%	11.6%

CASH MANAGEMENT AND DEBT

The Group had strong liquidity as of 31 December 2023, with €339 million in cash and €570 million in undrawn committed credit facilities.

NEPI Rockcastle's gearing ratio (interest bearing debt less cash, divided by investment property) was 32.2% as of 31 December 2023, below the strategic threshold of 35% and comfortably within debt covenants.

As of 31 December 2023, ratios for unsecured loans and bonds showed ample headroom compared to covenant thresholds.

- Solvency Ratio: 0.38 actual, compared to maximum 0.6 requirement.
- Consolidated Coverage Ratio: 6.06 actual, compared to minimum 2 requirement.
- Unencumbered consolidated total assets/unsecured consolidated total debt: 269% actual compared to a minimum 150% requirement.

Funding and liability management

In March 2023 the Group concluded a €200 million secured green loan which matures in June 2028. 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.

In 2023, 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 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; and
– the revolving credit facility from a three-bank syndicate lead by Deutsche Bank AG as arranger, was extended for three years, until January 2027, with the maximum principal available decreased to €150 million.

A total of €570 million of available unsecured committed revolving credit facilities remain undrawn as at 31 December 2023 including the above committed revolving credit facilities together with the revolving credit facility of a maximum limit of €150 million with Raiffeisen Bank International.

In February 2024, the Group extended the maturity of the revolving credit facility with Raiffeisen Bank International until January 2027 and increased the maximum limit to €196 million, with Erste Group Bank joining the facility. Consequently, the revolving credit facilities' capacity reached €616 million.

In December 2023, NEPI Rockcastle entered into a €387 million green financing agreement with the IFC, a member of the World Bank Group and the largest global development institution focused on the private sector in emerging markets. The senior unsecured facility is structured as a green loan with sustainability-linked features, aimed at reducing greenhouse gas emissions and increasing energy efficiency in the Group's property portfolio. The facility matures in January 2029 and was disbursed in February 2024. The facility has been put in place to cater for the repayment of the upcoming bond maturing in November 2024.

Cost of debt

The average interest rate of the Group's debt, including hedging, was approximately 2.5% during 2023 (2022: 2.3%).

As of 31 December 2023, fixed-coupon bonds represented 78% of NEPI Rockcastle's outstanding debt. Out of the remaining long-term debt exposed to Euribor, 79% was hedged with interest rate caps and 21% with interest rate swaps.

EARNINGS DISTRIBUTION 2023

The Board has declared a dividend of 25.61 euro cents per share for H2 2023, corresponding to a 90% dividend pay-out ratio, to be settled as capital repayment (default option). NEPI Rockcastle shareholders can also elect for the settlement of the same dividend amount as ordinary cash dividend out of distributable profits.

In line with Dutch legislation, the capital repayment will be paid to shareholders unless they elect to receive the ordinary cash distribution option.

A circular containing full details of the dividend settlement, 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 2024 are expected to be approximately 4% higher than the 2023 distributable earnings per share of 56.98 euro cents, with no change in the company's current 90% dividend payout ratio. 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.

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)

19 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of NEPI Rockcastle N.V.

We have reviewed the condensed consolidated financial statements of NEPI Rockcastle N.V., contained in the accompanying financial report, which comprise the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended, and selected explanatory notes as set out on the pages numbered 13 to 49.

Directors' responsibility for the condensed consolidated financial statements
The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements as set out in note 2 ''Basis of preparation'' to the condensed consolidated financial statements, and for such internal control as the directors determine is necessary to enable the preparation of 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 condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, 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 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 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 condensed consolidated financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of NEPI Rockcastle N.V. for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the JSE Listings Requirements as set out in note 2 ''Basis of preparation'' to the condensed consolidated financial statements.

DocuSigned by:
Ernst & Young Inc
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Ernst & Young Inc.
Gerhardus Jacobus van Deventer CA(SA)
Director
Registered Auditor
Chartered Accountant (SA)
19 February 2024
102 Rivonia Road
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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € thousand	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets		**6,993,897**	**6,764,255**
Investment property		6,824,990	6,596,137
— Investment property in use	3	6,627,247	6,331,793
— Investment property under development	4	197,743	264,344
Goodwill		76,804	76,804
Deferred tax assets		63,555	54,679
Other long-term assets		16,307	11,050
Derivative financial assets at fair value through profit or loss		12,241	25,585
Current assets		**458,577**	**367,300**
Trade and other receivables		93,465	85,496
Inventory property		17,266	20,694
Cash and cash equivalents	5	338,519	250,631
Derivative financial assets at fair value through profit or loss		9,327	10,479
Assets held for sale	**6**	**160,915**	**18,685**
TOTAL ASSETS		**7,613,389**	**7,150,240**
EQUITY AND LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY		**4,304,761**	**3,898,721**
Equity attributable to equity holders		**4,304,761**	**3,898,721**
Share capital		6,608	6,070
Share premium		3,137,063	3,190,735
Other reserves		(7,637)	(4,656)
Accumulated profit		1,168,727	706,572
Total liabilities		**3,308,628**	**3,251,519**
Non-current liabilities		**2,582,925**	**3,052,373**
Bank loans	7	517,898	546,744
Bonds	7	1,485,621	1,978,708
Deferred tax liabilities		471,691	419,554
Lease liabilities		54,974	36,368

NEPI ROCKCASTLE N.V.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

in € thousand	Note	31 Dec 2023	31 Dec 2022
Loans from third parties		16,667	33,333
Other long-term liabilities		36,074	37,666
Current liabilities		**722,037**	**198,028**
Trade and other payables		154,333	136,670
Income tax payable*		20,187	18,332
Bank loans	7	15,823	11,157
Bonds	7	513,410	14,263
Lease liabilities		1,546	832
Loans from third parties		16,738	16,774
Liabilities directly associated with assets held for sale	**6**	**3,666**	**1,118**
TOTAL EQUITY AND LIABILITIES		**7,613,389**	**7,150,240**
Net Asset Value per share (euro)		6.51	6.42
EPRA Net Reinstatement Value per share (euro) **		6.98	6.84
Number of shares for Net Asset Value/EPRA Net Reinstatement Value		660,826,020	607,000,000

**At 31 December 2022, "Income tax payable" (with a carrying amount of €18,332 thousand) were presented in line "Trade and other payables". At December 2023, these are presented on separate line within "Current liabilities", with corresponding comparatives re-classified accordingly, to enhance presentation.*

***EPRA Net Reinstatement Value per share (alternative performance 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 condensed consolidated financial statements on pages 13 to 49 were approved by the Board of Directors on 19 February 2024, authorized for publication on 20 February 2024 and signed on its behalf by:

Rüdiger Dany
Chief Executive Officer

Eliza Predoiu
Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € thousand	Note	31 Dec 2023	31 Dec 2022
Gross rental income	8	510,103	422,051
Service charge income	8	254,369	199,812
Property operating expenses	8	(273,263)	(219,388)
Partial forgiveness of receivables (Covid-19 forgiveness)		-	2,090
Net rental and related income	8	**491,209**	**404,565**
Administrative expenses	9	(33,369)	(30,381)
Reversal of litigation claim		-	21,304
Revenues from sales of inventory property		9,808	-
Cost of sales of inventory property		(7,076)	-
EBIT*		**460,572**	**395,488**
Fair value adjustments of investment property	10	164,470	141,701
Foreign exchange (loss)/gain		(1,187)	1,585
Gain on disposal of assets held for sale		5,641	1,121
Profit before net finance costs and other items		**629,496**	**539,895**
Finance income		6,891	3,511
Finance costs		(69,052)	(56,802)
Bank charges, commissions, and fees		(3,297)	(4,298)
Fair value adjustments of derivatives		(17,376)	37,946
Losses on extinguishment of financial instruments		-	(21,925)
Share of profit of joint ventures		-	3,280
Profit before tax		**546,662**	**501,607**
Income tax expense		**(69,861)**	**(66,334)**
Current tax expense		(28,334)	(23,068)
Deferred tax expense		(41,527)	(43,266)
Profit after tax		**476,801**	**435,273**
Total comprehensive income for the year		**476,801**	**435,273**
Profit attributable to:			
Non-controlling interest		-	106
Equity holders of the parent		476,801	435,167
Total comprehensive income attributable to:			
Non-controlling interest		-	106
Equity holders of the parent		476,801	435,167
Basic weighted average number of shares		633,150,875	607,756,809
Diluted weighted average number of shares		634,211,475	608,529,063

in € thousand	Note	31 Dec 2023	31 Dec 2022
Basic earnings per share (euro cents) attributable to equity holders		75.31	71.60
Diluted earnings per share (euro cents) attributable to equity holders		75.18	71.51

**EBIT (Earnings Before Interest and Taxes) represents the Group's Operating profit, defined as Net rental and related income plus Revenue from sales of inventory property less Cost of sales of inventory property less Administrative expenses less and Reversal of litigation claim (Depreciation and Amortisation are included in Administrative expenses).*

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 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**	-	-	(2,852)	-	-	(2,852)
—Share based payment expense	-	-	1,472	-	-	1,472
—LTSIP reserve release	-	-	108	-	-	108
—Earnings distribution	-	-	-	(241,223)	-	(241,223)
— Acquisition of Non-controlling interest	-	-	-	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**
Transactions with owners	**538**	**(53,672)**	**(2,981)**	**(14,646)**	**-**	**(70,761)**
— Share capital movements^	53,240	(53,240)	-	-	-	-
— Earnings distribution – capital repayment***	(53,240)	-	-	-	-	(53,240)
— Earnings distribution – dividend out of accumulated profit***	-	-	-	(14,646)	-	(14,646)
— Earnings distribution – impact of foreign exchange hedges***	-	106	-	-	-	106
—Earnings distribution - scrip issue***	538	(538)	-	-	-	-
—Shares purchased for LTSIP*	-	-	(5,158)	-	-	(5,158)
—Share based payment expense	-	-	2,000	-	-	2,000
— LTSIP reserve release		-	177	-	-	177
Total comprehensive income	**-**	-	-	**476,801**	**-**	**476,801**
—Profit for the year	-	-	-	476,801	-	476,801
Balance at 31 December 2023	**6,608**	**3,137,063**	**(7,637)**	**1,168,727**	**-**	**4,304,761**

**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 distributions as capital repayment.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	Note	31 Dec 2023	31 Dec 2022
CASH FLOWS FROM OPERATIONS	13	**459,078**	**375,362**
Interest paid on loans and borrowings	7	(31,678)	(5,972)
Interest paid on lease liabilities		(804)	(577)
Bond coupon paid	7	(44,982)	(44,024)
Income tax paid		(30,262)	(9,479)
Bank charges paid		(3,200)	(4,327)
Cash paid for litigation claim settlement		-	(16,000)
Interest received		6,794	3,624
Cash received from derivatives settlements		11,950	-
NET CASH FLOWS FROM OPERATING ACTIVITIES		**366,896**	**298,607**
INVESTING ACTIVITIES			
Investments in acquisitions and developments		**(171,144)**	**(493,559)**
Expenditure on investment property under development		(193,048)	(142,941)
Acquisition of investment property and land		-	(316,998)
Acquisition of the remaining 50% stake in joint venture		-	(36,980)
Proceeds from disposal of assets held for sale		21,904	3,360
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(171,144)**	**(493,559)**
FINANCING ACTIVITIES			
Payment to acquire shares for LTSIP		(5,158)	(2,852)
Sale of unvested shares under LTSIP		177	108
Repurchase of shares		-	(9,346)
Acquisition of non-controlling interest		-	(9,377)
Net movements in bank loans, bonds, and other long-term liabilities		**(14,815)**	**209,905**
Proceeds from bank loans	7	200,000	260,000
Proceeds from bonds	7	-	493,566
Repayment of bank loans (including revolving credit facilities)	7	(214,815)	(25,563)
Repurchase of bonds	7	-	(496,020)
Premium paid on repurchase of bond		-	(21,925)
Cash received from pre-hedge instrument		-	4,075
Repayment of other long-term liabilities		-	(4,228)
Other payments		**(20,288)**	**(255)**
Repayments of lease liabilities		(742)	(255)
Premium paid on acquisitions of derivatives		(2,880)	-
Repayment of loans from third parties		(16,666)	-
Earnings distribution - Capital repayment and dividend out of accumulated profit*		(67,780)	(241,223)
NET CASH FLOW USED IN FINANCING ACTIVITIES		**(107,864)**	**(53,040)**

in € thousand	Note	31 Dec 2023	31 Dec 2022
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**87,888**	**(247,992)**
Cash and cash equivalents brought forward		**250,631**	**498,623**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	5	**338,519**	**250,631**

**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.*

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 Strawinskylaan 563, WTC Zuidas, Tower Ten, 5th Floor, 1077 XX Amsterdam, with registration number at the Dutch Chamber of Commerce 87488329. 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") 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 remain 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 condensed consolidated financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 19 February 2024 and authorised for publication on 20 February 2024. The financial statements are accompanied by the external auditors' review report.

2. BASIS OF PREPARATION

These reviewed condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for condensed financial statements. The JSE Listings Requirements require condensed financial statements 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 material accounting policies applied in the preparation of these condensed consolidated financial statements are consistent with those applied for the preparation of the annual consolidated financial statements as at 31 December 2022, except for the new mandatory standards and interpretations effective as of 1 January 2023, described below:

- IFRS 17 insurance contracts
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)
- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
- International Tax Reform Pillar Two Model Rules (Amendments to IAS 12)

These standards, amendments and interpretations did not have a significant impact on the condensed consolidated financial statements as at 31 December 2023.

The following standards have been issued but are not yet effective as at December 31, 2023, and were not early adopted by the Group:

- IAS 1 Presentation of Financial Statements (Amendments);
- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments);
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure – Supplier Finance Arrangements (Amendments);
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (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.

Management does not expect that the adoption of these amendments will have a significant impact on the Group's condensed consolidated financial statements.

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

Management has prepared the condensed consolidated financial statements on a going concern basis. Having considered the potential impact of the conflict in Ukraine and the overall macroeconomic environment on the Company's and the wider NEPI Rockcastle Group revenues, profits, cash flows, operations, liquidity position and debt facilities, management concluded that despite the market events generated by these circumstances during 2023 and subsequent to the year-end, there are no material uncertainties relating to the Group's ability to continue as a going concern.

3. INVESTMENT PROPERTY IN USE

Movement in investment property in use *in € thousand*	**Note**	**31 Dec 2023**	**31 Dec 2022**
Carrying value at beginning of year		**6,331,793**	**5,670,776**
Additions from asset deals		-	367,769
Additions from the acquisition of the remaining 50% stake in joint venture		-	104,287
Capital expenditure		44,982	37,449
Transferred from investment property under development	4	214,177	13,690
Fair value adjustments	10	168,185	134,234
Remeasurement of right-of-use assets		20,062	-
Additions to the right-of-use assets from acquired assets		-	3,843
Fair value adjustment of right-of-use asset	10	(742)	(255)
Investment property reclassified as held for sale	6.1	(151,210)	-
CARRYING VALUE		**6,627,247**	**6,331,793**

As at 31 December 2023, the balance of investment property included also right-of-use assets of €56,520 thousand (2022: €37,200 thousand) representing long-term land concessions for the Group Polish properties contracted from local government.

The significant additions to investment property transferred from investment property under development are in most part the result of development at Promenada Craiova mall, completed during the year and opened in October 2023, and the completion of investments in photovoltaic panels on Romanian properties.

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 2023, the Group commissioned independent appraisal reports on its investment property from Cushman&Wakefield and Affiliate Partners and Colliers International (for the year ended 31 December 2022: Cushman&Wakefield and Affiliate Partners, Colliers International and Jones Lang LaSalle), all of whom are 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 2023 and 31 December 2022 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 2023 valuations.

The Group's valuers note in their valuation reports 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 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 2023, the investment property in use had an EPRA Vacancy Rate of 2.2% (31 December 2022: 2.7%). EPRA Vacancy Rate is a non-IFRS measure which is defined in Appendix 1.

As compared to the valuations on 31 December 2022, the estimated rental values generally increased, supported by the excellent performance of the assets, and valuation yields slightly increased as well (by 15 basis points on average).

As at 31 December 2023, the Group's portfolio included retail, office and industrial properties. 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 2023 for retail properties s presented in the table below:

Segment	Valuation technique	Estimated market rental value (yearly amount in '000 €)	Discount rate (%)	Capitalisation rate for terminal value (%)
Romania	Discounted cash flow	311 - 26,281 (13,128*)	8.95% - 10.45% (9.73*)	6.75% - 8.25% (7.53*)
Poland	Discounted cash flow	2,817 - 23,746 (14,110*)	7.90% - 10.80% (8.72*)	5.80% - 8.70% (6.62*)
Slovakia	Discounted cash flow	3,307 – 12,784 (9,734*)	9.10% - 10.35% (9.22*)	7.00% - 8.25% (7.12*)
Hungary	Discounted cash flow	19,602 - 21,309 (20,515*)	8.75% - 9.00% (8.87*)	6.65% - 6.90% (6.77*)
Bulgaria	Discounted cash flow	17,022 - 26,148 (22,514*)	10.30%	7.50% - 7.75% (7.60*)
Croatia	Discounted cash flow	1,550 - 19,433 (18,138*)	9.60% - 9.85% (9.83*)	7.50% - 7.75% (7.73*)
Czech Republic	Discounted cash flow	6,737 - 6,748 (6,743*)	9.35%	7.25%
Serbia	Discounted cash flow	13,321	11.10%	9.00%
Lithuania	Discounted cash flow	12,767	10.00%	7.90%

**Amounts or percentages represent weighted averages.*

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

Segment	Valuation technique	Estimated market rental value (yearly amount in '000 €)	Discount rate (%)	Capitalisation rate for terminal value (%)
Romania	Discounted cash flow	294 - 24,411 (12,301*)	8.70% - 11.45% (9.71*)	6.50% - 9.25% (7.51*)
Poland	Discounted cash flow	2,750 - 22,375 (13,042*)	7.85% - 10.95% (8.75*)	5.45% - 8.55% (6.35*)
Slovakia	Discounted cash flow	3,062 - 12,223 (9,118*)	7.50% - 8.50% (7.58*)	6.75% - 7.75% (6.83*)
Hungary	Discounted cash flow	11,984 - 18,352 (15,018*)	7.60% - 10.00% (8.86*)	6.55% - 7.60% (7.10*)
Bulgaria	Discounted cash flow	13,054 - 21,967 (18,588*)	8.85% - 9.15% (8.96*)	7.70% - 7.95% (7.79*)
Croatia	Discounted cash flow	1,461 - 18,934 (17,752*)	8.95% - 9.25% (8.97*)	7.95% - 8.25% (7.97*)
Czech Republic	Discounted cash flow	6,196 - 6,661 (6,425*)	7.30% - 7.70% (7.50*)	6.65%
Serbia	Discounted cash flow	11,217	9.45%	8.45%
Lithuania	Discounted cash flow	11,984	10.00%	7.60%

**Amounts or percentages represent weighted averages.*

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

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	3.37%	1.67%	-1.63%	-3.23%
Poland	3.40%	1.70%	-1.60%	-3.20%
Slovakia	3.56%	1.73%	-1.71%	-3.43%
Hungary	3.64%	1.79%	-1.77%	-3.50%
Bulgaria	1.98%	1.00%	-0.97%	-1.91%
Croatia	3.21%	1.64%	-1.68%	-3.40%
Czech Republic	3.34%	1.67%	-1.78%	-3.56%
Serbia	3.20%	1.65%	-1.51%	-3.10%
Lithuania	3.40%	1.70%	-1.60%	-3.20%
TOTAL	**3.27%**	**1.62%**	**-1.58%**	**-3.14%**

Exit rate variance				
Country	**(50 bps)**	**(25 bps)**	**25 bps**	**50 bps**
Romania	6.94%	3.35%	-3.14%	-6.08%
Poland	7.90%	3.80%	-3.50%	-6.70%
Slovakia	7.60%	3.68%	-3.45%	-6.65%
Hungary	8.20%	3.92%	-3.68%	-7.09%
Bulgaria	4.66%	2.36%	-2.11%	-4.00%
Croatia	5.85%	3.02%	-3.21%	-6.66%
Czech Republic	6.45%	3.34%	-3.67%	-7.45%
Serbia	5.90%	2.88%	-2.68%	-5.20%
Lithuania	6.70%	3.30%	-3.00%	-5.80%
TOTAL	**7.02%**	**3.40%**	**-3.19%**	**-6.18%**

Rental Income (ERV)				
Country	**-10%**	**-5%**	**5%**	**10%**
Romania	-10.03%	-5.01%	5.01%	10.03%
Poland	-8.30%	-4.10%	4.10%	8.30%
Slovakia	-8.61%	-4.32%	4.27%	8.55%
Hungary	-8.41%	-4.22%	4.19%	8.39%
Bulgaria	-6.96%	-3.24%	3.48%	7.20%
Croatia	-7.77%	-3.90%	3.90%	7.80%
Czech Republic	-8.24%	-4.12%	4.17%	7.95%
Serbia	-6.80%	-3.37%	3.43%	6.87%
Lithuania	-6.90%	-3.40%	3.50%	6.90%
TOTAL	**-8.69%**	**-4.32%**	**4.33%**	**8.70%**

4. INVESTMENT PROPERTY UNDER DEVELOPMENT

Movement in investment property under development *in € thousand*	**Note**	**31 Dec 2023**	**31 Dec 2022**
Carrying value at beginning of year		**264,344**	**170,900**
Additions from the acquisition of the remaining 50% stake in joint venture		-	1,700
Additions from asset deals (acquisition of land for development)		-	18,201
Additions from construction in progress		150,219	98,634

Movement in investment property under development *in € thousand*	**Note**	**31 Dec 2023**	**31 Dec 2022**
Fair value adjustments	10	(2,643)	8,917
Assets which became operational and were transferred to Investment property in use	3	(214,177)	(13,690)
Investment property under development reclassified as held for sale	6.1	-	(20,318)
Carrying value		**197,743**	**264,344**

Land included in Investment property under development is carried at fair value and is independently assessed on a semi-annual basis. For the year ended 31 December 2023 the Group commissioned independent year-end reports to Cushman&Wakefield and Affiliate Partners and Colliers International (for the year ended 31 December 2022: Cushman&Wakefield and Affiliate Partners, 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 estimated fair value of Investment property under development would increase/(decrease) if the market comparable price per square meter was higher/(lower) as there is a direct relationship between the fair value and the market comparable price per square meter.

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 2023 amount to €5,085 thousand (2022: €3,513 thousand) and were calculated using an average annual interest rate of 2.5% (2022: 2.3%).

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 2023**	**31 Dec 2022**
Land (at fair value)	104,316	157,609
Construction works (at cost)	93,427	106,735
TOTAL	**197,743**	**264,344**

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents by currency *in € thousand*	**31 Dec 2023**	**31 Dec 2022**
EUR	213,959	161,035
RON	54,615	38,556
PLN	35,911	19,837
BGN	14,050	10,663
HUF	8,991	3,213
HRK	-	7,703
CZK	9,864	5,909
RSD	238	3,101
ZAR	891	614
TOTAL	**338,519**	**250,631**

Cash and cash equivalents by type *in € thousand*	**31 Dec 2023**	**31 Dec 2022**
Current accounts	258,371	196,019
Deposits	80,000	50,079
Restricted cash	-	4,250
Petty cash	148	283
TOTAL	**338,519**	**250,631**

6. 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.

Disposals in the period
In August 2022, the Group entered into a binding agreement for the sale of a plot of excess land owned by General Building Management S.R.L., owner of the development in Craiova, Romania. The sale was finalized in May 2023 for a net consideration received of €8 million and a net gain on disposal of €1.6 million.

In January 2023, the Group sold at cost a non-core property in Romania held by Nepi Bucharest One S.R.L.

In July 2023, the Group sold the land plot in Kosice, Slovakia held by INLOGIS VI s.r.o, in a share deal, for a cash consideration of €13.2 million and a gain on disposal of €4 million.

Disposals in the comparative period

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.

Assets held for sale as at 31 December 2023

At 31 December 2023, the assets held for sale included the shopping centre in Novi Sad, Serbia (held by NEPI Real Estate Project One d.o.o.), the Otopeni Warehouse and Logistics industrial property and another non-core property located in Romania.

In December 2023, the Group entered into:

- a letter of intent ("LOI") for the sale of retail property Promenada Novi Sad, in Serbia. The transaction is planned to be completed in 2024; and

- a share sale purchase agreement ("SPA") for the sale of one of its industrial properties, Otopeni Warehouse and Logistics S.R.L. The completion of the transaction with the correspondent transfer of ownership to the buyer has been concluded in January 2024.

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 2023**	**31 Dec 2022**
Non-current assets	**154,150**	**18,666**
Investment property at fair value	151,820	1,730
Investment property under development	-	16,936
Deferred tax assets	2,330	-
Current assets	**6,765**	**19**
Trade and other receivables	4,406	-
Cash and cash equivalents	2,359	19
Assets held for sale	**160,915**	**18,685**
Non-current liabilities	**1,539**	**1,111**
Deferred tax liabilities	657	1,111
Other long-term liabilities	882	-
Current liabilities	**2,127**	**7**
Liabilities held for sale	**3,666**	**1,118**
Net assets held for sale	**157,249**	**17,567**

6.1. INVESTMENT PROPERTY HELD FOR SALE

in € thousand	Note	31 Dec 2023	31 Dec 2022
Carrying value at beginning of year		18,666	1,752
Transfer from investment property in use	3	151,210	-
Transfer from investment property under development	4	-	20,318
Additions during the period		10	21
Fair value adjustments	10	(330)	(1,195)
Disposals		(17,736)	(2,230)
CARRYING VALUE		**151,820**	**18,666**

7. 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 March 2023 the Group concluded a €200 million secured green loan which matures in June 2028. 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.

In December 2023, the Group extended the contractual maturities to two of its secured term loans – a €40 million loan contracted by its subsidiary in Czech Republic extended until December 2030 and a €76 million loan contracted by its subsidiary in Poland extended until March 2029.

In 2023, 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 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; and
- the revolving credit facility from a three-bank syndicate lead by Deutsche Bank AG as arranger, was extended for three years, until January 2027, with the maximum principal available decreased to €150 million.

The above mentioned committed revolving credit facilities together with the revolving credit facility of a maximum limit of €150 million with Raiffeisen Bank International amount to a total of €570 million available unsecured committed revolving credit facilities, undrawn as at 31 December 2023 (31 December 2022: €620 million, of which €420 million were undrawn).

In February 2024, the Group extended the maturity of the revolving credit facility with Raiffeisen Bank International until January 2027 and increased the maximum limit to €196 million, having Erste

Group Bank joining the facility. Consequently, as at the date of the publication of these financial statements, the revolving credit facilities' capacity amounts to €616 million.

In December 2023, NEPI Rockcastle entered into a €387 million green financing agreement with IFC, a member of the World Bank Group and the largest global development institution focused on the private sector in emerging markets. The senior unsecured facility is structured as a green loan with sustainability-linked features, aimed at reducing greenhouse gas emissions and increasing energy efficiency in the Group's property portfolio. The facility matures in January 2029 and was disbursed in February 2024. The facility has been put in place to cater for the repayment of the upcoming bond maturing in November 2024.

The average interest rate of the Group's debt, including hedging result, was approximately 2.5% during 2023 (31 December 2022: 2.3%). As at 31 December 2023, fixed-coupon bonds represented 78% of NEPI Rockcastle's outstanding debt; out of the remaining long-term debt exposed to Euribor, 79% was hedged with interest rate caps and 21% with interest rate swaps.

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 2023, the €499 million bonds issued in 2017 were trading on the market at 96.78% (31 December 2022: 93.55%), the €500 million bonds issued in 2019 were trading on the market at 91.22% (31 December 2022: 84.13%), the €500 million bonds issued in July 2020 were trading on the market at 94.43% (31 December 2022: 86.52%) and the €500 million bonds issued in January 2022 were trading on the market at 80.25% (31 December 2022: 69.04%).

The repayment profile for outstanding loans, excluding future interest, is detailed below:

Interest bearing borrowings 31 Dec 2023 *in € thousand*	**Type**	**Payable in less than 1 year**	**Payable in 1-5 years**	**Payable over 5 years**	**Total**
Netherlands	Unsecured fixed coupon bonds	498,980	1,000,000	500,000	**1,998,980**
Netherlands	Unsecured loan	-	73,521	-	**73,521**
Poland	Secured loans	745	2,979	70,570	**74,294**
Slovakia	Secured loans	6,475	23,200	76,337	**106,012**
Czech Republic	Secured loans	600	2,400	35,848	**38,848**
Romania	Secured loans	9,476	199,659	43,636	**252,771**
Accrued interest on loans and deferred loan costs		(1,473)	(9,904)	(348)	**(11,725)**
Accrued coupon on bonds		20,323	-	-	**20,323**
Deferred bond costs		(2,459)	(5,486)	(616)	**(8,561)**
Issue discount on bonds		(3,434)	(7,491)	(786)	**(11,711)**
Total		**529,233**	**1,278,878**	**724,641**	**2,532,752**

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)**
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**

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 2022	**557,901**	**1,992,971**	**2,550,872**
Cash repayments of principal	(214,815)	-	**(214,815)**
Cash proceeds from bank loans or bonds	200,000	-	**200,000**
Cash payments of interest on bank loans or coupon on bonds	(28,428)	(44,982)	**(73,410)**
Interest expense*	29,584	44,952	**74,536**
Amortisation of capitalised borrowing costs	1,758	2,504	**4,262**
Amortisation of bond discount	-	3,586	**3,586**
Additional capitalised borrowing costs in the period	(12,279)	-	**(12,279)**
Debt as at 31 December 2023	**533,721**	**1,999,031**	**2,532,752**

** The tables above do not contain interest bearing loans from third parties in amount of €33,333 thousand and the associated finance cost. The above finance costs do not include interest capitalized on developments of €5,085 thousand (Note 4), interest capitalized on inventory of €316 thousand and interest on lease liabilities related to the right of use assets of €804 thousand.*

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 thousand together with unamortised discount and capitalized borrowing costs of €3,943 thousand.*
***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 4), and interest on lease liabilities related to the right-of-use assets of €577 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 March 2023, two Romanian subsidiaries concluded a €200 million secured loan which matures in June 2028.

Securities

– General security over the properties (fair values as at 31 December 2023), 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 125%; and
– Loan to value ratio of a maximum between 60% and 70%.

Unsecured green term loan

The Group has a green unsecured financing agreement which matures in June 2028 in amount of €73.5 million.

Covenants

– Solvency Ratio of maximum 0.60;

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

Unsecured committed revolving facilities

At 31 December 2023, there were €570 million revolving facilities available for drawdown.

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 either to the ESG performance of the Group through the sustainability rating provided by Sustainalytics or have sustainability-linked KPIs in line with the Group's Sustainability-Linked Financing Framework.

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 2023 and 2022. The ratios calculated for all unsecured loans and bonds showed ample headroom compared to the covenants:

- Solvency Ratio: 0.38 (31 December 2022: 0.40);
- Consolidated Coverage Ratio: 6.06 (31 December 2022: 6.20); and
- Unsecured Ratio: 269% (31 December 2022: 251%).

8. NET RENTAL AND RELATED INCOME

in € thousand	**31 Dec 2023**	**31 Dec 2022**
Gross rental income	510,103	422,051
Service charge income	254,369	199,812
Gross rental and service charge income	**764,472**	**621,863**
Property management fees, tax, insurance and utilities	(164,577)	(138,651)
Property maintenance cost	(105,567)	(80,077)
Net expected credit losses	(3,119)	(660)
Property operating expenses	**(273,263)**	**(219,388)**
Partial forgiveness of receivables (Covid-19 forgiveness)	-	2,090
TOTAL NET RENTAL AND RELATED INCOME	**491,209**	**404,565**

Out of the total Net rental and related income for 2023, €36.1 million relates to the three acquisitions made in late 2022 (Forum Gdansk Shopping Center, Copernicus Shopping Centre in Poland and Ploiesti Shopping City in Romania).

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

in € thousand	**31 Dec 2023**	**31 Dec 2022**
Utility expenses*	(101,735)	(86,183)
Property related taxes	(28,522)	(25,433)
Property management fees	(31,831)	(24,973)
Property insurance expenses	(2,489)	(2,062)
Property management fees, tax, insurance, and utilities	**(164,577)**	**(138,651)**

**The Group acts as principal in relation to the provision of utilities to its tenants. Thus, utility expenses and the corresponding utility recoveries are recognized, 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 2023	31 Dec 2022
Cleaning and security	(42,034)	(32,862)
Maintenance and repairs	(32,900)	(23,545)
Marketing	(21,795)	(17,426)
Services and related costs	(3,323)	(2,688)
Other	(5,515)	(3,556)
Property maintenance cost	**(105,567)**	**(80,077)**

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 specify 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 5.1% (€26,205 thousand) of the Gross rental income is represented by the turnover rent (paid on top of fixed rent) as at 31 December 2023 (31 December 2022: 4.4% (€18,758 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 operating leases are detailed below:

in € thousand	31 Dec 2023*	31 Dec 2023**	31 Dec 2022*	31 Dec 2022**
No later than 1 year	438,968	436,955	399,418	397,217
Between 1-2 years	342,251	334,395	318,806	307,032
Between 2-3 years	265,069	250,480	243,528	221,625
Between 3-4 years	200,485	180,298	178,431	150,927
Between 4-5 years	140,949	118,620	125,594	93,167
Later than 5 years	358,375	259,264	316,903	147,887
TOTAL	**1,746,097**	**1,580,012**	**1,582,680**	**1,317,855**

** Figures computed based on contractual lease maturity date.*

***Figures computed up to first break option date.*

The breakdown of the net rental and related income by country is disclosed in Note 12.

9. ADMINISTRATIVE EXPENSES

in € thousand	Note	31 Dec 2023	31 Dec 2022
Staff costs*		(11,890)	(10,671)
Directors' remuneration	15	(4,233)	(4,744)
Advisory services		(4,651)	(7,683)
Audit and other assurance services		(2,402)	(1,740)
Companies' administration		(5,766)	(2,459)
Travel and accommodation		(1,655)	(1,015)
Stock exchange expenses		(772)	(597)
Share based payment expense		(2,000)	(1,472)
TOTAL		**(33,369)**	**(30,381)**

**Staff costs capitalised on investment property under development and inventory property in 2023 amount to €2,252 thousand (2022: €1,947 thousand).*

Out of the above administrative expenses, fees related to EY, as the Group's current auditor, are summarised below:

31 Dec 2023 *in € thousand*	Ernst & Young Accountants LLP	Other EY network	Non-EY network
Audit of financial statements	(356)	(1,889)	(21)
Other assurance procedures	(62)	(74)	-
TOTAL	**(418)**	**(1,963)**	**(21)**

31 Dec 2022 *in € thousand*	Ernst & Young Accountants LLP	Other EY network	Non-EY network
Audit of financial statements	(300)	(1,143)	(96)
Other assurance procedures	-	(177)	(24)
TOTAL	**(300)**	**(1,320)**	**(120)**

10. FAIR VALUE ADJUSTMENTS OF INVESTMENT PROPERTY

in € thousand	Note	31 Dec 2023	31 Dec 2022
Fair value adjustments of investment property in use	3	168,185	134,234
Fair value adjustments of investment property under development	4	(2,643)	8,917
Fair value adjustments of investment property held for sale	6.1	(330)	(1,195)
Fair value adjustments of right-of-use assets	3	(742)	(255)
TOTAL		**164,470**	**141,701**

11. 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 1/2023 issued by South African Institute of Chartered Accountants (SAICA).

The calculation of headline earnings per share for the year ended 31 December 2023 was based on headline earnings of €333,780 thousand (31 December 2022: of €313,186 thousand) and the weighted average number of shares.

Reconciliation of profit for the year to headline earnings *€ thousand, unless otherwise stated*	**Note**	**31 Dec 2023**	**31 Dec 2022**
Profit for the year attributable to equity holders of the parent		476,801	435,167
Fair value adjustments of investment property	10	(164,470)	(141,701)
Gain on disposal of assets held for sale	6	(5,641)	(1,121)
Tax effects of adjustments for investment property and gain on disposal of assets held for sale		27,090	22,212
Fair value adjustment of investment property for joint ventures		-	(1,632)
Tax effects of adjustments for joint ventures		-	261
HEADLINE EARNINGS		**333,780**	**313,186**
Basic weighted average number of shares		633,150,875	607,756,809
Diluted weighted average number of shares		634,211,475	608,529,063
Headline earnings per share (euro cents)		52.72	51.53
Diluted headline earnings per share (euro cents)		52.63	51.47

12. SEGMENT REPORTING

The operating segments for management purposes are the individual properties. For reporting purposes, the Group aggregates the retail properties (shopping malls and street retail centres) on geographic regions of operation. There are a total of nine reportable segments, which include Romania, Poland, Bulgaria, Slovakia, Hungary, Croatia, Serbia, Czech Republic, and Lithuania.

Retail properties are considered to have a different economic and risk profiles compared to other types of properties in the group portfolio, therefore are aggregated and reported separately on geographies.

The office, industrial and residential businesses are immaterial for the Group from both operational and financial statements disclosure points of view the weight of these categories are around 1% of the total Group portfolio. These properties, together with the corporate entities (group holding companies), are separately disclosed in the “Unallocated” section below.

The CODM monitor the results of each reportable segment independently for the purposes of allocating resources to the segment and assessing its performance, as this is the key IFRS 8 driver of segmentation. The measure of reporting segment performance is Profit before net finance costs and other items, as disclosed in the following tables. The Group’s financing policy (including its impact on financial income and expenses), corporate activities and income tax matters are handled at Group level, and the resulting impacts are not allocated to the operating segments.

For the balance sheet, the relevant measure of segment analysis is considered the investment properties, as the CODM are monitoring closely the asset performance at each reporting date.

Segment investments over a period is the total cost incurred during the period to acquire and develop investment properties, as well as capital expenditure spent on investment properties.

In the 2022 financial statements, segment information was presented under five reportable segments (retail, office, residential, industrial, and corporate). The Group also reported the net rental and related income, profit before tax and investment properties information by geographic segments, which included Bulgaria, Croatia, Czech Republic, Hungary, Lithuania, Poland, Romania, Serbia, Slovakia, and a corporate segment composed of entities located in Malta and the Netherlands.

In 2023, the Group voluntarily chosen to present the retail business at country level and not to aggregate on a higher level the presentation of retail properties’ information, to enhance the relevance of the disclosure.

Segment results 31 Dec 2023 in € thousand	Romania	Poland	Hungary	Slovakia	Bulgaria	Croatia	Czech Republic	Lithuania	Serbia	Total Segments	Unallocated	Total
Gross rental income	192,993	131,272	38,167	37,434	41,765	22,919	12,802	13,236	13,935	504,523	5,580	510,103
Service charge income	106,126	58,308	18,855	19,531	19,045	11,022	7,146	5,338	5,912	251,283	3,086	254,369
Property operating expenses	(107,713)	(72,938)	(19,357)	(19,722)	(19,660)	(11,135)	(7,480)	(5,401)	(6,524)	(269,930)	(3,333)	(273,263)
Net rental and related income	**191,406**	**116,642**	**37,665**	**37,243**	**41,150**	**22,806**	**12,468**	**13,173**	**13,323**	**485,876**	**5,333**	**491,209**
Administrative expenses	(12,114)	(4,265)	(119)	257	403	(158)	121	(23)	(64)	(15,962)	(17,407)	(33,369)
Revenue from sales of inventory property	-	-	-	-	-	-	-	-	-	-	9,808	9,808
Cost of sales of inventory property	-	-	-	-	-	-	-	-	-	-	(7,076)	(7,076)
EBIT*	**179,292**	**112,377**	**37,546**	**37,500**	**41,553**	**22,648**	**12,589**	**13,150**	**13,259**	**469,914**	**(9,342)**	**460,572**
Fair value adjustments of investment property	131,634	(32,781)	(16,718)	20,262	38,217	16,262	928	3,339	8,264	169,407	(4,937)	164,470
Foreign exchange (loss)/gain	(709)	288	(186)	-	(28)	1	(447)	-	14	(1,067)	(120)	(1,187)
Gain on disposal of assets held for sale	1,649	-	-	-	-	-	-	-	-	1,649	3,992	5,641
Profit before net finance costs and other items	**311,866**	**79,884**	**20,642**	**57,762**	**79,742**	**38,911**	**13,070**	**16,489**	**21,537**	**639,903**	**(10,407)**	**629,496**
Finance income											6,891	6,891
Finance costs											(69,052)	(69,052)
Bank charges, commissions and fees											(3,297)	(3,297)
Fair value adjustments of derivatives											(17,376)	(17,376)
Profit before tax											**546,662**	**546,662**
Income tax expense											**(69,861)**	**(69,861)**
Current tax expense											(28,334)	(28,334)
Deferred tax expense											(41,527)	(41,527)
Profit after tax											**476,801**	**476,801**

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

Segment results 31 Dec 2022 *in € thousand*	**Romania**	**Poland**	**Hungary**	**Slovakia**	**Bulgaria**	**Croatia**	**Czech Republic**	**Lithuania**	**Serbia**	**Total Segments**	**Unallocated**	**Total**
Gross rental income	162,111	90,275	35,205	34,454	35,833	21,141	11,494	11,679	12,487	414,679	7,372	422,051
Service charge income	84,094	40,028	13,806	17,480	15,187	9,607	6,675	4,345	5,423	196,645	3,167	199,812
Property operating expenses	(89,994)	(50,193)	(14,011)	(18,078)	(15,848)	(9,749)	(6,713)	(5,204)	(5,784)	(215,574)	(3,814)	(219,388)
Partial forgiveness of receivables (Covid-19 forgiveness)	351	261	101	61	1,402	(21)	(12)	(58)	12	2,097	(7)	2,090
Net rental and related income	**156,562**	**80,371**	**35,101**	**33,917**	**36,574**	**20,978**	**11,444**	**10,762**	**12,138**	**397,847**	**6,718**	**404,565**
Administrative expenses	(8,662)	(2,526)	(422)	37	(11)	38	(271)	(147)	(198)	(12,162)	(18,219)	(30,381)
Reversal of expense with litigation claim	-	-	-	-	-	-	-	-	-	-	21,304	21,304
EBIT*	**147,900**	**77,845**	**34,679**	**33,954**	**36,563**	**21,016**	**11,173**	**10,615**	**11,940**	**385,685**	**9,803**	**395,488**
Fair value adjustments of investment property	147,273	(22,810)	(9,517)	(870)	10,644	7,797	(720)	6,774	4,421	142,992	(1,291)	141,701
Foreign exchange gain/(loss)	283	900	355	-	(18)	(72)	162		8	1,618	(33)	1,585
Gain on disposal of assets held for sale	-	-	-	-	-	-	-	-	-	-	1,121	**1,121**
Profit before net finance costs and other items	**295,456**	**55,935**	**25,517**	**33,084**	**47,189**	**28,741**	**10,615**	**17,389**	**16,369**	**530,295**	**9,600**	**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 before tax											**501,607**	**501,607**
Income tax expense											**(66,334)**	**(66,334)**
Current tax expense											(23,068)	(23,068)
Deferred tax expense											(43,266)	(43,266)
Profit after tax											**435,273**	**435,273**

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

The value of investment properties and inventory property by operating segment, as shown in the condensed consolidated statement of financial position, is presented below:

Segment assets 31 Dec 2023 *in € thousand*	**Note**	**Romania**	**Poland***	**Hungary**	**Slovakia**	**Bulgaria**	**Croatia**	**Czech Republic**	**Lithuania**	**Serbia**	**Total Segments**	**Unallocated**	**Total**
Investment property		**2,695,522**	**1,819,636**	**576,206**	**526,123**	**503,167**	**288,930**	**179,810**	**156,560**	-	**6,745,954**	**79,036**	**6,824,990**
—Investment property in use	3	2,547,307	1,814,620	570,900	525,100	472,784	281,800	179,800	155,900	-	**6,548,211**	79,036	**6,627,247**
—Investment property under development	4	148,215	5,016	5,306	1,023	30,383	7,130	10	660	-	**197,743**	-	**197,743**
Investment property held for sale	6.1	610	-	-	-	-	-	-	-	145,600	**146,210**	5,610	**151,820**
Inventory property		-	-	-	-	-	-	-	-	-	-	17,266	**17,266**

**The right-of-use assets of €56.5 million, representing long-term land concessions associated to part of the Group's properties located in Poland are included in the above fair values.*

Segment assets 31 Dec 2022 *in € thousand*	**Note**	**Romania**	**Poland***	**Hungary**	**Slovakia**	**Bulgaria**	**Croatia**	**Czech Republic**	**Lithuania**	**Serbia**	**Total Segments**	**Unallocated**	**Total**
Investment property		2,423,226	1,802,833	585,900	503,583	455,443	272,490	175,200	152,030	137,100	**6,507,805**	88,332	**6,596,137**
—Investment property in use	3	2,210,298	1,800,899	580,600	502,600	428,100	264,700	175,200	151,700	129,400	**6,243,497**	88,296	**6,331,793**
—Investment property under development	4	212,928	1,934	5,300	983	27,343	7,790	-	330	7,700	**264,308**	36	**264,344**
Investment property held for sale	6.1	8,066	-	-	10,600	-	-	-	-	-	**18,666**	-	**18,666**
Inventory property		-	-	-	-	-	-	-	-	-	-	20,694	**20,694**

**The right-of-use assets of €37.2 million, representing long-term land concessions associated to part of the Group's properties located in Poland are included in the above fair values.*

Segment Investments over the period 31 Dec 2023 *in € thousand*	Note	Romania	Poland	Hungary	Slovakia	Bulgaria	Croatia	Czech Republic	Lithuania	Serbia	Total Segments	Unallocated	Total
Development works	4	125,439	17,015	4,146	-	1,924	-	1,375	344	-	**150,243**	(24)	**150,219**
Capital expenditure	3	15,214	12,506	2,878	1,957	7,584	178	2,307	847	236	**43,707**	1,275	**44,982**

Segment Investments over the period 31 Dec 2022 *in € thousand*	Note	Romania	Poland	Hungary	Slovakia	Bulgaria	Croatia	Czech Republic	Lithuania	Serbia	Total Segments	Unallocated	Total
Development works	4	83,861	13,536	-	20	1,058	-	159	-	-	**98,634**	-	**98,634**
Capital expenditure	3	11,416	13,939	3,934	2,027	2,176	503	1,261	1,161	131	**36,548**	901	**37,449**

RECONCILIATION OF PROFIT FOR THE YEAR TO DISTRIBUTABLE EARNINGS *in € thousand, unless otherwise stated*	31 Dec 2023	31 Dec 2022
Profit per IFRS Statement of comprehensive income attributable to equity holders of the parent	**476,801**	**435,167**
Accounting specific adjustments	**(107,357)**	**(118,112)**
Fair value adjustments of investment property	(164,470)	(141,701)
Depreciation and amortisation expense (in relation to property, plant, and equipment of an administrative nature)	1,469	1,469
Fair value adjustments of derivatives	17,376	(37,946)
Losses on extinguishment of financial instruments	-	21,925
Amortisation of financial assets	(2,997)	(1,940)
Deferred tax expense	41,527	43,266
Profit from inventory property sale	(2,732)	-
Gain on disposal of assets held for sale	(5,641)	(1,121)
Adjustments related to joint ventures:	**-**	**(1,727)**
Fair value adjustment investment property for joint ventures	-	(1,632)
Fair value adjustments of derivatives for joint ventures	-	(407)
Depreciation in relation to property, plant, and equipment of an administrative nature for joint venture	-	(32)
Deferred tax expense for joint ventures	-	344
Adjustments related to non-controlling interest:	**-**	**7**
Fair value adjustment investment property for non-controlling interest	-	(1)
Deferred tax income for non-controlling interest	-	8
Antecedent earnings	**8,111**	**(344)**
Distributable earnings	**369,444**	**317,055**
Interim distributable earnings	(181,360)	(139,058)
Final distributable earnings	(188,084)	(177,997)
Distributable earnings per share (euro cents)	**56.98**	**52.15**
Interim distributable earnings per share (euro cents)	28.52	22.83
Final distributable earnings per share (euro cents)	28.46	29.32
Distribution declared	**332,500**	**308,155**
Interim distribution	163,224	139,058
Final distribution	169,276	169,097
Distribution declared per share (euro cents)	**51.28**	**50.68**
Interim distribution per share (euro cents)	25.67	22.83
Final distribution per share (euro cents)	25.61	27.85
Earnings not distributed	**36,944**	**8,900**
Interim earnings not distributed	18,136	**-**
Final earnings not distributed	18,808	**8,900**
Earnings not distributed per share (euro cents)	**5.70**	**1.47**
Earnings not distributed per share interim (euro cents)	2.85	1.47
Earnings not distributed per share final (euro cents)	2.85	-
Number of shares entitled to interim distribution	**635,830,268**	**608,994,907**
Number of shares entitled to final distribution	**660,826,020**	**607,000,000**

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.

13. CASH FLOW FROM OPERATIONS

in € thousand	Note	31 Dec 2023	31 Dec 2022
OPERATING ACTIVITIES			
Profit after tax		476,801	435,273
Adjustments		**(12,760)**	**(54,868)**
Fair value adjustments of investment property	10	(164,470)	(141,701)
Foreign exchange loss/(gain)		1,187	(1,585)
Gain on disposal of assets held for sale	6	(5,641)	(1,121)
Net finance costs		65,458	57,589
Fair value adjustments of derivatives		17,376	(37,946)
Losses on extinguishment of financial instruments		-	21,925
Deferred tax expense		41,527	43,266
Current tax expense		28,334	23,068
Depreciation expense for property, plant, and equipment		1,469	1,469
Share based payment expense		2,000	1,472
Reversal of litigation claim expense		-	(21,304)
Changes in working capital		**(4,963)**	**(5,043)**
(Increase) in trade and other receivables		(22,176)	(12,484)
Increase in trade and other payables		13,785	18,613
Decrease/(Increase) in Inventory property		3,428	(11,172)
Net cash flow from operations		**459,078**	**375,362**

14. CONTINGENT ASSETS AND LIABILITIES

Contingencies

The Group is subject to income taxes in all jurisdictions and the calculation of the Group's tax charge and provisions for income taxes involves a degree of estimation and judgment. There are transactions and calculations for which the relevant tax authorities have indicated different interpretations of the fiscal legislation compared to the Group's approach. In such cases, the carrying amount of any tax provisions and charges are determined based on the manner in which tax assessments are expected to be resolved, and the stage of negotiations or discussions with the relevant tax authorities. There may be significant uncertainty regarding the final outcome of tax proceedings, which in many instances, will only be concluded after a number of years.

A number of Group entities in Romania have recently been subject to tax inspections by the Romanian Tax Authorities ("RTA"). For three entities, the tax inspections have been finalized, resulting in additional tax liabilities imposed by the RTA totalling €2.5 million, on the grounds of the RTA disallowing the deductibility of certain expenses. The RTA's position appears to differ from the Group's interpretation of the relevant tax laws. On the basis that the Group is unaware of the RTA's position being adopted or implemented as established market practice in Romania or in other CEE countries where the Group operates, the Group intends to challenge the conclusions of the RTA as and when appropriate.

The additional tax liabilities imposed have been paid by the Group and a related tax receivable has been recognised based on management's assessment of the expected outcome of challenging the RTA position as noted above.

There are currently tax audits ongoing at different stages for other Romanian subsidiaries, which are not finalized by the publication date of these financial statements. In respect of these ongoing tax audits, no additional tax liabilities have been recorded in the financial statements, as management believes an additional tax assessment is not warranted. Management has calculated a variety of scenarios for tax contingencies, using different sets of potential outcomes with respect to the relevant tax assessments, resulting in a weighted average value of potential impact of additional tax liabilities imposed by authorities of €9.8 million.

Legal matters

The Group operates in a complex legal and regulatory environment that exposes it to various risks, and evaluates all facts and assesses the implications that could have a material effect on the financial statements. To the extent the Group is involved in reviews, procedures, information requests and other assessments, including regulatory or tax matters, different outcomes are possible, which may result in further regulatory or tax investigations, litigations or sanctions.

Guarantees

As at 31 December 2023, the Group had received letters of guarantee from tenants worth €132,297 thousand (31 December 2022: €108,406 thousand) and from suppliers worth €29,789 thousand (31 December 2022: €62,692 thousand) related to ongoing developments.

Commitments

In 2024, the Group estimates to invest €178 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.

15. 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.

	31 Dec 2023			31 Dec 2022			
	Directors' fees	Performance related remuneration	Reconciling differences between 2022 performance related remuneration paid vs. accrual	Directors' fees	2022 performance related remuneration	2021 performance related remuneration	Interim period related remuneration
Rüdiger Dany[1]	675	1,009	(3)	517	870	200	200
Eliza Predoiu[2]	385	543	(12)	253	490	-	150
Marek Noetzel[3]	385	601	(7)	329	518	225	-
Alex Morar[4]	-	-	-	188	-	-	-
Mirela Covasa[5]	-	-	-	147	-	-	-
George Aase	102	-	-	102	-	-	-
Antoine Dijkstra	88	-	-	88	-	-	-
Andre van der Veer	98	-	-	98	-	-	-
Andreas Klingen	89	-	-	89	-	-	-
Steve Brown	75	-	-	75	-	-	-
Andries de Lange	63	-	-	63	-	-	-
Jonathan Lurie	68	-	-	68	-	-	-
Ana Maria Mihaescu	74	-	-	74	-	-	-
TOTAL	**2,102**	**2,153**	**(22)**	**2,091**	**1,878**	**425**	**350**

[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 Executive 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.*

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

Name of Director	Number of shares held as at 31 Dec 2023	Number of shares held as at 31 Dec 2022
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 2023	Number of shares unvested at 31 Dec 2022
Rüdiger Dany	271,983	137,945
Eliza Predoiu	174,922	22,000
Marek Noetzel	210,532	78,394
TOTAL	**657,437**	**238,339**

The share based payment expense related to the directors of the Group amounted to €393 thousand in 2023 (31 December 2022: €262 thousand).

The directors of the Group hold 1,304,206 shares as at 31 December 2023 (31 December 2022: 739,612 shares), which represents 20% of the outstanding shares (31 December 2022: 0.12% of the outstanding shares). Out of the above-mentioned shareholding, 343,052 shares (31 December 2022: 283,397 shares) which represent 0.05% of the outstanding shares (31 December 2021: 0.05% of the outstanding shares) are held by the non-executive directors. There were no changes to the Director's interests from 31 December 2023 to the approval of the annual audited consolidated financial statements. Other than as set out in note 15(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

In 2022 the Group incurred advisory fees of €2 million with companies which were related parties of former management.

16. SUBSEQUENT EVENTS

As presented in the Note 6 Assets held for sale and Note 7 Borrowings, the Group entered into the following transactions with effects subsequent to the year end:

Sale of Otopeni Warehouse and Logistics

In December 2023, the Group entered into a share sale purchase agreement ("SPA") for the sale of one of its industrial properties, Otopeni Warehouse and Logistics S.R.L. The completion of the transaction with the correspondent transfer of ownership to the buyer has been concluded in January 2024.

Credit revolving facility extension

In February 2024, the Group extended the maturity of the revolving credit facility with Raiffeisen Bank International ("RBI") until January 2027 and increased the maximum limit to €196 million, having Erste Group Bank joining the facility. Consequently, as at the date of the publication of these financial statements, the revolving credit facilities' capacity amount to €616 million.

Disbursement of IFC loan

The €387 million green financing agreement with IFC signed by the Group in December 2023, was disbursed in February 2024.

The Directors are not aware of any other subsequent events from 31 December 2023 and up to the date of signing these 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"), the representative organisation of the publicly listed real estate industry in Europe, 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 been awarded for the last four years with 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 2023	31 Dec 2022
EPRA Earnings (€ thousand)	365,593	317,870
EPRA Earnings per share (€ cents per share)	56.38	52.29
EPRA Net Initial Yield (NIY)	6.94%	6.80%
EPRA topped-up NIY	6.97%	6.86%
EPRA Vacancy Rate	2.2%	2.7%
EPRA Net Reinstatement Value (NRV) (€ per share)	6.98	6.84
EPRA Net Tangible Assets (NTA) (€ per share)	6.95	6.81
EPRA Net Disposal Value (NDV) (€ per share)	6.52	6.58
EPRA Cost ratio (including direct vacancy cost)	10.2%	11.7%
EPRA Cost ratio (excluding direct vacancy cost)	10.1%	11.6%

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 2023	31 Dec 2022
Earnings in IFRS Consolidated Statement of comprehensive income	**476,801**	**435,167**
Fair value adjustments of investment property	(164,470)	(141,701)
Gain on disposal of assets held for sale	(5,641)	(1,121)
Fair value adjustment of derivatives and losses of extinguishment of financial instruments	17,376	(16,021)
Deferred tax expense	41,527	43,266
Adjustments above in respect of joint ventures	-	(1,727)
Non-controlling interest	-	7
EPRA Earnings (interim)	**177,599**	**139,335**
EPRA Earnings (final)	**187,994**	**178,535**
EPRA Earnings (total)	**365,593**	**317,870**
Number of shares for interim distribution	635,830,268	608,994,907
Number of shares for final distribution	660,826,020	607,000,000
EPRA Earnings per Share (EPS interim)*	**27.93**	**22.88**
EPRA Earnings per Share (EPS final)*	**28.45**	**29.41**
EPRA Earnings per Share (EPS)*	**56.38**	**52.29**
Company specific adjustments:		
Amortisation of financial assets	(2,997)	(1,940)
Depreciation expense for property, plant and equipment	1,469	1,469
Profit from inventory property sale	(2,732)	-
Antecedent earnings	8,111	(344)
Distributable Earnings (interim)	**181,360**	**139,058**
Distributable Earnings (final)	**188,084**	**177,997**
Distributable Earnings (total)	**369,444**	**317,055**
Distributable Earnings per Share (interim) (euro cents)	**28.52**	**22.83**
Distributable Earnings per Share (final) (euro cents)	**28.46**	**29.32**
Distributable Earnings per Share (total) (euro cents)	**56.98**	**52.15**

**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/4116/7387/3193/EPRA_BPR_Guidelines.pdf)](https://www.epra.com/application/files/4116/7387/3193/EPRA_BPR_Guidelines.pdf)

EPRA Net Asset Values as of 31 December 2023

	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders	**4,304,761**	**4,304,761**	**4,304,761**
Exclude:			
Net deferred tax liabilities	406,463	386,140	-
Derivative financial liabilities at fair value through profit or loss	(21,568)	(21,568)	-
Goodwill	(76,804)	(76,804)	(76,804)
Include:			
Difference between the secondary market price and accounting value of fixed interest rate debt	-	-	82,785
NAV	**4,612,852**	**4,592,529**	**4,310,742**
Number of shares	660,826,020	660,826,020	660,826,020
NAV per share	**6.98**	**6.95**	**6.52**

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 liabilities 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 NIY and "topped-up" NIY

The EPRA Net Initial Yield ("NIY ") 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	31 Dec 2023	31 Dec 2022
Investment property as per condensed consolidated financial statements	6,824,990	6,596,137
Investment property held for sale	151,820	18,666
Less investment property under development	(197,743)	(264,344)
Total investment property in use	**6,779,067**	**6,350,459**
Estimated purchasers costs	33,895	31,752
Gross up value of the investment property in use	**6,812,962**	**6,382,211**
Annualised cash passing rental income*	491,943	453,800
Non-recoverable property operating expenses	(18,894)	(19,610)
Annualised net rents	**473,049**	**434,190**
Notional rent expiration of rent-free periods or other lease incentives**	1,852	3,582
Topped-up net annualised rent	**474,901**	**437,770**
EPRA Net Initial Yield (EPRA NIY)	**6.94%**	**6.80%**
EPRA "topped-up" NIY	**6.97%**	**6.86%**

**Annualised passing rent computed based on the contractual rental amounts effective as at that date.*
***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.*

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 2023	31 Dec 2022
Estimated rental value of vacant space	12,172,742	13,454,619
Estimated rental value of the whole portfolio	552,354,942	502,583,364
EPRA Vacancy Rate*	**2.2%**	**2.7%**

** Excludes non-core properties*

The EPRA vacancy rate decreased to 2.2% at 31 December 2023 (from 2.7% as at 31 December 2022) following improved leasing activity targeted on strengthening the shopping centres' offering.

Country	EPRA Vacancy Rate December 2023	EPRA Vacancy Rate December 2022
Romania	1.1%	1.1%
Poland	2.2%	3.4%
Hungary	5.8%	5.1%

Country	EPRA Vacancy Rate December 2023	EPRA Vacancy Rate December 2022
Slovakia	4.6%	4.7%
Bulgaria	1.1%	4.3%
Croatia	7.6%	2.8%
Czech Republic	3.0%	5.7%
Serbia	-	2.1%
EPRA Vacancy Rate	**2.2%**	**2.7%**

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 2023	31 Dec 2022
Administrative expenses (line per IFRS Consolidated Financial Statements)	33,369	30,381
Net service charge costs	18,894	19,696
EPRA Costs (including direct vacancy costs)	**52,263**	**50,077**
Direct vacancy costs	479	663
EPRA Costs (excluding direct vacancy costs)	**51,784**	**49,414**
Gross rental income	**510,103**	**424,261**
Add: share of joint ventures (Gross rental income less ground rents)	-	2,918
Gross rental income	**510,103**	**427,179**
EPRA Cost ratio (including direct vacancy costs)	**10.2%**	**11.7%**
EPRA Cost ratio (excluding direct vacancy costs)	**10.1%**	**11.6%**

GLOSSARY

Collection rate: operational performance indicator computed as cash collected relative to the Gross rental income and Service charge income as recognized in the condensed consolidated financial statements (adjusted for accruals concessions granted in the year)

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

EPRA loan-to value ("EPRA LTV"): A key (shareholder-gearing) metric to determine the percentage of debt comparing to the appraised value of the properties